

Canusa Systems Limited

792437

Canusa Systems Limited

**Report and Financial Statements
For the year ended 31 December 2009**

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COMPANIES HOUSE

Canusa Systems Limited

Company Information

Directors	W P Buckley G S Love
Company secretary	H McColl
Company number	00792437
Registered office	Bergstrand House Parkwood Close Broadley Industrial Park Roborough Plymouth PL6 7EZ
Auditors	Ernst & Young LLP Ten George Street Edinburgh Scotland EH2 2DZ
Bankers	HSBC Bank plc 4 Old Town Street Plymouth
Solicitors	Addleshaw Goddard LLP 150 Aldersgate Street London EC1A 4EJ

Canusa Systems Limited

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Canusa Systems Limited

Directors' report
for the year ended 31 December 2009

The directors present their report and the financial statements for the year ended 31 December 2009

Principal activities

The company's principal activity during the year was the distribution of heat shrinkable sleeves, adhesives, sealants and liquid coatings for onshore and offshore pipeline protection and sealing systems for the oil and gas water markets

Business review

Turnover for the year was £32.5m increasing by 14% on the prior year due to successfully winning large projects in both the offshore markets and Middle East region. Pre-tax profits as a percentage of revenue were 8.5% for 2009 and 8% for 2008. The increase in profit is due to higher project margins partially offset by the foreign exchange loss of £1.2m caused by trading in foreign markets.

Results and dividends

The profit for the year after taxation amounted to £1,924,265 (2008 - £1,452,965)

There was no dividend paid out during the year (2008 - £1,000,000)

Directors

The directors who served during the year were

W P Buckley
G S Love

Principal risks and uncertainties

Political risks

Due to the nature of our business and the regions that our projects are located, we participate in high risk countries that are in or are at risk of political unrest. The high risk requires us to take certain precautions and assessments of risk in the determination of business exposures.

Foreign exchange risks

The majority of our contracts are negotiated in USD or EUR and hence the company is exposed to exchange fluctuations in the billing and collection of turnover.

Exposure to price and credit risk

Due to the highly competitive nature of our business, the company is under regional price pressures in order to secure projects. Further, due to many of our customers being contractors or sub-contractors, the company is often required to extend payment terms to secure projects, including the issuance of performance bonds.

Future developments

The company intends to continue to undertake its principal activities

Canusa Systems Limited

Directors' report
for the year ended 31 December 2009

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on *Wednesday September 7, 2010* and signed on its behalf


Director

G S LOVE

Canusa Systems Limited

**Statement of directors' responsibilities
for the year ended 31 December 2009**

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 judgments and 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, and
- 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.

Canusa Systems Limited

Independent auditors' report to the shareholders of Canusa Systems Limited

We have audited the financial statements of Canusa Systems Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 19. 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 Statement of directors' responsibilities, 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 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.

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 31 December 2009 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.

Canusa Systems Limited

Independent auditors' report to the shareholders of Canusa 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

Ernst & Young LLP

Walter Campbell (Senior statutory auditor)

for and behalf of Ernst & Young LLP, Statutory Auditor

Glasgow

Date *8/9/2010*

Canusa Systems Limited

Profit and loss account
for the year ended 31 December 2009

	Note	2009 £	2008 £
Turnover	1 2	32,451,241	28 360 081
Cost of sales		(22,122,921)	(19,706,461)
Gross profit		10,328,320	8 653 620
Selling and distribution costs		(661,519)	(652,845)
Administrative expenses		(6,892,162)	(5 739,412)
Operating profit	3	2,774 639	2 261 363
Bank interest receivable		612	14 752
Profit on ordinary activities before taxation		2 775,251	2,276,115
Tax on profit on ordinary activities	5	(850,986)	(823,150)
Profit for the financial year	12	1,924 265	1,452 965

All amounts relate to continuing operations

There were no recognised gains or losses for 2009 or 2008 other than those included in the Profit and loss account

Canusa Systems Limited
Registered number 00792437

Balance sheet
as at 31 December 2009

	Note	£	2009 £	£	2008 £
Fixed assets					
Tangible fixed assets	6		520,923		447,452
Current assets					
Stocks	7	2,931,380		3,794,069	
Debtors	8	9,238,067		9,341,108	
Cash at bank		232,766		1,896,277	
			12,402,213	15,031,454	
Creditors: amounts falling due within one year	9	(5,664,030)		(10,144,065)	
Net current assets			6,738,183		4,887,389
Total assets less current liabilities			7,259,106		5,334,841
Capital and reserves					
Called up share capital	11		3,516,170		3,516,170
Profit and loss account	12		3,742,936		1,818,671
Shareholders' funds	13		7,259,106		5,334,841

