

SCOTTISH RIG REPAIRERS LIMITED

DIRECTORS' REPORT

30th September, 1987

The directors submit their report together with the audited financial statements of the Company for the year ended 30th September, 1987.

Directors

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

Name	Date of Appointment	Date of Resignation
W.H. Carr		
W.D. Bertram		2 June, 1988
A.A. Rodgers		9th May, 1988
W.D. Adam		
I. Davidson		27th January, 1987
J.D. Eysink	27th January, 1987	17th November, 1987
N.M. Strachan		
A. McDonald		
D. H. Kinnon	17th November, 1987	
G. W. Smith	2nd June, 1988	

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

Profit, Dividend and Appropriations

The results for the year are shown in the profit and loss account on page 4.

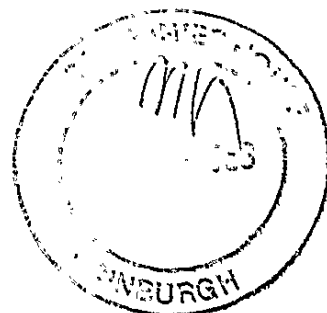
Review of the Business Activity and Future Developments

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

The reduction in turnover and profitability in the year was due to the continued low level of drilling activity in the North Sea. It is anticipated that a significant increase in profitability will be achieved in the current year, through the award of major contracts to the company.

Fixed Assets

Details of changes in fixed assets during the year are set out at note 7 to the financial statements.



SCOTTISH RIG REPAIRERS LIMITED

DIRECTORS' REPORT

30th September, 1987
(continued)

Auditors

Messrs. Hodgson Impey and Messrs. Peat Marwick McLintock have expressed their willingness to act as joint auditors and a resolution dealing with their re-appointment will be put to the Annual General Meeting.

By order of the board

John Wood House
Greenwell Road
East Tullos
ABERDEEN


Director

5th July, 1988

SCOTTISH RIG REPAIRERS LIMITED

AUDITORS' REPORT

Auditors' report to the members of Scottish Rig Repairers Limited


We have audited the financial statements on pages 4 to 12 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30th September, 1987 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.



Chartered Accountants

Aberdeen
5th July, 1988


Chartered Accountants

SCOTTISH RIG REPAIRERS LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 30th September, 1987

	Note	1987 £	1986 £
Turnover		2,167,036	4,174,086
Cost of sales		<u>(1,841,116)</u>	<u>(3,468,644)</u>
Gross profit		325,920	705,442
Administrative expenses		<u>(258,952)</u>	<u>(581,989)</u>
Operating profit	2	66,968	123,453
Interest receivable	4	1,456	4,160
Interest payable	5	<u>(8,754)</u>	<u>(19,942)</u>
Profit on ordinary activities before taxation		59,670	107,671
Taxation	6	<u>(19,366)</u>	<u>(10,067)</u>
Retained profit for year	13	<u>40,304</u>	<u>97,604</u>

at 30th September, 1987

The financial statements on pages 4 to 12 were approved by the board of directors on 5th July, 1988

Directors

SCOTTISH RIG REPAIRERS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the year ended 30th September, 1987

	1987		1986
	£	£	£
Source of funds			
From operations			
Profit on ordinary activities before taxation	59,670		107,671
Item not involving the movement of funds			
Depreciation	23,902		23,305
	<hr/>		<hr/>
	83,572		130,976
Other sources			
Loans received	-		100,606
	<hr/>		<hr/>
	83,572		231,582
Application of funds			
Additions to fixed assets	(5,790)		(179,419)
	<hr/>		<hr/>
	77,782		52,163
(Increase)/decrease in working capital			
Stocks	(14,124)		25,272
Debtors other than consortium relief	35,806		183,031
Creditors other than loans, taxation and bank overdraft	(24,528)	(2,846)	(287,583)
	<hr/>		<hr/>
	(2,846)		(79,280)
Increase/(reduction) in net liquid funds			
Bank overdraft	34,935		(26,813)
Cash at bank and in hand	40,001		(304)
	<hr/>		<hr/>
	74,936		(27,117)

SCOTTISH RIG REPAIRS LIMITED

NOTES ON ACCOUNTS

30th September, 1987

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 year 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.

SCOTTISH RIG REPAIRERS LIMITED

NOTES ON ACCOUNTS

30th September, 1987
(continued)

	1987 £	1986 £
2. Operating profit		
Operating profit is stated after charging		
Auditors' remuneration	4,500	4,500
Operating leases		
- Hire of plant and machinery	140,733	372,357
- Rent payable	29,311	35,559
Depreciation of tangible fixed assets	<u>23,902</u>	<u>23,305</u>
3. Directors and employees		
Staff costs		
Wages and salaries	438,149	674,938
Social security costs	<u>43,753</u>	<u>69,855</u>
	481,902	744,793
	<u> </u>	<u> </u>
	Number	Number
Average number employed including executive directors		
Direct production	23	35
Management and staff	<u>3</u>	<u>3</u>
	<u>26</u>	<u>38</u>

No remuneration was paid to or waived by the directors during the year.

