

**CALEY OCEAN SYSTEMS LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2008**

**Company Registration No. SC200730 (Scotland)**

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# CALEY OCEAN SYSTEMS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	David Cooper James McPherson
<b>Secretary</b>	David Cooper
<b>Company number</b>	SC200730
<b>Registered office</b>	Mavor Avenue East Kilbride Glasgow G74 4PU
<b>Auditors</b>	William Duncan & Co. Bank Chambers 31 The Square Cumnock KA18 1AT
<b>Business address</b>	Mavor Avenue East Kilbride Glasgow G74 4PU
<b>Bankers</b>	Bank of Scotland 110 Queen Street Glasgow G1 3BY
<b>Solicitors</b>	Harper MacLeod The Ca'd'oro 45 Gordon Street Glasgow G1 3PE

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# CALEY OCEAN SYSTEMS LIMITED

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# CALEY OCEAN SYSTEMS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 SEPTEMBER 2008

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The directors present their report and financial statements for the year ended 30 September 2008.

#### Principal activities and review of the business

The principal activity of the company continued to be that of the design of lifting and handling equipment and other special purpose machinery.

#### Results and dividends

The results for the year are set out on page 5.

The profit after taxation for the year was £396,470 (2007 : Profit £379,886). Dividends of £120,000 have been declared.

#### Directors

The following directors have held office since 1 October 2007:

David Cooper  
James McPherson

#### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that William Duncan & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

#### Statement of directors' responsibilities

The directors are responsible for preparing 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# CALEY OCEAN SYSTEMS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 SEPTEMBER 2008**

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### Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company'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 company's auditors are aware of that information.

On behalf of the board



David Cooper

Director

14 May 2009

# CALEY OCEAN SYSTEMS LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE SHAREHOLDERS OF CALEY OCEAN SYSTEMS LIMITED

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We have audited the financial statements of Caley Ocean Systems Limited for the year ended 30 September 2008 set out on pages 5 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 the directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# CALEY OCEAN SYSTEMS LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE SHAREHOLDERS OF CALEY OCEAN SYSTEMS LIMITED

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#### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



William Duncan & Co.

14 May 2009

Chartered Accountants  
Registered Auditor

Bank Chambers  
31 The Square  
Cumnock  
KA18 1AT

# CALEY OCEAN SYSTEMS LIMITED

## PROFIT AND LOSS ACCOUNT

**FOR THE YEAR ENDED 30 SEPTEMBER 2008**

	Notes	2008 £	2007 £
<b>Turnover</b>	<b>2</b>	8,447,660	8,438,100
Cost of sales		(6,164,565)	(6,165,977)
<b>Gross profit</b>		2,283,095	2,272,123
Administrative expenses		(1,853,792)	(1,838,991)
Other operating income		43,014	8,254
<b>Operating profit</b>	<b>3</b>	472,317	441,386
Other interest receivable and similar income	<b>4</b>	85,567	89,144
Interest payable and similar charges	<b>5</b>	(3,231)	(8,852)
<b>Profit on ordinary activities before taxation</b>		554,653	521,678
Tax on profit on ordinary activities	<b>6</b>	(158,183)	(141,792)
<b>Profit for the year</b>	<b>15</b>	396,470	379,886

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

There are no recognised gains and losses other than those passing through the profit and loss account.



# CALEY OCEAN SYSTEMS LIMITED

## BALANCE SHEET

AS AT 30 SEPTEMBER 2008

	Notes	2008 £	£	2007 £	£
<b>Fixed assets</b>					
Tangible assets	8		551,376		533,536
<b>Current assets</b>					
Stocks	9	422,205		297,553	
Debtors	10	3,392,212		3,211,197	
Cash at bank and in hand		1,365,263		2,518,641	
		<u>5,179,680</u>		<u>6,027,391</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(3,691,034)</u>		<u>(4,797,375)</u>	
<b>Net current assets</b>			<u>1,488,646</u>		<u>1,230,016</u>
<b>Total assets less current liabilities</b>			<u>2,040,022</u>		<u>1,763,552</u>
<b>Provisions for liabilities</b>	12		<u>(100,000)</u>		<u>(100,000)</u>
			<u>1,940,022</u>		<u>1,663,552</u>
<b>Capital and reserves</b>					
Called up share capital	14	80,000		80,000	
Revaluation reserve	15	355,159		355,159	
Profit and loss account	15	1,504,863		1,228,393	
<b>Shareholders' funds</b>	16		<u>1,940,022</u>		<u>1,663,552</u>

