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Registration number: 04851172

## Bibby Offshore Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2014

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# **Bibby Offshore Limited**

## **Contents**

Company Information .....	1
Directors' Report .....	2 to 3
Strategic Report .....	4 to 5
Statement of Directors' Responsibilities .....	6
Independent Auditor's Report .....	7 to 8
Profit and Loss Account .....	9
Balance Sheet .....	10
Notes to the Financial Statements .....	11 to 19

**Bibby Offshore Limited**  
**Company Information**

<b>Directors</b>	Howard Dennis Woodcock Peter Hughes Fraser John Moonie Neale John Stewart Barry John MacLeod Graeme Wood Alan Owen Edwards Nichola Etherson
<b>Company secretary</b>	Bibby Bros. & Co. (Management) Limited
<b>Registered office</b>	105 Duke Street Liverpool L1 5JQ
<b>Solicitors</b>	Pinsent Masons LLP Aberdeen AB15 4YD
<b>Bankers</b>	Standard Chartered Bank 1 Basinghall Avenue London EC2V 5DD  Royal Bank of Scotland plc Aberdeen AB10 1YN
<b>Auditors</b>	Deloitte LLP Chartered Accountants and Statutory Auditor Aberdeen United Kingdom

# **Bibby Offshore Limited**

## **Directors' Report for the Year Ended 31 December 2014**

The directors present their report and the financial statements for the year ended 31 December 2014.

### **Directors of the company**

The directors who held office during the year and at the date of the report were as follows:

Howard Dennis Woodcock

Peter Hughes

Fraser John Moonie

Neale John Stewart

Barry John MacLeod

Darren William Morgan (resigned 31 December 2014)

Graeme Wood

Alan Owen Edwards

Nichola Etherson

### **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.

### **Financial risk management**

The company's financial risk management policies and procedures are discussed in the strategic report on pages 4 to 5 and form part of this report by cross-reference.

### **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 £2.92 per share were declared and paid in the year (2013:£0.28 per share).

## **Bibby Offshore Limited**

### **Directors' Report for the Year Ended 31 December 2014**

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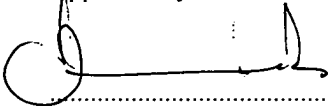
#### **Directors' liabilities**

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.

#### **Disclosure of information to the auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditor is unaware of.

Approved by the Board on 27 March 2015 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Howard Dennis Woodcock', written over a horizontal dotted line.

Howard Dennis Woodcock  
Director

## **Bibby Offshore Limited**

### **Strategic Report for the Year Ended 31 December 2014**

The directors present their strategic report for the year ended 31 December 2014.

#### **Principal activity**

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

#### **Business review**

2014 was an exceptional year for Bibby Offshore Limited as the company maintained its strong position in the North Sea.

Bibby Offshore maintains a balanced fleet combining ownership, long term charter and short term charter of vessels to secure operational capacity, whilst maintaining flexibility across our cost base. 2014 saw excellent utilisation levels above 95% (2013:98%) across an expanded fleet. In 2014, we operated a fleet of four Diving Support Vessels ("DSVs") with the addition of the Mermaid Endurer on charter. A construction Support Vessel ("CSV"), the Olympic Ares, was added to the fleet in the first quarter and during the second quarter we extended the charter until August 2017. Additional vessel capacity is also chartered in on a short term basis as required.

We carefully managed our short term capacity over the 2014/2015 winter period by redelivering DSV Mermaid Endurer in January 2015. The operational gearing of Bibby Offshore was actively managed by redelivering the vessel at the end of its work schedule. Capacity will be reinstated in the second half of 2015 when the Olympic Bibby (MT6021) will join the UK fleet from Norway as our new long term ROVSV.

The strong level of repeat business continued at above 74% (2013:91%) for the year with contracts being awarded by oil companies including Shell, BP, Conoco Phillips, Allseas, DONG and Total. The company prides itself on its ability to service clients and to provide high quality execution. The current commodity price environment has impacted the whole oil & gas industry and we are committed to maintaining a constant dialogue with all our customers to ensure visibility on the tendering opportunities that exist in the market. Our First Point Assessment Limited (FPAL) score, which is our key benchmark for customer satisfaction, remained high relative to our peers in the North Sea at 7.8 out of 10 as at December 2014 (2013:7.7).

