



Scott-Moncrieff
business advisers and accountants

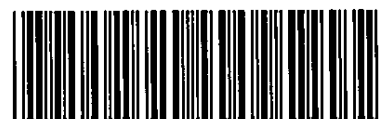
APL (UK) LIMITED

Company registration number SC295399

Financial Statements

For the year ended 31 December 2012

THURSDAY



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APL (UK) LIMITED

Financial statements for the year ended 31 December 2012

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APL (UK) LIMITED

Directors, officers and advisers

Directors

S G Valentine
C P O'Neil

Secretary and registered office

A J Fleming
National Oilwell Varco UK Limited
Badentoy Crescent
Aberdeen
AB12 4YD

Registered number

SC295399

Auditor

Scott-Moncrieff
Exchange Place 3
Semple Street
Edinburgh
EH3 8BL

Bankers

Barclays Bank PLC
163 -165 Union Street
Aberdeen
AB11 6SL

APL (UK) LIMITED

Directors' report for the year ended 31 December 2012

The directors present their report and the financial statements of the company for the year ended 31 December 2012.

Review of the business

The principal activity of the company is the provision of consultancy, engineering and market services.

On 30 April 2013, the whole trade, assets and liabilities of the company were transferred to a fellow group company, National Oilwell Varco UK Limited. The business now trades as APL UK, a division of National Oilwell Varco UK Limited and the company ceased to trade at that date.

Results and dividends

The results for the year are shown on the profit and loss account on page 6. The profit for the year after taxation was £364,271 (2011: £81,591).

No dividends were paid during the year (2011: £Nil).

Directors

The current directors are shown on page 1.

P S Steiner was a director before resigning on 16 January 2012.

Directors' responsibilities statement

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 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
- 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 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.

Disclosure of information to auditor

To the knowledge and belief of each of the persons who are directors at the time the report is approved:

- so far as the directors are aware, there is no relevant information of which the company's auditor is unaware, and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant information, and to establish that the company's auditor is aware of the information.

APL (UK) LIMITED

Directors' report for the year ended 31 December 2012

Auditor

The auditor, Scott-Moncrieff, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Signed on behalf of the board



C P O'Neil
Director

Approved by the Board on 13 JUNE 2013

APL (UK) LIMITED

Independent auditor's report to the members of APL (UK) Limited

We have audited the financial statements of APL (UK) Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 set out on page 2, 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 Practice's Board's (APB'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 directors' 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 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.

Emphasis of matter

We draw attention to notes 1 and 20 to the accounts which disclose that the company ceased to be a going concern when its trade, assets and liabilities were transferred to its parent company.

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.

APL (UK) LIMITED

Independent auditor's report to the members of APL (UK) Limited

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.

Donald C Forsyth

Donald C Forsyth (Senior Statutory Auditor)
for and on behalf of Scott-Moncrieff, Statutory Auditor
Chartered Accountants
Exchange Place 3
Sempie Street
Edinburgh
EH3 8BL

Date: 13 June 2013

APL (UK) LIMITED

Profit and loss account for the year ended 31 December 2012

	<u>Notes</u>	<u>2012</u> £	<u>2011</u> £
Turnover	2	4,508,488	2,161,680
Cost of sales		(3,268,672)	(1,251,210)
Gross profit		1,239,816	910,470
Administrative expenses		(693,895)	(696,714)
Other operating income	3	11,227	10,200
Operating profit	4	557,148	223,956
Other interest receivable and similar income		739	206
Interest payable and similar charges		(70,798)	(139,356)
Profit on ordinary activities before taxation		487,089	84,806
Taxation on profit on ordinary activities	7	(122,818)	(3,215)
Profit for the financial year	15	364,271	81,591

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There were no recognised gains or losses other than those included in the profit and loss account.

The notes on pages 8 to 14 form part of these financial statements.

