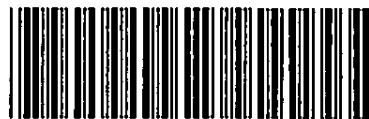


# **INTECSEA (UK) Limited**

## **Directors' report and financial statements**

**30 June 2013**

**WEDNESDAY**



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**23/10/2013**

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**COMPANIES HOUSE**

# **INTECSEA (UK) Limited**

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Registered No 2667945

## **Directors**

S Bradie  
M Daly  
G Conlon  
R Luff  
F Drennan

## **Secretary**

M Daly

## **Auditors**

Ernst & Young LLP  
1 More London Place  
London SE1 2AF

## **Bankers**

HSBC Bank Plc  
City of London Corporate Office  
PO Box 125  
8 Canada Square  
London E14 5XL

## **Registered Office**

Lansbury Estate  
102 Lower Guildford Road  
Knaphill  
Surrey GU21 2EP

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2013

### Principal activities

The principal activity of the company during the year was that of consultant engineers in the oil, gas and water industries

### Business review and future developments

Turnover from continuing operations has increased to £33,545,080 from £29,537,464 representing an increase of 14% from the previous year. Operating profit was £4,060,515 compared to £3,495,788 in the previous year, representing an increase of 16%, whilst the profit on ordinary activities before taxation increased to £4,057,199 from £3,466,691. The company made a profit for the year after taxation of £3,591,179 (2012 £3,119,118).

The company's Gross Profit Margin has increased to 37% compared to 35% in the previous year and the earnings before interest and taxes margin has remained unchanged from the previous year at 12%. The debt ratio of 0.20 has decreased from 0.44 in the previous year.

The performance is in line with the expectations of the directors and reflects the on-going trading performance of the company.

The directors work closely with management to anticipate risks from economic or global factors and plan accordingly. In response to the shift in market conditions we have ensured that our personnel numbers and costs are in line with demand and reviewed all internal costs. The directors are confident that our medium-term and long-term prospects remain positive based on our competitive position and our strong financial capacity.

### Research and development

INTECSEA (UK) Limited has continued technology partnership in the field of non-metallics to design, develop and qualify a new connection system solution for offloading marine hoses and subsea sonar detection equipment. New technology initiatives have been established in the area of welded CRA pipe strength design and pipe soil interaction for thermal performance requirements. New Joint Industry Projects (JIP) have been developed in riser design and CRA HP/HT pipeline that are progressing through execution stages and developing further scope requirements.

### Principal risks and uncertainties

The company recognises the need to manage the material business risks. The internal audit and risk management functions provide assurance that both the risk management process and the internal control framework are operating effectively.

- Economic risk

The business is influenced by the global oil and gas prices. The year has been stronger than the previous year, and we have captured sufficient market share to keep the company profitable. In circumstances where we need to adjust the business model to ensure we are awarded work, we adjust accordingly.

## **Directors' report (continued)**

### **Principal risks and uncertainties (continued)**

- Exposure to credit and liquidity risk

The company's principal financial instruments comprise receivables, payables and cash. The company has policies and procedures in place to minimise credit and liquidity risk along with long established trading relationships with clients.

- Currency risk

The company aims to secure all contracts in GBP. Contracts secured in other currencies have applicable risk assessments carried out on them.

- Competition risk

The company is in a specialist niche market but with limited competition and is constantly looking to build upon its skills and add value to the client.

- Reputation risk

The company has a strong image within the industry and looks to mitigate reputation risk through the WorleyParsons procedures and systems, ensuring constant quality.

- Price and cash flow risk

Price risks are managed through the commercial process. Cash flow risk is the risk of exposure to variability in cash flows and this is managed by cash flow forecasting as part of the financial disciplines adhered to by the company.

- Financial instruments risk

The company has established risk and financial management policies which are designed to reduce the uncertainty that known risks may create in the achievement of the company's performance objectives. This framework aims to limit undue counterparty exposure, to ensure suitable levels of working capital are maintained, and to monitor and manage risk at both a corporate and individual contract level.

### **Proposed dividend**

The directors have declared a dividend of £Nil (2012: £Nil).

### **Going concern**

The directors are confident that the company has adequate resources to continue operating for the foreseeable future. For this reason, the going concern basis continues to be adopted in preparing the financial statements. The business is in good financial health, continues to maintain a flexible cost base, and is well positioned for long term growth.

### **Directors**

The directors who served during the year and up to the date of this report were as follows:

M Daly  
S Bradie  
G Conlon  
R Luff  
F Drennan

## Directors' report (continued)

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

Pursuant to Section 485 of the Companies Act 2006, the auditors will be deemed to be reappointed and Ernst & Young LLP will therefore continue in office.

