

CALEY OCEAN SYSTEMS LTD

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

Company Registration No. SC200730 (Scotland)

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CALEY OCEAN SYSTEMS LTD

COMPANY INFORMATION

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

CALEY OCEAN SYSTEMS LTD

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CALEY OCEAN SYSTEMS LTD

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2013

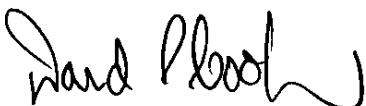
Review of the business

The directors are pleased with the results for the year. The specialist nature of the products has allowed the company to develop in a period of tough global conditions and with a strong order book the outlook for the next financial years remains positive.

The difficult credit conditions and customer requirements for Bank Guarantees. Has provided a challenge on some of our larger orders which has met with the valuable support and assistance from the ECGD Bond Scheme.

Our financial performance has been very positive with an increase in turnover, gross margin and return on capital which have resulted in excellent financial results for the year.

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



Mr David Cooper

Director

27 June 2014

CALEY OCEAN SYSTEMS LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2013

The directors present their report and financial statements for the year ended 30 September 2013.

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.

Directors

The following directors have held office since 1 October 2012:

Mr David Cooper

Mr James McPherson

Auditors

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

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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



Mr David Cooper

Director

27 June 2014

CALEY OCEAN SYSTEMS LTD

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CALEY OCEAN SYSTEMS LTD

We have audited the group and parent company financial statements of Caley Ocean Systems Ltd for the year ended 30 September 2013 set out on pages 5 to 15. 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 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 Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2013 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

CALEY OCEAN SYSTEMS LTD

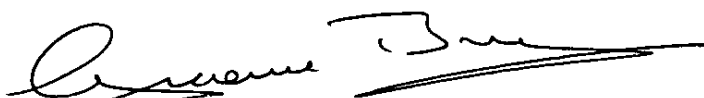
INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF CALEY OCEAN SYSTEMS LTD

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 CTA (Senior Statutory Auditor)
for and on behalf of William Duncan & Co

27 June 2014

Chartered Accountants
Statutory Auditor

Bank Chambers
31 The Square
Cumnock
Ayrshire
KA18 1AT

CALEY OCEAN SYSTEMS LTD

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Notes	2013 £	2012 £
Turnover	2	18,511,028	10,416,056
Cost of sales		(13,742,257)	(7,914,031)
Gross profit		4,768,771	2,502,025
Administrative expenses		(1,067,289)	(1,050,920)
Other operating income		3,000	-
Operating profit	3	3,704,482	1,451,105
Group loan written off		-	(73,212)
Profit on ordinary activities before interest		3,704,482	1,377,893
Other interest receivable and similar income	4	14,363	8,817
Interest payable and similar charges	5	(4,263)	-
Profit on ordinary activities before taxation		3,714,582	1,386,710
Tax on profit on ordinary activities	6	104,781	(364,882)
Profit for the year	15	3,819,363	1,021,828

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.

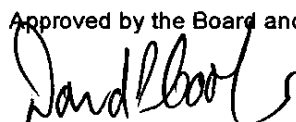
CALEY OCEAN SYSTEMS LTD

BALANCE SHEET

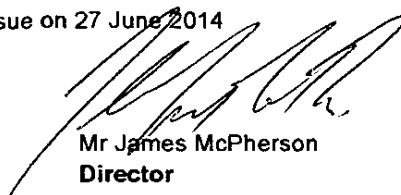
AS AT 30 SEPTEMBER 2013

	Notes	2013 £	£	2012 £	£
Fixed assets					
Tangible assets	8		241,355		463,643
Current assets					
Stocks	9	1,803,698		460,724	
Debtors	10	7,613,790		3,413,950	
Cash at bank and in hand		3,235,570		3,007,068	
		<u>12,653,058</u>		<u>6,881,742</u>	
Creditors: amounts falling due within one year	11	<u>(7,014,196)</u>		<u>(3,386,902)</u>	
Net current assets			5,638,862		3,494,840
Total assets less current liabilities			<u>5,880,217</u>		<u>3,958,483</u>
Provisions for liabilities	12		(104,354)		(101,983)
			<u>5,775,863</u>		<u>3,856,500</u>
Capital and reserves					
Called up share capital	14		80,000		80,000
Revaluation reserve	15		125,159		355,159
Profit and loss account	15		5,570,704		3,421,341
Shareholders' funds	16		<u>5,775,863</u>		<u>3,856,500</u>

Approved by the Board and authorised for issue on 27 June 2014



Mr David Cooper
Director



Mr James McPherson
Director

Company Registration No. SC200730

CALEY OCEAN SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2013

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.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

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 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 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.5 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

1.6 Leasing

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

1.7 Stock

Stock is valued at the lower of cost and net realisable value.

1.8 Revenue recognition

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Revenue not billed to clients is included in work in progress and payments on account in excess of the relevant amount of revenue are included in creditors.

CALEY OCEAN SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2013

1 Accounting policies

(Continued)

1.9 Long term contracts

Amounts recoverable on long term contracts, which are included in work in progress, 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.

1.10 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.

1.11 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.

1.12 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.

1.13 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.

