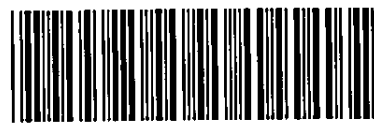


Company Registration No. SC131397 (Scotland)

**Survival Craft Inspectorate Limited**  
**Annual Report and Consolidated**  
**Financial Statements**  
**For The Year Ended 31 May 2011**

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# **SURVIVAL CRAFT INSPECTORATE LIMITED**

## **DIRECTORS AND ADVISERS**

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<b>Directors</b>	Angus Campbell Keith Hunt
<b>Secretary</b>	Catherine Campbell
<b>Company number</b>	SC131397
<b>Registered office</b>	Findon Shore Findon Aberdeen AB12 3RL
<b>Registered auditors</b>	Johnston Carmichael LLP Bishop's Court 29 Albyn Place Aberdeen AB10 1YL
<b>Solicitors</b>	Aberdeen Considine and Co 8 and 9 Bon Accord Crescent Aberdeen AB11 6DN

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# **SURVIVAL CRAFT INSPECTORATE LIMITED**

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# **SURVIVAL CRAFT INSPECTORATE LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MAY 2011**

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The directors present their report and financial statements for the year ended 31 May 2011.

#### **Principal activities and review of the business**

The principal activity of the Group is that of providing marine lifesaving and safety equipment and services to the oil and gas and shipping industries worldwide.

The capabilities of the Group, from its locations in UK, Norway, Singapore, Malaysia, Australia and USA, consist of a full range of marine-related services, including design, procurement of specialised equipment, build, full integration, testing, on-site implementation, maintenance, servicing and support.

The directors are of the opinion that the Group's results for the year to 31 May 2011 are satisfactory and consider that the Group's global infrastructure allied to its full service offering, means that it is well placed to capitalise on future opportunities throughout the worldwide marine industry.

On 3 February 2012, Survival Craft Inspectorate Limited, through a 100% subsidiary (Survival Craft Inspectorate Canada Inc, a Canadian company incorporated on 18 January 2012), completed the acquisition of the trade and assets of Mad Rock Marine Solutions Inc, a company registered in Canada.

#### **Principal risks and uncertainties**

The Group purchases equipment for resale from overseas suppliers, primarily in US dollars. Whilst this position leads to a notional exchange rate movement exposure, the Group adopts a natural hedge position, whereby equipment purchased in non-Sterling currency denominations is sold on to customers in the same currency. In addition, the Group manages this risk via appropriate Treasury management.

#### **Environment**

The company recognises the importance of its environmental responsibilities, and has policies in place to manage its impact on the environment.

#### **Results and dividends**

The consolidated profit and loss account for the year is set out on page 5.

An interim ordinary dividend was paid amounting to £468,000. The directors do not recommend payment of a final dividend.

#### **Directors**

The following directors have held office since 1 June 2010:

Angus Campbell  
Keith Hunt

# SURVIVAL CRAFT INSPECTORATE LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MAY 2011

### Directors' interests

The directors' interests in the shares of the company and other group companies were as stated below:

	Ordinary Shares of £1 each	
	31 May 2011	1 June 2010
Angus Campbell	40	40
Keith Hunt	40	40

	Ordinary A Shares of £1 each	
	31 May 2011	1 June 2010
Angus Campbell	-	-
Keith Hunt	-	-

### Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:



- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board

  
.....  
Angus Campbell  
Director  
  
.....

# **SURVIVAL CRAFT INSPECTORATE LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF SURVIVAL CRAFT INSPECTORATE LIMITED**

---

We have audited the financial statements of Survival Craft Inspectorate Limited for the year ended 31 May 2011 set out on pages 5 to 27. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out within the Directors Report on pages 1 - 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 May 2011 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

# **SURVIVAL CRAFT INSPECTORATE LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE MEMBERS OF SURVIVAL CRAFT INSPECTORATE LIMITED**

