ENSCO Services Limited

Annual report and financial statements

Registered number: 4605864

31 December 2021

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of ENSCO Services Limited (the "Company") is the provision of administrative support services to other subsidiary companies of Valaris Limited.

The Company employs specialist personnel in the fields of accountancy, administration, human resources, safety, supply chain and asset management. These services are charged out to fellow group companies on a cost plus basis under a transfer pricing agreement. The greater the number of rig contracts secured by fellow group companies, then the greater the demand there should be for the Company's services thus adding to the Company's value.

On 31 August 2021, the Company waived the $2.6 million revolving loan receivable as part of a group financing restructuring.

Dividends

No dividend payments were made during the year ended 31 December 2021 (2020: $nil).

Directors

The directors benefited from qualifying third party indemnity insurance, which was provided by a fellow group company during the financial year and the date of this report. The directors who held office during the year and up to the date of this report were as follows:

Stephen Mooney
John Alexander Winton
Peter Wilson

Employees

There were 73 employees of the Company during the year (2020:63).

Political contributions

The Company did not make any political contributions during the year (2020: $nil).

Financial instruments

Details of the Company's principal financial instruments are disclosed in notes 9 and 10 to the financial statements.

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 the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet event

None noted.

Auditor

Bourner Bullock was appointed auditor on 19 July 2022. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and Bourner Bullock will therefore continue in office.

By order of the Board

Peter Wilson

Peter Wilson
Director
22 December 2022

Cannon Place
78 Cannon Street
London EC4N 6AF

Strategic report

Business review and results

The Company continues to provide administrative support services to drilling rigs operating in the UK, Danish and Dutch sectors of the North Sea and the Mediterranean. The Company's cost of sales decreased by 13% in 2021 compared with the previous year, with a corresponding 15% decrease in turnover. The operating loss of $1.3 million (2020: profit of $0.2 million) includes exchange gains of $0.5 million (2020: exchange losses of $1.3 million) and losses of $2.6 million in debt forgiveness.

Principal risks and uncertainties

The principal risks and uncertainties affecting the offshore oil and gas drilling industry include:

- market price of oil and natural gas and the stability thereof;
- worldwide expenditures for offshore oil and natural gas drilling;
- long-term effect of worldwide energy conservation measures; and
- the development and use of alternatives to hydrocarbon-based energy sources.

Directors' engagement statement

The directors are fully aware of their duties under Section 172 of the UK Companies Act 2006. Consideration of the Directors' Section 172 duties form an important part of the Company's and its ultimate parent company, Valaris Limited's, Boardroom discussions. The directors continue to have regard to the interest of the Company's key stakeholders and, throughout the year, the directors, the Valaris Limited Board and Valaris Limited executive management have actively engaged with a variety of stakeholders on items of importance to them. We set out in the table below our key stakeholder groups, their material issues and how the Company engage with and considers the interest of each stakeholder group.

Stakeholder Group	**Material issues**	**How the Company engages and considers stakeholder interests as part of the Valaris Limited group**
Employees	• Engagement and work culture • Training and development • Diversity and inclusion • Remuneration	• The Company holds employee forums to communicate Company policy and initiatives. This provides an opportunity for executive management to engage with employees and answer questions that employees may have. • The Company distributes employee satisfaction surveys, tracks voluntary attrition rates, and conducts exit interviews of employees leaving the organisation, all to gather feedback to further engagement with employees on work culture. • The Company promotes a "speak up" culture through the establishment and operation of our ethics hotline. Employees who use our ethics hotline report directly to the Chair of Board Committees or Chief Compliance Officer. The Company has a zero tolerance policy for retaliation against employees who raise concerns through our ethics hotline. • The Competency Assurance Management Program, an International Association of Drilling Contractors ("IADC") accredited program, is a formal on-the-job training program that provides employees the opportunity to demonstrate proficiency in current roles and operational tasks while helping to prepare them for future promotions. • The Company actively seeks to promote diversity and inclusion throughout its workforce. For example, the Valaris Women's Network is an organisation that is

