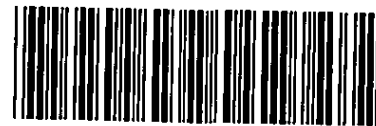


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AMCO DRILLING LIMITED

**Report and Financial Statements
For the year ended
31st December 2009**

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AMCO DRILLING LIMITED

Annual report and financial statements for the year ended 31st December 2009

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AMCO DRILLING LIMITED

Directors, Secretary and Registered Office

Directors

R R Instone

D M Jackson

Secretary

D W Toffolo

Registered Office

Whaley Road
Barugh
Barnsley
S75 1HT

Registered in England & Wales

AMCO DRILLING LIMITED

Report of the directors for the year ended 31st December 2009

The directors present their report together with the audited financial statements for the year ended 31st December 2009

1 Principal activities and business review

At the start of the year the company performed overseas drilling work in Mauritania via a branch, Amco Drilling Mauritanee, and provided equipment and labour to Amco Drilling Guinee SARL, a group company registered in the Republic of Guinea. In February 2009 the trade and assets of the company were sold to a fellow group company and the company became effectively dormant. Following a reorganisation, ownership of the company was passed to Amco Drilling (UK) Limited.

2 Results and dividends

The profit and loss account is set out on page 5 and shows the company's profits for the year.

The retained profit has been transferred to reserves.

A dividend of £1,500,000 was declared and paid on 23rd January 2009 and a further dividend of £2,000,000 was declared on 7th August 2009.

3 Directors

The directors in office at the end of the year were Messrs R R Instone and D M Jackson, who served throughout the year.

4 Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors 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).

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 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.

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 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.

AMCO DRILLING LIMITED

Report of the directors for the year ended 31st December 2009 (continued)

5 Financial risk management objectives and policies

The company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company's financial instruments are interest rate risk, currency risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

Interest rate risk

The company finances its operations through a mixture of retained profits, inter-company accounts and bank borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed on a Group basis by the use of both fixed and floating facilities.

Currency risk

The company is exposed to transaction and translation foreign exchange risk. Transaction exposures are hedged when known, mainly using the forward hedge market.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through inter-company accounts or through loans arranged at Group level. Short term flexibility is achieved by overdraft facilities.

6. Auditors

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

BY ORDER OF THE BOARD



D W Toffolo

Secretary

21st September 2010

AMCO DRILLING LIMITED

Report of the independent auditors

To the members of AMCO DRILLING LIMITED

We have audited the financial statements of Amco Drilling Limited for the year ended 31st December 2009 set out on pages 5 to 13. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditors' 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 Directors' Responsibilities Statement set out on page 2, 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 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/UKNP.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31st December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

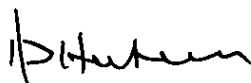
Opinion on other matters prescribed by the Companies Act 2006

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.

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, 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.



D J. Hutchinson (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 The Embankment, Neville Street, Leeds, LS1 4DW

21st September 2010

Company Number - 04942361

AMCO DRILLING LIMITED

Profit and loss account for the year ended 31st December 2009

	Note	<u>2009</u>		<u>2008</u>	
		£	£	£	£
Turnover	1		1,575,030		13,202,234
Raw materials and consumables		111,862		1,874,888	
Other external charges		<u>465,104</u>		<u>2,803,648</u>	
			<u>(576,966)</u>		<u>(4,678,536)</u>
			998,064		8,523,698
Staff costs	2	412,540		1,818,796	
Depreciation		48,124		867,495	
Other operating charges		<u>252,191</u>		<u>1,086,582</u>	
			<u>(712,855)</u>		<u>(3,772,873)</u>
Operating profit			285,209		4,750,825
Net interest	3		<u>(11,621)</u>		<u>(14,333)</u>
Profit on ordinary activities before taxation	1		273,588		4,736,492
Tax on profit on ordinary activities	4		<u>(76,605)</u>		<u>(1,222,737)</u>
Profit transferred to reserves	13		<u><u>196,983</u></u>		<u><u>3,513,755</u></u>

All the above transactions relate to continuing activities

There are no recognised gains or losses other than the profit for the financial year

The statement of accounting policies and notes 1 to 16 form part of these financial statements

AMCO DRILLING LIMITED

Company balance sheet as at 31st December 2009

	Note	2009		2008	
		£	£	£	£
Fixed assets					
Tangible assets	6		0		1,100,316
Investments	7		<u>1,600</u>		<u>600</u>
			1,600		1,100,916
Current assets					
Stock	8	0		2,868,890	
Debtors	9	209,140		2,255,926	
Cash at bank		<u>0</u>		<u>395,964</u>	
		209,140		5,520,780	
Creditors amounts falling due within one year	10	<u>0</u>		<u>(3,107,939)</u>	
Net current assets			<u>209,140</u>		<u>2,412,841</u>
Net assets			<u><u>210,740</u></u>		<u><u>3,513,757</u></u>
Capital and reserves					
Called up share capital	11		2		2
Profit and loss account	12		<u>210,738</u>		<u>3,513,755</u>
Shareholders' funds			<u><u>210,740</u></u>		<u><u>3,513,757</u></u>

