Acteon Group Limited

Annual report and financial statements

Registered number 4231212

31 December 2013

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Contents

Strategic Report

The directors present their Strategic report for the year ended 31 December 2013

Principal activities

Acteon Group Limited is a global subsea services organisation The Group comprises a number of industry-leading brands, which are principally focused on those aspects of offshore oil and gas development and operations which link wells on the seabed with facilities on the surface

The Group has outstanding engineering skills in the areas in which it operates and has achieved a number of industry "firsts" in its recent history It employs approximately 2,200 people, most with technical skills, from its facilities in Europe, the Middle East, Africa, the Americas and the Far East

Acteon businesses are involved at every stage in the life of an oilfield, from initial exploration through to development, operations, maintenance and decommissioning The Group offers full system capability, undertaking concept studies and analysis, front-end engineering and detailed design work, along with handling manufacturing/construction activity and offshore execution

Acteon companies provide a range of subsea services, across the following service areas,

- Foundations and moorings
- Risers, conductors and flowlines
- Marine electronics, instrumentation and survey
- Activity management and manpower

Business model

Acteon is a leading provider of subsea services to the worldwide offshore oil and gas industry Its principal clients are international, national and independent oil and gas companies and contractors in most of the major oil and gas provinces in the world Its services relate to most parts of the life-cycle of an oil or gas field and its facilities, including exploration, design, build, installation, integrity management and decommissioning

Acteon companies work independently and together to serve their industry clients The principal companies within the Group, and their activities, are listed below

Foundations and moorings

MENCK manages all aspects of complex piling projects for customers, not only in the oil and gas sector but also in the civil engineering and renewables sectors The company designs, manufactures and rents out some of the world's most sophisticated pile-driving hammers

InterMoor specialises in deepwater mooring systems and foundations, especially for floating drilling and production facilities It offers sale, rental and management of mooring equipment The company also provides mobile offshore drilling rig relocation services

Large Diameter Drilling is an offshore drilling and specialist marine construction contractor It designs, engineers, builds and operates pile-installation equipment to establish tubular foundations

Risers, conductors and flowlines

2H Offshore focuses on shallow and deep water riser projects with a full complement of design, supply, monitoring and integrity management capabilities

Claxton supplies equipment and services for well construction, workover, maintenance and abandonment operations These include pressure control and remediation, conductor tensioning and rigless tubular retrieval

Aquatic supplies a range of powered reel systems which are deployed by clients for flexible pipe and umbilical lay

Subsea Riser Products designs and supplies specialist components for subsea risers.

Mirage Machines designs and manufactures portable machine tools for on site machining applications

Probe Oil Tools provides bespoke high-specification pressure control equipment including wellheads, flanges, tension rings and surface risers

Marine electronics, instrumentation and survey

Seatronics specialises in the rental of subsea electronic equipment and ancillary services

Pulse Structural Monitoring designs, supplies and installs monitoring systems (both instrumentation and software), and provides data processing and recorded data management services

NCS Survey provides high-precision rig positioning, construction support and subsea visualisation services

Business review and results

2013 saw continued improvement in global economic conditions and, in particular, in activity levels in the offshore oil and gas industry The Group's financial performance reflects this economic backdrop and also its continued investment in new equipment and services, with record revenue and record profit from operating activities before exceptional items and impairment losses again being recognised in the year Turnover increased by 12% to £497 6m and profit from operating activities before exceptional items and impairment losses by 12% to £89 5m Geographically, the group saw notable growth in its European and North American markets as their economies continued to recover from the global recession

Profit before exceptional items, impairment losses and income tax fell by 14% compared to 2012 The Group incurred increased interest costs, in line with expectation, following a strategic refinancing exercise which completed in November 2012 As a result of sterling strengthening compared with a wide range of currencies in which the Group operates, increased foreign exchange losses arose compared with 2012 In aggregate, finance expenses for the year rose by 173% from £11 3m to £30 9m

During the year the Group acquired 80% of the issued share capital of J2 Subsea Limited (formerly J2 Engineering Services Limited) and Probe Oil Tools Limited These transactions were completed in July 2013 and September 2013 respectively

J2 Subsea is a company based in Aberdeen, Scotland It complements the Group's existing Seatronics business by providing rental, maintenance, and repair services for ROV manipulator arms and associated tooling and equipment

Probe Oil Tools Limited is based in Great Yarmouth, England It is a specialist provider of high- specification pressure control equipment

The Group also acquired all of the non-controlling interests in an existing group company, Fluke Subsea Solucoes E Servicos Limitada (formerly Fluke Engenharia Limitada)

The financıal performance of the Group for 2013, compared wıth 2012, can be summarısed as follows

	2013	2012	**Increase/ (Decrease)**
	£000	£000	**%**
Group revenue	**497,573**	445,373	11 7%
Profit from operatıng actıvıtıes before exceptıonal ıtems and ımpaırment losses	**89,505**	79,952	11 9%
Profit before exceptıonal ıtems, ımpaırment losses and ıncome tax	**60,688**	70,409	(13 8%)

Key performance ındıcators

Further key performance ındıcators pertınent to the Group are shown below These demonstrate the underlyıng operatıonal performance (gross margın and EBITDA), but also the level of contınued ınvestment ın the Group's underlyıng revenue generatıng resources (fixed assets and average number of employees)

	2013	2012
Fınancıal		
Gross Margın % of revenues	**36.3%**	35 2%
Earnıngs before ınterest, tax, deprecıatıon and amortısatıon (EBITDA) (£000s)*	**128,840**	112,296
Net book value of fixed assets (£000s)	**176,975**	156,993

* prıor to ımpaırments of goodwıll and other ıntangıbles, exceptıonal ıtems (2012), and certaın costs totallıng £4,478,000 (*2012 £831 000*) of a non-operatıng nature

Non-financıal		
Average number of employees	**2,240**	2,082

Prıncıpal rısks and uncertaıntıes

The Group's multınatıonal operatıons and debt financıng expose ıt to a varıety of rısks, ıncludıng financıal rısks The Group has ın place rısk management polıcıes that seek to lımıt the adverse effects of these rısks on the financıal performance of the Group The board of dırectors has overall responsıbılıty for the creatıon and oversıght of the Group's rısk management framework The Group's approach to financıal rısk management ıs dısclosed ın Note 4

The dırectors have taken steps to ensure that the day-to-day rısks whıch face the Group ın terms of, for example, health and safety and commercıal rısks are managed comprehensıvely by the management teams of ıts operatıng companıes (wıth approprıate central oversıght), by ınsurance covers whıch should mıtıgate the ımpact of rısks turnıng ınto realıty, and by the preparatıon and revıew of comprehensıve monthly management financıal reportıng packages whıch can alert the board to developments ın tradıng performance and cash management

Any business operates against a background of risks and uncertainties The directors believe that the principal operational risks facing Acteon are

- There could be a tail-off in activity levels in the offshore oil and gas exploration and production industry, worldwide
- Lead times and availability of raw materials and components which are required in order for the Group to provide its products and services could deteriorate from their current levels
- It could become more difficult to recruit and retain the highly qualified and experienced staff required in order for the Group to carry on its business
- The considerable health and safety risks which are inherent to the offshore oil and gas industry
- Contracts and projects in the oil and gas sector are frequently complex, and there are risks associated with their execution

Future developments

With Brent crude prices remaining relatively high and reasonably stable, continuing to fluctuate within the $100-$120 per barrel range, international oil companies, national oil companies and independents continue to be active and are placing significant business with their contractors The increasing volume of offshore oil and gas activity worldwide, combined with increasing operational complexity and legislative oversight, are positive drivers for the Group's expertise, specialist equipment and services The directors believe that this, along with encouraging economic growth rates in emerging and existing markets and the cash resources available to the Group following its 2012 refinancing, provides a sound basis for further increases in demand for the Group's products and services and anticipate that Acteon will be able to capitalise on a strong opportunity set in 2014 and beyond

By order of the board

R C Higham
Director

25 March 2014

Directors' Report

The directors note that, as a result of the Strategic Report and Directors Report regulations 2013 (which are amendments to the Companies Act 2006), some of the matters which would previously have been contained within the Directors' Report must now (along with certain other reporting) appear within the separate Strategic Report The Directors' Report now contains the remaining statutory information requiring disclosure

Research and development

The Group continues to believe in the importance of investing in innovation and in the development of its products and services, in order to achieve technical success and to improve project economics During the year Acteon has continued to invest in several research and development areas

Proposed dividend

An interim dividend of £nil (*2012 £34,035,000*) was paid in the year No further dividend is to be recommended in respect of 2013 (*2012 £nil*)

Directors

The directors who served during the year were

R C Higham
K F Ovenden

The directors benefited from qualifying third party indemnity provisions which were in place during the financial year and at the date of this report These took the form of Directors and Officers liability insurance

Employees

The Group is committed to involving employees in the business through appropriate communication and consultation and does so through circulating internal newsletters and through arranging periodic briefing meetings

Applications for employment by disabled persons are always fully considered, having regard to the aptitude and abilities of applicants If employees become disabled every effort is made to ensure the continuation of their employment with the Group, including the provision of appropriate training The Group intends that, as far as possible, the training, career development and promotion of a disabled person should be identical to that of a person who does not suffer from a disability

Political contributions

Neither the Company nor any of its subsidiaries made any political donations or incurred any political expenditure during the year

Disclosure of information to auditor

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 auditor is unaware Each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

R C Higham
Director

25 March 2014

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

The directors are responsible for preparing the Strategic Report and Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare group and parent company financial statements for each financial year In accordance with that law they have elected to prepare the group financial statements in accordance with IFRS as adopted by the EU and applicable law and have elected to prepare the parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 group and parent company and of their profit or loss for that period In preparing each of the group and parent company 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,
- for the group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the EU,
- for the parent company financial statements, 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 group and the parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

The directors are responsible for the maintenance and integrity of any corporate and financial information included on the company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

KPMG

Independent auditor's report to the members of Acteon Group Limited

We have audited the financial statements of Acteon Group Limited for the year ended 31 December 2013 set out on pages 9 to 62 The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRS) as adopted by the EU The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at http //www frc org uk/auditscopeukprivate

Opinion on financial statements

In our opinion

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2013 and of the Group's profit for the year then ended,
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the EU,
- the parent company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

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

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

Duncan MacAskill (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

37 Albyn Place
Aberdeen
AB10 1JB
United Kingdom

26 March 2014

Consolidated Income Statement

for year ended 31 December 2013

	Note	2013 £000	2012 £000
Revenue	6	**497,573**	445,373
Cost of sales		**(316,770)**	(288,391)
Gross profit		**180,803**	156,982
Exceptional administrative expenses	7	**-**	(53,169)
Impairment losses	15, 16	**(14,166)**	(2,606)
Other administrative expenses		**(91,298)**	(77,030)
Total administrative expenses		**(105,464)**	(132,805)
Profit from operating activities		**75,339**	24,177
Finance income		**2,103**	1,772
Finance expense		**(30,920)**	(11,315)
Net finance expense	11	**(28,817)**	(9,543)
Profit before income tax		**46,522**	14,634
Income tax expense	12	**(18,056)**	(9,672)
Profit for the year		**28,466**	4,962
Attributable to			
Equity holders of the parent		**28,017**	5,496
Non-controlling interests		**449**	(534)
Profit for the year		**28,466**	4,962

The notes on pages 14 to 53 are an integral part of these consolidated financial statements

Movements in reserves are set out in the Consolidated Statement of Changes in Equity on page 12

