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

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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

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

Company number 1808594	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	
		91,488		24,185	
Creditors: amounts falling due within one year	14	85,163		20,663	
Net current assets			6,325		3,522
Total assets less current liabilities			27,552		24,673
Creditors: amounts falling due after more than one year	15	476		-	
Provisions for liabilities	16	482		237	
			958		237
			26,594		24,436
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
Shareholders' funds	20		26,594		24,436

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

Robert M. Limb

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

Company number 1808594	Note	2012	2012	2011 As restated	2011 As restated
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	9		21,328		21,143
Fixed asset investments	10		-		143
			21,328		21,286
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	
		33,541		24,228	
Creditors: amounts falling due within one year	14	27,127		20,660	
Net current assets			6,414		3,568
Total assets less current liabilities			27,742		24,854
Creditors amounts falling due after more than one year	15	476		-	
Provisions for liabilities	16	482		237	
			958		237
			26,784		24,617
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		26,784		24,617

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

Robert M Limb

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

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

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 amounted 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 £'000	2011 As restated £'000
Analysis by class of business		
Contributions from Participants	**14,845**	13,502
Income from services provided	**22,409**	17,124
	37,254	30,626
Analysis by geographical market		
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 £'000	2011 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 £'000	Group 2011 £'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 Number	Group 2011 Number
Administration	**54**	45
Operations	**159**	132
	213	177

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

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**	-

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 £'000	2011 As restated £'000
UK Corporation tax		
Current tax on profit / (loss) for the year	513	5
Adjustment in respect of previous periods	(1)	40
	512	45
Foreign tax		
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
Deferred tax		
Origination and reversal of timing differences	146	209
Adjustment in respect of previous periods	99	(21)
Movement in deferred tax provision	245	188
Taxation on profit on ordinary activities	1,492	792

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 £'000	2011 As restated £'000
Profit on ordinary activities before tax	**2,345**	600
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
Current tax charge for the year	**1,247**	604

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

9 Tangible fixed assets

Group

	Freehold land and buildings £'000	Leasehold improvements £'000	Equipment £'000	Fixtures and fittings £'000	Total £'000
Cost					
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
At 31 December 2012	**2,736**	**556**	**36,751**	**1,661**	**41,704**
Depreciation					
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
At 31 December 2012	**596**	**401**	**18,542**	**938**	**20,477**
Net book value					
At 31 December 2012	**2,140**	**155**	**18,209**	**723**	**21,227**
At 31 December 2011	2,181	305	18,505	160	21,151

9 Tangible fixed assets *(continued)*

Company

	Freehold land and buildings £'000	Leasehold improvements £'000	Equipment £'000	Fixtures and fittings £'000	Total £'000
Cost					
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
At 31 December 2012	**2,736**	**556**	**36,852**	**1,661**	**41,805**
Depreciation					
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
At 31 December 2012	**596**	**401**	**18,542**	**938**	**20,477**
Net book value					
At 31 December 2012	**2,140**	**155**	**18,310**	**723**	**21,328**
At 31 December 2011	2,181	305	18,497	160	21,143

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
Net book value				
Plant and machinery	**1,153**	-	**1,153**	-
Depreciation charged				
Plant and machinery	**143**	-	**143**	-

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

10 Fixed asset investments

Company

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

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
Subsidiary undertakings				
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
	52,908	18,761	**24,937**	19,128

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

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
	85,163	20,663	**27,127**	20,660

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 U$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

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
At 31 December 2012	482

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 £
Allotted, called up and fully paid		
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

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	-	-
At 31 December 2012	**5**	**9,738**	**12**	**16,824**

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	-
At 31 December 2012	**5**	**9,738**	**17,026**

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

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**	-
Net additions to shareholders' funds	**2,158**	8,233	**2,167**	8,283
Opening shareholders' funds as previously stated	**24,436**	15,491	**24,617**	15,622
Prior year adjustment - release of joining fees	**-**	712	**-**	712
Opening shareholders' funds as restated	**24,436**	16,203	**24,617**	16,334
Closing shareholders' funds	**26,594**	24,436	**26,784**	24,617

21 Commitments under operating leases

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

Operating leases which expire	Land and buildings 2012 £'000	Other 2012 £'000	Land and buildings 2011 £'000	Other 2011 £'000
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	-
	991	**8,834**	548	4,679

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 $4,800,000 These fall due over a period from 15 January 2013 to 13 December 2013 and range from 1 9342 to 1 9500 SG$/£

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
Net cash (outflow)/inflow from operating activities	(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)	-
Movement in net (debt)/funds resulting from cash flows	(5,424)	(2,379)
Exchange translation	(15)	2
Movement in net (debt)/funds	(5,439)	(2,377)
Opening net funds	4,331	6,708
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)**
Total	4,331	(5,424)	-	(15)	**(1,108)**