Stakeholder Group	Material issues	How the Company engages and considers stakeholder interests as part of the Valaris Limited group
		focused on representation, visibility and professional support for our female employees. • The Company provides competitive compensation and benefit packages that reward personnel based on merit. The Company offers developmental opportunities based on individual performance and identified potential. • The Company works with industry and government partners in various countries to sponsor and train localised labour.
Customers	• Cost • Productivity and efficiency • Expertise • Credibility/trust/reliability and reputation • Innovation • Service, collaboration, and responsiveness	• Customer information and performance metrics are regularly reported to Valaris Limited executive management and the Company and Valaris Limited Boards. • We participate in independent surveys, such as the EnergyPoint Research survey, to track customer satisfaction levels. • We develop and foster credibility and trust among a large and diverse customer base. Customers include most of the leading national and international oil companies, plus many independent operators. • The Company strives to comply with its customer contracts, which, in turn, helps us create and maintain long-term customer relationships. • The Company is committed to conducting business in a fair, transparent and competitive manner. Many countries have laws that protect competition, making anti-competitive behaviours illegal. We seek to always comply with the letter and spirit of competition laws wherever we conduct business. • We have expanded and have devoted resources to further expand our intellectual property portfolio with a focus on technology that creates efficiency in customers' drilling programs.
Partners, sub-contractors and supply chain	• Expertise • Credibility/trust and reputation • Long-term partnership • Collaborative approach	• We endeavour to conduct our business so that it is aligned with the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, which together provide an authoritative list of internationally recognised human rights. • We carefully select business partners that share our commitment to safety and integrity. • We have in place systems intended to detect and, when we become aware of relevant issues, report human rights abuses (such as child labour, forced labour, or human trafficking) in our operations or those of our business partners. • Our Code of Business Conduct includes provisions addressing conflicts of interest, corporate opportunities, compliance with our policies and with laws, rules and regulations, including laws addressing insider trading, antitrust and anti-bribery. We expect

Stakeholder Group	Material issues	How the Company engages and considers stakeholder interests as part of the Valaris Limited group
		our business partners, including suppliers and vendors, to act consistently with our Code. • The Company strives to comply with its supplier contracts, which, in turn, helps us create and maintain long-term supplier relationships.
Local communities	• Environmental, social and governance ("ESG") matters • Local economy	• We are committed to making a positive impact in the communities where we live and work. We support local economies by creating jobs and sponsoring community initiatives where we operate. • Valaris Limited publishes an annual Sustainability Report, which demonstrates the ways in which the Company's and Valaris Limited's Board, management and employees are committed to ESG issues and local communities. • The Company strives to comply with local labour laws and local content requirements and actively engages with local partners on these matters. • Valaris employs an Environmental Management System focused on emission monitoring, waste management and discharge prevention to minimise our impact on the local communities in which we operate.

By order of the Board

Peter Wilson

Peter Wilson
Director

22 December 2022

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

The directors are responsible for preparing the Strategic Report, 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), including FRS 102 *The Financial Reporting Standard applicable in the 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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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 ENSCO SERVICES LIMITED

Opinion

We have audited the financial statements of Ensco Services Limited (the 'company') for the year ended 31 December 2021 which comprise the Profit and Loss Account and Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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 material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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

Responsibilities of 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Discussions with and enquiries of management and those charged with governance were held with a view to identifying those laws and regulations that could be expected to have a material impact on the financial statements. During the engagement team briefing, the outcomes of these discussions and enquiries were shared with the team, as well as consideration as to where and how fraud may occur in the entity.

The following laws and regulations were identified as being of significance to the entity:
- Those laws and regulations considered to have a direct effect on the financial statements include UK financial reporting regulations, Company Law, Tax and distributable profits legislation.

Audit procedures undertaken in response to the potential risks relating to irregularities (which include fraud and non-compliance with laws and regulations) comprised of: enquiries of management and those charged with governance as to whether the entity complies with such laws and regulations; enquiries with the same concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of board minutes; testing the appropriateness of journal entries; and the performance of analytical review to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

A further description of our responsibilities is located on the Financial Reporting Council's website at: https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

David Matkins (Senior Statutory Auditor)

For and on behalf of Bourner Bullock, Statutory Auditor

Bourner Bullock
114 St Martin's Lane
Covent Garden
London
WC2N 4BE
22 December 2022

Profit and loss account and other comprehensive income
for the year ended 31 December 2021

	Note	2021 $000	2020 $000
Turnover	*3*	17,097	20,140
Cost of sales		(16,295)	(18,667)
Gross profit		802	1,473
Other operating expense		(2,083)	(1,265)
Operating (loss)/profit	*4 - 6*	(1,281)	208
Interest receivable and similar income	*7*	143	440
(Loss)/profit on ordinary activities before taxation		(1,138)	648
Tax on (loss)/profit on ordinary activities	*8*	(351)	228
(Loss)/profit for the financial year		(1,489)	876

All of the results above are derived from continuing operations.

