

INTECSEA (UK) Limited

(formerly Intec Engineering (UK) Limited)

Directors' report and financial statements

Registered number 2667945

30 June 2009

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Directors' report

The directors present their annual report and the audited financial statements for the 18 month period ended 30 June 2009

Principal activities

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

Developments

On 16 April 2008, The Company's parent company Intec Engineering Group BV was acquired by WorleyParsons Europe Limited, whose ultimate parent undertaking and controlling party is WorleyParsons Limited, incorporated in Australia

On 29 September 2008 the company changed by special resolution its name from Intec Engineering (UK) Limited to INTECSEA (UK) Limited

Business review and future developments

Turnover from continuing operations has increased to £25,986,587 from £9,110,949 The increase in revenue is due to the longer accounting period and growth in the work force

Operating profit was £5,920,437 compared to £1,339,214 in the previous year, whilst the profit on ordinary activities before taxation increased to £5,422,254 from £1,289,496 The company made a profit for the period after taxation of £3,972,455 (2007 £984,016)

The performance is in line with the expectations of the directors and reflects the ongoing 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 We are confident that our medium-term and long-term prospects remain positive based on our competitive position and our strong financial capacity

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 period has been tougher than the previous, but 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)*

- Exposure credit and liquidity risk

The Group'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. Acquisition by WorleyParsons has opened up new markets and generated new synergies.

- Reputation risk

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

Proposed dividend

The directors have declared and paid a dividend of £2,513,803 (2007 £nil).

Directors

The directors who served during the period were

M Daly (appointed 3 November 2009)

G Taylor (resigned 3 November 2009)

M Mellema (resigned 22 September 2008)

I Nash (appointed 22 September 2008 and resigned 8 January 2010)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Persuant to Section 486 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



M Daly
Director

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

The financial statements are required by law to 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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 inappropriate to presume that the company will continue in business

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Arlington Business Park

Theale

Reading RG7 4SD

United Kingdom

Report of the independent auditors to the members of INTECSEA (UK) Limited (formerly Intec Engineering (UK) Limited)

We have audited the financial statements of INTECSEA (UK) Limited for the 18 month period ended 30 June 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Report of the independent auditors to the members of INTECSEA (UK) Limited (formerly Intec Engineering (UK) Limited) *(continued)*

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 2009 and of the company's profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG LLP 15/2/10

*Chartered Accountants
Registered Auditor*

Profit and loss account
for the period ended 30 June 2009

	<i>Notes</i>	18 months ending 30 June 2009 £	Year ending 31 December 2007 £
Turnover	2	25,986,587	9,110,949
Cost of sales		(14,226,960)	(5,154,893)
Gross profit		11,759,627	3,956,056
Administrative expenses		(5,839,190)	(2,616 842)
Operating profit		5,920,437	1,339 214
Interest receivable and similar income	6	9,658	20 430
Interest payable and similar charges	7	(507,841)	(70,148)
Profit on ordinary activities before taxation	3-5	5,422,254	1,289,496
Tax on profit on ordinary activities	8	(1,449,799)	(305,480)
Retained profit for the period		3,972,455	984,016

All amounts relate to continuing activities

There are no recognised gains or losses other than the results for the current or prior financial period

Balance sheet
at 30 June 2009

	Notes	30 June 2009	30 June 2009	31 December 2007	31 December 2007
		£	£	£	£
Fixed assets					
Tangible assets	9		460,580		627,319
Investments			-		2,624
			<u>460,580</u>		<u>629,943</u>
Current assets					
Debtors	10	6,587,003		4,389,346	
Cash at bank and in hand		840,148		827,191	
		<u>7,427,151</u>		<u>5,216,537</u>	
Creditors amounts falling due within one year	12	(2,918,097)		(5,626,242)	
Net current assets/(liabilities)			<u>4,509,054</u>		<u>(409,705)</u>
Total assets less current liabilities			<u>4,969,634</u>		<u>220,238</u>
Creditors amounts falling due after more than one year	13		(3,290,744)		-
Net assets			<u>1,678,890</u>		<u>220,238</u>
Capital and reserves					
Called up share capital	14		693,000		693,000
Profit and loss account	15		985,890		(472,762)
Shareholders' funds	17		<u>1,678,890</u>		<u>220,238</u>

These financial statements were approved by the board of directors on 9th February 2010 and were signed on its behalf by

Michael Daly

M Daly
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below

Basis of preparation

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

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As the company is a wholly owned subsidiary of WorleyParsons Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties) The consolidated financial statements of WorleyParsons Limited, within which this company is included, can be obtained from the address given in note 21

Fixed assets and depreciation

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

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

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years Provision is made for any losses as soon as they are foreseen

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Notes (continued)

1 Accounting policies (continued)

Turnover

Sales comprise the net value of work completed, services rendered or deliveries made during the period. Turnover is recognised when title passes or in accordance with work performed and the invoiced value of sales under the terms of the contract.