APL (UK) LIMITED

Balance sheet at 31 December 2012

	<u>Notes</u>	<u>2012</u> £	<u>2011</u> £
Fixed assets			
Tangible assets	8	333,679	417,141
Current assets			
Stock	9	591,222	1,190,634
Debtors	10	365,225	174,723
Cash at bank and in hand		1,518,599	1,057,920
		<u>2,475,046</u>	<u>2,423,277</u>
Creditors: amounts falling due within one year	11	<u>(2,037,684)</u>	<u>(2,443,375)</u>
Net current assets/(liabilities)		<u>437,362</u>	<u>(20,098)</u>
Total assets less current liabilities		<u>771,041</u>	<u>397,043</u>
Provision for liabilities	12	-	(2,046)
Deferred income	13	<u>(52,573)</u>	<u>(40,800)</u>
Net assets		<u><u>718,468</u></u>	<u><u>354,197</u></u>
Capital and reserves			
Called up share capital	14	100	100
Profit and loss account	15	718,368	354,097
		<u>718,468</u>	<u>354,197</u>
Shareholders' funds	16	<u><u>718,468</u></u>	<u><u>354,197</u></u>

The financial statements were approved and authorised for issue by the board of directors on 13th Jan 2013 and signed on its behalf by:


C P O'Neil
Director

Company Registration No: SC295399

The notes on pages 8 to 14 form part of these financial statements.

1 Accounting policies**Basis of accounting**

As described in note 20, the company ceased to be a going concern when its assets, liabilities and trade were transferred at 30 April 2013. As a result, assets and liabilities are stated at their recoverable amounts.

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with applicable accounting standards.

On 30 April 2013, the whole trade, assets and liabilities of the company were transferred to a fellow group company, National Oilwell Varco UK Limited. The business now trades as APL UK, a division of National Oilwell Varco UK Limited and the company ceased to trade at that date.

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirements to prepare such a statement under Financial Reporting Standard 1 'Cash Flow Statements'.

Turnover

Turnover, related costs and attributable profit are recognised as contract activity progresses. Long term work in progress is recognised at sales value. Excess of payments received over turnover is disclosed as "payments on account on long term contracts" and is included within creditors.

Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the full cost or valuation less estimated residual value of each asset over its estimated useful life. The principal rates in use are:

Workshop	20%	reducing balance
Equipment, fixtures and fittings	20%	reducing balance
Office equipment	20%	reducing balance

Stocks

Stock is valued at the lower of cost and estimated net realisable value, after making allowance for obsolete and slow moving stock.

Long term contracts

Turnover, related costs and attributable profit are recognised as contract activity progresses. Long term work in progress is recognised at sales value. Excess of payments received over turnover is disclosed as "payments on account on long term contracts" and is included within creditors.

Deferred taxation

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

A deferred tax asset is regarded as recoverable and therefore recognised only 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 timing differences can be deducted.

Deferred tax is measured on a nondiscounted basis, at the average tax 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.

Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

APL (UK) LIMITED

Notes to the financial statements for the year ended 31 December 2012

1 Accounting policies (continued)

Foreign currency translation

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 rate differences are taken into account in arriving at the operating results.

Hire purchase and lease transactions

Assets acquired under hire purchase agreements and finance leases are capitalised in the balance sheet and are depreciated over the life of the asset or lease as appropriate. The outstanding liabilities under such agreements, less interest not yet due, are included in creditors. Interest on such agreements is charged to the profit and loss account evenly over the term of each agreement.

Rentals under operating leases are charged to the profit and loss account as they fall due.

Pension scheme

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

2 Turnover

The turnover is attributable to the one principal activity of the company. An analysis of turnover attributable to markets outside of the UK is as follows:

	<u>2012</u> £	<u>2011</u> £
Turnover analysed by geographical area		
Asia	3,371,833	1,941,792
Europe	1,136,655	219,888
	<u>4,508,488</u>	<u>2,161,680</u>

3 Other operating income

	<u>2012</u> £	<u>2011</u> £
Deferred government grants released	11,227	10,200

4 Operating profit

This is stated after charging:

	<u>2012</u> £	<u>2011</u> £
Depreciation of owned assets	82,821	103,482
Depreciation of assets under finance leases and HP	641	803
Auditor's remuneration - Audit fee	6,800	6,500
Operating lease rentals - plant and machinery	6,629	5,878
Operating lease rentals - land & buildings	46,890	68,500
Foreign exchange losses	59,113	1,423

