

Registered

**SBS LOGISTICS LIMITED**  
**ABBREVIATED FINANCIAL STATEMENTS**  
**31 DECEMBER 1999**  
**REGISTERED NO 3311077**

**HLB** Kidsons  
Chartered Accountants



**HLB Kidsons**  
**Chartered Accountants**  
**Lerwick**

# SBS LOGISTICS LIMITED

## DIRECTORS' REPORT

31 December 1999

The directors submit their report and the audited financial statements for the year ending 31 December 1999.

### Principal activities

The principal activity of the company is the provision of logistics services to industry, principally the offshore oil industry.

### Business review

In the opinion of the directors the financial statements give a fair review of the development of the business during the year and of its position at the end of the year.

### Results and dividends

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

### Post balance sheet event

On 6 March 2000 Shetland Leasing and Property Limited agreed to purchase the leaseholds and associated buildings of the company. The resultant expected gain on disposal of the assets, and tax payable cannot yet be quantified until the legal documentation has been processed. The company will continue to occupy the properties and additional areas of the base as a sub tenant, paying a commercial rent.

### Year 2000 compliance

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The company has assessed the risks to our business resulting from the date change to the year 2000. We have assessed the likely impact on our activities and have developed prioritised action plans to deal with the key risks.

### Directors

The directors of the company at 31 December 1999 and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

31 December  
1998 and 1999

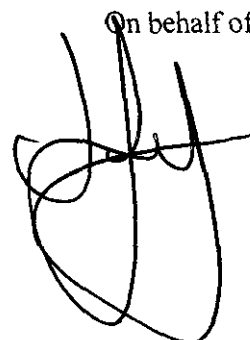
K Fletcher  
S B Tulloch  
J Young  
D Hitchin  
J B Cargill (appointed 1 July 1999)

-  
-  
-  
-  
-

### Auditors

HLB Kidsons (formerly Kidsons Impey) have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the board



J Young  
Director

Lerwick

18 April 2000

# **SBS LOGISTICS LIMITED**

## **Auditors' report to SBS Logistics Limited under section 247b to the Companies Act 1985**

We have examined the abbreviated financial statements set out on pages 3 to 10 together with the financial statements of the company for the year ended 31 December 1999 prepared under section 226 of the Companies Act 1985.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246A(3) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

### **Basis of opinion**

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

### **Opinion**

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with 246A(3) of the Companies Act 1985 and the abbreviated financial statements on pages 3 to 10 are prepared in accordance with those provisions.

*HLB Kidsons*

HLB Kidsons

Registered Auditors

Chartered Accountants

Lerwick

18 April 2000

# SBS LOGISTICS LIMITED

## ABBREVIATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1999

	Note	1999 £000	1998 £000
Gross profit		510	805
Administrative expenses		(672)	(625)
		—	—
Operating (loss)/profit	2	(162)	180
Investment income	4	2	24
Interest payable	5	(64)	(9)
		—	—
(Loss)/profit on ordinary activities before taxation		(224)	195
Taxation	6	-	21
		—	—
Retained (loss)/profit for the financial year	15	(224)	216
		==	==

There are no recognised gains and losses other than the gains and losses for the year shown above.

**SBS LOGISTICS LIMITED**  
**ABBREVIATED BALANCE SHEET**

at 31 December 1999

	Note	1999 £000	1998 £000
<b>Fixed assets</b>			
Tangible assets	7	2,287	1,766
Investments	8	136	21
		<u>2,423</u>	<u>1,787</u>
<b>Current assets</b>			
Stocks	9	31	21
Debtors	10	2,765	2,707
Cash at bank and in hand		-	301
		<u>2,796</u>	<u>3,029</u>
<b>Creditors:</b> amounts falling due within one year	11	(1,193)	(999)
		<u>1,603</u>	<u>2,030</u>
<b>Net current assets</b>			
		<u>4,026</u>	<u>3,817</u>
<b>Total assets less current liabilities</b>			
<b>Creditors:</b> amounts falling due after more than one year	12	(675)	(242)
		<u>3,351</u>	<u>3,575</u>
<b>Capital and reserves (equity)</b>			
Called up share capital	14	3,059	3,059
Profit and loss account	15	292	516
		<u>3,351</u>	<u>3,575</u>
<b>Total shareholders' funds</b>			
	16	<u>3,351</u>	<u>3,575</u>

The financial statements on pages 3 to 10 were approved by the board of directors on 18 April 2000.

