
M-I Swaco (UK) Limited
Registration Number: SC236479

Annual report and financial statements
For the year ended 31 December 2017

COMPANIES HOUSE
EDINBURGH

28 SEP 2018

FRONT DESK



M-I Swaco (UK) Limited

Annual report and financial statements For the year ended 31 December 2017

Contents

Page

Officers and professional advisers

1

Strategic report

2

Directors' report

3

Directors' responsibilities statement

5

Independent auditor's report

6

Profit and loss account

9

Balance sheet

10

Statement of changes in equity

11

Notes to the financial statements

12

M-I Swaco (UK) Limited

Officers and professional advisers

Directors

S Smoker

D Marsh

Company secretary

S Smoker

Registered office

Peregrine House

Peregrine Road

Westhill Business Park

Westhill

Aberdeenshire

Scotland

AB32 6JL

Solicitors

Pinsent Masons LLP

13 Queens Road

Aberdeen

AB15 4YL

Independent auditor

Deloitte LLP

Statutory Auditor

Aberdeen

United Kingdom

M-I Swaco (UK) Limited

Strategic report for the year ended 31 December 2017

The directors present their Strategic report on the Company for the year ended 31 December 2017.

Principal activity and review of the business

The principal activity of the Company in prior years was the provision of business support services.

The Company did not trade in the current or prior year and the result reflected in the profit and loss account represents interest income and foreign currency exchange movement.

The profit for the year after taxation amounted to £107,000 (2016: Profit of £109,000).

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Schlumberger Limited group and are not managed separately. For an analysis of the principal risk factors affecting the Schlumberger Limited group, see item 1A, Risk Factors, in the 2017 Annual Report of Schlumberger Limited, copies of which can be obtained from www.slb.com.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

This report was approved by the Board of Directors on 27 September 2018 and signed on its behalf by:



D Marsh
27 September 2018
Director

M-I Swaco (UK) Limited

Directors' report for the year ended 31 December 2017

The directors present their annual report together with the audited financial statements of the Company for the year ended 31 December 2017.

Principal activities, review of the business, results, principal risks and uncertainties and key performance indicators

Details of these matters have been included in the Strategic report on page 2.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

I Jack (resigned 10 August 2018)

S Smoker

D Marsh

Financial risk management

Credit risk

The Company's credit risk is primarily attributable to its amounts due from fellow group companies. The directors consider the credit risk associated with these amounts to be minimal as supported by the financial position of the respective group companies.

Interest rate risk

The Company is exposed to interest rate risk from the possibility that changes in interest rates will affect future cash flows from its financial instruments, principally amounts due from group companies. Interest rate risk is managed at group level.

Foreign currency risk

The Company is exposed to foreign exchange risk, primarily with respect to turnover in US Dollars. The Company does not currently enter into financial instruments to mitigate this risk, as the contracts are generally short term in nature.

Dividends

The directors do not recommend the payment of a dividend (2016: £Nil).

Future developments

The Company does not trade and is expected to continue in its current form in the foreseeable future.

Going concern

The Company's net assets substantially comprise balances due from other group companies. The directors consider it appropriate to prepare the financial statement on a going concern basis as the Company is in an overall net assets position and therefore will be able to meet its liabilities as they fall due for the foreseeable future.

Disclosure of information to independent auditor

Each person who are directors of the Company at the date of approval of this report, confirms that:

- so far the directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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

M-I Swaco (UK) Limited

Directors' report for the year ended 31 December 2017 (continued)

Independent auditor

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.

This report was approved by the board on 27 September 2018 and signed on its behalf by:

D Marsh

D Marsh
Director
27 September 2018

M-I Swaco (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 year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting standards comprising FRS 102 "The Financial Reporting Standards" applicable in UK and Republic of Ireland and applicable law (United Kingdom Generally Accepted Accounting Practice).

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;
- 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 auditor's report to the members of M-I Swaco (UK) Limited

Opinion

In our opinion the financial statements of M-I Swaco (UK) Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
 - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 11.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of M-I Swaco (UK) Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent auditor's report to the members of M-I Swaco (UK) Limited (continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

L Cowie

Lyn Cowie CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Aberdeen, United Kingdom
27 September 2018

M-I Swaco (UK) Limited

Profit and loss account For the year ended 31 December 2017

	Note	2017 £'000	2016 £'000
Administrative income/(expense)		5	(10)
Operating income/(loss)	5	5	(10)
Interest receivable and similar income	7	—	127
Profit before taxation		132	138
Tax on profit	8	(25)	(27)
Profit for the financial year		107	109

The result for the current and prior year arises from continuing operations.

