

Oceaneering Asset Integrity Limited

(formerly known as AGR Integrity UK Limited)

Directors' report and financial statements for the year ended 31 December 2011

Registered Number: SC304564

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Oceaneering Asset Integrity Limited

(formerly known as AGR Integrity UK Limited)

Directors' report and financial statements

for the year ended 31 December 2011

Contents

	Pages
Directors and advisors for the year ended 31 December 2011	1
Directors' report for the year ended 31 December 2011	2
Independent Auditors' Report to the members of Oceaneering Asset Integrity Limited (formerly known as AGR Integrity UK Limited)	4
Profit and loss account for the year ended 31 December 2011	5
Balance sheet as at 31 December 2011	6
Notes to the financial statements for the year ended 31 December 2011	7

Oceaneering Asset Integrity Limited *(formerly known as AGR Integrity UK Limited)*

Directors and advisors for the year ended 31 December 2011

Directors

Michael C Leys
John Watkinson

Company Secretary

Victoria A O'Malley

Registered Office

Oceaneering House
Pitmedden Road
Aberdeen
Aberdeenshire
AB21 0DP

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
32 Albyn Place
Aberdeen
AB10 1YL

Bankers

DnB NOR Bank ASA
20 St Dunstan's Hill
London
EC3R 8HY

Oceaneering Asset Integrity Limited *(formerly known as AGR Integrity UK Limited)*

Directors' report for the year ended 31 December 2011

The directors present their directors' report and the financial statements of the company for the year ended 31 December 2011.

Business review and principal activities

The principal activity of the company in the year was the provision of specialist subsea inspection and integrity services. During the year, the company's revenue and profits were mainly associated with two contracts for the non destructive testing and cleaning of Monopiles at an offshore UK Wind Farm. On 20 December 2011 the company was acquired by Oceaneering International Inc, incorporated in the state of Delaware, USA.

Strategy

The Company's overall objective is to maintain profitable margins with the provision of specialist subsea inspection and integrity services.

Future outlook and principal risks and uncertainty

The Company operates within a highly competitive environment in which the level of activity, and therefore the demand for our services, is dependent on both the price of oil and the operating plans of major oil companies and offshore operators.

Financial risk management

Financial risk is controlled by the Company's ultimate parent, Oceaneering International Inc (Note 18). The Company investigates credit risk by ensuring that appropriate credit checks are performed and for significant projects, ensuring that either advance payment or letters of credit are obtained.

Projects are contracted in advance of work commencing and contain predefined rates for the services to be provided, as such the directors do not believe that the company is subject to any significant price risk.

The Company's immediate parent, Oceaneering International Services Limited, has undertaken to ensure that adequate funds are made available to the Company to meet its working capital requirements and outstanding liabilities for at least 12 months after the release date of financial statements of Oceaneering Asset Integrity Limited.

The Company's treasury function is controlled at the group level and the company does not have any external debt. As a result the directors do not believe it is subject to any interest rate risk.

Results and dividends

The company's profit for the current year was £222,136 (2010: £205,437 loss). No dividends were paid or proposed for the year (2010: £Nil).

Directors

The directors who held office during the year and up to the date of this report were as follows:

Michael C Leys (Appointed 27 Jan 2012)

John Watkinson (Appointed 27 Jan 2012)

Eric Doyle (Appointed 27 Sep 2011, Resigned 27 Jan 2012)

Kai Andre Staeger-Holsit (Appointed 27 Sep 2011, Resigned 27 Jan 2012)

Age N. Landro (Resigned 27 Jan 2012)

Matthew J P Kennedy (Resigned 30 Sep 11)

Directors' report for the year ended 31 December 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 judgments 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; 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.

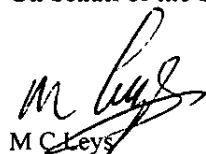
Independent auditors

Each of the persons who is a director at the date of approval of this report confirms that:

1. so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
2. the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the board



M C Leys
Director

26 September 2012

Oceaneering Asset Integrity Limited (formerly known as AGR Integrity UK Limited)

Independent Auditors' Report to the members of Oceaneering Asset Integrity Limited (formerly known as AGR Integrity UK Limited)

We have audited the financial statements of Oceaneering Asset Integrity Limited (formerly known as AGR Integrity UK Limited) for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet 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 Statement set out on page 3 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 directors' report and financial statements 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 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.