Revenue and profit from operating activities in the current and previous years arose wholly from continuing operations

Consolidated Statement of Comprehensive Income

for year ended 31 December 2013

	Note	2013 £000	2012 £000
Profit for the year		**28,466**	4,962
Items that will not be reclassified subsequently to profit or loss			
Defined benefit plan actuarial (losses)/gains	*23*	**(350)**	147
Income tax on items that will not be reclassified to profit or loss		**-**	(580)
		(350)	(433)
Items that may be reclassified subsequently to profit or loss			
Translation of foreign currency net investments		**(4,800)**	(2,508)
Other comprehensive expense for the year recognised directly in equity		**(5,150)**	(2,941)
Total comprehensive income for the year		**23,316**	2,021
Attributable to:			
Equity holders of the Company		**22,867**	2,555
Non-controlling interests		**449**	(534)
Total comprehensive income for the year		**23,316**	2,021

The notes on pages 14 to 53 are an integral part of these consolidated financial statements

Consolidated Statement of Financial Position (Balance Sheet)

at 31 December 2013

	Note	**2013**	2012
		£000	£000
Non-current assets			
Property, plant and equipment	*15*	**176,975**	156,993
Intangible assets	*16*	**176,432**	158,432
Deferred income tax assets	*17*	**2,462**	3,424
Total non-current assets		**355,869**	318,849
Current assets			
Inventories	*18*	**29,127**	22,258
Trade and other receivables	*19*	**156,487**	140,782
Cash and cash equivalents		**49,953**	37,128
Total current assets		**235,567**	200,168
Total assets		**591,436**	519,017
Equity			
Share capital	*20*	**11,659**	11,659
Share premium	*21*	**16,437**	16,437
Foreign currency translation reserve	*21*	**3,680**	8,500
Other reserves	*21*	**(5,127)**	(3,910)
Retained earnings	*21*	**151,207**	123,540
Total equity attributable to equity holders of the Company		**177,856**	156,226
Non-controlling interests		**8,286**	645
Total equity		**186,142**	156,871
Non-current liabilities			
Loans and borrowings	*22*	**287,391**	222,009
Employee benefits	*23*	**1,746**	1,491
Deferred income tax liabilities	*17*	**19,957**	17,425
Total non-current liabilities		**309,094**	240,925
Current liabilities			
Loans and borrowings	*22*	**11,676**	6,844
Trade and other payables	*25*	**75,205**	111,710
Current income tax liabilities		**9,319**	2,667
Total current liabilities		**96,200**	121,221
Total liabilities		**405,294**	362,146
Total equity and liabilities		**591,436**	519,017

These financial statements were approved by the board of directors on 25 March 2014 and were signed on its behalf by

R C Higham - Director *K F Ovenden - Director*

The notes on pages 14 to 53 are an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity

for year ended 31 December 2013

	Share capital £000	Share premium £000	Foreign currency translation reserve (FCTR) £000	Other reserves £000	Retained earnings £000	Total £000	Non-controlling interests £000	Total equity £000
Balance at 1 January 2012	11,640	16,239	11,008	1,569	152,573	193,029	3,442	196,471
Profit for the year	-	-	-	-	5,496	5,496	(534)	4,962
Income and expense recognised directly in equity								
Defined benefit plan actuarial gains	-	-	-	-	147	147	-	147
Income tax on income and expense recognised directly in equity	-	-	-	-	(580)	(580)	-	(580)
Foreign currency translation difference	-	-	(2,508)	-	-	(2,508)	-	(2,508)
Total income and expense recognised directly in equity	-	-	(2,508)	-	(433)	(2,941)	-	(2,941)
Issue of shares	19	198	-	-	(217)	-	-	-
Acquisitions in the year of non-controlling interests (note 5)	-	-	-	(5,479)	-	(5,479)	(2,263)	(7,742)
Dividends paid (note 14)	-	-	-	-	(34,035)	(34,035)	-	(34,035)
Amortisation of share-based payments (note 24)	-	-	-	-	156	156	-	156
Balance at 31 December 2012	11,659	16,437	8,500	(3,910)	123,540	156,226	645	156,871
Profit for the year	-	-	-	-	28,017	28,017	449	28,466
Income and expense recognised directly in equity								
Defined benefit plan actuarial gains	-	-	-	-	(350)	(350)	-	(350)
Income tax on income and expense recognised directly in equity	-	-	-	-	-	-	-	-
Foreign currency translation difference	-	-	(4,800)	-	-	(4,800)	-	(4,800)
Total income and expense recognised directly in equity	-	-	(4,800)	-	(350)	(5,150)	-	(5,150)
Impact of disposal on FCTR	-	-	(20)	-	-	(20)	-	(20)
Acquisitions in year (note 5)	-	-	-	(1,217)	-	(1,217)	7,192	5,975
Balance at 31 December 2013	**11,659**	**16,437**	**3,680**	**(5,127)**	**151,207**	**177,856**	**8,286**	**186,142**

The notes on pages 14 to 53 are an integral part of these consolidated financial statements

Consolidated Statement of Cash Flow

for year ended 31 December 2013

	Note	**2013**	2012
		£000	£000
Cash flow from operating activities			
Profit for the year		**28,466**	4,962
Adjustments for			
Gain on sale of property, plant and equipment		**(2,787)**	(7,337)
Depreciation and impairment of property, plant and equipment	*15*	**32,850**	25,084
Amortisation and impairment of intangible assets	*16*	**16,173**	9,035
Equity-settled share-based payment transactions	*24*	**-**	156
Net finance expense	*11*	**28,817**	9,543
Income tax expense	*12*	**18,056**	9,672
		121,575	51,115
Change in inventories		**(5,864)**	(2,649)
Change in trade and other receivables		**(13,016)**	(34,761)
Change in trade and other payables		**(33,482)**	41,312
Change in provisions and employee benefits		**207**	240
Cash generated from operating activities		**69,420**	55,257
Interest paid		**(18,320)**	(5,785)
Income tax paid		**(18,196)**	(24,479)
Net cash from operating activities		**32,904**	24,993
Cash flows from investing activities			
Interest received		**2,103**	1,734
Proceeds from sale of property, plant and equipment		**5,289**	14,665
Acquisition of subsidiaries, net of cash acquired	*5*	**(30,318)**	-
Acquisition of non-controlling interests	*5*	**(88)**	(7,742)
Purchase of property, plant and equipment	*15*	**(57,461)**	(40,600)
Purchase of intangible assets	*16*	**(536)**	(939)
Net cash used in investing activities		**(81,011)**	(32,882)
Cash flow from financing activities			
Receipt of borrowings		**77,800**	245,200
Expenses paid in relation to new borrowings		**(440)**	(16,356)
Repayment of borrowings		**(10,000)**	(218,983)
Payment of finance lease liabilities		**(258)**	(762)
Dividends paid		**-**	(34,035)
Net cash received/(used) in financing activities		**67,102**	(24,936)
Net increase/(decrease) in cash and cash equivalents		**18,995**	(32,825)
Cash and cash equivalents at 1 January		**37,128**	71,720
Effect of exchange rate fluctuations on cash held		**(6,170)**	(1,767)
Cash and cash equivalents at 31 December		**49,953**	37,128

The notes on pages 14 to 53 are an integral part of these consolidated financial statements

Notes

(forming part of the financial statements)

1 Group and company accounts

Acteon Group Limited is a company incorporated in England The address of its registered office is Ferryside, Ferry Road, Norwich, Norfolk, NR1 1SW The consolidated financial statements of the Group as at and for the year ended 31 December 2013 comprise the parent company and its subsidiaries (together referred to as "the Group") The Group is primarily involved in the provision of specialist subsea products and services to the offshore oil and gas industry The financial statements of the parent company are set out on pages 55 to 62

2 Basis of preparation of financial statements

The consolidated financial statements consolidate those of the parent company and its subsidiaries (together referred to as the "Group") The parent company financial statements present information about the Company as a separate entity and not about its group

The consolidated financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRS") The Company has elected to prepare its parent company financial statements in accordance with UK GAAP

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these group financial statements

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with Adopted IFRS and were approved by the Board of Directors on 25 March 2014

(b) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments and available-for-sale financial assets, which are stated at fair value Any changes in fair value are reflected in the income statement

The methods used to measure fair values are discussed further below

(c) Functional and presentation currency

These consolidated financial statements are presented in Sterling, which is the Company's functional currency All financial information presented has been rounded to the nearest £1,000

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses Actual results may differ from these estimates

Estimates and underlying assumptions are reviewed on a regular basis Revisions to accounting estimates are reflected in the period in which the estimates are revised and in any future periods which are affected by those revisions

Information relating to areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effects on the amounts recognised in the financial statements is included in the following notes

Note 5 – business combinations

Note 16 – measurement of the recoverable amounts relating to cash-generating units containing goodwill

Note 26 – valuation of financial instruments

Notes *(continued)*

Basis of preparation of financial statements *(continued)*

(e) Going concern

The Group's business activities and financial position, together with the factors likely to affect its future development and performance, are set out in the Strategic Report on pages 1 to 4 Note 4 to the financial statements also discloses the objectives, policies and processes for managing the financial risks to which the Group is exposed These include foreign exchange risk, cash flow and interest rate risk, credit risk, liquidity risk and capital risk

The Group's forecasts and projections, and sensitivity analyses thereof, show that the Group has sufficient financial resources for the foreseeable future and is well-placed to manage its business and financial risks The directors therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by the Group

Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities In assessing control, voting rights that are currently exercisable are taken into account The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases The accounting policies of subsidiaries have been aligned, where necessary, with the policies adopted by the Group

(ii) Transactions and balances eliminated on consolidation

Intra-Group transactions and balances, and any unrealised income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee

Revenue recognition

Turnover comprises the value of goods and services supplied by the Group in the normal course of business, net of trade discounts and sales taxes Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer, it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue can be measured reliably Transfers of risks and rewards vary depending on the individual terms of contracts of sale

(i) Sale of equipment and other goods

Turnover is recognised when the goods are delivered to the customer, at the contractually agreed delivery location

(ii) Rendering of services

The Group recognises turnover in line with the fulfilment of its contractual obligations In most cases relating to the supply of services, this represents the fulfilment of all obligations contained in the contract In certain circumstances specific elements of the total income relating to a contract are recognised where completion of these elements (by reference to contractual trigger points) entitles the Group to the income Where the rendering of services includes rental income, the rental income element is recognised on a straight line basis over the period of the rental contract

Notes *(continued)*

Accounting policies *(continued)*

(iii) Long-term contracts

Turnover and profits on long-term contracts are recognised in line with the stage of a contract's completion when the outcome of the contract can be estimated reliably Full provision is made for any anticipated losses

Intangible fixed assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and is subject to an annual impairment review

Goodwill arising on these acquisitions represents the difference between the fair value of the purchase consideration and the fair value of the Group's share of the identifiable net assets of the acquired entity Directly attributable costs of executing the acquisitions are charged to the income statement in accordance with IFRS 3 *(revised)*, *Business Combinations*

Goodwill is not subject to amortisation but is reviewed for impairment at the end of the first full financial year following the acquisition and annually thereafter It is also reviewed at other points if events or changes in circumstances indicate that the carrying value may not be recoverable Goodwill is stated at cost less accumulated impairment losses

For the purpose of impairment testing, goodwill is allocated to the cash-generating unit in respect of which the goodwill arose Impairment is determined by assessing the ability of the cash-generating units to generate future cash flows and comparison of the resulting values with the respective goodwill balances Impairment losses in respect of goodwill are not reversed

