

INTECSEA (UK) Limited 2667945

**Directors' report and financial
statements**

30 June 2012

FRIDAY



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COMPANIES HOUSE

INTECSEA (UK) Limited

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

Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' report and the financial statements	4
Independent auditor's report to the members of INTECSEA (UK) Limited	5
Profit and loss account and Statement of total recognised gains and losses	7
Balance sheet	8
Notes to the financial statements	9 - 17

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2012

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 £29,537,464 from £24,631,352 representing an increase of 20% from the previous year. Operating profit was £3,495,788 compared to £2,699,505 in the previous year, representing an increase of 29%, whilst the profit on ordinary activities before taxation increased to £3,466,691 from £2,557,424. The company made a profit for the year after taxation of £3,119,118 (2011 £1,799,622)

The company's Gross Profit Margin has increased to 35% compared to 32% in the previous year and the earnings before interest and taxes margin has also increased to 12% from the previous year of 11%. The debt ratio of 0.44 has decreased from 0.84 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

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 (2011 £1,500,000)

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

D Blacoe (resigned 31 May 2012)

S Bradie

G Conlon (appointed 31 May 2012)

R Luff (appointed 31 May 2012)

F Drennan (appointed 31 May 2012)

Directors' report

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.

By order of the board

R Luff
Director



25th October 2012.

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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.

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 2012 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 auditors

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 2012 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.

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

25 October 2012

Profit and loss account

for the year ended 30 June 2012

	<i>Notes</i>	Year ended 30 June 2012 £	Year ended 30 June 2011 £
Turnover	2	29,537,464	24,631,352
Cost of sales		(19,142,193)	(16,749,586)
Gross profit		10,395,271	7,881,766
Administrative expenses		(6,899,483)	(5,182,261)
Operating profit	3	3,495,788	2,699,505
Interest receivable and similar income	6	-	357
Interest payable and similar charges	7	(29,097)	(142,438)
Profit on ordinary activities before taxation		3,466,691	2,557,424
Tax on profit on ordinary activities	8	(347,573)	(757,802)
Retained profit for the year	16	3,119,118	1,799,622

All of the company's operations are continuing

Statement of total recognised gains and losses

for the year ended 30 June 2012

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

Balance sheet

at 30 June 2012

	Notes	30 June 2012 £	30 June 2012 £	30 June 2011 £	30 June 2011 £
Fixed assets					
Tangible assets	9		2,249,119		956,565
Current assets					
Debtors	10	6,158,368		9,563,382	
Cash at bank and in hand		221,543		805,067	
		<u>6,379,911</u>		<u>10,368,449</u>	
Creditors: amounts falling due within one year	12	(3,739,343)		(9,554,445)	
			<u>2,640,568</u>		<u>814,004</u>
Net current assets			2,640,568		814,004
Net assets			4,889,687		1,770,569
Capital and reserves					
Called up share capital	13		693,000		693,000
Profit and loss account	14		4,196,687		1,077,569
			<u>4,889,687</u>		<u>1,770,569</u>
Shareholders' funds	16		4,889,687		1,770,569

These financial statements were approved by the board of directors on 25th October 2012 and were signed on its behalf by

R Luff
Director



Notes to the financial statements

at 30 June 2012

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 2012, 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 2012

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 2012

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 2012 £	Year ended 30 June 2011 £
<i>By geographical market</i>		
Europe	4,972,992	4,863,955
Africa	23,459,995	18,153,849
Asia	755,726	1,350,150
Other	348,751	263,398
	<u>29,537,464</u>	<u>24,631,352</u>

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

3 Operating profit

	Year ended 30 June 2012 £	Year ended 30 June 2011 £
<i>Operating profit is stated after charging.</i>		
Auditor's remuneration		
Audit of the financial statements	19,000	17,000
Depreciation of tangible fixed assets – owned	759,721	278,453
Hire of other assets - operating leases	471,778	391,712
	<u>1,330,500</u>	<u>687,165</u>

4 Remuneration of directors

	Year ended 30 June 2012 £	Year ended 30 June 2011 £
Directors' remuneration	193,789	181,626
Company contributions to money purchase pension schemes	9,690	8,203
	<u>203,479</u>	<u>189,829</u>

The highest paid director received remuneration of £163,874 (2011 £181,626) and company contributions to money purchase pension schemes of £8,194 (2011 £8,203) Retirement benefits are accruing to two directors (2011 one) under money purchase schemes

Notes to the financial statements

at 30 June 2012

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 2012	Year ended 30 June 2011
Engineering	69	64
Administration	26	16
	<u>95</u>	<u>80</u>

The aggregate payroll costs of these persons were as follows

	Year ended 30 June 2012	Year ended 30 June 2011
	£	£
Wages and salaries	6,009,405	4,705,702
Social security costs	703,803	523,833
Other pension costs	425,765	328,616
	<u>7,138,973</u>	<u>5,558,151</u>

6 Interest receivable and similar income

	Year ended 30 June 2012	Year ended 30 June 2011
	£	£
Bank interest	-	357
	<u>-</u>	<u>357</u>

7 Interest payable and similar charges

	Year ended 30 June 2012	Year ended 30 June 2011
	£	£
Foreign exchange loss	4,784	33,573
Interest to group undertakings	24,313	108,865
	<u>29,097</u>	<u>142,438</u>

