

Forth Valley Engineering Limited

Report and Accounts

31 March 2013

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COMPANIES HOUSE

Forth Valley Engineering Limited

Registered Number: SC262692

Directors

C P O'Neil
A J Fleming

Secretary

A M Sloan

Auditors

Ernst and Young LLP
Blenheim House
Fountainhall Road
Aberdeen
AB15 4DT

Registered office

C/O National Oilwell Varco
Badentoy Crescent
Badentoy Park
Portlethen
Aberdeen
AB12 4YD

Forth Valley Engineering Limited

Registered number SC262692

Directors' report

The directors present their report and financial statements for the year ended 31 March 2013.

The report has been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small companies.

Results and dividends

The profit for the year, after taxation, was £nil (restated 2012: £501,850). The directors do not propose the payment of any dividend (2012: £53,600).

Principal activities and business review

Forth Valley Engineering Limited ceased trading on 31 March 2012, following the transfer of trade, assets and liabilities to National Oilwell Varco UK Limited. The directors are considering the future of the company.

In the 2012 financial statements the loss reported for the sale of the business was incorrectly stated. The comparative financial statements and the related notes have been restated as a prior year adjustment.

Directors

The current directors are shown on page 1.

S G Valentine (resigned 23 August 2013)

A J Fleming (appointed 31 July 2013)

None of the directors held any interest in the share capital of the company during the year.

Going Concern

Following disposal of the company's assets and liabilities, the company has ceased to trade and is not expected to trade in the future.

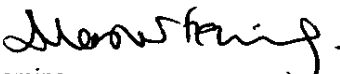
Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with s.485 of the Companies Act 2006, a resolution is to be proposed at the Annual General Meeting for reappointment of Ernst & Young LLP as auditor of the Company.

On behalf of the board


A J Fleming
Director
18 October 2013

Forth Valley Engineering Limited

Registered number SC262692

Statement of directors' responsibilities

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 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

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 to 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 Forth Valley Engineering Limited

We have audited the financial statements of Forth Valley Engineering Limited for the year ended 31 March 2013 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 19. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our report.

Opinion on the 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 March 2013;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year 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.

Ernst & Young LLP

Moira Ann Lawrence (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Aberdeen
18 October 2013

Forth Valley Engineering Limited
Registered number SC262692

Profit and Loss account
for the year ended 31 March 2013

		<i>2013</i>	<i>Restated 2012</i>
	<i>Notes</i>	<i>£</i>	<i>£</i>
Turnover	2	-	7,637,816
Cost of sales	3	-	(3,729,755)
Gross Profit	3	-	3,908,061
Net operating expenses	3	-	(3,494,651)
Operating profit	6	-	413,410
Profit on disposal of plant and machinery	8	-	6,772
Profit on disposal of business	9	-	391,567
Interest payable and similar charges	11	-	(263,736)
Profit on ordinary activities before taxation		-	548,013
Tax charge on profit on ordinary activities	12	-	(46,163)
Profit on ordinary activities after taxation		-	501,850

All results are from discontinued operations.

Statement of total recognised gains and losses

	<i>2013</i>	<i>Restated 2012</i>
	<i>£</i>	<i>£</i>
Profit for the financial year	-	501,850
Revaluation of freehold property	-	50,000
Total gains and losses recognised relating to the year	-	551,850
Prior year adjustment (see note 10)	515,506	
Total gains and losses recognised since last annual report	515,506	

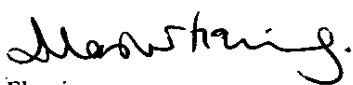
Forth Valley Engineering Limited
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Balance Sheet as at 31 March 2013

	<i>Notes</i>	<i>2013</i> £	<i>Restated</i> <i>2012</i> £
Current Assets			
Debtors	<i>13</i>	<u>3,433,654</u>	<u>3,433,654</u>
Net current assets		<u>3,433,654</u>	<u>3,433,654</u>
Creditors			
Amounts falling due after more than one year	<i>14</i>	<u>(200,000)</u>	<u>(200,000)</u>
Net assets		<u><u>3,233,654</u></u>	<u><u>3,233,654</u></u>
 Capital and reserves			
Called up share capital	<i>15</i>	500,000	500,000
Profit and loss account	<i>17</i>	<u>2,733,654</u>	<u>2,733,654</u>
Total shareholders' funds	<i>17</i>	<u><u>3,233,654</u></u>	<u><u>3,233,654</u></u>

The financial statements were approved by the Board of Directors on 18 October 2013.

Signed on their behalf by


A J Fleming
Director

Forth Valley Engineering Limited

Registered number SC262692

NOTES TO THE ACCOUNTS

For the year ended 31 March 2013

1. Accounting policies

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies are described below.

Accounting convention

The financial statements have been prepared under the historical cost convention.

Cash flow

The company has taken advantage of the exemptions available within FRS 1 and has not produced a cash flow statement.

Turnover

Turnover represents net invoiced sale of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is shorter.

Plant and machinery	-	between 5% and 50% on cost
Fixtures and Fittings	-	33% on cost
Motor Vehicles	-	33% on cost

Deferred Tax

Deferred tax is recognised in respect of all timing differences that we have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and lease commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contributions pension scheme. Contributions payable for the year are charged in the profit and loss account.