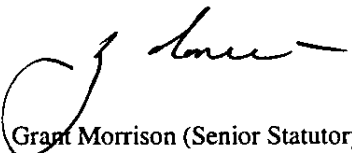
Opinion on other matter prescribed by the Companies Act 2006

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.

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.


Grant Morrison (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen,

28 September 2012

Oceaneering Asset Integrity Limited *(formerly known as AGR Integrity UK Limited)*

Profit and loss account for the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	2	3,458,593	503,350
Cost of sales		(2,906,927)	(533,556)
Gross profit/(loss)		551,666	(30,206)
Administrative expenses		(222,595)	(225,128)
Operating profit/(loss)	3	329,071	(255,334)
Interest payable and similar charges	6	(26,184)	(29,436)
Profit/(Loss) from ordinary activities before taxation		302,887	(284,770)
Tax on profit/(loss) from ordinary activities	7	(80,751)	79,333
Profit/(Loss) for the financial year	13	222,136	(205,437)

All of the above wholly relates to continuing operations.

There were no recognised gains or losses other than profit/(loss) for the financial years reported above.

There are no material differences between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the financial years stated above and their historical cost equivalents.

Oceaneering Asset Integrity Limited *(formerly known as AGR Integrity UK Limited)*

Balance sheet as at 31 December 2011

		2011	2010
	Note	£	£
Fixed assets			
Tangible assets	8	26,596	41,215
Current assets			
Debtors	9	859,144	134,624
Cash in bank and in hand		-	5,632
		859,144	140,256
Creditors: amounts falling due within one year	10	(1,242,811)	(760,678)
Net current liabilities		(383,667)	(620,422)
Total assets less current liabilities		(357,071)	(579,207)
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account deficit	13	(357,072)	(579,208)
Total equity shareholders' deficit	14	(357,071)	(579,207)

The financial statements on pages 5 to 13 were approved by the Board of Directors signed on its behalf by:


 M C Keys
 Director
 28 September 2012

Registered number SC304564

Oceaneering Asset Integrity Limited *(formerly known as AGR Integrity UK Limited)*

Notes to the financial statements for the year ended 31 December 2011

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below.

Going concern

The company had net liabilities at 31 December 2011 of £357,071 (2010: £579,207).

Oceaneering International Services Limited (Note 18), the immediate parent undertaking has undertaken to ensure that adequate funds are made available to the Company to meet its working capital requirements and outstanding liabilities for at least 12 months after the release date of financial statements of Oceaneering Asset Integrity Limited.

On this basis, management has concluded that the company will remain a going concern for at least 12 months from the date of approval of the financial statements and have therefore prepared the financial statements on the going concern basis.

Turnover

Turnover is recognised only when it is probable that the economic benefits associated with a transaction will flow to the company and the amount of turnover can be measured reliably. Turnover from the provision of inspection and integrity services is recognised as the services are rendered.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation, where cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over 3 years being their estimated useful economic lives.

Impairment of tangible fixed assets

At each balance sheet date, the company reviews the carrying amounts of tangible fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

Current tax, including UK corporation tax and foreign tax, is provided on taxable profits at current rates in the respective taxation jurisdictions.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Oceaneering Asset Integrity Limited (formerly known as AGR Integrity UK Limited)

Notes to the financial statements for the year ended 31 December 2011

1 Accounting policies (continued)

Taxation (continued)

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more probable than not that there will be sufficient taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured on a non-discounted 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 or substantively enacted at the balance sheet date.

Tax losses are surrendered or claimed in the form of group relief.

Cashflow

The company is exempt from the requirement of FRS 1 (revised 1996) "Cashflow statements" to prepare a cashflow statement as it is a wholly owned subsidiary undertaking of a company which publishes a consolidated cashflow statement (Note 18).