The accompanying notes form an integral part of these financial statements.

Balance sheet
at 31 December 2021

	Note	2021 $000	2020 $000
Current assets			
Debtors	9	12,377	13,521
Cash at bank and in hand		9,154	3,327
		21,531	16,848
Creditors: amounts falling due within one year	10	(16,162)	(9,990)
Net current assets		5,369	6,858
Total assets less current liabilities		5,369	6,858
Net assets		5,369	6,858
Capital and reserve			
Called up share capital	11	2	2
Profit and loss account		5,367	6,856
Shareholder's funds		5,369	6,858

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the Board of directors on 22 December 2022 and were signed on its behalf by:

Peter Wilson

Peter Wilson
Director

Statement of Changes in Equity
for the year ended 31 December 2021

31 December 2021

	Called up share capital $000	Profit and loss account $000	Total equity $000
At beginning of year	2	6,856	6,858
Total comprehensive loss for the year			
Loss for the financial year	-	(1,489)	(1,489)
Total comprehensive loss for the year	-	(1,489)	(1,489)
At end of the year	2	5,367	5,369

31 December 2020

	Called up share capital $000	Profit and loss account $000	Total equity $000
At beginning of year	2	5,980	5,982
Total comprehensive income for the year			
Profit for the financial year	-	876	876
Total comprehensive income for the year	-	876	876
At end of the year	2	6,856	6,858

The profit and loss account includes current and prior years retained profits and losses.

The accompanying notes form an integral part of these financial statements.

Notes

1 Accounting policies

ENSCO Services Limited (the "Company") is incorporated, domiciled and registered in the UK. These financial statements were prepared in accordance with Financial Reporting Standard 102 ("FRS 102").

Basis of preparation

The financial statements are prepared on the historical cost basis.

Valaris Limited is the largest group in which the results of the Company are consolidated. The consolidated financial statements of Valaris Limited are available to the public and may be obtained from the address given in note 15. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

a) Reconciliation of the number of shares outstanding from the beginning to end of the period;

b) Cash Flow Statement and related notes; and

c) Key Management Personnel compensation.

As the consolidated financial statements of Valaris Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the disclosures required by FRS 102.26 Share Based Payments, FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The functional currency of the Company is the U.S. Dollar ("$"). The U.S. Dollar is the prevalent currency used within the oil and natural gas industry and the Company has a significant level of the U.S. Dollar cash flows, assets and liabilities. The financial statements are therefore presented in U.S. Dollars. All amounts have been rounded to the nearest $1,000.

Going concern

The financial statements have been prepared on a going concern basis for the following reasons.

The principal activity of the Company is the provision of administrative support services to other subsidiary companies of Valaris Limited. At 31 December 2021, the Company had net current assets and net assets of $5.4 million.

Foreign currencies

The functional currency of the Company is the U.S. Dollar. As is customary in the oil and natural gas industry, a majority of the Company's turnover is denominated in U.S. Dollars; however, a portion of the turnover and expenses incurred are denominated in currencies other than the U.S. Dollar. Non-monetary balances are held at historical exchange rates. Monetary balances are translated at the year-end exchange rates with any gains or losses taken to cost of sales. Transactions are shown in the profit and loss account at the average exchange rate during the month that the transaction occurred. Transaction gains and losses are included in cost of sales in the Company's profit and loss account.

Taxation

The charge for taxation is based on taxable result for the year 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 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. Deferred tax assets are recognised only to the extent that the directors consider that it is more-likely-than-not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Interest receivable and similar income

Interest income is recognised in profit or loss on an accruals basis using the effective interest method.

Pension costs

The Company contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in independently administered funds. The amount charged to the profit and loss account represents the contributions payable by the Company to the scheme in respect of the accounting year.

