

Oil Spill Response Limited

Report and Financial Statements

Year Ended

31 December 2012

Company Number 1808594



Oil Spill Response Limited

Report and financial statements
for the year ended 31 December 2012

Contents

Page:

1	Report of the directors
5	Independent auditor's report
7	Consolidated profit and loss account
8	Consolidated statement of total recognised gains and losses
9	Consolidated balance sheet
10	Company balance sheet
11	Consolidated cash flow statement
12	Notes forming part of the financial statements

Directors

Dr M Al-Ramadhan
Mr R Day
Mrs S N B Fallou
Mr R Festor
Mr L Langlois
Mr J Lay
Mr R M Limb
Mr P Linzi
Mr J Patry
Mrs J Pilkington
Mr A R Prest
Mr B Tadeo
Mr R Vermeir
Mr J J Weust

Registered office

1 Great Cumberland Place, London, W1H 7AL

Company number

1808594

Auditors

BDO LLP, Arcadia House, Maritime Walk, Ocean Village, Southampton, SO14 3TL

Oil Spill Response Limited

Report of the directors for the year ended 31 December 2012

The directors present their report together with the audited financial statements for the year ended 31 December 2012

Results and dividends

The profit and loss account is set out on page 7 and shows the profit for the year

The Group is a not-for-profit organisation. The Group's operating profit for the year was £2,334,000 (2011 £574,000). The post-tax result for the year was a profit of £853,000 (2011 loss of £192,000) that, combined with the retained profit and loss reserve brought forward at 1 January 2012 of £15,977,000 and the exchange loss of £6,000 taken directly to reserves, gives a balance of retained profit and loss reserves at 31 December 2012 of £16,824,000. The Directors do not recommend the payment of a dividend (2011 no dividend paid).

Principal activities, review of business and future developments

The Group continues to provide resources, advice, training and consultancy services related to the effective and efficient global response to oil spills occurring, or threatening to occur, at sea, on land or on the shoreline. 2012 was another year of significant achievement and saw high levels of activity across all business streams in approximately 60 countries, reflecting the global reach of the Group's activities. The Group responded to 26 oil spills comprising a mixture of offshore, marine and facility related incidents in a diverse range of locations across the world. These responses were increasingly proactive and for longer durations with surveillance and monitoring technology playing an ever more important role.

Demand for the Group's Preparedness services continued to flourish in 2012 with more projects across a wider range of service areas being delivered to a greater number of the Group's members. To meet this higher demand it was necessary to increase the number of personnel, the range of expertise and the range of equipment resources. The Group aims to maintain its position as the industry's leading provider of Preparedness services and to continue to sustain the current level of growth into the future. The Group's regional representatives continue to provide essential Preparedness and response support to its members in Aberdeen, Africa, Houston and Jakarta.

In April 2012, the Group committed to the Subsea Well Intervention Service, a major new initiative on behalf of the industry. Following the 2010 Macondo incident in the Gulf of Mexico, the industry has had to demonstrate its ability to respond in the event of a future serious subsea well control incident. This project provides for the construction of four capping devices and other ancillary equipment to be deployed in the event of a major subsea well incident. The Group entered into procurement contracts for this equipment with the appropriate finance being made available by the industry. The Group is establishing new facilities in Norway, South Africa, Singapore and Brazil to house them. It is expected that all of these facilities will be fully operational and response ready by the end of the third quarter of 2013. This important aspect of the Group's business is being funded by a subset of Members who require access to this specialist service.

The estimated total cost of establishing the service and procuring the equipment is US\$230m and loan facilities of this amount have been provided by a number of the Group's Member companies. The loans will be for a ten year period and bear interest at a commercial rate. However, the terms of repayment of these loans are such that they will only be repayable by the Group should sufficient income be received from subscribers to the service in future periods. Therefore, as the Group bears no significant risk in relation to the obligation to repay the loans, the debt is only recognised to the extent of subscription income received, but not yet transferred to the lenders. Similarly, whilst the Group has legal title to the equipment, the contractual agreements between the subscribers and the Group, do not provide the Group with significant risks and rewards of ownership and as such the equipment is not recognised as assets of the Group. This treatment is in accordance with Financial Reporting Standard No 5 'Reporting the Substance of Transactions', and further explanation can be found in Note 14 to the Financial Statements.

