

**BIDEFORD MARINE**  
**DIRECTORS' REPORT AND ACCOUNTS**  
**25TH DECEMBER 1998**  
**REGISTERED NUMBER: 1771308**



## BIDEFORD MARINE

### REPORT OF THE DIRECTORS

The directors have pleasure in submitting their annual report together with the accounts for the year ended 25th December 1998.

### ACTIVITIES AND TRADING REVIEW

The results for the year are shown in the profit and loss account on page 5. The company is currently dormant and the directors do not recommend the payment of a dividend.

### DIRECTORS

The directors during the year were:

J. Dowler  
D. Hayes  
J. C. Wallace

None of the directors had an interest in the shares of the company during the year. Any directors' interests in the shares of the holding company or fellow subsidiaries are shown in the relevant companies' accounts.

### YEAR 2000

The directors are aware of the risks and uncertainties associated with the Year 2000 problem and have made every effort to address this problem and its effect on the Company's business and operations. The costs incurred to address the Year 2000 issue have been written off to profit and loss account when incurred.

BIDEFORD MARINE

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read 'J. Dowler', with a stylized flourish at the end.

J. Dowler  
Secretary

65 Vincent Square  
London  
SW1P 2RX

28th July, 1999

BIDEFORD MARINE

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then 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;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

REPORT OF THE AUDITORS, KPMG  
TO THE MEMBERS OF BIDEFORD MARINE

We have audited the accounts on pages 5 to 11.

**Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of 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.

***Significant uncertainty***

In forming our opinion, we have considered the adequacy of the disclosures made in note 2 of the financial statements concerning the uncertainty as to the ultimate sale proceeds receivable in respect of the disposal of the rig Bideford Dolphin. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

**Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs at 25th December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants  
Registered Auditors

Ipswich  
28th July, 1999

BIDEFORD MARINE  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 25TH DECEMBER 1998

	<u>Notes</u>	<u>1998</u> £000	<u>1997</u> £000
Turnover		--	3
Other external charges		--	(309)
Other operating charges		(41)	(1,177)
Depreciation		--	(372)
		<hr/>	<hr/>
Gross loss		(41)	(1,855)
Realised (loss)/profit on exchange		(4)	239
Profit on sale of fixed assets	2	--	17,440
Interest receivable	3	--	265
Revaluation of investments	8	(5,917)	--
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation	4-6	(5,962)	16,089
Taxation on (loss)/profit on ordinary activities	7	(354)	1,431
		<hr/>	<hr/>
(Loss)/profit retained for the year		(6,316)	17,520
Retained profit brought forward		17,765	245
		<hr/>	<hr/>
Retained profit carried forward		11,449	17,765
		<hr/> <hr/>	<hr/> <hr/>

There were no recognised gains or losses or movements in shareholders' funds in the year other than those shown in the profit and loss accounts

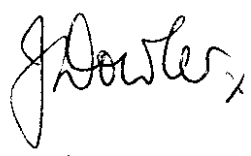

The notes on pages 7 to 11 form part of these accounts.

BIDEFORD MARINEBALANCE SHEET AS AT 25TH DECEMBER 1998

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
		£000	£000
Fixed assets:			
Investments	8	12,090	18,007
		<hr/>	<hr/>
		12,090	18,007
Current assets:			
Debtors	9	21,591	22,223
		<hr/>	<hr/>
		21,591	22,223
Creditors - amounts falling due within one year	10	(357)	(590)
		<hr/>	<hr/>
Net current assets		21,234	21,633
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		33,324	39,640
Provisions for liabilities and charges	11	(21,875)	(21,875)
		<hr/>	<hr/>
NET ASSETS		11,449	17,765
		<hr/> <hr/>	<hr/> <hr/>
CAPITAL AND RESERVES			
Called up share capital	12	--	--
Profit and loss account		11,449	17,765
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS	13	11,449	17,765
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 7 to 11 form part of these accounts.

These accounts were approved by the Board of Directors on 28th July, 1999, and were signed on its behalf by:

) Directors

BIDEFORD MARINENOTES TO THE ACCOUNTS1. ACCOUNTING POLICIES

## (a) Basis of preparation:

The accounts have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards.

Under Financial Reporting Standard 1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking.

## (b) Foreign currencies:

Assets and liabilities in foreign currencies are translated into the reporting currency at the rates of exchange at the balance sheet date. Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Gains and losses on transactions during the period are included in the profit and loss account.

