

Intec Engineering (UK) Limited

**Directors' report and financial
statements**

Registered number 2667945

31 December 2005

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Contents

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' Report and the Financial Statements	2
Independent auditor's report to the members of Intec Engineering (UK) Limited	3
Profit and loss account	4
Balance sheet	5
Notes	6

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2005

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

The results for the year are on page 4 which the directors consider to be satisfactory

Proposed dividend

The directors do not recommend the payment of a dividend (2004 £nil)

Directors

The directors who served during the year were

G Taylor – appointed 1st July 2005

M Rieke – appointed 1st July 2005

J B Reed – resigned 1 December 2006

Since the year end M Mellema was appointed a director on 1 December 2006

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company. According to the registrar of directors' interests, no rights to subscribe for shares in the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Disclosure of information to auditors

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

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



G Taylor
Secretary

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

Independent auditor's report to the members of Intec Engineering (UK) Limited

We have audited the financial statements of Intec Engineering (UK) Limited for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Balance Sheet and 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 2.

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.

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 31 December 2005 and of its profit for the year 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.

*Chartered Accountants
Registered Auditor*

KPMG LLP 16/3/07

Profit and loss account
for the year ended 31 December 2005


	<i>Note</i>	2005 £	2005 £	2004 £	2004 £
Turnover	2				
Continuing operations		5,529,459		4,858,394	
Discontinued operations		1,071,681		2,835,472	
			6,601,140		7,693,866
Cost of sales					
Continuing operations		(2,211,107)		(3,248,719)	
Discontinued operations		(1,162,521)		(216,711)	
			(3,373,628)		(5,415,430)
Gross profit			3,227,512		2,278,436
Administrative expenses			(2,758,258)		(4,165,023)
Operating profit/(loss)					
Continuing operations		1,007,892		(1,020,384)	
Discontinued operations		(538,638)		(866,203)	
			469,254		(1,886,587)
Interest receivable and similar income	<i>6</i>		11		75,971
Interest payable and similar charges	<i>7</i>		(389,415)		(187,652)
Profit/(loss) on ordinary activities before taxation	<i>3-5</i>		79,850		(1,998,268)
Tax on profit/(loss) on ordinary activities	<i>8</i>		(1,600)		(150,944)
Profit/(loss) for the year after taxation	<i>16/17</i>		78,250		(2,149,212)

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

Balance sheet
at 31 December 2005

	Notes	2005 £	2005 £	2004 £	2004 £
Fixed assets					
Tangible assets	9		73,948		94,997
Investments	10		3,270		32,396
			<u>77,218</u>		<u>127,393</u>
Current assets					
Stock	11	-		35,300	
Debtors	12	3,495,378		2,699,319	
Cash at bank and in hand		291,858		1,195	
		<u>3,787,236</u>		<u>2,735,814</u>	
Creditors amounts falling due within one year	13	(5,361,077)		(4,106,686)	
Net current liabilities			<u>(1,573,841)</u>		<u>(1,370,872)</u>
Total assets less current liabilities			<u>(1,496,623)</u>		<u>(1,243,479)</u>
Creditors amounts falling due after more than one year	14		-		(331,394)
Net liabilities			<u>(1,496,623)</u>		<u>(1,574,873)</u>
Capital and reserves					
Called up share capital	15		693,000		693,000
Profit and loss account - deficit	16		(2,189,623)		(2,267,873)
Equity shareholders' deficit	17		<u>(1,496,623)</u>		<u>(1,574,873)</u>

These financial statements were approved by the board of directors on 8th August 2007 and were signed on its behalf by


G Taylor
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 financial statements, except as noted below

In these financial statements the following new standards have been adopted for the first time

- FRS 21 'Events after the balance sheet date',
- FRS 28 'Corresponding amounts', and

FRS 28 'Corresponding amounts' has had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985

The impact of the implementation of FRS 21 is £nil (2004 £nil)

Basis of preparation

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

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £1,573,841 and net liabilities of £1,496,623, which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on Intec Engineering Group BV its immediate holding company and Heerema Engineering and Project Management Services Denmark Aps its ultimate holding company. The company has received an undertaking from Intec Engineering Group BV that, for at least 12 months from the date of approval of these financial statements Intec Engineering Group BV will continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available amounting to £2,872,182 as at 31 December 2005. This should enable the company to continue to trade for the foreseeable future by meeting its liabilities as and when they become due. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements, the directors have no reason to believe that it will not do so. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result if such funds were not available.