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

On behalf of the board

K Fletcher  : Chairman

S B Tulloch  : Director

# **SBS LOGISTICS LIMITED**

## **NOTES ON ABBREVIATED FINANCIAL STATEMENTS**

**31 December 1999**

### **1. Principal accounting policies**

#### **Basis of accounting**

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

The company is entitled for the year ended 31 December 1999 to the exemptions conferred by S248 of the Companies Act 1985 from the requirement to prepare group accounts.

#### **Depreciation**

Depreciation of fixed assets is charged by equal annual instalments commencing with the month after acquisition at rates estimated to write off their cost or valuation less any residual value over the expected useful lives which are as follows:

Leasehold buildings	10 - 36 years
Plant & equipment	5 - 20 years
Motor cars	3 - 5 years

#### **Leases and hire purchase contracts**

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

#### **Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

#### **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.

#### **Foreign currencies**

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date. All differences are taken to the profit and loss account.

#### **Pensions**

Pension costs for the defined benefit pension scheme is charged to trading profit so as to spread costs over the expected service lives of the employees in the schemes using the projected unit method. Variations from the regular cost are spread over the expected remaining service lives of current employees in the schemes. For defined contribution schemes, costs are charged to profit as incurred.

# SBS LOGISTICS LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31 December 1999  
(continued)

2.	<b>Operating (loss)/profit</b>	<b>1999</b>	<b>1998</b>
		<b>£000</b>	<b>£000</b>
	Operating (loss)/profit is stated after charging:		
	Staff and workforce costs (note 4)	<u>1,174</u>	<u>1,002</u>
	Auditors' remuneration	<u>5</u>	<u>5</u>
	Operating leases - plant and machinery	<u>112</u>	<u>11</u>
	Land and buildings rent	<u>63</u>	<u>19</u>
	Depreciation of tangible fixed assets		
	- Owned assets	125	71
	- Assets held under finance leases and hire purchase contracts	42	12
		<u>167</u>	<u>83</u>
	The total amount charged against profits in respect of finance leases and hire purchase contracts is (of which part is shown as depreciation and the balance is shown as interest payable in note 6.)	<u>103</u>	<u>21</u>

### 3. Directors and employees

#### Staff and workforce costs including directors' emoluments

Wages and salaries	1,048	906
Social security costs	97	85
Other pension costs	29	11
	<u>1,174</u>	<u>1,002</u>

#### Average number employed including executive directors

Base services	<u>62</u>	<u>45</u>
---------------	-----------	-----------

<b>Directors</b>	<b>£000</b>	<b>£000</b>
Directors' remuneration	<u>83</u>	<u>7</u>

#### Defined contribution scheme

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £29,000. There were no contributions payable to date held at the year end.

**SBS LOGISTICS LIMITED**

**NOTES ON ABBREVIATED FINANCIAL STATEMENTS**

**31 December 1999**  
(continued)

4.	<b>Investment income</b>			<b>1999</b>	<b>1998</b>
				<b>£000</b>	<b>£000</b>
	Other interest receivable			2	24
				<u>      </u>	<u>      </u>
5.	<b>Interest payable</b>				
	Bank interest			3	-
	Finance leases and hire purchase contracts			61	9
				<u>      </u>	<u>      </u>
				64	9
				<u>      </u>	<u>      </u>
6.	<b>Taxation</b>				
	Corporation tax on profit on ordinary activities			-	(21)
				<u>      </u>	<u>      </u>
7.	<b>Tangible fixed assets</b>				
		<b>Land and buildings</b>	<b>Plant, equipment and vehicles</b>	<b>Motor cars</b>	<b>Total</b>
		<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
	<b>Cost</b>				
	31 December 1998	897	2,711	72	3,680
	Additions	68	737	-	805
	Disposals	-	(621)	-	(621)
		<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
	31 December 1999	965	2,827	72	3,864
	<b>Depreciation</b>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
	31 December 1998	374	1,527	13	1,914
	Charge for the year	29	129	9	167
	Disposals	-	(504)	-	(504)
		<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
	31 December 1999	403	1,152	22	1,577
	<b>Net book amount</b>	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
	31 December 1999	562	1,675	50	2,287
		<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
	31 December 1998	523	1,184	59	1,766
		<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>

The net book amount of motor vehicles and equipment includes £997,474 (1998 - £575,523) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.



# SBS LOGISTICS LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31 December 1999  
(continued)

### 7. Tangible fixed assets (continued)

Land and buildings	1999 £000	1998 £000
Long leasehold	562	523
<b>Future capital commitments</b>		
Other contracts	-	67

### 8. Fixed assets investment

#### Subsidiary undertaking

Marshall Logistics Limited

Cost at 31 December 1999 and 1998	21	21
Provision for diminution in value	(17)	-
	4	21

a company registered in Scotland, in which the company holds 20,000 ordinary shares out of a total issued share capital of 20,000 ordinary £1 shares at cost.

