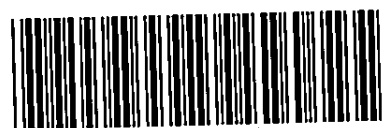


CALEY OCEAN SYSTEMS LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2011**

Company Registration No. SC200730 (Scotland)

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CALEY OCEAN SYSTEMS LIMITED

COMPANY INFORMATION

Directors	David Cooper James McPherson
Secretary	David Cooper
Company number	SC200730
Registered office	Mavor Avenue East Kilbride Glasgow G74 4PU
Auditors	William Duncan & Co. Bank Chambers 31 The Square Cumnock KA18 1AT
Business address	Mavor Avenue East Kilbride Glasgow G74 4PU
Bankers	Royal Bank of Scotland 272 Stonelaw Road Glasgow G73 3SB
Solicitors	Biggart Baillie 310 St Vincent Street Glasgow G2 5QR

CALEY OCEAN SYSTEMS LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the cash flow statement	8
Notes to the financial statements	9 - 17

CALEY OCEAN SYSTEMS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2011

The directors present their report and financial statements for the year ended 30 September 2011.

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.

In this financial year the company continued to be profitable and ended the year with good forward orders in hand for the coming year. The market conditions improved somewhat as the effects of the global financial crisis gradually diminished although it remained somewhat tentative. The company adapted to the challenges presented by the prevailing trading conditions and performed well.

The advancement of the in-house computer aided design and analysis capabilities has continued from being a development process and has now evolved to be consistently applied across all areas of project design and definition.

The in-house testing facility has proven to be very effective with a number of complex projects achieving the highest level of performance in the factory before being despatched. This testing has consistently demonstrated the excellence which is achieved from the care and attention during the design process.

The coming year will continue to bring fresh challenges with the forward order prospects appearing both interesting and exciting. The company is well placed to meet these demands and looks forward with keen anticipation to the coming year.

Results and dividends

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

The profit after taxation for the year was £1,152,503 (2010 : Profit £201,382).

Directors

The following directors have held office since 1 October 2010:

David Cooper

James McPherson

Auditors

The auditors, William Duncan & Co., are deemed to be reappointed under section 487(2) of the Companies Act 2006.

CALEY OCEAN SYSTEMS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

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 profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

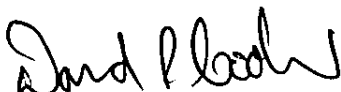
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

17 May 2012

CALEY OCEAN SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CALEY OCEAN SYSTEMS LIMITED

We have audited the financial statements of Caley Ocean Systems Limited for the year ended 30 September 2011 set out on pages 5 to 17. 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 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 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 company's affairs as at 30 September 2011 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

CALEY OCEAN SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF CALEY OCEAN SYSTEMS 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Graeme Bryson ACA CTA (Senior Statutory Auditor)
for and on behalf of William Duncan & Co.

17 May 2012

Chartered Accountants
Statutory Auditor

Bank Chambers
31 The Square
Cumnock
KA18 1AT

CALEY OCEAN SYSTEMS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2011

	Notes	2011 £	2010 £
Turnover	2	10,516,215	5,664,754
Cost of sales		(7,585,894)	(3,811,089)
Gross profit		2,930,321	1,853,665
Administrative expenses		(1,364,408)	(1,602,324)
Other operating income		8,187	7,992
Operating profit	3	1,574,100	259,333
Other interest receivable and similar income	4	4,370	2,644
Interest payable and similar charges	5	-	(122)
Profit on ordinary activities before taxation		1,578,470	261,855
Tax on profit on ordinary activities	6	(425,967)	(60,473)
Profit for the year	15	1,152,503	201,382

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.

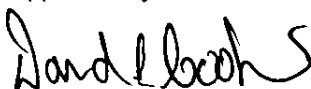
CALEY OCEAN SYSTEMS LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2011

	Notes	2011 £	£	2010 £	£
Fixed assets					
Tangible assets	8		447,497		445,829
Current assets					
Stocks	9	793,635		243,955	
Debtors	10	2,335,415		2,422,802	
Cash at bank and in hand		2,889,455		1,850,255	
		<u>6,018,505</u>		<u>4,517,012</u>	
Creditors: amounts falling due within one year	11	<u>(3,529,917)</u>		<u>(2,910,672)</u>	
Net current assets			<u>2,488,588</u>		<u>1,606,340</u>
Total assets less current liabilities			<u>2,936,085</u>		<u>2,052,169</u>
Provisions for liabilities	12		<u>(101,413)</u>		<u>(70,000)</u>
			<u>2,834,672</u>		<u>1,982,169</u>
Capital and reserves					
Called up share capital	14	80,000		80,000	
Revaluation reserve	15	355,159		355,159	
Profit and loss account	15	2,399,513		1,547,010	
Shareholders' funds	16	<u>2,834,672</u>		<u>1,982,169</u>	

