

Company Registration No. SC145180

**DRILEX SPECIALITY & SUPPLY
(UK) LIMITED**

Report and Financial Statements

8 months ended 31 December 2012

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DRILEX SPECIALITY & SUPPLY (UK) LIMITED

Report and financial statements 2012

| Contents | Page |
|--|-------------|
| Officers and professional advisers | 1 |
| Directors' report | 2 |
| Directors' responsibilities statement | 3 |
| Independent auditor's report | 4 |
| Profit and loss account | 5 |
| Balance sheet | 6 |
| Notes to the financial statements | 7 |

DRILEX SPECIALITY & SUPPLY (UK) LIMITED

Officers and professional advisers

Directors

D J Ayrton
S S Puranik
W G Kinnear

Secretary

N Gordon

Registered Office

34 Albyn Place
Aberdeen
AB10 1FW

Bankers

Royal Bank of Scotland plc
Burnside Road
Dyce
Aberdeen
AB21 0HZ

Solicitors

Stronachs LLP
34 Albyn Place
Aberdeen
AB10 1FW

Independent Auditor

Deloitte LLP
Aberdeen

DRILEX SPECIALITY & SUPPLY (UK) LIMITED

Directors' report

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report for the 8 months ended 31 December 2012.

On 1 December 2012 the company's accounting reference date was changed to 31 December 2012, to align the year end with the ultimate parent company. As a result the comparative figures are for a year and the current period for 8 months.

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Principal activity

The company's principal activity is the importation, assembly and rental of oil industry parts and equipment.

The profit for the 8 months after taxation amounted to £85,708 (2012 year: £155,777). The directors consider the future trading outlook to be positive due to the continued buoyancy of the oil and gas industry.

Going concern

The company is funded through the cash flow it generates from trading activities and its immediate parent undertaking, Worldwide Oilfield Machine (UK) Limited. The directors of the company have prepared high level trading forecasts that indicate continued profitable trading activity through the going concern foresight period.

S Puranik is a director of both the company Worldwide Oilfield Machine (UK) Limited and Worldwide Oilfield Machine Inc the ultimate parent company and as detailed in note 14, is regarded as the ultimate controlling party. The directors have obtained a signed letter that confirms their ongoing financial support to the company through the going concern foresight period. The directors have considered the substance of this letter and the ability of its immediate parent, Worldwide Oilfield Machine (UK) Limited to provide continuing financial support to the company as required. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Directors

The directors, who served throughout the year and up to the date of this report are detailed on page 1.

Auditor

Each of the persons who is a director at the date of approval of this report 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 they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



D J Ayrton
Director

17

September 2013

DRILEX SPECIALITY & SUPPLY (UK) 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 period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 judgments 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 DRILEX SPECIALITY & SUPPLY (UK) LIMITED

We have audited the financial statements of Drilex Speciality & Supply (UK) Limited for the 8 months ended 31 December 2012 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 15. 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).

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. 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 2012 and of its profit for the 8 months 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.

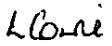
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's 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; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report.


Lyn Cowie CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Aberdeen, United Kingdom

17 September 2013

DRILEX SPECIALITY & SUPPLY (UK) LIMITED

Profit and loss account

Eight months ended 31 December 2012

| | Note | 8 months ended 31 December 2012 £ | Year ended 30 April 2012 £ |
|--|------|---|--|
| Turnover: continuing operations | 2 | 147,402 | 319,411 |
| Cost of sales | | (26,156) | (52,502) |
| Gross profit | | <u>121,246</u> | <u>266,909</u> |
| Administrative expenses | | (5,565) | (46,345) |
| Operating profit: continuing operations | 4 | <u>115,681</u> | <u>220,564</u> |
| Interest receivable and similar income | 5 | 26 | 43 |
| Profit on ordinary activities before taxation | | <u>115,707</u> | <u>220,607</u> |
| Tax on profit on ordinary activities | 6 | (29,999) | (64,830) |
| Profit for the financial period/ year | 12 | <u><u>85,708</u></u> | <u><u>155,777</u></u> |

There are no recognised gains and losses for the current period and preceding financial year other than the results as shown above. Accordingly, no separate Statement of Total Recognised Gains and Losses is presented.