Oil Spill Response Limited

Report of the directors
for the year ended 31 December 2012

Financial performance indicators

The Group continues to manage its costs whilst devoting more resources and delivering more services to Members. This is achieved by growing both the number of Participant and Associate Members and by providing an increasing number of Preparedness services, as illustrated by the following table

	2009	2010	2011	2012
Monetary key performance indicators:	£'000	£'000	£'000	£'000
Preparedness income	6,128	10,040	13,037	17,572
Associate fee income	1,681	1,911	2,117	2,181
Capital expenditure for response resources	692	1,722	1,357	1,462
Preparedness capital expenditure	434	645	2,317	2,248
	2009	2010	2011	2012
Numerical key performance indicators:	No	No	No	No
Participant and associate membership	110	122	138	134
Total employee headcount	142	161	177	213
Number of oil spill incidents	29	21	19	26
Volume of preparedness contracts	259	427	464	487

Overall the past four years has seen a steady increase in the number of both Participant and Associate Members and progressive growth in the volume of Preparedness contracts and the income derived from them. This has helped to fund growth in the total Trained Responder headcount from 80 to 144 and broaden the range of specialist skills available in an increasing number of locations. The net income derived from providing Responders for much longer periods during spill incidents has provided the means to invest £6.3m to replenish and improve the Response Equipment Stockpile.

Performance reporting, risks and uncertainties

The Group has a formal risk management system which is reviewed on a regular basis by the Executive Management and is presented to the Audit Committee on an annual basis. It covers the significant risk to the Group in all areas of the business such as health and safety, financial integrity and operational and commercial activities.

Health & safety the Group takes health, safety and environmental (HSSEQ) protection in all areas of activity as being of paramount importance. The group is committed to providing the training and resources required to conduct daily operations safely and to take its HSSEQ performance to the next level. The Group continues to demonstrate high levels of safety performance by monitoring key performance indicators for unsafe situation reporting coupled with better performance on closeout. The Group continues to strive for greater awareness of risks and has implemented a Safety Culture action plan to improve health and safety standards in all areas of activity. A substantial amount of time has been invested to review and align safe systems of work and risk assessment across the Group's global locations.

Performance reporting the Group continues to operate its "Balanced Scorecard" system of reporting, providing both management and Directors with monthly data on all aspects of the Group's operational, commercial and financial performance. This important management tool includes financial information and key measures across all areas of the business and indications of underlying trends to aid accountability and informed decision making.

Financial risk the Group operates on a "not-for-profit" basis, with an important part of its income derived from subscriptions received from its members. The loss of a key shareholder would result in a reduction of income and the Directors believe the best way to minimise this risk is to continually strive to provide a better quality, high value for money service. Other financial risks are more global in nature, including oil price volatility impacting industry activity and the impact of economic recession.

Oil Spill Response Limited

Report of the directors for the year ended 31 December 2012 *(continued)*

Performance reporting, risks and uncertainties *(continued)*

Commercial risk the Group is constantly seeking to extend and improve the delivery of an effective service by putting resources closer to customers, a process that is set to continue in the coming years. The Directors and management undertake a rigorous review process to identify and evaluate the risk of establishing a presence in a new geographic location before proceeding, including ensuring the adequacy of funding for the operation. At a lower level commercial risk is assessed before proposals are issued to clients to ensure that the Group only commits to undertake work that it has the resources to deliver and that offer an appropriate rate of return.

Foreign exchange exposure a significant proportion of the Group's costs are incurred in foreign currency. These primarily comprise contracts for the provision of aviation services and the operation of the overseas bases in Singapore and Bahrain. Whilst some degree of exposure to exchange rate variations is unavoidable, the Group manages its exposure by a combination of forward foreign exchange contracts and by building up income in US Dollars from its Preparedness Activities to generate funds to cover US Dollar expenditure.

Directors

The directors of the company during the year were

Dr M Al-Ramadhan
Mr R Day
Mrs S N B Fallou
Mr R Festor (appointed 6 December 2012)
Mr L Langlois
Mr J Lay
Mr R M Limb (appointed 13 March 2013)
Mr P Linzi
Mr J Patry
Mr D Salt (resigned 30 June 2012)
Mr A F Smith (resigned 13 March 2013)
Mrs J Pilkington (appointed 14 June 2012)
Mr A R Prest
Mr B Tadeo
Mr R Torrance (resigned 20 January 2012)
Mr R Vermeir
Mr J J Weust

With the exception of Mr R M Limb, Mr A R Prest, Mr D Salt and Mr A F Smith, each of the directors is an employee of a shareholder.

Oil Spill Response Limited

Report of the directors for the year ended 31 December 2012 (continued)

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 elected to prepare the group and company 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 group and company and of the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board



Mr A R Prest

Director

8/5/13

Oil Spill Response Limited

Independent auditor's report

To the members of Oil Spill Response Limited

We have audited the financial statements of Oil Spill Response Limited for the year ended 31 December 2012 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 explained more fully in the statement of directors' responsibilities, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2012 and of the group's profit 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.