Order books and customer lists

Order books and customer lists are recognised as intangible assets at their fair value on acquisition The fair value is determined by discounting the future cash flows expected to be generated from them at an appropriate market-related discount rate Amortisation is provided in order to write off the cost over the expected economic lives of the assets in equal instalments The residual values are assumed to be nil

Economic lives for intangible assets have been established as

Order books – typically less than one year

Customer lists – 10 years

All intangible assets are reviewed annually for possible impairment, or more regularly if conditions exist that indicate a review is required

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software These costs are amortised over their estimated useful life, which is typically 3-5 years

Notes *(continued)*

Accounting policies *(continued)*

Tangible fixed assets

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses The cost of property, plant and equipment at 1 January 2006, the Group's IFRS transition date, was determined by reference to its depreciated cost as at that date

Cost comprises the purchase price or construction cost and any costs directly attributable to making the asset capable of operating as intended, in the intended location The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given in order to acquire the asset

When elements of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment

Gains and losses on disposals of property, plant and equipment other than those held for rental to clients are determined by comparing the proceeds from disposal with the corresponding carrying amounts and are recognised net within "other income" in the income statement Where items are sold from the rental fleet, the sale proceeds are reflected in revenue and the remaining net book value is charged to cost of sales

(ii) Depreciation

Depreciation is calculated on a straight-line basis to allocate the cost less residual values to the income statement over the estimated useful lives of each asset Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives Land is not depreciated

The estimated useful lives are as follows

Buildings	30-50 years
Fixtures, fittings and computer equipment	2-10 years
Motor vehicles	2-4 years
Plant and equipment	3-15 years

Improvements to leasehold premises are depreciated over the primary period of the leases to which the improvements relate

Depreciation methods, useful lives and residual values are reviewed at each reporting date

Inventory

Inventories are stated at the lower of cost and net realisable value Cost is determined on a first-in-first-out basis, and includes all direct costs incurred and attributable production overheads Net realisable value is based on estimated selling price less all further costs of completion and disposal

The Group makes provisions for impairment, where appropriate, based on an assessment of excess and obsolete inventories

Costs in relation to partially complete projects are treated as work in progress to the extent that the revenue relating to those projects is unrecognised at the balance sheet date

Foreign currencies

(i) Transactions and balances

Transactions denominated in foreign currencies are translated and recorded at the exchange rate ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates ruling at each balance sheet date Gains and losses on retranslation are recognised in the income statement for the year

Notes *(continued)*

Accounting policies *(continued)*

(ii) Subsidiaries

The results and financial position of all subsidiaries that have a functional currency other than Sterling are translated into Sterling as follows

- assets and liabilities for each balance sheet presented are translated at the rate ruling at the balance sheet date,
- income and expenses for each income statement are translated at prevailing exchange rates, and
- resulting exchange differences are recognised directly in equity in a separate foreign currency translation reserve (FCTR) in the consolidated balance sheet

When a foreign subsidiary is disposed of, the portion of the FCTR relating to that subsidiary is required to be included as part of the calculation of profit or loss on the sale

Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the income statement when they are due The overwhelming majority of the Group's employees participate in plans of this nature

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan The Group operates three defined benefit schemes as follows

Two defined benefit schemes exist in respect of employees of its German subsidiary, MENCK GmbH, in which there are 171 participants Of these, 5 participate in a final salary scheme and the remaining 166 participate in a scheme which provides very modest benefits these are determined by length of service rather than being linked to salary

A further defined benefit scheme, in respect of employees of its Norwegian subsidiary, IOS InterMoor AS, in which there are 40 participants Benefits are determined by salary levels and length of service

Amounts charged to operating profit in relation to the schemes are the current service costs and gains and losses on settlements and curtailments They are included as part of staff costs Past service costs are recognised in the income statement at the earlier of recognition of related restructuring costs and termination benefits and when the plan amendment occurs The net interest on the net defined benefit liability is shown in the income statement under finance expense

Pension scheme liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities Plan assets are valued at fair value and deducted from the pension scheme liabilities Actuarial valuations are obtained at least triennially, with updates at intervening balance sheet dates The resulting net defined benefit asset or liability is presented separately on the face of the balance sheet

The Group recognises all actuarial gains and losses arising from defined benefit plans directly in equity

Notes *(continued)*

Accounting policies *(continued)*

Employee benefits *(continued)*

(iii) Short-term benefits

Short-term employee benefit obligations such as annual performance bonuses are measured on an undiscounted basis and are expensed as the related service is provided A liability is recognised for the amount expected to be paid as a short-term benefit if the Group has a present legal or constructive obligation to pay this benefit as a result of past service provided by the employee and the amount of the obligation can be measured reliably

Leasing

Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Group Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets at the lower of fair value and the present value of the minimum future lease payments Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives Assets acquired under hire purchase agreements are depreciated over their useful lives Obligations under such agreements are included in liabilities net of the finance charge allocated to future periods The finance element of the rental payment is charged to the income statement so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

Rentals payable in respect of operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease

Financial Instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables

Cash and cash equivalents comprise cash balances and call deposits Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows

Non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses

Ordinary shares

Ordinary shares are classified as equity Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects

Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it may be impaired A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated discounted future cash flows All impairment losses on financial assets measured at amortised cost are recognised in the income statement

An impairment loss is only reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised

Notes *(continued)*

Accounting policies *(continued)*

Impairment *(continued)*

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment If any such indication exists, then the asset's recoverable amount is estimated Goodwill has an indefinite life and the recoverable amount is estimated at each reporting date

The Group's approach to impairment testing in relation to goodwill and intangible assets is discussed in the "Goodwill" section above

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount Impairment losses are recognised in the income statement

Income tax expense

Income tax expense comprises current and deferred tax Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Current income tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to, or recovered from, the taxation authorities Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in later years and it further excludes items that are never taxable or deductible The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred income tax is recognised on all temporary differences at the balance sheet date between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with the following exceptions

- where the temporary difference arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss,
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future, and
- deferred income tax assets are recognised only to the extent that it is probable that a taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered

Deferred income tax liabilities and assets are measured on an undiscounted basis at the tax rates that are expected to apply when the liability is settled or the asset is realised, based on tax rates and tax laws enacted or substantively enacted at the balance sheet date

Current and deferred income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity Otherwise, income tax is recognised in the income statement

Notes *(continued)*

Accounting policies *(continued)*

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities Fair values have been determined for measurement and/or disclosure purposes based on the following methods

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion The market value of items of plant, equipment, fixtures and fittings is based on management's knowledge of prices offered and accepted for comparable items

(ii) Intangible assets

The fair value of order books and customer lists acquired in a business combination is established by applying the income approach to valuation The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use of those assets

(iii) Inventories

The fair value of inventories acquired in a business combination is determined based on historic cost adjusted to fair value, if applicable However where its estimated selling price in the ordinary course of business, less the estimated costs of completion and sale, is lower than cost then that lower value is adopted

(iv) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of their expected future cash flows, discounted where appropriate

(v) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date For finance leases the market rate of interest is determined by reference to similar lease agreements

Borrowings

Borrowings are initially recorded at fair value, net of transaction costs incurred Borrowings are subsequently stated at amortised cost using the effective interest rate method Amortised cost is calculated taking into account any issue costs

Net financing costs comprise interest payable on borrowings, interest receivable on cash and cash equivalents and amortisation of debt finance costs that are recognised in the income statement

Interest income and expense is recognised in the income statement as it accrues, using the effective interest method

Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and any other short-term highly liquid investments, less bank overdrafts

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently at amortised cost less any provision for impairment Provision is made when there is evidence that the Group will not be able to collect a receivable

Notes *(continued)*

Accounting policies *(continued)*

Impact of future accounting standards

The Group has reviewed the accounting standards not yet adopted which become effective for periods commencing on or after 1 January 2014 and which will apply to the Group's activities These are

- IFRS 10 – *Consolidated Financial Statements* (to the extent that the amendments relate to IFRS 12)
- IFRS 12 – *Disclosure of Interests in Other Entities*

None of these standards will impact on the Group's existing accounting treatments, but additional disclosures will be required in relation to IFRS 12 for accounting periods commencing on or after 1 January 2014

4 Financial risk management

The Group's international operations and debt financing expose it to a variety of financial risks The Group has in place risk management policies that seek to limit the adverse effects of these risks on the financial performance of the Group The board of directors has overall responsibility for the establishment and oversight of the Group's financial risk management framework

(a) Foreign exchange risk

The Group is exposed to foreign exchange risk arising on sales, purchases and borrowings that are denominated in currencies other than the functional currencies of individual Group entities (which are principally Sterling, US Dollars, Euros and Norwegian Kroner) As the Group's presentation currency is Sterling, it is also subject to foreign exchange translation risk in respect of the results and underlying net assets of foreign operations The Group manages foreign currency risk by creating a natural hedge against its major foreign currency risk which is the US Dollar The impact on earnings of a weakening Dollar is mitigated by a reduction in the Sterling value of borrowings denominated in US Dollars, and vice versa

Details of significant balances in foreign currencies and the exchange rates used to translate them into Sterling are shown in note 26

There were no changes in the Group's approach to foreign exchange risk during the year

(b) Cash flow and fair value interest rate risk

The Group has interest rate risk arising from its long-term borrowings Borrowings at variable rates expose the Group to cash flow interest rate risk

The Group has no significant interest-bearing assets other than cash and cash equivalents of a working capital nature Therefore the Group's income and operating cash flows arising from such assets are substantially independent of changes in market interest rates

The Group monitors its exposure to interest rate risk as part of its overall financial risk management The Board of Directors regularly considers its policy in relation to interest rate hedging but has chosen not to enter into any derivative contracts to manage its cash flow interest rate risks

There were no changes in the Group's approach to cash flow and fair value interest rate risk during the year

Notes *(continued)*

Accounting policies *(continued)*

(c) Credit risk

Financial instruments that potentially subject the Group to a concentration of credit risk consist primarily of cash and cash equivalents and accounts receivable Cash and cash equivalents, primarily composed of current account balances, are maintained with major financial institutions in each of the territories in which the Group operates Cash balances held by non-UK operating companies in excess of those required for short-term funding needs are periodically remitted to UK bank accounts

Sales are made on credit and result in short-term credit exposure on trade receivables The Group's customers are principally major companies in the oil and gas exploration and production sector that have several years' transaction history with the Group Credit risk from the ordinary course of trade activities is managed by the Group's subsidiaries on a customer and/or project basis

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables The major component of this allowance is a specific loss element that relates to individually significant exposures The ageing of receivables is shown in note 26

There were no changes in the Group's approach to credit risk during the year

(d) Liquidity risk

The Group maintains a blend of long-term and short-term committed facilities that are designed to ensure that it has sufficient available funds for operations and planned expansion and to meet its financial obligations as they fall due At 31 December 2013 the Group had access to variable rate borrowings in the form of a £405m committed credit facility, of which £220m takes the form of term loans, £125m as a capital expenditure facility and £60m takes the form of a revolving credit facility The Group is able to draw down on the revolving and capital expenditure facilities as needed Interest rates are determined by reference to LIBOR

There were no changes in the Group's approach to liquidity risk during the year

(e) Capital risk management

The objectives when managing capital (equity and bank borrowings) are to safeguard the Group's ability to continue as a going concern and