---

#### **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.



**Brian Moran (Senior Statutory Auditor)**  
for and on behalf of Johnston Carmichael LLP



**Chartered Accountants**  
**Statutory Auditor**

Bishop's Court  
29 Albyn Place  
Aberdeen  
AB10 1YL

# **SURVIVAL CRAFT INSPECTORATE LIMITED**

## **CONSOLIDATED PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 MAY 2011**

	Notes	2011 £	2010 £
<b>Turnover</b>	<b>2</b>	15,438,287	14,643,862
Cost of sales		(9,980,120)	(9,313,301)
<b>Gross profit</b>		5,458,167	5,330,561
Administrative expenses		(3,233,551)	(2,913,499)
Other operating income		1,310	-
<b>Operating profit</b>	<b>3</b>	2,225,926	2,417,062
Other interest receivable and similar income		1,745	1,636
Interest payable and similar charges	<b>4</b>	(15,671)	(1,905)
<b>Profit on ordinary activities before taxation</b>		2,212,000	2,416,793
Tax on profit on ordinary activities	<b>5</b>	(615,300)	(737,393)
<b>Profit on ordinary activities after taxation</b>		1,596,700	1,679,400

The profit and loss account has been prepared on the basis that all operations are continuing operations.



# **SURVIVAL CRAFT INSPECTORATE LIMITED**

## **STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MAY 2011**

---

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
<b>Profit for the financial year</b>	1,596,700	1,679,400
Unrealised surplus on revaluation of properties	<u>736,756</u>	<u>-</u>
	2,333,456	1,679,400
Currency translation differences on foreign currency net investments	<u>(90,367)</u>	<u>(16,833)</u>
<b>Total recognised gains and losses relating to the year</b>	<u><u>2,243,089</u></u>	<u><u>1,662,567</u></u>

# SURVIVAL CRAFT INSPECTORATE LIMITED

## BALANCE SHEETS

AS AT 31 MAY 2011

	Notes	Group 2011 £	2010 £	Company 2011 £	2010 £
<b>Fixed assets</b>					
Intangible assets	8	483,316	1	1	1
Tangible assets	9	2,328,145	1,157,157	1,892,616	1,110,346
Investments	10	-	-	862,366	14,774
		<u>2,811,461</u>	<u>1,157,158</u>	<u>2,754,983</u>	<u>1,125,121</u>
<b>Current assets</b>					
Stocks	11	921,357	707,516	790,135	515,065
Debtors	12	5,907,797	4,163,905	6,378,969	4,340,909
Cash at bank and in hand		1,833,005	2,542,393	1,036,435	2,244,543
		<u>8,662,159</u>	<u>7,413,814</u>	<u>8,205,539</u>	<u>7,100,517</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(4,318,049)</u>	<u>(3,057,325)</u>	<u>(3,904,026)</u>	<u>(2,794,695)</u>
<b>Net current assets</b>		<u>4,344,110</u>	<u>4,356,489</u>	<u>4,301,513</u>	<u>4,305,822</u>
<b>Total assets less current liabilities</b>		<u>7,155,571</u>	<u>5,513,647</u>	<u>7,056,496</u>	<u>5,430,943</u>
<b>Creditors: amounts falling due after more than one year</b>	14	<u>(384,470)</u>	<u>(534,568)</u>	<u>(384,470)</u>	<u>(534,568)</u>
<b>Provisions for liabilities</b>	15	<u>(46,208)</u>	<u>(29,275)</u>	<u>(49,815)</u>	<u>(29,275)</u>
		<u>6,724,893</u>	<u>4,949,804</u>	<u>6,622,211</u>	<u>4,867,100</u>
<b>Capital and reserves</b>					
Called up share capital	17	100	100	100	100
Revaluation reserve	18	736,756	-	736,756	-
Other reserves	18	(107,200)	(16,833)	-	-
Profit and loss account	18	6,095,237	4,966,537	5,885,355	4,867,000
<b>Shareholders' funds</b>	19	<u>6,724,893</u>	<u>4,949,804</u>	<u>6,622,211</u>	<u>4,867,100</u>