On behalf of the board

  
R Luff  
Director

22<sup>nd</sup> Oct 2013.

## Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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## **Independent auditor's report to the members of INTECSEA (UK) Limited**

We have audited the financial statements of INTECSEA (UK) Limited for the year ended 30 June 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



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## **Independent auditor's report to the members of INTECSEA (UK) Limited (continued)**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*Ernst & Young LLP*

Peter Campbell (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
London

*22 October 2013*

## Profit and loss account

for the year ended 30 June 2013

	<i>Notes</i>	<b>Year ended 30 June 2013 £</b>	<b>Year ended 30 June 2012 £</b>
<b>Turnover</b>	<b>2</b>	<b>33,545,080</b>	<b>29,537,464</b>
<b>Cost of sales</b>		<b>(21,094,226)</b>	<b>(19,142,193)</b>
<b>Gross profit</b>		<b>12,450,854</b>	<b>10,395,271</b>
Administrative expenses		(8,390,339)	(6,899,483)
<b>Operating profit</b>	<b>3</b>	<b>4,060,515</b>	<b>3,495,788</b>
Interest receivable and similar income	6	-	-
Interest payable and similar charges	7	(3,316)	(29,097)
<b>Profit on ordinary activities before taxation</b>		<b>4,057,199</b>	<b>3,466,691</b>
Tax on profit on ordinary activities	8	(466,020)	(347,573)
<b>Retained profit for the year</b>	<b>16</b>	<b>3,591,179</b>	<b>3,119,118</b>

All of the company's operations are continuing

## Statement of total recognised gains and losses

for the year ended 30 June 2013

The company has no recognised gains or losses other than those shown in the Profit and Loss Account

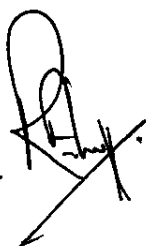
# Balance sheet

at 30 June 2013

	Notes	30 June 2013 £	30 June 2013 £	30 June 2012 £	30 June 2012 £
<b>Fixed assets</b>					
Tangible assets	9		2,421,142		2,249,119
<b>Current assets</b>					
Debtors	10	8,087,458		6,158,368	
Cash at bank and in hand		99,207		221,543	
		<u>8,186,665</u>		<u>6,379,911</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(2,126,941)</u>		<u>(3,739,343)</u>	
<b>Net current assets</b>			<u>6,059,724</u>		<u>2,640,568</u>
<b>Net assets</b>			<u><u>8,480,866</u></u>		<u><u>4,889,687</u></u>
<b>Capital and reserves</b>					
Called up share capital	13		693,000		693,000
Profit and loss account	14		7,787,866		4,196,687
<b>Shareholder's funds</b>	16		<u><u>8,480,866</u></u>		<u><u>4,889,687</u></u>

These financial statements were approved by the board of directors on 22<sup>nd</sup> Oct 2013 and were signed on its behalf by

R Luff  
Director



## Notes to the financial statements

at 30 June 2013

### 1 Accounting policies

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable UK accounting standards and under the historical cost accounting convention

#### *Statement of cash flows*

At 30 June 2013, the company was a wholly owned subsidiary of WorleyParsons Limited, which prepares publicly available consolidated group financial statements including a group cash flow statement. In accordance with Financial reporting Standard 1 (revised), no cash flow statement is therefore included in these financial statements

#### *Related parties*

The company has taken advantage of the exemption in FRS 8, paragraph 3c, not to disclose transactions with other group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate controlling parent

#### *Going concern*

The directors are confident that the company has adequate resources to continue operating for the foreseeable future. For this reason, the going concern basis continues to be adopted in preparing the financial statements. The business is in good financial health, continues to maintain a flexible cost base, and is well positioned for long term growth

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal annual instalments over their estimated useful economic lives as follows:

Computer equipment	-	3 years
Leasehold improvements	-	3 years
Fixtures and fittings	-	10 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

## Notes to the financial statements

at 30 June 2013

### 1 Accounting policies (continued)

#### **Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

#### **Revenue recognition**

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding VAT and similar taxes

Attributable profit is recognised when the outcome of a contract can be assessed with reasonable certainty. The excess of revenue recognised over payments received is shown as accrued income. Amounts received in excess of revenue recognised are shown as deferred income. Anticipated losses on contracts are charged to income in their entirety when the losses become evident.

The calculation of revenue recognition is determined by the contractual terms. Revenue from the provision of reimbursable services where the company's contractual obligations are performed gradually over time is recognised as the contract activity progresses to reflect the company's partial performance of its contractual obligations.

