Registered Number 01829338

AV Technology Limited

Annual Report

for the year ended 31 December 2012

AV Technology Limited

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for the year ended 31 December 2012

Contents

AV Technology Limited

Directors and advisers

Directors
J Chappell
S Mottershead
C J Rea
J C Caldwell

Company secretary
J C Caldwell

Registered office
Global Technology Centre
Mill Close
Bradmarsh Business Park
Rotherham
S60 1BZ

Independent auditors
PricewaterhouseCoopers LLP
1 East Parade
Sheffield
S1 2ET

Bankers
HSBC Bank plc
4th Floor, City Point
29 King Street
Leeds
LS1 2HL

AV Technology Limited

Directors' report
for the year ended 31 December 2012

The directors present their report and the audited financial statements of the company for the year ended 31 December 2012

Principal activity
The principal activity of the company is providing engineering consultancy services

Review of business and future developments
On 3 January 2013 the two Director shareholders Steve Mottershead and John Chappell sold the Ionix Group Limited including its subsidiary AV Technology Limited to AES Engineering Limited The sale was a strategic move to utilise AES Engineering Limited's global infrastructure to expand the business Steve Mottershead and John Chappell continue as Directors of the business

The year ended 31 December 2012 was another year of significant growth at both the sales and profitability level Turnover increased 19 9% to £6 1m (2011 26 9% growth to £5 1m) and operating profit rose 69 0% to £463,000 (2011 £274,000)

The sales growth in 2012 is mainly as a result of significant growth in our offshore pipeline vibration monitoring This grew in the latter half of the year and is expected to continue throughout 2013 Onshore asset management also continues to grow with significant contract wins and new opportunities to explore throughout 2013

Principal risks and KPI's
Post acquisition the Directors of AES Engineering Limited, the ultimate Parent Company will manage the group's risks and operations at a group level, rather than at an individual business unit level For this reason, the company's directors believe that discussion of the group's risks and analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the company's business The principal risks and uncertainties of the group, including credit, liquidity and cash flow risk of the company, and the development, performance and position of the company are discussed in the Director's report of AES Engineering Limited's Annual Report which does not form part of this report

Results and dividends
The profit and loss account for the year is set out on page 7

Directors
The Directors who held office during the year are given below

J Chappell
S Mottershead
C J Rea (appointed 3 January 2013)
I Wallace (appointed 3 January 2013, resigned 19 April 2013)
J C Caldwell (appointed 3 January 2013)

Directors' Indemnities
The Ionix Group maintains liability insurance for its directors and officers The Group has also provided an indemnity for its directors during the financial year and at the date of this report this is

now provided by the AES Engineering Limited Group, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006

Charitable donations
The Company made £1,735 (2011 £700) charitable donations but made no political donations during the year

Employees
Communication is crucial to helping employees engage with the business We communicate through team briefings, presentations, intranet and newsletters The Company has well-established forums for exchanging information and best practise, as well as discussing business issues and including efficiency initiatives, training and development and environment and health and safety issues All employees contribute to and understand the Company's business culture - particularly the needs of the customers it serves

The Company is committed to promoting policies which are designed to ensure that employees and those who seek to work for the Company are treated equally regardless of sex, marital status, sexual orientation, creed, colour, race or ethnic origin

The Company gives full and fair consideration to applications for employment by people who are disabled, to continue wherever possible the development of staff who become disabled and to provide equal opportunities for the career development of disabled employees

The Company recognises that training for all levels of staff is vital to performance and it also provides a mechanism for increasing morale and improving staff retention This ensures that knowledge of the Groups product offering is not lost, thereby enhancing customer service All employees are provided with regular training on behavioural standards, whilst succession planning, including the deployment of an effective apprenticeship scheme, will contribute to future business sustainability

AV Technology Limited

Directors' report
for the year ended 31 December 2012 - continued

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 prepared 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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

Disclosure of information to auditors

So far as each Director is aware, there is no relevant audit information of which the Company's auditors are unaware Relevant information is defined as information needed by the Company's auditors in connection with preparing their report Each Director has taken all the steps that ought to be taken to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

On behalf of the Board

J Caldwell

J C Caldwell
Director and Company Secretary
16 May 2013

Independent auditors' report to the members of AV Technology Limited

We have audited the financial statements of AV Technology Limited for the year ended 31 December 2012 which comprise the Profit and loss account, the Balance sheet, the Statement of accounting policies and the Related notes 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)

Respective responsibilities of directors and auditors
As explained more fully in the statement of directors' responsibilities set out on page 4 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

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

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 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 31 December 2012 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

Independent auditors' report to the members of AV Technology Limited - continued

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, or
- the directors were not entitled to prepare financial statements in accordance with the small company regime and take advantage of the small companies' exemption in preparing the Directors' Report

Andy Ward (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Sheffield
22 May 2013