Approved by the Board and authorised for issue on 17/2/12



Angus Campbell  
Director

Company Registration No. SC131397

# **SURVIVAL CRAFT INSPECTORATE LIMITED**

## **CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2011**

	£	2011 £	£	2010 £
<b>Net cash inflow from operating activities</b>		1,747,674		2,133,501
<b>Returns on investments and servicing of finance</b>				
Interest received	1,745		1,636	
Interest paid	(15,671)		(1,905)	
<b>Net cash outflow for returns on investments and servicing of finance</b>		(13,926)		(269)
<b>Taxation</b>		(710,104)		(484,555)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(503,127)		(349,473)	
Receipts from sales of tangible assets	2,524		-	
<b>Net cash outflow for capital expenditure</b>		(500,603)		(349,473)
<b>Acquisitions and disposals</b>				
Purchase of subsidiary undertakings (net of cash acquired)	(614,331)		-	
<b>Net cash outflow for acquisitions and disposals</b>		(614,331)		-
<b>Equity dividends paid</b>		(468,000)		(400,000)
<b>Net cash (outflow)/inflow before management of liquid resources and financing</b>		(559,290)		899,204
<b>Financing</b>				
New long term bank loan	-		600,000	
Repayment of long term bank loan	(150,098)		(34,800)	
<b>Net cash (outflow)/inflow from financing</b>		(150,098)		565,200
<b>(Decrease)/increase in cash in the year</b>		(709,388)		1,464,404

# SURVIVAL CRAFT INSPECTORATE LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MAY 2011

1	Reconciliation of operating profit to net cash inflow from operating activities	2011		2010	
		£		£	
	Operating profit	2,225,926		2,417,062	
	Depreciation of tangible assets	145,906		78,180	
	Amortisation of intangible assets	53,701		170	
	Profit/(loss) on disposal of tangible assets	(559)		1,669	
	(Increase)/decrease in stocks	(211,226)		232,789	
	Increase in debtors	(1,502,552)		(49,691)	
	Increase/(decrease) in creditors within one year	1,126,845		(529,845)	
	Net effect of foreign exchange differences	(90,367)		(16,833)	
	<b>Net cash inflow from operating activities</b>	<b>1,747,674</b>		<b>2,133,501</b>	
2	Analysis of net funds	1 June 2010	Cash flow	Other non-cash changes	31 May 2011
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	2,542,393	(709,388)	-	1,833,005
	Debts falling due within one year	(155,150)	-	-	(155,150)
	Debts falling due after one year	(534,568)	150,098	-	(384,470)
		(689,718)	150,098	-	(539,620)
	Net funds	1,852,675	(559,290)	-	1,293,385
3	Reconciliation of net cash flow to movement in net debt	2011		2010	
		£		£	
	(Decrease)/increase in cash in the year	(709,388)		1,464,404	
	Cash outflow/(inflow) from decrease/(increase) in debt	150,098		(565,200)	
	<b>Movement in net funds in the year</b>	<b>(559,290)</b>		<b>899,204</b>	
	Opening net funds	1,852,675		953,471	
	<b>Closing net funds</b>	<b>1,293,385</b>		<b>1,852,675</b>	

# **SURVIVAL CRAFT INSPECTORATE LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MAY 2011**

---

### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### **1.3 Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 May 2011. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

#### **1.4 Turnover**

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

Turnover in relation to equipment sales is recognised at the point at which the equipment is delivered to the customer. Related costs are recognised in line with turnover. Amounts invoiced in advance of delivery are treated as deferred income.

#### **1.5 Goodwill**

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of 10 years.

#### **1.6 Research and development**

Research expenditure is written off to the profit and loss account in the year in which it is incurred.

#### **1.7 Tangible fixed assets and depreciation**

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings	-straight line over 50 years
Leasehold improvements	-straight line over 5 years
Fixtures, fittings & equipment	-15% to 38% reducing balance
Motor vehicles	-10 to 20% reducing balance

#### **1.8 Leasing**

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### **1.9 Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

#### **1.10 Stock and short-term work in progress**

Stocks are stated at the lower of cost and net realisable value. Short-term work in progress is valued at the lower of cost and net realisable value.

# **SURVIVAL CRAFT INSPECTORATE LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 MAY 2011**

### **1 Accounting policies**

(continued)

#### **1.11 Long term contracts**

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

#### **1.12 Pensions**

The group operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charged in the financial statements represent the contributions payable by the company during the year.

#### **1.13 Deferred taxation**

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

#### **1.14 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

### **2 Turnover**

The total turnover of the group for the year has been derived from its principal activity.