APL (UK) LIMITED

Notes to the financial statements for the year ended 31 December 2012

5 Employee information

	<u>2012</u> £	<u>2011</u> £
Staff costs:		
Wages and salaries	312,465	334,167
Social security costs	32,831	37,887
Other pension costs	21,577	25,515
	<u>366,873</u>	<u>397,569</u>

The average number of persons employed during the year, including executive directors, was made up as follows:

	<u>2012</u> Number	<u>2011</u> Number
Management	1	1
Administrative	5	5
	<u>6</u>	<u>6</u>

6 Directors' emoluments

	<u>2012</u> £	<u>2011</u> £
Emoluments	-	142,237
Company contributions to defined contribution pension schemes	-	9,993
	<u>-</u>	<u>152,230</u>

Two of the directors of the company are also directors of fellow subsidiaries. These directors received total remuneration for the year £310,000 (2011: £373,000), 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.

7 Taxation on profit on ordinary activities

	<u>2012</u> £	<u>2011</u> £
United Kingdom corporation tax at 24.5% (2011: 26.5%)	121,463	23,063
Adjustments in respect of previous years	4,096	-
Total current tax	<u>125,559</u>	<u>23,063</u>
Deferred tax		
Originating and reversal of timing differences	(1,921)	(19,848)
Adjustments in respect of previous periods	(820)	-
	<u>(2,741)</u>	<u>(19,848)</u>
Tax on profit on ordinary activities	<u>122,818</u>	<u>3,215</u>

APL (UK) LIMITED

Notes to the financial statements for the year ended 31 December 2012

7 Taxation on profit on ordinary activities (continued)

Factors affecting tax charge for the period

	<u>2012</u> £	<u>2011</u> £
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	119,337	22,473
Effects of:		
Capital allowances in excess of depreciation	1,941	590
Expenditure disallowed	185	-
Adjustments in respect of previous years	4,096	-
	<u>125,559</u>	<u>23,063</u>
Current tax charge for the year		

Factors that may affect future tax charges

UK Corporation tax is calculated at 24.5% (2011: 26.5%) of the estimated assessable profit for the year.

In the Budget of June 2010, it was announced that the full rate of UK corporation tax would be reduced by 1% per year for four years starting from 1 April 2011, ultimately bringing the corporation tax rate down to 24%. In addition, it was proposed to reduce the main rate of capital allowances from 20% to 18%.

In the Budget of March 2011, it was further announced that the full rate of UK corporation tax would instead reduce by 2% to 26% effective from 1 April 2011 and then 1% per year for three years thereafter, ultimately bringing the corporation tax rate down to 23%.

In the Budget of March 2012, it was further announced that the full rate of UK corporation tax would be reduced to 24% effective from 1 April 2012 and then 1% per year for two years thereafter, ultimately bringing the corporation tax rate down to 22%.

In addition to the Budget 2012 announcement, the full rate of UK corporation tax effective from 1 April 2014 will be reduced by a further 1% to 21%. In addition the Annual Investment Allowance will be increased from £25,000 to £250,000 per annum for a two year period commencing from 1 January 2013. As at 3 July 2012 the reduction in the UK corporation tax rate to 23% was substantively enacted and has been applied to the deferred tax calculations in these accounts.

The Budget 2013 announced an additional 1% cut to the CT main rate for the year beginning 1 April 2015, ultimately bringing the corporation tax down to 20%.

