

## SCOTTISH RIG REPAIRS LIMITED

Reports and Financial Statements  
for the year ended 31 December 1989

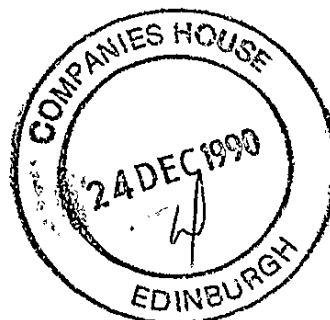
SCOTTISH RIG REPAIRERS LIMITED

REPORTS AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1989

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## SCOTTISH RIG REPAIRERS LIMITED

### DIRECTORS' REPORT

The directors submit their report, together with the audited financial statements of the Company for the year ended 31 December 1989.

#### 1 DIRECTORS

The names of the persons in office during the period or since the end of the period but prior to the date of this report are as follows:-

Name	Date of Appointment	Date of Resignation
W H Carr		30 June 1990
W D Adam		
N M Strachan		30 June 1989
A McDonald		30 June 1990
D H Kinnon		6 August 1989
G W Smith	19 January 1989	31 March 1990
R Hogg	6 August 1989	
A H Knight	6 August 1989	
T P Robertson	30 June 1990	
T M Slattery	30 June 1990	
W E Nicholson		

W D Johnstone resigned as an alternate director to G W Smith on 18 January 1989. G S Shepherd was appointed as an alternate director on 30 June 1990.

According to the register of directors interests, none of the directors had any beneficial interest in the shares of the company at any time during the period.

#### 2 RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £65,706.

The directors recommend that no dividend be paid.

#### 3 REVIEW OF THE BUSINESS ACTIVITY AND FUTURE DEVELOPMENTS

The company's principal activity during the period was the inspection, repair and maintenance of oil rigs.

The significant decrease in turnover and profitability during the period was as a result of the company carrying out major contracts in the previous period.

In early 1990 the company obtained major new contracts with Stena Drilling, Maersk and Maritime Hydraulics, and continues to seek new contracts. The directors are optimistic that turnover will be significantly higher in 1990.

#### 4 FIXED ASSETS

Details of changes in fixed assets during the period are set out at note 8 to the financial statements.

SCOTTISH RIG REPAIRERS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1989 (continued)

5 AUDITORS

Our auditors, Deloitte Haskins & Sells, have merged their practice with Coopers & Lybrand and now practise in the name of Coopers & Lybrand Deloitte. They have signed their audit report in their new name.

A resolution proposing the re-appointment of Coopers & Lybrand Deloitte and KPMG Peat Marwick McLintock as joint auditors to the company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



Secretary

AUDITORS' REPORT TO THE MEMBERS OF SCOTTISH RIG REPAIRERS LIMITED

We have audited the financial statements on pages 5 to 12 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 1989 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Coopers - Lybrand Nelson*

Chartered Accountants

*29th October 1990*

*KPMG Peat Marwick Mitchell*

Chartered Accountants, Aberdeen.

*29 October 1990*

SCOTTISH RIG REPAIRERS LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 1989

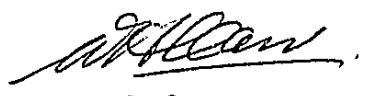
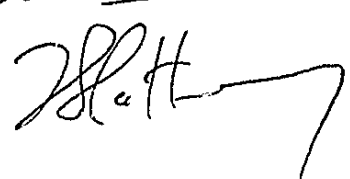
	Note	1989 £	15 Months to 31 December 1988 £
TURNOVER		2,832,452	20,149,140
Cost of sales		(2,495,429)	(17,153,041)
Gross Profit		337,023	2,996,099
Administrative expenses		(334,295)	(1,126,034)
Operating profit	2	2,728	1,870,065
Interest receivable	4	104,615	12,828
Interest payable	5	(6,386)	(81,935)
Profit on ordinary activities before taxation		100,957	1,800,958
Taxation	6	(35,251)	(633,565)
PROFIT FOR THE FINANCIAL PERIOD		65,706	1,167,393
Dividend	7	-	(750,000)
PROFIT RETAINED	14	65,706	417,393