Approved by the Board and authorised for issue on 17 May 2012



David Cooper
Director



James McPherson
Director

Company Registration No. SC200730

CALEY OCEAN SYSTEMS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2011

	£	2011 £	£	2010 £
Net cash inflow/(outflow) from operating activities		1,656,317		(1,039,252)
Returns on investments and servicing of finance				
Interest received	4,370		2,644	
Interest paid	-		(122)	
Net cash inflow for returns on investments and servicing of finance		4,370		2,522
Taxation		(60,473)		(46,628)
Capital expenditure				
Payments to acquire tangible assets	(21,014)		(4,573)	
Net cash outflow for capital expenditure		(21,014)		(4,573)
Equity dividends paid		(540,000)		(120,000)
Net cash inflow/(outflow) before management of liquid resources and financing		1,039,200		(1,207,931)
Increase/(decrease) in cash in the year		1,039,200		(1,207,931)

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2011

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	2011	2010
		£	£
	Operating profit	1,574,100	259,333
	Depreciation of tangible assets	19,346	18,139
	Increase in stocks	(549,680)	(77,058)
	Decrease/(increase) in debtors	87,387	(337,113)
	Increase/(decrease) in creditors within one year	495,164	(872,553)
	Other reserve movement	30,000	(30,000)
	Net cash inflow/(outflow) from operating activities	1,656,317	(1,039,252)

2	Analysis of net funds	1 October 2010	Cash flow	Other non-cash changes	30 September 2011
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	1,850,255	1,039,200	-	2,889,455
	Bank deposits	-	-	-	-
	Net funds	1,850,255	1,039,200	-	2,889,455

3	Reconciliation of net cash flow to movement in net funds	2011	2010
		£	£
	Increase/(decrease) in cash in the year	1,039,200	(1,207,931)
	Movement in net funds in the year	1,039,200	(1,207,931)
	Opening net funds	1,850,255	3,058,186
	Closing net funds	2,889,455	1,850,255

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 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 Turnover and profits

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

Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration due. Where a contract has only been partially completed at the balance sheet date, turnover represents the value of services provided to date based on proportion of the total contract value.

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	25% p.a straight line
Computer equipment	20%-33% p.a straight line
Fixtures, fittings & equipment	20%-25% 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

Stock is 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.

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

1 Accounting policies

(continued)

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.

1.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of Mavor Group Ltd, a company incorporated in Scotland, and is included in the consolidated accounts of that company.

1.12 Employee Benefit Trusts (EBT's)

Trusts have been established for the benefit of company employees and certain of their dependents. Monies held in these trusts are held by independent trustees and managed at their discretion.

Where the company retains future economic benefit from, and has de facto control of the assets and liabilities of the trust, they are accounted for as assets and liabilities of the company until the earlier of the date that an allocation of trust funds to employees in respect of past services is declared and the date that assets of the trust vest in identified individuals.

Where monies held in a trust are determined by the company on the basis of employees' past services to the business and the company can obtain no future economic benefit from those monies, such monies, whether in the trust or accrued for by the company are charged to the profit and loss account in the profit and loss account in the period to which they relate.

2 Turnover

Geographical market

	Turnover	
	2011	2010
	£	£
United Kingdom	4,980,447	1,502,890
Asia	394,173	(224,329)
Australasia	22,812	28,496
North America	1,947,906	1,026,368
Europe	3,170,877	3,331,329
	<u>10,516,215</u>	<u>5,664,754</u>

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

3	Operating profit	2011	2010
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	19,346	18,139
	Loss on foreign exchange transactions	11,893	-
	Auditors' remuneration (including expenses and benefits in kind)	10,770	8,000
	and after crediting:		
	Profit on foreign exchange transactions	-	(16,074)
		<u> </u>	<u> </u>
4	Investment income	2011	2010
		£	£
	Bank interest	4,370	2,644
		<u> </u>	<u> </u>
		<u>4,370</u>	<u>2,644</u>
		<u> </u>	<u> </u>
5	Interest payable	2011	2010
		£	£
	On bank loans and overdrafts	-	122
		<u> </u>	<u> </u>

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

6	Taxation	2011 £	2010 £
	Domestic current year tax		
	U.K. corporation tax	424,554	60,473
	Total current tax	424,554	60,473
	Deferred tax		
	Deferred tax charge credit current year	1,413	-
		425,967	60,473
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	1,578,470	261,855
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.00% (2010 - 28.00%)	410,402	73,319
	Effects of:		
	Depreciation add back	5,030	5,079
	Capital allowances	(6,561)	(3,350)
	Other tax adjustments	15,683	(14,575)
		14,152	(12,846)
	Current tax charge for the year	424,554	60,473
7	Dividends	2011 £	2010 £
	Ordinary interim paid	300,000	-
	Ordinary final proposed	-	240,000
		300,000	240,000