The financial statements were approved by the Board of Directors on 21st September 2010



R R INSTONE Director

The statement of accounting policies and notes 1 to 16 form part of these financial statements

AMCO DRILLING LIMITED

Statement of accounting policies

These financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and under the historical cost convention

The company is exempt from the requirements of Financial Reporting Standard 8 to disclose transactions within the Group headed by Amco Group Limited up to February 2009 and with members of the group headed by Amco Drilling (UK) Limited after that date

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group

The Financial Reporting Council recently issued "Going Concern and Liquidity Risk Guidance for Directors of UK Companies 2009", and the directors have considered this when choosing to prepare the financial statements on a going concern basis

No statement of cashflows has been presented as the cashflows of the company have been incorporated into the group financial statements of the ultimate holding company

The principal accounting policies of the company set out below have remained unchanged from the previous year

(a) Turnover

Turnover is the total amount receivable in respect of work done and services provided, excluding value added tax. Turnover is recognised when the company has met all of its contractual obligations

In accordance with FRS 12 the company does not recognise the turnover and profit attributable to claims and disputed amounts on contracts until the recovery of these amounts is considered virtually certain. These disputed amounts and claims may arise on a wide range of contractual matters. The directors consider that detailed disclosures would prejudice the company's ability to secure satisfactory settlements

(b) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment

Depreciation is calculated to write off the cost of fixed assets less estimated residual value by equal annual instalments over their expected useful lives

The rates applicable are

Plant and equipment	25% to 50%
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(c) Contract work in progress

Contract work in progress is included in turnover on the basis of independent certification of value of work done

Costs incurred to carry out work on long-term contracts are matched with turnover

Provision is made for foreseeable losses on all contracts based on the loss which is currently estimated to arise over the duration of any contract, irrespective of the amount of work carried out at the balance sheet date

Work in progress is valued at the lower of cost and net realisable value

AMCO DRILLING LIMITED

Statement of accounting policies (continued)

(d) Deferred tax

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

(e) Leased assets

All leases are operating leases and the annual rentals are charged wholly to the profit and loss account.

(f) Retirement benefits

Defined Contribution Pension Schemes

The pension costs charged against operating profits represent the amount of the contributions payable to the schemes in respect of the accounting year.

(g) Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All foreign exchange differences are dealt with through the profit and loss account.

AMCO DRILLING LIMITED

Notes forming part of the financial statements for the year ended 31st December 2009

1 Turnover and profit on ordinary activities before taxation

All the company's turnover and profit are derived from its principal activity of overseas drilling, and its turnover is all from West Africa

Profit on ordinary activities is stated after

	<u>2009</u>	<u>2008</u>
	£	£
Depreciation	48,124	867,495
Operating lease charges		
other operating leases	<u>1,554</u>	<u>8,517</u>

Fees paid to the company's auditor for services other than the statutory audit of the company are not disclosed in these accounts since the consolidated accounts of its ultimate parent undertaking, Amco Drilling (UK) Limited, are required to disclose non audit fees on a consolidated basis. Fees for the audit of the group have not been recharged by Amco Drilling (UK) Limited

2. Directors and employees

Staff costs during the year including directors

	<u>2009</u>	<u>2008</u>
	£	£
Wages and salaries	406,791	1,798,466
Social security	4,992	15,498
Pension costs	<u>757</u>	<u>4,832</u>
	<u>412,540</u>	<u>1,818,796</u>

The average number of employees of the company, including directors, during the period the company operated was 46 (2008 - 55)

Remuneration in respect of directors was £nil (2008 - £nil)

3 Net interest

	<u>2009</u>	<u>2008</u>
	£	£
Group interest paid	<u>11,621</u>	<u>14,333</u>

AMCO DRILLING LIMITED

Notes forming part of the financial statements for the year ended 31st December 2009 (continued)

4 Tax on profit on ordinary activities

The tax charge represents

	<u>2009</u>	<u>2008</u>
	<u>£</u>	<u>£</u>
Corporation tax at 28% (2008 - 28.5%)	<u>76,605</u>	<u>1,222,737</u>
Current tax charge for year	<u>76,605</u>	<u>1,222,737</u>

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 28% (2008 - 28.5%). The differences are explained as follows

	<u>2009</u>	<u>2008</u>
	<u>£</u>	<u>£</u>
Profit on ordinary activities before taxation	<u>273,588</u>	<u>4,736,492</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 28% (2008 - 28.5%)	76,605	1,349,900
Effects of		
expenses not deductible for tax purposes	0	(4,302)
depreciation in excess of capital allowances	0	126,683
utilisation of group relief	<u>0</u>	<u>(249,544)</u>
Current tax charge for year	<u>76,605</u>	<u>1,222,737</u>