#### **Segmental analysis by geographical area**

The analysis by geographical area of the group's turnover is set out as below:

	<b>2011</b>	<b>2010</b>
	<b>£000</b>	<b>£000</b>
<b>Geographical segment</b>		
UK	11,282	11,774
Rest of Europe	2,538	1,828
Rest of World	1,618	1,042
	<u>15,438</u>	<u>14,644</u>

# SURVIVAL CRAFT INSPECTORATE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 MAY 2011**

<b>3</b>	<b>Operating profit</b>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging:		
	Amortisation of intangible assets	53,701	170
	Depreciation of tangible assets	145,906	78,180
	Loss on disposal of tangible assets	-	1,669
	Loss on foreign exchange transactions	15,864	115,203
	Research and development	9,038	9,851
	Operating lease rentals		
	- Plant and machinery	27,689	33,700
	- Other assets	55,484	9,274
	Auditors' remuneration (company £16,800; 2010: £16,500)	16,800	16,500
	and after crediting:		
	Profit on disposal of tangible assets	(559)	-
	Profit on foreign exchange transactions	(222,418)	-
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Interest payable</b>	<b>2011</b>	<b>2010</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	13,597	1,905
	Other interest	2,074	-
		<u>          </u>	<u>          </u>
		<u>15,671</u>	<u>1,905</u>

# SURVIVAL CRAFT INSPECTORATE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2011

5	Taxation	2011 £	2010 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	541,066	656,740
	Adjustment for prior years	(31,862)	(280)
		<u>509,204</u>	<u>656,460</u>
	<b>Foreign corporation tax</b>		
	Foreign corporation tax	91,279	30,000
	Adjustment for prior years	-	40,653
		<u>91,279</u>	<u>70,653</u>
	<b>Total current tax</b>	<u>600,483</u>	<u>727,113</u>
	<b>Deferred tax</b>		
	Deferred tax charge current year	16,908	10,280
	Effect of changes in tax rate	(2,091)	-
		<u>615,300</u>	<u>737,393</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>2,212,000</u>	<u>2,416,793</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 27.67% (2010 - 28.00%)	<u>612,060</u>	<u>676,702</u>
	Effects of:		
	Non deductible expenses	2,855	1,247
	Capital allowances in excess of depreciation	7,905	(7,345)
	Foreign tax adjustments	9,585	56,734
	Adjustments to previous periods	(31,862)	(280)
	Effect of change in tax rates	(60)	-
	Other tax adjustments	-	55
		<u>(11,577)</u>	<u>50,411</u>
	<b>Current tax charge for the year</b>	<u>600,483</u>	<u>727,113</u>



# **SURVIVAL CRAFT INSPECTORATE LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 MAY 2011**

---

### **6 Profit for the financial year**

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Holding company's profit for the financial year	<u>1,486,355</u>	<u>1,659,690</u>

### **7 Dividends**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Ordinary interim paid	<u>468,000</u>	<u>400,000</u>

# SURVIVAL CRAFT INSPECTORATE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2011

8 Intangible fixed assets Group	Other intangibles	Goodwill	Total
	£	£	£
<b>Cost</b>			
At 1 June 2010	772	-	772
Additions	-	537,016	537,016
	<hr/>	<hr/>	<hr/>
At 31 May 2011	772	537,016	537,788
	<hr/>	<hr/>	<hr/>
<b>Amortisation</b>			
At 1 June 2010	771	-	771
Charge for the year	-	53,701	53,701
	<hr/>	<hr/>	<hr/>
At 31 May 2011	771	53,701	54,472
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 May 2011	1	483,315	483,316
	<hr/>	<hr/>	<hr/>
At 31 May 2010	1	-	1
	<hr/>	<hr/>	<hr/>

Company	Goodwill £
<b>Cost</b>	
At 1 June 2010 & at 31 May 2011	1
	<hr/>
<b>Net book value</b>	
At 31 May 2011	1
	<hr/>
At 31 May 2010	1
	<hr/>

# SURVIVAL CRAFT INSPECTORATE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2011

### 9 Tangible fixed assets Group

	Land and buildings Freehold £	Fixtures fittings and equipment £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 June 2010	831,556	637,180	44,207	1,512,943
Acquired with subsidiary undertaking	13,885	313,397	9,700	336,982
Additions	19,232	483,895	-	503,127
Revaluation	649,212	-	-	649,212
Disposals	-	(36,955)	-	(36,955)
At 31 May 2011	1,513,885	1,397,517	53,907	2,965,309
<b>Depreciation</b>				
At 1 June 2010	60,799	283,101	11,886	355,786
Acquired with subsidiary undertaking	11,944	235,804	9,700	257,448
Revaluation	(87,545)	-	-	(87,545)
On disposals	-	(34,431)	-	(34,431)
Charge for the year	28,687	112,405	4,814	145,906
At 31 May 2011	13,885	596,879	26,400	637,164
<b>Net book value</b>				
At 31 May 2011	1,500,000	800,638	27,507	2,328,145
At 31 May 2010	770,757	354,079	32,321	1,157,157

Included within freehold land and buildings is land of £185,588 (2010 - £185,588) which is not depreciated.

