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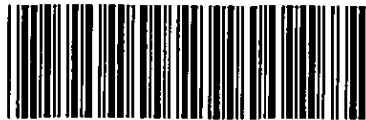
**Company Registration No. 4851172**

**BIBBY OFFSHORE LIMITED**

**Report and Financial Statements**

**31 December 2012**

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COMPANIES HOUSE

# **BIBBY OFFSHORE LIMITED**

## **Report and financial statements 2012**

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# **BIBBY OFFSHORE LIMITED**

## **Report and financial statements 2012**

### **Officers and professional advisers**

#### **Directors**

Howard Dennis Woodcock  
Peter Hughes  
Fraser John Moonie  
Neale John Stewart  
Barry John MacLeod  
Darren William Morgan

#### **Secretary**

Bibby Bros & Co (Management) Limited

#### **Registered office**

105 Duke Street  
Liverpool  
L1 5JQ

#### **Legal advisers**

Pinsent Masons LLP  
Aberdeen  
AB15 4YD

#### **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  
AB10 1SL

# **BIBBY OFFSHORE LIMITED**

## **Directors' report**

The directors present their report and the audited financial statements for the year ended 31 December 2012

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

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

The group enjoyed a further year of continued growth in its financial performance with revenue increasing 37% to £208m and the operating profit increasing from £7.6m in 2011 to £19.2m in 2012. Increased project capacity, initially through the charter and then purchase of the Diving Support Vessel (DSV), Bibby Polaris in the North Sea and the charter of the Construction Support Vessel (CSV), Bibby Spring in South East Asia were key factors in this growth.

The purchase of the Bibby Polaris was partly financed by Standard Chartered Bank. Whilst the group's gearing has increased during the year it is serviceable and supported by the underlying level of activity.

The group continues to seek investment opportunities in existing and new business areas, with a view to implementing its policy of expansion.

The group monitors its financial and non-financial performance using Key Performance Indicators, KPIs. The KPIs used by the group to understand performance include reviewing gross profit against internally set targets. The indicators used to measure performance for safety criteria are Lost Time Injury Frequency 1.03 (2011: 1.00) and Total Recorded Case Frequency 1.80 (2011: 2.00), both are ratios of incidents per 100,000 working hours.

### **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. The group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Pricing risks are managed by negotiating supplier costs with reference to end customer pricing as far as possible.

Demand risk is influenced 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.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations as future developments, the group uses a mixture of long-term and short-term debt finance. In order to minimise the interest rate risk associated with debt finance, the group has entered into interest rate swap agreements to fix the rate of interest on a proportion of the longer term debt.

# **BIBBY OFFSHORE LIMITED**

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

### **Going concern**

Given the market outlook the group expects to be profitable and cash generative during 2013. The group expects to meet its day to day working capital requirements through its banking facilities and the generation of operating cash surpluses.

The group has bank term loan facilities and as such has to comply with the terms and conditions of these loans, including satisfaction of periodic financial covenant measurement 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 these facilities.

After making enquiries, as per above, the group has 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 the going concern basis has been adopted 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 participates in various defined contribution schemes for employees.

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**

Interim dividends of 32.94p per share were declared and paid in the year (2011: 2.94p).

### **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 £10,904 were made during the year (2011: £1,150), no political donations were made (2011: £nil).

## **BIBBY OFFSHORE LIMITED**

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

#### **Directors' indemnities**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report

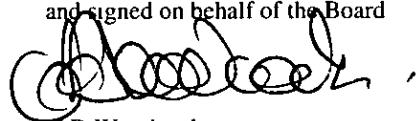
#### **Auditor**

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 auditor is 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 auditor is aware of that information

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

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



H D Woodcock  
Director

22 March 2013

# **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 results of the group for the 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 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 2012 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 31. 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2012 and of the group's profit 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 March 2013