Bibby Offshore completed a 365 day contract for Maersk Oil in January 2015 and continued to deliver the 3 x 365 contract for Talisman Sinopec Energy. The company also continues to deliver two large projects for Maersk Oil and Premier Oil, as well as being awarded work, from amongst others, Total, Centrica, DONG, Shell, BP, Conoco Phillips and BG Tunisia in the year. Bibby Offshore continues to build on its growing reputation as a subsea decommissioning specialist winning project work for Endeavour and Conoco Phillips in the UK North Sea.

It is difficult to draw a direct correlation between a change in the oil price and the impact on the business, as our business model remains focused on the operating expenditure phase of a field's life cycle. However, in the fourth quarter we took the prudent step of reducing our cost base, as well as taking the time to assess our efficiencies as a business and taking the opportunity to do things differently; without compromising our customer satisfaction, execution or safety.

We are committed to developing all of our employees and continued extensive training, talent management, appraisal and succession planning programmes to ensure their continued and successful development.

Bibby Offshore's goal is to have our workforce leading the improvement effort to achieve injury and incident free operations. We promote and encourage a culture of open and honest reporting of incidents, at all times, to ensure we have the opportunity to learn and drive continuous improvements in safety. The safety record, measured for the whole Bibby Offshore Holdings group of which Bibby Offshore is part, continues to demonstrate a low LTIF (low time incident frequency rate) of 1.69 (2013:0.24) and TRCF (total recorded case frequency) of 2.02 (2013:1.75), which was maintained in the period.

**Bibby Offshore Limited**  
**Strategic Report for the Year Ended 31 December 2014**

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***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 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.

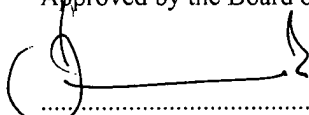
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations as future developments, the group uses a mixture of long-term and short-term debt finance. In order to minimise the interest rate risk associated with debt finance, the group has entered into interest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

**Going concern**

The company expects to continue be profitable and cash generative during 2015. The company expects to meet its day to day working capital requirements through its cash reserves and the generation of operating cash surpluses.

Group companies have confirmed that they will not seek repayment of loan balances in the forthcoming twelve months if it would compromise the ability of the company to trade in the ordinary course of business.

Approved by the Board on 27 March 2015 and signed on its behalf by:



.....  
Howard Dennis Woodcock  
Director

**Bibby Offshore Limited**  
**Statement of Directors' Responsibilities**

The directors are responsible for preparing the Directors' 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 profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements 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 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 2014, set out on notes 1 to 23. 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 Statement of Directors' Responsibilities (set out on page 6), 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 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 and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its 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 and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the Members of  
Bibby Offshore Limited**

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**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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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, Statutory Auditor

Aberdeen  
United Kingdom

30 March 2015

**Bibby Offshore Limited**  
**Profit and Loss Account for the Year Ended 31 December 2014**

	Note	2014 £ 000	2013 £ 000
Turnover		348,212	231,434
Cost of sales		<u>(272,974)</u>	<u>(176,421)</u>
Gross profit		75,238	55,013
Administrative expenses		<u>(23,825)</u>	<u>(20,291)</u>
Operating profit	2	51,413	34,722
Income from shares in group undertakings		3,261	3,800
Interest receivable and similar income	7	90	20
Interest payable and similar charges	8	<u>(1,409)</u>	<u>(531)</u>
Profit on ordinary activities before taxation		53,355	38,011
Tax on profit on ordinary activities	9	<u>(10,900)</u>	<u>(9,268)</u>
Profit for the financial year	18	<u><u>42,455</u></u>	<u><u>28,743</u></u>

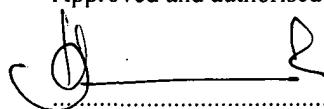
Turnover and operating profit derive wholly from continuing operations.