Related party transactions

The company has taken advantage of the exemption available in FRS 8 "Related Party Disclosures" not to disclose any transactions with entities that are part of the group which qualify as related parties, on the grounds that it is a subsidiary which is wholly owned and controlled within the group, and the consolidated financial statements of Oceaneering International Inc, its ultimate parent company, are publicly available (Note 18).

Dividends on shares presented within shareholder's deficit

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Post retirement benefits

The company contributes to a defined contribution pension scheme operated by the Company. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period (Note 16).

2 Turnover

An analysis of the company's turnover by geographical area is as follows:

	2011	2010
	£	£
UK	3,458,593	11,421
Europe	-	491,929
	3,458,593	503,350

The company's turnover and loss before taxation are entirely derived from the company's principal activity. In the view of the directors, the company has only one class of business.

Oceaneering Asset Integrity Limited *(formerly known as AGR Integrity UK Limited)*

Notes to the financial statements for the year ended 31 December 2011

The UK substantively enacted on 29 March 2011 an amendment to the corporation tax rate from 28% to 26% effective from 1 April 2011. In addition to the changes in rates of Corporation tax disclosed above a number of further changes to the UK Corporation tax system were announced in the March 2012 UK Budget Statement. The changes propose to reduce the main rate of corporation tax rate from 26% to 24% from 1 April 2012 which is in addition to the decrease to 25% enacted in Finance Act 2011. The reduction of the main corporation tax rate to 24% was substantively enacted on 26 March 2012. The budget also proposes to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 to 22% by 1 April 2014. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements

8 Tangible assets

	Plant and Machinery £	Computer Equipment £	Fixtures and Fittings £	Total £
Cost				
At 1 January 2011	123,037	8,750	2,174	133,961
Additions	6,700	4,988	632	12,320
At 31 December 2011	129,737	13,738	2,806	146,281
Accumulated depreciation				
At 1 January 2011	82,905	8,246	1,595	92,746
Charge for the financial year	25,054	1,383	502	26,939
At 31 December 2011	107,959	9,629	2,097	119,685
Net book value				
At 31 December 2011	21,778	4,109	709	26,596
At 31 December 2010	40,132	504	579	41,215

9 Debtors

	2011 £	2010 £
Trade Debtors	720,000	-
Amounts owed by group undertakings	23,665	37,283
Amounts owed by group undertaking for group tax relief	-	75,884
Prepayments and accrued income	6,801	2,630
Other Debtors	30,530	2,625
VAT	72,503	11,601
Deferred tax asset (note 11)	5,645	4,601
	859,144	134,624

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Oceaneering Asset Integrity Limited (formerly known as AGR Integrity UK Limited)

Notes to the financial statements for the year ended 31 December 2011

3 Operating profit/(loss)

The operating profit/(loss) is stated after charging/(crediting):

	2011 £	2010 £
Depreciation (Note 8)	26,939	26,459
Operating leases – land and buildings (Note 15)	12,140	12,123
Foreign exchange (gain) / loss	(52,424)	51,985

Services provided by the company's auditor:	2011 £	2010 £
Auditor's remuneration for the audit of the company financial statements	10,000	9,975

4 Staff numbers and cost

The average monthly number of persons employed by the company (including directors) during the year was as follows:

	Number of employees	
	2011	2010
Sales and admin	8	7

The aggregate payroll costs of these persons were as follows:	2011 £	2010 £
Wages and salaries	580,802	400,902
Social security costs	77,026	46,942
Other pension costs (Note 16)	17,967	17,384
	675,795	465,228

5 Remuneration of directors

	2011 £	2010 £
Directors' emoluments	170,012	60,663
Benefits under money purchase schemes	5,215	3,650
	175,227	64,313

The number of directors who received remuneration from the company during the year was 2 (2010: 1)

Oceaneering Asset Integrity Limited *(formerly known as AGR Integrity UK Limited)*

Notes to the financial statements for the year ended 31 December 2011

6 Interest payable and similar charges

	2011 £	2010 £
Interest on bank of overdraft	7,237	9,595
Interest payable on amounts owed to group undertakings	18,947	19,841
	26,184	29,436

