

**NOV Flexibles UK Limited**  
(formerly known as Itasco Precision Limited)

**Report and Financial Statements**

30 November 2013

THURSDAY



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03/07/2014

COMPANIES HOUSE

#357

NOV Flexibles UK Ltd

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Registered No: SC283907

**Directors**

C P O'Neil

A J Fleming

**Secretary**

A M Sloan

**Solicitors**

Burness Paul LLP

Union Plaza

1 Union Wynd

Aberdeen

AB10 1DQ

**Auditors**

Ernst & Young LLP

Blenheim House

Fountainhall Road

Aberdeen

AB15 4DT

**Registered Office**

c/o National Oilwell Varco

Badentoy Crescent

Badentoy Park

Portlethen

Aberdeen

AB12 4YD

## Directors' report

Registered No. SC283907

The directors present their report and financial statements for the period ended 30 November 2013.

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

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

### Results and dividends

The profit for the period, after taxation, amounted to £5,717,764 (2012 – £730,262). Dividends of £6,799,876 were paid during the period (2012 – £60,000).

### Principal activity and review of the business

The company's principal activity is the provision of machining and welding services to the oil and gas industry.

On 16 April 2013, the entire share capital of Itasco Precision Limited was bought by National Oilwell Varco UK Limited. The company subsequently changed its name to NOV Flexibles UK Limited on 24 April 2013.

On 31 May 2013 the whole trade, assets and liabilities of the company were transferred to its immediate parent company, National Oilwell Varco UK Limited for £6,799,976. The business now trades as NOV Flexibles, a division of National Oilwell Varco UK Limited. The company ceased to trade from that date.

### Going concern

Following disposal of the company's business assets and liabilities, the company has ceased to trade. The directors are considering the future options of the company and accordingly they continue to prepare the financial statements on a going concern basis.

### Directors

The directors who held office throughout the period and to the date of this report are given below:

S G Valentine	(appointed 16 April 2013 and resigned 23 August 2013)
A J Fleming	(appointed 31 July 2013)
C P O'Neil	(appointed 16 April 2013)
R Davies	(resigned 16 April 2013)
W Hall	(resigned 16 April 2013)
J Mullen	(resigned 16 April 2013)

### Disclosure of information to 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 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.

## Directors' report (continued)

Registered No. SC283907

### 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

24 June 2014

## 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 period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing 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 proper 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 NOV Flexibles UK Limited**

We have audited the financial statements of NOV Flexibles UK Ltd for the period ended 30 November 2013 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 21. 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 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 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 30 November 2013 and of its profit for the period 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 period for which the financial statements are prepared is consistent with the financial statements.

## Independent Auditor's report

to the members of NOV Flexibles 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
- the directors were not entitled to take advantage of the 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

30 June 2014

## Profit and loss account

for the period ended 30 November 2013

		18 months to 30 November 2013	Unaudited 12 months to 31 May 2012
	Notes	£	£
<b>Turnover</b>	2	6,745,688	4,681,895
Cost of Sales		(3,417,730)	(2,720,561)
<b>Gross profit</b>		3,327,958	1,961,334
Distribution costs		(827,907)	(556,157)
Administrative Expenses		(579,642)	(405,766)
Other operating income		52,164	28,848
<b>Operating profit</b>	3	1,972,573	1,028,259
Profit on disposal of business	7	4,155,143	-
Interest Payable and similar charges	8	(30,814)	(24,318)
<b>Profit on ordinary activities before taxation</b>		6,096,902	1,003,941
Tax charge on profit on ordinary activities	9	(379,138)	(273,679)
<b>Profit for the financial period after taxation</b>	19	5,717,764	730,262

There are no recognised gains and losses for the period other than the profit attributable to shareholders of the company of £5,717,764 (2012: £730,262).

All results are from discontinued operations

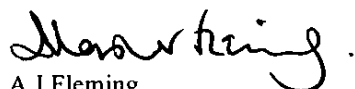


**Balance Sheet**

at 30 November 2013

		30 November 2013	Unaudited 31 May 2012
	Notes	£	£
<b>Fixed assets</b>			
Intangible fixed assets	10	-	-
Tangible fixed assets	11	-	1,578,861
		<u>-</u>	<u>1,578,861</u>
<b>Current assets</b>			
Stock	12	-	263,326
Debtors	13	100	809,945
Cash at bank and in hand		-	230,889
		<u>100</u>	<u>1,304,160</u>
<b>Creditors: amounts falling due within one year</b>	14	-	(1,027,681)
<b>Net current assets</b>		<u>100</u>	<u>276,479</u>
<b>Total assets less current liabilities</b>		<u>100</u>	<u>1,855,340</u>
<b>Creditors: amounts falling due after more than one year</b>	15	-	(598,686)
Provisions for liabilities	16	-	(174,442)
<b>Net assets</b>		<u>100</u>	<u>1,082,212</u>
<b>Capital and reserves</b>			
Called up share capital	17	100	100
Profit and loss account	19	-	1,082,112
<b>Total shareholders' funds</b>	19	<u>100</u>	<u>1,082,212</u>

The financial statements were approved for issue by the Board of Directors on ~~24~~ June 2014.