SCOTTISH RIG REPAIRERS LIMITED

NOTES ON ACCOUNTS

30th September, 1987
(continued)

	1987 £	1986 £
4. Interest receivable		
On short term deposits	<u>1,456</u>	<u>4,160</u>
5. Interest payable		
Bank overdraft	<u>8,754</u>	<u>19,942</u>
6. Taxation		
Based on the result of the year		
Corporation tax on profit on ordinary activities at 28% (1986 29.5%)	15,876	16,090
Deferred taxation	<u>1,480</u>	<u>20,265</u>
	17,356	36,355
Prior year adjustments	<u>2,010</u>	<u>(26,288)</u>
	<u>19,366</u>	<u>10,067</u>

SCOTTISH RIG REPAIRERS LIMITED

NOTES ON ACCOUNTS

30th September, 1987
(continued)

7. Tangible fixed assets

	Short leasehold buildings £	Plant equipment and transport £	Total £
Cost			
30th September, 1986	29,942	190,867	220,809
Additions	<u>-</u>	<u>5,790</u>	<u>5,790</u>
30th September, 1987	<u>29,942</u>	<u>196,657</u>	<u>226,599</u>
Depreciation			
30th September, 1986	4,358	21,599	25,957
Charge for year	<u>2,994</u>	<u>20,908</u>	<u>23,902</u>
30th September, 1987	<u>7,352</u>	<u>42,507</u>	<u>49,859</u>
Net book amount 30th September, 1987	<u>22,590</u>	<u>154,150</u>	<u>176,740</u>
		1987 £	1986 £

8. Stocks

Raw materials and consumables	<u>82,407</u>	<u>68,283</u>
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9. Debtors

Amounts falling due within one year

Trade debtors	27,644	69,969
Prepayments	8,957	23,719
Consortium relief receivable	15,242	27,713
Other debtors	<u>21,281</u>	<u>-</u>
	<u>73,124</u>	<u>121,401</u>

SCOTTISH RIG REPAIRERS LIMITED

NOTES ON ACCOUNTS

30th September, 1987
(continued)

	1987 £	1986 £
10. Creditors: amounts falling due within one year		
Bank overdraft	6,569	41,504
Loans	-	100,606
Trade creditors	48,825	27,902
Corporation tax	17,103	16,090
Other taxation and social security	2,086	3,148
Other creditors	114,688	44,940
Accruals and deferred income	<u>9,780</u>	<u>23,311</u>
	<u>199,051</u>	<u>257,501</u>

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

The loans are unsecured, interest free and with no fixed dates of repayment.

11. Deferred taxation	1987		1986	
	Potential Liability £	Provision made £	Potential Liability £	Provision made £
Corporation tax deferred by				
Capital allowances	<u>27,572</u>	<u>27,572</u>	<u>21,690</u>	<u>21,690</u>

The potential liability and provision are based on a corporation tax rate of 35% (1986 35%).

The movement in deferred tax provision comprises:

Balance at 30th September, 1986	21,690
Prior year adjustment	<u>4,402</u>
	26,092
Charge for year	<u>1,480</u>
Balance at 30th September, 1987	<u>27,572</u>

SCOTTISH RIG REPAIRERS' LIMITED

NOTES ON ACCOUNTS

30th September, 1987
(continued)

12. Called up share capital	1987		1986	
	Number of shares	£	Number of shares	£
Authorised				
"A" ordinary shares of £1 each	45,000	45,000	45,000	45,000
"B" ordinary shares of £1 each	45,000	45,000	45,000	45,000
"C" ordinary shares of £1 each	10,000	10,000	10,000	10,000
Ordinary shares of £1 each	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>	<u>900,000</u>
		1,000,000		1,000,000

Allotted called up and fully paid

"A" ordinary shares of £1 each	45,000	45,000	45,000	45,000
"B" ordinary shares of £1 each	45,000	45,000	45,000	45,000
"C" ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
		100,000		100,000

13. Profit and loss account	£
30th September 1986	5,352
Retained profit for the year	<u>40,304</u>
30th September 1987	<u>45,656</u>

14. Leasing commitments

Payments of £29,900 (1986, £29,900) fall due within the twelve months to 30th September, 1988 in respect of operating leases, expiring within one year, for land and buildings.