Oil Spill Response Limited

Independent auditor's report (*continued*)

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

BDO LLP

Paul Anthony (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
Southampton
United Kingdom

16 May 2013

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Oil Spill Response Limited

Consolidated profit and loss account for the year ended 31 December 2012

	Note	2012 £'000	2011 As restated £'000
Turnover	2	37,254	30,626
Cost of sales		26,798	22,414
Gross profit		10,456	8,212
Administrative expenses		8,122	7,638
Group operating profit	3	2,334	574
Other interest receivable and similar income		36	26
Interest payable and similar charges	6	(25)	-
Profit on ordinary activities before taxation		2,345	600
Taxation on profit on ordinary activities	7	1,492	792
Profit/(loss) on ordinary activities after taxation		853	(192)

All amounts relate to continuing activities

The notes on pages 12 to 30 form part of these financial statements

Oil Spill Response Limited

Consolidated statement of total recognised gains and losses for the year ended 31 December 2012

	Note	2012 £'000	2011 As restated £'000
Consolidated statement of total recognised gains and losses			
Profit/(loss) for the financial year		853	(192)
Total gains and losses for the year before currency adjustments		853	(192)
Exchange translation differences on consolidation	19	(6)	(3)
Total recognised gains and losses for the financial year		847	(195)
Prior year adjustments			
Participant fees	1	611	
Total gains and losses recognised since last financial statements		1,458	

The notes on pages 12 to 30 form part of these financial statements

Oil Spill Response Limited

Consolidated balance sheet at 31 December 2012

<i>Company number 1808594</i>	Note	2012 £'000	2012 £'000	2011 As restated £'000	2011 As restated £'000
Fixed assets					
Tangible assets	9		21,227		21,151
Current assets					
Stocks	11	2,920		1,026	
Debtors	12	52,908		18,761	
Investments	13	220		67	
Cash at bank and in hand		35,440		4,331	
		<u>91,488</u>		<u>24,185</u>	
Creditors: amounts falling due within one year	14	85,163		20,663	
			<u>6,325</u>		<u>3,522</u>
Net current assets					
			<u>27,552</u>		<u>24,673</u>
Creditors: amounts falling due after more than one year	15	476		-	
Provisions for liabilities	16	482		237	
			<u>958</u>		<u>237</u>
			<u>26,594</u>		<u>24,436</u>
Capital and reserves					
Called up share capital	18		15		14
Capital reserve	19		5		5
Merger reserve	19		12		12
Capital contribution reserve	19		9,738		8,428
Profit and loss account	19		16,824		15,977
			<u>26,594</u>		<u>24,436</u>
Shareholders' funds	20		<u>26,594</u>		<u>24,436</u>

The financial statements were approved by the board of directors and authorised for issue on 8 May 2013


Mr A R Prest
Director


Mr R M Limb
Director


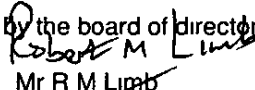
The notes on pages 12 to 30 form part of these financial statements

Oil Spill Response Limited

Company balance sheet at 31 December 2012

<i>Company number 1808594</i>	Note	2012 £'000	2012 £'000	2011 As restated £'000	2011 As restated £'000
Fixed assets					
Tangible assets	9		21,328		21,143
Fixed asset investments	10		-		143
			<u>21,328</u>		<u>21,286</u>
Current assets					
Stocks	11	2,920		1,026	
Debtors	12	24,937		19,128	
Investments	13	220		67	
Cash at bank and in hand		5,464		4,007	
			<u>33,541</u>	<u>24,228</u>	
Creditors: amounts falling due within one year	14	<u>27,127</u>		<u>20,660</u>	
Net current assets			<u>6,414</u>		<u>3,568</u>
Total assets less current liabilities			<u>27,742</u>		<u>24,854</u>
Creditors amounts falling due after more than one year	15	476		-	
Provisions for liabilities	16	482		237	
			<u>958</u>	<u>237</u>	
			<u>26,784</u>	<u>24,617</u>	
Capital and reserves					
Called up share capital	18		15		14
Capital reserve	19		5		5
Capital contribution reserve	19		9,738		8,428
Profit and loss account	19		17,026		16,170
Shareholders' funds	20		<u>26,784</u>		<u>24,617</u>

The financial statements were approved by the board of directors and authorised for issue on 8 May 2013