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

8 Tangible fixed assets

	Land and buildings Freehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 October 2010	744,025	164,098	30,986	13,174	952,283
Additions	-	6,133	-	14,881	21,014
Disposals	-	-	-	(13,174)	(13,174)
At 30 September 2011	744,025	170,231	30,986	14,881	960,123
Depreciation					
At 1 October 2010	314,025	148,269	30,986	13,174	506,454
On disposals	-	-	-	(13,174)	(13,174)
Charge for the year	-	18,726	-	620	19,346
At 30 September 2011	314,025	166,995	30,986	620	512,626
Net book value					
At 30 September 2011	430,000	3,236	-	14,261	447,497
At 30 September 2010	430,000	15,829	-	-	445,829

The freehold land and buildings were valued on an open market basis on 1st February 2011 by James Barr Limited who are 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.

Standard security and floating charge exists over the whole assets of the company.

9 Stocks

	2011 £	2010 £
Raw materials and consumables	21,763	33,271
Long term contract balances:		
- Net cost less foreseeable losses	771,872	210,684
	<u>793,635</u>	<u>243,955</u>

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

10 Debtors	2011 £	2010 £
Trade debtors	2,097,633	1,737,000
Amounts recoverable on long term contracts	-	385,708
Amounts owed by parent and fellow subsidiary undertakings	57,286	192,286
Other debtors	180,496	107,808
	<u>2,335,415</u>	<u>2,422,802</u>

11 Creditors: amounts falling due within one year	2011 £	2010 £
Trade creditors	735,474	297,117
Corporation tax	424,554	60,473
Other taxes and social security costs	101,188	39,255
Other creditors	1,801,425	1,850,492
Accruals and deferred income	467,276	423,335
Proposed dividend	-	240,000
	<u>3,529,917</u>	<u>2,910,672</u>

12 Provisions for liabilities	Deferred tax liability £	Other £	Total £
Balance at 1 October 2010	-	70,000	70,000
Profit and loss account	1,413	30,000	31,413
	<u>1,413</u>	<u>100,000</u>	<u>101,413</u>
Balance at 30 September 2011	1,413	100,000	101,413

The deferred tax liability is made up as follows:

	2011 £	2010 £
Accelerated capital allowances	<u>1,413</u>	<u>-</u>

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

13 Pension and other post-retirement benefit commitments

Defined contribution

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 £307,961 (2010 - £42,033).

	2011 £	2010 £
Contributions payable by the company for the year	398,729	102,494

14 Share capital

	2011 £	2010 £
Allotted, called up and fully paid		
51,200 Ordinary A shares of £1 each	51,200	51,200
28,800 Ordinary B shares of £1 each	28,800	28,800
	80,000	80,000

15 Statement of movements on reserves

	Revaluation reserve £	Profit and loss account £
Balance at 1 October 2010	355,159	1,547,010
Profit for the year	-	1,152,503
Dividends paid	-	(300,000)
Balance at 30 September 2011	355,159	2,399,513

16 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial year	1,152,503	201,382
Dividends	(300,000)	(240,000)
Net addition to/(depletion in) shareholders' funds	852,503	(38,618)
Opening shareholders' funds	1,982,169	2,020,787
Closing shareholders' funds	2,834,672	1,982,169

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

17 Contingent liabilities

At the end of the year under review performance bonds and guarantees totalling £471,831 were in issue to customers by Royal Bank of Scotland. These guarantees are payable if the company fails to fulfill the terms of the contracts covered by them.

18 Directors' remuneration	2011 £	2010 £
Remuneration for qualifying services	304,096	707,493
Company pension contributions to defined contribution schemes	307,961	42,033
	<u>612,057</u>	<u>749,526</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	152,778	354,307
Company pension contributions to defined contribution schemes	154,258	21,295
	<u>154,258</u>	<u>21,295</u>

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2011

19 Employees

Number of employees

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

	2011 Number	2010 Number
Direct & Engineering	21	22
Administration	6	6
	<u>27</u>	<u>28</u>

Employment costs

	2011 £	2010 £
Wages and salaries	1,063,584	1,467,425
Social security costs	124,123	173,407
Other pension costs	398,729	102,494
	<u>1,586,436</u>	<u>1,743,326</u>

20 Control

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

21 Related party relationships and transactions

James Mcpherson

The company has taken advantage of the exemption available in FRS 8 "Related party disclosures" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertaking of the group.