

# **ERT Camelot Limited**

## **Report and Financial Statements**

31 December 2014

WEDNESDAY



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15/07/2015

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COMPANIES HOUSE

**Directors**

O Kratz  
A Johnson  
A Tripodo

**Secretary**

Pinsent Masons Secretarial Ltd  
1 Park Row  
Leeds LS2 5AB

**Auditors**

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

**Solicitors and Registered Office**

Pinsent Masons Ltd  
13 Queen's Road  
Aberdeen AB15 4YL

Registered No. SC301741

## **Directors' report**

The directors present their report and financial statements for the year ended 31 December 2014.

### **Results and dividends**

The profit for the year after taxation amounted to £164,000 (2013 – loss of £132,000). The directors do not recommend a final dividend (2013 – £nil).

### **Principal activity and review of the business**

The principal activity of the company during the year was the ongoing completion of the remaining decommissioning activities required by the UK Government, before this obligation is removed in 2016 after the required final survey.

### **Future developments**

There are no future developments for Camelot as this installation was removed in July 2012. Remaining work left on site encompasses a final pipeline survey in 2016.

### **Going concern**

The financial statements have been prepared under the going concern basis. The directors believe this basis to be appropriate as the parent undertaking has provided the company with an undertaking that for at least a year from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company to allow it to continue in operational existence and to meet its liabilities as they fall due for payment. It has further undertaken that it will act to ensure that repayment is not sought for at least a year from the date of signature of these financial statements of the amounts currently made available to the company by fellow group undertakings. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from this basis of preparation being inappropriate.

### **Directors**

The directors who served the company during the year were as follows:

O Kratz  
A Johnson  
A Tripodo

### **Directors' liabilities**

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

### **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 information 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/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Registered No. SC301741

## Directors' report

### Auditors

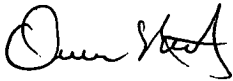
A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

### Small company exemptions

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime within part 15 of the Companies Act 2006.

In accordance with section 414B of the Companies Act 2006 (Strategic and Directors' Report) Regulations 2013, the company has taken exemption from preparing a separate Strategic Report.

On behalf of the Board



Owen Kratz

Director

8<sup>TH</sup> JULY 2015

## 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 judgments 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; 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 auditors' report**

## **to the members of ERT Camelot Limited**

We have audited the financial statements of ERT Camelot Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 14. 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 4, 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 (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 Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on 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 December 2014 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.

### **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.

# **Independent auditors' report**

**to the members of ERT Camelot Limited (continued)**

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of small companies exemption in not preparing the Strategic Report.

*Ernst & Young LLP*

Moirra Ann Lawrence (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP (Statutory Auditor)  
Aberdeen

9 JULY 2015

## Profit and loss account

for the year ended 31 December 2014

|   |       | 2014 | 2013  |
|---|-------|------|-------|
|   | Notes | £000 | £000  |
| Cost of sales   |       | 202  | (38)  |
| <b>Gross profit/(loss)</b>                                |       | 202  | (38)  |
| Administrative expenses                                   |       | (38) | (94)  |
| <b>Operating profit/(loss)</b>                            | 2     | 164  | (132) |
| <b>Profit/loss on ordinary activities before taxation</b> |       | 164  | (132) |
| Tax   | 5     | -    | -     |
| <b>Profit/(loss) for the financial year</b>               | 11    | 164  | (132) |

All amounts relate to continuing activities.

## Statement of total recognised gains and losses

for the year ended 31 December 2014

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £164,000 in the year ended 31 December 2014 (2013 – loss of £132,000).



## Balance sheet

at 31 December 2014

|  | Notes | 2014<br>£000 | 2013<br>£000 |
|--|-------|--------------|--------------|
| <b>Fixed assets</b>  |       |              |              |
| Tangible assets  | 6     | -            | -            |
|  |       | -            | -            |
| <b>Current assets</b>  |       |              |              |
| Debtors  | 7     | 2,187        | 2,238        |
|  |       | 2,187        | 2,238        |
| <b>Creditors:</b> Creditors: amounts falling due within one year | 8     | (13,970)     | (13,962)     |
| Provision for liabilities  | 9     | (112)        | (335)        |
| <b>Net current liabilities</b>                                   |       | (14,082)     | (14,297)     |
| <b>Total assets less current liabilities</b>                     |       | (11,895)     | (12,059)     |
| <b>Net liabilities</b>   |       | (11,895)     | (12,059)     |
| <b>Capital and reserves</b>                                      |       |              |              |
| Called up share capital  | 10    | 9,125        | 9,125        |
| Profit and loss account  | 11    | (21,020)     | (21,184)     |
| <b>Deficit in shareholders' funds</b>                            | 11    | (11,895)     | (12,059)     |