- provide returns for shareholders,
- provide benefits for other stakeholders, and
- maintain an optimal capital structure to minimise the cost of capital

The Group monitors its bank borrowings and carries out periodic reviews of actual and projected performance against a suite of bank covenants

There were no changes to the Group's approach to capital management in the year

5 Acquisitions of subsidiaries

Acquisitions 2013

During the year the Group acquired all of the non-controlling interests in Fluke Subsea Solucoes E Servicos Limitada (formerly Fluke Engenharia Limitada) for £88,000 In accordance with IAS27, *Consolidated and Separate Financial Statements*, the goodwill arising as a result of this acquisition of shares has been debited to other reserves as there was no resultant change in overall control

The Group acquired two new subsidiaries J2 Subsea Limited (formerly J2 Engineering Services Limited) and Probe Oil Tools Limited during 2013

Notes *(continued)*

5 Acquisitions of subsidiaries *(continued)*

Probe Oil Tools Limited

On 5 September 2013 the Group acquired 80% of the ordinary shares in Probe Oil Tools Limited for £38,400,000 in cash The company provides high-precision wellhead and other oilfield equipment to the oil and gas sector both offshore and onshore Between the acquisition date and 31 December 2013 this subsidiary generated a profit after tax of £1,735,000 If the acquisition had occurred on 1 January 2013, management estimates that revenues would have been £15,000,000 and the profit after tax for the period would have been £5,200,000 In determining these amounts, management has assumed that the fair value adjustments at acquisition would have been the same if the acquisition had occurred on 1 January 2013

The acquisition had the following effect on the Group's assets and liabilities on the acquisition date

	Pre-acquisition carrying amounts £000	Fair value adjustments £000	Recognised values on acquisition £000
Property, plant and equipment	973	680	1,653
Intangible assets	-	19,807	19,807
Inventories	2,014	-	2,014
Trade and other receivables	3,012	-	3,012
Cash and cash equivalents	9,516	-	9,516
Deferred tax	(145)	(4,712)	(4,857)
Trade and other payables	(2,144)	-	(2,144)
Net identifiable assets and liabilities	13,226	15,775	29,001
Less non-controlling interest			(5,800)
Net assets acquired			23,201
Goodwill on acquisition			15,199
Total consideration			38,400
Cash acquired			(9,516)
Net cash outflow			28,884

Pre-acquisition carrying amounts were determined based on applicable IFRS immediately before the acquisition The values of assets, liabilities and contingent liabilities recognised on acquisition are their estimated fair values (note 3 outlines the methods used in determining fair values) In determining the fair value of intangibles (customer lists and order books) acquired, the Group applied the income approach to ascertain the discounted cashflows expected to be delivered from the use of the assets

Goodwill has arisen on the acquisition because of several factors, including market access and the cross-selling opportunities created by its being part of the Group, the complementary nature and fit into the Group's existing products and services enhancing the Group's market offering, and the value associated with the technical expertise of its employees

Notes *(continued)*

5 Acquisitions of subsidiaries *(continued)*

J2 Subsea Limited

The Group acquired 80% of the ordinary share capital of J2 Subsea Limited on 10 July 2013 for £1,668,000 in cash The total net assets acquired at fair value, including separately identifiable intangible assets, amounted to £1,053,000, resulting in goodwill arising on acquisition of £615,000 This company complements the Group's existing Seatronics business by providing rental, maintenance, and repair services for remotely operated vehicle manipulator arms and associated tooling equipment

Acquisitions 2012

During 2012 the Group increased its percentage shareholding in existing group companies by acquiring all of the non-controlling interests in InterAct PMTI Inc and half of the non-controlling interests in NCS Survey Limited, Seascan Limited (the parent of the Seatronics companies) and Mirage Machines Limited for a total consideration of £7,742,000

In accordance with IAS27, *Consolidated and Separate Financial Statements*, the increase in goodwill arising as a result of these share purchases has been debited to other reserves because the transactions did not result in a change in overall control

There were no new acquisitions of subsidiaries in 2012

6 Revenue

	2013 £000	2012 £000
Sale of goods	**77,586**	81,016
Rendering of services	**419,987**	364,357
Total revenues	**497,573**	445,373

7 Exceptional administrative expenses

During 2012 there was a change in ownership of the Company In advance of that change of ownership, the Company resolved to terminate the Acteon Group Ltd 2007 Share Option Plan such that no options would vest on the change of ownership, except in relation to optionholders resident in Brazil The Company and certain subsidiaries subsequently paid cash bonuses of equivalent value to each optionholder (except those in Brazil), and these were substantially paid by 31 December 2012 The total cost of those, and certain other bonuses linked to the change of ownership, was £53,169,000

Notes *(continued)*

8 Expenses and auditor's remuneration

	2013 £000	2012 £000
Profit on ordinary activities before taxation is stated after charging.		
Depreciation and other amounts written off tangible fixed assets		
Owned	**25,808**	24,217
Leased	**650**	867
Impairment of tangible fixed assets	**6,392**	-
Amortisation of intangibles	**8,399**	6,429
Impairment of intangibles	**7,774**	2,606
Hire of plant and machinery - rentals payable under operating leases	**1,572**	1,268
Hire of other assets - operating leases	**7,798**	6,341
Research and development expenditure	**2,046**	1,678

	2013 £000	2012 £000
Auditor's remuneration		
Fees payable to the Company's auditor for the audit of the Company's accounts	**68**	65
Fees payable to the Company's auditor and its associates for other services		
Audit of the Company's subsidiaries pursuant to legislation	**431**	409
Other services relating to taxation	**409**	230
Services relating to acquisition transactions entered into or proposed to be entered into by or on behalf of the Company or the Company's subsidiaries	**102**	50
All other services	**20**	20

Notes *(continued)*

9 Remuneration of directors

	2013 £000	2012 £000
Directors' emoluments	**1,012**	17,745
Company contributions to money purchase pension schemes	**13**	13

The aggregate of emoluments of the highest paid director was £548,000 *(2012 £10,600,000)* Company pension contributions of £7,000 *(2012 £7,000)* were made to a money purchase scheme on his behalf

	Number of directors 2013	2012
Retirement benefits are accruing to the following number of directors under		
Money purchase schemes	**2**	2

10 Personnel expenses and employee numbers

The average number of employees during each year was as follows

	Number of employees 2013	2012
Directors of Acteon Group Limited	**2**	2
Technical and administration	**2,238**	2,080
	2,240	2,082

	2013 £000	2012 £000
The aggregate payroll costs of these employees were as follows		
Wages and salaries	**110,036**	141,423
Social security costs	**13,005**	17,037
Contributions to defined contribution plans	**2,429**	2,542
Expenses related to defined benefit plans	**207**	240
Equity settled share-based payment transactions	-	156
	125,677	161,398

Notes *(continued)*

11 Finance income and expense

Recognised in profit or loss

	2013	2012
	£000	£000
Interest income on bank deposits	**1,987**	1,578
Return on pension plan assets	**-**	38
Other interest receivable	**116**	156
Finance income	**2,103**	1,772
Interest payable on bank borrowings	**(16,928)**	(6,348)
Foreign exchange losses	**(10,369)**	(2,476)
Amortisation of finance raising costs	**(3,336)**	(2,229)
Finance charges under finance lease and hire purchase contracts	**(45)**	(46)
Interest on net employee benefit obligations	**(56)**	(108)
Other interest payable	**(186)**	(108)
Finance expense	**(30,920)**	(11,315)
Net finance expense recognised in profit or loss	**(28,817)**	(9,543)

	2013	2012
	£000	£000
Recognised directly in equity		
Translation of foreign currency net investments	**(4,800)**	(2,508)
Income tax on expense recognised directly in equity	**-**	(580)
Finance expense recognised directly in equity, net of tax	**(4,800)**	(3,088)

All finance expense recognised directly in equity is attributable to holders of equity in the company Translation gains and losses in respect of foreign currency net investments are recognised in the foreign currency translation reserve Income tax on income and expense recognised directly in equity is recognised in retained earnings

Notes *(continued)*

12 Income tax expense

	2013 £000	2012 £000
Current tax expense		
Corporation tax on UK profits for year	**6,096**	-
Adjustment for prior periods	**(780)**	(1,226)
Foreign tax – current	**12,833**	12,307
Foreign tax – adjustments in respect of prior periods	**1,475**	16
	19,624	11,097
Deferred tax credit		
Reversal of temporary differences	**(1,437)**	(2,607)
Adjustments for prior periods	**(131)**	1,182
	(1,568)	(1,425)
Total income tax expense	**18,056**	9,672

Reconciliation of effective tax rate

	2013 £000	2012 £000
Profit for the year	**28,466**	4,962
Total income tax expense	**18,056**	9,672
Profit excluding income tax	**46,522**	14,634
Income tax using the Group's domestic tax rate (23 25%, 2012 24 5%)*	**10,816**	3,585
Non-deductible expenses	**3,930**	4,475
Unrelieved foreign taxes and franchise taxes paid in the USA	**1,293**	2,018
Differences between local tax rates and UK standard rate	**(1,395)**	13
Deferred tax asset relating to losses written off as deemed irrecoverable	**3,503**	-
Adjustment for prior periods	**564**	(28)
Effect of reduction in tax rate on deferred tax balances	**(655)**	(391)
	18,056	9,672

* The effective rate for 2013 is a weighted average of the applicable corporation tax rates during the year The 24% rate was reduced to 23% from 1 April 2013 The effective rate for 2012 is a weighted average of the applicable corporation tax rates during that year The 26% rate was reduced to 24% from 1 April 2012

The UK corporation tax rate, as substantively enacted on 2 July 2013, will reduce to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) by 2014 This will reduce the Group's future current tax charge accordingly

The UK element of the deferred tax asset at 31 December 2013 has been calculated based on the rates of 20% substantively enacted at the balance sheet date

Notes *(continued)*

12 Income tax expense *(continued)*

	2013	2012
Income tax using the Company's domestic (UK) tax rate	**23.3%**	24 5%
Variation in tax rate		
Non-deductible expenses	**8.4%**	30 6%
Unrelieved foreign taxes and franchise taxes paid in the USA	**2.8%**	13 7%
Differences between local tax rates and UK standard rate	**(3.0%)**	-
Deferred tax asset relating to losses deemed irrecoverable	**7.5%**	-
Adjustments for prior periods	**1.2%**	-
Effect of reduction in tax rate on deferred tax balances	**(1.4%)**	(2 7%)
	38.8%	66 1%

Income tax recognised directly in equity

	2013 £000	2012 £000
Relating to share based payments	-	(580)
Total income tax recognised directly in equity	-	(580)

13 Profit/loss for the financial year

The profit dealt with in the accounts of the parent company was £14,343,000 *(2012 loss £10,861,000)* The balance sheet of the parent company can be found on page 55 The loss in 2012 arose from the exceptional payments explained in note 7

14 Dividends

	2013 £000	2012 £000
Ordinary dividends declared and paid during the year	-	34,035

