

Company Registration No. 02661838

**SPECIALISED PETROLEUM
SERVICES INTERNATIONAL
(BRANCH) LIMITED**

Annual report and financial statements

For the year ended 31 December 2016



Specialised Petroleum Services International (Branch) Limited

Annual report and financial statements for the year ended 31 December 2016

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Specialised Petroleum Services International (Branch) Limited

Officers and professional advisers

Directors

I Jack
D Marsh
S Smoker

Company Secretary

S Smoker

Registered Office

Schlumberger House
Buckingham Gate
Gatwick Airport
West Sussex
United Kingdom
RH6 0NZ

Banker

Bank of Scotland
39 Albyn Place
Aberdeen
AB10 1YN

Solicitor

Pinsent Masons LLP
13 Queens Road
Aberdeen
AB14 4YL

Independent Auditor

Deloitte LLP
Statutory Auditor
Aberdeen
United Kingdom

Specialised Petroleum Services International (Branch) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2016. The Directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' regime. The directors have taken the exemption available to small companies to not produce a Strategic report.

Principal activity

The Company did not trade in the year and recorded a loss after tax of £28,897 (2015: loss £31,441), arising from tax on imputed intercompany interest income. The directors consider the Company's principal risks and uncertainties are linked to fellow group companies from whom there are amounts receivable and its trading subsidiaries. The related group companies operate in the oil and gas sector and are exposed to market activity which is impacted by the oil price.

Going concern

The Company's net assets substantially comprise balances due from other group companies which are considered recoverable. Having considered financial commitments due within 12 months of the date of this report, we consider the company has sufficient assets available to satisfy its obligations. A fellow group company has confirmed it will provide working capital support towards settlement of intra group balances if required. Accordingly we have adopted the going concern basis in preparing the financial statements.

Directors

The directors, who served during the year and to the date of this report, except as noted otherwise, were as follows:

I Jack
R A Kidd (resigned 3 November 2016)
D Marsh (appointed 3 November 2016)
S Smoker (appointed 3 November 2016)

Future developments

On 23 June 2016 Great Britain voted to leave the European Union. The longer term political and economic effects of these events are as yet unclear as negotiations on Britain's future relationship with EU member states have yet to begin. However, management continue to monitor the situation closely and review potential risks to Specialised Petroleum Services International (Branch) Limited.

Independent auditor

Each of the persons who is a director of the company at the date when this report is approved confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors on 10 August 2017 and signed on behalf of the Board



D Marsh
Director

Specialised Petroleum Services International (Branch) Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual 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, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standards" applicable in UK and Republic of Ireland.

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 accounting estimates that are reasonable and prudent 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of Specialised Petroleum Services International (Branch) Limited

We have audited the financial statements of Specialised Petroleum Services International (Branch) Limited for the year ended 31 December 2016 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes 1 to 11. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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, 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

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 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 2016 and of its loss 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Independent auditor's report to the members of Specialised Petroleum Services International (Branch) Limited (continued)

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

L Cowie

Lyn Cowie CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Aberdeen, United Kingdom
10 August 2017

Specialised Petroleum Services International (Branch) Limited

Profit and loss account For the year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Operating profit		-	-
<hr/>			
Result before taxation		-	-
Tax on result	7	(29)	(31)
Loss for the financial year		(29)	(31)

The result in the current and prior year relates to continuing activities.

There were no items of comprehensive income in the current or prior year other than the loss for the year and, accordingly, no statement of comprehensive income is presented.

The notes on pages 9 to 13 form part of these financial statements.

Specialised Petroleum Services International (Branch) Limited

Balance Sheet As at 31 December 2016

	Note	2016 £'000	2015 £'000
Current assets			
Debtors	8	13,281	13,281
		<u>13,281</u>	<u>13,281</u>
Creditors: amounts falling due within one year	9	(5,818)	(5,789)
Net current assets		<u>7,463</u>	<u>7,492</u>
Total assets less current liabilities		<u>7,463</u>	<u>7,492</u>
Net assets		<u>7,463</u>	<u>7,492</u>
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	10	7,463	7,492
Shareholder's funds		<u>7,463</u>	<u>7,492</u>

The financial statements of Specialised Petroleum Services International (Branch) Limited, (company registration number 02661838) were approved by the board of directors, and authorised for issue on 10 August 2017 and signed on the Board's behalf by:



S Smoker
Director

Specialised Petroleum Services International (Branch) Limited

Statement of changes in equity For the year ended 31 December 2016

	Note	Called-up share capital	Share premium	Profit and loss account	Total
		£'000	£'000	£'000	£'000
Balance as at 1 January 2015		-	-	7,523	7,523
Loss for the year and total comprehensive loss				(31)	(31)
Balance as at 31 December 2015		-	-	7,492	7,492
Balance as at 1 January 2016		-	-	7,492	7,492
Loss for the year and total comprehensive loss				(29)	(29)
Balance as at 31 December 2016		-	-	7,463	7,463

Specialised Petroleum Services International (Branch) Limited

Notes to the financial statements For the year ended 31 December 2016

1. General information

The company has not traded since 1 January 2009 following the transfer of the trade, certain assets and liabilities to MI Drilling Fluids UK Limited and intermediate parent company.

Specialised Petroleum Services International (Branch) Limited is a private company limited by shares and incorporated in Scotland under the Companies Act. The address of the registered office is given on page 1.