Profit and loss account
for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Turnover	1	**6,128**	5,112
Cost of sales		**(4,609)**	(3,963)
Gross Profit		**1,519**	1,149
Administrative expenses		**(1,056)**	(875)
Operating profit	2	**463**	274
Interest payable and similar charges	3	**(12)**	(12)
Profit on ordinary activities before taxation		**451**	262
Tax on profit on ordinary activities	5	**(104)**	(39)
Profit for the financial year		**347**	223

All items dealt with in arriving at the operating profit above relate to continuing operations

The company has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the retained profit for the financial year stated above and their historical cost equivalents

AV Technology Limited

Balance sheet
as at 31 December 2012

Registered number 01829338

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	6	**359**	383
		359	383
Current assets			
Debtors	7	**1,834**	1,422
Cash at bank and in hand		**34**	2
		1,868	1,424
Creditors. amounts falling due within one year	8	**(957)**	(878)
Net current assets		**911**	546
Total assets less current liabilities		**1,270**	929
Creditors amounts falling due after more than one year	9	**(67)**	(55)
Deferred taxation	11	**-**	(20)
Net assets		**1,201**	854
Capital and reserves			
Called up share capital	12	**-**	-
Profit and loss account	13	**1,201**	854
Total shareholders' funds	14	**1,201**	854

The financial statements on pages 9 to 18 were approved by the board of directors on 16th May 2013 and were signed on its behalf by

Steve Mottershead

Director

AV Technology Limited

Statement of accounting policies

Basis of preparation of accounts
The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006, 'The Small Companies and Groups (Accounts and Directors' Report) Regulations 2008' and with the Financial Reporting Standard for Smaller Entities (effective April 2008) Supplementary disclosures and information have been supplied as the directors have deemed necessary

Cash flow statement
The company has taken advantage of the exemption in Financial Reporting Standard Number 1 (revised 1996) from producing a cash flow statement as it is a wholly-owned subsidiary undertaking of Ionix Group Limited

Turnover
Turnover comprises revenue recognised by the company in respect of services supplied during the year, exclusive of Value Added Tax and trade discounts Turnover is recognised when the risks and rewards of ownership have passed to the customer or the services have been complete and agreed by the customer

Tangible assets and depreciation
The cost of tangible assets is their purchase cost, together with any incidental expenses of acquisition

Depreciation is calculated so as to write off the cost of tangible assets, less their estimated residual value, over their estimated economic lives The depreciation rates used for this purpose are

Plant and equipment	15-50% straight line
Motor vehicles	25% straight line
Long term leasehold property	Lifetime of the lease
Office Equipment	15-50% straight line

Deferred taxation
Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law Deferred tax is not provided on timing differences arising from revaluation of fixed assets where there are no commitments to sell the assets Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax and liabilities are not discounted

Pension costs
The company operates defined contribution pension schemes The charge in the profit and loss account for pension costs is the amount of the company's contributions payable to the pension schemes in the year

Leasing
Assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible assets The related obligations, net of future finance charges, are included in creditors

Operating lease rentals are charged to the profit and loss account as they are incurred Lease incentive are recognised on a straight line basis over the period until the next rent review

AV Technology Limited

Notes to the financial statements for the year ended 31 December 2012

1 Turnover

The company's turnover and operating profit relate entirely to its principal activity

As permitted by the Companies Act and SSAP 25 the directors have not disclosed segmental information as they consider it would be seriously prejudicial to the company's interests

2 Operating Profit

	2012 £'000	2011 £'000
Operating profit is stated after charging/(crediting)		
Depreciation of owned tangible assets	183	151
Depreciation of tangible assets held under hire purchase contracts	31	17
Depreciation on long term leasehold property	10	10
Auditors' remuneration including expenses		
- audit	10	-
Operating leases - property	98	81
Operating leases - machinery	44	32

3 Interest payable and similar charges

	2012 £'000	2011 £'000
Interest payable and similar charges	(12)	(12)
Interest payable	(12)	(12)

4 Directors' emoluments

During the year, none of the Director received any emoluments (2011 Nil) The Directors have been paid by the Parent Company, Ionix Group Limited for their services

5 Taxation on profit on ordinary activities

	2012 £'000	2011 £'000
Current tax		
UK corporation tax on profits of the year	**132**	61
Group relief	**-**	(24)
Adjustments in respect of previous periods	**(7)**	-
Current tax charge for the year	**125**	37
Deferred tax origination and reversal of timing differences (note 11)	**(21)**	1
Tax on profits on ordinary activities	**104**	38

In addition to the changes in rates of Corporation tax disclosed within the note on taxation further changes to the UK Corporation tax rates were announced in the 2012 Autumn Statement and the March 2013 Budget These include further reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015 These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

The proposed reductions to the main rate of corporation tax are both expected to be enacted as part of Finance Act 2013

6 Tax on profit on ordinary activities - continued

The tax charged on the profit for the year is higher (2011 lower) than the standard rate of corporation tax in the UK The difference is explained below