Mr A R Prest
 Director

Mr R M Limb
 Director

The notes on pages 12 to 30 form part of these financial statements

Oil Spill Response Limited

Consolidated cashflow statement for the year ended 31 December 2012

	Note	2012 £'000	2012 £'000	2011 As restated £'000	2011 As restated £'000
Net cash (outflow)/inflow from operating activities	26		(1,844)		3,758
Returns on investments and servicing of finance					
Interest received		36		26	
Interest paid bank loans		(25)		-	
		-----		-----	
Net cash inflow from returns on investments and servicing of finance			11		26
Taxation					
Corporation tax paid		(446)		(893)	
Withholding tax paid		(732)		(223)	
		-----		-----	
Net cash outflow from taxation			(1,178)		(1,116)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(4,206)		(13,454)	
Payments to acquire fixed asset investments		(153)		(37)	
Receipts from sale of tangible fixed assets		635		16	
		-----		-----	
Net cash outflow from capital expenditure and financial investment			(3,724)		(13,475)
			-----		-----
Cash outflow before use of financing			(6,735)		(10,807)
Financing					
Share capital issued		1		-	
New loans		36,786		-	
Loans repaid		(238)		-	
Capital contribution		1,310		8,428	
		-----		-----	
Net cash inflow from financing			37,859		8,428
			-----		-----
Increase/(Decrease) in cash	27		31,124		(2,379)
			=====		=====

The notes on pages 12 to 30 form part of these financial statements

Oil Spill Response Limited

Notes forming part of the financial statements
for the year ended 31 December 2012

1 Accounting policies

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

The following principal accounting policies have been applied

Basis of consolidation

The consolidated financial statements incorporate the results of Oil Spill Response Limited and all of its subsidiary undertakings as at 31 December 2012 using the acquisition or merger method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Subscription income is deferred on the balance sheet and released to the profit and loss account over the period of the relevant membership. Participant and associate joining fees are recognised in turnover at the point at which membership commences. Training, consultancy and income from spill activity is recognised in turnover as the relevant service is performed.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for and freehold land, evenly over their expected useful lives. It is calculated at the following rates:

Freehold property	- 25 years
Leasehold improvements	- 5 to 10 years
Equipment, fixtures and fittings	- 3 to 15 years
Computer equipment	- 4 year

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

Oil Spill Response Limited

Notes forming part of the financial statements for the year ended 31 December 2012 (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred

Current tax is measured at amount expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences

Deferred tax balances are not discounted

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account

The results of overseas operations are translated at the average rates of exchange during the year and the balance sheet translated into sterling at the rates of exchange ruling on the balance sheet date. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves

All other differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises. Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account over the shorter of estimated useful economic life and the period of the lease

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease

Pension costs

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable

Oil Spill Response Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 *(continued)*

1 Accounting policies *(continued)*

Prior year adjustment

During the year, management have reassessed the accounting for participant joining fees. Previously joining fees were deferred on the balance sheet and amortised to the profit and loss account over a ten year period. Management have assessed the most appropriate treatment is to recognise joining fees in the year membership commences. Comparative results have been amended for the revised policy, with the following impact:

- Opening reserves at 1 January 2011 increased by £712,000
- Turnover for 2011 decreased by £101,000
- Net assets at 31 December 2011 increased by £611,000

2 Turnover

	2012	2011
	£'000	As restated £'000
<i>Analysis by class of business</i>		
Contributions from Participants	14,845	13,502
Income from services provided	22,409	17,124
	37,254	30,626
<i>Analysis by geographical market</i>		
United Kingdom	17,174	11,537
East Asia	7,381	3,175
Rest of Europe	2,374	3,972
Middle East	305	1,457
USA	368	4,196
Rest of the world	9,652	6,289
	37,254	30,626

Turnover, which is stated net of value added tax, represents Participants' fees and income generated from spill response and preparedness activities.

Oil Spill Response Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 *(continued)*

3 Operating profit

	2012	2011
	£'000	As restated £'000
This is arrived at after charging		
Depreciation of tangible fixed assets	3,034	1,759
Hire of plant and machinery - operating leases	4,325	5,280
Hire of other assets - operating leases	711	527
Fees payable to the company's auditor or an associate of the company's auditor for the auditing of the company's annual accounts	40	29
Fees payable to the company's auditor or an associate of the company's auditor for other services		
- taxation compliance services	44	30
- taxation advisory services	331	37
- other non-audit services	4	2
Exchange differences	16	70
	-----	-----

4 Employees

Staff costs (including directors) consist of

	Group 2012	Group 2011
	£'000	£'000
Wages and salaries	8,685	7,798
Social security costs	781	636
Other pension costs	1,092	732
	-----	-----
	10,558	9,166
	-----	-----

