Superior Energy Services (UK) Limited

Annual report and financial statements

Registered number SC366014

31 December 2017

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Strategic report

Principal activities

The company did not trade during the current or prior year. The principal activity of the company is that of a holding company.

Business model

The company continued to act as a UK holding company during the year.

Business review and results

The loss for the financial year amounting to $24,592,000 *(2016: profit $60,258,000)* has been transferred to reserves. The directors have not recommend the payment of a dividend (*2016: $nil*). During the financial year, the company has acquired the net assets of its wholly-owned subsidiary, Superior Energy Services (Holdings) Limited.

Key performance indicators

The company does not undertake any activity and is therefore not measured by any performance metrics.

Principal risks and uncertainties

As there is no trade activity there is no exposure to risk and uncertainty and there are no future plans to amend the non-trading status. The company holds investments in group trading companies and the value of those investments is dependent on the financial performance of those companies. The investments are reviewed annually for any potential impairment and this review considers the current and future trading prospects of each company invested in.

The company is fully supported by the ultimate group company in terms of its status as a going concern and in its ability to meet interest charges on an ongoing basis.

By order of the board

W Masters
Director

13 Queen's Road
Aberdeen
AB15 4YL
28 September 2018

Directors' report

The directors present their report and financial statements for the year ended 31 December 2017.

Directors

The directors who held office during the year and up to the date of this report are listed below:

W Masters
R Taylor
W Ballard

Political contributions

The company made no political contributions or incurred any political expenditure during the current or prior year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all 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.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

W Masters
Director

13 Queen's Road
Aberdeen
AB15 4YL
28 September 2018

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
37 Albyn Place
Aberdeen
AB10 1JB
United Kingdom

Independent auditor's report to the members of Superior Energy Services (UK) Limited

1 Our opinion is unmodified

We have audited the financial statements of Superior Energy Services (UK) Limited ("the Company") for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of the loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter as follows:

Recoverability of company's investment in subsidiaries ($118 million, 2016: $139 million):

Refer to page 12 (accounting policy); and page 15 (financial disclosures).

The risk – Forecast based valuation

The carrying amount of the company's investments in subsidiaries are significant and at risk of irrecoverability due to continuing weak demand in the Oil & Gas industry. The estimated recoverable amount of these balances is subjective due to the inherent uncertainty in forecasting trading conditions and discounting future cash flows used.

Our procedures included:

- **Benchmarking assumptions:** Challenging the assumptions used in the cash flows included in the budgets based on our knowledge of the Group and the markets in which the subsidiaries operate;
- **Historical comparisons:** Assessing the reasonableness of the budgets by considering the historical accuracy of the previous forecasts;
- **Our sector experience:** Evaluating the current level of trading, including identifying any indications of a downturn in activity, by examining the post year end management accounts and considering our knowledge of the Group and the market; and
- **Assessing transparency:** Assessing the adequacy of the company's disclosures in respect of the investment in subsidiaries.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements was set at $2,000,000 *(2016: $2,000,000)* determined with reference to a benchmark of total assets of which it represents 1.1% (2016: 1.0%). Total assets was chosen as the benchmark as it is an intermediate investment holding company with no active trade, its core assets being the investments it holds in a number of trading and holding companies.

We agreed to report to the Board of Directors any corrected or uncorrected identified misstatements exceeding $100,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

4 We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

5 We have nothing to report on the other information in the Strategic Report and Directors Report

The directors are responsible for the other information presented in the Strategic Report and the Directors' Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

7 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 3, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Superior Energy Services (UK) Limited *(continued)*

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8 The purpose of our audit work and to whom we owe our responsibilities

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.

Paul Moran (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
37 Albyn Place
Aberdeen
AB10 1JB

12 October 2018

Profit and Loss Account and Other Comprehensive Income

for the year ended 31 December 2017

	Note	2017 $000	2016 $000
Administration expenses		(39)	(37)
Amounts written off fixed asset investments	8	(28,000)	-
Income from fixed asset investments	8	10,014	68,200
Interest receivable and similar income	5	3,050	3,058
Interest payable and similar charges	6	(9,617)	(10,963)
(Loss)/profit on ordinary activities before taxation	2-4	(24,592)	60,258
Tax on (loss)/profit	7	-	-
(Loss)/profit for the financial year		(24,592)	60,258
Other compreshensive income		-	-
Total comprehensive (expense)/income for the year		(24,592)	60,258

The results for the year relate to continuing activities.