	2012	2011
	£'000	£'000
Profit on ordinary activities before tax	**451**	262
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24 5 % (2011 26 5%)	**110**	69
Effects of		
Expenses not deductible for tax purposes	**-**	(7)
Capital allowances and other timing differences	**24**	(1)
Group relief	**-**	(24)
Marginal relief	**(2)**	-
Adjustment in respect of prior year	**(7)**	-
Current tax charge for the year	**125**	37

6 Tangible assets

	Land and buildings	Plant and equipment	Motor vehicles	Office Equipment	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 January 2012	41	1,072	88	289	1,490
Additions	-	100	52	48	200
At 31 December 2012	**41**	**1,172**	**140**	**337**	**1,690**
Accumulated depreciation					
At 1 January 2012	25	864	26	192	1,107
Charge for the year	10	144	27	43	224
At 31 December 2012	**35**	**1,008**	**53**	**235**	**1,331**
Net book value					
At 31 December 2012	**6**	**164**	**87**	**102**	**359**
At 31 December 2011	16	208	62	97	383

The net book value of tangible assets includes an amount of £111,000 (2011 £17,000) in respect of assets held under hire purchase contracts or finance leases

7 Debtors

	2012	2011
	£'000	£'000
Trade debtors	**1,277**	881
Amounts owed by group undertakings	**458**	348
Other debtors	**97**	193
Deferred tax asset	**2**	-
	1,834	1,422

Included in other debtors is a balance in respect of the financed debtors of £11,998 (2011 Creditors £235,322), which are secured via a fixed and floating charge over the assets of the company

8 Creditors – amounts falling due within one year

	2012 £'000	2011 £'000
Bank loans and overdrafts	**86**	331
Obligations under finance leases and hire purchase agreements	**36**	27
Trade creditors	**169**	147
Corporate tax payable	**132**	37
Other taxes and social security	**345**	249
Accruals and deferred income	**189**	87
	957	878

As at the year end two of the Directors, Steve Mottershead and John Chappell had personal guarantees in favour of the bank for £25,000 each in respect of items included within bank loans and overdrafts

9 Creditors – amounts falling due after more than one year

	2012 £'000	2011 £'000
Bank loans and overdrafts	**-**	17
Obligations under finance leases and hire purchase agreements	**67**	38
	67	55

10 Obligations under finance leases and hire purchase agreements

The future minimum lease payments under finance leases and hire purchase agreements are as follows

	2012 £'000	2011 £'000
Due within one year	30	23
In more than one year, but not more than five years	93	56
Total gross payments	123	79
Less finance charges included above	(20)	(14)
	103	65

The obligations under finance leases and hire purchase contracts are secured on certain tangible assets of the company

11 Deferred taxation

	2012 £'000	2011 £'000
At 1 January	(19)	(18)
Utilised during the year	19	(1)
Created during the year	2	-
At 31 December	2	(19)

	2012 £'000	2011 £'000
Deferred taxation provided in the accounts comprises		
Timing differences		
Accelerated capital allowances	2	(19)
	2	(19)

12 Called up share capital

	2012	2011
	£	£
Authorised		
2 ordinary shares of £1 each	**2**	2
Allotted and fully paid		
2 ordinary shares of £1 each	**2**	2

13 Profit and loss account

	Profit and loss account
	£'000
At 1 January 2012	**854**
Profit for the financial year	**347**
At 31 December 2012	**1,201**

14 Reconciliation of movements in shareholders' funds

For the year ended 31 December 2012	2012	2011
	£'000	£'000
Net increase in shareholders' funds	**347**	224
Opening shareholders' funds	**854**	630
Closing shareholders' funds	**1,201**	854

15 Capital and other financial commitments

	2012	2011
	£'000	£'000
Capital expenditure authorised and contracted for	-	17

16 Leasing commitments

At 31 December 2012 the company had annual commitments under non-cancellable operating leases expiring as follows

Land and buildings	2012	2011
	£'000	£'000
Within one year	-	33
In more than one year, but not more than five years	68	30
	68	63

Other	2012	2011
	£'000	£'000
Within one year	14	19
In more than one year, but not more than five years	40	51
	54	70

17 Pension commitments

The company operates defined contribution pension schemes The assets of the schemes are held separately from those of the company in independently administered funds

Outstanding contributions payable to the schemes by the company are included in the pension cost charge in respect of the year and amounted to £567 (2011 £676)

18 Related party transactions and balances

As a wholly owned subsidiary of Ionix Group Limited the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the Group

19 Parent undertaking and ultimate controlling party

The ultimate parent undertaking at the year end was Ionix Group Limited a company incorporated in Great Britain On 3 January 2013 the entire shareholding of the company's 100% holding company Ionix Group Limited was acquired by AES Engineering Limited, a company incorporated in England and Wales

Copies of the financial statements of Ionix Group Limited can be obtained from the Registered Office at Global Technology Centre, Mill Close, Bradmarsh Business Park, Rotherham S60 1BZ, United

20 Post Balance Sheet Event

On 3 January 2013 the entire shareholding of the company's 100% holding company Ionix Group Limited was acquired by AES Engineering Limited, a company incorporated in England and Wales