

Maersk FPSOS UK Limited

Annual report and financial statements

Registered number 7211722

31 December 2013

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Strategic report

Principal activities

The principal activity of the Company was to operate a floating production storage and offloading facility ('FPSO') until April 2013. Since April 2013, the principal activity of the Company has been the provision of administration services to related group undertakings.

Business model

The Company was engaged in the management and operation of the FPSO Maersk Curlew and associated subsea facilities on behalf of its one customer, Shell, until 19 April 2013. Until this date, the Company chartered the FPSO Maersk Curlew on an operating lease bare boat charter from a fellow group company, with operating lease rentals calculated under an Advance Pricing Agreement.

Business review and results

The Maersk Curlew vessel was shutdown and a maintenance campaign was undertaken during the period to 19 April 2013. 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 discontinued. The Company continues to operate as a going concern with a principal activity of the provision of administration services to related group undertakings.

The Company achieved an operating loss for the year to 31 December 2013 of \$1.0m (2012: \$1.5m profit).

The operating loss for the year includes exchange losses of \$0.4m (2012: exchange gain \$0.8m).

Key performance indicators

Productivity uptime The FPSO Maersk Curlew did not produce until it was sold in April 2013 due to it being shutdown and a maintenance campaign taking place. This performance indicator outlines the Company's ability to maximise revenue and to meet its contractual obligations to its customer.

Environmental There were no environmental issues during the year.

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. 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.

Future developments

In future, the Company will continue to provide administration services to related group undertakings.

By order of the Board



D McLean
Director

Maersk House
Braham Street
London
E1 8EP

15 April 2014

Directors' report

The directors present their Directors' report and financial statements for the year ended 31 December 2013

Directors

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

M Sorensen Henriksen	(resigned 20 January 2014)
S J Hoffmeyer	
D McLean	
T R Sanders	(resigned 18 February 2013)
C Cowie	(appointed 18 February 2013)

Proposed dividend

No dividends were paid in the year (2012 \$nil) The directors do not recommend the payment of a final dividend (2012 \$nil)

Political and charitable donations

The Company made no political donations during the year (2012 \$Nil) The Company made no charitable donations during the year (2012 \$16,000)

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

15th April 2014

Statement of directors' responsibilities in respect of the Strategic report and the Directors' report and the financial statements

The directors are responsible for preparing the Strategic report and 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 2013 set out in pages 5 to 12. 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 Financial Reporting Council'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 2013 and of its loss 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 Strategic report and 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

29 April 2014

Balance sheet
at 31 December 2013

	Note	2013 \$000	2012 \$000
Fixed assets			
Tangible assets	7	-	313
Current assets			
Debtors	8	198,033	201,904
Cash at bank and in hand		1	2
		<u>198,034</u>	<u>201,906</u>
Creditors amounts falling due within one year	10	(177,198)	(180,134)
Net current assets		<u>20,836</u>	<u>21,772</u>
Total assets less current liabilities		<u>20,836</u>	<u>22,085</u>
Net assets		<u>20,836</u>	<u>22,085</u>
Capital and reserves			
Called up share capital	11	1,558	1,558
Profit and loss account	12	19,278	20,527
Shareholders' funds	13	<u>20,836</u>	<u>22,085</u>

These financial statements were approved by the board of directors on 15 April 2014 and were signed on its behalf by



D McLean
Director

Profit and loss account
for the year ended 31 December 2013

	<i>Note</i>	2013 \$000	2012 \$000
Turnover		4,448	25,667
<i>Arising from</i>			
- Discontinued operations		1,031	22,917
- Continuing operations		3,417	2,750
Operating costs		(18,195)	(51,960)
Gross loss		(13,747)	(26,293)
Administrative expenses		(3,266)	(5,850)
Other operating income	2	16,008	33,668
Operating (loss)/profit		(1,005)	1,525
<i>Arising from</i>			
- Discontinued operations		370	1,573
- Continuing operations		(1,375)	(48)
Interest receivable	4	140	303
Interest payable and similar charges	5	(13)	(14)
(Loss)/profit on ordinary activities before taxation	2-3	(878)	1 814
Tax on (loss) profit on ordinary activities	6	(371)	(239)
(Loss)/profit for the financial year	13	(1,249)	1,575

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

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, 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. The company is dependent for its working capital on financial support provided to it by a parent company, Maersk FPSOs A/S, who have indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company.