# SURVIVAL CRAFT INSPECTORATE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2011

### Tangible fixed assets (continued)

#### Company

	Land and buildings Freehold	Plant and machinery	Motor vehicles	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 June 2010	831,556	613,537	5,278	1,450,371
Additions	19,232	117,666	-	136,898
Revaluation	649,212	-	-	649,212
	<u>1,500,000</u>	<u>731,203</u>	<u>5,278</u>	<u>2,236,481</u>
<b>Depreciation</b>				
At 1 June 2010	60,799	277,497	1,729	340,025
Revaluation	(87,545)	-	-	(87,545)
Charge for the year	26,746	63,929	710	91,385
	<u>-</u>	<u>341,426</u>	<u>2,439</u>	<u>343,865</u>
<b>Net book value</b>				
At 31 May 2011	<u>1,500,000</u>	<u>389,777</u>	<u>2,839</u>	<u>1,892,616</u>
At 31 May 2010	<u>770,757</u>	<u>336,040</u>	<u>3,549</u>	<u>1,110,346</u>

### Group and Company

The freehold and leasehold land and buildings were valued on 5 February 2010 on an open market basis by J&E Shepherd, a firm of independent Chartered Surveyors.

No provision has been made for deferred tax on the revaluation of land and buildings to their open market value. In the event that revalued properties were sold as revalued without rollover relief being available, a liability to corporation tax of approximately £173,000 would arise.

# **SURVIVAL CRAFT INSPECTORATE LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 MAY 2011**

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### **Group and Company**

**Comparable historical cost for the land and buildings included at valuation:**

**£**

#### **Cost**

At 1 June 2010	831,556
Additions	19,232
	<hr/>
At 31 May 2011	850,788
	<hr/>

#### **Depreciation based on cost**

At 1 June 2010	60,799
Charge for the year	26,746
	<hr/>
At 31 May 2011	87,545
	<hr/>

#### **Net book value**

At 31 May 2011	763,243
	<hr/>
At 31 May 2010	770,757
	<hr/>

Included within freehold land and buildings is land of £185,588 (2010 - £185,588) which is not depreciated.

# SURVIVAL CRAFT INSPECTORATE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2011

### 10 Fixed asset investments

(continued)

Company	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 June 2010	14,774
Additions	847,592
At 31 May 2011	862,366
<b>Net book value</b>	
At 31 May 2011	862,366
At 31 May 2010	14,774

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
<b>Subsidiary undertakings</b>			
Survival Craft Inspectorate Norge AS	Norway	Ordinary	100
Survival Craft Inspectorate Australia PTY Ltd	Australia	Ordinary	100
Survival Craft Inspectorate PTE Limited	Singapore	Ordinary	100
Survival Craft Inspectorate (Johor Bahru) SDN BHD	Malaysia	Ordinary	100
Survival Craft Inspectorate SDN BHD	Malaysia	Ordinary	100
Survival Craft Inspectorate Inc	USA	Ordinary	100
Viscom (Aberdeen) Limited	Scotland	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	<b>Principal activity</b>
Survival Craft Inspectorate Norge AS	Servicing, inspection and repairing life boats and equipment
Survival Craft Inspectorate Australia PTY Ltd	Inspection, repair and testing of lifeboats and fire fighting equipment and supply of equipment
Survival Craft Inspectorate PTE Limited	Servicing, inspection and repairing life boats and equipment and supply of equipment

# SURVIVAL CRAFT INSPECTORATE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2011

### 10 Fixed asset investments

(continued)

Survival Craft Inspectorate (Johor Bahru) SDN BHD	Servicing, inspections and repairing life boats and equipment
Survival Craft Inspectorate SDN BHD	Dormant
Survival Craft Inspectorate Inc	Inspection, repair and testing of lifeboats and fire fighting equipment and supply of equipment
Viscom (Aberdeen) Limited	Providing visual training material in a variety of formats and language options

Survival Craft Inspectorate Norge AS has a financial year end of 31 December 2010 due to statutory requirements in Norway. Interim financial statements for the year ended 31 May 2011 have been used in preparing the consolidated group statements.