A J Fleming

Director

## Notes to the financial statements

at 30 November 2013

### 1. Accounting policies

#### *Basis of preparation*

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

#### *Cash flow statement*

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 sales 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 the shorter.

Plant and machinery	10% on reducing balance
Fixtures and fittings	15% on reducing balance
Computer equipment	33% on cost

#### *Stocks*

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

#### *Foreign currencies*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate.

#### *Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date where transactions or events that will 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, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- 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.

## Notes to the financial statements

at 30 November 2013

### 1. Accounting policies (continued)

#### *Leasing and hire purchase 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 the shorter of their estimated useful lives or the lease term.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of these obligations 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 contribution pension scheme.

The contributions payable to the company's pension scheme are charged to the profit and loss account as they fall due for payment.

### 2. Turnover

Turnover represents the value of goods and services provided under the principal activities of the company, stated net of discounts and sales taxes. No further analysis of turnover by geographical market has been provided as the directors are of the opinion that to include this analysis could be seriously prejudicial to the interests of the business.

### 3. Operating profit

This is stated after charging/(crediting):

	<i>18 months to 30 November 2013 £</i>	<i>Unaudited 12 months to 31 May 2012 £</i>
Depreciation of owned assets	51,757	13,300
Depreciation of leases and hire purchase contracts	137,844	94,109
Foreign exchange differences	<u>(51,727)</u>	<u>(28,848)</u>

### 4. Auditor's remuneration

	<i>18 months to 30 November 2013 £</i>	<i>Unaudited 12 months to 31 May 2012 £</i>
Audit of financial statements	<u>4,000</u>	<u>-</u>

The audit fee is borne by its immediate parent company, National Oilwell Varco UK Limited.

In 2012 there was no audit fee as the company was entitled to exemption from audit under s.477 of the Companies Act 2006.

## Notes to the financial statements

at 30 November 2013

### 5. Staff costs

	<i>18 months to 30 November 2013 £</i>	<i>Unaudited 12 months to 31 May 2012 £</i>
Wages and salaries	2,716,520	1,854,122
Social security costs	66,761	40,687
Other pension costs	25,123	24,062
	<u>2,808,404</u>	<u>1,918,871</u>

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

	<i>18 months to 30 November 2013 No.</i>	<i>Unaudited 12 months to 31 May 2012 No.</i>
Production	<u>76</u>	<u>53</u>

### 6. Directors' remuneration

	<i>18 months to 30 November 2013 £</i>	<i>Unaudited 12 months to 31 May 2012 £</i>
Directors' remuneration	<u>132,329</u>	<u>126,764</u>

The remuneration above relates to the directors of the company prior to the acquisition by National Oilwell Varco UK Limited. The other directors who served during the period are also directors of the holding company and fellow subsidiaries. These directors received total remuneration for the period to 30 November 2013 of £180,000 (2012 - £nil), 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 other group companies.

### 7. Profit on sale of business

	<i>18 months to 30 November 2013 £</i>	<i>Unaudited 12 months to 31 May 2012 £</i>
Profit on sale of business	<u>4,155,143</u>	<u>-</u>

On 31 May 2013 the whole trade, assets and liabilities of the company were sold to its immediate parent company, National Oilwell Varco UK Limited for £6,799,976. The business now trades as NOV Flexibles, a division of National Oilwell Varco UK Limited, and the company ceased to trade from that date.

The tax effect of the profit on sale of business recognised in the profit and loss account is £nil.

## Notes to the financial statements

at 30 November 2013

### 8. Interest payable and similar charges

	<i>18 months to 30 November 2013 £</i>	<i>Unaudited 12 months to 31 May 2012 £</i>
Bank loans and overdrafts	391	11,234
Finance charges payable under finance leases and hire purchase contracts	30,423	13,084
	<u>30,814</u>	<u>24,318</u>

### 9. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	<i>18 months to 30 November 2013 £</i>	<i>Unaudited 12 months to 31 May 2012 £</i>
<i>Current tax:</i>		
UK Corporation Tax	457,780	199,433
Adjustments in respect of previous periods	(55,377)	-
Total current tax (note 9(b))	402,403	199,433
<i>Deferred tax:</i>		
Originating and reversal of timing differences	(23,265)	74,246
Tax on profit on ordinary activities	<u>379,138</u>	<u>273,679</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is different from the standard rate of corporation tax of 23.85% (2012: 24.5%). The differences are reconciled below:

	<i>18 months to 30 November 2013 £</i>	<i>Unaudited 12 months to 31 May 2012 £</i>
Profit on ordinary activities before tax	6,096,902	1,003,941
Profit on ordinary activities multiplied by standard rate of corporation tax of 23.85% (2012: 24.5%).	1,454,111	245,966
Effect of:		
(Income not taxable)/expenses not deductible for tax purposes	(982,470)	1,500
Capital allowances in excess of depreciation	(13,861)	(48,033)
Adjustments in respect of previous periods	(55,377)	-
Total current tax (note 9(a))	<u>402,403</u>	<u>199,433</u>