## (c) Related party disclosures

Under Financial Reporting Standard 8, the company is exempt from the requirement to disclose transactions with group companies on the grounds that it is a wholly-owned subsidiary undertaking.

2. PROFIT ON SALE OF FIXED ASSETS

	<u>1998</u>	<u>1997</u>
	£000	£000
Sale of fixed assets	--	17,440
	<u>          </u>	<u>          </u>

The 1997 sale proceeds in respect of the disposal of Bideford Dolphin to the Fred. Olsen Energy Companies were subject to adjustment, dependent upon certain future events. In arriving at the profit on sale of fixed assets shown for 1997 above, a provision of £21,875,000 (included within Provisions for liabilities and charges') has been made against proceeds received. The final sale proceeds are dependent upon the resolution of agreements between the company and Fred. Olsen Energy ASA and its subsidiaries relative to the cost of upgrading the rig. The final day rate and the final settlement with the third party charterer, as well as the value of the rig after completion of the charter, are of relevance in this respect.



BIDEFORD MARINE  
NOTES TO THE ACCOUNTS

2. PROFIT ON SALE OF FIXED ASSETS (cont.)

Any adjustments to the sales proceeds will be reflected in the profit and loss account of future periods.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>1998</u> £000	<u>1997</u> £000
Interest receivable from fellow group undertakings	--	265
	=====	=====

4. DIRECTORS' REMUNERATION

	<u>1998</u> £000	<u>1997</u> £000
Highest paid director	--	7
	=====	=====

No director received any remuneration (1997: £7,000).

5. STAFF NUMBERS AND COSTS

There were no staff directly employed by the company during the year (1997: Nil).

6. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(Loss)/profit on ordinary activities before taxation is stated after charging the following:

	<u>1998</u> £000	<u>1997</u> £000
Depreciation	--	372
Auditors Remuneration	3	6
Directors Remuneration	--	7
	=====	=====

BIDEFORD MARINENOTES TO THE ACCOUNTS7. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	<u>1998</u> £000	<u>1997</u> £000
The (charge)/credit for UK taxation comprises the following:		
Group relief (payable)/receivable at 31% (1997: 31%) - prior year	(354)	190
Group relief receivable at 31% (1997: 31%) - current year	--	1,241
	<hr/>	<hr/>
	(354)	1,431
	<hr/>	<hr/>

8. INVESTMENTS

	<u>1998</u> £000	<u>1997</u> £000
Listed Investments	12,090	18,007
	<hr/>	<hr/>

Listed investments are shown at the lower of cost or market value. These investments are listed on an overseas stock exchange. They have been revalued at year end to reflect their diminution in value.

9. DEBTORS

	<u>1998</u> £000	<u>1997</u> £000
Amounts falling due within one year:		
Trade debtors	--	10
Amounts owed by fellow subsidiary	21,591	22,213
	<hr/>	<hr/>
	21,591	22,223
	<hr/>	<hr/>

BIDEFORD MARINE  
NOTES TO THE ACCOUNTS

10. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1998</u> £000	<u>1997</u> £000
Accruals	3	590
Group relief payable	354	--
	<hr/>	<hr/>
	357	590
	<hr/> <hr/>	<hr/> <hr/>

11. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>1998</u> £000	<u>1997</u> £000
Sale of Bideford Dolphin:		
Balance at 25th December 1997	21,875	--
Profit and loss account movement	--	21,875
	<hr/>	<hr/>
Balance at 25th December 1998	21,875	21,875
	<hr/> <hr/>	<hr/> <hr/>

12. SHARE CAPITAL & RESERVES

	<u>1998</u> £	<u>1997</u> £
Authorised, issued and fully paid:		
2 Ordinary shares of £1	2	2
	<hr/> <hr/>	<hr/> <hr/>

BIDEFORD MARINE  
NOTES TO THE ACCOUNTS

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1998</u> £000	<u>1997</u> £000
At 26th December 1997	17,765	245
(Loss)/profit for the financial year	(6,316)	17,520
	<hr/>	<hr/>
At 25th December 1998	11,449	17,765
	<hr/> <hr/>	<hr/> <hr/>

14. ULTIMATE HOLDING COMPANY

The ultimate holding company is Flawhurst Limited which is registered in England and Wales.

A copy of their annual accounts can be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff.