

Registered

SHETLAND BASE SERVICES LIMITED
(formerly Shetland Holdings Limited
formerly Trushelfco (No 2221) Limited)

ABBREVIATED FINANCIAL STATEMENTS

31 DECEMBER 1997

REGISTERED NO 3311077



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COMPANIES HOUSE 18/06/98

SHETLAND BASE SERVICES LIMITED
(formerly Shetland Holdings Limited
formerly Trushelfco (No 2221) Limited)

DIRECTORS' REPORT

31 December 1997

The directors submit their report and the audited financial statements for the period beginning 31 January 1997 and ending 31 December 1997.

Results	£000
Profit for the financial period	300
Dividends proposed/paid	-
Transfer to reserves	300

Principal activity and business review

The company was incorporated under the name Trushelfco (No. 2221) Limited on 31 January 1997 which name was changed to Shetland Holdings Limited on 18 March 1997 and to the present style on 17 April 1997. The principal activity of the company is that of base service to the oil and oil related industries.

In the opinion of the directors the annexed accounts give a fair review of the development of the business during the period and of its position at the end of the period. A comprehensive review of the state of affairs of the Group is contained in the report and accounts of Ocean Group plc, the ultimate parent undertaking.

Post balance sheet event

The shares in the company were transferred to Maloxon Limited, a related undertaking of Ocean Group plc on 7 April 1998.

Directors

None of the present directors were directors throughout the period. Ms D C J Rowe and Mrs E J Zeurcher were appointed directors on 31 January 1997 and resigned on 19 March 1997. Messrs M J Gibbard and S A Young were appointed directors on 19 March 1997. Mr M J Gibbard resigned from the Board and Mr I S Goulden was appointed a director on 20 August 1997.

Messrs I S Goulden and S A Young resigned and Messrs K Fletcher, S B Tulloch and J Young were appointed directors on 7 April 1998.

SHETLAND BASE SERVICES LIMITED
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DIRECTORS' REPORT

31 December 1997
(continued)

The interests of the directors in office at the end of the period and their families in the ordinary shares of Ocean Group plc, the Company's ultimate holding company, were as shown below:

Ordinary Shares 25p
During the period

	19 March *	Acquisitions	Disposals	31 December
I S Goulden	7,812	-	4,062	3,750
S A Young	8,545	-	6,000	2,545

The undermentioned directors held options under the Ocean Group plc's Share Option Schemes:

Name	at 19 Mar *	Number of options			Exercise price	Market price at date of exercise	Date from which exercisable	Expiry Date
		Granted	Exercised	At 31 Dec				
I S Goulden	4,098	-	-	4,098	305.00	-	18.04.1998	17.04.2005
	3,333	-	-	3,333	375.00	-	16.10.1998	15.10.2005
	3,310	-	-	3,310	423.00	-	15.04.1999	14.04.2006
	15,691	-	-	15,691	452.50	-	24.09.1999	23.09.2006
	6,179	-	-	6,179	485.50	-	10.03.2000	09.03.2007
S A Young	-	2,267	-	2,267	430.00	-	01.12.2000	31.05.2001
	10,476	-	-	10,476	294.00	-	20.05.1997	19.05.2004
	29,802	-	-	29,802	249.00	-	07.10.1997	06.10.2004
	7,999	-	-	7,999	375.00	-	16.10.1998	15.10.2005
	4,256	-	-	4,256	423.00	-	15.04.1999	14.04.2006
	11,491	-	-	11,491	452.50	-	24.09.1999	23.09.2006
	2,606	-	-	2,606	374.00	-	01.12.1999	31.05.2000
	25,745	-	-	25,745	485.50	-	10.03.2000	09.03.2007

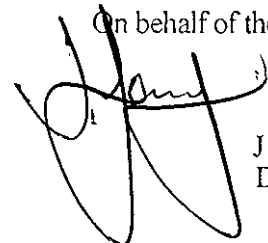
* or date of appointment where later

No options lapsed during the period. The market price of the shares at 31 December 1997 was 591p and the range during 1997 was 446.5p to 631.5p. An option granted during the period under the Ocean Group plc ("Ocean") Executive Share Option Schemes at a price of 485.5p will at the date of exercise require the underlying basis earnings per share of Ocean to have matched or exceeded the increase in the UK Retail Price Index by 6% over the preceding three year period.