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 until April 2013. Turnover from April 2013 onwards covers management fees and internal revenue generated as a result of the provision of administration services to related group undertakings, recognised on an accruals basis on delivery of the related 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 (Loss)/profit on ordinary activities before taxation

	2013 \$000	2012 \$000
<i>(Loss)/profit on ordinary activities before taxation is stated after charging (crediting)</i>		
Depreciation	313	109
Net loss/(gain) on foreign exchange transactions	384	(760)
Operating leases – bareboat charter	(16,008)	(32,908)
	<u> </u>	<u> </u>
<i>Auditor's remuneration</i>		
Audit of these financial statements	19	30
	<u> </u>	<u> </u>

2013 other operating income relates to discontinued operations and comprises \$16,008,000 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. Income of \$32,908,000 was recorded in 2012 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:

	2013 Number	2012 Number
Operations	20	36
Administration	20	27
	<u> </u>	<u> </u>
	40	63
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2013 \$000	2012 \$000
Wages and salaries	1,076	2,189
Social security costs	333	779
Other pension costs	460	642
	<u> </u>	<u> </u>
	1,869	3,610
	<u> </u>	<u> </u>

The remuneration paid to Directors was as follows:

	2013 \$000	2012 \$000
Directors' emoluments	240	167
Company contributions to money purchase pension schemes	14	49
	<u> </u>	<u> </u>
	254	216
	<u> </u>	<u> </u>

One director (2012: one) is accruing benefits under the defined contribution pension schemes.

Notes (continued)

4 Interest receivable

	2013 \$000	2012 \$000
Interest receivable on cash at bank	140	303

5 Interest payable and similar charges

	2013 \$000	2012 \$000
Bank charges	12	12
Interest payable on cash at bank	1	2
	13	14

6 Taxation

<i>Analysis of charge in the year</i>	2013 \$000	2012 \$000
<i>Current tax</i>		
Current tax on income for the year / period	-	74
Adjustments in respect of prior periods	-	(181)
Total current tax	-	(107)
<i>Deferred tax</i>		
Origination of timing differences	(37)	389
Effect of change in tax rates	96	94
Adjustments in respect of the prior years	312	(137)
Total deferred tax	371	346
Tax on (loss)/profit on ordinary activities	371	239

The current year adjustment to deferred tax in respect of prior years relates to tax losses, previously recognised as a deferred tax asset, following disposal of the FPSO Maersk Curlew

Notes (continued)

6 Taxation (continued)

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

The current tax charge for the year is higher (2012 lower) than the standard rate of corporation tax in the UK of 23.25% (2012 24.5%). The differences are explained below

	2013 \$000	2012 \$000
<i>Current tax reconciliation</i>		
(Loss) profit on ordinary activities before taxation	(878)	1,814
Current tax at 23.25% (2012 24.5%)	(204)	444
<i>Effects of</i>		
Non-deductible expenses	28	19
Timing differences – losses carried forward	133	(386)
Timing differences – depreciation and capital allowances	43	(3)
Adjustment in respect of prior periods	-	(181)
	-	(107)

Factors affecting the future tax charge

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013.

This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 December 2013 has been calculated based on the rates of 20% (2012 21%) substantively enacted at the balance sheet date.

7 Tangible fixed assets

	Land and buildings \$000
<i>Cost</i>	
At beginning and end of year	533
<i>Depreciation</i>	
At beginning of year	220
Charge for the year	313
At end of year	533
<i>Net book value</i>	
At 31 December 2013	-
At 31 December 2012	313

Notes (continued)

8 Debtors

	2013 \$000	2012 \$000
Trade debtors	-	742
Amounts due from group undertakings	196,804	197,222
Other debtors	841	999
Deferred tax asset (see note 9)	238	609
Corporation tax receivable	-	106
Prepayments and accrued income	150	2,226
	<u>198,033</u>	<u>201,904</u>

9 Deferred tax

Deferred tax asset		\$000
At beginning of year		609
Charge to profit and loss for the year		(371)
At end of year		<u>238</u>
The elements of deferred taxation are as follows	2013 \$000	2012 \$000
Difference between accumulated depreciation and capital allowances	124	51
Tax loss carried forward	114	558
	<u>238</u>	<u>609</u>

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

10 Creditors, amounts falling due within one year

	2013 \$000	2012 \$000
Trade creditors	2,243	3,244
Amounts due to group undertakings	174,671	166,854
Corporation tax payable	74	-
Accruals and deferred income	210	10,036
	<u>177,198</u>	<u>180,134</u>

Notes (continued)

11 Called up share capital

	2013	2012
	\$	\$
<i>Allotted, called up and fully paid</i>		
1 million ordinary shares of £1 each	1,558,000	1,558,000

12 Reserves

	Profit and loss account \$000
At beginning of the year	20,527
Loss for the financial year	(1,249)
At end of year	19,278

13 Reconciliation of movements in shareholders' funds

	2013 \$000	2012 \$000
(Loss)/profit for the financial year	(1,249)	1,575
Opening shareholders' funds	22,085	20 510
	20,836	22,085

14 Commitments

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

15 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-Mærsk A/S, a company incorporated and listed in Denmark.