Survival Craft Inspectorate Australia PTY Limited has a financial year end of 30 June 2011.

On 9 June 2010, the company acquired 100% of the share capital of Viscom (Aberdeen) Limited.

The total consideration for the acquisition was £847,591 satisfied as set out below. Accordingly the excess of the consideration over the fair value of the assets acquired being £537,015, has been treated as goodwill (see note 8). The subsidiary has been included under the acquisition method of accounting.

<b>Net assets acquired</b>	<b>£</b>
Tangible fixed assets	79,534
Stock	2,619
Debtors	239,148
Cash and bank in hand	233,261
Creditors	(241,869)
Corporate & other taxes	(2,116)
	<u>310,577</u>
Goodwill	537,015
	<u>847,592</u>
<b>Consideration satisfied by</b>	
Cash	<u>847,592</u>

# SURVIVAL CRAFT INSPECTORATE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2011

### 11 Stocks and work in progress

	Group 2011 £	2010 £	Company 2011 £	2010 £
Work in progress	504,545	168,865	384,579	168,865
Finished goods and goods for resale	416,812	538,651	405,556	346,200
	<u>921,357</u>	<u>707,516</u>	<u>790,135</u>	<u>515,065</u>

### 12 Debtors

	Group 2011 £	2010 £	Company 2011 £	2010 £
Trade debtors	4,378,305	3,453,114	3,465,924	3,145,994
Amounts recoverable on long term contracts	1,003,467	469,609	1,003,467	469,609
Amounts owed by group undertakings	-	-	1,497,337	526,259
Corporation tax	2,192	-	-	-
Other debtors	164,641	102,657	139,175	60,522
Prepayments and accrued income	359,192	138,525	273,066	138,525
	<u>5,907,797</u>	<u>4,163,905</u>	<u>6,378,969</u>	<u>4,340,909</u>



# SURVIVAL CRAFT INSPECTORATE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2011

### 13 Creditors : amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans and overdrafts	155,150	155,150	155,150	155,150
Trade creditors	1,696,957	870,830	1,559,784	784,723
Amounts owed to group undertakings	-	-	235,555	-
Corporation tax	409,918	454,741	283,344	422,741
Taxes and social security costs	234,466	125,969	140,815	119,177
Other creditors	13,336	101,074	-	-
Accruals and deferred income	1,808,222	1,349,561	1,529,378	1,312,904
	<u>4,318,049</u>	<u>3,057,325</u>	<u>3,904,026</u>	<u>2,794,695</u>

The bank loan and overdraft are secured by a bond and floating charge over the assets of the company.

### 14 Creditors : amounts falling due after more than one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans	<u>384,470</u>	<u>534,568</u>	<u>384,470</u>	<u>534,568</u>
<b>Analysis of loans</b>				
Wholly repayable within five years	539,620	689,718	539,620	689,718
Included in current liabilities	(155,150)	(155,150)	(155,150)	(155,150)
	<u>384,470</u>	<u>534,568</u>	<u>384,470</u>	<u>534,568</u>
<b>Loan maturity analysis</b>				
In more than one year but not more than two years	155,150	155,150	155,150	155,150
In more than two years but not more than five years	<u>229,320</u>	<u>379,418</u>	<u>229,320</u>	<u>379,418</u>

The bank loan is secured by a bond and floating charge over the assets of the company.

# SURVIVAL CRAFT INSPECTORATE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2011

### 15 Provisions for liabilities Group

	Deferred taxation £
Balance at 1 June 2010	29,275
Acquired with subsidiary undertaking	2,116
Profit and loss account	14,817
	<hr/>
Balance at 31 May 2011	46,208
	<hr/>

### Company

Balance at 1 June 2010	29,275
Profit and loss account	20,540
	<hr/>
Balance at 31 May 2011	49,815
	<hr/>

The deferred tax liability is made up as follows:

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Accelerated capital allowances	46,208	29,275	49,815	29,275
	<hr/>	<hr/>	<hr/>	<hr/>

### 16 Pension and other post-retirement benefit commitments

#### Defined contribution

	2011 £	2010 £
Contributions payable by the group for the year	85,183	39,777
Contributions payable to the fund at the year end and included in creditors	(4,688)	-
	<hr/>	<hr/>

# SURVIVAL CRAFT INSPECTORATE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MAY 2011

17 Share capital	2011 £	2010 £
Allotted, called up and fully paid		
80 Ordinary Shares of £1 each	80	80
20 Ordinary A Shares of £1 each	20	20
	<u>100</u>	<u>100</u>

The Ordinary A shares have no voting rights but rank in all other respects, pari passu with the Ordinary shares.