The company has no recognised gains or losses for the year other than the results above.

**Bibby Offshore Limited**  
**(Registration number: 04851172)**  
**Balance Sheet at 31 December 2014**

	Note	2014 £ 000	2013 £ 000
<b>Fixed assets</b>			
Tangible fixed assets	10	19,967	20,074
Investments	11	48	48
		<u>20,015</u>	<u>20,122</u>
<b>Current assets</b>			
Stocks	12	1,758	1,584
Debtors	13	69,721	56,581
Cash at bank and in hand		34,916	11,958
		<u>106,395</u>	<u>70,123</u>
Creditors: Amounts falling due within one year	14	<u>(74,388)</u>	<u>(30,749)</u>
Net current assets		<u>32,007</u>	<u>39,374</u>
Total assets less current liabilities		52,022	59,496
Provisions for liabilities	15	<u>(2,083)</u>	<u>(2,388)</u>
Net assets		<u>49,939</u>	<u>57,108</u>
<b>Capital and reserves</b>			
Called up share capital	16	17,000	17,000
Profit and loss account	18	<u>32,939</u>	<u>40,108</u>
Shareholders' funds	19	<u>49,939</u>	<u>57,108</u>

Approved and authorised for issue by the Board on 27 March 2015 and signed on its behalf by:

  
 .....  
 Howard Dennis Woodcock  
 Director

## **Bibby Offshore Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2014**

#### **1 Accounting policies**

##### **Basis of preparation**

The principal accounting policies are stated below and have been applied consistently year on year 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 company is exempt from preparation of consolidated financial statements as it is 100% of subsidiary of a group which prepares publicly available consolidated financial statements.

##### **Going concern**

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

##### **Cashflow exemption**

The company is exempt from preparing a cash flow statement as 100% of the voting rights are held within the group.

##### **Turnover**

Turnover is largely derived from the provision of project management and execution of offshore inspection, repair, maintenance and construction services to the Oil and Gas Sector, recognised when provided to customers, and is stated net of discounts and sales taxes. The directors consider all activities of the group to fall within the offshore sector within two distinct geographical regions, UK and Rest of World

##### **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:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Fleet	from date of purchase to the age of the vessel of 25 years
Plant and machinery	1 to 5 years

##### **Fixed asset investments**

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

##### **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 for the Year Ended 31 December 2014

..... *continued*

#### Foreign currency

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.

#### 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.

#### Pensions

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 paid are shown as either accruals or prepayments in the balance sheet.

## 2 Operating profit

Operating profit is stated after charging:

	2014 £ 000	2013 £ 000
Operating leases - Property	1,601	1,151
Operating leases - other	64,881	12,201
Depreciation of owned assets	2,790	1,990
Auditor's remuneration	42	47
	<u>42</u>	<u>47</u>

## 3 Segmental Analysis

Turnover was all derived from activities within Northern Europe.

## 4 Auditor's remuneration

	2014 £ 000	2013 £ 000
Audit of the financial statements	36	32
<b>Other fees to auditors</b>		
The audit of the company's subsidiaries' annual accounts	6	15
	<u>42</u>	<u>47</u>

## 5 Particulars of employees

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

# Bibby Offshore Limited

## Notes to the Financial Statements for the Year Ended 31 December 2014

..... continued

	2014 No.	2013 No.
Management, operations and administration staff	270	212
Marine staff	-	42
	<u>270</u>	<u>254</u>

### 6 Directors' remuneration

The directors' remuneration for the year was as follows:

	2014 £ 000	2013 £ 000
Remuneration	1,049	996
Company contributions paid to money purchase schemes	<u>76</u>	<u>34</u>

In respect of the highest paid director:

	2014 £ 000	2013 £ 000
Remuneration	292	266
Company contributions to money purchase pension schemes	<u>21</u>	<u>8</u>

### 7 Interest receivable and similar income

	2014 £ 000	2013 £ 000
Bank interest receivable	<u>90</u>	<u>20</u>

### 8 Interest payable and similar charges

	2014 £ 000	2013 £ 000
Interest on bank borrowings	30	531
Interest on amounts due to group undertakings	<u>1,379</u>	<u>-</u>
	<u>1,409</u>	<u>531</u>