7 Tax on profits/(loss) on ordinary activities

Analysis of charge/(credit) in year:

	2011 £	2010 £
Current tax		
UK corporation tax on profits/(loss) for the period	81,795	(75,884)
Total current tax	81,795	(75,884)
Deferred tax (Note 11)		
Origination and reversal of timing differences	(1,044)	(3,449)
Adjustment in respect of prior years	-	-
Tax charge / (credit) on profit/(loss) on ordinary activities	80,751	(79,333)

Factors affecting the tax charge for the current year

The current tax amount for the period is higher (2010: lower) than the standard rate of corporation tax in the UK 26.5% (2010: 28%). The differences are explained below:

	2011 £	2010 £
Current tax reconciliation		
Profit/(Loss) on ordinary activities before tax	302,887	(284,770)
Current tax at 26% (2010: 28 %)	78,751	(79,736)
Effects of:		
Expenses not deductible for tax purposes	8	403
Change in tax rate	1,992	-
Current year reversal / (origination) of timing differences	1,044	3,449
Total current tax	81,795	(75,884)

Oceaneering Asset Integrity Limited *(formerly known as AGR Integrity UK Limited)*

Notes to the financial statements for the year ended 31 December 2011

10 Creditors: amounts falling due within one year

	2011 £	2010 £
Bank overdraft	365,230	213,172
Trade creditors	49,092	941
Amounts owed to group undertakings	512,731	518,207
Other creditors	81,796	15,514
Accruals and deferred income	233,962	12,844
	1,242,811	760,678

Within amounts owed to group undertakings is a £470,116 loan from Oceaneering Field Operations Holdings AS. There is no fixed repayment date for this borrowing and it carries interest at LIBOR plus 4.5%. The remaining amounts owed to group undertakings are interest free, unsecured and repayable on demand.

11 Deferred tax asset

	Deferred taxation £
Deferred tax asset at 1 January 2011	4,601
Deferred tax credit in profit and loss account (Note 7)	1,044
Deferred tax asset at 31 December 2011 (Note 9)	5,645

The deferred tax balance at the end of 2011 (and 2010) is wholly related to the difference between accumulated depreciation and capital allowances and is calculated at a rate of 25% (2010: 27%).

12 Called up share capital

	2011 £	2010 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted and issued:		
1 ordinary share of £1 each	1	1

13 Reserves

	Profit and loss account deficit £
At 1 January 2011	579,208
(Profit)/loss for the financial year	(222,136)
At 31 December 2011	357,072

There were no dividends paid during the year in respect of current or prior year (2010: £nil). The aggregate amount of dividends proposed, but not included in these financial statements at the year end is £nil (2010: £nil)

Oceaneering Asset Integrity Limited (formerly known as AGR Integrity UK Limited)

Notes to the financial statements for the year ended 31 December 2011

14 Reconciliation of movement in shareholders' deficit

	2011 £	2010 £
Profit/(Loss) for the financial year	222,136	(205,437)
Net decrease/(increase) in shareholders' funds – deficit	222,136	(205,437)
Opening shareholders funds – deficit	(579,207)	(373,770)
Closing shareholders' funds – deficit	(357,071)	(579,207)

15 Financial commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases, relating to land and buildings expiring as follows:

	2011 £	2010 £
Within one year	2,825	11,300

16 Pension scheme

The company contributes to a defined contribution pension scheme operated by the company. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £17,967 (2010:£17,384). There were no outstanding contributions at the year end.

17 Post balance sheet events

On 9 February 2012, the company changed its name from AGR Integrity UK Limited to Oceaneering Asset Integrity Limited.

18 Ultimate controlling party

The immediate parent company is Oceaneering International Services Limited and the ultimate parent company and controlling entity at 31 December 2011 was Oceaneering International Inc., incorporated in the State of Delaware, USA, which is also the largest and smallest Group in which the results of Oceaneering International Services Limited and subsidiary undertakings are consolidated. The consolidated financial statements of this group are available to the public and may be obtained from 11911 FM529, Houston, Texas 77041-3011.