

Maersk Drilling UK Limited

Directors' report and financial statements

Registered number 07672698

For the year ended 31 December 2013

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Maersk Drilling UK Limited
Registered number 07672698
Directors' report and financial statement

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Maersk Drilling UK Limited
Directors and advisors
For the year ended 31 December 2013

Directors

David McLean
John Kilby
Jorn Peter Madsen (appointed 1 February 2013)
Claus Michael Valentin (resigned 1 February 2013)
Menno Bosma (resigned 14 March 2014)

Company secretary and registered address

John Kilby
Maersk House
Braham Street
London
E1 8EP

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
32 Albyn Place
Aberdeen
AB10 1YL

Bankers

The Royal Bank of Scotland
250 Bishopsgate
London
EC2M 4AA

Maersk Drilling UK Limited

Strategic report

For the year ended 31 December 2013

Strategic report

The directors present the strategic report for the year ended 31 December 2013.

Business review

The Company has been engaged in the management and operation of the drilling rig *Maersk Resilient* on behalf of Conoco Phillips and *Maersk Resolve* on behalf of both Conoco Phillips and E.O.N during the year.

The Company achieved an operating profit for the year ended 31 December 2013 of \$6,011,000 (2012: \$6,033,000). Profit for the year amounted to \$4,693,000 (2012: \$4,297,000).

The company has net assets of \$9,992,000 as at 31 December 2013 (2012: \$5,299,000).

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 August 2016.

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.

Financial risk management

The directors of the company are responsible for establishing and overseeing the company's risk management. Risk management policies are established in accordance with A.P. Moller-Maersk A/S group policies and procedures.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its financial obligations as these come due. The company's approach to managing liquidity is to ensure, to the greatest extent possible, that it will always have sufficient funds to meet its liabilities when due in accordance with the A.P. Moller-Maersk A/S group policies.

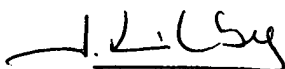
Key performance indicators

Health and safety: The improvement notice raised in 2013 regarding the smoke detectors on its drilling rigs was cleared with HSE satisfaction in 2013 also.

Productivity uptime: There was a reduction in Uptime in November due to the washout on the Derrick Drilling Machine's main shaft not being repaired properly, resulting in a second washout. Furthermore there was a seal that failed on the Hydril Annular resulting in the well, being secured and the annular dismantled to allow insertion of a new seal.

Environmental: No issues on the rigs relating to the environment in 2013.

By order of the board



John Kilby
Director
10th July 2014

Maersk Drilling UK Limited
Directors' report
For the year ended 31 December 2013

Directors' report

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

Principal activity and future developments

The principal activity of the Company is to provide drilling rig and drilling services. The company do not expect significant changes in the company's operation in the foreseeable future.

Operating results

The Company achieved an operating profit for the year ended 31 December 2013 of \$6,011,000 (2012: \$6,033,000). Profit for the year amounted to \$4,693,000 (2012: \$4,297,000).

Proposed dividend

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

Political and charitable donations

The Company made no political or charitable donations during the year.

People with disabilities

The company is an Equal Opportunities Employer and is committed to the employment of people with disabilities and guarantees an interview for those who meet minimum selection criteria. The company provides training and development for people with disabilities, tailored where appropriate, to ensure they have the opportunity to achieve their potential. If a person becomes disabled while in our employment, the company will do its best to retain them, including consulting them about their requirements, making reasonable and appropriate adjustments, and providing alternative suitable provisions..

Directors

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

David McLean
John Kilby
Jorn Peter Madsen (appointed 1 February 2013)

Maersk Drilling UK Limited
Directors' report
For the year ended 31 December 2013 (continued)

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.

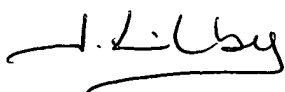
Independent auditors and disclosure of information to auditor

- So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- The directors have taken all the necessary steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP were appointed auditor by the directors of the company following receipt of the resignation letter from KPMG dated 15 October 2013.