These financial statements were approved by the Board of Directors on 8<sup>TH</sup> July 2015 and were signed on its behalf by:



Owen Kratz  
Director

## Notes to the financial statements

at 31 December 2014

### 1. Accounting policies

#### ***Basis of preparation***

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

In addition to the requirements of accounting standards the accounting for exploration and production activities is governed by the Statement of Recommended Practice (SORP) 'Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities' issued by the UK Oil Industry Accounting Committee on 7 June 2011.

#### ***Going concern***

The company is dependent on continuing finance being made available by its parent undertaking to enable it to continue operating and to meet its liabilities as they fall due. The parent undertaking has agreed to provide sufficient funds to the company for these purposes. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result, should continuing finance cease to be made available.

#### ***Statement of cash flows***

The company is a wholly owned subsidiary of Helix Energy Solutions Group, Inc and as a result it has taken advantage of the exemption in Financial Reporting Standards 1 (Revised) to not publish a statement of cash flows. A group statement of cash flows is included in the annual report and financial statements of Helix Energy Solutions Group, Inc.

#### ***Oil and natural gas exploration and development expenditure***

Oil and natural gas exploration and development expenditure is accounted for using the successful efforts method of accounting.

#### ***Licence and property acquisition costs***

Acquisitions of producing properties are recorded at the value exchanged at completion together with an estimate of our proportionate share of the discounted decommissioning liability assumed in the purchase based upon the working interest ownership percentage. Exploration licence and property leasehold acquisition costs are initially capitalised within intangible fixed assets. Upon determination of economically recoverable reserves ('proved reserves' or 'commercial reserves') the costs are aggregated with exploration expenditure and held on a field-by-field basis within intangible fixed assets. When development is sanctioned, the relevant expenditure is transferred to tangible production assets.

#### ***Exploration expenditure***

Geological and geophysical exploration costs are charged against income as incurred. Costs directly associated with an exploration well are capitalised as an intangible asset until the drilling of the well is complete and the results have been evaluated. If hydrocarbons are not found, the exploration expenditure is written off as a dryhole. If hydrocarbons are found and, subject to further appraisal activity, are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to regular technical, commercial and management review to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proved reserves of oil and natural gas are determined and development is sanctioned, the relevant expenditure is transferred to tangible production assets.

#### ***Development expenditure***

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells is capitalised within tangible assets.

## Notes to the financial statements

at 31 December 2014

### 1. Accounting policies (continued)

#### ***Decommissioning***

Provision for decommissioning is recognised in full on the installation of oil and natural gas production facilities. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding tangible fixed asset of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the capital costs of the production and transportation facilities. Any change in estimated expenditure is reflected as an adjustment to the provision and the fixed asset.

#### ***Depreciation and depletion***

Oil and gas production assets are depreciated using a unit-of-production method. All oil and gas assets are depreciated over proved developed reserves; this includes licence acquisition and decommissioning field costs. The field development costs subject to depreciation are expenditures incurred to date to access the total proved reserves. Other tangible assets, with the exception of freehold land, are depreciated on the straight line method over their estimated useful lives.

Intangible assets are not depreciated. The company undertakes a review for impairment of a fixed asset or goodwill if events or changes in circumstances indicate that the carrying amount of the fixed asset or goodwill may not be recoverable. To the extent that the carrying amount exceeds the recoverable amount, that is, the higher of net realisable value and value in use, the fixed asset or goodwill is written down to its recoverable amount. The value in use is determined from estimated discounted future net cash flows.

#### ***Maintenance expenditure***

Expenditure on major maintenance, refits or repairs is capitalised where it: enhances the performance of an asset above its originally assessed standard of performance; replaces an asset or part of an asset which was separately depreciated and is then written off; or restores the economic benefits of an asset which has been fully depreciated. All other maintenance expenditure is expensed as incurred.