The company's register of directors interests, which is open to inspection at the registered office, contains full details of directors' shareholdings and share options.

Except as above no director had any interest in any shares or debentures in any companies of the Ocean Group.

On behalf of the board



J Young
Director

Lerwick

7 May 1998

SHETLAND BASE SERVICES LIMITED

**(formerly Shetland Holdings Limited
formerly Trushelfco (No 2221) Limited)**

**Auditors' report to Shetland Base Services Limited
under section 247b to the Companies Act 1985**

We have examined the abbreviated financial statements set out on pages 4 to 11 together with the financial statements of the company for the period ended 31 December 1997 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 246 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 246(5) and (6) 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 246(5) and (6) of the Companies Act 1985 and the abbreviated financial statements on pages 4 to 11 are prepared in accordance with those provisions.


Kidsons Impey
Registered Auditors
Chartered Accountants

Lerwick

7 May 1998

SHETLAND BASE SERVICES LIMITED
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ABBREVIATED PROFIT AND LOSS ACCOUNT

for the period ended 31 December 1997

	Note	1997 £000
Gross profit		686
Administrative expenses		(388)
		—
Operating profit	2	298
Investment income	4	2
		—
Profit on ordinary activities before taxation		300
Taxation	5	-
		—
Retained profit for the financial period	12	<u>300</u>

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

SHETLAND BASE SERVICES LIMITED
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ABBREVIATED BALANCE SHEET

at 31 December 1997

	Note	1997 £000	£000
Fixed assets			
Tangible assets	6		1,059
Current assets			
Stocks	7	25	
Debtors	8	2,733	
Cash at bank and in hand		276	
		<hr/>	
		3,034	
Creditors: amounts falling due within one year	9	(734)	
		<hr/>	
Net current assets			2,300
			<hr/>
Total assets less current liabilities			3,359
			<hr/> <hr/>
Capital and reserves (equity)			
Called up share capital	11		3,059
Profit and loss account	12		300
			<hr/>
Total shareholders' funds	13		3,359
			<hr/> <hr/>

The abbreviated accounts on pages 4 to 11 were approved by the board of directors on 7 May 1998.

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

SHETLAND BASE SERVICES LIMITED
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NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31 December 1997

1. Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules.

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 -25 years
Plant & equipment	5 - 20 years
Motor cars	3 - 5 years

Operating leases

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 Ocean Group's defined benefit pension schemes are 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.

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NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31 December 1997
(continued)

2.	Operating profit	1997
		£000
	Operating profit is stated after charging:	
	Staff and workforce costs (note 3)	1,017
	Auditors' remuneration	5
	Operating leases - plant and machinery	14
	Land and buildings rent	36
	Depreciation of tangible fixed assets - owned (note 6)	313
		<u> </u>
3.	Directors and employees	
	Staff and workforce costs including directors' emoluments	
	Wages and salaries	930
	Social security costs	87
		<u> </u>
		1,017
		<u> </u>
	Average number employed including executive directors	Number
	Base services	49
		<u> </u>
		£000
	Directors' remuneration	Nil
		<u> </u>

No director received any remuneration during the period and none of the directors waived their rights to remuneration.

SHETLAND BASE SERVICES LIMITED
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NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31 December 1997
 (continued)

3. Directors and employees

Staff and workforce costs including director's emoluments (continued)

Pension costs

The Ocean Group operates contributory pension schemes covering the majority of its permanent employees. The membership of the major UK schemes represents approximately 70% of the total number of employees and deferred and actual pensioners belonging to Group Schemes.

The major UK schemes are of the defined benefit type and are administered by external trustees independently of the Group's finances. The pension cost for these schemes has been assessed with the advice of an independent qualified actuary using the projected unit method. The last full actuarial valuation of these schemes was carried out as at 31 March 1995. The major actuarial assumptions were:

Investment return	9% per annum
Salary growth	7% per annum
Pension increase	5% per annum

The market value of the assets in the UK schemes at the valuation date was £445m. The actuarial valuation of the assets represented 145% of the liabilities for benefits that had accrued to members after allowing for expected future increases in salaries. The actuary has been able to recommend the continued suspension of the Group's contributions to the main UK pension scheme (Ocean Nestor Pension Scheme) until at least 31 March 2000.

The funding position of the UK schemes remains strong despite the recent changes to Advance Corporation Tax. The Company expects the trend of pension credit for the main UK schemes to be sustainable for the foreseeable future.

The main defined benefit schemes outside the UK have been assessed in accordance with advice from qualified actuaries. The value of the assets in these schemes approximated to the benefits that had accrued to members after allowing for expected future increases in salaries.

4. Investment income	1997
	£000
Other interest receivable	2
	==

5. Taxation	
Corporation tax on profit on ordinary activities	165
Subvention by parent company	(165)
	—
	-
	==

No provision for corporation tax has been made as the tax charge will be paid by Ocean Group plc.

SHETLAND BASE SERVICES LIMITED
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NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31 December 1997
(continued)

6. Tangible fixed assets	Land and buildings £000	Plant, equipment and vehicles £000	Motor cars £000	Total £000
Cost				
Transfer from fellow subsidiary undertaking	2,792	2,488	22	5,302
Additions	30	30	-	60
Disposals	(44)	(256)	(10)	(310)
Inter-group transfers	(1,895)	(110)	-	(2,005)
	<u>883</u>	<u>2,152</u>	<u>12</u>	<u>3,047</u>
Depreciation				
Transfer from fellow subsidiary undertaking	1,217	1,682	14	2,913
Charge for the period	148	162	3	313
Disposals	(12)	(167)	(9)	(188)
Inter-group transfers	(977)	(73)	-	(1,050)
	<u>376</u>	<u>1,604</u>	<u>8</u>	<u>1,988</u>
Net book amount				
31 December 1997	<u>507</u>	<u>548</u>	<u>4</u>	<u>1,059</u>
Land and buildings				1997 £000
Long leasehold				<u>507</u>
Future capital commitments				
Other contracts				<u>30</u>
7. Stocks				
Work in progress				6
Consumables				19
				<u>25</u>

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NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31 December 1997
 (continued)

8.	Debtors	1997 £000
	Amounts falling due within one year	
	Trade debtors	580
	Due from parent company	1,955
	Other debtors	100
	Prepayments and accrued income	98
		<u>2,733</u>

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

9.	Creditors: amounts falling due within one year	
	Trade creditors	116
	Other taxation and social security	53
	Other creditors	86
	Accruals and deferred income	479
		<u>734</u>

10.	Deferred taxation	1997
		Potential Provision
		liability made
		£000 £000
	Corporation tax deferred by	
	Capital allowances	74
		<u>-</u>

11.	Called up share capital	1997
		Number £000
		of shares
	Authorised	
	Ordinary shares of £1 each	3,059,000
		<u>3,059</u>
	Allotted, called up and fully paid	
	Ordinary shares of £1 each	3,059,000
		<u>3,059</u>

The above shares were issued at their nominal value.

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NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31 December 1997

(continued)

12. **Profit and loss account** **1997**
£000

Retained profit for the period and at 31 December 1997 300

13. **Reconciliation of shareholders' funds**

Profit for the financial period 300
New share capital subscribed 3,059

Net addition to and closing shareholders' funds 3,359

14. **Guarantees and other financial commitments**

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the period to 31 December 1998.

	1997	
	Land and buildings	Other
	£000	£000
Expiring:		
Within one year	-	9
Within one to five years	-	13
After five years	36	-
	<u>—</u>	<u>—</u>
	<u>36</u>	<u>22</u>

15. **Ultimate parent company**

The company's ultimate parent undertaking is Ocean Group plc, a company incorporated in England. The company has taken advantage of the exemption of a subsidiary company from disclosing related party transactions within the group.

16. **Post balance sheet event**

Since the year end the company's shares have been transferred to Maloxon Limited, a related undertaking of Ocean Group plc.