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Neill Clerk Energy Limited

COMPANY INFORMATION

DIRECTORS

D R Macdonald

A J Gordon

SECRETARY

Park Circus (Secretaries) Limited

REGISTERED OFFICE

144 West George Street

Glasgow

G2 2HG

REGISTERED AUDITOR

Ernst & Young

George House

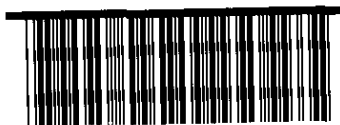
50 George Square

Glasgow

G2 1RR

ERNST & YOUNG

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COMPANIES HOUSE 18/02/00

DIRECTORS' REPORT

The Directors submit their report and the financial statements for the year to 30th April 1999.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2,085. A dividend of £100,000 was paid, leaving £97,915 to be deducted from reserves.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activity of the company is the provision of management and administrative services in the oil industry.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the year were as follows:

D R Macdonald

A J Gordon

E H Ross (resigned 19th February 1999)

No director had any interest in the share capital of the company during the period.

One director of the company as at 30th April 1999 was also a director of Property & Capital Group plc, the company's ultimate parent company, and his interest in the ordinary shares of 2p each of Property & Capital Group plc as at that date is listed in the report of the directors of Property & Capital Group plc, for the period ended 30th April 1999.

The interests of the other directors in the ordinary shares of 2p each in Property & Capital Group plc as at 30th April 1999 were as follows:

1999 and 1998

A J Gordon

75,825

YEAR 2000 COMPLIANCE

The Year 2000 issue impacts not only our own computer systems but also those of our suppliers and customers. A programme designed to address the impact of the Year 2000 issue on the business was initiated during 1998. Resources have been allocated and the Board receives regular reports on progress.

Given the complexity of the problem, it is not possible for any organisation to guarantee that no Year 2000 problems will remain, as some level of failure may still occur. However the Board believes that it will achieve an acceptable state of readiness and has also provided resources to deal promptly with significant subsequent failures or issues that might arise. The Board believes that all issues will have been adequately addressed by autumn 1999. There is a remaining risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

Much of the cost of implementing the action plans will be subsumed into the recurring activities of the company. It is estimated that the capital and revenue costs being incurred in this project will not materially affect the financial performance and position of the company.

DIRECTORS' REPORT

AUDITORS

Ernst and Young have indicated their willingness to continue in office and a resolution to re-appoint them will be put to the members at the Annual General Meeting.

On behalf of the Board



D R Macdonald
Director

20th October 1999

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the Directors to prepare accounts 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 accounts, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts 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 accounts 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.

REPORT OF THE AUDITORS
to the members of Neill Clerk Energy Limited

We have audited the accounts on pages 6 to 9, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30th April 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script, appearing to read 'Ernst & Young', written in dark ink.

Ernst & Young
Registered Auditor
Glasgow

20th October 1999

Neill Clerk Energy Limited

PROFIT AND LOSS ACCOUNT for the year ended 30th April 1999

	<i>Notes</i>	<i>1999</i> £	<i>1998</i> £
TURNOVER	2	-	215,197
Administrative expenses		-	78,365
OPERATING PROFIT	3	-	136,832
Exchange gain		1,820	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		1,820	136,832
Tax on profit on ordinary activities	4	265	(29,000)
PROFIT ON ORDINARY ACTIVITIES AFTER TAX		2,085	107,832
Dividends paid		(100,000)	-
Retained (loss)/profit for the year		(97,915)	107,832
Retained profit brought forward		107,832	-
RETAINED PROFIT CARRIED FORWARD		9,917	107,832

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses other than the retained profit for the year.

Neill Clerk Energy Limited

BALANCE SHEET at 30th April 1999

	Notes	1999 £	1998 £
FIXED ASSETS			
Investments	5	124	124
CURRENT ASSETS			
Cash at bank		-	96,734
Debtors	6	60,626	84,089
		60,626	180,823
CREDITORS: amounts falling due within one year	7	50,831	73,113
NET CURRENT ASSETS		9,795	107,710
TOTAL ASSETS LESS CURRENT LIABILITIES		9,919	107,834
CAPITAL AND RESERVES			
Called up share capital	8	2	2
Profit and loss account	9	9,917	107,832
Equity shareholders' funds	9	9,919	107,834

Approved by the Board



D R Macdonald
Director

20th October 1999

NOTES TO THE ACCOUNTS

at 30th April 1999

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has taken advantage of the exemption allowed by Financial Reporting Standard No. 1 on wholly owned subsidiary undertakings from preparing a statement of cash flows.

Group accounts

Group accounts are not prepared as the company is a wholly owned subsidiary of another body corporate.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

2 TURNOVER

Fee income represents the amount invoiced to third parties in respect of management and administration services provided excluding value added tax.

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1999 £	1998 £
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration - audit services	-	5,500
	<u> </u>	<u> </u>

4 TAXATION

	1999 £	1998 £
The taxation credit / (charge) is made up as follows:		
UK corporation tax	-	(29,000)
Prior year overprovision	265	-
	<u>265</u>	<u>(29,000)</u>

5 INVESTMENTS

At 30th April 1999 the company held the following investments:

Company	Country of incorporation	Percentage held	Cost £
Hibernia Energy Services Limited	Ireland	50.0%	1
Hibernia Energy Inc.	USA	50.0%	1
Ailsa Drilling Limited	British Virgin Islands	19.9%	122
			<u>124</u>

Neill Clerk Energy Limited

NOTES TO THE ACCOUNTS at 30th April 1999

6 DEBTORS

	1999 £	1998 £
Amounts owed by associated undertaking	60,626	84,089

7 CREDITORS: amounts due within one year

	1999 £	1998 £
Amounts owed to ultimate parent undertaking	50,830	5,523
Amounts owed to fellow subsidiary undertakings	-	65,870
Current corporation tax	-	1,718
Other creditors	1	2
	<u>50,831</u>	<u>73,113</u>

8 CALLED UP SHARE CAPITAL

	Authorised 1999 and 1998 No.	Allotted, called up and fully paid 1999 and 1998 £
Ordinary shares of £1 each	100	2

9 SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Profit and loss account £	Share capital £	Total £
Issued on incorporation of company	-	2	2
Retained profit for period	107,832	-	107,832
At 30 th April 1998	107,832	2	107,834
Profit for the year	2,085	-	2,085
Dividend paid	(100,000)	-	(100,000)
At 30 th April 1999	<u>9,917</u>	<u>2</u>	<u>9,919</u>

10 TRANSACTIONS WITH RELATED PARTIES

The company has taken advantage of the exemption in FRS8 from disclosing transactions with related parties that are a part of the Property & Capital Group plc group.

11 ULTIMATE PARENT COMPANY

The directors consider that Property & Capital Group plc (registered in Scotland) and formerly called Neill Clerk Group plc is the company's ultimate parent company. This is the only parent undertaking for which group accounts are drawn up and of which the company is a member. The address from which copies of these group accounts are available to the public is: Property & Capital Group plc, James Sellars House, 144 West George Street, Glasgow G2 2HG.