## BIBBY OFFSHORE LIMITED

### Group profit and loss account Year ended 31 December 2012

	Note	2012 £	2011 £
<b>Group turnover: continuing operations</b>	2	207,991,245	151,195,381
Cost of sales		(177,682,079)	(133,812,394)
<b>Gross profit</b>		<u>30,309,166</u>	<u>17,382,987</u>
Administrative expenses		(11,089,398)	(9,831,742)
<b>Operating profit: continuing operations</b>		<u>19,219,768</u>	<u>7,551,245</u>
Interest receivable and similar income	3	28,322	18,619
Interest payable and similar charges	4	(2,935,706)	(2,292,081)
<b>Profit on ordinary activities before taxation</b>	5	<u>16,312,384</u>	<u>5,277,783</u>
Tax on profit on ordinary activities	6	(3,830,883)	(2,133,559)
<b>Profit for the financial year</b>	16	<u><u>12,481,501</u></u>	<u><u>3,144,224</u></u>

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 2012

	Note	Company 2012 £	2011 £	Group 2012 £	2011 £
<b>Fixed assets</b>					
Investments	7	48,033	48,032	-	-
Tangible assets	8	17,708,335	17,182,489	112,487,300	48,029,558
		<u>17,756,368</u>	<u>17,230,521</u>	<u>112,487,300</u>	<u>48,029,558</u>
<b>Current assets</b>					
Stocks	9	1,549,710	1,432,106	1,973,429	1,867,982
Debtors	10	58,498,035	45,418,737	41,477,871	40,144,141
Cash at bank and in hand		<u>5,571,064</u>	<u>6,491,358</u>	<u>7,215,807</u>	<u>7,326,598</u>
		65,618,809	53,342,201	50,667,107	49,338,721
<b>Creditors: amounts falling due within one year</b>	11	(47,991,311)	(43,906,505)	(55,090,637)	(39,343,896)
<b>Net current assets/(liabilities)</b>		<u>17,627,498</u>	<u>9,435,696</u>	<u>(4,423,530)</u>	<u>9,994,825</u>
<b>Total assets less current liabilities</b>		35,383,866	26,666,217	108,063,770	58,024,383
<b>Creditors: amounts falling due after more than one year</b>	12	-	-	(66,382,154)	(22,877,648)
<b>Provisions for liabilities</b>	14	(2,218,964)	(2,330,085)	(9,590,266)	(9,932,744)
<b>Net assets</b>		<u>33,164,902</u>	<u>24,336,132</u>	<u>32,091,350</u>	<u>25,213,991</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>16,164,902</u>	<u>7,336,132</u>	<u>15,091,350</u>	<u>8,213,991</u>
<b>Shareholders' funds</b>	17	<u>33,164,902</u>	<u>24,336,132</u>	<u>32,091,350</u>	<u>25,213,991</u>

The financial statements of Bibby Offshore Limited, registered number 4851172 were approved by the board of directors and authorised for issue on 22 March 2013

Signed on behalf of the Board of Directors



H D Woodcock  
Director

# BIBBY OFFSHORE LIMITED

## Group cash flow statement Year ended 31 December 2012

	Note	2012 £	2012 £	2011 £	2011 £
<b>Net cash inflow from operating activities</b>	18		23,843,201		14,420,821
<b>Returns on investment and servicing of finance:</b>					
Interest received		28,322		18,619	
Interest paid		(2,393,008)		(2,149,816)	
Issue costs paid on loans drawn		(1,218,563)		-	
			(3,583,249)		(2,131,197)
<b>Taxation:</b>					
UK corporation tax paid		(1,847,107)		(782,229)	
Overseas tax received/(paid)		-		457,110	
			(1,847,107)		(325,119)
<b>Capital expenditure and financial investment:</b>					
Purchase of tangible fixed assets		(68,854,302)		(1,097,957)	
			(68,854,302)		(1,097,957)
<b>Equity dividends paid</b>			(5,599,860)		(500,000)
Cash (outflow)/ inflow before financing			(56,041,311)		10,366,548
<b>Financing</b>					
New loans		52,180,510		-	
Repayment of amounts borrowed		(4,250,000)		(4,250,000)	
Repayment of group borrowings		-		(6,000,000)	
			47,930,510		(10,250,000)
<b>(Decrease)/increase in cash</b>	19, 20		(8,110,801)		116,548