#### ***Changes in unit-of-production factors***

Changes in factors which affect unit-of-production calculations are dealt with prospectively, not by immediate adjustment of prior years' amounts.

#### ***Deferred taxation***

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exception:

- 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 the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### ***Foreign currencies***

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

## Notes to the financial statements

at 31 December 2014

### 1. Accounting policies(continued)

#### *Discounting*

The unwinding of the discount on provisions is included within interest expense. Any change in the amount recognised for environmental and other provisions arising through changes in discount rates is included within interest expense.

Discounting is applied when the company believes that the present value of the expenditures is expected to be materially different from the undiscounted amount.

### 2. Operating profit/(loss)

This is stated after charging/(crediting):

|                                 | 2014<br>£000 | 2013<br>£000 |
|---------------------------------|--------------|--------------|
| Auditors' remuneration (note 3) | <u>9</u>     | <u>9</u>     |
| Depreciation and impairment     | <u>(181)</u> | <u>38</u>    |

During 2014 the decommissioning estimate decreased by £181,000 due to reduced estimated future survey costs.

### 3. Auditor's remuneration

|                                   | 2014<br>£000 | 2013<br>£000 |
|-----------------------------------|--------------|--------------|
| Audit of the financial statements | <u>8</u>     | <u>8</u>     |
| Total audit                       | <u>8</u>     | <u>8</u>     |
| Taxation compliance services      | <u>1</u>     | <u>1</u>     |
| Total non-audit services          | <u>1</u>     | <u>1</u>     |
|                                   | <u>9</u>     | <u>9</u>     |

Audit fee is paid by Energy Resource Technology (UK) Limited.

### 4. Directors' remuneration and staff costs

The directors of the company are also directors of the holding company or fellow subsidiaries. All directors' contracts of employment are held within another group company.

The directors' remuneration is paid by the ultimate parent undertaking. The directors do not believe that it is practical to apportion this amount between their services as directors of the company and their services as directors of the holding and fellow companies.

The company had no employees in the current year.

## Notes to the financial statements

at 31 December 2014

### 5. Tax

(a) Tax on profit/(loss) on ordinary activities

The tax credit is made up as follows:

|  | 2014<br>£000 | 2013<br>£000 |
|--|--------------|--------------|
| <b>Current tax:</b>                                      |              |              |
| UK ring fence corporation tax at 30% (2013 – 30%)        | 49           | 165          |
| Adjustments to tax charge in respect of previous periods | (49)         | (165)        |
| Total current tax (note 5(b))                            | -            | -            |
| <b>Deferred tax:</b>                                     |              |              |
| Adjustment in respect of previous period                 | -            | (22)         |
| Origination and reversal of timing differences           | -            | 29           |
| Effect of changes in tax rates                           | -            | (7)          |
| Total deferred tax (note 5(c))                           | -            | -            |
| Tax on loss on ordinary activities                       | -            | -            |

(b) Factors affecting the current tax credit for the year

The tax assessed for the year differs from the standard ring fence rate of corporation tax in the UK of 30% (2013 – 30%). The differences are explained below:

|   | 2014<br>£000 | 2013<br>£000 |
|---|--------------|--------------|
| Profit/(loss) on ordinary activities before tax   | 164          | (132)        |
| Profit/(loss) on ordinary activities before tax multiplied by standard rate of ring fence corporation tax in the UK of 30% (2013 – 30%) | 49           | (40)         |
| <b>Effects of:</b>  |              |              |
| Other timing differences  | (61)         | (153)        |
| Utilisation of tax losses   | 12           | 28           |
| Adjustments to tax charge in respect of previous periods  | -            | 165          |
| Current tax for the year (note 5(a))  | -            | -            |

## Notes to the financial statements

at 31 December 2014

### 5. Tax (continued)

(c) Deferred tax

|                                       | 2014<br>£000 | 2013<br>£000 |
|---------------------------------------|--------------|--------------|
| Deferred tax charge in P&L for period | -            | 22           |
| Adjustment in respect of prior years  | -            | (22)         |
| Other timing differences              | (22)         | (67)         |
| Tax losses                            | (620)        | (612)        |
| Deferred tax asset not recognised     | 642          | 679          |
| Deferred tax                          | -            | -            |

No deferred tax asset has been recognised as it is unlikely that there will be future taxable profits from which the future reversal of the underlying timing differences can be deducted.