#### **Foreign exchange**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### **Leases**

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### **Research and development expenditure**

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

#### **Post-retirement benefits**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

## Notes to the financial statements

at 30 June 2013

### 2 Turnover

Turnover comprises the value of work performed (excluding VAT and similar taxes). An analysis of turnover by geographical market is as follows

	Year ended 30 June 2013 £	Year ended 30 June 2012 £
<i>By geographical market</i>		
Europe	5,833,412	4,972,992
Africa	26,123,807	23,459,995
Asia	981,315	755,726
Other	606,546	348,751
	<u>33,545,080</u>	<u>29,537,464</u>

The directors consider that all turnover is attributable to a single business class

### 3 Operating profit

	Year ended 30 June 2013 £	Year ended 30 June 2012 £
<i>Operating profit is stated after charging.</i>		
Auditor's remuneration		
Audit of the financial statements	19,000	19,000
Depreciation of tangible fixed assets – owned	1,274,945	759,721
Hire of other assets - operating leases	495,394	471,778
	<u>1,789,339</u>	<u>1,249,500</u>

### 4 Remuneration of directors

	Year ended 30 June 2013 £	Year ended 30 June 2012 £
Directors' remuneration	400,030	193,789
Company contributions to money purchase pension schemes	18,623	9,690
	<u>418,653</u>	<u>203,479</u>

The highest paid director received remuneration of £205,030 (2012 £163,874) and company contributions to money purchase pension schemes of £8,873 (2012 £8,194). Retirement benefits are accruing to two directors (2012 two) under money purchase schemes.

# Notes to the financial statements

at 30 June 2013

## 5 Staff numbers and costs

The average monthly number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	Number of employees	
	Year ended 30 June 2013	Year ended 30 June 2012
Engineering	78	69
Administration	31	26
	<u>109</u>	<u>95</u>

The aggregate payroll costs of these persons were as follows

	Year ended 30 June 2013 £	Year ended 30 June 2012 £
Wages and salaries	6,883,917	6,009,405
Social security costs	811,231	703,803
Other pension costs	503,994	425,765
	<u>8,199,142</u>	<u>7,138,973</u>

## 6 Interest receivable and similar income

	Year ended 30 June 2013 £	Year ended 30 June 2012 £
Bank interest	-	-
	<u>-</u>	<u>-</u>

## 7 Interest payable and similar charges

	Year ended 30 June 2013 £	Year ended 30 June 2012 £
Foreign exchange loss	3,316	4,784
Interest to group undertakings	-	24,313
	<u>3,316</u>	<u>29,097</u>

# Notes to the financial statements

at 30 June 2013

## 8 Taxation

### (a) Tax on profit on ordinary activities

The tax charge is made up as follows

	Year ended 30 June 2013 £	Year ended 30 June 2012 £
<i>UK corporation tax</i>		
Current tax on income for the year	1,091,700	944,566
Adjustments in respect of prior periods	(567,174)	(612,592)
<i>Foreign tax</i>		
Current tax on income for the year	57,830	23,198
Total current tax (note 8(b))	582,356	355,172
Deferred tax	(116,336)	(7,599)
Tax on profit on ordinary activities	466,020	347,573

### (b) Factors affecting the current tax charge for the year

The current tax charge for the year is lower (2012 lower) than the standard rate of corporation tax in the UK of 23.75% (2012 25.5%). The differences are explained below

	Year ended 30 June 2013 £	Year ended 30 June 2012 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	4,057,199	3,466,691
Current tax at 23.75% (2012 25.5%)	963,585	884,006
<i>Effects of</i>		
Expenses not deductible for tax purposes	19,047	52,551
Depreciation for year greater than capital allowances	163,961	30,665
Adjustments to tax charge in respect of previous periods	(567,174)	(612,592)
Other short term timing differences	2,937	542
Total current tax charge (note 8(a))	582,356	355,172

### (c) Factors that may affect future tax charges

The UK corporation tax rate reduced from 24% to 23% from 1 April 2013. A further 2% reduction was proposed in the Chancellors December 2012 Autumn Statement, taking the rate to 21% in April 2014. In addition, a further 1% reduction was proposed in the March 2013 budget, taking the rate to 20% in April 2015. As at the balance sheet date only the reduction to 23% had been substantively enacted and hence in accordance with accounting standards, it is only the impact of this 1% reduction that has been reflected in the company's financial statements as at 30 June 2013.



