

Maersk FPSOS UK Limited

**Directors' report and financial
statements**

Registered number 7211722

31 December 2012

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Directors' report

The directors present their Directors' report and financial statements for the year ended 31 December 2012

Principal activity

The principal activity of the Company is to operate a floating production storage and offloading facility ('FPSO')

Business review

The Company has been engaged in the management and operation of the FPSO *Maersk Curlew* and associated subsea facilities on behalf of Shell for the full year of 2012

The Company achieved an operating profit for the year to 31 December 2012 of \$1.5m (2011: \$4.0m loss)

The operating profit for the year includes exchange gains of \$0.8m (2011: exchange loss \$5.4m)

The vessel was shutdown and a maintenance campaign was undertaken for the majority of H2 2012

On 19 April 2013 the FPSO *Maersk Curlew* was sold by its owner, Maersk Curlew A/S, to Shell. Following this sale, Shell has commenced to operate the vessel directly and the bareboat charter of the vessel by the company has been terminated and the operating services previously provided by the Company to Shell, which constituted its principal activity, have ceased. The Company continues to operate as a going concern with a principal activity of the provision of administration services to related group undertakings.

Proposed dividend

No dividends were paid in the year (2011: £nil). The directors do not recommend the payment of a final dividend (2011: £nil).

Principal risks and uncertainties

Customers Prior to April 2013, the Company was reliant on one principal long term contractual arrangement for its revenues and profits which periodically is subject to renegotiation and extension. This contract ended in April 2013, as described above.

Environmental the Company places considerable emphasis upon environmental compliance and seeks to ensure ongoing compliance with relevant legislation and strives to ensure that environmental best practice is incorporated into its key processes.

Production production downtime or interruption can significantly impact income.

Key performance indicators

Productivity uptime: the unit operated at an acceptable uptime during H1 2012 prior to the maintenance campaign that was undertaken for the majority of H2 2012.

Environmental there were no environmental issues during the year.

Directors

The directors who held office during the year and up to the date of this report were as follows:

M Sorensen Henriksen

S J Hoffmeyer

D McLean

T R Sanders (resigned 18 February 2013)

C Cowie (appointed 18 February 2013)

Directors' report (continued)

Political and charitable donations

The Company made no political donations during the year (2011 \$nil) The Company made charitable donations totalling \$16,000 during the year (2011 \$nil)

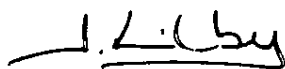
Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all 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 auditor is aware of that information

Auditor

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

By order of the board



John Kilby
Secretary

Maersk House
Braham Street
London
E1 8EP

6th August 2013

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)

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 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 inappropriate to presume that the Company will continue in business

The directors are responsible for keeping proper 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 its 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



37 Albyn Place
Aberdeen
AB10 1JB
United Kingdom

Independent auditor's report to the members of Maersk FPSOS UK Limited

We have audited the financial statements of Maersk FPSOS UK Limited for the year ended 31 December 2012 set out in 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 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 auditor

As explained more fully in the Directors' responsibilities statement set out on page 3, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of the audit of the financial statements is provided on the FRC's web-site at www.frc.org.uk/auditscopeukprivate.

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 31 December 2012 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial period 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.

David Derbyshire
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

3 September 2013

Profit and loss account
for the year ended 31 December 2012

	<i>Note</i>	2012 \$000	2011 \$000
Turnover		25,667	55,370
Operating costs		(51,960)	(49,682)
Gross (loss) profit		(26,293)	5,688
Administrative expenses		(5,850)	(9,701)
Other operating income	2	33,668	-
Operating profit (loss)		1,525	(4,013)
Interest receivable and similar income	4	303	372
Interest payable and similar charges	5	(14)	(16)
Profit (loss) on ordinary activities before taxation	2-3	1,814	(3,657)
Tax on profit (loss) on ordinary activities	6	(239)	1,804
Profit (loss) for the financial year	13	1,575	(1,853)

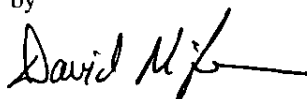
Turnover and operating profit/(loss) arises wholly from continuing activities

There were no recognised gains or losses in either the current year or prior period, other than the profit for the financial year/period

