

**SIGNED**

**Company Registration No. 4851172**

**BIBBY OFFSHORE LIMITED**

**Report and Financial Statements**

**31 December 2010**

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COMPANIES HOUSE

# **BIBBY OFFSHORE LIMITED**

## **Report and financial statements 2010**

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# **BIBBY OFFSHORE LIMITED**

## **Report and financial statements 2010**

### **Officers and professional advisers**

#### **Directors**

Sir Michael Bibby Bt (resigned 1 July 2010)  
Cyril Joseph Green (resigned 1 July 2010)  
Jonathan Haymer (resigned 1 July 2010)  
Howard Dennis Woodcock  
Peter Hughes  
Fraser John Moonie  
John Howard Hughes (resigned 1 January 2011)  
David James Forsyth (resigned 1 July 2010)  
Neale John Stewart (appointed 12 April 2010, resigned 1 July 2010, reappointed 1 September 2010)  
Barry John MacLeod (appointed 17 January 2011)

#### **Secretary**

Bibby Bros & Co (Management) Limited

#### **Registered office**

105 Duke Street  
Liverpool  
L1 5JQ

#### **Legal advisers**

McGrigors LLP  
Aberdeen  
AB10 1UD

#### **Bankers**

Standard Chartered Bank  
1 Basinghall Avenue  
London  
EC2V 5DD

Royal Bank of Scotland plc  
Aberdeen  
AB10 1YN

#### **Independent auditor**

Deloitte LLP  
Aberdeen, United Kingdom

# **BIBBY OFFSHORE LIMITED**

## **Directors' report**

The directors present their report and the audited financial statements for the year ended 31 December 2010

### **Principal activity and business review**

Bibby Offshore Limited (the group) was the holding company for the Bibby Line Group's offshore and subsea activities until following a company restructuring on 24 March 2010 the entire share capital of the company was transferred to Bibby Offshore Holdings Limited. On that date Bibby Offshore Holdings Limited became the holding company for Bibby Line Group's offshore and subsea activities.

The group's principal activities are the provision of management services and subsea construction activity in offshore industries across the world.

During the year the group purchased the Bibby Sapphire for a consideration of £34m, which was financed through a bank loan and established its own diving operation, which significantly enhances the overall service provision the group can offer its clients. We are not, at the date of this report, aware of any likely major changes in activities in the coming year. The group continues to seek investment opportunities in existing and new business areas with a view to implementing its policy of expansion.

As shown in the profit and loss account on page 7, the group's turnover has decreased by 18.2% over the prior year with the group reporting an operating loss of £5.4m compared to a profit of £5.6m in 2009. The decrease in turnover and operating profit reflects difficult market and general economic conditions. This was compounded by the Bibby Aquamarine being in dry dock for longer than expected. There are signs of improvement in the market but it is not expected that this will come through until the second half of 2011.

The group reported a loss for 2010 of £7.1m. The directors do not recommend paying a dividend (2009: £3.6m). The group's gearing has increased following the acquisition of the Bibby Sapphire, and we consider the level of debt to be serviceable and supportable by the underlying activities.

The group manages its non-financial performance using Key Performance Indicators, KPIs. The indicators used measure performance for safety criteria: Lost Time Injury Frequency 0.40 (2009: 0.73) and Total Recorded Case Frequency 2.02 (2009: 1.47), both are measures of hours per 100,000 working hours.

There have been no significant events since the balance sheet date which should be considered for a proper understanding of these financial statements.

### **Principal risks and uncertainties**

Competitive pressure in international markets is a continuing risk for the group. To manage this risk, the group strives to provide well maintained and safe assets, added value services, prompt responses to customer requirements, and the continuation of strong relationships with customers. The group provides assets and services into international markets and it is therefore exposed to currency movements on such sales, which it manages, as far as is possible through contractual terms or matching costs in the same currencies. Pricing risks are managed by negotiating supplier costs with reference to end customer pricing as far as possible. Demand risk is created by changes in the oil price which feeds through to the level of planned operating or capital expenditure by customers. The risk is managed via consideration of the contracts available, utilising contracts of differing length and margin to ensure utilisation of the vessels being managed to be cash generative and profitable.