The average number of employees (including directors) during the year was as follows

	Group 2012	Group 2011
	Number	Number
Administration	54	45
Operations	159	132
	-----	-----
	213	177
	-----	-----

Oil Spill Response Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

5 Directors' remuneration

	2012 £'000	2011 £'000
Directors' emoluments	457	451
Amounts receivable under long-term incentive schemes	96	99
Company contributions to money purchase pension schemes	23	94
Compensation for loss of office	-	169
	<u> </u>	<u> </u>

There were 2 directors in the group's defined contribution pension scheme during the year (2011 - 4)

The total amount payable to the highest paid director in respect of emoluments was £253,000 (2011 - £192,000) Company pension contributions of £Nil (2011 - £69,000) were made to a money purchase scheme on their behalf

6 Interest payable and similar charges

	2012 £'000	2011 £'000
Bank loans and overdrafts	25	-
	<u> </u>	<u> </u>

Oil Spill Response Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 *(continued)*

7 Taxation on profit on ordinary activities

	2012	2011
	£'000	As restated £'000
<i>UK Corporation tax</i>		
Current tax on profit / (loss) for the year	513	5
Adjustment in respect of previous periods	(1)	40
	512	45
<i>Foreign tax</i>		
Current tax on foreign income for the year	269	371
Foreign tax adjustment in respect of the prior year	(134)	(35)
Withholding tax	600	223
	735	559
Total current tax	1,247	604
<i>Deferred tax</i>		
Origination and reversal of timing differences	146	209
Adjustment in respect of previous periods	99	(21)
	245	188
Movement in deferred tax provision	245	188
Taxation on profit on ordinary activities	1,492	792

Oil Spill Response Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 *(continued)*

7 Taxation on profit on ordinary activities *(continued)*

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below.

	2012	2011
	£'000	As restated £'000
Profit on ordinary activities before tax	2,345	600
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	575	159
Effect of		
Expenses not deductible for tax purposes	287	180
Depreciation for period in excess/(deficit) of capital allowances	9	(231)
Utilisation of tax losses	(189)	(56)
Adjustment to tax charge in respect of previous periods	(135)	5
Capital gains	21	-
Overseas tax	263	382
Withholding tax adjustment	452	168
Double tax relief	(64)	(99)
Other timing differences	28	96
	<hr/>	<hr/>
Current tax charge for the year	1,247	604
	<hr/>	<hr/>

8 Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a profit after tax of £853,000 (2011 - £142,000 loss) which is dealt with in the financial statements of the parent company.

Oil Spill Response Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 *(continued)*

9 Tangible fixed assets

Group

	Freehold land and buildings £'000	Leasehold improvements £'000	Equipment £'000	Fixtures and fittings £'000	Total £'000
<i>Cost</i>					
At 1 January 2012	2,718	517	34,357	1,218	38,810
Additions	26	268	3,305	111	3,710
Disposals	-	(229)	(350)	(6)	(585)
Reclassification	(8)	(6)	(639)	331	(322)
Exchange adjustments	-	6	78	7	91
	<u>2,736</u>	<u>556</u>	<u>36,751</u>	<u>1,661</u>	<u>41,704</u>
<i>Depreciation</i>					
At 1 January 2012	537	212	15,852	1,058	17,659
Provided for the year	59	304	2,580	91	3,034
Disposals	-	(117)	(106)	(6)	(229)
Reclassification	-	-	141	(210)	(69)
Exchange adjustments	-	2	75	5	82
	<u>596</u>	<u>401</u>	<u>18,542</u>	<u>938</u>	<u>20,477</u>
<i>Net book value</i>					
At 31 December 2012	<u>2,140</u>	<u>155</u>	<u>18,209</u>	<u>723</u>	<u>21,227</u>
At 31 December 2011	<u>2,181</u>	<u>305</u>	<u>18,505</u>	<u>160</u>	<u>21,151</u>

Oil Spill Response Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 *(continued)*

9 Tangible fixed assets *(continued)*

Company

	Freehold land and buildings £'000	Leasehold improvements £'000	Equipment £'000	Fixtures and fittings £'000	Total £'000
<i>Cost</i>					
At 1 January 2012	2,718	517	34,334	1,218	38,787
Additions	26	268	3,305	111	3,710
Disposals	-	(229)	(350)	(6)	(585)
Reclassification	(8)	(6)	(519)	331	(202)
Exchange adjustments	-	6	82	7	95
	<u>2,736</u>	<u>556</u>	<u>36,852</u>	<u>1,661</u>	<u>41,805</u>
<i>Depreciation</i>					
At 1 January 2012	537	212	15,837	1,058	17,644
Provided for the year	59	304	2,570	91	3,024
Disposals	-	(117)	(106)	(6)	(229)
Reclassification	-	-	167	(210)	(43)
Exchange adjustments	-	2	74	5	81
	<u>596</u>	<u>401</u>	<u>18,542</u>	<u>938</u>	<u>20,477</u>
<i>Net book value</i>					
At 31 December 2012	<u>2,140</u>	<u>155</u>	<u>18,310</u>	<u>723</u>	<u>21,328</u>
At 31 December 2011	<u>2,181</u>	<u>305</u>	<u>18,497</u>	<u>160</u>	<u>21,143</u>