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.

2 Turnover

	18 months ending 30 June 2009 £	Year ending 31 December 2007 £
<i>By geographical market</i>		
Europe	2,383,234	2,874,285
Africa	22,921,022	6,145,541
Asia	645,763	62,970
Other	36,568	28,153
	<u>25,986,587</u>	<u>9,110,949</u>

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

Notes (continued)

3 Profit on ordinary activities before taxation

	18 months ending 30 June 2009 £	Year ending 31 December 2007 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration		
Audit of the financial statements	18,000	21,825
Other Services	3,000	4,000
Depreciation of tangible fixed assets – owned	377,123	103,295
Hire of other assets - operating leases	488,811	322,818
	<u> </u>	<u> </u>

4 Remuneration of directors

	18 months ending 30 June 2009 £	Year ending 31 December 2007 £
Directors' emoluments	634,580	174,423
Company contributions to money purchase pension schemes	9,559	3,555
	<u> </u>	<u> </u>
	644,139	177,978
	<u> </u>	<u> </u>

The highest paid director received emoluments of £432,640 (2007 £174,423) and company contributions to money purchase pension schemes of £6,311 (2007 £3,555). Retirement benefits are accruing to two directors (2007 one) under money purchase schemes.

5 Staff numbers and costs

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

	Number of employees 18 months ending 30 June 2009	Year ending 31 December 2007
Engineering	42	34
Administration	14	7
	<u> </u>	<u> </u>
	56	41
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	18 months ending 30 June 2009 £	Year ending 31 December 2007 £
Wages and salaries	5,122,913	2,168,646
Social security costs	592,278	248,631
Other pension costs	72,121	35,761
	<u> </u>	<u> </u>
	5,787,312	2,453,038
	<u> </u>	<u> </u>

Notes *(continued)*

6 Interest receivable and similar income

	18 months ending 30 June 2009 £	Year ending 31 December 2007 £
Bank interest receivable	9,658	12,357
Foreign exchange gain	-	8,073
	<u>9,658</u>	<u>20 430</u>

7 Interest payable and similar charges

	18 months ending 30 June 2009 £	Year ending 31 December 2007 £
Bank interest	6,137	1,881
Foreign exchange loss	501,704	-
Payable to group undertakings	-	68,267
	<u>507,841</u>	<u>70 148</u>

Notes (continued)

8 Taxation

Analysis of charge in period

	18 months ending 30 June 2009 £	Year ending 31 December 2007 £
<i>UK corporation tax</i>		
Current tax on income for the period	1,564,985	281,556
Adjustments in respect of prior periods	(91,090)	23,924
Total current tax	1,473,895	305,480
Deferred tax	(24,096)	-
Tax on profit on ordinary activities	1,449,799	305,480

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2007 lower) than the standard rate of corporation tax in the UK (28%, 2007 30%) The differences are explained below

	18 months ending 30 June 2009 £	Year ending 31 December 2007 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	5,422,254	1,289,496
Current tax at 28% (2007 30 %)	1,518,231	386,849
<i>Effects of</i>		
Expenses not deductible for tax purposes	9,105	6,000
Depreciation for period greater/(less) than capital allowances	17,922	(1,180)
Utilisation of losses	-	(110 113)
Change of rate of taxation	19,727	-
Adjustments to tax charge in respect of previous periods	(91,090)	23,924
Total current tax charge (see above)	1,473,895	305,480

Notes (continued)

9 Tangible fixed assets

	Leasehold Improvements £	Computer equipment £	Fixtures and Fittings £	Total £
Cost				
At beginning of period	439,049	353,817	143,774	936,640
Additions	4,491	165,384	40,509	210,384
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	443,540	519,201	184,283	1,147,024
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of period	48,783	241,325	19,213	309,321
Charge for the period	222,199	129,792	25,132	377,123
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	270,982	371,117	44,345	686,444
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 June 2009	172,558	148,084	139,938	460,580
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2007	390,266	112,492	124,561	627,319
	<hr/>	<hr/>	<hr/>	<hr/>