# Bibby Offshore Limited

## Notes to the Financial Statements for the Year Ended 31 December 2014

..... continued

### 9 Taxation

#### Tax on profit on ordinary activities

	2014 £ 000	2013 £ 000
<b>Current tax</b>		
Corporation tax charge	11,442	9,077
Adjustments in respect of previous years	(237)	22
UK Corporation tax	11,205	9,099
<b>Deferred tax</b>		
Origination and reversal of timing differences	(305)	169
Total tax on profit on ordinary activities	10,900	9,268

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

Tax on profit on ordinary activities for the year is lower than (2013 - higher than) the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%).

The differences are reconciled below:

	2014 £ 000	2013 £ 000
Profit on ordinary activities before taxation	53,355	38,011
Corporation tax at standard rate	11,471	8,838
Difference between capital allowances and depreciation	149	16
Other timing differences	452	742
Tonnage tax	(58)	-
Non-taxable income	(701)	(883)
Expenses not deductible for tax purposes	129	204
Adjustment for prior periods	(237)	22
Group relief	-	160
Total current tax	11,205	9,099



# Bibby Offshore Limited

## Notes to the Financial Statements for the Year Ended 31 December 2014

..... continued

### 10 Tangible fixed assets

	Fleet £ 000	Plant and machinery £ 000	Total £ 000
<b>Cost or valuation</b>			
At 1 January 2014	28,744	5,160	33,904
Additions	2,109	574	2,683
At 31 December 2014	30,853	5,734	36,587
<b>Depreciation</b>			
At 1 January 2014	12,382	1,448	13,830
Charge for the year	1,983	807	2,790
At 31 December 2014	14,365	2,255	16,620
<b>Net book value</b>			
At 31 December 2014	16,488	3,479	19,967
At 31 December 2013	16,362	3,712	20,074

The company's fixed assets are provided as collateral under a related group company's borrowing arrangements.

### 11 Fixed asset investments

	2014 £ 000	2013 £ 000
Shares in group undertakings and participating interests	48	48
<b>Shares in group undertakings and participating interests</b>		
	<b>Subsidiary undertakings £ 000</b>	<b>Total £ 000</b>
<b>Cost</b>		
At 1 January 2014	48	48
At 31 December 2014	48	48
<b>Net book value</b>		
At 31 December 2014	48	48
At 31 December 2013	48	48

### Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

## Bibby Offshore Limited

### Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

Subsidiary undertaking	Holding	Proportion of voting rights and shares held	Principal activity
Bibby Freighters Limited	Ordinary Shares	100%	Ship Owning
Bibby Offshore Singapore Pte Limited	Ordinary Shares	100%	Oil & Gas Services
Huskisson Shipping Limited	Ordinary Shares	100%	Ship Owning
Rumford Tankers Limited	Ordinary Shares	100%	Ship Owning
Bibby North Star Limited	Ordinary Shares	100%	Ship Owning

On 1 April 2014 the company disposed of its interest in Bibby Offshore (Guernsey) Limited to a fellow subsidiary of Bibby Line Group Limited, Bibby Ship Management (Western Europe) Limited.

#### 12 Stocks

	2014 £ 000	2013 £ 000
Stocks	1,758	1,584

#### 13 Debtors

	2014 £ 000	2013 £ 000
Trade debtors	24,420	21,815
Amounts owed by group undertakings	14,886	25,726
Other debtors	4,493	2,623
Prepayments and accrued income	25,922	6,417
	69,721	56,581

With effect from 1 July 2014 Intercompany loan balances attract interest at a rate of 7.50%. Interest is not charged on Intercompany trading balances settled within terms.

