
ACORN GEOPHYSICAL SERVICES LTD
(formerly known as Terra Energy Services Ltd)

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2011



ACORN GEOPHYSICAL SERVICES LTD

INDEPENDENT AUDITORS' REPORT TO ACORN GEOPHYSICAL SERVICES LTD UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 3 to 7, together with the financial statements of Acorn Geophysical Services Ltd for the year ended 31 December 2011 prepared under section 396 of the Companies Act 2006

This report is made solely to the Company in accordance with section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in a special Auditors' 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, for our work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITORS

The director is responsible for preparing the abbreviated accounts in accordance with section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the Company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the Company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

OPINION ON FINANCIAL STATEMENTS

In our opinion the Company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Companies Act 2006, and the abbreviated accounts on pages 3 to 7 have been properly prepared in accordance with the regulations made under that section.

ACORN GEOPHYSICAL SERVICES LTD

INDEPENDENT AUDITORS' REPORT TO ACORN GEOPHYSICAL SERVICES LTD UNDER SECTION 449 OF THE COMPANIES ACT 2006

OTHER INFORMATION

On 25 September 2012 we reported as auditors to the Company on the financial statements prepared under section 396 of the Companies Act 2006 and included the following statement

Emphasis of matter- Going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company's liabilities exceed its total assets by £2,873,672 and its continuance is dependent on the support of companies within the group of which the company is a member as well as third party creditors. The matters outlined in that note indicate the existence of a material uncertainty, particularly in regard to the partnershare charges accrued amounting to £1,564,062 which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Simon Kinna (Senior statutory auditor)

for and on behalf of

Bartrum Lerner

Statutory Auditors

39A Welbeck Street

London

W1G 8DH

25 September 2012

ACORN GEOPHYSICAL SERVICES LTD
REGISTERED NUMBER: 04123189

ABBREVIATED BALANCE SHEET
AS AT 31 DECEMBER 2011

| | Note | £ | 2011 £ | £ | 2010 £ |
|---|------|--------------------|--------------------|--------------------|--------------------|
| FIXED ASSETS | | | | | |
| Tangible assets | 2 | | 46,067 | | 54,687 |
| CURRENT ASSETS | | | | | |
| Debtors | 3 | 83,166 | | 1,097,327 | |
| Cash at bank and in hand | | 58,301 | | 393,819 | |
| | | <u>141,467</u> | | <u>1,491,146</u> | |
| CREDITORS: amounts falling due within one year | | <u>(3,061,206)</u> | | <u>(3,403,883)</u> | |
| NET CURRENT LIABILITIES | | | <u>(2,919,739)</u> | | <u>(1,912,737)</u> |
| NET LIABILITIES | | | <u>(2,873,672)</u> | | <u>(1,858,050)</u> |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 4 | | 1 | | 1 |
| Profit and loss account | | | <u>(2,873,673)</u> | | <u>(1,858,051)</u> |
| SHAREHOLDERS' DEFICIT | | | <u>(2,873,672)</u> | | <u>(1,858,050)</u> |

The abbreviated accounts, which have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006, were approved and authorised for issue by the board and were signed on its behalf on **24th September 2012**



A Vigeland
Director

The notes on pages 4 to 7 form part of these financial statements

ACORN GEOPHYSICAL SERVICES LTD

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements have been prepared on the going concern basis, which the director believes to be appropriate for the following reasons

In recent years the group of which the company had been dependent on its ultimate parent company Terra Global Limited ("TGL") for its working capital. Prior to entering administration in August 2010 the directors of TGL reached agreement with certain of its creditors which resulted in SJ Investments Limited ("SJI"), a company registered in Belize, acquiring a controlling interest in the Company's immediate parent, Mullewa Limited

Since becoming a member of the group controlled by SJI, the company has continued to receive support from group companies to meet its day to day working capital requirements. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, indicate that the group should be able to continue its support to the company in regard to its day to day operations

While the company receives support for its day to day operations it has made provision for a partnershare liability amounting to £1,564,062 (2010 - £1,562,040) which is included in other creditors and accruals. The contract partner to whom the partnershare liabilities are payable had not sought immediate payment from the company while it has not been in a position to settle the liability. In 2009 the contract partner re-asserted their claim to the partnershare debt and since that time the company has been discussions periodically to discuss settlement. Although there has been no final resolution the director is of the opinion that the company's contracting partner will not seek immediate repayment while the company has only limited resources of its own

After making all reasonable enquiries, the director has a reasonable expectation that the company will continue to be provided with adequate resources to continue in operational existence for the foreseeable future. Accordingly, the company continues to adopt the going concern basis in preparing the annual report and financial statements

The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate

1.2 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

| | | |
|---------------------------|---|------------------------------|
| L/Term Leasehold Property | - | over the period of the lease |
| Fixtures & fittings | - | 33 33% reducing balance |

1.3 Investments

Investments held as fixed assets as shown at cost less provision for impairment

ACORN GEOPHYSICAL SERVICES LTD

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES (continued)

1.4 Turnover

Turnover comprises revenue recognised by the Company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts

Turnover comprises revenue recognised by the company in respect of consultancy data and related services supplied, exclusive of Value Added Tax. This includes agency and facilitation fees and commissions which are recognised when the data or services are provided to the customer. Turnover also includes Partnershare revenues resulting from joint contractual agreements net of amounts receivable by joint contractors.

In addition the company also provides operational and administrative support to the group which is included as other operating income and recognised as the services are provided.

Revenue sharing

Where the company enters into partnershare agreements, for example, with those (being contract partners) who hold land or sea bed rights or similar data assets, such agreements commonly provide that proportions of the company's income derived from sales shall be attributable to the contract partner. These amounts are deducted from turnover of the company.

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.6 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.

1.7 Deferred taxation

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.

ACORN GEOPHYSICAL SERVICES LTD

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES (continued)

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at 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 the transaction

Exchange gains and losses are recognised in the Profit and loss account

2. TANGIBLE FIXED ASSETS

| | £ |
|-----------------------|---------------|
| Cost | |
| At 1 January 2011 | 68,741 |
| Additions | 5,648 |
| At 31 December 2011 | <u>74,389</u> |
| Depreciation | |
| At 1 January 2011 | 14,054 |
| Charge for the year | 14,268 |
| At 31 December 2011 | <u>28,322</u> |
| Net book value | |
| At 31 December 2011 | <u>46,067</u> |
| At 31 December 2010 | <u>54,687</u> |

The Company's bankers have a fixed and floating charge over all assets of the Company

3. DEBTORS

Debtors include a lease deposit of £31,574 (2010 - £31,574)

A lease deposit, disclosed as other debtors due after more than one year, is subject to a legal charge

4. SHARE CAPITAL

| | 2011 £ | 2010 £ |
|---|-----------|-----------|
| Allotted, called up and fully paid | | |
| 1 Ordinary share of £1 | <u>1</u> | <u>1</u> |

ACORN GEOPHYSICAL SERVICES LTD

**NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

5. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At the balance sheet date, the Company was a wholly owned subsidiary of Mullewa Limited, a UK company

Two third majority equity shares of Mullewa Limited are held by SJ Investments Ltd, a company registered in Belize. SJ Investments Ltd is controlled by a Belizean discretionary Trust. Mr A Vigeland, who is trustee for this trust, has no beneficial interest.