The Company did not have any other comprehensive income during the year or the preceding year and consequently has not presented a statement of comprehensive income.

The notes on pages 12 to 16 form part of these financial statements.

M-I Swaco (UK) Limited

Balance sheet

As at 31 December 2017

	Note	2017 £'000	2016 £'000
Current assets			
Debtors: amounts falling due within one year	9	10,931	10,804
		<u>10,931</u>	<u>10,804</u>
Creditors: amounts falling due within one year	10	(133)	(113)
Net current assets		<u>10,798</u>	<u>10,691</u>
Net assets		<u>10,798</u>	<u>10,691</u>
Capital and reserves			
Called-up share capital	11	-	-
Profit and loss account	11	10,798	10,691
Total shareholders' funds		<u>10,798</u>	<u>10,691</u>

The notes on pages 12 to 16 form part of these financial statements.

The financial statements of M-I Swaco (UK) Limited, (registered number SC236479), were approved by the board of directors, and authorised for issue on 27 September 2018 and were signed on the Board's behalf by:



S Smoker
Director
27 September 2018

M-I Swaco (UK) Limited

Statement of changes in equity For the year ended 31 December 2017

	Note	Called-up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance at 1 January 2016	11	-	10,582	10,582
Profit for the year and total comprehensive income		-	109	109
Balance at 31 December 2016		-	10,691	10,691
Balance as at 1 January 2017	11	-	10,691	10,691
Profit for the year and total comprehensive income		-	107	107
Balance at 31 December 2017		-	10,798	10,798

The notes on pages 12 to 16 form part of these financial statements.

M-I Swaco (UK) Limited

Notes to the financial statements For the year ended 31 December 2017

1. General information

M-I Swaco (UK) Limited is a private company limited by shares and is incorporated and registered in Scotland under the Companies Act. The address of the registered office is given on page 1.

M-I Swaco (UK) Limited did not trade in the current or prior year and the results reflected in the profit and loss account represents interest income and foreign currency exchange movement.

2. Statement of compliance

The individual financial statements of M-I Swaco (UK) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standards 102, "The Financial Reporting Standards applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the provisions of the Companies Act 2006.

3. Accounting policies

The principal accounting policies applied in preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements have been prepared on a going concern basis, under the historical cost convention in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards. The principal accounting policies are set out below and have been applied consistently in the current and preceding year.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

All Company results are shown in £ thousands unless stated otherwise.

Exemption for qualified entities under FRS 102

As a qualifying entity, the Company has taken advantage of the following exemptions:

- i) from preparing a statement of cash flow, on a basis that it is a qualifying entity and the consolidated statement of cash flow of Schlumberger Limited, includes the Company's cash flow. (FRS 102 Section 7 and paragraph 3.17(d);
- ii) from the financial instrument disclosures required under FRS 102, as the information is provided in the consolidated financial statements of Schlumberger Limited (paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29); and
- iii) from the related party transactions disclosures required under FRS 102, as the information is provided in the consolidated financial statements of Schlumberger Limited (paragraph 33.1A).

Going concern

The Company's net assets substantially comprise balances due from other group companies. The directors consider it appropriate to prepare the financial statement on a going concern basis as the Company is in an overall net assets position and therefore will be able to meet its liabilities as they fall due for the foreseeable future.

M-I Swaco (UK) Limited

Notes to the financial statements For the year ended 31 December 2017 (continued)

3. Accounting policies (continued)

Foreign currencies

Functional and presentation currency

The Company's functional and presentation currency is the pound sterling.

Transactions and balances

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate in operation on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates in operation at the balance sheet date. All revaluation differences and realised foreign exchange differences are taken to the profit and loss account.

Taxation including deferred taxation

Corporation tax payable is provided on taxable profits at the current rate.

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 taxable profits and results as stated in the financial statements. Deferred tax is measured 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. Deferred tax is measured on a non-discounted basis. Deferred tax assets are only recognisable when it is regarded as more likely than not that there will be suitable taxable profits to recover them against in the future.

Interest income

Interest income is recognised as the interest accrues.