Balance sheet
at 31 December 2012

	<i>Note</i>	2012	2011
		\$000	\$000
Fixed assets			
Tangible assets	7	313	422
Current assets			
Debtors	8	201,904	205,045
Cash at bank and in hand		2	2
		<u>201,906</u>	<u>205,047</u>
Creditors, amounts falling due within one year	10	(180,134)	(184,959)
		<u>21,772</u>	<u>20,088</u>
Net current assets		21,772	20,088
Total assets less current liabilities		<u>22,085</u>	<u>20,510</u>
Provisions for liabilities	11	-	-
Net assets		<u>22,085</u>	<u>20,510</u>
Capital and reserves			
Called up share capital	12	1,558	1,558
Profit and loss account	13	20,527	18,952
Shareholders' funds	14	<u>22,085</u>	<u>20,510</u>

These financial statements were approved by the board of directors on 6 August 2013 and were signed on its behalf by



D McLean
Director

Notes

(forming part of the financial statements)

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

Basis of preparation

Following the termination of the Company's principal operating activity in April 2013, disclosed in note 15 to the financial statements, the Company is planned to continue to operate as a going concern, with a principal activity of the provision of administration services to related group undertakings. Accordingly, the directors have adopted the going concern basis in preparing the financial statements

Under FRS 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

As the company is a wholly owned subsidiary of A P Møller - Mærsk A/S, it has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned entities which form part of the group headed by A P Møller - Mærsk A/S

Turnover

Turnover represents the amount receivable in respect of day rate and tariff from vessel operations and management and is recognised on an accruals basis on delivery of the related goods and services

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease

Fixed assets and depreciation

Fixed assets are recorded at cost. Depreciation is provided by the Company to write off the cost of tangible fixed assets by equal instalments over their estimated useful economic lives from the date of being brought into use, as follows

Leasehold improvements and fittings - 5 years

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Taxation

The charge for taxation is based on the results for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

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

Dividends on shares presented within shareholders' funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Notes (continued)

2 Profit (loss) on ordinary activities before taxation

	2012 \$000	2011 \$000
<i>Profit (loss) on ordinary activities before taxation is stated after charging:</i>		
Depreciation	109	111
Net (gain)/loss on foreign exchange transactions	(760)	5,442
Operating leases – bareboat charter	(32,908)	9,954
	<u> </u>	<u> </u>
<i>Auditor's remuneration</i>		
Audit of these financial statements	30	36
	<u> </u>	<u> </u>

2012 other operating income comprises the net gain on foreign exchange transactions above together with \$32,908,000 income receivable by the company under the terms of its bareboat charter of the Maersk Curlew, for which an Advance Pricing Agreement is in place. A charge of \$9,954,000 was recorded in 2011 under the same bareboat charter agreement.

3 Employees and directors

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows

	2012 Number	2011 Number
Operations	36	29
Administration	27	22
	<u> </u>	<u> </u>
	63	51
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows

	2012 \$000	2011 \$000
Wages and salaries	2,189	1,344
Social security costs	779	713
Other pension costs	642	495
	<u> </u>	<u> </u>
	3,610	2,552
	<u> </u>	<u> </u>

The remuneration paid to Directors was as follows

	2012 \$000	2011 \$000
Directors' emoluments	167	27
Company contributions to money purchase pension schemes	49	9
	<u> </u>	<u> </u>
	216	36
	<u> </u>	<u> </u>

One director (2011 one) is accruing benefits under the defined contribution pension schemes

Notes (*continued*)

4 Interest receivable and similar income

	2012 \$000	2011 \$000
Interest receivable on cash at bank	303	311
Interest on taxes overpaid	-	61
	<u>303</u>	<u>372</u>

5 Interest payable and similar charges

	2012 \$000	2011 \$000
Bank charges	12	15
Interest payable on cash at bank	2	1
	<u>14</u>	<u>16</u>

6 Taxation

<i>Analysis of charge/(credit) in the year</i>	2012 \$000	2011 \$000
<i>Current tax</i>		
Current tax on income for the year / period	74	(9)
Adjustments in respect of prior periods	(181)	(833)
Total current tax	<u>(107)</u>	<u>(842)</u>
<i>Deferred tax</i>		
Origination of timing differences	389	(943)
Effect of change in tax rates	94	53
Adjustments in respect of the prior period	(137)	(72)
Total deferred tax	<u>346</u>	<u>(962)</u>
Tax on profit/(loss) on ordinary activities	<u>239</u>	<u>(1,804)</u>