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 Intec Engineering Group BV, 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 Intec Engineering Group BV, within which this company is included, can be obtained from the address given in note 20.

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
Fixtures and fittings	-	10 years

Investments

Investments are stated at cost less any provisions for impairment

Notes (continued)

1 Accounting policies (continued)

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

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.

Turnover

Sales comprise the net value of work completed, services rendered or deliveries made during the year. 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

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. 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 (continued)

2 Turnover

	2005 £	2004 £
<i>By geographical market</i>		
Europe	2,513,762	4,133,703
Africa	4,087,378	3,460,840
Asia	-	13,940
Other	-	85,383
	<u>6,601,140</u>	<u>7,693,866</u>

3 Profit/(loss) on ordinary activities before taxation

	2005 £	2004 £
<i>Profit/(loss) on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration		
Audit of these financial statements	17,600	17,550
Depreciation of tangible fixed assets	59,877	140,473
Amortisation of intangible fixed assets	-	93,665
Impairment of intangible fixed assets	-	655,655
Loss on foreign exchange	40,805	75,948
Hire of assets - operating leases	322,817	331,148
Research and development expenditure	-	14,779
	<u> </u>	<u> </u>

4 Remuneration of directors

	2005 £	2004 £
Directors' emoluments	131,708	123,569
Company contributions to money purchase pension schemes	19,498	28,797
	<u>151,206</u>	<u>152,366</u>

Retirement benefits are accruing to two directors (2004 one) under money purchase schemes

Notes (continued)

5 Staff numbers and costs

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

	Number of employees	
	2005	2004
Engineering	31	41
Administration	5	9
	<u>36</u>	<u>50</u>

The aggregate payroll costs of these persons were as follows

	2005 £	2004 £
Wages and salaries	1,994,680	2,803,966
Social security costs	239,864	326,758
Other pension costs – note 19	64,651	108,610
	<u>2,299,195</u>	<u>3,239,334</u>

6 Interest receivable and similar income

	2005 £	2004 £
Bank interest receivable	11	23
Foreign exchange gains	-	75,948
	<u>11</u>	<u>75,971</u>

7 Interest payable and similar charges

	2005 £	2004 £
Bank interest	28,411	3,225
Payable to group undertakings	155,605	184,427
Loss on foreign exchange	205,399	-
	<u>389,415</u>	<u>187,652</u>

Notes (continued)

8 Taxation

Analysis of charge in period

	2005 £	2004 £
<i>UK corporation tax</i>		
Adjustments in respect of prior periods	1,600	3,022
<i>Foreign withholding tax</i>	-	147,922
Total current tax	<u>1,600</u>	<u>150,944</u>

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2004 higher) than the standard rate of corporation tax in the UK (30%, 2004 30%). The differences are explained below

	2005 £	2004 £
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	79,850	(1,998,268)
Current tax at 30% (2004 30 %)	23,955	(599,480)
<i>Effects of</i>		
Expenses not deductible for tax purposes	6,000	235,975
Depreciation for period in excess of capital allowances	17,963	42,142
Addition to losses carried forward	-	321,363
Losses utilised	(47,918)	-
Adjustments to tax charge in respect of previous periods	1,600	3,022
Foreign withholding tax suffered	-	147,922
Total current tax charge (see above)	<u>1,600</u>	<u>150,944</u>

No tax charge arises on the results for the year due to the availability of corporation tax losses

As at 31 December 2005 there was a deferred tax asset made up of losses carried forward of £274,000 and accelerated capital allowances of £106,000. In accordance with FRS 19 deferred tax assets can only be recognised on the basis that the recoverability of the deferred tax asset is more probable than not. The directors do not believe that to be prudent at this time.

Notes (continued)

9 Tangible fixed assets

	Computer equipment £	Fixtures and Fittings £	Total £
Cost			
At beginning of year	425,142	25,045	450,187
Additions	38,828	-	38,828
	<hr/>	<hr/>	<hr/>
At end of year	463,970	25,045	489,015
	<hr/>	<hr/>	<hr/>
Depreciation			
At beginning of year	349,541	5,649	355,190
Charge for year	57,838	2,039	59,877
	<hr/>	<hr/>	<hr/>
At end of year	407,379	7,688	415,067
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2005	56,591	17,357	73,948
	<hr/>	<hr/>	<hr/>
At 31 December 2004	75,601	19,396	94,997
	<hr/>	<hr/>	<hr/>

10 Fixed asset investments

This represents a 5% holding in Heerema Group Services EESV, a European Economic Interest Grouping registered in the Netherlands

11 Stocks

	2005 £	2004 £
Raw materials and consumables	-	35,300
	<hr/>	<hr/>

12 Debtors

	2005 £	2004 £
Trade debtors	1,098,011	1,209,453
Amounts recoverable on contracts	576,066	742,667
Amounts owed by group undertakings	995,226	612,185
Other debtors	675,881	-
Prepayments and accrued income	150,194	135,014
	<hr/>	<hr/>
	3,495,378	2,699,319
	<hr/>	<hr/>

Notes (continued)

13 Creditors: amount due within one year

	2005 £	2004 £
Bank overdraft	-	166,234
Trade creditors	210,415	1,085,866
Amounts owed to group undertakings	1,979,594	894,506
Loans from group undertakings	2,872,182	1,644,522
Taxation and social security	58,793	87,227
Accruals and deferred income	240,093	228,331
	<u>5,361,077</u>	<u>4,106,686</u>

Interest on loans from the group undertaking of £2,707,587 is payable at 8% per annum and is payable on demand

14 Creditors: amounts falling due after more than one year

	2005 £	2004 £
Amounts owed to group undertakings	-	331,394
	<u>-</u>	<u>331,394</u>

This represents a loan advanced by group undertakings. The loan bears interest of LIBOR +1% and is repayable on 28 May 2022

15 Share Capital

	2005 £	2004 £
<i>Authorised</i>		
693,000 Ordinary shares of £1 each	693,000	693,000
	<u>693,000</u>	<u>693,000</u>
<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>

16 Profit and loss account

	2005 £	2004 £
Balance at beginning of year	(2,267,873)	(118,661)
Profit/(loss) for the year	78,250	(2,149,212)
	<u>78,250</u>	<u>(2,149,212)</u>
Balance at end of year	<u>(2,189,623)</u>	<u>(2,267,873)</u>

Notes (continued)

17 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit/(loss) for the year	78,250	(2,149,212)
Net increase/(decrease) in shareholders' funds	78,250	(2,149,212)
Opening shareholders' (deficit)/funds	(1,574,873)	574,339
Closing shareholders' deficit	(1,496,623)	(1,574,873)

18 Commitments

- a) There are no capital commitments at the end of the financial year for which no provision has been made (2004 £nil)
- b) Annual commitments under non-cancellable operating leases are as follows

	2005		2004	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
In the second to fifth years inclusive	322,818	-	322,818	4,165
Over five years	169,457	-	169,457	-
	492,275	-	492,275	4,165

19 Pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £64,651 (2005 £108,610).

Contributions amounting to £5,594 were payable to the scheme and are included in creditors.

20 Ultimate parent company

The company is a subsidiary undertaking of Intec Engineering Group BV, a company incorporated in the Netherlands.

The largest group in which the results of the Company are consolidated is that headed by Heerema Engineering and Project Management Services Denmark Aps. The consolidated accounts of this company are available from Holbergsgade 14, 1057 Copenhagen, Denmark. The smallest group in which they are consolidated is that headed by Intec Engineering Group BV, a company registered and incorporated in the Netherlands. The consolidated accounts of this company can be obtained from Poortweg 14, 2612 PA Delft, Netherlands.