DRILEX SPECIALITY & SUPPLY (UK) LIMITED

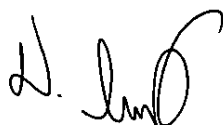
Balance sheet

As at 31 December 2012

| | Note | 31 Dec 2012 £ | 30 April 2012 £ |
|---|------|---------------------|-----------------------|
| Fixed assets | | | |
| Tangible assets | 7 | 11,138 | 32,216 |
| Current assets | | | |
| Stocks | 8 | 598 | 607 |
| Debtors | 9 | 449,896 | 356,801 |
| Cash at bank and in hand | | 75,152 | 36,943 |
| | | 525,646 | 394,351 |
| Creditors: amounts falling due within one year | 10 | (98,045) | (73,536) |
| Net current assets | | 427,601 | 320,815 |
| Net assets | | 438,739 | 353,031 |
| Capital and reserves | | | |
| Called up share capital | 11 | 1 | 1 |
| Profit and loss account | 12 | 438,738 | 353,030 |
| Shareholders' funds | 13 | 438,739 | 353,031 |

The financial statements of Drilex Speciality & Supply (UK) Limited, company number SC145180, were approved by the Board of Directors and authorised for issue on 17 May 2013.

Signed on behalf of the Board of Directors



D Ayrton

Director

DRILEX SPECIALITY & SUPPLY (UK) LIMITED

Notes to the financial statements 8 months ended 31 December 2012

1. Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report on page 2. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Revenue recognition

Revenue is recognised when the product is delivered and title passes, or the service has been rendered.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on cost or valuation in equal annual instalments over the estimated useful lives of the assets. The annual rates of depreciation are as follows:

| | % per annum |
|---------------------|--------------------|
| Plant and machinery | 10 – 20 |

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value represents estimated sale proceeds less any marketing, selling and distribution costs.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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 company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised to the extent that when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying tax differences can be deducted.

Deferred tax is measured at the average rates that are expected to apply in the periods 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 a non-discounted basis.

DRILEX SPECIALITY & SUPPLY (UK) LIMITED

Notes to the financial statements 8 months ended 31 December 2012

1. Accounting policies (continued)

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No. 1 (Revised 1996) Cash flow statements from including a cash flow statement on the grounds that the company is a small company incorporated under the Companies Act 2006.

Foreign exchange

Transactions in foreign currencies are translated at the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

2. Turnover

Turnover represents the value of goods and services provided within the company's ordinary activities after deduction of trade discounts and value added tax.

The turnover, which arises in the United Kingdom, is attributable to the company's principal activity.

3. Information regarding directors and employees

No director received any direct emoluments in the 8 months ended 31 December 2012 and year ended 30 April 2012 in respect of services to the company. D J Ayrton and W G Kinnear are remunerated by Worldwide Oilfield Machine (UK) Limited. The management fee (Note 4) includes a recharge for these services as directors of the company. In addition, no employee costs were incurred in the period ended 31 December 2012 and year ended 30 April 2012.

4. Operating profit

| | 8 months ended 31 Dec 2012 £ | 30 April 2012 £ |
|---|---------------------------------------|-----------------------|
| Operating profit is stated after charging/(crediting): | | |
| Depreciation – Owned assets | 21,078 | 39,707 |
| Fees payable to the company's auditor for the audit of the company's annual financial statements | 4,550 | 5,000 |
| Management fees | 10,044 | 15,066 |
| Foreign exchange (gains) / losses | (849) | 786 |
| | <u> </u> | <u> </u> |

5. Interest receivable and similar income

| | 8 months ended 31 Dec 2012 £ | 30 April 2012 £ |
|---------------|---------------------------------------|-----------------------|
| Bank interest | <u>26</u> | <u>43</u> |

DRILEX SPECIALITY & SUPPLY (UK) LIMITED

Notes to the financial statements 8 months ended 31 December 2012

6. Tax on profit on ordinary activities

| | 8 months ended 31 Dec 2012 £ | 30 April 2012 £ |
|---|---------------------------------------|-----------------------|
| Tax charge for the period /year | | |
| United Kingdom corporation tax | 29,699 | 64,830 |
| Adjustments in respect of prior periods | 300 | - |
| | <u>29,999</u> | <u>64,830</u> |