SCOTTISH RIG REPAIRERS LIMITED

BALANCE SHEET AT 31 DECEMBER 1989

	Note	1989 £	1988 £
FIXED ASSETS			
Tangible assets	8	<u>167,594</u>	<u>195,873</u>
CURRENT ASSETS			
Stocks	9	188,718	181,834
Debtors	10	1,703,407	4,905,535
Cash in hand		<u>322,195</u>	<u>265,619</u>
		2,214,320	5,352,988
Creditors: Amounts falling due within one year	11	<u>(1,723,297)</u>	<u>(4,959,372)</u>
NET CURRENT ASSETS		<u>491,023</u>	<u>393,616</u>
Total assets less current liabilities		658,617	589,489
Provisions for liabilities and charges	12	<u>(29,862)</u>	<u>(26,440)</u>
		<u>628,755</u>	<u>563,049</u>
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	13	100,000	100,000
Profit and loss account	14	<u>528,755</u>	<u>463,049</u>
		<u>628,755</u>	<u>563,049</u>
		=====	=====

The financial statements on pages 5 to 12 were approved by the board of directors on *29th October* 1990 and were signed on their behalf by

)  
) Directors

SCOTTISH RIG REPAIRERS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 31 DECEMBER 1989

	1989 £	15 Months to 31 December 1988 £
<b>SOURCE OF FUNDS</b>		
Profit on ordinary activities before taxation	100,957	1,800,958
Items not involving the movement of funds		
Loss on sale of assets	2,077	761
Depreciation	27,444	32,486
Total funds generated from operations	130,478	1,834,205
<b>FUNDS FROM OTHER SOURCES</b>		
Proceeds on sale of fixed assets	4,500	1,500
Corporation tax repaid	7,434	
Consortium relief received	-	14,467
TOTAL SOURCE OF FUNDS	142,412	1,850,172
<b>APPLICATION OF FUNDS</b>		
Loans made to shareholders	(667,000)	-
Additions to fixed assets	(5,742)	(53,880)
Corporation tax paid	(35,000)	(17,532)
Dividends paid	(750,000)	-
TOTAL APPLICATION OF FUNDS	(1,457,742)	(71,412)
NET (APPLICATION)/SOURCE OF FUNDS	(1,315,330)	1,778,760
The Net (Application)/Source of Funds is represented by the following (decrease)/increase in working capital:		
Stocks	6,884	99,427
Debtors	(3,869,128)	4,847,453
Creditors other than dividends, taxation and bank overdraft	2,490,338	(3,400,500)
	1,371,906	1,546,580
Movement in net liquid funds		
Bank overdraft	103,154	6,569
Cash at bank and in hand	(46,578)	225,611
	56,576	232,180
(Decrease)/Increase in working capital	(1,315,330)	1,778,760

# SCOTTISH RIG REPAIRERS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 1989

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### 1 PRINCIPAL ACCOUNTING POLICIES

#### Basis of accounting

The financial statements have been prepared under the historical cost accounting rules and comply with Statements of Standard Accounting Practice.

#### Turnover

Turnover represents amounts invoiced in respect of goods sold and services provided during the period excluding value added tax.

#### Depreciation

Depreciation of tangible fixed assets is charged by equal annual instalments commencing with the year of acquisition at rates estimated to write off their cost over the expected useful lives which are as follows:

Buildings	10 years
Plant and machinery	10 years
Motor vehicles	4 years
Fixtures and equipment	10 years

#### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and direct labour. Net realisable value is based on estimated selling price less anticipated costs to disposal. Due allowance is made for obsolete and slow moving items.

#### Deferred taxation

Deferred taxation is provided in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

### 2 OPERATING PROFIT

	1989	15 Months to 31 December 1988
	£	£
Operating profit is stated after charging		
Auditors' remuneration	5,300	8,500
Hire of plant and machinery	330,698	1,723,506
Operating leases - land & buildings	75,010	56,560
Depreciation of tangible fixed assets	27,444	32,486
	=====	=====

SCOTTISH RIG REPAIRERS LIMITED

NOTES ON THE FINANCIAL STATEMENTS (Continued)

3 DIRECTORS AND EMPLOYEES

	1989	15 months to 31 December 1988
	£	£
Staff costs		
Wages and salaries	793,491	6,243,290
Social security costs	79,748	606,118
	<u>873,239</u>	<u>6,849,408</u>
	=====	=====
	Number	Number
Average number employed including executive directors		
Direct production	42	235
Management and staff	2	3
	<u>44</u>	<u>238</u>
	==	===
No remuneration was paid to or waived by the directors during the period		