# **BIBBY OFFSHORE LIMITED**

## **Notes to the financial statements Year ended 31 December 2012**

### **1. Accounting policies**

#### **Basis of preparation**

The principal accounting policies are stated below and have been applied consistently in the current and preceding year. 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 its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for periods from or to the date on which control passed. Acquisitions are accounted for under the acquisitions method of accounting apart from Bibby Offshore (Guernsey) Limited which is not consolidated as it is immaterial to the financial statements.

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 profit for the year amounted to £14,428,630 (2011: £4,403,573).

#### **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	From date of purchase to the age of the vessel of 25 years
Plant and equipment	1 to 5 years

#### **Dry dock costs**

For all vessels, non-enhancement costs associated with their periodic dry docking is 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 comprises spares and consumables and 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 overseas 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 2012

### 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 other than exchange differences arising on consolidation which are taken directly to reserves.

#### Pension costs

Bibby Offshore Limited participates in various defined contribution schemes for employees. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

#### 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 reflects the value appropriate to their stage of completion. Provision is made for any losses on contracts 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 account received.

#### Derivative financial instruments

The group uses derivative financial instruments to reduce exposure to foreign exchange and interest rate movements. Gains or losses are recognised once realised. The fair value of open instruments at 31 December 2012 is disclosed in note 29.

#### 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 borrowings.

### 2. Turnover

Turnover is largely derived from activities in the UKCS 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 accounted for as detailed 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

	2012 £	2011 £
Bank interest	28,322	18,619

# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2012

### 4 Interest payable and similar charges

	2012 £	2011 £
Interest on bank borrowings	2,818,003	2,064,345
Amortisation of debt issue costs	117,703	92,531
Other interest	-	135,205
	<u>2,935,706</u>	<u>2,292,081</u>

### 5 Profit on ordinary activities before taxation

	2012 £	2011 £
<b>Profit on ordinary activities before taxation is stated after charging.</b>		
Staff costs		
Wages and salaries	7,917,688	6,457,654
Social security costs	941,625	672,848
Other pension costs	677,560	268,005
Depreciation of owned assets (note 8)	4,396,560	3,079,347
Exchange loss	52,820	37,127
Operating lease costs		
Hire of plant and machinery	24,997,792	11,614,691
Other	2,098,675	560,019
	<u></u>	<u></u>

	2012 £	2011 £
Auditor's remuneration		
Fees payable to the company's auditor and associates for the audit of the company's annual accounts	30,000	32,609
The audit of the company's subsidiaries	5,000	5,435
	<u>35,000</u>	<u>38,044</u>
Total audit fees	-	-
Other services	-	-
	<u>35,000</u>	<u>38,044</u>

# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2012

### 6. Taxation

	2012 £	2012 £	2011 £	2011 £
<b>The taxation charge/(credit) comprises:</b>				
Corporation tax payable – UK	3,719,929		2,269,344	
Corporation tax payable – overseas	-		372,152	
Corporation tax in respect of prior periods	269,239		6,311	
Group relief	184,193		-	
<b>Current tax charge</b>		4,173,361		2,647,807
Deferred tax (credit)/charge				
Current year	(342,478)		(514,248)	
<b>Deferred tax credit (note 14)</b>		(342,478)		(514,248)
<b>Total tax charge</b>		3,830,883		2,133,559

#### Factors affecting current period tax charge for the year

The current and preceding year's tax charge is higher than the anticipated charge. The anticipated tax charge is based on the average standard UK rate of tax.