The financial statements were approved and authorised for issue by the board and were signed on its behalf on September 7, 2010



Director GS LOVE

The notes on pages 8 to 15 form part of these financial statements

1 Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The company's business activities, together with the factors likely to affect its future development performance and position are set out in the business review on page 1. The financial position of the company and its borrowing facilities are presented in the financial statements and supporting notes

1.2 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.3 Revenue recognition

Revenue is recognised to the extent that that company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised:

Sales of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of the goods.

Interest income

Revenue is recognised as interest accrues using the effective interest method.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets less their estimated residual value, over their expected useful lives on the following bases:

Leasehold improvements	- over 5 to 15 years depending on the term of the leases
Plant and machinery	- over 2 to 10 years
Motor vehicles	- over 8 years

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

1.5 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

1 Accounting policies (continued)

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.7 Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay or receive more tax with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted at the balance sheet date.

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

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

1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activity, stated net of value added tax.

The directors consider that turnover and the pre-tax profit is attributable to one activity: the distribution of heat shrinkable tubing, pipe coating and sealing systems.

Canusa Systems Limited

Notes to the financial statements
for the year ended 31 December 2009

3. Operating profit

The operating profit is stated after charging

	2009 £	2008 £
Depreciation of tangible fixed assets		
- owned by the company	186,209	167,308
Auditors' remuneration	18,750	15,372
Operating lease rentals		
- plant and machinery	8,405	15,918
- land and buildings	92,000	230,377
Difference on foreign exchange	1,240,546	66,113
	<u>1,445,910</u>	<u>429,076</u>

During the year no director received any emoluments (2008 - £nil)

4 Staff costs

Staff costs were as follows

	2009 £	2008 £
Wages and salaries	503,393	1,228,539
Social security costs	56,580	47,123
Other pension costs	12,097	7,861
	<u>572,070</u>	<u>1,283,523</u>

The average monthly number of employees, including directors was as follows

	2009 No	2008 No
Office and management	15	20
	<u>15</u>	<u>20</u>

Notes to the financial statements
for the year ended 31 December 2009

5. Taxation

	2009 £	2008 £
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	789,099	455,253
Adjustments in respect of prior periods	116,076	226,396
	<u>905,175</u>	<u>681,649</u>
Group relief	-	152,755
Total current tax	<u>905,175</u>	<u>834,404</u>
Deferred tax (see note 10)		
Origination and reversal of timing differences	(54,189)	(11,254)
Tax on profit on ordinary activities	<u>850,986</u>	<u>823,150</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2008 - higher than) the standard rate of corporation tax in the UK (28%). The differences are explained below

	2009 £	2008 £
Profit on ordinary activities before tax	<u>2,775,251</u>	<u>2,276,115</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 28.5%)	777,070	648,693
Effects of		
Expenses not deductible for tax purposes	17,177	9,975
Capital allowances for year in excess of depreciation	9,687	10,648
Utilisation of tax losses	-	(61,308)
Short-term timing differences	(14,835)	-
Adjustments to tax charge in respect of prior periods	116,076	226,396
Current tax charge for the year (see above)	<u>905,175</u>	<u>834,404</u>

Notes to the financial statements
for the year ended 31 December 2009

6 Tangible fixed assets

	<i>Leasehold improvements</i> £	<i>Plant and machinery</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost				
At 1 January 2009	32,734	927,682	8,550	968,966
Additions	-	259,680	-	259,680
Disposals	-	(61,383)	-	(61,383)
At 31 December 2009	32,734	1,125,979	8,550	1,167,263
Depreciation				
At 1 January 2009	6,392	509,777	5,345	521,514
Charge for the year	3,640	181,500	1,069	186,209
On disposals	-	(61,383)	-	(61,383)
At 31 December 2009	10,032	629,894	6,414	646,340
Net book value				
At 31 December 2009	22,702	496,085	2,136	520,923
At 31 December 2008	26,342	417,905	3,205	447,452

7 Stocks

	<i>2009</i> £	<i>2008</i> £
Finished goods and goods for resale	2,931,380	3,794,069

The difference between purchase price or production cost of stock and their replacement cost is not material