# **BIBBY OFFSHORE LIMITED**

## **Directors' report (continued)**

### **Going concern**

Despite the strengthening of the oil price during 2010, continuing weakness in the global economy meant that there were still considerable risks to capital expenditure, and to a lesser extent operating expenditure, within the oil and gas industry

Given the current conditions we expect the group to be profitable and cash generative during 2011. The group expects to meet its day to day working capital requirements through its banking facility, the provision of group support and operating cash generation

In April 2010 the group secured a bank term loan of £34m to facilitate the purchase of the Bibby Sapphire and as such has to comply with the terms and conditions of that loan, including financial covenant tests

The group's forecasts and projections, taking account of possible changes in trading performance, show that the group and company should be able to operate within the established terms and conditions of the facilities. Additionally we have a reasonable expectation that appropriate support would be forthcoming from Bibby Line Group Limited if necessary

After making enquiries, as per above, we have formed a judgment that at the time of approving the financial statements, there is a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. For this reason we adopt the going concern basis in preparing the financial statements

### **Corporate governance**

The group strives to maintain the highest standards in corporate governance and bases its actions on the principles of openness, integrity and accountability. Audit and remuneration committees exist within Bibby Line Group Limited which also cover the activities of this group

### **Environment**

The group recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to mitigate any adverse impact that might be caused by its activities. Initiatives aimed at minimising the group's impact on the environment include recycling, reducing energy consumption and the introduction of a carbon neutral company car policy

### **Employees**

The group is committed to the continuing development of effective employee communication, including regular publication of company magazines. It is the policy of the group to ensure that all sections of the community have an equal opportunity in matters related to employment. The group operates no pension schemes, but is a member of its parent company's schemes

It is the group's policy to promote the understanding and involvement of all employees in its business and performance

The policy of the group is to give full and fair consideration to applications for employment made by disabled persons. If any employee becomes disabled whilst employed by a group company, every effort is made to find suitable continuing employment, with re-training as necessary. Disabled persons share equally in the opportunities available for training, career development and promotion

### **Dividends**

No dividends were paid in the year (2009 £3,593,424)

### **Directors**

The present membership of the board and changes to the date of this report are set out on page 1

### **Charitable and political donations**

Charitable donations of £3,384 were made during the year (2009 none), no political donations were made (2009 £nil)

# **BIBBY OFFSHORE LIMITED**

## **Directors' report (continued)**

### **Auditors**

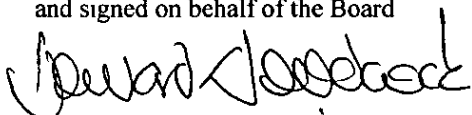
Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware,
- (2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting

Approved by the Board of Directors  
and signed on behalf of the Board



H Woodcock  
Director

28 April 2011

# **BIBBY OFFSHORE LIMITED**

## **Directors' responsibilities statement**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditor's report to the members of BIBBY OFFSHORE LIMITED**

We have audited the financial statements of Bibby Offshore Limited for the year ended 31 December 2010 which comprise the group profit and loss account, the group and parent company balance sheets, the group cash flow statement, and the related notes 1 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2010 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

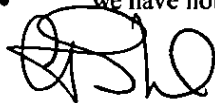
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Graeme Sheils CA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Aberdeen, United Kingdom  
28 April 2011



# BIBBY OFFSHORE LIMITED

## Group profit and loss account Year ended 31 December 2010

	Note	2010 £	2009 £
<b>Group turnover continuing operations</b>	2	89,927,156	109,971,126
Cost of sales		(86,529,652)	(96,630,303)
<b>Gross profit</b>		3,397,504	13,340,823
Administrative expenses		(8,758,062)	(7,777,707)
<b>Operating (loss)/profit: continuing operations</b>		(5,360,558)	5,563,116
Interest receivable and similar income	3	30,669	13,806
Interest payable and similar charges	4	(1,736,384)	(52,439)
<b>(Loss)/profit on ordinary activities before taxation</b>	5	(7,066,273)	5,524,483
Tax on (loss)/profit on ordinary activities	6	(3,476)	(3,070,185)
<b>(Loss)/profit for the financial year</b>	16	(7,069,749)	2,454,298

There are no recognised gains and losses other than those included in the profit and loss account in the current or prior year. Accordingly no Statement of Total Recognised Gains and Losses is presented.