Approved by the Board and authorised for issue on 14 May 2009

David Cooper  
Director

Mr James McPherson  
Director

# CALEY OCEAN SYSTEMS LIMITED

## CASH FLOW STATEMENT

**FOR THE YEAR ENDED 30 SEPTEMBER 2008**

	£	2008 £	£	2007 £
<b>Net cash (outflow)/inflow from operating activities</b>		(931,470)		1,412,692
<b>Returns on investments and servicing of finance</b>				
Interest received	85,567		89,144	
Interest paid	(3,231)		(8,852)	
<b>Net cash inflow for returns on investments and servicing of finance</b>		82,336		80,292
<b>Taxation</b>		(141,792)		(55,178)
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(123,978)		(11,654)	
Receipts from sales of tangible assets	80,618		-	
<b>Net cash outflow for capital expenditure</b>		(43,360)		(11,654)
<b>Equity dividends paid</b>		(120,000)		(200,000)
<b>Net cash (outflow)/inflow before management of liquid resources and financing</b>		(1,154,286)		1,226,152
<b>(Decrease)/increase in cash in the year</b>		(1,154,286)		1,226,152

# CALEY OCEAN SYSTEMS LIMITED

## NOTES TO THE CASH FLOW STATEMENT

### FOR THE YEAR ENDED 30 SEPTEMBER 2008

1	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities	2008	2007
		£	£
	Operating profit	472,317	441,386
	Depreciation of tangible assets	29,156	24,513
	Profit on disposal of tangible assets	(3,636)	-
	Increase in stocks	(124,652)	(68,206)
	Increase in debtors	(181,015)	(570,277)
	(Decrease)/Increase in creditors within one year	(1,123,640)	1,563,430
	Movement on grant provision	-	(8,154)
	Other reserve movement	-	30,000
	Net cash (outflow)/inflow from operating activities	(931,470)	1,412,692

2	Analysis of net funds	1 October 2007	Cash flow	Other non-cash changes	30 September 2008
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	2,518,641	(1,153,378)	-	1,365,263
	Bank overdrafts	-	(908)	-	(908)
		2,518,641	(1,154,286)	-	1,364,355
	Net funds	2,518,641	(1,154,286)	-	1,364,355

3	Reconciliation of net cash flow to movement in net funds	2008	2007
		£	£
	(Decrease)/increase in cash in the year	(1,154,286)	1,226,152
	Movement in net funds in the year	(1,154,286)	1,226,152
	Opening net funds	2,518,641	1,292,489
	Closing net funds	1,364,355	2,518,641

# CALEY OCEAN SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2008

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### 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 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.4 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 Freehold	No depreciation
Plant and machinery	20% p.a straight line
Computer equipment	20%-50% p.a straight line
Fixtures, fittings & equipment	20%-33% p.a straight line
Motor vehicles	25% p.a straight line

#### 1.5 Leasing

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

#### 1.6 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

#### 1.7 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.

#### 1.8 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### 1.9 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 1.10 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.

# CALEY OCEAN SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2008

### 1 Accounting policies

(continued)

#### 1.11 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

### 2 Turnover

#### Geographical market

	Turnover	
	2008	2007
	£	£
United Kingdom	3,720,116	1,940,817
Asia	856,494	197,685
Australasia	285,729	176,403
North America	2,479,168	2,956,315
Africa	5,409	-
Europe	882,984	2,973,565
South America	217,760	193,315
	<u>8,447,660</u>	<u>8,438,100</u>

### 3 Operating profit

	2008	2007
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	29,156	24,513
Loss on foreign exchange transactions	-	71,830
Operating lease rentals		
- Plant and machinery	3,645	6,362
Auditors' remuneration (including expenses and benefits in kind)	8,840	4,520
and after crediting:		
Government grants	-	8,154
Profit on disposal of tangible assets	(3,636)	-
Profit on foreign exchange transactions	(86,939)	-
	<u></u>	<u></u>

# CALEY OCEAN SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2008

<b>4</b>	<b>Investment income</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	Bank interest	85,567	89,144
		<u>85,567</u>	<u>89,144</u>
<b>5</b>	<b>Interest payable</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	3,231	8,852
		<u>3,231</u>	<u>8,852</u>
<b>6</b>	<b>Taxation</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U.K. corporation tax	158,183	141,792
		<u>158,183</u>	<u>141,792</u>
	<b>Current tax charge</b>	<u>158,183</u>	<u>141,792</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	554,653	521,678
		<u>554,653</u>	<u>521,678</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 29.00% (2007 - 30.00%)	160,849	156,503
		<u>160,849</u>	<u>156,503</u>
	Effects of:		
	Non deductible expenses	2,294	1,048
	Depreciation add back	8,455	7,354
	Capital allowances	(12,361)	(13,510)
	Other tax adjustments	(1,054)	(9,603)
		<u>(2,666)</u>	<u>(14,711)</u>
	<b>Current tax charge</b>	<u>158,183</u>	<u>141,792</u>
<b>7</b>	<b>Dividends</b>	<b>2008</b>	<b>2007</b>
		<b>£</b>	<b>£</b>
	Ordinary final proposed	120,000	120,000
		<u>120,000</u>	<u>120,000</u>

# CALEY OCEAN SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2008

### 8 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At 1 October 2007	744,025	243,285	30,986	13,174	1,031,470
Additions	-	123,979	-	-	123,979
Disposals	-	(107,416)	-	-	(107,416)
At 30 September 2008	744,025	259,848	30,986	13,174	1,048,033
<b>Depreciation</b>					
At 1 October 2007	314,025	143,259	27,476	13,174	497,934
On disposals	-	(30,434)	-	-	(30,434)
Charge for the year	-	27,822	1,335	-	29,157
At 30 September 2008	314,025	140,647	28,811	13,174	496,657
<b>Net book value</b>					
At 30 September 2008	430,000	119,201	2,175	-	551,376
At 30 September 2007	430,000	100,027	3,509	-	533,536

The freehold land and buildings were valued on an open market basis on 17th October 2005 by a firm of independent Chartered Surveyors.

