

**RCC OFFSHORE LIMITED**

**ANNUAL REPORT AND ACCOUNTS FOR  
THE YEAR ENDED 31 DECEMBER 2008**

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# **RGC OFFSHORE LIMITED**

## **DIRECTOR'S REPORT**

The Director presents his report and the audited financial statements for the year ended 31 December 2008

### **Activity and Prospects**

The Company is a member of the TH Global group of companies. The Group is engaged in a work-out process and is reducing its operating activities. The work-out is a financial and organisational restructuring aimed at: (i) achieving viable long term solutions for its remaining businesses and (ii) resolving outstanding disputes and liabilities, in the best interests of creditors and shareholders under the existing circumstances. At the date of approval of these financial statements, the Group has attained its ambition to divest itself of its operating businesses. The Group continues in its other objective to wind up residual liabilities and responsibilities arising out of past activities, transactions, events and circumstances as soon as practicable.

The Company has ceased trading. Prior to 1 October 1994 the Company's principal activity was the construction of offshore structures for UK and overseas oil and gas projects. After that date this activity was carried out by its parent, Kvaerner Oil & Gas Limited.

The Company continues in legal existence to discharge its contractual obligation relating to its disposal in 2006 of its leasehold interest in the Methil Yard at Fife, Scotland, and because it faces claims submitted by former employees alleging bodily injury caused by industrial disease.

As a past employer and operator of engineering businesses, the Company is the recipient of claims by former employees alleging that they have suffered bodily injury as a result of industrial diseases caused during the course of the claimant's employment with the Company. These claims do not arise until many years after the relevant employment ceased (- medical conditions may not develop until much later). The Company together with its insurance carriers and outside claims handlers and counsel, review each claim that is pursued by claimants. In those cases where a compensatable disease, exposure during the course of employment and causation can be established by claimants the Company's approach is to seek to resolve claims for amounts that reflect the type of disease, the seriousness of the injury, the age of the claimant, the particular jurisdiction of the claim and the number and solvency of other defendants.

### **Financial Statements and Dividend**

The audited financial statements for the year ended 31 December 2008 are set out on pages 4 to 8, inclusive.

These audited financial statements have not been prepared on a going concern basis.

The result for the year after taxation was £Nil (2007: £Nil).

The Company has a deficit on its profit and loss account. Consequently, no dividend can be paid (2007 - £nil).

### **Director**

The Director during the year was:

Rufus Laycock

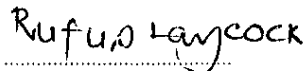
Since the year-end there has been no change in the membership of the Board of Directors.

### **Disclosure of Information to Auditors**

The Director holding office at the date of approval of this Director's Report confirms that, so far as he is each aware, there is no relevant audit information of which the Company's auditors are unaware; and he has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.



Rufus Laycock  
Sole Director

Date: 16 November 2009

*Registered Office:*  
Surrey House, 36-44 High Street  
Redhill, Surrey, RH1 1RH

## **RGC OFFSHORE LIMITED**

### **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

These financial statements have been prepared on a basis other than the going concern basis.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## Independent auditors' report to the members of RGC Offshore Limited

We have audited the financial statements of RGC Offshore Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have not been prepared on the going concern basis for the reason set out in note 1 to the financial statements but under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion the financial statements:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its result for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

### Emphasis of matter - uncertainty regarding the recovery of inter-company receivables

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the uncertainty regarding the recovery of inter-company receivables. The TH Global Group is in process of actively seeking settlement of significant issues, claims and obligations and disposing of its remaining assets. The outcome of this process is subject to material uncertainties in terms of timing and amount which may adversely affect the Group's future cash flow if actual results were to differ materially from those anticipated. The Company has significant inter company receivables, the full recovery of which is uncertain due in part to the uncertainty regarding the settlement of the counterparty's obligations, and inter company payables which are due on demand. These conditions, along with the other matters explained in the Basis of Preparation in note 1 to the financial statements, indicate the existence of a material uncertainty in relation to the recovery of inter-company receivables. The financial statements do not include any adjustments that would result if the inter-company balances were not recoverable.

