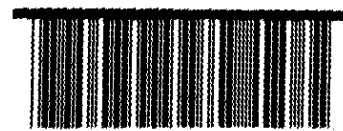


**BUE MARITIME SERVICES LIMITED**

**Report and Financial Statements**

**31 December 2003**



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COMPANIES HOUSE 29/10/04

# **BUE MARITIME SERVICES LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2003**

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# **BUE MARITIME SERVICES LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2003**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

P G W Gill  
J Adams  
C G Rolaston  
E B Cunningham

#### **SECRETARY**

HBJ Secretarial Limited

#### **REGISTERED OFFICE**

Exchange Tower  
19 Canning Street  
Edinburgh  
EH3 8EH

#### **SOLICITORS**

Henderson Boyd Jackson  
Exchange Tower  
19 Canning Street  
Edinburgh  
EH3 8EH

#### **BANKERS**

Bank of Scotland  
38 St Andrew Square  
Edinburgh  
EH2 2YR

#### **AUDITORS**

Deloitte & Touche LLP  
Edinburgh

# BUE MARITIME SERVICES LIMITED

## DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 December 2003.

### 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 on the Caspian Sea.

### RESULTS, DEVELOPMENTS AND FUTURE PROSPECTS

The loss for the year after taxation was £78,174 (2002 –profit of £89,848). No dividends were paid during the year and the retained loss of £78,174 has been transferred against reserves.

The move from profit in 2002 to a loss in 2003 is primarily driven by the write off of £73,000 of life raft stock in 2003 in addition to a loss on foreign currency translations in the year of £41,000.

The Directors will continue to seek appropriate trading opportunities to enhance profitability.

### DIRECTORS AND THEIR INTERESTS

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

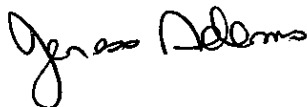
The Directors held no interests in the shares of the Company at 1 January 2003 or 31 December 2003.

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.

### AUDITORS

On 1 August 2003 Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989. A resolution to reappoint Deloitte & Touche LLP as auditors of the Company will be proposed at the next Annual General Meeting.

Approved by the Board of Directors  
and signed by order of the Board



J Adams

Director

20<sup>th</sup> August 2004

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom 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 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.*

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### BUE MARITIME SERVICES LIMITED

We have audited the financial statements of BUE Maritime Services Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

#### 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 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Edinburgh

24 August 2004

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2003**

	Note	2003 £	2002 £
<b>TURNOVER: continuing operations</b>	2	401,080	549,086
Cost of sales		<u>(406,678)</u>	<u>(409,963)</u>
Gross (loss)/profit		(5,598)	139,123
Administrative expenses		<u>(77,189)</u>	<u>(9,047)</u>
<b>OPERATING (LOSS)/PROFIT: continuing operations</b>	4	(82,787)	130,076
Interest receivable and similar income	5	<u>261</u>	<u>291</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(82,526)	130,367
Tax on (loss)/profit on ordinary activities	6	<u>4,352</u>	<u>(40,519)</u>
<b>RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>	13	<u>(78,174)</u>	<u>89,848</u>

There have been no recognised gains and losses attributable to the shareholders other than the result for the current and preceding financial years and, accordingly, no Statement of Total Recognised Gains and Losses is shown.

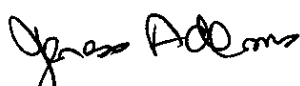
# BUE MARITIME SERVICES LIMITED

## BALANCE SHEET As at 31 December 2003

	Note	2003 £	2002 £
<b>FIXED ASSETS</b>			
Tangible assets	7	<u>8,422</u>	<u>13,118</u>
<b>CURRENT ASSETS</b>			
Stock	8	34,360	62,277
Debtors	9	231,304	231,203
Cash at bank and in hand		<u>255,412</u>	<u>299,183</u>
		521,076	592,663
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(776,215)</u>	<u>(774,324)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(255,139)</u>	<u>(181,661)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(246,717)</u>	<u>(168,543)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	100	100
Profit and loss account	13	<u>(246,817)</u>	<u>(168,643)</u>
<b>EQUITY SHAREHOLDERS' DEFICIT</b>	14	<u>(246,717)</u>	<u>(168,543)</u>

These financial statements were approved by the Board of Directors on 20 Aug 2004.

Signed on behalf of the Board of Directors



J Adams

Director



**NOTES TO THE ACCOUNTS**

**Year ended 31 December 2003**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Tangible fixed assets**

Depreciation is provided on a straight line basis on all tangible fixed assets at rates calculated to write off their cost over their expected useful lives as follows:

Motor vehicles and equipment	20% - 33 1/3%
------------------------------	---------------

**Stocks**

Stocks have been valued at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow moving and defective stocks.

**Deferred taxation**

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Foreign exchange**

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 and is stated net of value added tax.

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

There were no employees during the year (2002 - Nil).