Operating lease

Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Trade and other debtors/creditors

Trade and other debtors/creditors are recognised initially at the transaction price. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Loans

Loans are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, loans are stated at amortised cost using the effective interest method, less any impairment losses.

Impairment of debtors and loans

Debtors and loans are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A debtor or loan is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of debtors and loans measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired debtor or loan continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Classification of financial instruments issued by the Company

Financial instruments issued are treated as equity only to the extent the following two conditions are achieved:

a) no contractual obligations to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent the above is not met, the proceeds of issue are classified as a financial liability.

Share-based compensation

Valaris Limited sponsors share-based compensation plans that provide equity compensation to the group's employees, officers and directors. Share-based compensation cost is measured at fair value on the date of grant and recognised over the period in which each employee becomes unconditionally entitled to the awards (usually the vesting period). The amount of compensation cost recognised in the profit and loss account, with a corresponding increase in equity, is based on the awards ultimately expected to vest and, therefore, reduced for estimated forfeitures. All changes in estimated forfeitures are based on historical experience and are recognised as a cumulative adjustment to compensation cost in the period in which they occur.

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

Turnover

Turnover represents the amounts derived from the provision of administrative services to fellow subsidiary companies. Turnover is recognised on an accruals basis on delivery of the related services. Turnover is recorded at the fair value of consideration receivable, net of Value Added Tax.

2 Critical accounting policies and estimates

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the UK requires us to make estimates, judgments and assumptions that affect the amounts reported in the financial statements and accompanying notes. The significant accounting policies are included in note 1. These policies, along with the underlying judgments and assumptions made in their application, have a significant impact on the financial statements. The Company identifies the critical accounting policies as those that are the most pervasive and important to the portrayal of the financial position and operating results and that require the most difficult, subjective and/or complex judgments regarding estimates in matters that are inherently uncertain. The Company has no critical accounting policies based on the limited judgements and estimates arising from its operations.

3 Analysis of turnover

Turnover, which arises from the provision of services, is analysed by geographical destination as follows:

	2021 $000	2020 $000
United Kingdom	17,097	20,140
	17,097	20,140

All of the Company's turnover and the (loss)/ profit before taxation are derived from its principal activity. In the view of the directors, the Company has only one class of business.

4 Notes to the profit and loss account

	2021 $000	2020 $000
Operating (loss)/profit is stated after charging:		
Hire of land and buildings - operating leases	945	773
Hire of other assets - operating leases	12	12
Exchange losses	474	1,265

	2021 $000	2020 $000
Auditor's remuneration:		
Audit of these financial statements	5	19

Certain of the lease contracts relating to the operating lease charges shown above are held by a fellow subsidiary undertaking.

5 Remuneration of directors

	2021 $000	2020 $000
Directors' emoluments	365	329
Amounts receivable under long-term incentive schemes	53	3
Company contributions to money purchase pension schemes	-	8
	418	340

The aggregate emoluments and amounts receivable under long-term incentive schemes of the highest paid director was $365,000 (2020: $332,000) and Company pension contributions of $nil (2020: $8,000) were made to a money purchase pension scheme on his behalf. During the year, the highest paid director received shares under a long-term incentive scheme.

	Number of directors 2021	2020
Retirement benefits are accruing to the following number of directors under: Money purchase schemes	1	1
The number of directors in respect of whose services shares were received or receivable under long-term incentive schemes was	1	1

6 Staff numbers and costs

	2021 $000	2020 $000
Wages and salaries	10,928	14,009
Share-based payments	523	209
Social security costs	(12)	82
Pension costs (note 13)	189	150
	11,628	14,450

Included in the table above is compensation for the Valaris Limited President and Chief Executive Officer.

During the year, the Company claimed income on behalf of Valaris offshore employees from the UK Government's COVID-19 Job Retention Scheme of $nil (2020: $2.5 million). This has been recognised in the profit and loss account in the year.