The differences are reconciled below

	2012 £	2011 £
Profit on ordinary activities before taxation	16,312,384	5,277,783
Profit/(loss) on ordinary activities multiplied by the average rate of tax of 24.5% (2011: 26.5%)	3,999,968	1,398,612
<b>Effects of:</b>		
Difference between capital allowances and depreciation	(407,747)	243,272
Non-deductible costs	24,500	14,026
Impact of lower tax rates outside of the UK	167,283	372,152
Effect of prior period tax charges	269,239	6,311
Tonnage tax	(259,056)	(760,253)
Trading losses not utilised	379,174	1,373,687
<b>Current tax charge/(credit)</b>	4,173,361	2,647,807

The UK Government announced on 21 March 2012 that the main rate of corporation tax would reduce to 24% from 1 April 2012 and on 5 December 2012 announced that it will reduce to 21% from 1 April 2014 but this rate has not yet been enacted. This rate change will affect the size of Bibby Offshore Limited's deferred tax assets and liabilities in the future. Deferred tax as at 31 December 2012 has been recognised at the enacted rate at that balance sheet date, which was 23%.

A deferred tax asset of £1,304,336 (2011: £1,291,194) for taxable losses within Bibby Offshore Singapore PTE Limited has not been recognised due to the directors' opinion that no suitable taxable profits will be available in the foreseeable future.

# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2012

### 7. Investments

	Company £
<b>Subsidiary companies</b>	
<b>Investments at cost</b>	
At 1 January 2012 and	48,032
Additions at cost	1
At 31 December 2012	<u>48,033</u>

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 2012	26,264,116	1,389,207	27,653,323
Additions	3,341,790	239,640	3,581,430
Transfer	(1,405,553)	-	(1,405,553)
At 31 December 2012	<u>28,200,353</u>	<u>1,628,847</u>	<u>29,829,200</u>
<b>Depreciation</b>			
At 1 January 2012	9,532,336	938,498	10,470,834
Charge for the year	1,260,423	389,611	1,650,034
At 31 December 2012	<u>10,792,759</u>	<u>1,328,106</u>	<u>12,120,865</u>
<b>Net book amount</b>			
At 31 December 2012	<u>17,407,594</u>	<u>300,741</u>	<u>17,708,335</u>
At 31 December 2011	<u>16,731,780</u>	<u>450,709</u>	<u>17,182,489</u>



# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2012

### 8. Tangible assets (continued)

	<b>Fleet £</b>	<b>Plant &amp; equipment £</b>	<b>Total £</b>
<b>Group</b>			
<b>Cost</b>			
At 1 January 2012	65,194,585	1,484,417	66,679,002
Additions	68,614,662	239,640	68,854,332
At 31 December 2012	133,809,247	1,724,057	135,533,304
<b>Depreciation</b>			
At 1 January 2012	17,647,475	1,001,969	18,649,444
Charge for the year	3,975,215	421,345	4,396,560
At 31 December 2012	21,622,691	1,423,314	23,046,004
<b>Net book amount</b>			
At 31 December 2012	112,186,556	300,744	112,487,300
At 31 December 2011	47,547,110	482,448	48,029,558

Included in tangible assets is fleet with a net book value of £111,884,408 secured against bank loans disclosed in note 13

### 9. Stocks

	<b>Company 2012 £</b>	<b>2011 £</b>	<b>Group 2012 £</b>	<b>2011 £</b>
Spares and consumables	1,549,710	1,432,106	1,973,429	1,867,982

# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2012

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

	Company		Group	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	18,622,429	15,330,997	18,622,451	15,330,997
Amounts owed by other group companies	25,884,461	21,194,142	5,976,420	15,844,286
VAT recoverable	2,036,332	1,488,277	2,093,471	1,492,972
Other debtors	778,304	1,524,028	317,970	1,524,028
Prepayments and accrued income	11,176,509	5,881,293	14,467,559	5,951,858
	<u>58,498,035</u>	<u>45,418,737</u>	<u>41,477,871</u>	<u>40,144,141</u>

