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**BUE MARITIME SERVICES LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 1998**

**Rutherford Manson Dowds**  
**Chartered Accountants**  
**25 Melville Street**  
**Edinburgh**  
**EH3 7PE**





**BUE MARITIME SERVICES LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 1998**

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**BUE MARITIME SERVICES LIMITED**

**OFFICERS AND PROFESSIONAL ADVISERS**

<b>DIRECTORS:</b>	P G W Gill J Adams C G Rolaston E B Cunningham
<b>SECRETARY:</b>	HBJ Secretarial Limited
<b>REGISTERED OFFICE:</b>	19 Ainslie Place Edinburgh EH3 6AU
<b>AUDITORS:</b>	Rutherford Manson Dowds Chartered Accountants 25 Melville Street Edinburgh EH3 7PE
<b>BANKERS:</b>	Midland Bank plc Hobart House 76 Hanover Street Edinburgh EH2 1HQ
<b>SOLICITORS:</b>	Henderson Boyd Jackson 19 Ainslie Place Edinburgh EH3 6AU
<b>COMPANY NUMBER:</b>	164483

# **BUE MARITIME SERVICES LIMITED**

## **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 31 December 1998.

### **1 ACTIVITY**

The company's principal activity during the year was the management of vessels for the support of underwater engineering services and support to the offshore oil industry in the Caspian Sea.

### **2 RESULTS AND FUTURE PROSPECTS**

The profit for the year after taxation is £34,848. A dividend of £20,000 (1997 - £Nil) was paid during the year. The remaining profit of £14,848 (1997 - £1,478) has been transferred to reserves.

The directors are satisfied with the results for the year and will continue to seek appropriate trading opportunities to further enhance profitability.

### **3 DIRECTORS**

The present membership of the board is set out on page 1.

The directors held no interests in the shares of the company at 31 December 1997 or 31 December 1998.

The interests of the directors in the shares of the company's immediate parent undertaking, BUE Caspian Limited, and its ultimate parent undertaking, BUE Marine Limited, are disclosed in the financial statements of those companies.

### **4 YEAR 2000**

All critical business systems have been examined and appropriate steps are being taken to ensure compliance and continued operation after 1 January 2000. The directors are of the opinion that there will be no material expenditure required as a result of this review.

### **5 AUDITORS**

Rutherford Manson Dowds have indicated their willingness to remain in office. A resolution to re-appoint them will be proposed at the Annual General Meeting.

**BY ORDER OF THE BOARD**

Director *Robert Walker*  
HBJ Secretarial Limited

**Secretary**

**12 April 1999**

## **BUE MARITIME SERVICES LIMITED**

### **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 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;
- 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 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.



**RMD** Chartered Accountants

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## **AUDITORS' REPORT TO THE SHAREHOLDERS**

**OF**

### **BUE MARITIME SERVICES LIMITED**

We have audited the financial statements set out on pages 5 to 10 which have been prepared in accordance with the accounting policies set out on page 7.

#### **Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of financial statements. 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 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 affairs of the company as at 31 December 1998 and the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**12 April 1999**

  
**Chartered Accountants  
Registered Auditors**

Partners: C Rutherford AG Manson CM Dowds CI Welsh SM Cowie JD Dryburgh I Steele I Durie DMS Beveridge DJ Crawford  
MC Pacitti GJ Neilly EJ Leigh GA Shells RG Murray R Archibald DA Campbell

2 Queens Terrace, Aberdeen AB10 1XL, Telephone 01224 625888, Facsimile 01224 625025  
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Registered to carry on audit work and authorised to carry on Investment Business by the Institute of Chartered Accountants of Scotland.

**Rutherford Manson Dowds**  
Represented throughout Europe, North  
and South America, Asia, Pacific and all  
major commercial centres worldwide  
through I A International.

**BUE MARITIME SERVICES LIMITED**

**PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31 DECEMBER 1998**

	Note	£	1997 £
<b>TURNOVER</b>	<b>2</b>	501,813	116,094
Cost of sales		(410,429)	(106,205)
<b>GROSS PROFIT</b>		91,384	9,889
Administrative expenses		(53,771)	(8,814)
<b>OPERATING PROFIT</b>		37,613	1,075
Interest receivable and similar income	<b>4</b>	780	403
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<b>5</b>	38,393	1,478
Tax on profit on ordinary activities	<b>6</b>	(3,545)	-
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		34,848	1,478
Dividends	<b>7</b>	(20,000)	-
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	<b>11</b>	14,848	1,478

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

The company made no recognised gains or losses during the current or prior year other than those included in the profit and loss account.