(d) Factors that may affect future tax charges

There are no other significant future events foreseen that will have an impact on the effective rate.

### 6. Tangible fixed assets

|   | <i>Oil and gas<br/>properties</i><br>£000 |
|---|---|
| Cost:                                     |   |
| At 1 January 2014                         | 19,167                                    |
| Change in decommissioning provision       | (181)                                     |
| At 31 December 2014                       | 18,986                                    |
| Depreciation, depletion and amortisation: |   |
| At 1 January 2014                         | (19,167)                                  |
| Impairment for the year                   | 181                                       |
| At 31 December 2014                       | (18,986)                                  |
| Net book value:                           |   |
| At 31 December 2014                       | -   |
| At 1 January 2014                         | -   |

### 7. Debtors

|                                    | 2014<br>£000 | 2013<br>£000 |
|------------------------------------|--------------|--------------|
| Amounts owed by group undertakings | 2,187        | 2,238        |
|                                    | 2,187        | 2,238        |

## Notes to the financial statements

at 31 December 2014

### 8. Creditors: amounts falling due within one year

|                                   | 2014          | 2013          |
|-----------------------------------|---------------|---------------|
|                                   | £000          | £000          |
| Amounts due to group undertakings | 13,954        | 13,934        |
| Accruals                          | 16            | 28            |
|                                   | <u>13,970</u> | <u>13,962</u> |

### 9. Provisions for liabilities

|                         | De-commissioning provision: £000 |
|-------------------------|----------------------------------|
| At 1 January 2014       | 335                              |
| Change in cost estimate | (181)                            |
| Utilised                | (42)                             |
| At 31 December 2014     | <u>112</u>                       |

During 2014 the decommissioning estimate decreased by £181,000 due to reduced estimated future survey costs. The provision has been estimated using existing technology, at current prices where a final survey will be conducted in 2016.

### 10. Issued share capital

|   | No.       | 2014<br>£000 | No.       | 2013<br>£000 |
|---|-----------|--------------|-----------|--------------|
| <i>Allotted, called up and fully paid</i> |           |              |           |              |
| Ordinary shares of £1 each                | 9,125,000 | <u>9,125</u> | 9,125,000 | <u>9,125</u> |

### 11. Reconciliation of shareholders' funds and movements on reserves

|                     | Share capital<br>£000 | Profit and loss account<br>£000 | Total share-holders' funds<br>£000 |
|---------------------|-----------------------|---------------------------------|------------------------------------|
| At 1 January 2013   | 9,125                 | (21,052)                        | (11,927)                           |
| Loss for the year   | -                     | (132)                           | (132)                              |
| At 1 January 2014   | 9,125                 | (21,184)                        | (12,059)                           |
| Profit for the year | -                     | 164                             | 164                                |
| At 31 December 2014 | <u>9,125</u>          | <u>(21,020)</u>                 | <u>(11,895)</u>                    |

## Notes to the financial statements

at 31 December 2014

### 12. Contingent liabilities

An irrevocable letter of credit was issued by Helix Energy Solutions Group for \$30,000,000 in May 2010 on behalf of ERT Camelot Limited and ERT UK Limited. This was reduced to \$1,500,000 from 3 July 2014.

The letter of credit was issued in favour of counter parties under agreements for the decommissioning of the Camelot Field.

### 13. Related party transactions

The company has taken advantage of the 100% subsidiary exemption under FRS 8(3) not to disclose related party transactions with other wholly owned members of the group.

### 14. Ultimate parent undertaking and controlling party

The company is a subsidiary undertaking of Helix Energy Solutions Group, Inc which is registered in the USA. The group financial statements of this group may be obtained from 3505 W Sam Houston, Parkway North Suite 400, Houston, Texas 77043. It should be noted that 65% of the shares owned by Helix Energy Solutions Group, Inc are pledged to Bank of America should the parent not meet agreed covenants.

Helix Energy Solutions Group is also the ultimate parent undertaking and controlling party.