# Notes to the financial statements

at 30 June 2013

## 8 Taxation (continued)

The effect on the company of these further reductions in the UK corporation tax rate will be reflected in the company's financial statements in future years, as appropriate, once the proposals have been substantively enacted

The effect of the reduction in the tax rate to 20% on the company's deferred tax asset would be to reduce the deferred tax asset by £21,287. The rate change will also impact the amount of future tax payments to be made by the company

## 9 Tangible fixed assets

	Leasehold improvements £	Computer equipment £	Fixtures and fittings £	Total £
<b>Cost</b>				
At beginning of year	2,261,702	1,666,070	297,665	4,225,437
Additions	250,515	1,113,439	83,014	1,446,968
At end of year	2,512,217	2,779,509	380,679	5,672,405
<b>Depreciation</b>				
At beginning of year	1,038,423	824,775	113,120	1,976,318
Charge for the year	668,955	573,190	32,800	1,274,945
At end of year	1,707,378	1,397,965	145,920	3,251,263
<b>Net book value</b>				
At 30 June 2013	804,839	1,381,544	234,759	2,421,142
At 30 June 2012	1,223,279	841,295	184,545	2,249,119

## 10 Debtors

	30 June 2013 £	30 June 2012 £
Trade debtors	1,485,925	2,499,979
Amounts recoverable on contracts	1,849,651	1,346,569
Amounts owed by group undertakings	3,246,571	901,902
Other debtors	630,068	668,079
Corporation tax	301,891	246,219
Prepayments and accrued income	410,148	448,752
Deferred tax asset (note 11)	163,204	46,868
	8,087,458	6,158,368

## Notes to the financial statements

at 30 June 2013

### 11 Deferred tax asset

The recognised deferred tax asset arises from depreciation in advance of capital allowances and other timing differences. The movement in the recognised deferred tax asset during the year was

	£
At 30 June 2012	46,868
Credit to profit and loss	116,336
<b>At 30 June 2013</b>	<b>163,204</b>

### 12 Creditors: amounts falling due within one year

	30 June 2013 £	30 June 2012 £
Trade creditors	789,746	1,076,405
Amounts owed to group undertakings	144,533	1,687,861
Taxation and social security	250,770	258,814
Accruals and deferred income	941,892	716,263
	<u>2,126,941</u>	<u>3,739,343</u>

### 13 Issued share capital

	30 June 2013 £	30 June 2012 £
<i>Allotted called up and fully paid</i>		
693,000 Ordinary shares of £1 each	693,000	693,000
	<u>693,000</u>	<u>693,000</u>

### 14 Profit and loss account

	30 June 2013 £	30 June 2012 £
Balance at beginning of the year	4,196,687	1,077,569
Profit for the year	3,591,179	3,119,118
<b>Balance at end of the year</b>	<b>7,787,866</b>	<b>4,196,687</b>

## Notes to the financial statements

at 30 June 2013

### 15 Dividends

The aggregate amount of dividends comprises

	Year ended 30 June 2013 £	Year ended 30 June 2012 £
Interim dividends paid in respect of the current year	-	-

### 16 Reconciliation of shareholder's funds

	30 June 2013 £	30 June 2012 £
Profit for the year	3,591,179	3,119,118
Net increase in shareholder's funds	3,591,179	3,119,118
Opening shareholder's funds	4,889,687	1,770,569
Closing shareholder's funds	8,480,866	4,889,687

### 17 Commitments

- There are no capital commitments at the end of the financial year for which provision has been made (2012 £nil)
- Annual commitments under non-cancellable operating leases are as follows

	30 June 2013 Land and buildings £	30 June 2012 Land and buildings £
Operating leases which expire		
Within one year	169,458	169,458
Within 2 to 5 years	225,052	225,052

### 18 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £503,994 (2012 £425,765).

Contributions amounting to £68,999 (2012 £56,634) were payable to the scheme and are included in creditors.

### 19 Related parties

The company has taken advantage of the exemption in FRS 8, paragraph 3c, not to disclose transactions within other group companies which meet the criteria that all subsidiary undertakings which are party to transactions are wholly owned by the ultimate controlling parent.

## Notes to the financial statements

at 30 June 2013

### 20 Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is WorleyParsons Europe Limited, a company incorporated in the United Kingdom, and in the opinion of the directors, the company's ultimate parent undertaking and controlling party is WorleyParsons Limited, a company incorporated in Australia and listed on the Australian Stock Exchange

WorleyParsons Limited is the parent undertaking of the only group of which the company is a member and for which group financial statements are prepared. The consolidated financial statements of this company are available from Investor Relations Department, WorleyParsons Limited, Level 12, 141 Walker Street, North Sydney, NSW 2060, Australia