KPMG Audit Pte

KPMG Audit Pte  
Chartered Accountants  
Registered Auditor

16 November 2009

## **RGC OFFSHORE LIMITED**

### **Profit and Loss Account for the year ended 31 December 2008**

		Year ended 31/12/2008	Year ended 31/12/2007
	Note	£'000	£'000
<b>Loss on ordinary activities before taxation</b>	2	-	-
Tax on loss on ordinary activities	3	-	-
<b>Loss for the financial year</b>	9	<u>-</u>	<u>-</u>

All activities derive from discontinued operations.

The Company has no recognised gains or losses for either year other than the result for the year.

Accordingly, a statement of total recognised gains and losses has not been prepared.

The notes on pages 6 to 8 form an integral part of these financial statements.

**RGC OFFSHORE LIMITED****Balance Sheet as at 31 December 2008**

	Note	2008 £'000	2007 £'000
<b>CURRENT ASSETS</b>			
Debtors	4	100	200
<b>CREDITORS: amounts falling due within one year</b>			
Creditors	5	(100)	(100)
<b>NET CURRENT ASSETS</b>		<u>-</u>	<u>100</u>
<b>CREDITORS: amounts falling due after one year</b>			
Creditors	6	-	(100)
<b>NET ASSETS</b>		<u><u>-</u></u>	<u><u>-</u></u>
<b>CAPITAL AND RESERVES</b>			
Share capital - called up	7	4,300	4,300
Other reserves	8	700	700
Profit and loss account	8	(5,000)	(5,000)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	9	<u><u>-</u></u>	<u><u>-</u></u>

The notes on pages 6 to 8 form an integral part of these financial statements.

These financial statements were approved by the Sole Director on 16 November 2009

*Rufus Laycock*

Rufus Laycock  
Sole Director

## RGC OFFSHORE LIMITED

### Notes to the Accounts

#### 1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

##### (a) Basis of accounting

The financial statements have not been prepared on the going concern basis.

The company is engaged in a work-out process together with the other members of the TH Global Group. The purpose and activity of the work-out is explained in the director's report.

At the date of approval of these financial statements it is the opinion of the Sole Director of the Company that it is in the best interests of creditors of the Company for there to be a work-out process, involving seeking agreement with creditors in relation to outstanding borrowings, disputes, liabilities and legacy issues and based on the current expectation that the disputes and liabilities are capable of being resolved through a negotiated settlement process out of the funds, cash flows and assets realisations available based on all known factors. Group Management explores a range of appropriate strategic and financial alternatives to achieve its objective, which includes obtaining agreement to compromise indebtedness.

The Sole Director of the Company recognises and reports that the work-out is subject to significant issues indicating material uncertainties and risks which may cause significant doubt on the Group's ability to continue as a going concern if actual results were to differ materially from those anticipated. These uncertainties relate to:

- whether the outcome of a number of existing claims including insurance claims (incurred and incurred but not reported), industrial injury claims and overseas taxation claims will be as estimated;
- whether the settlement consideration in relation to the Group's outstanding liabilities will be within the expected range and timing; and
- whether the actual consideration received upon disposal of the remaining Group's assets will be as estimated.

In preparing these financial statements, the Sole Director has taken into account Group Management's best estimates to forecast cash movements over the next 12 months from the date of these accounts. These estimates and forecasts indicate that the Group has the ability to continue as a going concern and therefore to continue realising its assets and discharging its liabilities in the normal course of business. However these estimates are based on assumptions including values and timing of expected liabilities settlement, claims outcome and assets disposal and therefore subject to the material uncertainties aforementioned.

Given the above there is a material uncertainty in relation to intercompany receivables because of the complex web of intercompany indebtedness subsisting in the TH Global Group such that the actual recovery may be significantly less than the reported balance in part due to the uncertainty regarding the settlement of the Group's obligations. No provision has been made in the financial statements in relation to this uncertainty. The carrying values of receivables from Group companies having a net deficiency of assets are assessed individually at year-end and a provision is booked against them where appropriate.

##### (b) Accounting convention

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

##### (c) Related parties and cash flow statement

The Company is exempt under the terms of FRS 8 from the requirement to disclose transactions with entities that are part of the Group on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

##### (d) Taxation

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### 2. Loss on ordinary activities before taxation

No auditors' remuneration has been charged as this has been borne by a fellow group undertaking. The auditors' remuneration related to the audit of the company's financial statements was £2,500 (2007: £2,500).