Balance Sheet

at 31 December 2017

	Note	2017 $000	2017 $000	2016 $000	2016 $000
Fixed assets					
Investments	8		**118,292**		139,065
Current assets					
Debtors	9	**68,814**		66,156	
Cash at bank		**178**		1	
		68,992		66,157	
Creditors: amounts falling due within one year	10	**(31,583)**		(11,768)	
Net current assets			**37,409**		54,389
Total assets less current assets			**155,701**		193,454
Creditors: amounts falling due after more than one year	11		**(162,923)**		(176,084)
Net (liabilities) / assets			**(7,222)**		17,370
Capital and reserves					
Called up share capital	12		-		-
Share premium			**40,000**		40,000
Profit and loss account			**(47,222)**		(22,630)
Shareholder's (deficit) / funds			**(7,222)**		17,370

These financial statements were approved by the board of directors on 28 September 2018 and were signed on its behalf by:

W Masters
Director

Registered number SC366014

Statement of Changes in Equity

	Called up share capital $000	Share premium $000	Profit and loss account $000	Total equity $000
Balance 1 January 2016	-	40,000	(82,888)	(42,888)
Profit	-	-	60,258	60,258
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	60,258	60,258
Balance at 31 December 2016	-	40,000	(22,630)	17,370

	Called up share capital $000	Share premium $000	Profit and loss account $000	Total equity $000
Balance 1 January 2017	-	40,000	(22,630)	17,370
Loss	-	-	(24,592)	(24,592)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the period	-	-	(24,592)	(24,592)
Balance at 31 December 2017	-	40,000	(47,222)	(7,222)

Notes

(forming part of the financial statements)

1 Accounting policies

Superior Energy Services UK Limited is a company limited by shares and incorporated and domiciled in the UK. The registered number is SC366014, and the registered address is 13 Queen's Road, Aberdeen, AB15 4YL.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared on historical cost basis and in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation and functional currency of these financial statements is United States Dollars. FRS 102 states that in the absence of trading activity the funds from financing activity can provide evidence of an entity's functional currency. The company does not trade and all of the loans from the parent and all loans to other group companies are denominated in US Dollars. All amounts in the financial statements have been rounded to the nearest $1,000.

The Company's ultimate parent undertaking, Superior Energy Services Inc includes the Company in its consolidated financial statements. The consolidated financial statements of Superior Energy Services inc are prepared in accordance with US GAAP and are available to the public and may be obtained from www.superiorenergy.com. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Superior Energy Services Inc. include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 14.

Measurement Convention

The financial statements are prepared on the historical cost basis.

As the company is a wholly owned subsidiary of Superior Energy Services Inc. the company has taken advantage of the exemption contained in FRS 102 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group. The consolidated financial statements of Superior Energy Services Inc., within which this company is included, can be obtained from the address given in note 14.

Notes *(continued)*

1 Accounting policies *(continued)*

Going concern

The Company is a holding company financed by loans from group undertakings. At the balance sheet date these loans from group undertakings total $194.5m with $31.6m of this amount being payable on demand and the balance in 2020.

The Company's ultimate parent undertaking, Superior Energy Services Inc, has provided confirmation that these amounts will not be required to be repaid for a period of at least 12 months and for the foreseeable future thereafter and that additional funding would be provided if required during that period. The directors consider that the parent company has the ability to provide such funds. 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.

The Company's forecasts and projections, taking into account the above, show the Company is expected to have a sufficient level of financial resources available both through funding already made available and that expected to be made available out of group funding facilities. Therefore, the directors believe that the Company is well placed to manage its business risks successfully, despite the economic uncertainty.

Notwithstanding net liabilities at the balance sheet date, after making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least the next 12 months from the approval of the financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

Foreign currencies

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associates, branch, joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes *(continued)*

1 Accounting policies *(continued)*

Impairment excluding deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Dividends on shares presented within shareholders funds

Dividends are only recognised as a liability to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Notes *(continued)*

1 Accounting policies *(continued)*

Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries, are carried at cost less impairment.

2 Expenses and auditor's remuneration

	2017	2016
Loss on ordinary activities before taxation is stated after charging:	$000	$000
Auditor's remuneration		
Audit of these financial statements	7	6
Taxation compliance services	4	4
Foreign exchange loss	140	18
Impairment loss on fixed asset investments	28,000	-

Notes *(continued)*

3 Remuneration of directors

The directors received no remuneration during either year for their services to this company.

4 Staff numbers and costs

The directors were the only employees in both years.

5 Interest receivable and similar income

	2017 $000	2016 $000
On loans to group undertakings	3,050	3,058

6 Interest payable and similar charges

	2017 $000	2016 $000
On loans from group undertakings	9,477	10,963
Net foreign exchange loss	140	-
	9,617	10,963

7 Taxation

Total tax expense recognised in the profit and loss account

	2017 $000	2016 $000
Total tax	-	-

Factors affecting the tax charged for the current year

The tax charge for the year is higher *(2016: higher)* than the standard rate of corporation tax in the UK 19.25%, *(2016: 20%)*. The differences are explained below:

	2017 $000	2016 $000
(Loss)/profit for the year	(24,592)	60,258
Total tax expense	-	-
(Loss)/profit excluding taxation	(24,592)	60,258
Tax at 19.25% *(2016: 20%)*	(4,734)	12,052
Group relief surrender / (paid) for no consideration	(552)	1,588
Anti-hybrids disallowance	1,824	-
Expenses not deductible for tax	5,390	-
Tax exempt revenues	(1,928)	(13,640)
Total tax expense included in profit or loss (see above)	-	-

Notes *(continued)*

7 Taxation *(continued)*

Factors affecting the future tax charge

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

8 Fixed asset investments

	Shares in subsidiary undertakings $000
Cost	
At beginning and end of year	139,065
Return on investment	(41,718)
Additions (note 12)	48,945
At end of year	146,292
Provisions	
At beginning of year	-
Impairment losses	28,000
At end of year	28,000
Net book value	
At 31 December 2017	118,292
At 31 December 2016	139,065

