

**Marine Safety Services Limited**

**Directors' report and financial  
statements**

**Registered number 261614**

**31 December 1999**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

### Principal activities

The company provides professional consultancy services to the shipping industry in the field of marine safety.

### Business review

The results of the company are set out on page 5. The directors consider the company to have traded satisfactorily during the year and expect this trend to continue.

### Dividends

A dividend of £94,863 (1998: £174,418) was paid during the year. The retained profit for the year is £24,888 (1998: loss £79,238).

### Year 2000

The Year 2000 issue is one that affects all companies. We have completed a review to ensure that our business systems are Year 2000 compliant. The company has not experienced any significant issues with the changeover to Year 2000, however, such is the nature of this issue that it is not possible to guarantee that no Year 2000 problems will arise. The company may also be affected by future Year 2000 related problems at third parties with whom it deals. However, the directors consider that appropriate steps have been taken to protect the business in this regard. The company has not incurred significant costs in relation to Year 2000 compliance during the year and the directors are satisfied that any future costs will not be material to the profitability of the company.

### Directors and directors' interests

The directors who held office during the year were as follows:

GB Standring (Chairman)  
CJ Winkley  
PDN Mellis  
RW Crone

None of the directors who held office at the end of the financial year had any beneficial interest in the shares of the company.

The directors who held office at the end of the financial year had the following interests in the deferred stock of The Peninsular and Oriental Steam Navigation Company, the company's ultimate parent undertaking:

	1999	1998
GB Standring	3,404	2,383
CJ Winkley	3,193	2,912
PDN Mellis	585	547
RW Crone	536	1,247

No director had any material interest in any significant contract with the company during the year.

## Directors' report *(continued)*

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**Derek Scott**  
*Secretary*

12-20 Camomile Street  
London  
EC3A 7AS

31 MAY 2000

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

PO Box 695  
8 Salisbury Square  
London EC4Y 8BB

## Auditors' report to the members of Marine Safety Services Limited

We have audited the financial statements on pages 5 to 12.

### Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1999 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

**KPMG Audit Plc**  
Chartered Accountants  
Registered Auditor

*1 June* 2000

## Profit and loss account

*for the year ended 31 December 1999*

	Note	1999 £	1998 £
<b>Turnover</b>	2	<b>852,413</b>	795,096
Cost of sales		(502,195)	(475,566)
<b>Gross profit</b>		<b>350,218</b>	319,530
Administrative expenses		(204,896)	(216,298)
<b>Operating profit</b>		<b>145,322</b>	103,232
Other interest receivable and similar income	6	25,378	34,897
<b>Profit on ordinary activities before taxation</b>	3	<b>170,700</b>	138,129
Tax on ordinary activities	7	(50,949)	(42,949)
<b>Profit for the financial year</b>		<b>119,751</b>	95,180
Dividends paid and proposed		(94,863)	(174,418)
<b>Retained profit/(loss) for the financial year</b>		<b>24,888</b>	(79,238)
Retained profit brought forward		211,883	291,121
<b>Retained profit carried forward</b>		<b>236,771</b>	211,883

There is no difference between the result as disclosed above and the result on an unmodified historical cost basis. A statement of recognised gains and losses has not been prepared as all recognised gains and losses are included within the above profit and loss account.

No operations were acquired or discontinued during the year.

## Balance sheet

at 31 December 1999

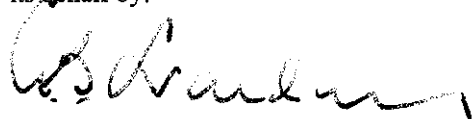
	Note	1999		1998	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		14,647		23,035
<b>Current assets</b>					
Debtors	9	110,872		108,365	
Cash at bank and in hand		485,686		403,211	
		<u>596,558</u>		<u>511,576</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(123,434)</u>		<u>(71,728)</u>	
<b>Net current assets</b>			<u>473,124</u>		<u>439,848</u>
<b>Total assets less current liabilities</b>			<u>487,771</u>		<u>462,883</u>
<b>Creditors: amounts falling due after more than one year</b>	11		<u>(250,000)</u>		<u>(250,000)</u>
<b>Net assets</b>			<u>237,771</u>		<u>212,883</u>
<b>Capital and reserves</b>					
Called up share capital	12		1,000		1,000
Profit and loss account			236,771		211,883
<b>Shareholders' funds - equity</b>			<u>237,771</u>		<u>212,883</u>

The movement in shareholders' funds relates entirely to the retained profit for the financial year.

The financial statements were approved by the board of directors on its behalf by:

31 May

2000 and were signed on



**GB Standring**  
Director



## Notes

*(forming part of the financial statements)*

### 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*

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

#### *Fixed assets*

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives using the following rates:

Motor vehicles	-	25%
Plant and machinery	-	33 1/3%

#### *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 within the profit and loss account.

#### *Turnover*

Turnover represents the value of contract work completed during the year, excluding Value Added Tax.