Notes *(continued)*

15 Property, plant and equipment

	Land, buildings and leasehold improvements £000	Plant, equipment and fixtures and fittings £000	Assets under construction £000	Total £000
Cost or deemed cost				
Balance at 1 January 2012	26,235	204,422	4,001	234,658
Additions	784	30,394	9,357	40,535
Transfer on completion	-	6,231	(6,231)	-
Disposals	(320)	(12,664)	-	(12,984)
Exchange movements	(1,151)	(2,972)	(36)	(4,159)
Balance at 31 December 2012	25,548	225,411	7,091	258,050
Additions	1,491	37,720	20,210	59,421
Arising on acquisition	890	1,155	-	2,045
Transfer on completion	5,887	12,740	(18,627)	-
Disposals	(15)	(6,936)	-	(6,951)
Exchange movements	(1,593)	(9,146)	(79)	(10,818)
Balance at 31 December 2013	**32,208**	**260,944**	**8,595**	**301,747**
Depreciation and impairment losses				
Balance at 1 January 2012	3,596	80,448	-	84,044
Depreciation for the year	678	24,406	-	25,084
Disposals	(317)	(5,962)	-	(6,279)
Exchange movements	(224)	(1,568)	-	(1,792)
Balance at 31 December 2012	3,733	97,324	-	101,057
Depreciation for the year	864	25,594	-	26,458
Impairment losses for the year	4,000	2,392	-	6,392
Disposals	-	(4,443)	-	(4,443)
Exchange movements	(193)	(4,499)	-	(4,692)
Balance at 31 December 2013	**8,404**	**116,368**	**-**	**124,772**
Carrying amounts				
At 31 December 2012	21,815	128,087	7,091	156,993
At 31 December 2013	**23,804**	**144,576**	**8,595**	**176,975**

£763,000 of impairment losses in 2013 arose from equipment being damaged beyond repair The remaining £5,629,000 was the result of an impairment review as detailed in note 16

Notes *(continued)*

15 Property, plant and equipment *(continued)*

The net carrying amount of land, buildings and leasehold improvements comprises

	2013 £000	2012 £000
Freehold land and buildings	**9,913**	13,179
Long leaseholds	**218**	229
Short leaseholds	**12,662**	7,095
Leasehold improvements	**1,011**	1,312
	23,804	21,815

Leased plant and machinery

The Group leases equipment under a number of finance lease agreements At 31 December 2013 the net carrying amount of leased plant and machinery was £589,000 (*2012 £1,134,000*)

Security

At each balance sheet date the majority of properties were subject to a fixed or floating charge in order to secure bank loans

Cash Flow

The gross additions (excluding those arising on acquisition) to property, plant and equipment of £59,421,000 in 2013 *(2012 £40,535,000)* have been adjusted by the value of capital creditors outstanding at 31 December 2013 to derive the amount for inclusion in the Statement of Cash Flow for the purchase of property, plant and equipment

16 Intangible assets

	Goodwill £000	Customer lists £000	Order books £000	Software £000	Total £000
Cost					
Balance at 1 January 2012	128,763	55,848	4,962	5,500	195,073
Additions	-	-	-	939	939
Disposals	-	-	-	(37)	(37)
Exchange movements	377	-	-	(94)	283
Balance at 31 December 2012	129,140	55,848	4,962	6,308	196,258
Additions	-	-	-	536	536
Additions arising on acquisition	15,814	18,491	1,507	-	35,812
Disposals	-	-	-	(75)	(75)
Exchange movements	(2,113)	-	-	(82)	(2,195)
Balance at 31 December 2013	**142,841**	**74,339**	**6,469**	**6,687**	**230,336**

Notes *(continued)*

16 Intangible assets *(continued)*

	Goodwill £000	Customer lists £000	Order books £000	Software £000	Total £000
Amortisation and impairment losses					
Balance at 1 January 2012	-	20,933	4,962	2,991	28,886
Amortisation for the year	-	5,585	-	844	6,429
Impairment losses for the year	2,020	586	-	-	2,606
Disposals	-	-	-	(33)	(33)
Exchange movements	-	-	-	(62)	(62)
Balance at 31 December 2012	2,020	27,104	4,962	3,740	37,826
Amortisation for the year	-	6,094	1,507	798	8,399
Impairment losses for the year	5,369	2,331	-	74	7,774
Disposals	-	-	-	(57)	(57)
Exchange movements	-	-	-	(38)	(38)
Balance at 31 December 2013	**7,389**	**35,529**	**6,469**	**4,517**	**53,904**
Carrying amounts					
At 31 December 2012	127,120	28,744	-	2,568	158,432
At 31 December 2013	**135,452**	**38,810**	**-**	**2,170**	**176,432**

Amortisation and impairment charge

Amortisation and impairment of intangible assets is included within administrative expenses in the Income Statement

Customer lists represent the value associated with the customer base of subsidiaries acquired since 1 January 2006

The principal carrying amount of customer lists at 31 December 2013 represents

	2013 £000	2012 £000
Seatronics Limited – Amortisation period remaining of 3 years 6 months	**5,887**	7,565
IOS InterMoor AS – Amortisation period remaining of 6 years 6 months	**6,883**	7,942
NCS Survey Limited – Amortisation period remaining of 7 years 5 months	**2,518**	3,131
Probe Oil Tools Limited – Amortisation period remaining of 9 years 8 months	**17,764**	-

Order books represent the value associated with incomplete customer orders at the date of acquisition in subsidiaries

Notes *(contınued)*

16 Intangıble assets *(contınued)*

Impaırment testıng for cash-generatıng unıts (CGUs) contaınıng goodwıll

Goodwıll ıs allocated to operatıng unıts for the purpose of ımpaırment testıng and thıs represents the lowest level wıthın the Group at whıch goodwıll ıs monıtored for ınternal management purposes Goodwıll arısıng on busıness combınatıons ıs not amortısed but ıs revıewed for ımpaırment on an annual basıs or more frequently ıf there are ındıcatıons that goodwıll may be ımpaıred

The aggregate carryıng amounts of goodwıll allocated to each unıt are as follows

	2013	2012
	£000	£000
High capıtal ıntensıty unıts		
Seatronıcs	**43,380**	43,380
InterMoor Ltd	**12,694**	12,694
IOS InterMoor AS	**29,628**	31,668
Fluke Subsea Solucoes E Servıcos Lımıtada	**-**	5,369
NCS Survey Ltd	**5,873**	5,873
Probe Oıl Tools Ltd	**15,199**	-
Other capıtal-ıntensıve unıts	**4,878**	4,878
	111,652	103,862
Low capıtal ıntensıty unıts		
Claxton Engıneerıng Servıces Ltd	**5,947**	5,947
2H Group	**5,804**	5,804
InterAct PMTI Inc	**3,123**	3,196
Other low capıtal ıntensıty unıts	**8,926**	8,311
	23,800	23,258
Total goodwıll	**135,452**	127,120

Recoverable amounts for CGUs are based on value-ın-use calculatıons These calculatıons use pre-tax cash flow projectıons for a five-year perıod, ıncludıng financıal budgets approved by the board coverıng a one-year perıod Cash flows beyond the one-year perıod are extrapolated based on estımated long-term average growth rates (typıcally 3 to 6 per cent) Goodwıll ıs consıdered to have an ınfinıte lıfe and the cash flows ın year five are used as a basıs for calculatıng a termınal value The termınal value ıs added to the value-ın-use calculated for years one to five The growth rate ın years two to five does not exceed the antıcıpated long-term average growth rate for the market ın whıch the CGU operates For 2013 the 3% to 6% range has been used for all CGUs In all cases, a termınal growth value of 2% (*2012 2%*) has been assumed The key ınputs to thıs calculatıon are shown below

	As at 31 December 2013	As at 31 December 2012
Perıod on whıch management approved forecasts are based	**1 Year**	1 Year
Growth rate applıed for years two to five	**3 0% to 6 0%**	3 0% to 6 0%
Growth rate applıed to termınal value calculatıon	**2.0%**	2 0%
Pre-tax dıscount rate	**13.0% to 16 0%**	13 0% to 16 0%

Notes *(continued)*

16 Intangible assets *(continued)*

Impairment testing for CGUs containing goodwill *(continued)*

The pre-tax discount rate applied to the cash flow projections has been derived by estimating the Group's tax-adjusted weighted average cost of capital The rate adopted is broadly consistent with that of other market participants taken together

Impairment reviews were performed at 31 December 2012 and 31 December 2013 by comparing the carrying value of goodwill and other intangible and tangible fixed assets with the estimated recoverable amount of each CGU As part of the impairment reviews a sensitivity analysis was performed On the basis of this review the directors concluded that a further impairment in 2013 was necessary in relation to its Brazilian subsidiary Fluke Subsea Solucoes E Servicos Limitada As a result of market conditions and changes in contracting strategies by major customers, short- and medium-term trading expectations have fallen significantly below the level required to generate cash flows which would justify the full carrying value of goodwill, customer lists, software and its tangible fixed assets As a result of this review the values relating to goodwill (£5,369,000), the customer list (£2,331,000) and software (£74,000) have been fully impaired The company's tangible freehold property and equipment have also been impaired by £5,629,000 to its fair value less cost of disposal of £2,965,000 which was deemed higher than its value in use and its carrying value The overall impairment loss of £13,403,000 has been recognised in the Consolidated Income Statement

The asset held at fair value less cost of disposal represents a freehold property in Brazil which is deemed to be "Level 2" in the fair value hierarchy as defined in IFRS 13, *Fair Value Measurement* In determining the fair value less cost of disposal an estimated valuation has been established and adjusted for estimated disposal costs An independent valuation is in the process of being obtained Factors taken into account in establishing the estimated valuation included the expected timeframe to sell the property (2 years), and exchange movements within that period, where it is anticipated that the Brazilian Real will further weaken against Sterling by 15% based on recent trends A discount factor of 16% has been applied In establishing that rate a 3% premium has been applied to the Group's tax adjusted weighted average cost of capital to reflect the market characteristics of Brazil

In 2012 there was evidence of impairment in relation to Cape Group Pte Ltd As a result, the total goodwill value of £2,020,000 and the remaining customer list value of £586,000 were fully impaired, and an impairment loss of £2,606,000 recognised in the consolidated income statement

The cumulative impairment provision for goodwill as at 31 December 2013 was £7,389,000 (*2012 £2,020,000*) and for customer lists was £2,917,000 (*2012 £586,000*)

There are no intangible assets, other than goodwill, with indefinite useful lives

Notes *(continued)*

17 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are analysed as

	Assets		Liabilities	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Property, plant and equipment	-	-	**11,447**	10,036
Intangible assets	-	-	**8,167**	7,237
Retirement benefit obligations	**(277)**	(249)	-	-
Provisions / accruals	**(1,856)**	(635)	-	-
Other items	**(119)**	-	**343**	152
Tax losses carried forward	**(210)**	(2,540)	-	-
Deferred tax (assets)/liabilities	**(2,462)**	(3,424)	**19,957**	17,425
Net deferred tax liabilities			**17,495**	14,001

The Group has recognised deferred tax assets in respect of losses carried forward on the basis that they will be used to offset future taxable profits As a result of the impairment review, as detailed in note 16 regarding Fluke Subsea Solucoes E Servicos Limitada, a deferred tax asset as at 31 December 2013 relating to trading losses totalling £,3,503,000 has been written off to the income tax expense within the Consolidated Income Statement

At 31 December 2013, deferred tax assets totalling £5,125,000 (2012 £1,059,000), relating to trading losses of £4,546,000 (2012 £974,000) and non-trade loan related interest of £579,000 (2012 £85,000) have not been recognised, because the Group entity is forecasting insufficient profits for these to be utilised