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

	Company		Group	
	2012	2011	2012	2011
	£	£	£	£
Bank overdraft	8,000,000	-	8,000,000	-
Bank loans (note 13)	-	-	7,486,464	4,161,316
Trade creditors	13,546,980	7,496,877	13,921,670	7,551,462
Amounts owed to parent company	18,093	-	18,093	-
Amounts owed to other group companies	7,403,845	18,921,961	4,382,115	9,076,283
Corporation tax payable	2,183,220	344,594	3,512,750	1,186,490
Other taxation and social security	17,148	-	-	-
Other creditors	14,919	28,515	32,067	40,060
Accruals and deferred income	16,807,106	17,114,558	17,737,478	17,328,285
	<u>47,991,311</u>	<u>43,906,505</u>	<u>55,090,637</u>	<u>39,343,896</u>

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

	Group	
	2012	2011
	£	£
Bank loans (note 13)	<u>66,382,154</u>	<u>22,877,648</u>

# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2012

### 13. Borrowings

Bank loans - Group	2012 £	2011 £
Bank loans	75,555,512	27,625,000
Less unamortised issue costs	(1,686,894)	(586,036)
	<u>73,868,618</u>	<u>27,038,964</u>
Due within one year (note 11)	7,486,464	4,161,316
Due after more than one year (note 12)	66,382,154	22,877,648
	<u>73,868,618</u>	<u>27,038,964</u>
Analysis of repayments due		
Within one year	7,711,135	4,250,000
Between one and two years	9,178,520	4,250,000
Between two and five years	27,535,560	12,750,000
After more than five years	31,120,297	6,375,000
Less unamortised issue costs	(1,686,894)	(586,036)
	<u>73,868,618</u>	<u>27,038,964</u>

There are two bank loans which are secured over the related vessels

The first bank loan was drawn down on 15 April 2010 in the amount of £34,000,000 and is secured on the DSV Bibby Sapphire. The loan is repayable in half yearly capital instalments of £2,125,000 over the life of the loan, with repayment in full being made on 15 April 2018. Interest is charged at LIBOR plus 3.7%. Interest on 80% of the loan is fixed at 6.98%.

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.

The group entered into an agreement to purchase the DSV Bibby Polaris in March 2012 and entered into an agreement for the second bank loan secured on both vessels. The second bank loan comprises two separate tranches, tranche A in the amount of £39,428,165 and tranche B in the amount of £12,742,345. An initial drawdown of £6,411,190 was made in March 2012 and the bank loan was fully drawn on 29 October 2012.

Tranche A of the loan is repayable in half yearly instalments of £2,464,260 over the duration of the loan, with repayment in full being made on 29 October 2020. Interest is fixed at 5.02%. Tranche B is due for repayment in a single bullet payment on 15 April 2018. Interest is charged at LIBOR plus 3.5% plus a liquidity premium.

Debt issue costs incurred, initially amounting to £1,208,563 on 29 October 2012, are being amortised over the period to 29 October 2020.

# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2012

### 14 Provisions for liabilities

	<b>Deferred taxation £</b>
<b>Company</b>	
At 1 January 2012	2,330,085
Credit in the year	(111,121)
	<hr/>
At 31 December 2012	2,218,964
	<hr/>
<b>Group</b>	<b>£</b>
At 1 January 2012	9,932,744
Charge in the year	452,141
Change in tax rate	(794,619)
	<hr/>
At 31 December 2012	9,590,266
	<hr/>

The deferred tax liability relates to capital allowances claimed in advance of depreciation charged on the fixed assets of the company and group

### 15. Called up share capital

	<b>2012 £</b>	<b>2011 £</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
	<hr/>	<hr/>
	17,000,000	17,000,000
	<hr/>	<hr/>

All shares rank pari passu

# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2012

### 16. Profit and loss reserve

Company	£
At 1 January 2012	7,336,132
Profit for the financial year	14,428,630
Dividends paid	(5,599,860)
At 31 December 2012	<u>16,164,902</u>
 Group	 £
At 1 January 2012	8,213,991
Profit for the financial year	12,481,501
Foreign exchange difference	(4,282)
Dividends paid	(5,599,860)
At 31 December 2012	<u>15,091,350</u>