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2. Turnover

The turnover and profit before taxation are attributable to the one principal activity of the company.
 An analysis of the turnover by geographical market is given below:

	2013 £	2012 £
United Kingdom	-	7,637,816
	<u>-</u>	<u>7,637,816</u>

3. Analysis of operations

	Continuing £	2013 Discontinued £	Total £
Cost of sales	-	-	-
Gross profit	-	-	-
Net operating expenses:			
Administrative expenses	-	-	-

	Continuing £	2012 Discontinued £	Total £
Cost of sales	-	3,729,755	3,729,755
Gross profit	-	3,908,061	3,908,061
Net operating expenses:			
Administrative expenses	-	3,494,651	3,494,651

4. Staff costs

	2013 £	2012 £
Wages and salaries	-	2,054,215
Social security costs	-	204,283
Other pension costs	-	27,918
	<u>-</u>	<u>2,286,416</u>

The average monthly number of employees during the year was as follows:

2013	2012
<u>-</u>	<u>113</u>

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5. Directors' remuneration

	2013	2012
	£	£
Directors' remuneration	-	167,555
Directors' pension contributions to money purchase schemes	-	3,067

For the current year the directors of the company are also directors of the holding company and fellow subsidiaries. The directors received total remuneration for the year of £307,000 all of which was paid by other group companies in the UK. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the holding and fellow subsidiary companies.

The number of directors who accrued benefits under company pension schemes was as follows:

	2013	2012
	£	£
Money purchase schemes	-	2

6. Operating Profit

The operating profit is stated after charging:

	2013	2012
	£	£
Other operating leases	-	21,947
Depreciation – owned assets	-	435,042
Depreciation – assets on hire purchase contracts	-	85,549
Auditors' remuneration (see note 7)	-	7,200

7. Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered:

	2013	2012
	£	£
Audit of financial statements	4,000	-
Audit of financial statements by previous auditors	-	5,800
Non-audit work by previous auditors	-	1,400
	4,000	7,200

The audit fee is borne by a fellow group company, National Oilwell Varco UK Limited.

8. Profit on disposal of plant and machinery

	2013	2012
	£	£
Profit on disposal of plant and machinery	-	6,772

The tax effect of the profit on disposal of plant and machinery is £1,761.

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9. Profit on disposal of business

	2013	Restated 2012
	£	£
Profit on disposal of business	-	391,567

On 31 March 2012, the whole trade, assets and liabilities of the company with a value of £3,042,087, were transferred to a fellow group company, National Oilwell Varco UK limited for a consideration of £3,433,654, recognising a profit of £391,567.

The tax effect of the profit on disposal of the business is £nil.

10. Prior year adjustment

In the 2012 financial statements, the transfer consideration for the sale of the company's trade, assets and liabilities was understated. As a result the consideration requires restating recognising an increased debtor balance and recognising a profit on disposal of the business.

	Per 2012 financial statements £	Correction arising on review of business transfer agreement £	Restated 2012 financial statements £
Profit and loss account			
Disposal of business	(123,939)	515,506	391,567
Balance sheet			
Debtors	2,718,148	715,506	3,433,654
Creditors: amounts falling due after more than one year	-	(200,000)	(200,000)
Profit and loss account reserve	2,218,148	515,506	2,733,654

11. Interest payable and similar charges

	2013 £	2012 £
Bank interest	-	39,821
Bank loan interest	-	23,323
Other interest	-	(3,211)
Breakage fee and interest	-	156,836
Hire purchase	-	46,967
	-	263,736

12. Taxation

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2013 £	2012 £
Current tax:		
UK corporation tax	-	23,377
Deferred tax – Capital allowances in advance of depreciation	-	22,786
Tax on profit on ordinary activities	-	46,163

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12. Taxation (continued)

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	<i>2013</i>	<i>Restated 2012</i>
	<i>£</i>	<i>£</i>
Profit on ordinary activities before tax	-	548,013
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24% (2012 – 26%)	-	131,523
Effects of:		
Income not taxable for tax purposes	-	(123,071)
Depreciation in excess of/(less than) capital allowances	-	15,468
Expenses not deductible for tax purposes	-	823
Other timing differences	-	(1,366)
Current tax charge	-	23,377

13. Debtors

	<i>2013</i>	<i>Restated 2012</i>
	<i>£</i>	<i>£</i>
Amounts due by parent and other group undertakings	3,433,654	3,433,654

14. Creditors

	<i>2013</i>	<i>Restated 2012</i>
	<i>£</i>	<i>£</i>
Amounts falling due after more than one year:		
Preference shares	200,000	200,000

15. Share capital

	<i>2013</i>	<i>2012</i>	<i>2013</i>	<i>2012</i>
	<i>No</i>	<i>No</i>	<i>£</i>	<i>£</i>
Ordinary Class A shares of £1 each	500,000	500,000	500,000	500,000
Preference Shares of £1 each	200,000	200,000	200,000	200,000

The preference shares are included in creditors in accordance with FRS 25.

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16. Dividends

	2013 £	2012 £
<i>Declared and paid during the year</i>		
Equity dividends per ordinary share:		
Interim: 10.72p	-	53,600
	-	53,600

17. Reserves

	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Total shareholders' funds</i> £
Balance at 31 March 2012	500,000	2,218,148	2,718,148
Prior year adjustment	-	515,506	515,506
Balance at 31 March 2012 restated	500,000	2,733,654	3,233,654
Balance at 31 March 2013	500,000	2,733,654	3,233,654

18. Related party disclosures

The company has taken advantage of the exemption provided in Financial Reporting Standard No. 8 "Related Party Disclosures", not to disclose transactions with wholly owned entities which form part of the group.

There were no other related party transactions during the year.

19. Ultimate parent company

The company's immediate parent undertaking is National Oilwell Varco UK Limited, a company incorporated in England.

The Company's ultimate parent company is National Oilwell Varco, Inc., a company incorporated in the United States of America. The consolidated accounts of National Oilwell Varco, Inc. are those of the smallest and largest group of which the company is a member and for which group accounts are prepared. Copies of these accounts are available from its principal office at 7909 Parkwood Circle Drive, Houston, Texas, 77036, USA.