## Notes to the financial statements

at 30 November 2013

### 9. Tax (continued)

(c) Deferred Tax

The deferred tax included in the balance sheet is as follows:

	30 November 2013	Unaudited 31 May 2012
	£	£
Included in provisions for liabilities:		
Accelerated capital allowances	-	174,442
	-	174,442
		£
At 1 June 2012 (unaudited)		174,442
Originating and reversal of timing differences		(23,265)
Transfers to group undertakings		(151,177)
At 30 November 2013		-

### 10. Intangible fixed assets

	£
Cost:	
At 1 June 2012 (unaudited)	23,000
Transfers to group undertakings	(23,000)
At 30 November 2013	-
Amortisation:	
At 1 June 2012 (unaudited)	23,000
Transfers to group undertakings	(23,000)
At 30 November 2013	-
Net book value at 30 November 2013	-
Net book value at 1 June 2012	-

## Notes to the financial statements

at 30 November 2013

### 11. Tangible fixed assets

	<i>Plant and machinery</i>	<i>Fixtures and fittings</i>	<i>Computer equipment</i>	<i>Total</i>
	£	£	£	£
Cost:				
At 1 June 2012 (unaudited)	2,079,251	18,925	14,507	2,112,683
Additions	358,633	33,834	3,368	395,835
Transfers to group undertakings	(2,437,884)	(52,759)	(17,875)	(2,508,518)
At 30 November 2013	-	-	-	-
Depreciation:				
At 1 June 2012 (unaudited)	513,653	9,652	10,517	533,822
Provided during the period	181,780	5,111	2,710	189,601
Transfers to group undertakings	(695,433)	(14,763)	(13,227)	(723,423)
At 30 November 2013	-	-	-	-
Net book value at 30 November 2013	-	-	-	-
Net book value at 1 June 2012	1,565,598	9,273	3,990	1,578,861

Included in the amounts for plant and machinery above are the following amounts relating to assets acquired under hire purchase contracts:

	£
Cost:	
At 1 June 2012 (unaudited)	1,757,384
Additions	57,000
Transfers to group undertakings	(1,814,384)
At 30 November 2013	-
Depreciation:	
At 1 June 2012 (unaudited)	479,402
Charge for the period	137,844
Transfers to group undertakings	(617,246)
At 30 November 2013	-
Net book value at 30 November 2013	-
Net book value at 1 June 2012	1,277,982

### 12. Stock

	<i>30 November 2013</i>	<i>Unaudited 31 May 2012</i>
	£	£
Raw materials and consumables	-	61,700
Work in progress	-	201,626
	-	263,326

## Notes to the financial statements

at 30 November 2013

### 13. Debtors

	30 November 2013	Unaudited 31 May 2012
	£	£
Trade debtors	-	654,005
Amounts owed by group undertakings	100	-
Prepayments and accrued income	-	155,940
	<u>100</u>	<u>809,945</u>

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

	30 November 2013	Unaudited 31 May 2012
	£	£
Bank overdraft	-	9,787
Obligations under finance leases and hire purchase contracts	-	292,919
Trade creditors	-	307,189
Corporation tax	-	199,433
Other taxes and social security costs	-	77,150
Accruals	-	141,203
	<u>-</u>	<u>1,027,681</u>

### 15. Creditors: amounts falling due after more than one year

	30 November 2013	Unaudited 31 May 2012
	£	£
Obligations under finance leases and hire purchase contracts	-	548,786
Other creditors	-	49,900
	<u>-</u>	<u>598,686</u>

### 16. Provisions for liabilities

	Deferred Tax £
At 1 June 2012 (unaudited)	174,442
Originating and reversal of timing differences	(23,265)
Transfer to group undertakings	<u>(151,177)</u>
At 30 November 2013	<u>-</u>



## Notes to the financial statements

at 30 November 2013

### 17. Allotted and issued share capital

	<i>30 November 2013</i>	<i>Unaudited 31 May 2012</i>
	£	£
<i>Allotted, called-up and fully paid</i>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 18. Dividends

	<i>30 November 2013</i>	<i>Unaudited 31 May 2012</i>
	£	£
<i>Declared and paid during the period</i>		
Equity dividends on ordinary shares:		
Interim for 2012: £600	-	60,000
Interim for 2013: £67,998.76	<u>6,799,876</u>	<u>-</u>
	<u>6,799,876</u>	<u>60,000</u>

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

	<i>Share Capital</i>	<i>Profit and loss account</i>	<i>Total shareholders' funds</i>
	£	£	£
At 1 June 2012 (unaudited)	100	1,082,112	1,082,212
Profit for the period	-	5,717,764	5,717,764
Dividend declared and paid	-	(6,799,876)	(6,799,876)
At 30 November 2013	<u>100</u>	<u>-</u>	<u>100</u>

### 20. Related parties

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 period.

### 21. Ultimate parent undertaking

Prior to the acquisition of the company by National Oilwell Varco UK Limited on 16 April 2013, this was a private company.

From 16 April 2013 the company's immediate parent undertaking is National Oilwell Varco UK Limited, a company incorporated in the United Kingdom.

From 16 April 2013 the company's ultimate parent undertaking 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.