4 INTEREST RECEIVABLE

	£	£
On short term loans and deposits	104,615	12,828
	<u>=====</u>	<u>=====</u>

5 INTEREST PAYABLE

Bank overdraft	6,386	81,935
	<u>=====</u>	<u>=====</u>

6 TAXATION

Based on the result of the period

Corporation tax on profit on ordinary activities at 25% (1988 35%)	19,617	633,493
Deferred taxation	11,304	(322)
	<u>30,921</u>	<u>633,171</u>
Prior year		
Corporation tax	12,212	1,204
Deferred tax	(7,882)	(810)
	<u>35,251</u>	<u>633,565</u>
	=====	=====

7 DIVIDEND

Proposed dividend on the A, B & C Ordinary shares at £7.50 per share	-	750,000
	<u>=====</u>	<u>=====</u>

SCOTTISH RIG REPAIRERS LIMITED

NOTES ON THE FINANCIAL STATEMENTS (Continued)

8 TANGIBLE FIXED ASSETS

	Short leasehold buildings £ £	Plant equipment and transport £	Total
COST			
31 December 1988	60,792	213,658	274,450
Additions	-	5,742	5,742
Disposals	-	(7,700)	(7,700)
	<hr/>	<hr/>	<hr/>
31 December 1989	60,792	211,700	272,492
DEPRECIATION			
31 December 1988	13,665	64,912	78,577
Charge for year	6,079	21,365	27,444
Disposals	-	(1,123)	(1,123)
	<hr/>	<hr/>	<hr/>
31 December 1989	19,744	85,154	104,898
NET BOOK VALUE			
31 December 1989	41,048	126,546	167,594
	<hr/>	<hr/>	<hr/>
31 December 1988	47,127	148,746	195,873
	<hr/>	<hr/>	<hr/>

9 STOCKS	1989 £	1988 £
Raw materials and consumables	188,718	181,834
	<hr/>	<hr/>
10 DEBTORS		
Amounts falling due within one year		
Trade debtors	933,890	4,546,530
Other debtors	102,517	359,005
Loans to shareholders	667,000	-
	<hr/>	<hr/>
	1,703,407	4,905,535
	<hr/>	<hr/>
11 CREDITORS		
Amounts falling due within one year		
Trade creditors	939,933	2,633,003
Corporation tax	630,322	633,493
Consortium Relief payable	7,434	-
Other taxation and social security	33,558	41,215
Other creditors	102,258	883,638
Accruals and deferred income	9,792	18,023
Proposed dividend payable	-	750,000
	<hr/>	<hr/>
	1,723,297	4,959,372
	<hr/>	<hr/>

# SCOTTISH RIG REPAIRERS LIMITED

## NOTES ON THE FINANCIAL STATEMENTS (Continued)

### 11 CREDITORS (Continued)

The bank overdraft is secured by a floating charge over the company's assets.

### 12 DEFERRED TAXATION

	1989		1988	
	Potential Liability £	Provision Made £	Potential Liability £	Provision Made £
Corporation tax deferred by				
Capital allowances	29,862 =====	29,862 =====	26,440 =====	26,440 =====

The potential liability and provision are based on a corporation tax rate of 35% (1988 35%)

The movement in deferred tax provision comprises:

Balance at 31 December 1988	26,440
Charge for year	3,422
Balance at 31 December 1989	29,862 =====

### 13 CALLED UP SHARE CAPITAL

	1989		1988	
	Number of shares	£	Number of shares	£
Authorised				
"A" ord shares of £1 each	45,000	45,000	45,000	45,000
"B" ord shares of £1 each	45,000	45,000	45,000	45,000
"C" ord shares of £1 each	10,000	10,000	10,000	10,000
Ordinary shares of £1 each	900,000	900,000	900,000	900,000
	=====		=====	
		1,000,000 =====		1,000,000 =====

Allotted called up and fully paid

"A" ord shares of £1 each	45,000	45,000	45,000	45,000
"B" ord shares of £1 each	45,000	45,000	45,000	45,000
"C" ord shares of £1 each	10,000	10,000	10,000	10,000
	=====		=====	
		100,000 =====		100,000 =====

SCOTTISH RIG REPAIRERS LIMITED

NOTES ON THE FINANCIAL STATEMENTS (Continued)

14 PROFIT AND LOSS ACCOUNT

31 December 1988  
Retained profit for the year

£  
463,049  
65,706

31 December 1989

528,755  
=====

15 LEASING COMMITMENTS

Payments of £76,550 (1988 £53,304) fall due within the twelve months to 31 December 1989 in respect of operating leases, expiring within one year, for land and buildings.