Deferred tax impact of movements in temporary differences during the year - 2013

	Balance 1 January 2013 £000	Foreign exchange and reclassifications £000	Recognised in income statement £000	Recognised in equity £000	Acquired in business combinations £000	Balance 31 December 2013 £000
Property, plant and equipment	10,036	202	908	-	301	**11,447**
Intangible assets	7,237	-	(3,670)	-	4,600	**8,167**
Retirement benefit obligations	(249)	(6)	(22)	-	-	**(277)**
Provisions / accruals	(635)	(7)	(1,214)	-	-	**(1,856)**
Tax losses carried forward	(2,540)	(30)	2,360	-	-	**(210)**
Other items	152	2	70	-	-	**224**
	14,001	161	(1,568)	-	4,901	**17,495**

Notes *(continued)*

17 Deferred tax assets and liabilities *(continued)*

Deferred tax impact of movements in temporary differences during the year - 2012

	Balance 1 January 2012 £000	Foreign Exchange and reclassifications £000	Recognised in income statement £000	Recognised in equity £000	Acquired in business combinations £000	Balance 31 December 2012 £000
Property, plant and equipment	12,932	179	(3,075)	-	-	**10,036**
Intangible assets	9,196	-	(1,959)	-	-	**7,237**
Retirement benefit obligations	(155)	(3)	(91)	-	-	**(249)**
Provisions / accruals	(610)	(6)	(19)	-	-	**(635)**
Share-based payments	(741)	-	161	580	-	**-**
Tax losses carried forward	(6,023)	(55)	3,538	-	-	**(2,540)**
Other items	133	(1)	20	-	-	**152**
	14,732	114	(1,425)	580	-	**14,001**

18 Inventories

	2013 £000	2012 £000
Raw materials and consumables	**3,660**	5,379
Work in progress	**11,221**	8,699
Finished goods	**14,246**	8,180
	29,127	22,258

In 2013 raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales amounted to £28,008,000 *(2012 £36,202,000)*

19 Trade and other receivables

	2013 £000	2012 £000
Trade receivables	**129,909**	113,897
Other debtors	**14,655**	15,975
Income tax receivables	**4,476**	3,676
Prepayments	**7,447**	7,234
	156,487	140,782

The Group's exposures to credit and currency risks and impairment losses related to trade and other receivables are disclosed in note 26

Notes *(continued)*

20 Share capital

	Allotted, called up and fully paid No 000	£000
At 31 December 2012 and 31 December 2013		
"A" ordinary shares of £0 01 each	590,038	5,900
"B" ordinary shares of £0 01 each	481,239	4,812
"C" ordinary shares of £0 01 each	75,986	760
"D" ordinary shares of £0 01 each	18,666	187
	1,165,929	**11,659**

All shares rank pari passu, in all respects, except that any "A" ordinary shares and any "B" ordinary shares in issue confer enhanced voting rights on their holders The consent of the majority of the holders of the "A" ordinary shares and "B" ordinary shares is required in respect of certain matters Further details of these rights are contained in the Company's Articles of Association dated 5 November 2012

21 Capital and reserves

Share premium

Share premium represents the excess of the proceeds received from the issue of shares over the nominal value of the shares

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations

Other reserves

Other reserves represents a capital redemption reserve credit balance of £1,154,000 (*2012 £1,154,000*) and ownership change reserve debit balance of £6,281,000 (*2012 debit balance of £5,064,000)*

The capital redemption reserve arose on the repurchase of own shares by the Company

The ownership change reserve arose from the Group acquiring and disposing of shareholdings in existing group companies which did not result in a change in overall control In accordance with IAS 27, *Consolidated and Separate Financial Statements*, any goodwill changes are posted to this reserve, rather than adjusting goodwill on initial acquisition by the Group Further details of the movements in 2013 and 2012 are detailed in note 5

Retained earnings

Retained earnings comprise cumulative undistributed earnings of the Group

Notes *(continued)*

22 Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost Further information relating to the Group's exposure to interest rate, foreign currency and liquidity risk is contained in note 26

	2013 £000	2012 £000
Non-current liabilities		
Secured bank loans	**287,391**	221,992
Finance lease liabilities	-	17
	287,391	222,009
Current liabilities		
Secured bank loans	**11,652**	6,579
Finance lease liabilities	**24**	265
	11,676	6,844
Total loans and borrowings	**299,067**	228,853

Terms and debt repayment schedule

The principal terms relating to outstanding loans are as follows

	Currency	Nominal interest rate	Year of maturity	31 December 2013 Face value £000	31 December 2013 Carrying amount* £000	31 December 2012 Face value £000	31 December 2012 Carrying amount* £000
Secured bank loan	Sterling	Libor + Margin**	2017-2018	**263,000**	**252,177**	195,200	182,031
Secured bank loan	US Dollar	Libor + Margin**	2017-2018	**48,878**	**46,866**	49,907	46,540
Finance lease liabilities	Sterling	5 9%	2014	**24**	**24**	282	282
Total interest-bearing liabilities				**311,902**	**299,067**	245,389	228,853

* The carrying amount of each loan is the face value less its unamortised debt issue costs

** Margin is in the range of 3% to 4 25% depending on the Group's financial performance

Both the bank loans are secured via fixed or floating charges over the majority of the Group's properties and other assets

Notes *(continued)*

22 Loans and borrowings *(continued)*

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2013 £000	**Interest 2013 £000**	**Present value of minimum lease payments 2013 £000**	Future minimum lease payments 2012 £000	Interest 2012 £000	Present value of minimum lease payments 2012 £000
Less than one year	25	1	24	282	17	265
Between one and five years	-	-	-	18	1	17
	25	1	24	300	18	282

23 Employee benefits

Defined contribution schemes

The Group operates various defined contribution pension schemes, the assets of which are held separately from those of the Group in independently administered funds

Defined benefit schemes

MENCK GmbH, a subsidiary of Acteon Group Limited incorporated in Germany, operates two defined benefit pension schemes as described in note 3 Unlike UK pension schemes the pension obligations of the scheme are met via the assets of the company There are no assets held separately by the scheme itself

IOS InterMoor AS, an indirectly owned subsidiary of Acteon Group Limited incorporated in Norway, also operates a defined benefit scheme The scheme's pension obligations are met via plan assets held separately in the form of an insurance policy The company contributes annually into the policy, with the premiums being invested to provide assets sufficient to fund employees' accrued benefit entitlements on retirement

Charges to the income statement

Total charges to operating profit in the income statement in respect of the schemes operated by the Group were as follows

		2013 £000	2012 £000
(i)	In respect of the Group's defined contribution schemes		
	- UK	**1,490**	1,627
	- Overseas	**939**	915
		2,429	2,542
(ii)	In respect of the Group's defined benefit schemes	**207**	240

Notes *(continued)*

23 Employee benefits *(continued)*

Disclosure relating to the Group's defined benefit obligations

	2013 £000	2012 £000
Total present value of unfunded obligations recognised as a liability – Menck GmbH	1,368	1,341
Total present value of funded obligations net of pension plan assets – IOS InterMoor AS	378	150
Net liability for defined benefit obligations at 31 December	1,746	1,491

Movement in the present value of the defined benefit obligations

	IOS InterMoor AS		Menck GmbH	
	2013 £000	2012 £000	2013 £000	2012 £000
Defined benefit obligations at 1 January	(1,697)	(1,849)	(1,341)	(1,159)
Benefits paid by the plan	41	24	77	97
Current service costs	(173)	(223)	(34)	(17)
Interest cost	(59)	(49)	(45)	(59)
Actuarial (loss)/gain recognised in equity (see below)	(317)	416	3	(230)
Payment of payroll taxes on pension obligations	36	34	-	-
Exchange rate movements on retranslation	180	(50)	(28)	27
Defined benefit obligations at 31 December	(1,989)	(1,697)	(1,368)	(1,341)
Movement in fair value of plan assets				
Fair value of plan assets at 1 January	1,547	1,295	-	-
Interest income	48	38	-	-
Actuarial loss on plan assets recognised in equity (see below)	(36)	(39)	-	-
Employer contributions	257	242	-	-
Benefits paid from plan	(41)	(24)	-	-
Exchange rate movements on retranslation	(164)	35	-	-
Fair value of plan assets at 31 December	1,611	1,547	-	-
Deficit recognised at 31 December	(378)	(150)	(1,368)	(1,341)

Notes *(continued)*

23 Employee benefits *(continued)*

Expense recognised in profit or loss

	IOS InterMoor AS		Menck GmbH	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Current service costs included in other administrative expenses	**(173)**	(223)	**(34)**	(17)
Interest on net obligation included in finance expense	**(11)**	(49)	**(45)**	(59)
Expected return on plan assets included in finance income	**-**	38	**-**	-
Total	**(184)**	(234)	**(79)**	(76)

Actual return on plan assets

	IOS InterMoor AS	
	2013	2012
	£000	£000
Total	**12**	(1)

Actuarial gains and losses recognised directly in equity in the statement of recognised income and expense

	IOS InterMoor AS		Menck GmbH	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Cumulative gain/(loss) at 1 January	**34**	(343)	**(186)**	44
Recognised during the period				
Actuarial (loss)/gain arising from demographic assumptions	**(179)**	180	**3**	(1)
Actuarial (loss)/gain arising from financial assumptions	**(174)**	197	**-**	(229)
Cumulative (loss)/gain at 31 December	**(319)**	34	**(183)**	(186)

Fair value of plan assets

The approximate breakdown of the fair value of plan assets (expressed as percentages) was as follows

	IOS InterMoor AS	
	2013	2012
	%	%
Equities	**11**	17
Corporate bonds	**56**	54
Property	**16**	15
Money market deposits	**12**	10
Other	**5**	4
	100	100

Notes *(continued)*

23 Employee benefits *(continued)*

Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages)

	IOS InterMoor AS		Menck GmbH	
	2013	2012	**2013**	2012
	%	%	**%**	%
Discount rate	**4.00**	3 90	**3.50**	3 40
Interest rate on assets	**4 00**	3 90	**-**	-
Future salary increases	**3 75**	3 50	**-**	-
Staff turnover	**-**	-	**5.00**	3 00
Norwegian national insurance increases	**3 50**	3 25	**-**	-
Future pension increases	**0 60**	0 20	**1 00**	1 00

Sensitivity analysis

A 0 5 percent change in the principal actuarial assumptions above at the reporting date would have (increased)/decreased the defined benefit obligation at 31 December by the amounts shown below This analysis assumes that all other assumptions remain constant

	IOS InterMoor AS		Menck GmbH	
	2013	**2013**	**2013**	**2013**
	+0 5%	**-0.5%**	**+0.5**	**-0.5%**
	£000	**£000**	**£000**	**£000**
Discount rate	**224**	**(261)**	**85**	**(96)**
Future salary increases	**(158)**	**170**	**-**	**-**
Staff turnover	**-**	**-**	**1**	**(1)**
Norwegian national insurance increases	**66**	**(32)**	**-**	**-**
Future pension increases	**(137)**	**125**	**(70)**	**64**

Historical information – IOS InterMoor AS funded pension scheme

	2013	2012	2011	2010
	£000	£000	£000	£000
Present value of the defined benefit obligation	**(1,989)**	(1,697)	(1,849)	(1,461)
Fair value of the planned assets	**1,611**	1,547	1,295	1,173
Deficit in the plan	**(378)**	(150)	(554)	(288)
Experience adjustments arising on plan liabilities	(49)	(72)	(40)	(2)
Experience adjustments arising on plan assets	(15)	(39)	(52)	(23)

The plan obligations has a weighted average duration at the year end of 22 years (2012 19 years), and in 2014 the Group expects to pay contributions totalling £248,000 into the plan