The net book value of, and depreciation charge for the year on, tangible fixed assets includes assets held under finance leases and hire purchase contracts as follows

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
<i>Net book value</i>				
Plant and machinery	1,153	-	1,153	-
	<u>1,153</u>	<u>-</u>	<u>1,153</u>	<u>-</u>
<i>Depreciation charged</i>				
Plant and machinery	143	-	143	-
	<u>143</u>	<u>-</u>	<u>143</u>	<u>-</u>

The net reclassification relates to dispersant stock which has been reclassified to stock. This has been transferred at net book value totalling £253,000 in Company and Group.

Oil Spill Response Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (continued)

10 Fixed asset investments

Company

	Group undertakings £'000
<i>Cost or valuation</i>	
At 1 January 2012 and 31 December 2012	143
<hr/>	
<i>Provisions</i>	
Provided for the year and at 31 December 2012	143
<hr/>	
<i>Net book value</i>	
At 31 December 2012	-
<hr/>	
At 31 December 2011	143
<hr/>	

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows

	Country of incorporation or registration	Class of share capital held	Proportion of share capital held	Nature of business
<i>Subsidiary undertakings</i>				
East Asia Response Pte Limited	Singapore	Ordinary	100	Dormant
Oil Spill Service Centre Limited	England	Ordinary	100	Dormant
Oil Spill Response Trustees Limited	England	Ordinary	100	Dormant
PT Oil Spill Response Indonesia	Indonesia	Ordinary	95	Oil spill response and preparedness
Oil Spill Response USA Inc	USA	Ordinary	100	Oil spill response and preparedness
Oil Spill Response (Capping) Limited	England	Ordinary	100	Subsea Well intervention service
Oil Spill Response (Dispersants) Limited	Cyprus	Ordinary	100	Dormant
Oil Spill Response (Americas) Limited	England	Ordinary	100	Dormant
OSRC (Norway) Limited	England	Ordinary	100	Dormant
OSRC (South Africa) Limited	England	Ordinary	100	Dormant
OSRC (Singapore) PTE Limited	Singapore	Ordinary	100	Dormant

Oil Spill Response (Capping) Limited was incorporated on 29 February 2012

OSRC (Norway) Limited and OSRC (South Africa) Limited are subsidiaries of Oil Spill Response (Capping) Limited and were incorporated on 2 July 2012 Both have a period end of 31 December 2013

Oil Spill Response (Dispersants) Limited was incorporated on 21 September 2012, Oil Spill Response (Americas) Limited was incorporated on 5 December 2012 and OSRC (Singapore) PTE Limited was incorporated on 17 September 2012 All companies were dormant during 2012

Oil Spill Response Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 *(continued)*

11 Stocks

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Consumables	2,920	1,026	2,920	1,026

There is no material difference between the replacement cost of stocks and the amounts stated above

12 Debtors

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Trade debtors	51,664	16,764	23,035	16,632
Amounts owed by group undertakings	-	-	734	654
Prepayments and accrued income	924	1,197	888	1,097
Other debtors	320	800	280	745
	<u>52,908</u>	<u>18,761</u>	<u>24,937</u>	<u>19,128</u>

All amounts shown under debtors fall due for payment within one year

13 Current asset investments

	Group 2012 £'000	Group 2011 £'000	Company 2012 £'000	Company 2011 £'000
Listed investments	220	67	220	67

The investments represent the Group's holding arising from forfeited employee contributions to the Oil Spill Response Limited Share Purchase Plan (note 24). The investments are stated at market value.

Oil Spill Response Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 *(continued)*

14 Creditors: amounts falling due within one year

	Group 2012 £'000	Group 2011 As restated £'000	Company 2012 £'000	Company 2011 As restated £'000
Other loans	36,072	-	532	-
Trade creditors	9,680	626	1,369	626
Amounts owed to group undertakings	-	-	-	18
Corporation tax	724	655	715	686
Other taxation and social security	2,278	1,413	1,385	1,413
Other creditors	354	167	354	167
Accruals and deferred income	36,055	17,802	22,772	17,750
	<u>85,163</u>	<u>20,663</u>	<u>27,127</u>	<u>20,660</u>

As explained in the Directors' Report, during the year the Group entered into various agreements to provide a subsea well intervention service. This service comprises the procurement, and ongoing maintenance of specialist subsea equipment to be deployed in the event of a significant subsea well incident.