$43m of dividends were receivable from Superior Energy Services (Holdings) Limited with $42m of this balance being treated as a return on investment which has reduced the cost of investment in Superior Energy Services (Holdings) Limited by $42m. The $1m balance of the dividends have been treated as income. In addition, $9m of dividends were received from Workstrings International Limited and has been treated as income in the year. Further, the company acquired the net assets of Superior Energy Services (Holdings) Limited during the year for consideration of $41m (note 12). During the year the directors have undertaken a review of the carrying value of the investments and considered the need for impairment. The impairment review considered the recoverable amount, by reference to value in use, of each of the subsidiary undertaking's estimated cash flows. This resulted in an impairment charge of $28m being recorded in respect of the investment in Workstrings International Limited.

Notes *(continued)*

8 Fixed asset investments *(continued)*

The companies in which the Company's interest at the year end is more than 20% are as follows:

	Country of incorporation	Class and percentage of shares held	Registered address
Subsidiary undertakings			
Superior Wild Well Energy Services Limited	Scotland	100% issued ordinary shares	13 Queen's Road Aberdeen, AB15 4YL United Kingdom
Superior Energy Services (Holdings) Limited	Scotland	100% issued ordinary shares	13 Queen's Road Aberdeen, AB15 4YL United Kingdom
Workstrings International Limited	United Kingdom	100% issued ordinary shares	30 Crown Place, Earl Street London, EC2A 4ES United Kingdom
HB Rentals Limited	United Kingdom	100% issued ordinary shares	30 Crown Place, Earl Street London, EC2A 4ES United Kingdom
Superior Energy Services Limited	Scotland	100% issued ordinary shares	13 Queen's Road Aberdeen, AB15 4YL United Kingdom
Superior Energy Services (S) Pte Limited *	Singapore	100% issued ordinary shares	143 Cecil Street #08-01 GB Building, 069542 Singapore
HB Rentals (Singapore) Pte Ltd. *	Singapore	100% issued ordinary shares	143 Cecil Street #08-01 GB Building, 069542 Singapore
Premier Oilfield Rentals (S) Pte Limited *	Singapore	100% issued ordinary shares	143 Cecil Street #08-01 GB Building, 069542 Singapore

* Investments in these subsidiaries are held by other companies within the group rather than the parent undertaking.

9 Debtors

	2017 $000	2016 $000
Amounts owed by group undertakings	**68,814**	66,156
Due within one year	**68,814**	66,156
Due in more than one year	**-**	-
	68,814	66,156

Within amounts owed by group undertakings are loans of $61,000,000 *(2016: $61,000,000)*. There are no fixed repayment terms on these loans and they have therefore been disclosed as due within one year.

Amount owed by group undertakings are repayable on demand.

Notes *(continued)*

10 Creditors: amounts falling due within one year

	2017 $000	2016 $000
Amounts due to group undertaking	31,569	11,768
Other creditors	14	-
	31,583	11,768

Amount owed to group undertakings are repayable on demand.

11 Creditors: amounts falling due after more than one year

	2017 $000	2016 $000
Loans from group undertakings	162,923	176,084

$162,923,000 is repayable on 27 September 2020. Interest is payable on these loans and is charged at 5.5%.

12 Acquisition of trade and net assets of Superior Energy Services (Holdings) Limited

On 10 February 2018, the Company acquired the trade and net assets from Superior Energy Services (Holdings) Limited, a subsidiary undertaking. Further details are as follows:

	Net assets acquired $000
Investments in subsidiaries	40,617
Cash at bank	172
Amounts owed from group undertakings	630
Amounts due to group undertakings	(8,546)
	32,873

The consideration was $41,201,000 with the excess over the assets acquired treated as an additional investment in Superior Energy Services (Holdings) Limited at $8,328,000.

13 Capital and reserves

	2017 $000	2016 $000
Share capital		
Allotted and called up and fully paid		
100 ordinary shares of $1	-	-

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

Dividends

No dividends have been proposed after the year end.

Notes *(continued)*

14 Ultimate parent company

The company is a subsidiary undertaking of Superior Energy International, C.V., registered in Holland. Its ultimate parent company and ultimate controlling party is Superior Energy Services Inc., incorporated in the United States of America.

The largest group in which the results of the company are consolidated is that headed by Superior Energy Services Inc. The consolidated accounts of this company are available to the public and a copy may be obtained from Superior Energy Services Inc., 1001 Louisiana Street, Suite 2900, Houston, TX, 77002, USA or on www.superiorenergy.com. No other group financial statements include the results of the Company.

15 Accounting estimates and judgements

The preparation of financial statements requires the Directors to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

Valuation of investments

The company holds investments in group companies. In line with the accounting policies set out in note 1 these investments are held at cost less impairment. An assessment of the need for any impairment against the carrying value of these investments is made whenever there is an indication that the performance of the undertaking is not sufficient to support the carrying value of the investment. Note 8 includes further details.