

INTECSEA (UK) Limited

Directors' report and financial statements

30 June 2011

FRIDAY



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30/03/2012
COMPANIES HOUSE

INTECSEA (UK) Limited

Registered No 2667945

Directors

S Bradie
D Blacoe
M Daly

Secretary

M Daly

Auditors

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

Bankers

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

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102 Lower Guildford Road
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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 2011

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 £24,631,352 from £15,588,287 representing an increase of 58% from the previous year. Operating profit was £2,699,505 compared to £2,868,835 in the previous year, representing a decrease of 6%, whilst the profit on ordinary activities before taxation decreased to £2,557,424 from £2,684,107. The company made a profit for the year after taxation of £1,799,622 (2010 £1,892,057).

The company's Gross Profit Margin has decreased to 32% compared to 47% in the previous year and the earnings before interest and taxes margin has also decreased to 11% from the previous year of 18%. The debt ratio of 0.84 has increased from 0.75 in the previous year.

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. 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 launched a technology partnership in the field of non-metallics to design, develop and qualify a new system solution for offloading marine hoses and participated in the steering committees of a number of metallic materials projects. New technology initiatives have been established in the area of CRA flowline design and material performance requirements specifically fatigue and fracture. New Joint Industry Projects (JIP) have been developed and are currently under review by organisations in the industry sector for execution and further development.

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 in line with 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 this 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 £1,500,000 (2010 £2,100,000).

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
S Bradie

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

Michael Daly 29 MAR 2012

M Daly
Secretary

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 2011 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 2011 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

29 March 2012

Profit and loss account

for the year ended 30 June 2011

	<i>Notes</i>	Year ended 30 June 2011 £	Year ended 30 June 2010 £
Turnover	2	24,631,352	15,588,287
Cost of sales		(16,749,586)	(8,293,631)
Gross profit		7,881,766	7,294,656
Administrative expenses		(5,182,261)	(4,425,821)
Operating profit	3	2,699,505	2,868,835
Interest receivable and similar income	6	357	28,948
Interest payable and similar charges	7	(142,438)	(213,676)
Profit on ordinary activities before taxation		2,557,424	2,684,107
Tax on profit on ordinary activities	8	(757,802)	(792,050)
Retained profit for the year	16	1,799,622	1,892,057

All of the company's operations are continuing

Statement of total recognised gains and losses

for the year ended 30 June 2011

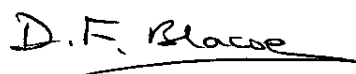
The company has no recognised gains or losses other than those shown in the Profit and Loss Account

Balance sheet

at 30 June 2011

	Notes	30 June 2011 £	30 June 2011 £	30 June 2010 £	30 June 2010 £
Fixed assets					
Tangible assets	9		956,565		345,052
Current assets					
Debtors	10	9,563,382		4,458,767	
Cash at bank and in hand		805,067		1,005,913	
		<u>10,368,449</u>		<u>5,464,680</u>	
Creditors, amounts falling due within one year	12	(9,554,445)		(4,338,785)	
Net current assets			<u>814,004</u>		<u>1,125,895</u>
Net assets			<u>1,770,569</u>		<u>1,470,947</u>
Capital and reserves					
Called up share capital	13		693,000		693,000
Profit and loss account	14		1,077,569		777,947
Shareholders' funds	16		<u>1,770,569</u>		<u>1,470,947</u>

These financial statements were approved by the board of directors on 29th MARCH 2012 and were signed on its behalf by



D Blacoe
Director

Notes to the financial statements

at 30 June 2011

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 2011, 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 2011

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 2011

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 2011 £	Year ended 30 June 2010 £
<i>By geographical market</i>		
Europe	4,863,955	5,384,705
Africa	18,153,849	9,339,605
Asia	1,350,150	863,977
Other	263,398	-
	<u>24,631,352</u>	<u>15,588,287</u>

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

3 Operating profit

	Year ended 30 June 2011 £	Year ended 30 June 2010 £
<i>Operating profit is stated after charging.</i>		
Auditor's remuneration		
Audit of the financial statements	17,000	13,000
Depreciation of tangible fixed assets – owned	278,453	251,700
Hire of other assets - operating leases	391,712	325,807
	<u>687,165</u>	<u>590,507</u>

4 Remuneration of directors

	Year ended 30 June 2011 £	Year ended 30 June 2010 £
Directors' remuneration	181,626	369,280
Company contributions to money purchase pension schemes	8,203	13,299
	<u>189,829</u>	<u>382,579</u>

The highest paid director received remuneration of £181,626 (2010 £157,771) and company contributions to money purchase pension schemes of £8,203 (2010 £6,648) Retirement benefits are accruing to one director (2010 one) under money purchase schemes

Notes to the financial statements

at 30 June 2011

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 2011	Year ended 30 June 2010
Engineering	64	55
Administration	16	12
	<u>80</u>	<u>67</u>

The aggregate payroll costs of these persons were as follows

	Year ended 30 June 2011 £	Year ended 30 June 2010 £
Wages and salaries	4,705,702	4,020,636
Social security costs	523,833	458,676
Other pension costs	328,616	92,680
	<u>5,558,151</u>	<u>4,571,992</u>

6 Interest receivable and similar income

	Year ended 30 June 2011 £	Year ended 30 June 2010 £
Interest from group undertakings	-	27,908
Bank interest	357	1,040
	<u>357</u>	<u>28,948</u>

