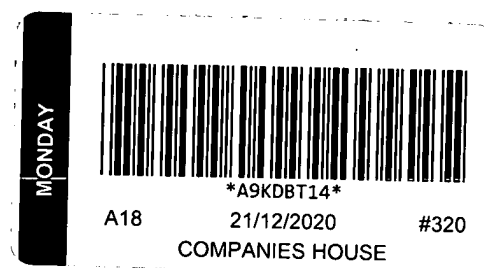


GlobalSantaFe Drilling Services (North Sea) Limited

Report and Financial Statements

31 December 2019



Directors

C C M Meldrum

R M Martin

Auditors

Ernst & Young LLP

Blenheim House

Fountainhall Road

Aberdeen

United Kingdom

AB15 4DT

Registered Office

1 Chamberlain Square Cs

Birmingham

United Kingdom

B3 3AX

Directors' Report

The directors present their report and financial statements for the year ended 31 December 2019.

The report has been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small entities.

In accordance with s.414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the company has taken exemption from preparing a separate strategic report.

Results

The profit for the year after taxation was \$18,000 (2018 – \$11,000).

Review of the business and future developments

The company did not trade during the year and is not expected to trade in future years. The profit for the year arose primarily from intercompany interest received.

Directors

The current directors are shown on page 1.

The directors who served the company during the year and up to the date of signing were as follows:

C C M Meldrum

R M Martin

Going concern

The directors have obtained confirmation from an appropriate parent undertaking, Transocean Inc. that it will provide financial support to allow the company to meet its liabilities as and when they fall due, to the extent that the company is not able to meet such liabilities; and to recover in full sums due to it, when so due, from other group undertakings. The support outlined above is valid for a period of 12 months from the date of signing the financial statements. However, Transocean Inc. and the group parent Transocean Ltd. have recently received a notice of default on some of their loans and litigation is pending on the matter, further details are set out in note 12 Subsequent Events.

The directors consider that the notice of default results in a material uncertainty which may cast significant doubt upon the ability of Transocean Inc to support the company's ability to continue as a going concern in the event that we are not successful in defending these claims. Having evaluated the merit of the case the directors are continuing to place reliance on the Parent company's letter of support and have concluded that it is appropriate for the financial statements to be prepared on a going concern basis. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on basis other than going concern.

Disclosure of information to the auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' Report (continued)

Subsequent events

Pandemic

Subsequent to end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020.

We have not seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of this report, however they will only have no or minor impact on the carrying value of assets, our earnings, cash flow and financial condition. This statement is based on the non-trading status of the company.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the company at this time.

The financial statements have been prepared based upon conditions existing at 31 December 2019 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID-19 occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19.

The valuation of the financial assets as at 31 December 2019 as disclosed in the financial statements reflects the economic conditions in existence at that date.

Notice of Default

It should be noted that Transocean Limited highlighted the following as part of the recent November 4, 2020 Form 10-Q filing;

Litigation and purported notice of default—On October 2, 2020, PIMCO, Whitebox and certain other advisors and debtholders delivered a purported notice of default with respect to the Existing 2025 Guaranteed Notes (the "2025 Notes Notice") to Transocean Inc., which is based on the same alleged default as the 2027 Notes Notice, but with respect to the Existing 2025 Guaranteed Notes. We believe the allegations in the 2025 Notes Notice are meritless, and we will continue to defend ourselves vigorously against such allegations, including any related future claims or allegations, to ensure that any such wrongful allegations, claims and notices do not result in an improper judgment, event of default or acceleration, including but not limited to, under our Secured Credit Facility.

On October 8, 2020, the Court issued an order scheduling oral argument on our motion for summary judgment on October 28, 2020. Subsequently, on October 8, 2020, Whitebox filed a cross-motion for summary judgment asking the Court to deny our motion for summary judgment and dismiss our counterclaims. As of September 30, 2020, \$543 million aggregate principal amount of Existing 2025 Guaranteed Notes were outstanding. If a court of competent jurisdiction were to ultimately determine that a default or event of default exists under either the indenture governing the Existing 2025 Guaranteed Notes, and that the 2025 Notes Notice was properly provided by such holders, following a 90-day grace period, upon a valid declaration of acceleration by at least 25 percent of the then outstanding aggregate principal amount of the Existing 2025 Guaranteed Notes, all unpaid principal, interest and other obligations under the indenture governing such series of notes would be due and payable, unless holders waived such acceleration or the underlying default had been cured. While we cannot predict or provide assurance as to the outcome of these allegations, we do not expect them to have a material adverse effect on our condensed consolidated statement of financial position, results of operations or cash flows.