APL (UK) LIMITED

Notes to the financial statements for the year ended 31 December 2012

8 Tangible fixed assets

	<u>Workshop</u> £	<u>Equipment fixtures and fittings</u> £	<u>Office equipment</u> £	<u>Total</u> £
Cost				
At 1 January 2012 and 31 December 2012	<u>634,637</u>	<u>11,097</u>	<u>6,774</u>	<u>652,508</u>
Depreciation				
At 1 January 2012	225,836	5,971	3,560	235,367
Charge for the year	81,796	1,024	642	83,462
At 31 December 2012	<u>307,632</u>	<u>6,995</u>	<u>4,202</u>	<u>318,829</u>
Net book value				
At 31 December 2012	<u>327,005</u>	<u>4,102</u>	<u>2,572</u>	<u>333,679</u>
At 31 December 2011	<u>408,801</u>	<u>5,126</u>	<u>3,214</u>	<u>417,141</u>

The net book value of the workshop at 31 December 2012 is made up as follows:

	<u>2012</u> £	<u>2011</u> £
Leasehold improvements	<u>327,005</u>	<u>408,801</u>

9 Stocks

	<u>2012</u> £	<u>2011</u> £
Raw materials	480,445	861,631
Work in progress	110,777	329,003
	<u>591,222</u>	<u>1,190,634</u>

10 Debtors

	<u>2012</u> £	<u>2011</u> £
Amounts owed by group undertakings	54,440	148,082
Prepaid expenses and accrued income	11,086	5,681
VAT debtor	88,606	20,960
Deferred tax	695	-
Amounts recoverable on long term contracts	210,398	-
	<u>365,225</u>	<u>174,723</u>

APL (UK) LIMITED

Notes to the financial statements for the year ended 31 December 2012

11 Creditors: amounts falling due within one year

	<u>2012</u> £	<u>2011</u> £
Trade creditors	146,268	201,167
Amounts owed to group undertakings	1,753,951	1,507,342
Corporation tax	122,622	23,063
Payments on account on long-term contracts	-	691,964
Accruals	14,843	19,839
	<u>2,037,684</u>	<u>2,443,375</u>

12 Provisions for liabilities

	<u>2012</u> £	<u>2011</u> £
Deferred tax		
Accelerated capital allowances	(695)	2,046
	<u>2,046</u>	
Provision at start of year	(2,741)	
Deferred tax charge in profit and loss account for year (note 7)	<u>(695)</u>	
Asset at end of year included in debtors (note 10)	<u>(695)</u>	

13 Deferred income

	<u>2012</u> £	<u>2011</u> £
At 1 January 2012	40,800	24,000
Deferred grant income received during the year	23,000	27,000
Released to profit and loss account	(11,227)	(10,200)
At 31 December 2012	<u>52,573</u>	<u>40,800</u>

14 Called-up share capital

	<u>2012</u> £	<u>2011</u> £
Allotted, called up and fully paid		
Equity shares:		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

15 Reserves

	<u>Profit and loss account</u> £
At 1 January 2012	354,097
Profit for the year	<u>364,271</u>
At 31 December 2012	<u>718,368</u>

APL (UK) LIMITED

Notes to the financial statements for the year ended 31 December 2012

16 Reconciliation of movement in shareholders' funds

	<u>2012</u> £	<u>2011</u> £
Profit for the year	364,271	81,591
Shareholders' funds at 1 January 2012	<u>354,197</u>	<u>272,606</u>
Shareholders' funds at 31 December 2012	<u><u>718,468</u></u>	<u><u>354,197</u></u>

17 Leasing commitments

Operating leases

The company's annual commitments for rental payments under non-cancellable operating leases at 31 December 2012 are as set out below:

	<u>2012</u> <u>Land and</u> <u>buildings</u> £	<u>2011</u> <u>Land and</u> <u>buildings</u> £
Operating leases which expire:		
Within one year	-	34,250
Over five years	<u>68,500</u>	<u>-</u>
	<u><u>68,500</u></u>	<u><u>34,250</u></u>

18 Ultimate parent company

The company's immediate parent undertaking is APL Norway AS, a company incorporated in Norway. The company's ultimate parent undertaking is National Oilwell Varco, Inc., a company incorporated in 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.

19 Related parties

The company has taken advantage of the exemption available under the Financial Reporting Standard 8 'Related Party Disclosures' from disclosing transactions with other wholly owned entities which form part of the group.

20 Post balance sheet events

On 30 April 2013, the whole trade, assets and liabilities of the company were transferred to a fellow group company, National Oilwell Varco UK Limited. The business now trades as APL UK, a division of National Oilwell Varco UK Limited and the company ceased to trade at that date.