### 18 Statement of movements on reserves Group

	Revaluation reserve £	Profit and loss account £
Balance at 1 June 2010	-	4,949,704
Profit for the year	-	1,596,700
Foreign currency translation differences	-	(90,367)
Dividends paid	-	(468,000)
Revaluation during the year	736,756	-
Balance at 31 May 2011	<u>736,756</u>	<u>5,988,037</u>

### Company

	Revaluation reserve £	Profit and loss account £
Balance at 1 June 2010	-	4,867,000
Profit for the year	-	1,486,355
Dividends paid	-	(468,000)
Revaluation during the year	736,756	-
Balance at 31 May 2011	<u>736,756</u>	<u>5,885,355</u>

# SURVIVAL CRAFT INSPECTORATE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2011

19 Reconciliation of movements in shareholders' funds	2011	2010
	£	£
<b>Group</b>		
Profit for the financial year	1,596,700	1,679,400
Dividends	(468,000)	(400,000)
	<u>1,128,700</u>	<u>1,279,400</u>
Other recognised gains and losses	646,389	(16,833)
	<u>1,775,089</u>	<u>1,262,567</u>
Net addition to shareholders' funds	4,949,804	3,687,237
Opening shareholders' funds	<u>6,724,893</u>	<u>4,949,804</u>
Closing shareholders' funds	<u><u>6,724,893</u></u>	<u><u>4,949,804</u></u>
	2011	2010
	£	£
<b>Company</b>		
Profit for the financial year	1,486,355	1,659,690
Dividends	(468,000)	(400,000)
	<u>1,018,355</u>	<u>1,259,690</u>
Other recognised gains and losses	736,756	-
	<u>1,755,111</u>	<u>1,259,690</u>
Net addition to shareholders' funds	4,867,100	3,607,410
Opening shareholders' funds	<u>6,622,211</u>	<u>4,867,100</u>
Closing shareholders' funds	<u><u>6,622,211</u></u>	<u><u>4,867,100</u></u>

# SURVIVAL CRAFT INSPECTORATE LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MAY 2011

### 20 Financial commitments

At 31 May 2011 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2011	2010	2011	2010
	£	£	£	£
Expiry date:				
Within one year	-	4,789	6,990	10,357
Between two and five years	41,908	26,833	19,049	18,519
In over five years	14,250	-	-	-
	<u>56,158</u>	<u>31,622</u>	<u>26,039</u>	<u>28,876</u>

At 31 May 2011 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2011	2010	2011	2010
	£	£	£	£
Expiry date:				
Within one year	-	-	4,521	6,406
Between two and five years	-	-	19,049	18,519
In over five years	14,250	-	-	-
	<u>14,250</u>	<u>-</u>	<u>23,570</u>	<u>24,925</u>

### 21 Directors' remuneration

	2011	2010
	£	£
Remuneration for qualifying services	<u>224,174</u>	<u>226,172</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2010 - 2).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	<u>115,048</u>	<u>116,126</u>
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# **SURVIVAL CRAFT INSPECTORATE LIMITED**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 MAY 2011**

### **22 Employees**

#### **Number of employees**

The average monthly number of employees (including directors) during the year was:

	<b>2011 Number</b>	<b>2010 Number</b>
Manufacturing, servicing and workshop	85	76
Administrative and marketing	41	26
	<u>126</u>	<u>102</u>

#### **Employment costs**

	<b>2011 £</b>	<b>2010 £</b>
Wages and salaries	4,940,151	4,082,459
Social security costs	490,912	371,116
Other pension costs	85,183	39,777
	<u>5,516,246</u>	<u>4,493,352</u>

### **23 Control**

The group is controlled by the directors.

### **24 Post Balance Sheet Events**

On 3 February 2012, Survival Craft Inspectorate Limited, through a 100% subsidiary (Survival Craft Inspectorate Canada Inc, a Canadian company incorporated on 18 January 2012), completed the acquisition of the trade and assets of Mad Rock Marine Solutions Inc, a company registered in Canada.

### **25 Related party relationships and transactions**

#### **Other transactions**

##### **Group**

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.