The Directors received no emoluments during the year in respect of their services to the Company (2002 - £Nil). All emoluments paid to Directors in respect of their services to the group are disclosed in the financial statements of BUE Marine Limited.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2003**

**4. OPERATING (LOSS)/PROFIT**

	2003 £	2002 £
<b>Operating (loss)/profit is after charging/(crediting):</b>		
Auditors' remuneration	2,500	2,000
Depreciation – owned assets	5,631	1,346
Loss/(gain) on foreign exchange	45,966	(8,520)
	<u>          </u>	<u>          </u>

**5. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2003 £	2002 £
Bank interest receivable	261	291
	<u>          </u>	<u>          </u>

**6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

	2003 £	2002 £
<i>Current taxation</i>		
Overseas taxation	-	40,519
<i>Deferred taxation</i>		
Timing differences, origination and reversal (see note 11)	(4,352)	-
Tax on (loss)/profit on ordinary activities	<u>(4,352)</u>	<u>40,519</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax, is 30%. The actual tax charge for the period exceeds the standard rate for the reason set out in the following reconciliation:

	2003 £	2002 £
(Loss)/profit on ordinary activities before tax	(82,526)	130,367
Tax on (loss)/profit on ordinary activities at standard rate	(24,758)	39,110
Factors affecting charge for the period:		
Depreciation in excess of capital allowances	1,406	404
Utilisation of tax losses	-	(27,271)
Foreign tax suffered	-	40,519
Overseas tax credit	-	(12,156)
Group relief not paid for	23,352	(87)
Total actual amount of current tax	<u>-</u>	<u>40,519</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2003**

**7. TANGIBLE FIXED ASSETS**

	<b>Motor vehicles and equipment £</b>
<b>Cost</b>	
At 1 January 2003	25,376
Additions in year	935
	<u>26,311</u>
At 31 December 2003	
<b>Depreciation</b>	
At 1 January 2003	12,258
Charge for year	5,631
	<u>17,889</u>
At 31 December 2003	
<b>Net book value</b>	
At 31 December 2003	<u>8,422</u>
<b>Net book value</b>	
At 31 December 2002	<u>13,118</u>

**8. STOCK**

	<b>2003 £</b>	<b>2002 £</b>
Consumables	<u>34,360</u>	<u>62,277</u>

**9. DEBTORS**

	<b>2003 £</b>	<b>2002 £</b>
Trade debtors	103,588	110,194
Amounts due by group undertakings	118,394	54,578
Other debtors	4,698	29,249
Prepayments and accrued income	272	37,182
Deferred tax asset (note 11)	4,352	-
	<u>231,304</u>	<u>231,203</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2003**

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2003 £	2002 £
Bank overdraft	455,162	417,245
Trade creditors	35,273	87,618
Amounts due to parent undertakings	275,218	257,758
Other creditors and accruals	10,562	11,703
	<u>776,215</u>	<u>774,324</u>

The bank overdraft is secured by a bond and floating charge over all the assets of the group.

**11. DEFERRED TAX**

	Deferred tax asset £
At 1 January 2003	-
Credited to Profit and Loss Account – current year (note 6)	4,352
At 31 December 2003	<u>4,352</u>

A deferred tax asset exists at 31 December 2003. The asset is presented within debtors (see note 9). The deferred tax balance represents fixed asset timing differences computed at the expected long term rate of 30%

**12. CALLED UP SHARE CAPITAL**

	2003 £	2002 £
<b>Authorised</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Called up, allotted and fully paid</b>		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

**13. PROFIT AND LOSS ACCOUNT**

	£
At 1 January 2003	(168,643)
Retained (loss) for the financial year	<u>(78,174)</u>
At 31 December 2003	<u>(246,817)</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 2003**

**14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT**

	2003 £	2002 £
(Loss)/profit for the financial year	(78,174)	89,848
Net movement in shareholders' deficit	(78,174)	89,848
Opening shareholders' deficit	(168,543)	(258,391)
Closing shareholders' deficit	<u>(246,717)</u>	<u>(168,543)</u>

**15. PARENT UNDERTAKINGS**

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. Copies of the Group financial statements are available from BUE Marine Limited, Imperial House, Albert Dock, Edinburgh, EH6 7DN.

**16. 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 2002 the total liability of the group in respect of these guarantees was £56,499,390 (2002 - £35,520,048) secured by a bond and floating charge over the assets of the Group.*

**17. TRANSACTIONS WITH RELATED PARTIES**

As stated in Note 15 the Company is a wholly owned subsidiary of BUE Caspian Limited, which is itself a wholly owned 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.

**ADDITIONAL INFORMATION**

The additional financial information on page 13 is prepared from the accounting records of the Company. It should be read in conjunction with the statutory financial statements set out on pages 5 to 11 and the independent auditors' report thereon.

**BUE MARITIME SERVICES LIMITED****TRADING PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 2003**

	<b>2003</b> <b>£</b>	<b>2002</b> <b>£</b>
<b>TURNOVER</b>		
Liferaft station	371,370	329,483
Engineering projects	29,710	219,603
	<u>401,080</u>	<u>549,086</u>
<b>COST OF SALES</b>		
Liferaft station	383,713	268,930
Engineering projects	22,965	141,033
	<u>406,678</u>	<u>409,963</u>
<b>GROSS (LOSS) / PROFIT (-1%,25%)</b>	<u>(5,598)</u>	<u>139,123</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Management fees	22,721	11,264
Miscellaneous	4,798	2,303
Bank charges	1,204	2,000
Audit fees	2,500	2,000
Loss/(Gain) on foreign currency	45,966	(8,520)
	<u>77,189</u>	<u>9,047</u>
<b>OPERATING (LOSS) / PROFIT</b>	<u>(82,787)</u>	<u>130,076</u>
<b>INTEREST RECEIVABLE AND SIMILAR INCOME</b>		
Bank interest	261	291
	<u>261</u>	<u>291</u>
<b>(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<u>(82,526)</u>	<u>130,367</u>