The costs of establishing the service and procuring the equipment will be funded through loans of up to US\$230 million provided by a number of the Group's member companies. The loans will be for a ten year period and bear interest at a rate of 3% above LIBOR. However, the terms of repayment of these loans are such that they will only be repayable by the Group should sufficient income be received from subscribers to the service in future periods. Therefore, as the Group bears no significant risk to repay the loan, the debt is only recognised on the balance sheet to the extent of subscription income received, but not yet transferred to the lenders.

Furthermore, whilst the Group retains legal title to the equipment, the contractual agreements between the subscribers of this service and the Group do not provide the Group with significant risks and rewards of ownership and as such the equipment is not recognised as an asset of the Group.

At 31 December 2012, the cumulative amount spent on the development of the service and construction of the equipment was US\$101,081,000 (£62,166,000). This amount is not recognised as an asset in the financial statements.

At 31 December 2012 amounts drawn down under the loan facility were US\$134,683,000 (£82,831,000). The amount of liability recognised in respect of the loans is restricted to the amount of cash held and available to meet repayment obligations. Amounts disclosed in 'other loans' less than one year total £35,540,000.

Also within other loans are amounts totalling £532,000 which are secured against each individual asset concerned.

Oil Spill Response Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 *(continued)*

15 Creditors: amounts falling due after more than one year

	Group 2012 £'000	Group 2011 As restated £'000	Company 2012 £'000	Company 2011 As restated £'000
Other loans	476	-	476	-
Maturity of debt			Loans and overdrafts 2012 £'000	Loans and overdrafts 2011 £'000
In one year or less, or on demand			36,072	-
In more than one year but not more than two years			476	-

16 Provisions for liabilities

Group and company

	Deferred taxation £'000
At 1 January 2012	237
Charged to profit and loss account	245
	<hr/>
At 31 December 2012	482
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Oil Spill Response Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 *(continued)*

16 Provisions for liabilities *(continued)*

Deferred taxation

	Group and company 2012 £'000	Group and company 2011 £'000
Accelerated capital allowances	655	732
Sundry timing differences	(173)	(224)
	482	508
Unutilised tax losses	-	(271)
	482	237

17 Pensions

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £1,092,000 (2011 - £732,000). Contributions amounting to £98,000 (2011 - £84,000) were payable to the fund and are included in creditors.

18 Share capital

	2012 £	2011 £
<i>Allotted, called up and fully paid</i>		
A Ordinary shares of £1 each	10,700	10,000
B Ordinary shares of £1 each	2,400	2,400
C Ordinary shares of £1 each	1,974	1,974
	15,074	14,374
	15,074	14,374

During the year a total of 800 'A' ordinary shares of £1 each were issued. This related to 2 new members for a cash consideration of £800. 100 'A' ordinary shares of £1 each were cancelled in relation to certain Shareholders who completed mergers and as a result reduced their shareholding in the Company.

Oil Spill Response Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 *(continued)*

19 Reserves

Group

	Capital reserve £'000	Capital contribution reserve £'000	Merger reserve £'000	As restated Profit and loss account £'000
At 1 January 2012	5	8,428	12	15,977
Translation differences on foreign currency net investments in subsidiary undertakings	-	-	-	(6)
Profit for the year	-	-	-	853
Capital contribution	-	1,310	-	-
	<u>5</u>	<u>9,738</u>	<u>12</u>	<u>16,824</u>
At 31 December 2012	<u>5</u>	<u>9,738</u>	<u>12</u>	<u>16,824</u>

Company

	Capital reserve £'000	Capital contribution reserve £'000	As restated Profit and loss account £'000
At 1 January 2012	5	8,428	16,170
Translation differences on foreign currency net investments in subsidiary undertakings	-	-	3
Profit for the year	-	-	853
Capital contribution	-	1,310	-
	<u>5</u>	<u>9,738</u>	<u>17,026</u>
At 31 December 2012	<u>5</u>	<u>9,738</u>	<u>17,026</u>

The Capital contribution represents funds received from certain Shareholders in relation to the acquisition of a UK deep sea capping device and dispersant stockpile

Oil Spill Response Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 *(continued)*