# BIBBY OFFSHORE LIMITED

## Parent company and group balance sheets At 31 December 2010

		Company		Group	
	Note	2010	2009	2010	2009
		£	£	£	£
<b>Fixed assets</b>					
Investments	7	48,032	100	-	-
Tangible assets	8	17,584,028	16,967,293	50,012,094	16,969,966
		<u>17,632,060</u>	<u>16,967,393</u>	<u>50,012,094</u>	<u>16,969,966</u>
<b>Current assets</b>					
Stocks	9	1,285,110	1,193,620	1,895,092	1,779,175
Debtors	10	29,748,041	22,920,510	29,747,176	34,651,899
Cash at bank and in hand		<u>6,559,475</u>	<u>7,863,737</u>	<u>7,210,050</u>	<u>7,953,918</u>
		37,592,626	31,977,867	38,852,318	44,384,992
<b>Creditors: amounts falling due within one year</b>	11	(33,084,727)	(19,204,249)	(28,437,454)	(21,151,523)
<b>Net current assets</b>		<u>4,507,899</u>	<u>12,773,618</u>	<u>10,414,864</u>	<u>23,233,469</u>
<b>Total assets less current liabilities</b>		22,139,959	29,741,011	60,426,958	40,203,435
<b>Creditors: amounts falling due more than one year</b>	12	-	-	(27,049,120)	-
<b>Provisions for liabilities</b>	14	(1,707,400)	(1,293,589)	(10,446,992)	(10,202,840)
<b>Net assets</b>		<u>20,432,559</u>	<u>28,447,422</u>	<u>22,930,846</u>	<u>30,000,595</u>
<b>Capital and reserves</b>					
Called up share capital	15	17,000,000	17,000,000	17,000,000	17,000,000
Profit and loss reserve	16	<u>3,432,559</u>	<u>11,447,422</u>	<u>5,930,846</u>	<u>13,000,595</u>
<b>Shareholders' funds</b>	17	<u>20,432,559</u>	<u>28,447,422</u>	<u>22,930,846</u>	<u>30,000,595</u>

The financial statements of Bibby Offshore Limited, registered number 4851172 were approved by the board of directors and authorised for issue on 28 April 2011

Signed on behalf of the Board of Directors



H Woodcock

Director

# BIBBY OFFSHORE LIMITED

## Group cash flow statement Year ended 31 December 2010

	Note	2010 £	2010 £	2009 £	2009 £
<b>Net cash inflow from operating activities</b>	18		6,542,971		10,199,406
<b>Returns on investment and servicing of finance:</b>					
Interest received		30,669		13,806	
Interest paid		(1,197,439)		(29,266)	
			(1,166,770)		(15,460)
<b>Taxation:</b>					
Corporation tax paid		(1,821,000)		(59,000)	
Foreign tax paid		(112,857)		(2,547,324)	
			(1,933,857)		(2,606,324)
<b>Capital expenditure and financial investment:</b>					
Purchase of tangible fixed assets		(35,314,186)		(1,388,698)	
Sale of tangible fixed assets		-		20,924	
			(35,314,186)		(1,367,774)
<b>Equity dividends paid</b>			-		(3,320,000)
<b>Cash(outflow)/inflow before financing</b>			(31,871,842)		2,889,848
<b>Financing:</b>					
New loans		34,000,000		-	
Repayment of amounts borrowed		(2,125,000)		-	
Loan issue costs		(747,026)		-	
			31,127,974		-
<b>(Decrease)/increase in cash</b>	19, 20		(743,868)		2,889,848

# **BIBBY OFFSHORE LIMITED**

## **Notes to the financial statements Year ended 31 December 2010**

### **1. Accounting policies**

#### **Basis of preparation**

The accounting policies have been applied consistently in dealing with items considered to be material to the group and company's financial statements. The accounts are presented on the basis of the historical cost accounting convention and in accordance with applicable United Kingdom accounting standards.