Financial assets and liabilities

The classification of financial assets and liabilities depends on the purpose for which the financial assets were acquired or the financial liabilities were incurred. Management determines the classification of its financial assets and liabilities at initial recognition. The Company classifies its financial assets as loans and receivables and its financial liabilities as other financial liabilities.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

The Company's loans and receivables mainly comprise debtors (including amounts owed by Schlumberger Limited group companies).

Loans and receivables are recognised initially at fair value plus directly attributable transaction costs. Subsequently, loans and receivables are stated at amortised cost using the effective interest method, less provision for impairment.

Other financial liabilities

The Company's other financial liabilities mainly comprise creditors (including amounts owed to Schlumberger Limited group companies and bonds) and borrowings.

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs. Subsequently, other financial liabilities are stated at amortised cost using the effective interest method.

M-I Swaco (UK) Limited

Notes to the financial statements For the year ended 31 December 2017 (continued)

3. Accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to the Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

4. Critical accounting judgments and key sources of estimation uncertainty

Critical accounting judgments

There are no critical accounting judgments impacting the financial statements.

Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of debtors

The Company makes an estimate of recoverable amounts due by group undertakings. In making this assessment, management considers factors including the ability of parent company to provide support to respective group companies. No impairment has been recognised in either current year or prior year.

5. Operating income/(loss)

Operating income/(loss) is stated after charging:

	2017 £'000	2016 £'000
Foreign currency exchange (gain)/loss	(5)	10

Auditor's remuneration of £3,625 (2016: £3,625) for the audit of the financial statements has been borne by M-I Drilling Fluids U.K. Limited, a fellow group company in the current and prior year.

6. Staff costs and directors' emoluments

During the current and preceding financial year the Company had no employees. The directors did not receive any remuneration for their services to this company in the current or prior year.

7. Interest receivable and similar income

	2017 £'000	2016 £'000
Interest on amounts owed by Schlumberger UK Limited group companies	127	146

M-I Swaco (UK) Limited

Notes to the financial statements For the year ended 31 December 2017 (continued)

8. Tax on profit

	2017 £'000	2016 £'000
Current tax		
UK corporation tax on profit for the year	<u>25</u>	<u>27</u>

There is no difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax of 19.25% (2016: 20.00%) to the profit before tax.

A reduction in the UK corporation tax rate to 17% (effective 1 April 2020) was substantively enacted by Finance (No. 2) Act 2016 on 15 September 2016. The main rate of corporation tax for 1 April 2016 is set at 20% and was reduced to 19% for the financial year beginning 1 April 2017 to 1 April 2019.

9. Debtors: amounts falling due within one year

	2017 £'000	2016 £'000
Amounts owed by Schlumberger UK Limited group companies	<u>10,931</u>	<u>10,804</u>

The amount owed by Schlumberger UK Limited group companies of £10,158,000 (2016: £10,158,000) is subject to formalised loan notes which were scheduled to be settled on 30 November 2014. Interest is charged at 12 month LIBOR plus 1%. As at the date of approval of these financial statements the Company has not called the repayments as required by the loan agreements and the directors are working towards settling these amounts.

10. Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Amounts owed to Schlumberger UK Limited group companies	<u>133</u>	<u>113</u>
Total creditors – amounts falling due within one year	<u>133</u>	<u>113</u>

Balance due to Schlumberger UK Limited group of companies are unsecured, interest free and payable on demand.

M-I Swaco (UK) Limited

Notes to the financial statements For the year ended 31 December 2017 (continued)

11. Called-up share capital

	£	Number
Authorised ordinary shares of £1 each:		
Balance at 1 January and 31 December 2017	100	100

	£	Number
Called up, allotted, issued and fully paid ordinary shares of £1 each:		
Balance at 1 January and 31 December 2017	1	1

Profit and loss account

The profit and loss account represents cumulative profits or losses, including unrealised profit on the remeasurement of investment properties, net of dividends paid and other adjustments.

11. Controlling parties

M-I Holdings (UK) Limited, a company registered in Scotland, is the immediate parent company.

Schlumberger Limited, a company incorporated in Curacao, a country within the Kingdom of the Netherlands, is the parent undertaking of the smallest and the largest group of undertakings of which M-I Swaco (UK) Limited is a member and for which group financial statements are drawn up. The directors consider Schlumberger Limited to be the ultimate parent company and controlling party. The registered address of Schlumberger Limited is detailed below.

Copies of the financial statements of Schlumberger Limited can be obtained from 17th Floor, 5599 San Felipe, Houston, Texas, 77056, USA or on the Group website at www.slb.com.