7 Interest payable and similar charges

	Year ended 30 June 2011 £	Year ended 30 June 2010 £
Foreign exchange loss	33,573	42,965
Interest to group undertakings	108,865	170,711
	<u>142,438</u>	<u>213,676</u>

Notes to the financial statements

at 30 June 2011

8 Taxation

(a) Tax on profit on ordinary activities

The tax charge is made up as follows

	Year ended 30 June 2011 £	Year ended 30 June 2010 £
<i>UK corporation tax</i>		
Current tax on income for the year	732,255	794,711
Adjustments in respect of prior periods	-	19,304
<i>Foreign tax</i>		
Current tax on income for the year	18,755	-
Total current tax (note 8(b))	751,010	814,015
Deferred tax	6,792	(21,965)
Tax on profit on ordinary activities	757,802	792,050

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

The current tax charge for the year is higher (2010 higher) than the standard rate of corporation tax in the UK of 27.5% (2010 28%). The differences are explained below

	Year ended 30 June 2011 £	Year ended 30 June 2010 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	2,557,424	2,684,107
Current tax at 27.5% (2010 28%)	703,292	751,550
<i>Effects of</i>		
Expenses not deductible for tax purposes	46,297	20,740
Depreciation for year (lower)/greater than capital allowances	(3,345)	11,905
Adjustments to tax charge in respect of previous periods	-	19,304
Other short term timing differences	4,766	10,516
Total current tax charge (note 8(a))	751,010	814,015

(c) Factors that may affect future tax charges

The UK corporation tax rate reduced to 26% from April 2011. Further reductions of 1% in each of the next three years were proposed in the March 2011 budget, taking the rate to 23% by April 2014.

The effect on the company of these proposed 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 23% on the company's deferred tax asset would be to reduce the deferred tax asset by £4,531. The rate change will also impact the amount of future tax payments to be made by the company.

Notes to the financial statements

at 30 June 2011

9 Tangible fixed assets

	Leasehold improvements £	Computer equipment £	Fixtures and fittings £	Total £
Cost				
At beginning of year	549,208	549,705	184,283	1,283,196
Additions	635,019	166,142	88,805	889,966
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	1,184,227	715,847	273,088	2,173,162
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At beginning of year	424,742	450,576	62,826	938,144
Charge for the year	146,706	110,369	21,378	278,453
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	571,448	560,945	84,204	1,216,597
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 June 2011	612,779	154,902	188,884	956,565
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2010	124,466	99,129	121,457	345,052
	<hr/>	<hr/>	<hr/>	<hr/>

10 Debtors

	30 June 2011 £	30 June 2010 £
Trade debtors	4,280,777	1,515,444
Amounts recoverable on contracts	3,401,687	895,189
Amounts owed by group undertakings	987,385	1,394,069
Other debtors	540,911	368,460
Prepayments and accrued income	313,353	239,544
Deferred tax asset (note 11)	39,269	46,061
	<hr/>	<hr/>
	9,563,382	4,458,767
	<hr/>	<hr/>

11 Deferred tax asset

The recognised deferred tax 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 2010	46,061
Charge to profit and loss	(6,792)
	<hr/>
At 30 June 2011	39,269
	<hr/>

Notes to the financial statements

at 30 June 2011

12 Creditors: amounts falling due within one year

	30 June 2011 £	30 June 2010 £
Trade creditors	729,662	331,547
Amounts owed to group undertakings	6,459,561	2,541,422
Corporation tax	225,374	503,230
Taxation and social security	317,154	126,372
Accruals and deferred income	1,822,694	836,214
	<u>9,554,445</u>	<u>4,338,785</u>

13 Issued share capital

	30 June 2011 £	30 June 2010 £
<i>Allotted called up and fully paid</i>		
693,000 Ordinary shares of £1 each	<u>693,000</u>	<u>693,000</u>

14 Profit and loss account

	30 June 2011 £	30 June 2010 £
Balance at beginning of the year	777,947	985,890
Profit for the year	1,799,622	1,892,057
Dividend paid	<u>(1,500,000)</u>	<u>(2,100,000)</u>
Balance at end of the year	<u>1,077,569</u>	<u>777,947</u>

15 Dividend

The aggregate amount of dividends comprises

	Year ended 30 June 2011 £	Year ended 30 June 2010 £
Interim dividends paid in respect of the current year	<u>1,500,000</u>	<u>2,100,000</u>

Notes to the financial statements

at 30 June 2011

16 Reconciliation of shareholders' funds

	30 June 2011 £	30 June 2010 £
Profit for the year	1,799,622	1,892,057
Dividend paid	(1,500,000)	(2,100,000)
Net increase / (decrease) in shareholders' funds	299,622	(207,943)
Opening shareholders' funds	1,470,947	1,678,890
Closing shareholders' funds	1,770,569	1,470,947

17 Commitments

- a) There are no capital commitments at the end of the financial year for which provision has been made (2010 £nil)
- b) Annual commitments under non-cancellable operating leases are as follows

	30 June 2011 Land and buildings £	30 June 2010 Land and buildings £
Operating leases which expire		
Within one year	322,818	322,818
Within 2 to 5 years	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 £328,616 (2010 £92,680).

Contributions amounting to £49,395 (2010 £nil) 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.

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, Level 12, Australia.