Directors' Report (continued)

Subsequent events (continued)

Distribution

On 22 October 2020, the directors approved the payment of a dividend in specie of \$360,141 payable to the sole shareholder.

Auditors

In accordance with s.487 of the Companies Act 2006, Ernst & Young LLP is deemed to be re-appointed as the auditor of the company.

On behalf of the Board



C C M Meldrum

Director

10 December 2020

Directors' Responsibilities Statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable UK 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss 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 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 appropriate 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.

Independent auditors' report

to the members of GlobalSantaFe Drilling Services (North Sea) Limited

Opinion

We have audited the financial statements of GlobalSantaFe Drilling Services (North Sea) Limited for the year ended 31 December 2019 which comprises the Profit and Loss Account, the Balance Sheet, the Statement of comprehensive income, the Statement of changes in equity and the related notes 1 to 12, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 12 in the financial statements which discloses that a parent undertaking has received a notice of default from one of its debtholders. As stated in Note 2, this event indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditors' report (continued)

to the members of GlobalSantaFe Drilling Services (North Sea) Limited

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

Ernst & Young LLP

Jamie Dixon (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen
10 December 2020

Profit and loss account

for the year ended 31 December 2019

	Notes	2019 \$000	2018 \$000
Administrative expenses		(7)	(3)
Operating Loss	3	(7)	(3)
Interest receivable	5	25	14
Profit before taxation		18	11
Tax on profit	6	-	-
Profit for the financial year		18	11

Statement of other comprehensive income

for the year ended 31 December 2019

	2019 \$000	2018 \$000
Profit for the financial year	18	11
Other comprehensive income for the year, net of tax	-	-
Total comprehensive profit for the year	18	11

Balance sheet

at 31 December 2019

	Notes	2019 \$000	2018 \$000
Current assets			
Debtors	7	370	350
Creditors: amounts falling due within one year	8	(23)	(21)
Net current assets		347	329
Net assets		347	329
Capital and Reserves			
Called up share capital	9	-	-
Profit and loss account		347	329
Total Equity		347	329

These financial statements were approved by the board of directors on 10 December 2020 and were signed on its behalf by:



C C M Meldrum
Director

Statement of changes in equity

for the year ended 31 December 2019

	<i>Called up Share capital</i>	<i>Profit and loss account</i>	<i>Total equity</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
As at 1 January 2018	-	318	318
Profit for the year	-	11	11
Other comprehensive income	-	-	-
Total comprehensive income	-	11	11
At 31 December 2018	-	329	329
Profit for the year	-	18	18
Other comprehensive income	-	-	-
Total comprehensive income	-	18	18
At 31 December 2019	-	347	347

Notes to the financial statements

at 31 December 2019

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of GlobalSantaFe Drilling Services (North Sea) Limited (the "Company") for the year ended 31 December 2019 were authorised for issue by the board of directors on 10 December 2020 and the balance sheet was signed on the board's behalf by C C M Meldrum. The Company is a public company, limited by shares and is incorporated and domiciled in England.

These financial statements were prepared in accordance with Financial Reporting Standard 101 - *Reduced Disclosure Framework* (FRS 101) and in accordance with applicable accounting standards.

The Company's functional and presentation currency is US Dollar (USD) and all values are rounded to the nearest thousand dollars (\$'000) except when otherwise indicated.

The results of the Company and associated undertakings are included in the consolidated financial statements of Transocean Ltd., a company registered in Switzerland and are available from www.deepwater.com

The principal accounting policies adopted by the company are set out in note 2.