If these properties were sold for their revalued amounts it would be necessary to replace them with similar property, and rollover relief against tax on the gain would be available. Accordingly, no timing differences arise and no provision has been made for deferred tax in respect of the revaluation.

Bond and floating charge exists over the whole assets of the company.

### 9 Stocks and work in progress

	2008 £	2007 £
Raw materials and consumables	12,816	11,000
Work in progress	409,389	286,553
	<u>422,205</u>	<u>297,553</u>

# CALEY OCEAN SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2008

10 Debtors	2008 £	2007 £
Trade debtors	2,028,515	1,921,957
Amounts recoverable on long term contracts	965,661	1,156,892
Amounts owed by parent and fellow subsidiary undertakings	378,362	-
Other debtors	19,674	132,348
	<u>3,392,212</u>	<u>3,211,197</u>
11 Creditors: amounts falling due within one year	2008 £	2007 £
Bank loans and overdrafts	908	-
Trade creditors	306,367	831,810
Corporation tax	158,183	141,792
Other taxes and social security costs	232,480	36,717
Other creditors	1,651,017	1,361,134
Accruals and deferred income	1,222,079	2,305,922
Proposed dividend	120,000	120,000
	<u>3,691,034</u>	<u>4,797,375</u>
12 Provisions for liabilities and charges		Warranty Provision £
Balance at 1 October 2007 & at 30 September 2008		<u>100,000</u>
13 Pension and other post-retirement benefit commitments		
Defined contribution		
<i>Caley Ocean Systems Limited makes contributions to a money purchase scheme on behalf of David R. Cooper and James G. McPherson to the value of £157,582 (2007 - £31,402).</i>		
	2008 £	2007 £
Contributions payable by the company for the year	<u>206,057</u>	<u>76,034</u>



# CALEY OCEAN SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2008

<b>14 Share capital</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
51,200 Ordinary A shares of £1 each	51,200	51,200
28,800 Ordinary B shares of £1 each	28,800	28,800
	<u>80,000</u>	<u>80,000</u>
 <b>Allotted, called up and fully paid</b>		
51,200 Ordinary A shares of £1 each	51,200	51,200
28,800 Ordinary B shares of £1 each	28,800	28,800
	<u>80,000</u>	<u>80,000</u>
 <b>15 Statement of movements on reserves</b>		
	<b>Revaluation reserve</b>	<b>Profit and loss account</b>
	<b>£</b>	<b>£</b>
Balance at 1 October 2007	355,159	1,228,393
Profit for the year	-	396,470
Dividends paid	-	(120,000)
	<u>355,159</u>	<u>1,504,863</u>
Balance at 30 September 2008		
 <b>16 Reconciliation of movements in shareholders' funds</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	396,470	379,886
Dividends	(120,000)	(120,000)
	<u>276,470</u>	<u>259,886</u>
Net addition to shareholders' funds	1,663,552	1,403,666
Opening shareholders' funds		
	<u>1,940,022</u>	<u>1,663,552</u>
Closing shareholders' funds		
 <b>17 Contingent liabilities</b>		

At the end of the year under review advance payment and performance bonds and guarantees totalling £531,533 were in issue to customers by Bank of Scotland. These guarantees are payable if the company fails to fulfill the terms of the contracts covered by them.

# CALEY OCEAN SYSTEMS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2008

18 Directors' emoluments	2008 £	2007 £
Emoluments for qualifying services	978,086	1,047,547

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2007 - 2).

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

Emoluments for qualifying services	497,288	523,773
Company pension contributions to money purchase schemes	41,291	15,701

## 19 Employees

### Number of employees

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

	2008 Number	2007 Number
Direct & Engineering	21	23
Administration	6	6
	27	29

### Employment costs

	2008 £	2007 £
Wages and salaries	1,701,720	1,835,635
Social security costs	219,414	223,956
Other pension costs	206,057	76,034
	2,127,191	2,135,625

## 20 Control

The company is controlled by the directors by virtue of their shareholding in the parent company, Mavor Group Limited.

# **CALEY OCEAN SYSTEMS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2008**

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### **21 Related party transactions**

Caley Ocean Systems Limited is a related party of Caley Automation Limited through common directorship. During the year Caley Ocean Systems Limited made sales to the value of £316,010 (2007 - £Nil) to Caley Automation Limited. At 30 September 2008 Caley Automation Limited owed Caley Ocean Systems Limited £372,362.