10 Debtors

	30 June 2009 £	31 December 2007 £
Trade debtors	2,205,920	1,973,561
Amounts recoverable on contracts	1,777,148	1,206,523
Amounts owed by group undertakings	2,172,062	634,795
Other debtors	118,392	288,261
Prepayments and accrued income	289,385	286,206
Deferred tax asset	24,096	-
	<hr/>	<hr/>
	6,587,003	4,389,346
	<hr/>	<hr/>

11 Deferred tax asset – accelerated capital allowances

	£
At 31 December 2007	-
Recognised during the period	24,096
	<hr/>
At 30 June 2009	24,096
	<hr/>

Notes (continued)

12 Creditors: amount due within one year

	30 June 2009	31 December 2007
	£	£
Trade creditors	593,740	694,013
Amounts owed to group undertakings	377,120	2,939,012
Loans from group undertakings	-	1,107,264
Taxation and social security	1,026,198	357,270
Accruals and deferred income	921,039	528,683
	<u>2,918,097</u>	<u>5,626,242</u>

13 Creditors: amount due after more than one year

	30 June 2009	31 December 2007
	£	£
Loans from group undertakings	3,290,744	-
	<u>3,290,744</u>	<u>-</u>

This loans are payable to WorleyParsons UK Finance Sub Limited and interest on the loans is payable at between 2 760-2 835% per annum

14 Called up share capital

	30 June 2009	31 December 2007
	£	£
<i>Authorised, allotted and called up share capital</i>		
1,000 Ordinary shares of £1 each	693,000	693,000
	<u>693,000</u>	<u>693,000</u>

15 Profit and loss account

	30 June 2009	31 December 2007
	£	£
Balance at beginning of the period	(472,762)	(1,456,778)
Profit for the period	3,972,455	984,016
Dividend paid	(2,513,803)	-
Balance at end of the period	<u>985,890</u>	<u>(472,762)</u>

16 Dividend

The aggregate amount of dividends comprises

	June 2009	December 2007
	£	£
Interim dividends paid in respect of the current period	2,513,803	-
	<u>2,513,803</u>	<u>-</u>

Notes (continued)

17 Reconciliation of movements in shareholders' funds

	30 June 2009 £	31 December 2007 £
Profit for the period	3,972,455	984,016
Dividend paid	(2,513,803)	-
	<hr/>	<hr/>
Net increase in shareholders' funds	1,458,652	984,016
Opening shareholders' funds	220,238	(763,778)
	<hr/>	<hr/>
Closing shareholders' funds	1,678,890	220,238
	<hr/> <hr/>	<hr/> <hr/>

18 Commitments

- a) There are no capital commitments at the end of the financial period for which no provision has been made (2007 £nil)
- b) Annual commitments under non-cancellable operating leases are as follows

	30 June 2009		31 December 2007
	Land and buildings £	Other £	Land and buildings £
Operating leases which expire			Other £
Within one year	322,818	-	-
In the second to fifth years inclusive	-	-	322,818
	<hr/>	<hr/>	<hr/>
	322,818	-	322,818
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

19 Pension Scheme

The Company operates a defined contribution pension scheme. The pension charge for the period represents contributions payable by the Company to the scheme and amounted to £72,121 (2007 £35,761).

Contributions amounting to £nil (2007 £9,206) were payable to the scheme and are included in creditors.

20 Related Parties

As the company is a wholly owned subsidiary of WorleyParsons Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

Until 16 April 2008 the company belonged to the group headed by Heerema Engineering and Project Management Services Denmark Aps. During the period of ownership, the company made £1,893,517 sales to Heerema companies under normal trading terms.

Notes *(continued)*

21 Ultimate parent company

The company is a subsidiary undertaking of WorleyParsons Europe Limited, a company incorporated in the UK

The largest group in which the results of the Company are consolidated is that headed by WorleyParsons Limited, incorporated in Australia. The consolidated accounts of this company are available from Level 12, 141 Walker Street, North Sydney NSW 2060 Australia. This is the smallest group in which they are consolidated.