Select Recruitment (Aberdeen) Limited	132	-
a company registered in Scotland, in which the company holds 100 ordinary shares out of a total issued share capital of 100 ordinary £1 shares at cost.		
	136	21

### 9. Stocks

Work in progress	5	2
Consumables	26	19
	31	21

### 10. Debtors

#### Amounts falling due within one year

Trade debtors	557	473
Due from parent company	2,061	1,983
Due from subsidiary undertaking	-	15
Other debtors	43	128
Prepayments and accrued income	104	108
	2,765	2,707

There are no debtors falling due after more than one year.

**SBS LOGISTICS LIMITED**

**NOTES ON ABBREVIATED FINANCIAL STATEMENTS**

**31 December 1999**  
(continued)

<b>11. Creditors: amounts falling due within one year</b>	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>
Bank loans and overdrafts	334	68
Trade creditors	233	204
Amount due to subsidiary	5	-
Other taxation and social security	38	25
Finance leases and hire purchase contracts	216	59
Other creditors	26	16
Accruals and deferred income	341	627
	<u>1,193</u>	<u>999</u>

Bank loans and overdrafts are secured by a bond and floating charge over the company assets for all sums due.

<b>12. Creditors: amounts falling due after more than one year</b>	<b>1999</b>	<b>1998</b>
	<b>£000</b>	<b>£000</b>
Finance leases and hire purchase contracts	673	242
Other creditors	2	-
	<u>675</u>	<u>242</u>

<b>13. Deferred taxation</b>	<b>1999</b>		<b>1998</b>	
	<b>Potential liability</b>	<b>Provision made</b>	<b>Potential liability</b>	<b>Provision made</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Corporation tax deferred by				
Capital allowances	196	-	196	-
Other timing differences	7	-	-	-
Unrelieved taxation losses	(115)	-	-	-
	<u>88</u>	<u>-</u>	<u>-</u>	<u>-</u>

<b>14. Called up share capital</b>	<b>1998 &amp; 1999</b>	
	<b>Number of shares</b>	<b>£000</b>
<b>Authorised</b>	<b>000's</b>	
Ordinary shares of £1 each	<u>3,059</u>	<u>3,059</u>
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	<u>3,059</u>	<u>3,059</u>
The above shares were issued at their nominal value.		

<b>15. Profit and loss account</b>	<b>1999</b>
	<b>£000</b>
31 December 1998	516
Retained loss for the year	(224)
	<u>292</u>
31 December 1999	

# SBS LOGISTICS LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31 December 1999

(continued)

16.	<b>Reconciliation of shareholders' funds</b>	<b>1999</b>	<b>1998</b>
		£000	£000
	(Loss)/profit for the financial year and net (subtraction)/additions to shareholders' funds	(224)	216
	Opening shareholders funds	3,575	3,359
		<u>          </u>	<u>          </u>
	<b>Closing shareholders' funds</b>	<b>3,351</b>	<b>3,575</b>
		<u>          </u>	<u>          </u>

### 17. Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 December 2000.

	1999		1998	
	Land and Buildings £000	Other £000	Land and buildings £000	Other £000
Expiring:				
Within one year	-	89	-	-
Within one to five years	24	9	-	10
After five years	14	-	14	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	38	98	14	10
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

There are cross letters of guarantee including letters of offset between SBS Logistics Limited and SBSL Holdings Limited.

### 18. Ultimate parent company

The company's ultimate parent undertaking is SBSL Holdings Limited, a company incorporated in Scotland.

### 19. Related party transactions

During the year the company sold services to SBS Holdings Limited amounting to £68,709 (1998 - £139,108). During the year the company purchased services from SBSL Holdings Limited amounting to £200,000 (1998 - £260,000). During the year the company purchased services from Marshall Logistics Limited amounting to £31,597 (1998 - £15,000).

During the year the company purchased services from SBS Select Recruitment Limited amounting to £17,863 (1998 - £Nil). During the year the company sold services to SBS Select Recruitment Limited amounting to £2,102 (1998 - £Nil).

### 20. Post balance sheet event

On 6 March 2000 Shetland Leasing and Property Limited agreed to purchase the leaseholds and associated buildings of the company. The resultant expected gain on disposal of the assets, and tax payable cannot yet be quantified until the legal documentation has been processed. The company will continue to occupy the properties and additional areas of the base as a sub tenant, paying a commercial rent.