By order of the board



John Kilby
Director
10th July 2014

Maersk Drilling UK Limited

Independent auditors' report to the members of Maersk Drilling UK Limited

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Maersk Drilling UK Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.
- The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 year for which the financial statements are prepared is consistent with the financial statements.

Maersk Drilling UK Limited
Independent auditors' report to the members of Maersk Drilling UK Limited
(Continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

we have not received all the information and explanations we require for our audit; or

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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Kevin Reynard (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen

21 July 2014

Maersk Drilling UK Limited
Profit and loss account
For the year ended 31 December 2013

	Note	2013 \$'000	2012 \$'000
Turnover		103,253	92,748
Cost of sales	2	(93,439)	(83,406)
Gross profit		9,814	9,342
Administrative expenses	3	(3,803)	(3,309)
Operating profit		6,011	6,033
Interest payable and similar charges	5	(81)	(191)
Profit on ordinary activities before taxation		5,930	5,842
Tax on profit on ordinary activities	6	(1,237)	(1,545)
Profit for the financial year		4,693	4,297

All items dealt with in arriving at the profit on ordinary activities before taxation relate to continuing operations.

The company had no other recognised gains or losses other than the profit for the year and therefore no separate statement of total recognised gains and losses had been presented.

There is not material difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.

Maersk Drilling UK Limited
Balance sheet
As at 31 December 2013

	Note	2013 \$'000	2012 \$'000
Fixed assets			
Investments	7	-	-
		-	-
Current assets			
Debtors	8	18,206	22,136
		18,206	22,136
Creditors: Amounts falling due within one year	9	(8,214)	(16,837)
Net assets		9,992	5,299
Capital and reserves			
Called up share capital	10	1,000	1,000
Profit and loss account	11	8,992	4,299
Total shareholder's funds		9,992	5,299

These financial statements on pages 8 to 16 were approved by the board of directors on 10th July 2014 and were signed on behalf by:



David McLean
Director

Maersk Drilling UK Limited

Registered number 07672698

Maersk Drilling UK Limited

Notes to financial statements

For the year ended 31 December 2013

1. Accounting policies

Basis of accounting

These financial statements have been prepared in accordance with the Companies Act 2006 and applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with the historical cost basis of accounting.

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.

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.

Cash flow statement and related party disclosures

The company is a wholly-owned subsidiary of Maersk Drilling Services A/S. The ultimate parent company A.P. Møller - Mærsk A/S, which is incorporated in Denmark, is the smallest and largest group of undertaking to consolidate the account at 31 December 2013, which is publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related-party transactions with entities that are part of the A.P. Møller - Mærsk A/S group. The consolidated financial statements of the group are available from Esplanaden 50, 1098 Copenhagen, Denmark.

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 distribution to owners

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.

Maersk Drilling UK Limited
Notes to financial statements
For the year ended 31 December 2013 (continued)

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.

2. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2013	2012
Note	\$'000	\$'000
<i>Auditors' remuneration</i>		
Audit of these financial statements	69	18
Net gain on foreign exchange transactions	916	347
Operating leases - bareboat charter	55,905	44,974

3. Employees

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

	2013	2012
Administration	9	11

The aggregate payroll costs of these persons were as follows:

	2013	2012
Note	\$'000	\$'000
Wages and salaries	2,125	1,413
Social security costs	287	198
Other pension costs	154	128
	2,566	1,739

4. Directors

The directors do not receive emoluments for services to Maersk Drilling Holdings Limited (2012: \$Nil).