Going concern

The directors have obtained confirmation from an appropriate parent undertaking, Transocean Inc. that it will provide financial support to allow the company to meet its liabilities as and when they fall due, to the extent that the company is not able to meet such liabilities; and to recover in full sums due to it, when so due, from other group undertakings. The support outlined above is valid for a period of 12 months from the date of signing the financial statements. However, Transocean Inc. and the group parent Transocean Ltd. have recently received a notice of default on some of their loans and litigation is pending on the matter, further details are set out in note 12 Subsequent Events.

The directors consider that the notice of default results in a material uncertainty which may cast significant doubt upon the ability of Transocean Inc to support the company's ability to continue as a going concern in the event that we are not successful in defending these claims. Having evaluated the merit of the case the directors are continuing to place reliance on the Parent company's letter of support and have concluded that it is appropriate for the financial statements to be prepared on a going concern basis. The financial statements do not reflect any adjustments that would be required to be made if they were prepared on basis other than going concern.

2. Accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2019.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
- (c) the requirements of paragraphs 10(d), 10(f), 16, 38A – 38D, 40A – 40D, 111 and 134-136 of IAS 1 *Presentation of Financial Statements*;
- (d) the requirements of IAS 7 Statement of Cash Flows;
- (e) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- (f) the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- (g) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- (h) the requirements of paragraphs 91-97 of IFRS13 Fair value measurement.

Notes to the financial statements

at 31 December 2019

2. Accounting policies (continued)

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis unless stated otherwise in note 2.4 "significant accounting policies".

2.3 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date:

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 6.

2.4 Significant accounting policies

Foreign currency translation

The company's financial statements are presented in U.S. Dollars, which is also the company's functional currency. The exchange rate as at 31 December was £/\$ 1.3255.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Taxation

UK Corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred at the balance sheet date, with the following exception:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Financial Instruments

i) Financial assets

Financial liabilities and equity instruments

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Notes to the financial statements

at 31 December 2019

2. Accounting policies (continued)

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with the interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial assets - Classification

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost (AC).

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis. All other financial assets are classified as measured at FVTPL.

All of the Company's financial assets, comprising of loans and other amounts receivable as well as cash and bank balances, are classified in the amortised cost category. There are no financial assets which are measured at fair value either through OCI or through profit or loss).

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets - impairment - credit loss allowance for ECL

From 1 January 2018, the Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Notes to the financial statements

at 31 December 2019

2. Accounting policies (continued)

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss.

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach.

For all financial assets that are subject to impairment under IFRS 9, the Company applies the general approach, three stage model for impairment. The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

All financial assets of the Company as at 31 December 2019 and 01 January 2019 were considered to be Stage 1.

Interest income

Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

2.5 Changes in accounting policies and disclosures

New and amended standards and interpretations

Effective from 1 January 2018, IFRS15 – revenue recognition, has had no implementation effects on the results of the company.

Effective from 1 January 2018, IFRS9 – financial instruments. The accounting policies have been updated to reflect the requirements of the new standard. Implementation has an immaterial effect on the results of the company.

Effective from 1 January 2019, IFRS16 – leases, has had no implementation effects on the results of the company.

Notes to the financial statements

at 31 December 2019

3. Operating loss

This is stated after charging:

	2019	2018
	\$000	\$000
Auditors' remuneration - Audit of the financial statements	2	2

4. Directors' remuneration

The directors of the company are employees of the Transocean Ltd. group and receive remuneration from other Transocean Ltd. group undertakings. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the other Transocean Ltd. group undertakings.

5. Interest receivable

	2019	2018
	\$000	\$000
Amounts from fellow group undertakings	25	14

6. Taxation

(a) Tax charged in the profit and loss account

The tax charge is made up as follows:

	2019	2018
	\$000	\$000
<i>Current income tax:</i>		
Tax expense in the profit and loss account	-	-

Notes to the financial statements

at 31 December 2019

6. Taxation (continued)

(b) Reconciliation of the total tax charge

The tax expense in the profit and loss account differs from the standard rate of corporation tax in the UK of 19% (2018 – 19%). The differences are reconciled below:

	2019 \$000	2018 \$000
Profit before taxation	18	11
Tax calculation at a rate of corporation tax 19% (2018 – 19%)	3	2
<i>Effects of:</i>		
Group relief received for no consideration	(3)	(2)
Adjustments in respect of previous years	-	-
Total tax expense reported in the profit and loss account	-	-

(c) Change in corporation tax rate

The standard rate of UK corporation tax in the year is 19% with effect from 1 April 2017. At Budget 2020, it was announced that the previously enacted tax rate reduction to 17% from 1 April 2020 would remain at 19%.