2. Statement of compliance

The individual financial statements of Specialised Petroleum Services International (Branch) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standards 102, "The Financial Reporting Standards applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and Companies Act 2006. The date of transition to FRS 102 was on 1 January 2014.

3. Accounting policies

The principal accounting policies applied in preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared on a going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards. The principal accounting policies are set out below and have been applied consistently in the current and preceding period.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

All Company results are shown in £ thousands unless stated otherwise.

Specialised Petroleum Services International (Branch) Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

3. Accounting policies (continued)

Exemption for qualified entities under FRS 102

As a qualifying entity, the Company has taken advantage of the following exemptions:

- i) from preparing a statement of cash flow, on a basis that it is a qualifying entity and the consolidated statement of cash flow of Schlumberger Limited, includes the Company's cash flow. (FRS 102 Section 7 and paragraph 3.17(d);
- ii) from the financial instrument disclosures, required under FRS 102 as the information is provided in the consolidated financial statement of Schlumberger Limited (paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29);
- iii) from the related party transactions disclosures, required under FRS 102 as the information is provided in the consolidated financial statement of Schlumberger Limited (paragraph 33.1A);

Going concern

The company's net assets substantially comprise balances due from other group companies. Having considered financial commitments due within 12 months of signing the financial statements, the directors consider the company has sufficient assets available to satisfy its obligations. Accordingly, the going concern basis has been adopted.

Foreign currencies

Functional and presentation currency

The company's functional and presentation currency is the pound sterling.

Transactions and balances

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate in operation on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates in operation at the balance sheet date. All revaluation differences and realised foreign exchange differences are taken to the profit and loss account.

Taxation including deferred taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the taxable profits and results as stated in the financial statements. Deferred tax is measured at the average tax rates that are expected to apply in the financial years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an un-discounted basis. Deferred tax assets are only recognised when it is regarded as more likely than not, that there will be sufficient taxable profits to recover them against in the future.

Financial assets and liabilities

The classification of financial assets and liabilities depends on the purpose for which the financial assets were acquired or the financial liabilities were incurred. Management determines the classification of its financial assets and liabilities at initial recognition. The Company classifies its financial assets in the following categories: loans and receivables and derivatives and its financial liabilities in the following categories: Other financial liabilities and derivatives.

Specialised Petroleum Services International (Branch) Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

3. Accounting policies (continued)

Financial assets and liabilities (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

The Company's loans and receivables comprise debtors (including amounts owed by Schlumberger Limited group companies).

Loans and receivables are recognised at cost

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity

4. Critical accounting judgements and estimation uncertainty policies

Critical accounting judgements

There are no critical accounting judgments impacting the financial statements.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of debtors

The company makes an estimate of recoverable amounts due by group undertakings. In making this assessment, management considers factors including the ability of parent company to provide support to respective group companies.

5. Operating expense

Auditor's remuneration of £3,625 (2015: £3,625) for the audit of the financial statements has been borne by M-I Drilling Fluids U.K. Limited, a fellow group company in the current and prior year.

6. Information regarding directors and employees

There were no employees (2015: nil). The directors received no emoluments from the company (2015: £nil). In the opinion of the directors, it is not practical to apportion directors' remuneration to subsidiaries and accordingly no allocation has been made.

Specialised Petroleum Services International (Branch) Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

7. Tax on result

	2016 £'000	2015 £'000
Current taxation		
UK corporation tax	29	31
Total current tax charge	<u>29</u>	<u>31</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 20.00% (2015: 20.25%). The actual tax charge for the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation.

	2016 £'000	2015 £'000
Result before tax	-	-
Factors affecting charge for the year:		
Transfer pricing adjustment	29	31
Total tax charge for the year	<u>29</u>	<u>31</u>

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the rates enacted at the balance sheet date now standing at 21% with effect from 1 April 2014, 20% from 1 April 2015, 19% from 1 April 2017 and 18% from 1 April 2020. In addition, Finance Act 2016 was substantively enacted on 6 September 2016 which further reduces the corporation tax rate to 17% on 1 April 2020.

8. Debtors: amount falling due within one year

	2016 £'000	2015 £'000
Amounts owed by group undertakings	<u>13,281</u>	<u>13,281</u>

Amounts due from group undertakings have no formal repayment terms and do not bear interest.

9. Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Amounts owed to group undertakings	5,758	5,725
UK Corporation tax	60	64
	<u>5,818</u>	<u>5,789</u>

Amounts due to group undertakings have no formal repayment terms and do not bear interest.

Specialised Petroleum Services International (Branch) Limited

Notes to the financial statements (continued) For the year ended 31 December 2016

10. Called up share capital

	2016 £	Number
Allotted, called-up and fully paid ordinary shares of £1 each :		
Balance at 1 January and 31 December 2016	400	400

The profit and loss reserve represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

11. Ultimate parent company

The ultimate parent company is Schlumberger Limited, a company incorporated in Curacao and whose share capital is listed on NYSE. The immediate parent of this company is Specialised Petroleum Services Group Limited, a company incorporated in Scotland.

The smallest and largest group in which the results of the company are consolidated is that headed by Schlumberger Limited. Copies of its group financial statements are available from: Schlumberger Limited, 5599 San Felipe, Houston, Texas 7705 USA.