Notes *(continued)*

23 Employee benefits *(continued)*

Historical information – Menck GmbH unfunded pension scheme

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Present value of the defined benefit obligation	**(1,368)**	(1,341)	(1,159)	(1,214)	(1,225)
Deficit in the plan	**(1,368)**	(1,341)	(1,159)	(1,214)	(1,225)
Experience adjustments arising on plan liabilities	**(18)**	67	(15)	(35)	(13)

The plan obligations have a weighted average duration at the year end of 14 years (2012 13 years) The scheme is an unfunded scheme and the Group expects to pay £76,000 in plan benefits during 2014 This will settle the liabilities to pensioners as they fall due

24 Share-based payments

During 2012 there was a change in ownership of the group All of the shares were purchased by KKR Matterhorn Bidco Limited As noted in Note 7, in advance of that change of ownership, the Company resolved to terminate the Acteon Group Ltd 2007 Share Option Plan such that no options would vest on the change of ownership, except in relation to optionholders resident in Brazil The Company and certain subsidiaries subsequently paid cash bonuses of equivalent value to each optionholder (except those in Brazil), and these were subsequently paid by 31 December 2012 As at 31 December 2012 there were no outstanding options over the shares in the Company As a result of the cessation of the Share Option Plan, the fair value of the share options remaining of £156,000 were fully written off as employee expenses during 2012

25 Trade and other payables

	2013 £000	2012 £000
Trade payables	**26,954**	32,802
Other tax and social security	**5,174**	31,134
Other creditors	**5,297**	12,961
Accruals and deferred income	**37,780**	34,813
	75,205	111,710

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 26

Notes *(continued)*

26 Financial instruments

The Group's activities give rise to a variety of financial risks market risk (including currency risk and cash flow interest rate risk), credit risk and liquidity risk The Group's approach to financial risk management is described in note 4

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure The maximum exposure to credit risk at the reporting date was

	Carrying amount	
	2013	2012
	£000	£000
Trade and other receivables	**156,487**	140,782
Cash and cash equivalents	**49,953**	37,128
	206,440	177,910

The carrying amounts of the Group's net trade receivables were denominated in the following principal currencies

	Carrying amount	
	2013	2012
	000	000
Sterling	**60,127**	53,532
US Dollars	**42,850**	40,470
Euros	**11,472**	12,789
Brazilian Real	**45,299**	31,313
Norwegian Kroner	**86,233**	56,409
Singapore Dollars	**17,622**	6,719

Notes *(continued)*

26 Financial instruments *(continued)*

Impairment losses

The Group contracts with customers under different credit terms

The aging of trade receivables at the reporting date was

	Gross 2013 £000	Provision for impairment 2013 £000	Net 2013 £000	Gross 2012 £000	Provision for impairment 2012 £000	Net 2012 £000
0-30 days	80,037	-	80,037	64,408	-	64,408
31-60 days	27,515	-	27,515	29,372	(16)	29,356
61-90 days	13,309	(11)	13,298	11,081	(61)	11,020
Over 91 days	10,667	(1,608)	9,059	10,231	(1,118)	9,113
Total amounts due not individually impaired, with non-specific provision allowances	131,528	(1,619)	129,909	115,092	(1,195)	113,897
Total amounts due and individually impaired, with specific provision allowances	3,192	(3,192)	-	2,647	(2,647)	-
Trade receivables	134,720	(4,811)	129,909	117,739	(3,842)	113,897

The movement in the allowance for impairment in respect of trade receivables during the year was as follows

	2013 £000	2012 £000
Balance at 1 January	3,842	4,805
Impairment loss recognised/(utilised and/or reversed)	969	(963)
Balance at 31 December	4,811	3,842

Notes *(continued)*

26 Financial instruments *(continued)*

Liquidity risk

The Group's policy on liquidity risk management is discussed in note 4

The following are the contractual maturities of financial liabilities, including estimated interest payments and including the impact of netting agreements

Non-derivative financial liabilities

2013	**Carrying amount £000**	**Contractual cash flows £000**	**6 months or less £000**	**6-12 months £000**	**1-2 years £000**	**2-5 years £000**	**More than 5 years £000**
Secured bank loans	299,043	365,454	14,387	14,222	27,945	308,900	-
Finance lease liabilities	24	25	25	-	-	-	-
Trade and other payables	75,205	75,205	75,205	-	-	-	-
	374,272	440,684	89,617	14,222	27,945	308,900	-

2012	Carrying amount £000	Contractual cash flows £000	6 months or less £000	6-12 months £000	1-2 years £000	2-5 years £000	More than 5 years £000
Secured bank loans	228,571	296,734	10,412	10,302	25,217	115,159	135,644
Finance lease liabilities	282	300	141	141	18	-	-
Trade and other payables	111,710	111,710	111,710	-	-	-	-
	340,563	408,744	122,263	10,443	25,235	115,159	135,644

Notes *(continued)*

26 Financial instruments *(continued)*

Exposure to currency risk

The Group's significant exposure to foreign currency risk was as follows

31 December 2013

Impact in 000s	**USD**	**Euro**	**NOK**
Trade receivables	**42,850**	**11,472**	**86,233**
Cash and cash equivalents	**42,827**	**7,958**	**54,898**
Secured bank loans	**(80,600)**	**-**	**-**
Trade payables	**(5,265)**	**(2,409)**	**(49,963)**
Gross balance sheet financial instrument exposure	**(188)**	**17,021**	**91,168**

31 December 2012

Impact in 000s	USD	Euro	NOK
Trade receivables	40,470	12,789	56,409
Cash and cash equivalents	22,211	4,048	32,835
Secured bank loans	(80,600)	-	-
Trade payables	(4,362)	(1,730)	(60,876)
Gross balance sheet financial instrument exposure	(22,281)	15,107	28,368

The following significant exchange rates applied during the year

	Average rate		**Reporting date spot rate**	
	2013	2012	**2013**	2012
	£	£	**£**	£
USD	**1 5650**	1 5908	**1.6490**	1 6150
Euro	**1 1762**	1 2325	**1.1980**	1 2220
NOK	**9 2521**	9 2065	**10.0880**	9 0180

Notes *(continued)*

26 Financial instruments *(continued)*

Sensitivity analysis

A 5 percent strengthening of Sterling against the following currencies at 31 December would have (decreased)/increased equity and profit after tax by the amounts shown below This analysis assumes that all other variables, in particular interest rates, remain constant The analysis is performed on the same basis for 2012

Impact in £000	Balance sheet (Equity)	Income Statement (Profit after tax)
31 December 2013		
USD	**(1,756)**	**(420)**
Euro	**(1,721)**	**(444)**
NOK	**(2,243)**	**(670)**
31 December 2012		
USD	(1,686)	(529)
Euro	(2,607)	(370)
NOK	(1,821)	(281)

A 5 percent weakening of Sterling against the above currencies at 31 December would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant

Interest rate risk

Profile

	Carrying amount 2013 £000	Carrying amount 2012 £000
Fixed rate instruments		
Financial liabilities at 31 December	**24**	282
Variable rate instruments		
Financial liabilities at 31 December	**299,043**	228,571

Notes *(continued)*

26 Financial instruments *(continued)*

Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates during the reporting period and at the reporting date would have increased (decreased) equity and profit before tax by the amounts shown below This analysis assumes that all other variables, in particular foreign currency rates, remain constant Tax effects have been ignored The analysis is performed on the same basis for 2012

Impact in £000	Balance sheet (Equity)	Income Statement (Profit before tax)
31 December 2013		
Variable rate instruments	**2,638**	**(2,638)**
Cash flow sensitivity	**2,638**	**(2,638)**
31 December 2012		
Variable rate instruments	2,241	(2,241)
Cash flow sensitivity	2,241	(2,241)

A decrease of 100 basis points in interest rates during the reporting period and at the reporting date would have had an equal but opposite effect on the above amounts shown above, on the basis that all other variables remained constant

Fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows

	2013		2012	
	Carrying amount £000	**Fair value £000**	Carrying amount £000	Fair value £000
Trade and other receivables	**156,487**	**156,487**	140,782	140,782
Cash and cash equivalents	**49,953**	**49,953**	37,128	37,128
Secured bank loans	**(299,043)**	**(308,107)**	(228,571)	(243,222)
Finance lease liabilities	**(24)**	**(23)**	(282)	(265)
Trade and other payables	**(75,205)**	**(75,205)**	(111,710)	(111,710)
	(167,832)	**(176,895)**	(162,653)	(177,287)

The fair values of borrowings have been calculated by discounting expected future cash flows at prevailing interest rates

Notes *(continued)*

26 Financial instruments *(continued)*

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, where applicable, are based on the rates applicable to the borrowings at the relevant balance sheet date, and were as follows

	2013	2012
Loans and borrowings	**4.5%**	4 4%
Leases	**5.8%**	5 9%

27 Operating leases

Total amounts payable in relation to non-cancellable operating lease arrangements are, for the unexpired periods of such leases, as follows

	Land and buildings		Other	
	2013	2012	**2013**	2012
	£000	£000	**£000**	£000
Unexpired period of the lease				
Less than one year	**7,560**	7,028	**405**	770
Between one and five years	**16,743**	20,236	**498**	647
More than five years	**18,681**	21,395	**-**	-
	42,984	48,659	**903**	1,417

Operating leases consist mainly of property leases for buildings and storage sites occupied by the Group

28 Capital commitments

At 31 December 2013 the Group had entered into contracts to purchase property, plant and equipment totalling £9,549,000 *(2012 £21,509,000)* in respect of which delivery and settlement was expected to take place in the following financial year

29 Contingent liabilities

The Group may, from time to time, be subject to claims or proceedings in the normal course of business The directors believe, based on the information currently available to them, that the likelihood of a material outflow of economic benefit arising in relation to such matters is remote

30 Parent and ultimate controlling party

The Company's immediate parent undertaking is KKR Matterhorn Bidco Limited, a company incorporated in Jersey

The Company's ultimate parent undertaking is KKR Matterhorn Holdco Limited, a company incorporated in Jersey, and the ultimate controlling party is KKR & Co LP, a limited partnership listed on the New York Stock Exchange The general partner of KKR & Co LP is KKR Management LLC

Notes *(continued)*

31 Related parties

(a) Transactions with key management personnel

(i) Key management personnel compensation

Key management comprises executive directors and members of the Executive Management Team In addition to their salaries, the Group also provides non-cash benefits and contributes to post-employment defined contribution plans on their behalf

Key management personnel participated in the Group's share option scheme which closed in 2012 (note 24)

Key management personnel compensation comprised

	2013 £000	2012 £000
Short-term employee benefits	**2,379**	38,346
Post-employment benefits	**24**	22
Total	**2,403**	38,368
Of which outstanding at the year end	**893**	745

(ii) Key management personnel and director transactions

BHHM pension scheme

The Group had transactions with BHHM Pension Scheme, an entity associated by common directors/trustees as follows

Rent charged by BHHM Pension Scheme amounted to £323,000 *(2012 £324,000)* The amount owing to BHHM Pension Scheme at 31 December 2013 was £56,000 *(2012 £32,000)*

Directors' shareholdings

Directors of the Company control 14 6% (2012 14 6%) of the voting shares of the Company

(b) Post-employment benefit plans

The Group operates a post-employment benefit plan as detailed in note 23

The Group contributed the following amounts to defined contribution plans and had amounts outstanding at 31 December each year as follows

	Employer contributions		Outstanding at 31 December	
	2013 £000	2012 £000	2013 £000	2012 £000
Defined contribution schemes	**2,429**	2,542	**408**	514