The financial statements have been prepared on a going concern basis, which is discussed in the Directors' Report under the heading 'Going Concern'.

#### **Basis of consolidation**

The group financial statements consolidate the financial statements of the parent company and Bibby Freighters Limited by the merger method of accounting. Bibby Offshore (Guernsey) Limited is consolidated under the acquisition method.

On 24 March 2010 Bibby Offshore Limited acquired the entire issued share capital of Rumford Tankers Limited and Huskisson Shipping Limited from Bibby Line Group Limited as part of a group reorganisation. The transfers have been accounted for as a group reconstruction in accordance with the principles of merger accounting set out in Financial Reporting Standard 6 and Schedule 6 10 to the Companies Act 2006. Accordingly the consolidated financial statements are presented as if the company had been the parent company of the group throughout the years ended 31 December 2009 and 2010.

As a consolidated profit and loss is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006. The parent company's loss for the year amounted to £8,014,863 (2009 profit £194,367).

#### **Tangible fixed assets and depreciation**

Fixed assets are included at cost, less depreciation.

Depreciation is provided on a straight line basis to write off the cost of tangible fixed assets over their expected useful economic lives to their expected residual value, as follows:

Fleet	25 years
Plant and equipment	1 to 5 years

#### **Dry dock costs**

For all vessels, non-enhancement costs associated with the periodic dry docking of vessels are written off in the year in which the dry dock takes place. Enhancement costs are capitalised and depreciated over the useful life of the enhancement.

#### **Stock**

Stock of spares and consumables is stated at the lower of cost and net realisable value, after due regard for obsolete and slow moving stocks.

#### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. The deferred tax assets and liabilities are not discounted. Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted.

# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2010

### 1. Accounting policies (continued)

#### Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates ruling at the balance sheet date. All exchange differences are recorded in the profit and loss account.

#### Pension costs

Bibby Offshore Limited is a member of the Bibby Line Group Limited Pension Scheme but is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis. Therefore, as required by FRS 17 "Retirement Benefits", Bibby Offshore Limited continues to account for the Scheme as if it was a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the pension scheme in respect of the accounting period. Differences between the amounts charged in the profit and loss account and payments made to the pension scheme are treated as liabilities. The disclosures required by FRS 17 have been incorporated in note 26.

#### Operating leases

Lease rentals are charged to the profit and loss account on a straight line basis over the lease terms.

#### Fixed asset investments

Fixed asset investments are shown at cost less any provision for impairment.

#### Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at cost incurred, less that transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on accounts.

#### Derivative financial instruments

The group uses derivative financial instruments to reduce exposure to interest rate movements. Gains or losses are recognised once realised. The fair value of open instruments at 31 December 2010 is disclosed in note 28.

#### Borrowings and finance costs

Borrowings are recorded at the proceeds received, net of direct issue costs. Finance costs, including direct issue costs, are recognised in the profit and loss account over the term of such instruments.

### 2. Turnover

Turnover is largely derived from overseas activities and represents charter hire and service revenues, recognised when provided to customers, and is stated net of discounts and sales taxes. Turnover in respect of long term contracts is discussed in note 1 above. The directors consider all activities of the group to fall within the offshore sector and, therefore, no further segmental reporting is provided.

### 3. Interest receivable and similar income

	2010 £	2009 £
Bank interest	<u>30,669</u>	<u>13,806</u>

# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2010

### 4 Interest payable and similar charges

	2010 £	2009 £
Interest on bank borrowings	1,553,407	278
Amortisation of debt issue costs	68,459	-
Other interest	114,518	52,161
	<u>1,736,384</u>	<u>52,439</u>