#### *Work in progress*

Work in progress is valued at the lower of cost, including an appropriate element of overheads, and net realisable value.

#### *Cash flow statement*

Under Financial Reporting Standard 1 (Revised), the company has taken advantage of the exemption from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of a parent undertaking which has produced a group cash flow statement in accordance with the provisions of the standard.

#### *Taxation*

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability or asset will crystallise.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Related party transactions*

As a wholly owned subsidiary of the Peninsular and Oriental Steam Navigation Company, the company has taken advantage of the exemption in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

#### *Pension costs*

The company contributes to a group defined benefit scheme calculated as a percentage of the pensionable salaries to the employees. The cost of providing defined benefit pensions is charged to the profit and loss account on a systematic basis over the periods benefiting from the service of employees.

### 2 Turnover

As a wholly owned subsidiary of a parent who provides complete segmental analysis, Marine Safety Services Limited has applied the exemption as provided by SSAP 25.

### 3 Profit on ordinary activities before taxation

	1999 £	1998 £
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
Auditors' remuneration:		
Audit	1,752	1,704
Other	875	-
(Profit) on sale of fixed assets	-	(6,270)
Depreciation	8,388	8,185
Exchange loss	1,075	4,675
	<hr/>	<hr/>

**Notes (continued)**

**4 Remuneration of directors**

	1999 £	1998 £
Directors' emoluments, excluding pension contributions	76,084	68,422
	<u>          </u>	<u>          </u>
	<b>Number of directors</b>	
	1999	1998
Retirement benefits are accruing to the following directors under defined benefit schemes	4	4
	<u>          </u>	<u>          </u>
The number of directors who exercised share options was	1	-
	<u>          </u>	<u>          </u>

**5 Staff numbers and costs**

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

	<b>Number of employees</b>	
	1999	1998
Shore staff employed in the U.K.	9	9
	<u>          </u>	<u>          </u>

The aggregate payroll costs of these persons were as follows:

	1999 £	1998 £
Wages and salaries	256,538	256,641
Social security costs	22,910	21,681
Other pension costs	19,469	22,060
	<u>          </u>	<u>          </u>
	298,917	300,382
	<u>          </u>	<u>          </u>

**Notes (continued)**

**6 Other interest receivable and similar income**

	1999 £	1998 £
Receivable from bank deposit account	25,378	34,897

**7 Taxation**

	1999 £	1998 £
UK corporation tax at 30.25% (1998: 31%) on the profit for the year on ordinary activities	50,949	41,137
Adjustment relating to an earlier year	-	1,812
	50,949	42,949

**8 Tangible fixed assets**

	Motor vehicles £	Office and computer equipment £	Total £
<b>Cost</b>			
At beginning and end of year	22,573	18,555	41,128
<b>Depreciation</b>			
At beginning of year	4,239	13,854	18,093
Charge for year	5,652	2,736	8,388
At end of year	9,891	16,590	26,481
<b>Net book value</b>			
At 31 December 1999	12,682	1,965	14,647
At 31 December 1998	18,334	4,701	23,035

**Notes (continued)**

**9 Debtors**

	1999 £	1998 £
Trade debtors	95,591	92,935
Amount owed by parent and fellow subsidiary undertakings	-	3,594
Other debtors	10,675	8,823
Prepayments and accrued income	4,606	3,013
	<u>110,872</u>	<u>108,365</u>

**10 Creditors: amounts falling due within one year**

	1999 £	1998 £
Trade creditors	14,235	8,517
Amounts owed to parent and fellow subsidiary undertakings	34,656	-
Corporation tax	50,949	41,137
Accruals and deferred income	23,594	22,074
	<u>123,434</u>	<u>71,728</u>

**11 Creditors: amounts falling due after more than one year**

	1999 £	1998 £
Amounts owed to group undertakings	<u>250,000</u>	<u>250,000</u>

This amount represents a long-term, interest-free funding loan from the ultimate parent company.

There is no fixed repayment date for this loan and it is the intention of the ultimate holding company that the loan will not be recalled within one year from the balance sheet date.

**Notes (continued)**

**12 Called up share capital**

	1999	1998
	£	£
<i>Authorised</i>		
Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>

**13 Pension scheme**

The holding company, The Peninsular and Oriental Steam Navigation Company, operates a funded defined benefit pension scheme which covers the majority of its employees. The contributions by the company are calculated with actuarial advice to cover the accruing liabilities on a continuing basis. Actuarial valuations are carried out triennially. The last valuation was carried out during March 1998, details of which are included within the holding company's financial statements.

**14 Ultimate parent company**

The ultimate parent company is The Peninsular and Oriental Steam Navigation Company which is incorporated in Great Britain by Royal Charter and registered in England and Wales.

Copies of the accounts of the holding company can be obtained from:

The Registrar of Companies  
 Companies House  
 Crown Way  
 Cardiff  
 CF4 3H2