Maersk Drilling UK Limited
Notes to financial statements
For the year ended 31 December 2013 (continued)

5. Interest payable and similar charges

	2013 \$'000	2012 \$'000
Bank charges and interest payable	81	191

6. Tax on profit on continuing activities

Analysis of tax charge for the year:

	2013 \$'000	2012 \$'000
Current tax		
Current tax on income for the year	1,160	1,346
Adjustment in respect of prior years	56	588
Total current tax	1,216	1,934
Deferred tax		
Origination of timing differences	78	90
Change in rate of taxation	67	41
Adjustment in respect of prior years	(124)	(515)
Total deferred tax	21	(389)
Tax on profit on ordinary activities	1,237	1,545

The current tax charge for the year is higher (2012: higher) 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
Profit on ordinary activities	5,930	5,842
Profit on ordinary activities multiplied by standard rate in the UK 23.25% (2012: 24.5%)	1,378	1,431
<i>Effects of:</i>		
Non-deductible expenses and other timing difference	(128)	5
Capital allowances in excess of depreciation	(90)	(90)
Adjustment in respect of prior years	56	588
Total current tax charge	1,216	1,934

Factors affecting current and future tax charge

A resolution passed by parliament on 26 March 2012 reduced the main rate of UK corporation tax from 26% to 24% from 1 April 2012. Legislation to reduce the main rate of UK corporation tax from 24% to 23% from April 2013 was included in the Finance Act 2012.

During the year, as a result of the changes in the UK corporation tax rate to 21% from 1 April 2014 and to 20% from 1 April 2015, which were substantially enacted on 2 July 2013, the relevant deferred tax balances have been re-measured.

Maersk Drilling UK Limited
Notes to financial statements
For the year ended 31 December 2013 (continued)

7. Investments

The Company holds the following interest in a subsidiary undertaking at 31 December 2013:

Interest in subsidiary undertaking	Country of incorporation or registration	Principal activity	Class and percentage of ownership
Maersk Resource Management Limited	United Kingdom	HR Services	100% Ordinary

The cost of investment is \$1 representing 1 share in ordinary share capital of the subsidiary undertaking (2011: 1 share). The directors believe that the carrying value of the investment is supported by their underlying net assets.

8. Debtors

	2013 \$'000	2012 \$'000
Trade debtors	6,176	11,007
Amounts owed by group undertakings	5,090	3,326
Other debtors	145	344
Prepayments and accrued income	6,427	7,070
Deferred tax	368	389
	18,206	22,136

Deferred tax asset pertains to the accelerated capital allowances. Deferred tax charged to the profit and loss for the year amounted to \$21,000 (2012: \$389,000 credited).

9. Creditors: amounts falling due within one year

	2013 \$'000	2012 \$'000
Trade creditors	31	310
Amounts owed to group undertakings	3,318	12,313
Corporation tax payable	2,592	1,934
Accruals and deferred income	2,273	2,280
	8,214	16,837

10. Called up share capital

	2013 \$'000	2012 \$'000
<i>Authorised, allotted, called up and fully paid</i>		
1,000,000 Ordinary shares (2012: 1,000,000) of \$1 each	1,000	1,000

Maersk Drilling UK Limited
Notes to financial statements
For the year ended 31 December 2013 (continued)

11. Profit and loss account

	2013	2012
	\$'000	\$'000
At the beginning of the year	4,299	2
Profit for the financial year	4,693	4,297
At the end of the year	8,992	4,299

12. Reconciliation of movements in shareholders' funds

	2013	2012
	\$'000	\$'000
Opening shareholders' funds	5,299	1,002
Profit for the financial year	4,693	4,297
Closing shareholders' funds	9,992	5,299

13. Commitments

The company had no capital commitments at the end of the financial year.

At 31 December 2013, the company has operating lease commitment in respect of the Maersk Resilient Rig, for which the payment extend over a number of years.

	2013	2012
	\$'000	\$'000
Within one year	39,384	37,698
Within two to five years	103,260	23,278
After five years	-	-
	142,644	60,976

14. Pension scheme

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to \$154,000 (2012 :\$128,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year. Contributions amounting to \$Nil (2012:\$Nil) were payable to the scheme and are included in creditors.

Maersk Drilling UK Limited
Notes to financial statements
For the year ended 31 December 2013 (continued)

15. Ultimate controlling party

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

Maersk Drilling A/S is owned by Maersk Drilling Holding A/S whose shareholder is A.P. Møller-Mærsk A/S a company incorporated in Denmark. A.P. Møller-Mærsk A/S which is listed in Denmark is the ultimate parent of the Maersk Group.