### 5 (Loss)/profit on ordinary activities before taxation

	2010 £	2009 £
<b>(Loss)/profit before taxation is stated after charging/(crediting):</b>		
Staff costs		
Wages and salaries	4,365,777	4,443,338
Social security costs	468,524	498,006
Other pension costs	240,105	279,053
Depreciation of owned assets (note 8)	2,269,385	1,038,339
Exchange loss	166,084	348,294
Gain on disposal of owned assets	-	(681,228)
Operating lease costs		
Hire of plant and machinery	14,050,968	18,659,849
Other	462,561	388,401
	<b>2010 £</b>	<b>2009 £</b>
Auditor's remuneration		
Audit of these financial statements	10,000	9,000
Amounts receivable by the auditors and their associates in respect of		
Audit of financial statements of subsidiaries pursuant to legislation	34,542	24,380
Other Services	30,000	-

# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2010

### 6. Taxation

	2010 £	2010 £	2009 £	2009 £
<b>The taxation (credit)/charge comprise:</b>				
Corporation tax payable – UK	82,309		1,354,223	
Corporation tax payable – overseas	-		920,113	
Corporation tax in respect of prior periods	(322,985)		(106,924)	
<b>Current tax (credit)/charge</b>		(240,676)		2,167,412
Deferred tax charge				
Current year	244,152		902,773	
<b>Deferred tax charge (note 14)</b>		244,152		902,773
<b>Total tax charge</b>		3,476		3,070,185

#### Factors affecting current period tax (credit)/charge for the year:

The current and preceding years tax (credit)/charge is higher than the anticipated charge. The anticipated tax (credit)/charge is based on the average rate of tax across the group.

The differences are reconciled below

	2010 £	2009 £
(Loss)/profit on ordinary activities before taxation	(7,066,273)	5,524,483
(Loss)/profit on ordinary activities multiplied by the average rate of tax of 28% (2009: 28%)	(1,978,556)	1,546,855
<b>Effects of:</b>		
Difference between capital allowances and depreciation	(229,073)	(758,872)
Non-deductible costs	-	41,839
Impact of lower tax rates outside of the UK	228,738	-
Effects of non-recoverable overseas taxation	-	90,001
Effect of prior period tax charges	(322,985)	(106,924)
Tonnage tax	1,707,695	1,354,513
Trading losses not utilised	353,505	-
<b>Current tax (credit)/charge</b>	(240,676)	2,167,412

The UK Government announced on 23 March 2011 that the main rate of corporation tax would reduce to 26% from 1 April 2011. This rate change will affect the size of Bibby's balance sheet deferred tax assets and liabilities in the future. Deferred tax as at 31 December 2010 has been recognised at the enacted rate at that balance sheet date, which was 27%.

# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2010

### 7. Investments

	Company £
<b>Subsidiary companies</b>	
At 1 January 2010	100
Additions	47,932
	<hr/>
At 31 December 2010	48,032
	<hr/>

Details of shares held in subsidiary undertakings are given in note 25

### 8. Tangible assets

	Fleet £	Plant & equipment £	Total £
<b>Company</b>			
<b>Cost</b>			
At 1 January 2010	-	25,071,674	25,071,674
Additions	1,581,264	198,947	1,780,211
Disposals	-	(95,076)	(95,076)
Transfer	23,973,590	(23,973,590)	-
	<hr/>	<hr/>	<hr/>
At 31 December 2010	25,554,854	1,201,955	26,756,809
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
At 1 January 2010	-	8,104,381	8,104,381
Charge for the year	832,228	243,316	1,075,544
Disposals	-	(7,144)	(7,144)
Transfer	7,640,078	(7,640,078)	-
	<hr/>	<hr/>	<hr/>
At 31 December 2010	8,472,306	700,475	9,172,781
	<hr/>	<hr/>	<hr/>
<b>Net book amount</b>			
At 31 December 2010	17,082,548	501,480	17,584,028
	<hr/>	<hr/>	<hr/>
At 31 December 2009	-	16,967,293	16,967,293
	<hr/>	<hr/>	<hr/>



# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2010

### 8. Tangible assets (continued)

	<b>Fleet £</b>	<b>Plant &amp; equipment £</b>	<b>Total £</b>
<b>Group Cost</b>			
At 1 January 2010	5,197,774	25,071,674	30,269,448
Additions	35,115,239	198,947	35,314,186
Disposals	(2,723)	-	(2,723)
Transfer	23,973,590	(23,973,590)	-
<b>At 31 December 2010</b>	<b>64,283,880</b>	<b>1,297,031</b>	<b>65,580,911</b>
<b>Depreciation</b>			
At 1 January 2010	5,195,101	8,104,381	13,299,482
Charge for the year	2,001,521	267,864	2,269,385
Disposals	(50)	-	(50)
Transfer	7,640,078	(7,640,078)	-
<b>At 31 December 2010</b>	<b>14,836,650</b>	<b>732,167</b>	<b>15,568,817</b>
<b>Net book amount</b>			
At 31 December 2010	49,447,230	564,864	50,012,094
At 31 December 2009	2,673	16,967,293	16,969,966

The transfer from plant and machinery to fleet relates to a dive spread that was on a vessel previously subject to lease agreement. Following acquisition of the vessel it is considered to be an integral part of the vessel and is therefore more appropriately classified within fleet.

### 9. Stocks

	<b>Company 2010 £</b>	<b>2009 £</b>	<b>Group 2010 £</b>	<b>2009 £</b>
Spares and consumables	1,285,110	1,193,620	1,895,092	1,779,175

# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2010

### 10. Debtors: amounts falling due within one year

	Company		Group	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	11,053,314	17,105,497	11,785,027	17,105,500
Amounts owed by other group companies	13,689,753	208,043	12,417,333	11,635,985
Corporation tax recoverable	165,080	-	-	-
Foreign tax recoverable	2,304,640	2,304,640	2,304,640	2,304,640
Other debtors	-	392,601	-	670,666
Prepayments and accrued income	2,535,254	2,909,729	3,240,176	2,935,108
	<u>29,748,041</u>	<u>22,920,510</u>	<u>29,747,176</u>	<u>34,651,899</u>

### 11. Creditors: amounts falling due within one year

	Company		Group	
	2010	2009	2010	2009
	£	£	£	£
Bank loans (note 13)	-	-	4,147,313	-
Trade creditors	2,302,156	6,136,841	2,966,812	6,143,696
Amounts owed to other group companies	22,066,738	966,592	10,813,274	2,607,731
Corporation tax payable	-	3,267,512	750,076	3,267,512
Other taxation and social security	3,070,060	2,533,139	3,060,402	2,543,755
Other creditors	6,935	19,096	272,341	307,760
Accruals and deferred income	5,638,838	6,281,069	6,427,236	6,281,069
	<u>33,084,727</u>	<u>19,204,249</u>	<u>28,437,454</u>	<u>21,151,523</u>

### 12. Creditors: amounts falling due more than one year

	Group	
	2010	2009
	£	£
Bank loan (note 13)	<u>27,049,120</u>	<u>-</u>

# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2010

### 13. Borrowings

	Group 2010 £	2009 £
Bank loans	31,875,000	-
Less unamortised issue costs	(678,567)	-
	<u>31,196,433</u>	<u>-</u>
Due within one year (note 11)	4,147,313	-
Due after more than one year (note 12)	27,049,120	-
	<u>31,196,433</u>	<u>-</u>
Analysis of repayments due		
Within one year	4,250,000	-
Between one and two years	4,250,000	-
Between two and five years	12,750,000	-
After more than five years	10,625,000	-
Less unamortised issue costs	(678,567)	-
	<u>31,196,433</u>	<u>-</u>

The bank loan is secured over the related vessel

The bank loan was drawn down on 15 April 2010 in the amount of £34,000,000. The loan is repayable in half yearly instalments of £2,125,000 over the length of duration of the loan, on 15 April and 15 October each year, with repayment in full being due by 15 April 2018. Interest is charged at LIBOR plus 3.7%.

Debt issue costs incurred, initially amounting to £747,026 on 15 April 2010, are being amortised over the 8 year period to 15 April 2018.

# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2010

### 14. Provisions for liabilities

	<b>Deferred taxation £</b>
<b>Company</b>	
At 1 January 2010	1,293,589
Charge in the year	413,811
	<u>1,707,400</u>
At 31 December 2010	<u>1,707,400</u>
<b>Group</b>	<b>£</b>
At 1 January 2010	10,202,840
Charge in the year	511,284
Change in tax rate	(267,132)
	<u>10,446,992</u>
At 31 December 2010	<u>10,446,992</u>

The deferred tax liability relates to capital allowances claimed in advance of depreciation charged on the vessel

### 15. Called up share capital

	<b>2010 £</b>	<b>2009 £</b>
<b>Authorised, allotted &amp; fully paid</b>		
16,999,850 Ordinary shares of £1 each	16,999,850	16,999,850
300 Ordinary shares of \$1 each	150	150
	<u>17,000,000</u>	<u>17,000,000</u>

All shares rank pari passu

# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2010

### 16. Profit and loss reserve

Company	£
As at 1 January 2010	11,447,422
Loss for the financial year	(8,014,863)
As at 31 December 2010	<u>3,432,559</u>
 Group	 £
At 1 January 2010	13,000,595
Loss for the financial year	(7,069,749)
At 31 December 2010	<u>5,930,846</u>

### 17. Reconciliation of movements in shareholders' funds

	Company		Group	
	2010	2009	2010	2009
	£	£	£	£
(Loss)/profit for the financial year	(8,014,863)	194,367	(7,069,749)	2,454,298
Dividends paid	-	(3,320,000)	-	(3,593,424)
Foreign exchange on change to functional currency	-	-	-	334
Net reduction to shareholders' funds	(8,014,863)	(3,125,633)	(7,069,749)	(1,138,792)
Opening shareholders' funds	28,447,422	31,573,055	30,000,595	31,139,387
Closing shareholders' funds	<u>20,432,559</u>	<u>28,447,422</u>	<u>22,930,846</u>	<u>30,000,595</u>

### 18. Reconciliation of operating (loss)/profit to net cash inflow from operating activities

	2010	2009
	£	£
Operating (loss)/profit	(5,360,558)	5,563,116
Depreciation	2,269,385	1,038,339
Profit on disposal of fixed assets	-	(681,228)
Decrease in debtors	4,907,396	12,355,058
Increase/(decrease) in creditors	4,842,665	(7,247,496)
Increase in stock	(115,917)	(828,383)
Net cash inflow from operating activities	<u>6,542,971</u>	<u>10,199,406</u>

# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2010

### 19. Reconciliation of group net funds

	2010 £	2009 £
(Decrease)/increase in cash in the year	(743,868)	2,889,848
Cash inflow from increase in net debt	(31,127,974)	-
(Increase)/decrease in net debt resulting from cash flows	(31,871,842)	2,889,848
Amortisation of issue costs	(68,459)	-
Movement in net debt in the year	(31,940,301)	2,889,848
Net funds at 1 January	7,953,918	5,064,070
Net (debt)/funds at 31 December	(23,986,383)	7,953,918

### 20. Analysis of group net funds

	1 January 2010 £	Cash flow £	Non-cash movement £	31 December 2010 £
Cash at bank and in hand	7,953,918	(743,868)	-	7,210,050
Debt due within 1 year	-	2,125,000	(6,272,313)	(4,147,313)
Debt due after 1 year	-	(33,252,974)	6,203,854	(27,049,120)
	-	(31,127,974)	(68,459)	(31,196,433)
	7,953,918	(31,871,842)	(68,459)	(23,986,383)

### 21. Dividends on equity shares

	2010 £	2009 £
Amounts recognised as distributions to equity holders in the period	-	3,593,424
Final dividend for the year	-	3,593,424

# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2010

### 22. Emoluments of directors

	2010 £	2009 £
Aggregate emoluments	<u>808,893</u>	<u>1,057,483</u>

Included in the total for 2009 is £10,000 compensation for loss of office

Retirement benefits are accruing to one (2009 two) director under a defined benefit scheme Five (2009 four) of the directors are in money purchase pension schemes and contributions in the year were £40,976 (2009 £61,349)

	2010 £	2009 £
Highest paid director		
Total amount of emoluments (including pension contributions)	<u>278,748</u>	<u>273,274</u>