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

	Company		Group	
	2012	2011	2012	2011
	£	£	£	£
Profit for the financial year	14,428,630	4,403,573	12,481,501	3,144,224
Dividends paid	(5,599,860)	(500,000)	(5,599,860)	(500,000)
Foreign exchange difference arising on consolidation	-	-	(4,282)	(361,079)
Net increase in shareholders' funds	<u>8,828,770</u>	<u>3,903,573</u>	<u>6,877,359</u>	<u>2,283,145</u>
Opening shareholders' funds	<u>24,336,132</u>	<u>20,432,559</u>	<u>25,213,991</u>	<u>22,930,846</u>
Closing shareholders' funds	<u>33,164,902</u>	<u>24,336,132</u>	<u>32,091,350</u>	<u>25,213,991</u>

### 18. Reconciliation of operating profit to net cash inflow from operating activities

	2012	2011
	£	£
Operating profit	19,219,768	7,551,245
Depreciation	4,396,560	3,079,347
Increase in debtors	(1,333,730)	(12,701,605)
Increase in creditors	1,666,050	16,464,724
(Increase)/Decrease in stock	(105,447)	27,110
Net cash inflow from operating activities	<u>23,843,201</u>	<u>14,420,821</u>

# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2012

### 19. Reconciliation of group net funds

	2012 £	2011 £
(Decrease)/increase in cash in the year	(8,110,801)	116,548
Cash (inflow)/outflow from (increase)/decrease in net debt	(46,711,951)	10,250,000
(Increase)/decrease in net debt resulting from cash flows	(54,822,752)	10,366,548
Amortisation of issue costs	(117,703)	(92,531)
Movement in net debt in the year	(54,940,455)	10,274,017
Net funds at 1 January	(19,712,366)	(29,986,383)
Net debt at 31 December	<u>(74,652,821)</u>	<u>(19,712,366)</u>

### 20. Analysis of group net funds

	1 January 2012 £	Cash flow £	Non-cash movement £	31 December 2012 £
Cash at bank and in hand	7,326,598	(110,801)	-	7,215,797
Bank overdraft	-	(8,000,000)	-	(8,000,000)
	<u>7,326,598</u>	<u>(8,110,801)</u>	<u>-</u>	<u>(784,203)</u>
Debt due within 1 year (note 11)	(4,161,316)	(3,325,148)	-	(7,486,464)
Debt due after more than 1 year (note 12)	(22,877,648)	(43,386,803)	(117,703)	(66,382,154)
	<u>(27,038,964)</u>	<u>(46,711,951)</u>	<u>(117,703)</u>	<u>(73,868,618)</u>
	<u>(19,712,366)</u>	<u>(54,822,752)</u>	<u>(117,703)</u>	<u>(74,652,821)</u>

### 21 Dividends on equity shares

	2012 £	2011 £
Amounts recognised as distributions to equity shareholders in the period		
Interim dividends for the year	<u>5,599,860</u>	<u>500,000</u>

# **BIBBY OFFSHORE LIMITED**

## **Notes to the financial statements Year ended 31 December 2012**

### **22. Emoluments of directors**

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Aggregate emoluments	<u>360,827</u>	<u>937,153</u>

Two (2011 five) of the directors are in money purchase pension schemes and contributions in the year were £32,884 (2011 £57,802)

<b>Highest paid director</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Total amount of emoluments (including pension contributions)	<u>164,890</u>	<u>272,088</u>

Contributions of £21,000 (2011 £18,876) have been made to the money purchase scheme on behalf of the highest paid director

### **23. Particulars of employees**

	<b>2012</b>	<b>2011</b>
	<b>No</b>	<b>No</b>
The average number of employees during the year was		
Administration	147	113
Marine staff	41	39
	<u>188</u>	<u>152</u>

# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2012

### 24. Operating lease commitments

	2012		2011	
	Property £	Other £	Property £	Other £
<b>Group</b>				
The group has the following annual commitments under operating leases which expire				
Less than 1 year	301,046	4,898	132,462	14,422,769
Within two to five years	-	16,086,734	48,000	10,972,636
After more than five years	253,429	-	376,092	100,730
	<u>554,475</u>	<u>16,091,632</u>	<u>556,554</u>	<u>25,496,135</u>

	2012		2011	
	Property £	Other £	Property £	Other £
<b>Company</b>				
The company has the following annual commitments under operating leases which expire				
Less than 1 year	301,046	-	-	14,422,769
Within two to five years	-	10,760,537	48,000	10,972,636
After more than five years	-	-	376,092	100,730
	<u>301,046</u>	<u>10,760,537</u>	<u>424,092</u>	<u>25,496,135</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
Bibby Offshore Singapore Pte Limited	100	Singapore	Offshore Oil and Gas Services
Huskisson Shipping Limited	100	United Kingdom	Shipping
Rumford Tankers Limited	100	United Kingdom	Shipping
Bibby North Star Limited	100	United Kingdom	Shipping



# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2012

### 26. Capital commitments

	Company		Group	
	£	£	£	£
	2012	2011	2012	2011
Capital expenditure for which conditional contracts have been placed but which are not otherwise provided for in these financial statements	875,545	2,907,647	875,545	2,907,647

### 27 Pension costs

The group participates in various defined contribution schemes for employees. The contributions made by the group over the financial year to such schemes were £677,560 (2011 £239,702). There were outstanding pension contributions of £1,130 at 31 December 2012 (2011 £nil).

### 28 Contingent liability

As at 31 December 2012, performance guarantees outstanding to customers and suppliers amounted to £1,350,155 (2011 £1,005,598).

The group has received notification from the Trinidad and Tobago tax authorities as to past indirect liabilities in the amount of £3m. Through the course of 2011 the group negotiated and paid what it believed to be the full and final settlement of all past liabilities in this regard. The notification also indicates associated interest and penalties, which substantially relate to a period when the group was in discussion with the authorities on this matter and during which it was accepted that no interest and penalties would be levied. While formal settlement notification has not been received from the relevant authorities the directors do not consider the company has any remaining liabilities. Accordingly no provision has been made in the financial statements at 31 December 2012.

### 29. Derivatives not included at fair value

At 31 December, the group held the following derivative instruments which were not included at fair value in the financial statements.

#### Interest rate swaps

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

	Principal £	Rate fixed	Expiry	Fair value £
<b>31 December 2012</b>				
<b>Interest rate swap contract</b>				
UK sterling	18,700,000	6.98%	15 April 2015	(961,887)
UK sterling	39,428,165	5.02%	29 October 2020	(696,054)
<b>31 December 2011</b>				
<b>Interest rate swap contract</b>				
UK sterling	22,100,000	6.98%	15 April 2015	(1,123,920)

# BIBBY OFFSHORE LIMITED

## Notes to the financial statements Year ended 31 December 2012

### 29. Derivatives not included at fair value (continued)

#### Foreign currency contracts

The group uses foreign currency forward contracts and a forward foreign exchange option to manage its exposure to changes in foreign currency exchange rates. The settlement dates of the forwards foreign exchange contracts are all within a one year period from the reporting date. The expiry date of the foreign exchange option is within a one year period from the reporting date. The fair values are based on market values of equivalent instruments at the balance sheet date.

There were no open contracts as at 31 December 2012.

	Notional Sold £	Notional Bought \$	Average Exchange Rate	Fair value £
<b>31 December 2011</b>				
Forward foreign exchange contracts	(39,288,039)	61,200,000	1.5577	183,060
Foreign exchange option	<u>(41,666,687)</u>	<u>62,500,000</u>	1.5000	<u>1,318,192</u>

### 30. 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.

### 31. 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)).