

FISHING SERVICES LIMITED

Report and Financial Statements

30 April 2000

**Deloitte & Touche
Lomond House
9 George Square
Glasgow
G2 1QQ**



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REPORT AND FINANCIAL STATEMENTS 2000

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REPORT AND FINANCIAL STATEMENTS 2000

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

I A Suttie
A Boardman

SECRETARY, SOLICITORS AND REGISTERED OFFICE

Paull & Williamsons
Investment House
6 Union Row
Aberdeen
AB10 1DQ

BANKERS

Bank of Scotland
39 Albyn Place
Aberdeen
AB10 1YN

AUDITORS

Deloitte & Touche
Lomond House
9 George Square
Glasgow
G2 1QQ

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 April 2000.

ACTIVITIES, REVIEW OF BUSINESS AND FUTURE PROSPECTS

The principal activity of the company was the rental of oilfield equipment. The trade, assets and liabilities of the company were transferred to a fellow subsidiary of the Orwell Group on 1 May 1999. The company did not trade in the year, and the intention is for it not to trade in the new year.

DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend. The profit for the year of £1,500,034 (1999: loss £657,676) has been transferred against reserves.

DIRECTOR AND HIS INTERESTS

I A Suttie was the sole director during the year and does not hold interests in the shares of the company. His interest in the shareholding of the ultimate parent company, Orwell Group plc, is disclosed in the financial statements of that company.

A Boardman was appointed as a director on 27 February 2001.

AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and Signed on Behalf of the Board



Director

27 FEBRUARY 2001.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

FISHING SERVICES LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 11 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of the director and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 April 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors

27 February 2001.

PROFIT AND LOSS ACCOUNT
Year ended 30 April 2000

	Note	Discontinued operations	
		2000 £	1999 £
TURNOVER	2	-	584,256
Cost of sales		-	932,882
Gross loss		-	(348,626)
Net operating expenses (including exceptional forgiveness of intercompany creditor)	3	1,500,034	(372,991)
OPERATING PROFIT/(LOSS)	4	1,500,034	(721,617)
Interest receivable and similar income	6	-	1,558
Interest payable and similar charges	7	-	(242,259)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,500,034	(962,318)
Tax on profit/(loss) on ordinary activities	8	-	(304,642)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	14	1,500,034	(657,676)

There are no recognised gains and losses other than the result for the year stated above, and the loss for the preceding year.

BALANCE SHEET**At 30 April 2000**

	Note	2000 £	1999 £
FIXED ASSETS			
Tangible assets	9	-	1,296,318
CURRENT ASSETS			
Debtors	10	-	437,980
Cash in hand and at bank		-	74,422
		-	512,402
CREDITORS: amounts falling due within one year	11	-	(3,192,644)
NET CURRENT LIABILITIES		-	(2,680,242)
TOTAL ASSETS LESS CURRENT LIABILITIES		-	(1,383,924)
PROVISIONS FOR LIABILITIES AND CHARGES	12	-	(116,110)
TOTAL NET LIABILITIES		-	(1,500,034)
CAPITAL AND RESERVES			
Called up share capital	13	2	2
Profit and loss account	14	(2)	(1,500,036)
TOTAL EQUITY SHAREHOLDERS' DEFICIT	15	-	(1,500,034)

These financial statements were approved by the Board of Directors on 27 FEBRUARY 2001.

Signed on Behalf of the Board

Angela Boardman

Director

NOTES TO THE ACCOUNTS

Year ended 30 April 2000

1. ACCOUNTING POLICIES

The particular accounting policies adopted by the director are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Fixed assets

Depreciation is provided to write off the cost less their estimated residual values over the estimated useful economic lives of the assets. The depreciation rates are as follows:

	%
Rental equipment	12.5
Plant & machinery	25
Motor vehicles	25

Foreign currencies

Transactions denominated in foreign currencies have been translated into the functional currency at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates ruling at that date. The transaction differences are dealt with in the profit and loss account.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future without replacement, calculated at rates at which it is estimated that tax will arise.

Pension costs

The company operated a defined contribution pension scheme for certain employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Pension costs are charged to the profit and loss account when payable.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

3. NET OPERATING EXPENSES

	2000 £	1999 £
Administrative expenses	-	413,477
Other operating income	(1,500,034)	(40,486)
	<u>(1,500,034)</u>	<u>372,991</u>

During the year, a fellow subsidiary of the Orwell Group forgave the whole of the debt due to it by the company, following the transfer of Fishing Services Limited's trade, assets and liabilities to it during the year.