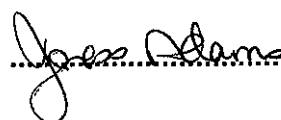
# BUE MARITIME SERVICES LIMITED

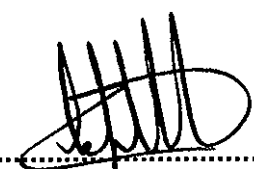
## BALANCE SHEET

AT 31 DECEMBER 1998

	Note	£	1997 £
<b>CURRENT ASSETS</b>			
Debtors	8	153,754	48,490
Cash at bank		70,075	1,839
		<u>223,829</u>	<u>50,329</u>
<b>CREDITORS: Amounts falling due within one year</b>	9	(219,336)	(60,684)
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>4,493</u>	<u>(10,355)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	100	100
Profit and loss account	11	4,393	(10,455)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	12	<u>4,493</u>	<u>(10,355)</u>

These financial statements were approved by the Board of Directors on 12 April 1999.

.....Director

.....Director



**BUE MARITIME SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 1998**

**1 ACCOUNTING POLICIES**

**a) Accounting Convention**

The financial statements have been prepared under the historical cost convention.

**b) Deferred Taxation**

Deferred taxation is provided at the anticipated tax rates payable on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

**c) Foreign Currency Transactions**

Foreign currency transactions are translated at the rate prevailing at the date of the transaction. Foreign currency balances at the year end are translated into sterling at the rate of exchange ruling at the balance sheet date. Gains and losses on translation are taken to the profit and loss account in the period in which they arise.

**2 TURNOVER**

Turnover arises wholly from the principal activity of the company in the Caspian Sea area, stated net of value added taxation.

**3 INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

There were no wages and salaries costs incurred during the year.

	<b>No</b>	<b>1997 No</b>
Average number of persons employed:		
Administration and operations	<u>3</u>	<u>3</u>

The directors received no emoluments during the year in respect of their services to the company (1997 - £Nil).

**4 INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>£</b>	<b>1997 £</b>
Bank interest received	<u>780</u>	<u>403</u>

**BUE MARITIME SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**YEAR ENDED 31 DECEMBER 1998**

**5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	£	1997 £
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	2,000	2,000
	=====	=====

**6 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	£	£
Overseas withholding tax	3,545	-
	=====	=====

The taxation charge is disproportionate to the results for the year due to group relief from which no charge is made.

**7 DIVIDENDS**

	£	£
Dividends paid of £200 per share (1997 - £Nil)	20,000	-
	=====	=====

**8 DEBTORS**

	£	£
Trade debtors	143,293	48,490
Other debtors	10,461	-
	=====	=====
	153,754	48,490
	=====	=====

**9 CREDITORS: Amounts falling due  
within one year**

	£	£
Trade creditors	862	776
Other creditors and accruals	-	17,592
Other taxes	-	9,237
Amounts due to parent undertakings	218,474	33,079
	=====	=====
	219,336	60,684
	=====	=====

# BUE MARITIME SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - Continued

YEAR ENDED 31 DECEMBER 1998

10 SHARE CAPITAL	£	1997 £
<b>Authorised</b>		
Ordinary shares of £1 each	100	100
	=====	=====
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	100	100
	=====	=====

### 11 PROFIT AND LOSS ACCOUNT

	£
At 1 January 1998	(10,455)
Retained profit for the financial year	14,848
	-----
At 31 December 1998	4,393
	=====

### 12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	£	1997 £
Profit for the year	34,848	1,478
Dividends	(20,000)	-
	-----	-----
Net addition to shareholders' funds	14,848	1,478
Opening shareholders' funds	(10,355)	(11,833)
	-----	-----
Closing shareholders' funds	4,493	(10,355)
	=====	=====

### 13 CONTINGENT LIABILITY

The company has entered into cross guarantees with the group's bank and other providers of loan finance in respect of the borrowings of BUE Marine Limited. At 31 December 1998 the total contingent liability in respect of these guarantees was £1,001,682 (1997 - £1,562,182), secured by a bond and floating charge over the assets of the company.

### 14 PARENT UNDERTAKING

The company's immediate parent undertaking is BUE Caspian Limited, a company registered in Scotland. The company's ultimate parent undertaking is BUE Marine Limited, a company registered in Scotland, for which consolidated financial statements are prepared.

**BUE MARITIME SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**YEAR ENDED 31 DECEMBER 1998**

**15 TRANSACTIONS WITH RELATED PARTIES**

As stated in Note 14 the company is a fully owned subsidiary of BUE Caspian Limited, which is itself a subsidiary of BUE Marine Limited. The company has therefore taken advantage of the exemptions available under Financial Reporting Standard Number 8 with regard to the non-disclosure of transactions between group companies.