Notes *(continued)*

31 Related parties *(continued)*

(c) Other related party transactions

	Transaction value 2013 £000	Transaction value 2012 £000	Balance outstanding 2013 £000	Balance outstanding 2012 £000
Sales of goods and services				
Products and services provided to companies controlled by the former ultimate controlling party on a commercial arm's length basis prior to the 2012 change in ownership	-	2,105	-	-
Purchase of goods and services				
Products and services provided by companies controlled by the former ultimate controlling party on a commercial arm's length basis prior to the 2012 change in ownership	-	2,238	-	-

There were no related party transactions with companies controlled by the current ultimate controlling party

(d) Significant subsidiaries

	Country of incorporation	Ownership interest % 2013	Ownership interest % 2012
2H Offshore Engineering Limited	England & Wales	100	100
2H Offshore Inc	USA	100	100
2H Offshore Engineering Sdn Bhd	Malaysia	100	100
Acteon Angola Limitada	Angola	100	100
Acteon Middle East FZE	UAE	100	100
Aquatic Engineering & Construction Limited	Scotland	100	100
Aquatic Asia Pacific Pte Limited	Singapore	100	100
Claxton Engineering Services Limited	England & Wales	100	100
Conductor Installation Services Limited	England & Wales	100	100
InterMoor Inc	USA	100	100
InterMoor do Brasil Servicos Offshore de Instalacas Limitada	Brazil	100	100
InterMoor Limited	Scotland	100	100
InterMoor Pte Limited	Singapore	100	100
InterAct PMTI Inc	USA	100	100
InterMoor Marine Services Limited	Scotland	100	100
IOS InterMoor AS	Norway	100	100
Large Diameter Drilling Limited	England & Wales	100	100
MENCK GmbH	Germany	100	100
Mirage Machines Limited	England & Wales	90	90
NCS Survey Limited	Scotland	90	90
Offshore Installation Services Limited	England & Wales	100	100
Probe Oil Tools Limited	England & Wales	80	-
Seatronics Limited	England & Wales	97	97
Seatronics Inc	USA	97	97
Seatronics Pte Limited	Singapore	97	97
Team Energy Resources Limited	England & Wales	100	100
Team Energy Resources Middle East LLC	Qatar	100	100

Company balance sheet and notes prepared under UK GAAP

Company balance sheet
at 31 December 2013

	Note	2013 £000	2013 £000	2012 £000	2012 £000
Fixed assets					
Tangible	*33*		**241**		250
Investments	*34*		**398,450**		361,724
			398,691		361,974
Current assets					
Debtors	*35*	**72,557**		42,806	
Cash at bank and in hand		**29,402**		54,685	
		101,959		97,491	
Creditors: amounts falling due within one year	*36*	**(19,374)**		(57,931)	
Net current assets			**82,585**		39,560
Total assets less current liabilities			**481,276**		401,534
Creditors: amounts falling due after one year	*37*		**(287,391)**		(221,992)
Net assets			**193,885**		179,542
Capital and reserves					
Called up share capital	*38*		**11,659**		11,659
Share premium	*39*		**16,437**		16,437
Capital redemption reserve	*39*		**1,154**		1,154
Other reserve	*39*		**15,395**		15,395
Investment revaluation reserve	*39*		**117,313**		117,313
Profit and loss account	*39*		**31,927**		17,584
Shareholders' funds	*40*		**193,885**		179,542

The financial statements were approved by the board of directors on 25 March 2014 and were signed on its behalf by

R C Higham - Director

K F Ovenden - Director

Notes to the Company financial statements

32 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

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention except for certain investments held at valuation and in accordance with applicable accounting standards

Under section 408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that the Group financial statements include the company in its cash flow statement

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases

Fixtures, fittings and computer equipment	2 - 10 years straight line

Investments

Investments are stated either at the lower of cost and net realisable value or, where Group reorganisations have taken place, at market value at the date of reorganisation

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate ruling on the date of transaction Exchange differences are taken into account in arriving at the profit before taxation

Operating leases

Operating lease rentals are charged in the profit and loss account as incurred

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i e forming part of shareholders' funds) only to the extent that they meet the following two conditions

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds

Notes to the Company financial statements *(continued)*

32 Accounting policies *(continued)*

Taxation

The charge or credit for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse Deferred tax assets and liabilities are not discounted

Pensions

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year The assets of the scheme are held separately from those of the Company in an independently administered fund

Dividends

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

33 Tangible fixed assets

	Fixtures, fittings and computer equipment £000
Cost	
At 1 January 2013	610
Additions	114
Disposals	(7)
At 31 December 2013	717
Depreciation	
At 1 January 2013	360
Charge for year	122
Disposals	(6)
At 31 December 2013	476
Net book value	
At 31 December 2013	**241**
At 31 December 2012	250

Notes to the Company financial statements *(continued)*

34 Investments

	Shares in subsidiary undertakings £000
Cost or valuation	
At 1 January 2013	368,532
Additions	55,387
At 31 December 2013	423,919
Impairment	
At 1 January 2013	6,808
Impairment in the year	20,661
Reversal of Impairments in the year	(2,000)
At 31 December 2013	25,469
Net book value	
At 31 December 2013	**398,450**
At 31 December 2012	361,724

The significant addition to investments in the year arose as a result of the company acquiring 80% of the ordinary share capital of Probe Oil Tools Limited and J2 Subsea Limited for £38,761,000 and £1,706,000 respectively The company also acquired further share capital of £14,621,000 in an existing wholly owned subsidiary, Cape Group Pte Ltd, which was subsequently impaired

The remaining impairment relates to Fluke Subsea Solucoes R Servicos Limitada as detailed in note 16

During 2007, as a result of a Group reorganisation, certain investments were formally valued by external professional valuers at market value which has been reflected in the opening cost or valuation at 1 January 2013

If valued on a historic cost basis fixed asset investments would have been stated at £281,137,000 *(2012 £244,411,000)*

Notes to the Company financial statements *(continued)*

34 Investments *(continued)*

The company held the following principal investments at 31 December

	Country of incorporation		Ownership interest % in ordinary shares 2013	2012
2H Offshore Engineering Limited	England & Wales		**100**	100
2H Offshore Inc	USA	*	**100**	100
2H Offshore Engineering Sdn Bhd	Malaysia	*	**100**	100
Acteon Angola Limitada	Angola		**100**	100
Acteon Middle East FZE	UAE		**100**	100
Aquatic Engineering & Construction Limited	Scotland		**100**	100
Aquatic Asia Pacific Pte Limited	Singapore	*	**100**	100
Claxton Engineering Services Limited	England & Wales		**100**	100
Conductor Installation Services Limited	England & Wales		**100**	100
InterAct PMTI Inc	USA	*	**100**	100
InterMoor Inc	USA	*	**100**	100
InterMoor do Brasil Servicos Offshore de Instalacao Limitada	Brazil	*	**100**	100
InterMoor Limited	Scotland		**100**	100
InterMoor Pte Limited	Singapore	*	**100**	100
InterMoor Marine Services Limited	Scotland		**100**	100
IOS InterMoor AS	Norway	*	**100**	100
Large Diameter Drilling Limited	England & Wales		**100**	100
MENCK GmbH	Germany		**100**	100
Mirage Machines Limited	England & Wales		**90**	90
NCS Survey Limited	Scotland		**90**	90
Offshore Installation Services Limited	England & Wales		**100**	100
Probe Oil Tools Limited	England & Wales		**80**	-
Seatronics Limited	England & Wales	*	**97**	97
Seatronics Inc	USA	*	**97**	97
Seatronics Pte Limited	Singapore	*	**97**	97
Team Energy Resources Limited	England & Wales		**100**	100
Team Energy Resources Middle East LLC	Qatar	*	**100**	100

* Denotes indirect ownership

Notes to the Company financial statements *(continued)*

35 Debtors

	2013 £000	2012 £000
Amounts due from Group undertakings	**71,107**	41,174
Other debtors	**1,309**	1,493
Prepayments	**141**	139
	72,557	42,806

Other debtors include £68,000 *(2012 £87,000)* in respect of a deferred tax asset arising from timing differences between book and tax depreciation A further deferred tax asset of £1,622,000 (*2012 £1,059,000*) relating to trading losses and non-trade loan related interest has not been recognised as taxable profits in the future are not expected to be sufficient for these to be utilised

36 Creditors amounts falling due within one year

	2013 £000	2012 £000
Bank loans	**11,652**	6,579
Trade creditors	**456**	538
Amounts owed to Group undertakings	**4,665**	22,006
Other tax and social security	**199**	23,179
Other creditors	**158**	2,374
Accruals and deferred income	**2,244**	3,255
	19,374	57,931

37 Creditors. amounts falling due after more than one year

	2013 £000	2012 £000
Bank loans	**287,391**	221,992
	287,391	221,992

Loans fall due for repayment as follows

	2013 £000	2012 £000
Within one year	**11,652**	6,579
Between one and two years	**11,652**	11,579
Between two and five years	**275,739**	80,506
More than five years	**-**	129,907
	299,043	228,571

The maturity dates relating to these loans and the applicable interest rates are shown in note 22

Notes to the Company financial statements *(continued)*

38 Share capital

	Allotted, called up and fully paid No 000	£000
At 31 December 2012 and 31 December 2013		
"A" ordinary shares of £0 01 each	590,038	5,900
'B" ordinary shares of £0 01 each	481,239	4,812
"C" ordinary shares of £0 01 each	75,986	760
"D" ordinary shares of £0 01 each	18,666	187
	1,165,929	11,659

All shares rank pari passu, in all respects, except that any "A" ordinary shares and any "B" ordinary shares in issue confer enhanced voting rights on their holders The consent of the majority of the holders of the "A" ordinary shares and "B" ordinary shares is required in respect of certain matters Further details of these rights are contained in the Company's Articles of Association dated 5 November 2012

39 Reserves

	Share premium account £000	Capital redemption reserve £000	Other reserve £000	Investment revaluation reserve £000	Profit and loss account £000
At 1 January 2013	16,437	1,154	15,395	117,313	17,584
Movement in year	-	-	-	-	14,343
At 31 December 2013	**16,437**	**1,154**	**15,395**	**117,313**	**31,927**

The Other reserve arises as a result of dividends received subsequent to a legal entity restructuring project Neither the Other reserve nor the Investment revaluation reserve are distributable reserves

40 Reconciliation of movements in shareholders' funds

	2013 £000	2012 £000
Shareholders' funds at 1 January	**179,542**	224,282
Profit/(loss) for the financial year	**14,343**	(10,861)
Dividends paid	-	(34,035)
Credit relating to share-based charges	-	156
Shareholders' funds at 31 December	**193,885**	179,542

Notes to the Company financial statements *(continued)*

41 Commitments

Annual commitments under non-cancellable operating leases are as follows

	Land and buildings	
	2013	2012
	£000	£000
Operating leases which expire		
Between one and five years	**81**	81

42 Contingent liabilities

The Company has a cross-guarantee with other Group companies in respect of Group borrowings

43 Retirement benefits

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 £61,000 *(2012 £52,000)* Contributions amounting to £6,000 *(2012 £5,000)* are payable to the scheme and are included in creditors

44 Related parties

The Company was charged rent by BHHM Pension scheme, an entity associated by common directors/trustees, amounting to £81,000 *(2012 £78,000)* No amounts were owing to BHHM Pension scheme at 31 December 2012 or 2013