7. Debtors

	2019 \$000	2018 \$000
Amounts owed by group undertakings	370	350

Amounts owed by group undertakings are repayable on demand.

8. Creditors: amounts falling due within one year

	2019 \$000	2018 \$000
Amounts owed to group undertakings	21	19
Accruals	2	2
	23	21

Amounts owed to group undertakings are repayable on demand.

Notes to the financial statements

at 31 December 2019

9. Called-up share capital

	2019	2018
<i>Authorised, allotted, called up and fully paid</i>	\$	\$
100 ordinary shares at £1 each	194	194

10. Related party transactions

The company has taken advantage of the exemption in FRS 101 not to disclose transactions with wholly owned entities which form part of the group.

There were no other related party transactions during the year.

11. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is GlobalSantaFe Holding Company (North Sea) Limited, a company registered in the United Kingdom.

The company's ultimate parent undertaking is Transocean Ltd., a company registered in Switzerland.

The consolidated accounts of Transocean Ltd. are those of the smallest and the largest group of which the company is a member and for which group accounts are prepared.

Copies of these accounts can be obtained from www.deepwater.com

12. Subsequent events

Pandemic

Subsequent to end of the financial year, the COVID-19 outbreak was declared a pandemic by the World Health Organization in March 2020.

We have not seen a significant impact on our business to date. The outbreak and the response of Governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of this report, however they will only have no or minor impact on the carrying value of assets, our earnings, cash flow and financial condition. This statement is based on the non-trading status of the company.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the company at this time.

The financial statements have been prepared based upon conditions existing at 31 December 2019 and considering those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. As the outbreak of COVID-19 occurred after 31 December 2019, its impact is considered an event that is indicative of conditions that arose after the reporting period and accordingly, no adjustments have been made to financial statements as at 31 December 2019 for the impacts of COVID-19.

The valuation of the financial assets as at 31 December 2019 as disclosed in the financial statements reflects the economic conditions in existence at that date.

Notes to the financial statements

at 31 December 2019

12. Subsequent events (continued)

Notice of Default

It should be noted that Transocean Limited highlighted the following as part of the recent November 4, 2020 Form 10-Q filing;

Litigation and purported notice of default—On October 2, 2020, PIMCO, Whitebox and certain other advisors and debtholders delivered a purported notice of default with respect to the Existing 2025 Guaranteed Notes (the “2025 Notes Notice”) to Transocean Inc., which is based on the same alleged default as the 2027 Notes Notice, but with respect to the Existing 2025 Guaranteed Notes. We believe the allegations in the 2025 Notes Notice are meritless, and we will continue to defend ourselves vigorously against such allegations, including any related future claims or allegations, to ensure that any such wrongful allegations, claims and notices do not result in an improper judgment, event of default or acceleration, including but not limited to, under our Secured Credit Facility.

On October 8, 2020, the Court issued an order scheduling oral argument on our motion for summary judgment on October 28, 2020. Subsequently, on October 8, 2020, Whitebox filed a cross-motion for summary judgment asking the Court to deny our motion for summary judgment and dismiss our counterclaims. As of September 30, 2020, \$543 million aggregate principal amount of Existing 2025 Guaranteed Notes were outstanding. If a court of competent jurisdiction were to ultimately determine that a default or event of default exists under either the indenture governing the Existing 2025 Guaranteed Notes, and that the 2025 Notes Notice was properly provided by such holders, following a 90-day grace period, upon a valid declaration of acceleration by at least 25 percent of the then outstanding aggregate principal amount of the Existing 2025 Guaranteed Notes, all unpaid principal, interest and other obligations under the indenture governing such series of notes would be due and payable, unless holders waived such acceleration or the underlying default had been cured. While we cannot predict or provide assurance as to the outcome of these allegations, we do not expect them to have a material adverse effect on our condensed consolidated statement of financial position, results of operations or cash flows.

Distribution

On 22 October 2020, the directors approved the payment of a dividend in specie of \$360,141 payable to the sole shareholder.