The Company has no employees.

No director received any emoluments for his services in the year (2007: Nil).

## RGC OFFSHORE LIMITED

### Notes to the Accounts (continued)

3. Tax on loss on ordinary activities	2008	2007
<i>Recognised in the profit and loss account</i>	£'000	£'000

#### *UK corporation tax*

UK Corporation tax on loss for the year	-	-
Foreign tax on loss for the year	-	-
Total current tax and tax on loss on ordinary activities	<u>-</u>	<u>-</u>

<i>Factors affecting the current tax charge</i>	2008	2007
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The tax assessed for the year is the same as (2007: same as) the standard rate of corporation tax in the United Kingdom. The reconciliation is as follows:

Loss on ordinary activities before taxation	<u>-</u>	<u>-</u>
Taxation charge at UK corporation tax rate of 28.5% (2007: 30%)	-	-
Effect of:		
Expenditure not deductible for tax	<u>-</u>	<u>-</u>
Current tax charge and tax on loss on ordinary activities	<u>-</u>	<u>-</u>

#### *Factors affecting future tax charges*

It is anticipated that any future taxable income in this company will be sheltered from tax by utilisation of group relief from other Group companies, and, where possible, the use of the Group's tax losses arising in prior years.

The TH Global Limited UK tax group has brought forward tax losses estimated at £203 million and surplus ACT of approximately £159 million.

There is no potential liability to deferred taxation (2007: £nil).

4. Debtors	2008	2007
	£'000	£'000
Amount owed by parent undertaking	<u>100</u>	<u>200</u>

The Company has provided for the permanent diminution in the value of the net loan receivable. As explained in Note 5 below the Company's parent company and intermediate parent company have agreed that the Company's payment obligation be settled through the loan receivable. Accordingly, the Director considers it appropriate to show an amount of the loan receivable equal to the payment liability as due from the parent company.

## RGC OFFSHORE LIMITED

### Notes to the Accounts (continued)

<b>5. Creditors due within one year</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>

Other creditors	<u>100</u>	<u>100</u>
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Other creditors represents the consideration payable in respect of the surrender by the Company of its leasehold interest in Methil Yard, Fife. The amount is payable by instalment. The final instalment is due for payment in 2009. The Company's parent company and intermediate parent company have agreed that payment will be made through the drawdown of the loan receivable from the parent company.

<b>6. Creditors due outside one year</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>

Other creditors	<u>-</u>	<u>100</u>
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Other creditors represents the consideration payable in respect of the surrender by the Company of its leasehold interest in Methil Yard, Fife. The amount is payable by instalment. The final instalment is due for payment in 2009. The Company's parent company and intermediate parent company have agreed that payment will be made through the drawdown of the loan receivable from the parent company.

<b>7. Share capital</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>

Authorised 7,000,000 shares of £1 each	<u>7,000</u>	<u>7,000</u>
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Allotted, called up and fully paid: 4,300,000 shares of £1 each	<u>4,300</u>	<u>4,300</u>
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<b>8. Reserves</b>	<b>Other reserves</b>	<b>Profit and loss account</b>
	<b>£'000</b>	<b>£'000</b>

As at 1 January 2008 and 31 December 2008	<u>700</u>	<u>(5,000)</u>
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<b>9. Reconciliation of movements in shareholders' funds</b>	<b>2008</b>	<b>2007</b>
	<b>£'000</b>	<b>£'000</b>

Opening and closing shareholders' funds	<u>-</u>	<u>-</u>
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#### 10. Ultimate parent company and controlling party

The immediate parent company is Kvaerner Oil & Gas Limited, incorporated in England and Wales.

The largest group in which the results of the company are consolidated is that headed by Medaura BV, a private company incorporated in The Netherlands. The consolidated financial statements of Medaura BV are available to the public and may be obtained from the Chamber of Commerce, Kamer van Koophandel, De Ruterkade 5, 1013 AA Amsterdam, The Netherlands or from the Company Secretary, TH Global Limited, Surrey House, 36-44 High Street, Redhill, Surrey RH1 1RH, UK.

The Glacier Trust, established under the laws of Guernsey, is to be regarded as the ultimate controlling party of the Company.