5 Dividends

	<u>2009</u>	<u>2008</u>
	<u>£</u>	<u>£</u>
Final dividend in respect of 2008 of £750,000 per £1 ordinary share	1,500,000	0
Interim dividend in respect of 2009 of £1,000,000 per £1 ordinary share	<u>2,000,000</u>	<u>0</u>
	<u>3,500,000</u>	<u>0</u>

AMCO DRILLING LIMITED

Notes forming part of the financial statements for the year ended 31st December 2009 (continued)

6 Tangible fixed assets

Group and Company

	<u>Plant and equipment</u> £
Cost	
At 1st January 2009	1,967,811
Disposals	<u>(1,967,811)</u>
At 31st December 2009	<u>0</u>
Depreciation	
At 1st January 2009	867,495
Charge for year	48,124
Disposals	<u>(915,619)</u>
At 31st December 2009	<u>0</u>
Net book value at 31st December 2009	<u>0</u>
Net book value at 31st December 2008	<u>1,100,316</u>

7. Investments

	<u>2009</u> £	<u>2008</u> £
At 1st January	600	0
Acquired in year	<u>1,000</u>	<u>600</u>
At 31st December	<u>1,600</u>	<u>600</u>

The subsidiary undertakings are Amco Drilling Guinee SARL, a company registered in the Republic of Guinea, West Africa and Amco Drilling Mali SARL, a company registered in Mali. Trading in Guinea commenced on 1st January 2008. The Mali company, which was established in the year, has not commenced trading. The companies are 100% owned with ordinary shares.

In addition the company has a branch, Amco Drilling Mauntanie, which was established in 2008. The branch is in Mauritania West Africa.

The subsidiaries and the branch are all drilling companies.

AMCO DRILLING LIMITED

Notes forming part of the financial statements for the year ended 31st December 2009 (continued)

8 Stock

	<u>2009</u>	<u>2008</u>
	<u>£</u>	<u>£</u>
Raw materials and consumables	<u>0</u>	<u>2,868,890</u>

9 Debtors

	<u>2009</u>	<u>2008</u>
	<u>£</u>	<u>£</u>
Trade debtors	0	977,680
Amounts owed by group undertakings	209,140	511,860
Other debtors	<u>0</u>	<u>766,386</u>
	<u>209,140</u>	<u>2,255,926</u>

10. Creditors' amounts falling due within one year

	<u>2009</u>	<u>2008</u>
	<u>£</u>	<u>£</u>
Trade creditors	0	126,997
Amounts owed to group undertakings	0	1,677,017
Social security and other taxes	0	5,758
Other creditors	0	768,766
Current taxation	<u>0</u>	<u>529,401</u>
	<u>0</u>	<u>3,107,939</u>

11 Called up share capital

	<u>2009</u>	<u>2008</u>
	<u>£</u>	<u>£</u>
Authorised, ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid ordinary shares of £1 each	<u>2</u>	<u>2</u>

AMCO DRILLING LIMITED

Notes forming part of the financial statements for the year ended 31st December 2009 (continued)

12 Profit and loss account

	2009	2008
	£	£
At 1st January 2009	3,513,755	0
Retained profit for year	196,983	3,513,755
Dividends paid	(3,500,000)	0
At 31st December 2009	<u>210,738</u>	<u>3,513,755</u>

13 Reconciliation of movements in shareholders' funds

	2009	2008
	£	£
Profit for year	196,983	3,513,755
Dividends paid	(3,500,000)	0
Net (decrease)/increase in shareholders' funds	(3,303,017)	3,513,755
Shareholders' funds at 1st January 2009	<u>3,513,757</u>	<u>2</u>
Shareholders' funds at 31st December 2009	<u>210,740</u>	<u>3,513,757</u>

14 Operating lease obligations

	2009		2008	
	Land & buildings	Other	Land & buildings	Other
	£	£	£	£
Commitments to operating lease payments within one year are as follows				
In respect of leases expiring				
within one year	<u>0</u>	<u>0</u>	<u>0</u>	<u>7,608</u>

15 Pension commitments

Eligible employees are entitled to become members of the Amco Group Money Purchase Pension Scheme. This is a defined contribution scheme, the assets of which are invested with insurance companies.

The pension charge represents contributions payable by the company to the fund and amounted to £757 (2008 - £4,832).

16 Ultimate parent undertaking

As at 31st December 2009 the ultimate parent undertaking/controlling related party of this company is Amco Drilling (UK) Limited, which is registered in England and Wales. The only other group of undertakings for which consolidated accounts have been prepared is that headed by Amco Drilling (UK) Limited. Further details relating to this matter are disclosed in that company's financial statements, copies of which can be obtained from the Registered Office.