

**DSND Subsea Ltd**

**Directors' report and financial statements**

**For the year ended 31 December 2010**

**Registered Number 1005947**

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## **DSND Subsea Ltd**

### **Directors' report and financial statements for the year ended 31 December 2010**

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# **DSND Subsea Ltd**

## **Directors and advisers**

**Directors**  
D B Lie  
T Sorensen

**Company secretary and registered office**  
Charles Bondi  
c/o Star Reefers UK Ltd  
30 Charles II Street  
London  
SW1Y 4AE  
England

**Registered auditors**  
PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
32 Albion Place  
Aberdeen  
AB10 1YL

# **DSND Subsea Ltd**

## **Directors' report for the year ended 31 December 2010**

The directors present their report and the audited financial statements for the company for the year ended 31 December 2010.

### **Principal activities**

The trade and activities of the company were transferred to the Subsea 7 Inc group in May 2002. The residual activities of the company comprise the settlement of remaining liabilities and recovery of outstanding assets. The directors expect that these activities will continue in a similar manner in 2011. This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

The profit and loss account for the year is set out on page 5.

### **Results and dividends**

The company's loss for the financial year was £78,233 (2009: loss £61,585). The directors do not propose payment of a dividend for the current year (2009: nil, payable to the ultimate parent company). No dividends were received in 2010 (2009: £0).

### **Directors and company secretaries**

The directors who were in office during the year and up to the date of the financial statements were as follows.

D B Lie  
C Bondi (company secretary)  
T Sorensen

### **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 prepared 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 then apply them consistently;
- make judgments 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;
- 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.

## **DSND Subsea Ltd**

### **Directors' report for the year ended 31 December 2010 (continued)**

#### **Disclosure of information to auditors**

Each of the persons who is a director at the date of approval of this report confirms that.

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting.

#### **On behalf of the Board**



**D B Lie**  
**Director**

**20 September 2011**

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## **DSND Subsea Ltd**

### **Independent auditors' report to the members of DSND Subsea Ltd**

We have audited the financial statements of DSND Subsea Ltd for the year ended 31 December 2010 which comprises the Profit and Loss Account and the Balance Sheet and the related notes. 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).

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

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **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.

#### **Opinion on 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 2010 and of its loss 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 for the financial year for which the financial statements are prepared is consistent with the financial statements.

## DSND Subsea Ltd

### 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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report



Kevin Reynard (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Aberdeen  
20 September 2011

## **DSND Subsea Ltd**

### **Profit and loss account for the year ended 31 December 2010**

	Note	2010 £	2009 £
Administrative expenses		(59,535)	(56,371)
<b>Loss on ordinary activities before interest and taxation</b>	<b>2</b>	<b>(59,535)</b>	<b>(56,371)</b>
Interest receivable and similar income		-	12
Interest payable and similar charges		(18,698)	(5,226)
<b>Loss on ordinary activities before taxation</b>		<b>(78,233)</b>	<b>(61,585)</b>
Tax on loss on ordinary activities	5	-	-
<b>Loss for the financial year</b>	<b>12</b>	<b>(78,233)</b>	<b>(61,585)</b>

The results above relate wholly to discontinued activities

The company has no recognised gains and losses other than the loss stated above. Consequently, no separate statement of total recognised gains and losses has been presented.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents.



# DSND Subsea Ltd

## Balance sheet as at 31 December 2010

	Notes	2010 £	2009 £
<b>Current assets</b>			
Debtors	6	30,988	32,962
Cash at bank and on hand		-	4,844
		30,988	37,806
<b>Creditors: amounts falling due within one year</b>	7	(201,893)	(130,478)
<b>Net current liabilities</b>		(170,905)	(92,672)
<b>Total assets less current liabilities</b>		(170,905)	(92,672)
<b>Capital and reserves</b>			
Called up share capital	8	1	1
Profit and loss - deficit	9	(170,906)	(92,673)
<b>Total shareholder's funds - deficit</b>	10	(170,905)	(92,672)

The financial statements on pages 6 to 13 were approved by the Board of directors on 20 September 2011 and were signed on its behalf by



D B Lie  
Director

DSND Subsea Ltd

Registered number 1005947

# **DSND Subsea Ltd**

## **Notes to the financial statements for the year ended 31 December 2010**

### **1 Principal accounting policies**

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, on a going concern basis, and in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. The principal accounting policies, which have been applied consistently, are set out below.

#### **Going concern**

The entity was in a net current liabilities position in the amount of £170,905 as of 31 Dec 2010 (2009: £92,672).

The ultimate parent company, Siem Offshore Inc, has confirmed that it will be able to provide the necessary financial support for at least the period of 12 months from the date of these financial statements. For this reason the directors believe that the company is a going concern and the financial statements have been prepared on this basis.

#### **Cash flow statement**

The company is a wholly owned subsidiary of Siem Offshore Inc and the cash flows of the company are included in the consolidated cash flow statement of Siem Offshore Inc. The consolidated financial statements of Siem Offshore Inc are publicly available (Note 13). Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS1 "Cash flow statements".

#### **Foreign currencies**

Transactions denominated in foreign currencies are translated into sterling and recorded at rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date and differences on exchange included in the profit and loss account.