Notes to the financial statements

at 30 June 2012

8 Taxation

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	Year ended 30 June 2012 £	Year ended 30 June 2011 £
<i>UK corporation tax</i>		
Current tax on income for the year	944,566	732,255
Adjustments in respect of prior periods	(612,592)	-
<i>Foreign tax</i>		
Current tax on income for the year	23,198	18,755
Total current tax (note 8(b))	<u>355,172</u>	<u>751,010</u>
Deferred tax	(7,599)	6,792
Tax on profit on ordinary activities	<u><u>347,573</u></u>	<u><u>757,802</u></u>

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

The current tax charge for the year is lower (2011 higher) than the standard rate of corporation tax in the UK of 25.5% (2011 27.5%). The differences are explained below

	Year ended 30 June 2012 £	Year ended 30 June 2011 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	3,466,691	2,557,424
Current tax at 25.5% (2011 27.5%)	884,006	703,292
<i>Effects of</i>		
Expenses not deductible for tax purposes	52,551	46,297
Depreciation for year greater than capital allowances	30,665	(3,345)
Adjustments to tax charge in respect of previous periods	(612,592)	-
Other short term timing differences	542	4,766
Total current tax charge (note 8(a))	<u><u>355,172</u></u>	<u><u>751,010</u></u>

(c) Factors that may affect future tax charges

The UK corporation tax rate reduced to 24% from 1 April 2012. A further reduction of 1% was legislated by Finance Act 2012 and will be implemented from 1 April 2013. There was also a further proposed reduction in the 2012 Budget, taking the rate to 22% from 1 April 2014. As at the balance sheet date only the reduction to 24% 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 2012.

Notes to the financial statements

at 30 June 2012

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 22% on the company's deferred tax asset would be to reduce the deferred tax asset by £3,906. 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 £
Cost				
At beginning of year	1,184,227	715,847	273,088	2,173,162
Additions	1,077,475	950,223	24,577	2,052,275
	-----	-----	-----	-----
At end of year	2,261,702	1,666,070	297,665	4,225,437
	-----	-----	-----	-----
Depreciation				
At beginning of year	571,448	560,945	84,204	1,216,597
Charge for the year	466,975	263,830	28,916	759,721
	-----	-----	-----	-----
At end of year	1,038,423	824,775	113,120	1,976,318
	-----	-----	-----	-----
Net book value				
At 30 June 2012	1,223,279	841,295	184,545	2,249,119
	=====	=====	=====	=====
At 30 June 2011	612,779	154,902	188,884	956,565
	=====	=====	=====	=====

10 Debtors

	30 June 2012 £	30 June 2011 £
Trade debtors	2,499,979	4,280,777
Amounts recoverable on contracts	1,346,569	3,401,687
Amounts owed by group undertakings	901,902	987,385
Other debtors	668,079	540,911
Corporation tax	246,219	-
Prepayments and accrued income	448,752	313,353
Deferred tax asset (note 11)	46,868	39,269
	-----	-----
	6,158,368	9,563,382
	=====	=====

Notes to the financial statements

at 30 June 2012

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 2011	39,269
Credit to profit and loss	7,599
	<hr/>
At 30 June 2012	46,868
	<hr/> <hr/>

12 Creditors: amounts falling due within one year

	30 June 2012 £	30 June 2011 £
Trade creditors	1,076,405	729,662
Amounts owed to group undertakings	1,687,861	6,459,561
Corporation tax	-	225,374
Taxation and social security	258,814	317,154
Accruals and deferred income	716,263	1,822,694
	<hr/>	<hr/>
	3,739,343	9,554,445
	<hr/> <hr/>	<hr/> <hr/>

13 Issued share capital

	30 June 2012 £	30 June 2011 £
<i>Allotted called up and fully paid</i>		
693,000 Ordinary shares of £1 each	693,000	693,000
	<hr/>	<hr/>

14 Profit and loss account

	30 June 2012 £	30 June 2011 £
Balance at beginning of the year	1,077,569	777,947
Profit for the year	3,119,118	1,799,622
Dividend paid	-	(1,500,000)
	<hr/>	<hr/>
Balance at end of the year	4,196,687	1,077,569
	<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements

at 30 June 2012

15 Dividends

The aggregate amount of dividends comprises

	Year ended 30 June 2012 £	Year ended 30 June 2011 £
Interim dividends paid in respect of the current year	-	1,500,000

16 Reconciliation of shareholders' funds

	30 June 2012 £	30 June 2011 £
Profit for the year	3,119,118	1,799,622
Dividend paid	-	(1,500,000)
Net increase in shareholders' funds	3,119,118	299,622
Opening shareholders' funds	1,770,569	1,470,947
Closing shareholders' funds	4,889,687	1,770,569

17 Commitments

- a) There are no capital commitments at the end of the financial year for which provision has been made (2011 £nil)
- b) Annual commitments under non-cancellable operating leases are as follows

	30 June 2012 Land and buildings £	30 June 2011 Land and buildings £
Operating leases which expire		
Within one year	169,458	322,818
Within 2 to 5 years	225,052	69,117

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 £425,765 (2011 £328,616)

Contributions amounting to £56,634 (2011 £49,395) were payable to the scheme and are included in creditors

Notes to the financial statements

at 30 June 2012

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

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, PO Box 1812, North Sydney, NSW 2059, Australia