NOTES TO THE ACCOUNTS

Year ended 30 April 2000

4. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting):

	2000 £	1999 £
Depreciation		
-Owned assets	-	258,387
Auditors' remuneration	-	2,000
Gain on disposal of tangible fixed assets	-	(15,109)
Foreign exchange gain	-	(25,377)
	<u>-</u>	<u>(25,377)</u>

5. DIRECTOR'S EMOLUMENTS AND EMPLOYEE INFORMATION

Director remuneration

The director received no emoluments during the year (1999: Nil), with no pension entitlement accruing.

Information regarding employees

The average monthly number of persons employed by the company during the year is analysed as follows:

	2000 No.	1999 No.
Warehouse and distribution	-	6
Administration	-	3
	<u>-</u>	<u>9</u>

Staff costs incurred during the year in respect of these employees were:

	2000 £	1999 £
Wages and salaries	-	528,499
Social security costs	-	46,174
Pension costs	-	7,105
	<u>-</u>	<u>581,778</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2000 £	1999 £
Bank interest receivable	-	1,558
	<u>-</u>	<u>1,558</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
Bank overdraft	-	242,259
	<u>-</u>	<u>242,259</u>

NOTES TO THE ACCOUNTS

Year ended 30 April 2000

8. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2000 £	1999 £
United Kingdom corporation tax at 30% (1999 - 31%)		
Current		
Group relief	-	(308,076)
Deferred taxation	-	8,678
	-	(299,398)
(Over)/under provision in respect of prior years		
Deferred	-	(5,244)
	-	(304,642)

The tax charge for year is disproportionate to the profit before tax due to the incidence of non taxable income.

9. TANGIBLE FIXED ASSETS

	Rental equipment £	Plant & machinery £	Motor vehicles £	Total £
Cost				
At 1 May 1999	2,095,125	25,216	13,807	2,134,148
Transfers to group	(2,095,125)	(25,216)	(13,807)	(2,134,148)
At 30 April 2000	-	-	-	-
Depreciation				
At 1 May 1999	813,730	16,908	7,192	837,830
Transfers to group	(813,730)	(16,908)	(7,192)	(837,830)
At 30 April 2000	-	-	-	-
Net book value				
At 30 April 2000	-	-	-	-
At 30 April 1999	1,281,395	8,308	6,615	1,296,318

10. DEBTORS

	2000 £	1999 £
Trade debtors	-	106,079
Amounts owed by fellow subsidiary undertakings	-	5,286
Prepayments and accrued income	-	672
Other debtors	-	17,867
Group relief receivable	-	308,076
	-	437,980

NOTES TO THE ACCOUNTS

Year ended 30 April 2000

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Bank overdraft	-	2,869,174
Trade creditors	-	141,532
Amounts owed to parent company	-	3,794
Amounts owed to fellow subsidiary undertakings	-	104,442
Other taxes and social security	-	32,250
Accruals	-	38,546
Other creditors	-	2,906
	<u>-</u>	<u>3,192,644</u>

The bank overdraft is secured over various assets of the group.

12. PROVISION FOR LIABILITIES AND CHARGES

Deferred taxation

The movement on the provision for deferred taxation is as follows:

	£
At 1 May 1999	116,110
Transferred to fellow subsidiary	(116,110)
	<u>-</u>
At 30 April 2000	<u>-</u>

Deferred taxation is fully provided in the financial statements as follows:

	2000 £	1999 £
Accelerated capital allowances	-	126,941
Other	-	(10,831)
	<u>-</u>	<u>116,110</u>

13. CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised		
10,000 ordinary shares of £1 each	10,000	10,000
	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

NOTES TO THE ACCOUNTS

Year ended 30 April 2000

14. PROFIT AND LOSS ACCOUNT

	£
At 1 May 1999	(1,500,036)
Profit for the year	1,500,034
	<hr/>
At 30 April 2000	(2)
	<hr/> <hr/>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2000 £	1999 £
Profit/(loss) for the year	1,500,034	(657,676)
Opening shareholders' deficit	(1,500,034)	(842,358)
	<hr/>	<hr/>
Closing shareholders' deficit	-	(1,500,034)
	<hr/> <hr/>	<hr/> <hr/>

16. PENSION AND SIMILAR OBLIGATIONS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £Nil (1999: £7,105). Pension costs of Nil (1999: £1,478) were accrued at the year end.

17. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary of Orwell Group plc which prepares consolidated financial statements, therefore the company is exempt from the requirement to disclose further information with regard to related party transactions which are eliminated on consolidation.

There were no other material related party transactions.

18. ULTIMATE PARENT COMPANY

Fishing Services Limited is a wholly owned subsidiary of Orwell Group plc. The director regards Orwell Group plc, a company registered in Scotland, as the ultimate parent company at 30 April 2000. The directors regard I A Suttie as the ultimate controlling party by virtue of his controlling interest in the equity capital of Orwell Group plc. Copies of the parent company's financial statements may be obtained from the registered office detailed on page 1.