Notes (continued)

6 Taxation (continued)

Factors affecting the tax charge/(credit) for the current period

The current tax charge / (credit) for the year is lower than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below

	2012 \$000	2011 \$000
<i>Current tax reconciliation</i>		
Profit (loss) on ordinary activities before taxation	1,814	(3,657)
Current tax at 24.5% (2011 26.5%)	444	(969)
<i>Effects of</i>		
Non-deductible expenses	19	15
Overseas taxes suffered	-	2
Timing differences – losses carried forward	(386)	934
Timing differences – depreciation and capital allowances	(3)	9
Adjustment in respect of prior periods	(181)	(833)
	(107)	(842)

Factors affecting the future tax charge

The 2012 Budget on 23 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively.

This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 December 2012 has been calculated based on the rate of 23% substantively enacted at the balance sheet date (2011 25%).

It has not yet been possible to quantify the full anticipated effect of the announced further 1% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly.

Notes (continued)

7 Tangible fixed assets

	Land and buildings \$000
Cost	
At beginning and end of year	533
Depreciation	
At beginning of year	111
Charge for the year	109
At end of year	220
Net book value	
At 31 December 2012	313
At 31 December 2011	422

8 Debtors

	2012 \$000	2011 \$000
Trade debtors	742	1,059
Amounts due from group undertakings	197,222	197,920
Other debtors	999	2,003
Deferred tax asset (see note 9)	609	955
Corporation tax receivable	106	-
Prepayments and accrued income	2,226	3,108
	201,904	205,045

9 Deferred tax

Deferred tax asset		\$000
At beginning of year		955
Credit to profit and loss for the year		(346)
At end of year		609
The elements of deferred taxation are as follows	2012 \$000	2011 \$000
Difference between accumulated depreciation and capital allowances	51	49
Tax loss carried forward	558	906
Other timing differences	-	-
	609	955

There are no unrecognised deferred tax assets or unprovided deferred tax liabilities

Notes (continued)

10 Creditors: amounts falling due within one year

	2012 \$000	2011 \$000
Trade creditors	3,244	4,915
Amounts due to group undertakings	166,854	167,378
Corporation tax payable	-	6,522
Accruals and deferred income	10,036	6,144
	<u>180,134</u>	<u>184,959</u>

11 Provisions

	2012 \$000	2011 \$000
<i>Deferred tax liabilities</i>		
At beginning of year	-	7
(Credit) charge to the profit and loss account in the year	-	(7)
	<u>-</u>	<u>-</u>
At end of year	-	-

12 Called up share capital

	2012 \$	2011 \$
<i>Authorised, allotted, called up and fully paid</i>		
1 million ordinary shares of £1 each	1,558,000	1,558,000
	<u>1,558,000</u>	<u>1,558,000</u>

13 Reserves

	Profit and loss account \$000
At beginning of the year	18,952
Profit for the financial year	1,575
	<u>20,527</u>
At end of year	20,527

Notes (continued)

14 Reconciliation of movements in shareholders' funds

	2012 \$000	2011 \$000
Profit (loss) for the financial year	1,575	(1,853)
Opening shareholders' funds	20,510	22,363
	<u>22,085</u>	<u>20,510</u>

15 Post balance sheet events

On 19 April 2013 the FPSO Maersk Curlew was sold by its owner, Maersk Curlew A/S, to Shell. Following this sale Shell has commenced to operate the vessel directly and the bare boat charter of the vessel by the company has been terminated. Operating services previously provided by the Company to Shell, which constituted its principal activity, have ceased. The company continues to operate as a going concern with a principal activity of the provision of administration services to related group undertakings.

16 Commitments

The company had no capital commitments at the end of the current financial year or prior financial period.

17 Ultimate controlling party

The Company is a subsidiary undertaking of Maersk FPSOs A/S which is the immediate parent company incorporated in Denmark. This is by virtue of its 100% holding of the issued share capital of the company.

Maersk FPSOs A/S's immediate holding company is A P Møller Maersk A/S, a company incorporated in Denmark. A P Møller Maersk A/S is a member of the A P Møller - Maersk Group which is listed in Denmark.