#### **Related party transactions**

In accordance with the exemption available under FRS8 "Related Party Disclosures", transactions with entities that are part of the Siem Offshore Inc Group (Note 13) are not disclosed on the grounds that the company is a subsidiary where 90% or more of its voting rights are controlled within the group and the consolidated financial statements of Siem Offshore Inc are publicly available.

#### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided on taxable profits at current rates in the respective taxation jurisdictions. 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. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

# **DSND Subsea Ltd**

## **Notes to the financial statements for the year ended 31 December 2010 (continued)**

### **1 Principal accounting policies (continued)**

#### **Taxation (continued)**

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured on a non-discountable basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

#### **Pension costs**

Contributions made to pension schemes are charged to the profit and loss account as they become payable.

The pension scheme assets are held separately from those of the company in independently administered funds and it is not possible to separately identify the company's share of assets held in the fund. As a result the company accounts for its contributions to the pension scheme as if it were a defined contribution scheme.

### **2 Loss on ordinary activities before interest and taxation**

	2010	2009
<b>Loss on ordinary activities before interest and taxation is stated after charging:</b>		
Foreign exchange loss	17,255	10,726
<b>Services provided by the company's auditor:</b>		
Fees payable for the audit	5,000	5,400
Fees payable for other services – tax compliance	2,500	2,500

### **3 Directors' remuneration**

None of the directors who served during the year neither received nor waived any emoluments from the company (2009, £nil).

### **4 Employee information**

The company had no employees during the year (2009 nil).

## DSND Subsea Ltd

### Notes to the financial statements for the year ended 31 December 2010 (continued)

#### 5 Tax on loss on ordinary activities

	2010 £	2009 £
<b>Current tax:</b>		
Adjustment in respect of prior periods	-	-
Tax on loss on ordinary activities	-	-

The current tax assessed for the year varied from the standard rate of corporation tax in the United Kingdom of 28% (2009: 28%). The differences are explained below:

	2010 £	2009 £
Loss on ordinary activities before tax	(78,233)	(61,585)
Loss on ordinary activities multiplied by standard rate in the UK of 28% (2009: 28%)	(21,905)	(17,244)
Effects of:		
Unrecognised losses	21,905	17,244
Total current tax charge for the year	-	-

#### 6 Debtors

	2010 £	2009 £
<b>Amounts falling due within one year:</b>		
Amounts owed by fellow subsidiaries in the Siem Offshore group	30,988	32,100
Prepayment	-	862
	30,988	32,962

Amounts owed by the ultimate parent and fellow subsidiary undertakings are interest free and payable on demand.

## **DSND Subsea Ltd**

### **Notes to the financial statements for the year ended 31 December 2010 (continued)**

#### **7 Creditors: amounts falling due within one year**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Amounts owed to fellow subsidiaries in the Siem Offshore group	24,544	24,544
Amounts owed to ultimate parent undertaking	71,323	16,413
Accruals and deferred income	106,026	89,521
	<b>201,893</b>	<b>130,478</b>

Amounts owed to the ultimate parent and fellow subsidiary undertakings are interest free and repayable on demand.

#### **8 Called up share capital**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Authorised:</b>		
3,208,001 (2009: 3,208,001) Ordinary Shares of £1 each	<b>3,208,001</b>	<b>3,208,001</b>
<b>Allotted, called up and fully paid:</b>		
Ordinary Shares of £1 each	<b>1</b>	<b>1</b>

## DSND Subsea Ltd

### Notes to the financial statements for the year ended 31 December 2010 (continued)

#### 9 Reserves

	Profit and loss account £
At 1 January 2010	(92,673)
Loss for the financial year	(78,233)
At 31 December 2010	(170,906)

No dividend payment to the ultimate parent company has been proposed

#### 10 Reconciliation of movements in shareholder's funds

	2010 £	2009 £
Loss for the financial year	(78,233)	(61,585)
Net reduction to shareholder's funds	(78,233)	(61,585)
Opening shareholder's deficit	(92,672)	(31,087)
Closing shareholder's deficit	(170,905)	(92,672)

## **DSND Subsea Ltd**

### **Notes to the financial statements for the year ended 31 December 2010 (continued)**

#### **11 Ultimate parent company and controlling party**

The immediate and ultimate parent undertaking and controlling party is Siem Offshore Inc, a company registered in the Cayman Islands

Siem Offshore Inc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 December 2010. The consolidated financial statements of Siem Offshore Inc. may be obtained from Siem Offshore Inc, Harbour Place, 5<sup>th</sup> Floor, PO Box 309, 103 South Church Street, George Town, Grand Cayman, Cayman Islands.

#### **12 Post balance sheet event**

The UK substantively enacted on 20 July 2010 an amendment to the corporation tax rate from 28% to 27% effective from 1 April 2011

Further reductions to the UK corporation tax rate were announced in the March 2011 Budget. The changes to reduce the corporation tax rate to 26% on 1 April 2011 and reduce the rate by 1% per annum thereafter to 23% by 1 April 2014. The reduction of the main corporation tax rate to 26% was substantively enacted on 29 March 2011. The reduction to 25% from April 2012 was substantively enacted on 5 July 2011. The changes to the tax rate do not have a material impact on these financial statements