#### 14 Creditors: Amounts falling due within one year

	2014 £ 000	2013 £ 000
Trade creditors	3,835	4,525
Amounts owed to group undertakings	21,700	1,968
Corporation tax	7,242	4,814
Other taxes and social security	-	17
Other creditors	13	79
Accruals and deferred income	41,598	19,346
	74,388	30,749

With effect from 1 July 2014 Intercompany loan balances attract interest at a rate of 7.50%. Interest is not charged on Intercompany trading balances settled within terms.

# Bibby Offshore Limited

## Notes to the Financial Statements for the Year Ended 31 December 2014

..... continued

### 15 Provisions for liabilities

	Deferred tax £ 000	Total £ 000
At 1 January 2014	2,388	2,388
Credited to the profit and loss account	(305)	(305)
At 31 December 2014	<u>2,083</u>	<u>2,083</u>

### Analysis of deferred tax

	2014 £ 000	2013 £ 000
Difference between accumulated depreciation and amortisation and capital allowances	<u>305</u>	<u>2,388</u>

### 16 Share capital

#### Allotted, called up and fully paid shares

	2014		2013	
	No. 000	£ 000	No. 000	£ 000
Ordinary Shares of £1 each	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>	<u>17,000</u>

### 17 Dividends

	2014 £ 000	2013 £ 000
Final dividend paid	<u>49,624</u>	<u>4,800</u>

### 18 Reserves

	Profit and loss account £ 000	Total £ 000
At 1 January 2014	40,108	40,108
Profit for the year	42,455	42,455
Dividends	<u>(49,624)</u>	<u>(49,624)</u>
At 31 December 2014	<u>32,939</u>	<u>32,939</u>

## Bibby Offshore Limited

### Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

#### 19 Reconciliation of movement in shareholders' funds

	2014 £ 000	2013 £ 000
Profit attributable to the members of the company	42,455	28,743
Dividends	<u>(49,624)</u>	<u>(4,800)</u>
Net (reduction)/addition to shareholders' funds	(7,169)	23,943
Shareholders' funds at 1 January	<u>57,108</u>	<u>33,165</u>
Shareholders' funds at 31 December	<u><u>49,939</u></u>	<u><u>57,108</u></u>

#### 20 Contingent liabilities

As at 31 December 2014, performance guarantees outstanding to customers and suppliers amounted to £3,305,417 (2013: £902,760).

As noted in the prior year financial statements the group received notification from the Trinidad and Tobago tax authorities as to past indirect liabilities in the amount of £3m plus interest and penalties of a further £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. The status of this matter has not progressed significantly and the directors continue to believe there is no remaining liability. Accordingly no provision is made in the financial statements as at 31 December 2014.

In conjunction with this matter, in 2012 the Trinidad and Tobago tax authorities reopened the corporate tax assessments relating to 2008 and 2009. The group has received a notice of assessment for £4.5m plus penalties and interest of £3.9m. The Group is contesting this assessment and does not consider there is risk of any significant additional liability and need for further provision as at 31 December 2014.

As at 31 December 2014 the assessment of these potential contingent liabilities has not changed from 31 December 2013.

The company is an obligor under the borrowing facilities of a fellow group company in respect of £175m 7.5% of high yield bond notes. The borrowings are repayable in full on 15 June 2021, with a provision for early redemption starting in June 2017 at the discretion of the fellow group entity.

## Bibby Offshore Limited

### Notes to the Financial Statements for the Year Ended 31 December 2014

..... *continued*

#### 21 Commitments

##### Operating lease commitments

As at 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

Operating leases which expire:

	2014 £ 000	2013 £ 000
<b>Property</b>		
Within one year	-	30
Within two and five years	77	-
Over five years	1,537	1,069
	<u>1,614</u>	<u>1,099</u>
<b>Other</b>		
Within one year	-	21,758
Within two and five years	24,864	10,752
	<u>24,864</u>	<u>32,510</u>

#### 22 Related party transactions

The company has taken advantage of the exemption in FRS8 "Related Party Disclosures" from disclosing transactions with other members of the group.

#### 23 Control

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.

Two of Bibby Line Group Limited's Directors, M.J. Bibby, J.M. Smith and their immediate families, control 88% of the equity share capital of the Bibby Line Group Limited, either directly or through family trusts.

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)).