

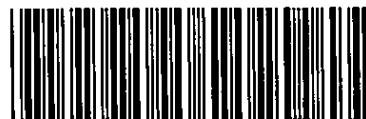
**Maersk Drilling UK Limited**

Directors' report and financial statements

Registered number 07672698

31 December 2011

TUESDAY



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07/08/2012

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COMPANIES HOUSE

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## Directors' report

The directors present their first Directors' report and financial statements for the period from 16 June 2011 to 31 December 2011

The Company was incorporated on 16 June 2011 in the name of Maersk Drilling UK Limited. On 16 June 2011, the accounting reference date was changed from 30 June to 31 December

### Principal activity

The principal activity of the Company is to provide drilling rig and drilling services

### Business review

The Company has been engaged in the management and operation of the drilling rig *Maersk Resilient* on behalf of Conoco Phillips for the period from 10 August 2011 to 31 December 2011

The Company achieved an operating profit (before interest and taxation) for the period to 31 December 2011 of \$20 000

Subsequent to the year end the Company has undertaken the management and operation of a second drilling rig, the *Maersk Resolve*. ConocoPhillips have taken the *Maersk Resolve* on contract from July 2012 working in the Southern North Sea

### Proposed dividend

No dividends were paid in the period. The directors do not recommend the payment of a final dividend

### Principal risks and uncertainties

**Customers** At the year end the Company is reliant on one long term contractual arrangement for its revenues and profits which periodically is subject to renegotiation and extension. The Company's current contractual arrangement for the *Maersk Resilient* extends to 2014 with the option for a further two years

**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** downtime or interruption can significantly impact income

### Key performance indicators

**Health and safety** the unit was shut down by the HSE and DECC (UK regulatory bodies) in August 2011. Two improvement notices were issued. The first related to crew competency issues and this was resolved in 2011 when the rig returned to operation. The second also related to competency and has been closed out in 2012

**Productivity uptime** the unit's uptime was below expectations in the year due to a six week shutdown of the rig

**Environmental** there was an incident which led to contaminated water being discharged directly into the sea. This incident was investigated by DECC and improvements made on the unit

### Directors

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

D McLean	(appointed 16 June 2011)
J Kilby	(appointed 16 June 2011)
C M Valentin	(appointed 16 June 2011)
M Bosma	(appointed 1 September 2011)

The following director also served during the period

J Schaefer	(appointed 16 June 2011, resigned 1 September 2011)
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## **Directors' report (continued)**

### **Political and charitable donations**

The Company made no political or charitable donations during the period

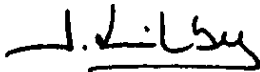
### **Disclosure of information to auditor**

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**

KPMG LLP were appointed auditor by the directors of the Company on 19 December 2011. 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*

16<sup>th</sup> July 2012

Maersk House  
Braham Street  
London  
E1 8EP

## **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



## **Independent auditor's report to the members of Maersk Drilling UK Limited**

We have audited the financial statements of Maersk Drilling UK Limited for the period from 16 June 2011 to 31 December 2011 set out in pages 5 to 11. 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 (APB'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 APB's web-site at [www.frc.org.uk/apb/scope/private/cfm](http://www.frc.org.uk/apb/scope/private/cfm).

### **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 2011 and of its profit for the period from 16 June 2011 (date of incorporation) to 31 December 2011,
- 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  
37 Albyn Place  
Aberdeen  
AB10 1JB  
United Kingdom

2 August 2012

## Profit and loss account

*for the period from 16 June 2011 to 31 December 2011*

	<i>Note</i>	<b>2011 \$000</b>
<b>Turnover</b>		<b>18,518</b>
Operating costs		(17,160)
		<hr/>
<b>Gross profit</b>		<b>1,358</b>
Administrative expenses		(1,338)
		<hr/>
<b>Operating profit</b>		<b>20</b>
Interest payable and similar charges	5	(17)
		<hr/>
<b>Profit on ordinary activities before taxation</b>	2-4	<b>3</b>
Tax on profit on ordinary activities	6	(1)
		<hr/>
<b>Profit for the financial period</b>	10	<b>2</b>
		<hr/>

Turnover and operating profit arises wholly from continuing activities

There were no recognised gains or losses other than the profits for the financial period above

**Balance sheet**  
**at 31 December 2011**

	<i>Note</i>	<b>\$000</b>	<b>2010</b>	<b>\$000</b>
<b>Current assets</b>				
Debtors	7	14,738		
		<hr/>		
		14,738		
<b>Creditors: amounts falling due within one year</b>	8	(13,736)		
		<hr/>		
<b>Net current assets</b>				1,002
			<hr/>	
<b>Total assets less current liabilities</b>				1,002
			<hr/>	
<b>Net assets</b>				1,002
			<hr/>	
<b>Capital and reserves</b>				
Called up share capital	9			1,000
Profit and loss account	10			2
			<hr/>	
<b>Shareholders' funds</b>	11			1,002
			<hr/>	