The highest paid director is a member of the defined benefit pension scheme At 31 December 2010, accrued benefits totalled £35,968 (2009 £32,527)

### 23. Particulars of employees

	2010 No	2009 No
The average number of employees during the year was		
Administration	47	46
Marine staff	39	35
	<u>86</u>	<u>81</u>

# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2010

### 24. Operating lease commitments

Group	2010		2009	
	Property £	Other £	Property £	Other £
The group has the following annual commitments under operating leases which expire				
Within two to five years	-	11,516,845	-	18,409,417
After more than five years	508,091	-	387,510	-
	<u>508,091</u>	<u>11,516,845</u>	<u>387,510</u>	<u>18,409,417</u>

Company	2010		2009	
	Property £	Other £	Property £	Other £
The company has the following annual commitments under operating leases which expire				
Within two to five years	-	11,516,845	-	18,409,417
After more than five years	376,091	-	387,510	-
	<u>376,091</u>	<u>11,516,845</u>	<u>387,510</u>	<u>18,409,417</u>

### 25. Subsidiary undertakings

	Percentage of equity share capital held	Country of incorporation	Principal activity
<b>Subsidiary undertakings</b>			
Bibby Freighters Limited	100	United Kingdom	Shipping
Bibby Offshore (Guernsey) Limited	100	Guernsey	Crew supply
			Offshore Oil and
Bibby Offshore Singapore Pte Ltd	100	Singapore	Gas Services
Huskisson Shipping Limited	100	United Kingdom	Shipping
Rumford Tankers Limited	100	United Kingdom	Shipping



# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2010

### 26. Pension costs

The group participates in the Bibby Line Group Pension Scheme (the "Scheme"), a defined benefit pension scheme. The assets of the Scheme are held separately from those of the sponsoring and participating employers and are invested with an insurance company. The Scheme was closed to new entrants from 1 April 2000. The latest actuarial valuation of the scheme was carried out by a qualified independent actuary as at 5 April 2008 using the projected unit method and showed the Scheme to be 83% funded. Further actuarial information is given in the accounts of Bibby Line Group Limited. The contributions made by the group over the financial year to this Scheme were £26,024 equivalent to 16.7% (2009 £41,753 18.4%), of pensionable pay.

The group also participates in various defined contribution schemes for new employees. The contributions made by the group over the financial year to such schemes were £214,081 (2009 £237,300). There were no outstanding contributions at 31 December 2010 (2009 £nil).

#### FRS17 Disclosures

As noted above and under accounting policies (note 1) the company participates in the Scheme. As part of the information disclosed under FRS17 in the ultimate holding company's accounts, a net deficit of £10,020,000 (2009 £12,806,000) is noted. Further information is provided in the financial statements of the ultimate holding company.

### 27. Contingent liability

As at 31 December 2010, guarantees outstanding amounted to £2,103,718 (2009 Nil).

### 28. Derivatives not included at fair value

The group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings.

At 31 December 2010, the company held the following derivative instruments which were not included at fair value in the financial statements:

	Principal	Rate fixed	Expiry	Fair value 2010 £
<b>Interest rate swap contract</b>				
UK sterling	25,500,000	6.98%	15 April 2015	(945,417)

### 29. Related party transactions

Under Financial Reporting Standard 8, the company is exempt from disclosing related party transactions with fellow group undertakings, as 100% of the voting rights are controlled by the ultimate parent undertaking, Bibby Line Group Limited.

### 30. Ultimate parent company

The company is a wholly owned subsidiary undertaking of Bibby Line Group Limited, the ultimate parent company, a company registered in England. Bibby Line Group Limited is the parent undertaking of the largest group which consolidates these financial statements and of which the Company is a member.

The immediate parent undertaking is Bibby Offshore Holdings Limited, a company registered in England. Bibby Offshore Holdings Limited is the parent undertaking of the smallest group which consolidates these financial statements and of which the company is a member.

Copies of the Group financial statements may be obtained from Bibby Line Group Limited, 105 Duke Street, Liverpool L1 5JQ ([www.bibbygroup.co.uk](http://www.bibbygroup.co.uk)).