8 Debtors

	<i>2009</i> £	<i>2008</i> £
Trade debtors	8,380,202	8,522,584
Other debtors	616,601	683,050
Tax recoverable	171,917	120,316
Deferred tax asset (see note 10)	69,347	15,158
	9,238,067	9,341,108

Canusa Systems Limited

Notes to the financial statements
for the year ended 31 December 2009

9 Creditors
Amounts falling due within one year

	2009 £	2008 £
Trade creditors	391,243	544,378
Amounts owed to group undertakings	2,260,623	6 203,498
Corporation tax	1,021,336	1 229,247
Social security and other taxes	15,139	13,662
Accruals and deferred income	1,975,689	2,153,280
	<u>5,664,030</u>	<u>10,144,065</u>

10 Deferred tax asset

	2009 £	2008 £
At the beginning of the year	15,158	3,904
Deferred tax credit in profit and loss account	54,189	11,254
	<u>69,347</u>	<u>15,158</u>

The deferred tax asset is made up as follows

	2009 £	2008 £
Accelerated capital allowances	25,396	12 403
Other timing differences	43 951	2,755
	<u>69,347</u>	<u>15,158</u>

Canusa Systems Limited

Notes to the financial statements
for the year ended 31 December 2009

11 Share capital

	2009 £	2008 £
Allotted, called up and fully paid		
201,085 Ordinary shares of £1 each	201,085	201,085
3,315,085 Deferred shares of £1 each	3,315,085	3,315,085
	<hr/>	<hr/>
	3,516,170	3,516,170
	<hr/>	<hr/>

Both the ordinary shares and deferred shares have no rights to dividends (except at the discretion of the directors) and have no right of redemption

In the event of a return of assets on liquidation or otherwise, the deferred shares shall only qualify for repayment for the paid up value of deferred shares after the company's liabilities have been paid and the ordinary shareholders have received £100 per share. Apart from £100, the ordinary shareholders also qualify for any remaining assets. The deferred shares each receive only one vote per share in a poll whereas the ordinary shares receive 100 votes per share.

12 Reserves

	<i>Profit and loss account</i> £
At 1 January 2009	1,818,671
Profit for the year	1,924,265
	<hr/>
At 31 December 2009	3,742,936
	<hr/>

13 Reconciliation of movement in shareholders' funds

	2009 £	2008 £
Opening shareholders' funds	5,334,841	4,881,876
Profit for the year	1,924,265	1,452,965
Dividends (Note 14)	-	(1,000,000)
	<hr/>	<hr/>
Closing shareholders' funds	7,259,106	5,334,841
	<hr/>	<hr/>

14 Dividends

	2009 £	2008 £
Dividends paid on equity capital	-	1,000,000
	<hr/>	<hr/>

Canusa Systems Limited

Notes to the financial statements
for the year ended 31 December 2009

15 Contingent liabilities

The group bank overdraft is secured by an unlimited multilateral company guarantee given by ShawCor Ltd Bredero Shaw Limited Canusa Systems Limited DSG - Canusa UK Limited, OMSCO Industries Limited Shaw Inspections Systems Limited Shaw Pipeline Service UK Limited and ShawCor UK Limited to secure all liabilities of each other

16 Pension commitments

Since 1 January 1994 the employees of the company have been members of the ShawCor Limited group pension scheme This replaced the previous company pension scheme The scheme is a defined contribution scheme and is fully insured During the period contributions payable amounted to £12,097 (2008 - £7,861) The amount owed by the company to the scheme at the year end was £1,705 (2008 - £873)

17. Operating lease commitments

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as follows

	<i>Land and buildings</i>		<i>Other</i>
	<i>2009</i>	<i>2008</i>	<i>2008</i>
	£	£	£
<i>Expiry date</i>			
Between 2 and 5 years	92,000	92,000	8,060
	<u>92,000</u>	<u>92,000</u>	<u>8,060</u>

18 Related party transactions

The company has taken advantage of the exemption conferred by FRS 8 not to disclose transactions with other entities within the group

19. Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary undertaking of ShawCor UK Limited registered in England

The ultimate parent company and controlling party is ShawCor Ltd which is also the smallest and largest group of which the company is a member and for which group accounts are prepared ShawCor Ltd is a company registered in Canada

The address from which copies of ShawCor Ltd group are available to the public is

ShawCor Ltd
25 Bethridge Road
Rexdale
Ontario
Canada