20 Reconciliation of movements in shareholders' funds

	Group 2012 £'000	Group 2011 As restated £'000	Company 2012 £'000	Company 2011 As restated £'000
Profit/(loss) for the year	853	(192)	853	(142)
Other net recognised gains and losses relating to the year				
- Exchange translation differences on consolidation	(6)	(3)	3	(3)
Capital contribution	1,310	8,428	1,310	8,428
Shares issued	1	-	1	-
	<u>2,158</u>	<u>8,233</u>	<u>2,167</u>	<u>8,283</u>
Net additions to shareholders' funds				
Opening shareholders' funds as previously stated	24,436	15,491	24,617	15,622
Prior year adjustment - release of joining fees	-	712	-	712
	<u>24,436</u>	<u>16,203</u>	<u>24,617</u>	<u>16,334</u>
Opening shareholders' funds as restated				
Closing shareholders' funds	<u>26,594</u>	<u>24,436</u>	<u>26,784</u>	<u>24,617</u>

21 Commitments under operating leases

The group and company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2012 £'000	Other 2012 £'000	Land and buildings 2011 £'000	Other 2011 £'000
Operating leases which expire				
Within one year	207	2,220	362	4,615
In two to five years	168	2,502	126	64
After five years	616	4,112	60	-
	<u>991</u>	<u>8,834</u>	<u>548</u>	<u>4,679</u>

Oil Spill Response Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (*continued*)

22 Related party disclosures

Related party transactions and balances

Turnover in the year with related parties totalling £29,242,000 (2011 £23,675,000) and represents contributions received from participant undertakings and other services provided to Participants and related Group Companies

At 31 December 2012 amounts due from related parties amounted to £20,789,000 (2011 £15,414,000) against which no provision is required

23 Capital commitments

At the year end the Group had outstanding capital commitments totalling £1,242,000 (2011 £2,013,000) Further commitments in relation to the Subsea Well Intervention service total £764,000

24 Employee Share Purchase Plan

The Company established the Oil Spill Response Share Purchase Plan (the 'Plan') for the continuing benefit of employees. Under the terms of this scheme employees are entitled to contribute to the Plan, with the Company making a matching contribution. The contributions are used to acquire shares in listed companies and are held by a Fund Manager acting as nominee for the employee. Upon leaving the Company employees are entitled to the return of their contributions, but forfeit the matching contributions made by the Company if they leave before serving a three year qualifying period of continual employment.

In accordance with the principles of UITF17, Employee Share Schemes, the investments held within the Plan are not recognised as an asset on the balance sheet of the Company as the employee has de facto control of the shares. The cost of the employer matching contributions is expensed to the profit and loss account each month as incurred.

25 Financial commitments

Foreign exchange forward contracts

At the year end the group had a number of forward contracts to sell Singapore Dollars totalling \$4,800,000. These fall due over a period from 15 January 2013 to 13 December 2013 and range from 1.9342 to 1.9500 SG\$/£.

Oil Spill Response Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 *(continued)*

26 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities	2012 £'000	2011 As restated £'000
Operating profit	2,334	574
Depreciation of tangible fixed assets	3,034	1,759
(Profit)/loss on sale of tangible fixed assets	(279)	20
Increase in stocks	(1,641)	(569)
Increase in debtors	(34,147)	(13,403)
Increase in creditors	28,855	15,377
	(1,844)	3,758
	(1,844)	3,758
27 Reconciliation of net cash flow to movement in net (debt)/funds		
	2012 £'000	2011 £'000
Increase/(decrease) in cash	31,124	(2,379)
Cash outflow from changes in debt	(36,548)	-
	(5,424)	(2,379)
Movement in net (debt)/funds resulting from cash flows	(5,424)	(2,379)
Exchange translation	(15)	2
	(5,439)	(2,377)
Movement in net (debt)/funds	(5,439)	(2,377)
Opening net funds	4,331	6,708
	(1,108)	4,331
Closing net (debt)/funds	(1,108)	4,331

Oil Spill Response Limited

Notes forming part of the financial statements
for the year ended 31 December 2012 (continued)

28 Analysis of net (debt)/funds

	At 1 January 2012 £'000	Cash flow £'000	Other non- cash items £'000	Exchange adjustment £'000	At 31 December 2012 £'000
Cash at bank and in hand	4,331	31,124	-	(15)	35,440
Debt due within one year	-	(35,540)	(532)	-	(36,072)
Debt due after one year	-	(1,008)	532	-	(476)
	<u>4,331</u>	<u>(5,424)</u>	<u>-</u>	<u>(15)</u>	<u>(1,108)</u>
Total	4,331	(5,424)	-	(15)	(1,108)