2 Turnover

Geographical market

	Turnover	
	2013 £	2012 £
United Kingdom	1,728,787	1,958,326
Asia	1,476,298	2,662,713
Australasia	6,003,092	1,826
North America	1,391,445	656,965
Europe	7,707,381	5,136,226
South America	204,026	-
	<u>18,511,029</u>	<u>10,416,056</u>

CALEY OCEAN SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2013

3	Operating profit	2013	2012
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	15,243	7,508
	Loss on foreign exchange transactions	-	15,782
	Research and development	-	9,050
	Auditors' remuneration (including expenses and benefits in kind)	14,200	9,270
	and after crediting:		
	Profit on foreign exchange transactions	(38,357)	-
		<u> </u>	<u> </u>
4	Investment income	2013	2012
		£	£
	Bank interest	12,693	8,817
	Other interest	1,670	-
		<u> </u>	<u> </u>
		14,363	8,817
		<u> </u>	<u> </u>
5	Interest payable	2013	2012
		£	£
	On overdue tax	4,263	-
		<u> </u>	<u> </u>

CALEY OCEAN SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2013

6	Taxation	2013 £	2012 £
	Domestic current year tax		
	U.K. corporation tax	464,750	364,312
	Adjustment for prior years	(571,902)	-
	Total current tax	(107,152)	364,312
	Deferred tax		
	Deferred tax charge credit current year	2,371	570
		(104,781)	364,882
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	3,714,582	1,386,710
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 23.50% (2012 - 25.00%)	872,876	346,678
	Effects of:		
	Non deductible expenses	(72)	22,243
	Depreciation add back	3,582	1,878
	Capital allowances	(411,636)	(6,487)
	Adjustments to previous periods	(571,902)	-
		(980,028)	17,635
	Current tax charge for the year	(107,152)	364,312

The adjustment for prior periods in respect of taxation is for Research and Development claims that have been made retrospectively.

7	Dividends	2013 £	2012 £
	Ordinary interim paid	1,670,000	-

CALEY OCEAN SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2013

8 Tangible fixed assets

	Land and buildings Freehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 October 2012	744,025	193,885	30,986	14,881	983,777
Additions	-	19,455	3,500	-	22,955
Revaluation	(544,025)	-	-	-	(544,025)
At 30 September 2013	200,000	213,340	34,486	14,881	462,707
Depreciation					
At 1 October 2012	314,025	170,782	30,986	4,341	520,134
Revaluation	(314,025)	-	-	-	(314,025)
Charge for the year	-	11,303	219	3,721	15,243
At 30 September 2013	-	182,085	31,205	8,062	221,352
Net book value					
At 30 September 2013	200,000	31,255	3,281	6,819	241,355
At 30 September 2012	430,000	23,103	-	10,540	463,643

The property from which the company currently trades is for sale on the open market at offers over £400,000.

The directors feel that in the medium term the net realisable value of the property will be around £200,000. They have based this valuation at the rate a property developer would pay for the land for building residential housing in the area.

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	2013 £	2012 £
Raw materials and consumables	12,986	11,663
Long term contract balances:		
- Net cost less foreseeable losses	1,790,712	449,061
	<u>1,803,698</u>	<u>460,724</u>

CALEY OCEAN SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2013

10 Debtors	2013 £	2012 £
Trade debtors	2,833,174	2,050,972
Amounts recoverable on long term contracts	3,785,490	-
Amounts owed by parent and fellow subsidiary undertakings	123,185	1,362,018
Corporation tax	415,377	-
Other debtors	456,564	960
	<u>7,613,790</u>	<u>3,413,950</u>

11 Creditors: amounts falling due within one year	2013 £	2012 £
Trade creditors	2,539,382	1,017,327
Corporation tax	60,818	364,312
Other taxes and social security costs	40,734	115,514
Other creditors	2,361,023	1,363,422
Accruals and deferred income	2,012,239	526,327
	<u>7,014,196</u>	<u>3,386,902</u>

12 Provisions for liabilities

	Deferred tax liability £	Warranty Provision £	Total £
Balance at 1 October 2012	1,983	100,000	101,983
Profit and loss account	2,371	-	2,371
Balance at 30 September 2013	<u>4,354</u>	<u>100,000</u>	<u>104,354</u>

The deferred tax liability is made up as follows:

	2013 £	2012 £
Accelerated capital allowances	<u>4,354</u>	<u>1,983</u>

CALEY OCEAN SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

13 Pension and other post-retirement benefit commitments Defined contribution

	2013 £	2012 £
Contributions payable by the company for the year	192,830	141,512

14 Share capital

	2013 £	2012 £
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 2012	355,159	3,421,341
Profit for the year	-	3,819,363
Dividends paid	-	(1,670,000)
Revaluation during the year	(230,000)	-
Balance at 30 September 2013	125,159	5,570,704

16 Reconciliation of movements in shareholders' funds

	2013 £	2012 £
Profit for the financial year	3,819,363	1,021,828
Dividends	(1,670,000)	-
	2,149,363	1,021,828
Other recognised gains and losses	(230,000)	-
Net addition to shareholders' funds	1,919,363	1,021,828
Opening shareholders' funds	3,856,500	2,834,672
Closing shareholders' funds	5,775,863	3,856,500

CALEY OCEAN SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2013

17 Contingent liabilities

At the end of the year under review performance bonds and guarantees totalling £940,000 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	2013 £	2012 £
Remuneration for qualifying services	199,499	305,090
Company pension contributions to defined contribution schemes	100,000	50,000
	<u>299,499</u>	<u>355,090</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2012 - 2).

19 Employees

Number of employees

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

	2013 Number	2012 Number
Direct & Engineering	23	22
Administration	6	6
	<u>29</u>	<u>28</u>

Employment costs	2013 £	2012 £
Wages and salaries	945,990	1,047,067
Social security costs	103,558	119,922
Other pension costs	192,830	141,512
	<u>1,242,378</u>	<u>1,308,501</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.

CALEY OCEAN SYSTEMS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 30 SEPTEMBER 2013**

21 Post balance sheet events

In January 2014 the company entered into an agreement to purchase new premises from which they intend to move to and trade from once renovated. The cost of the project is estimated to be in be around £1m.

22 Related party relationships and transactions

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.