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

	Number of employees 2021	2020
Onshore employees	73	63
	73	63

7 Interest receivable and similar income

	2021	2020
	$000	$000
Interest on bank deposits	143	440
	143	440

8 Taxation

Analysis for the year

	2021	2020
	$000	$000
UK Corporation Tax		
Current tax on income for the year	-	-
Adjustment in respect of prior periods	351	(316)
Total current tax	351	(316)
Deferred tax		
Reversal/origination of timing differences	-	88
Total deferred tax	-	88
Tax on (loss)/profit on ordinary activities	351	(228)

Factors affecting the tax for the current year

The tax charge (2020: credit) for the year is higher (2020: lower) than the standard rate of corporation tax in the UK of 19.0% (2020: 19.0%). The differences are explained below:

	2021	2020
	$000	$000
Total tax reconciliation		
(Loss)/profit on ordinary activities before taxation	(1,138)	648
Current tax at 19.0% (2020:19.0%)	(216)	123
Effects of:		
Non-taxable expenses	2,557	(123)
Adjustment in respect of prior periods	351	(316)
Surrender of group relief for nil consideration	(2,341)	88
Total tax	351	(228)

Factors affecting the future tax credit

In the 2021 Budget it was announced that the UK tax rate will increase from 19.0% to 25.0% from 1 April 2023. This will have a consequential effect on the Company's future tax credit.

9 Debtors

	2021	2020
	$000	$000
Amounts owed by group companies	10,704	2,927
Revolving loan receivable from a group company	-	7,634
Other debtors	1,311	2,277
Prepayments and accrued income	362	683
	12,377	13,521

The Company entered into a revolving loan agreement which commenced on 15 December 2015 with a fellow group company. The maximum borrowing capacity under the agreement is $50.0 million. The borrowings under the agreement are due on demand, but no later than 14 December 2025. Interest is received quarterly in arrears at the LIBO rate plus 3.0%.

The deferred tax asset recognised at 31 December 2021 is $nil (2020: $88,000). An unrecognised deferred tax asset relating to losses of $351,000 (measured at 19.0%) has not been recognised due to uncertainty about the timing of utilisation and the availability of group relief from other group companies.

10 Creditors: amounts falling due within one year

	2021	2020
	$000	$000
Trade creditors	12,895	5,349
Amounts owed to group companies	35	22
Other creditors	2,424	3,542
Accruals and deferred income	808	1,077
	16,162	9,990

11 Called up share capital

	2021	2020
	$000	$000
Authorised, allotted and called up		
1,000 ordinary shares of £1 each	2	2

12 Commitments

The Company had commitments under non-cancellable operating leases at 31 December as follows:

	2021 Land and Buildings	2020 Land and Buildings	2021 Other	2020 Other
	$000	$000	$000	$000
Operating leases with payments due:				
Within one year	580	580	-	17
In the second to fifth years inclusive	2,544	2,446	-	12
Over five years	1,660	2,324	-	-
	4,784	5,350	-	29

In 2021, the Company became a guarantor of the Valaris Limited $550.0 million debt agreement scheduled to mature on April 30, 2028. The debt agreement requires Valaris Limited to provide guarantees from certain of its subsidiaries.

13 Pension schemes

The Company contributes to a defined contribution pension scheme on behalf of its employees. The pension cost for the year includes contributions payable by the Company to the scheme in respect of the accounting year and amounted to $189,000 (2020: $150,000).

Contributions amounting to $nil (2020: $nil) were payable to the scheme at the year end and are included in creditors.

14 Employee compensation schemes

Grants of share awards and share units vest at 33.0% per year. Compensation expense is measured at fair value on the date of grant and recognised on a straight-line basis over the vesting period. Compensation cost is reduced for forfeited awards in the period in which the forfeitures occur.

15 Ultimate parent company

On 30 April 2021, Valaris plc sold its direct subsidiaries to Valaris Limited, a Bermuda company. Valaris Limited became the ultimate parent company on the date of purchase. The registered office address of Valaris Limited is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company was a subsidiary undertaking of Valaris plc which was the ultimate parent company incorporated in the United Kingdom. The largest group in which the results of the Company are consolidated is that headed by Valaris Limited. No other group financial statements include the results of the Company. The consolidated financial statements of Valaris Limited are available to the public and may be obtained from Valaris, Investor Relations Department, Suite 3300, 5847 San Felipe, Houston, Texas 77057. The registered office of Valaris Limited is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company's immediate parent is ENSCO Offshore U.K. Limited, a company incorporated in the United Kingdom. The registered office of ENSCO Offshore U.K. Limited is Cannon Place, 78 Cannon Street, London, England EC4N 6AF.

16 Post balance sheet event

None noted.