These financial statements were approved by the board of directors on 16 July 2012 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*

Based on the Company's projections, and taking account of reasonably possible changes in trading performance and contractual agreements, the directors have a reasonable expectation that the Company has adequate financial resources to continue in operational existence for the foreseeable future and for at least twelve months after the date of approval of these financial statements. 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

#### *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

#### *Leases*

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

Where the Company has a legal obligation arising under the terms of an operating lease, provision is made for maintenance and dry dock overhauls. The provisions are discounted to present value, calculated on current factors including the lease terms and latest yard costs

#### *Turnover*

Turnover represents the amount receivable in respect of day rate and tariff from rig operations and management and is recognised on an accruals basis on delivery of the related services. All Turnover was generated in the United Kingdom

## Notes (continued)

### 2 Profit on ordinary activities before taxation

	Period from 16 June 2011 to 31 December 2011 \$000
<i>Profit on ordinary activities before taxation is stated after charging</i>	
<i>Auditors' remuneration</i>	
Audit of these financial statements	16
Net gain on foreign exchange transactions	-
Operating leases – bareboat charter	6,468
	<hr/>

### 3 Employees

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

	Period from 16 June 2011 to 31 December 2011
Administration	7
	<hr/>

The aggregate payroll costs of these persons were as follows

	Period from 16 June 2011 to 31 December 2011 \$000
Wages and salaries	212
Social security costs	28
Pension costs	30
	<hr/>
	270
	<hr/>

### 4 Directors

No emoluments were paid to the directors during the period from 16 June 2011 to 31 December 2011

## Notes (continued)

### 5 Interest payable and similar charges

Period from  
16 June 2011  
to 31 December 2011  
\$000

Bank charges and interest payable	17
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### 6 Taxation

#### Analysis of charge in period

Period from  
16 June 2011  
to 31 December 2011  
\$000

<i>Current tax</i>	
Current tax on income for the period	1

Total current tax	1
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<i>Deferred tax</i>	
Origination of timing differences	-

<b>Tax on profit on ordinary activities</b>	<b>1</b>
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#### Factors affecting the tax charge for the current period

The current tax charge for the period is lower than the standard rate of corporation tax in the UK of 26%  
The differences are explained below

2011  
\$000

<i>Current tax reconciliation</i>	
Profit on ordinary activities before tax	3

Current tax at 26%	1
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<i>Effects of</i>	
Non taxable income	-
Expenses not deductible for tax and other short term timing differences	-

Total current tax charge (see above)	1
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## Notes (continued)

### 6 Taxation (continued)

#### *Factors affecting the future tax charge*

On 21 March 2012 the UK Chancellor announced the reduction in the main rate of UK Corporation Tax to 24% with effect from 1 April 2012. The change became substantively enacted on 26 March 2012. The Chancellor has also proposed changes to further reduce the main rate of Corporation Tax by one percent per annum to 23% by 1 April 2014, but these changes have not yet been substantively enacted.

### 7 Debtors

	2011 \$000
Trade debtors	5,804
Amounts due from group undertakings	1,686
Other debtors	78
Prepayments and accrued income	7,170
	<hr/>
	14,738
	<hr/>

### 8 Creditors: amounts falling due within one year

	2011 \$000
Trade creditors	6
Amounts due to group undertakings	11,716
Corporation tax payable	1
Accruals and deferred income	2,013
	<hr/>
	13,736
	<hr/>

### 9 Called up share capital

	2011 \$000
<i>Authorised, allotted, called up and fully paid</i>	
1 000,000 Ordinary shares of \$1 each	1,000
	<hr/>

The Company was incorporated with share capital of 1 Ordinary \$1 share. During the period, the Company issued a further 999,999 Ordinary shares of \$1 each.

## Notes (continued)

### 10 Reserves

	Profit and loss account \$000
Profit for the financial period	2
At end of period	2

### 11 Reconciliation of movements in shareholders' funds

	2011 \$000
Issue of share capital	1,000
Profit for the financial period	2
Closing shareholders' funds	1,002

### 12 Commitments

The Company had no capital commitments at the end of the financial period

The Company's annual operating lease commitment in respect of the Maersk Resilient Rig is estimated at \$37m, subject to variations for specific operating costs. The commitment is for a period falling between 2-5 years at the balance sheet date.

### 13 Ultimate controlling party

The Company is a subsidiary undertaking of Maersk Drilling 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 Drilling 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.