The standard rate of corporation tax for the period, based on the UK standard rate of corporation tax is 24% (2012 year: 25.8%). The actual tax charge for the current period and the previous year differ from the standard rate for the reasons set out in the following tax reconciliation:

| | 8 months ended 31 Dec 2012 £ | 30 April 2012 £ |
|---|---------------------------------------|-----------------------|
| Reconciliation of current tax | | |
| Profit on ordinary activities before taxation | <u>115,707</u> | <u>220,607</u> |
| Tax on profit on ordinary activities at 24% (2012: 25.8%) | 27,770 | 57,004 |
| <i>Factors affecting charge for the year:</i> | | |
| Capital allowances in excess of depreciation | 1,949 | 3,403 |
| Movement in short term timing differences | - | 4,723 |
| Effects of marginal relief | (20) | (300) |
| Adjustments to tax in respect of previous periods | 300 | - |
| Total actual amount of current tax | <u>29,999</u> | <u>64,830</u> |

DRILEX SPECIALITY & SUPPLY (UK) LIMITED

Notes to the financial statements 8 months ended 31 December 2012

7. Tangible fixed assets

| | Plant and machinery £ |
|------------------------------------|-----------------------------|
| Cost | |
| At 1 May 2012 and 31 December 2012 | 441,167 |
| Accumulated depreciation | |
| At 1 May 2012 | (408,951) |
| Charge for the period | (21,078) |
| At 31 December 2012 | (430,029) |
| Net book value | |
| At 31 December 2012 | 11,138 |
| At 30 April 2012 | 32,216 |

8. Stocks

| | 31 December 2012 £ | 30 April 2012 £ |
|---------------|-----------------------------|-----------------------|
| Raw materials | 598 | 607 |

9. Debtors

| | 31 December 2012 £ | 30 April 2012 £ |
|-------------------------------------|-----------------------------|-----------------------|
| Amounts due from group undertakings | 444,804 | 351,729 |
| Other debtors | 4,100 | 4,100 |
| Other taxes and social security | 992 | 972 |
| | 449,896 | 356,801 |

Other debtors include amounts due from company director W G Kinnear and D J Ayrton, who owe £300 (30 April 2012: £300) and £3,800 (30 April 2012 : £3,800) respectively. These loans are unsecured, interest free and have no set repayment terms.

All other amounts are due within one year.

DRILEX SPECIALITY & SUPPLY (UK) LIMITED

Notes to the financial statements 8 months ended 31 December 2012

10. Creditors: amounts falling due within one year

| | 31 December 2012 £ | 30 April 2012 £ |
|------------------------------|-----------------------------|-----------------------|
| Accruals and deferred income | 7,500 | 12,990 |
| Corporation tax | 90,545 | 60,546 |
| | <u>98,045</u> | <u>73,536</u> |

11. Called up share capital

| | 31 December 2012 £ | 30 April 2012 £ |
|--|-----------------------------|-----------------------|
| Called up, allotted and fully paid 1 ordinary share of £1 | <u>1</u> | <u>1</u> |

12. Profit and loss account

| | £ |
|---------------------------------|----------------|
| At 1 May 2012 | 353,030 |
| Profit for the financial period | <u>85,708</u> |
| At 31 December 2012 | <u>438,738</u> |

13. Reconciliation of movements in shareholders' funds

| | 31 December 2012 £ | 30 April 2012 £ |
|--------------------------------------|-----------------------------|-----------------------|
| Profit for the financial period/year | 85,708 | 155,777 |
| Opening shareholders' funds | <u>353,031</u> | <u>197,254</u> |
| Closing shareholders' funds | <u>438,739</u> | <u>353,031</u> |

14. Ultimate parent company and controlling party

The company's immediate parent company is Worldwide Oilfield Machine (UK) Limited. The company's ultimate parent company is Worldwide Oilfield Machine Inc which is incorporated in the USA. A copy of the ultimate parent company's financial statements may be obtained from Worldwide Oilfield Machine Inc, 11809 Canemont Street, Houston, Texas 77035, USA.

The ultimate controlling party is S Puranik, a director of both the immediate parent company, Worldwide Oilfield Machine (UK) Limited, and the ultimate parent company Worldwide Oilfield Machine Inc.

DRILEX SPECIALITY & SUPPLY (UK) LIMITED

Notes to the financial statements 8 months ended 31 December 2012

15. Related party transactions

The company has taken advantage of paragraph 3(c) of FRS 8 (Related Party Disclosures) which gives exemption from the requirement to disclose transactions with other wholly owned group members.