

**THE UNITED KINGDOM OFFSHORE OIL AND GAS  
INDUSTRY ASSOCIATION LIMITED**

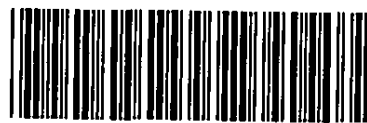
**DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2009**

**Company Number: 1119804**

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**THE UNITED KINGDOM OFFSHORE OIL AND GAS INDUSTRY ASSOCIATION LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

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**THE UNITED KINGDOM OFFSHORE OIL AND GAS INDUSTRY ASSOCIATION LIMITED**  
(formerly UK Offshore Operators Association Limited)

**BUSINESS REPORT**  
(INCORPORATING THE DIRECTORS' REPORT)

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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The directors submit their report and financial statements of The United Kingdom Offshore Oil and Gas Industry Association Limited ("Oil & Gas UK") group for the year ended 31<sup>st</sup> December 2009. The group entities comprise the above company trading as Oil & Gas UK and its wholly owned subsidiaries Common Data Access Limited (Company number 3031728), Step Change in Safety Limited (Company number SC317063) and Leading Oil & Gas Industry Competitiveness Limited (Company number 199292).

**DIRECTORS' AND THEIR INTERESTS**

The Directors of the Association during part or all of the year covered by this report were as follows

Dennis Clark  
John Gallagher  
Stephen Ian Jenkins  
Mark Francis McAllister  
Brian Christopher Taylor  
Malcolm Webb  
James Lynn House  
Robin Ashley Davies  
Phillip Oldham (appointed January 2010)  
Bernard Looney (appointed February 2009)  
Lewis Grant Affleck (appointed June 2009)  
Gerrard Raymond Borghesi (appointed July 2009)  
Susan Elston (appointed April 2010)  
John Pearson (appointed April 2010)  
Gordon Ballard (appointed April 2010)  
Paul Warwick (appointed April 2010)  
David John Blackwood (resigned February 2009)  
Christopher Martin Cox (resigned May 2009)  
Archibald Wood Kennedy (resigned May 2009)  
Alan Booth (resigned May 2009)  
Jonathan David Murphy (resigned May 2009)  
Nicholas John Robert Walker (resigned January 2010)  
Roland Festor (resigned April 2010)  
Michael Lewis Bowyer (resigned April 2010)  
Robert Keiller (resigned April 2010)  
Thomas Davie Smith (resigned April 2010)

**Directors' Interests**

The company is limited by guarantee and does not have a share capital. None of the directors had any interest in the surplus or assets of the company and received no directors' remuneration from the company at any point during the current or preceding year.

There is a directors' liability insurance policy in place which covers the directors against personal liability in the event of a successful action against them in connection with their dealings with the company, up to a limit of £1 million.

**OBJECTIVES AND AIMS**

**Purpose and Aims:**

***Oil and Gas UK***

Oil & Gas UK is the leading representative body for the UK offshore oil and gas industry. Our members are companies active in the UK continental shelf (UKCS) and contractor companies operating within the industry supply chain.

**THE UNITED KINGDOM OFFSHORE OIL AND GAS INDUSTRY ASSOCIATION LIMITED**  
(formerly UK Offshore Operators Association Limited)

**BUSINESS REPORT**  
(INCORPORATING THE DIRECTORS' REPORT)

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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We aim to strengthen the long-term health of the offshore oil and gas industry in the United Kingdom by addressing the issues affecting the industry, working towards the following strategic goals

- Maximise recovery of oil and gas from the United Kingdom Continental Shelf (UKCS)
- Ensure a sustainable long term future for the UK Supply Chain
- Raise the positive profile and reputation of the Industry

This is achieved by

- Promoting open dialogue within and across all sectors of the industry on topics that influence activities, including technical, fiscal, safety, environmental and skills issues, and brokering solutions
- Developing industry-wide initiatives and programmes
- Improving the business climate for all our members by engaging with governments and other external organisations with a stake in the industry's future

***Common Data Access Limited (CDA)***

Our subsidiary company Common Data Access Limited (CDA) provides a range of valuable data management services and shared data solutions to its members and across the industry in general. It facilitates effective collaboration between oil and gas companies, contractor companies and regulatory bodies, utilising a close working relationship with the Department of Energy & Climate Change (DECC) to address collective data matters for UKCS licensees. These services are delivered through the Well DataStore, an on-line collection of members' digital well data, the Seismic Data Store, being an equivalent for seismic data and the DEAL website, which provides access to a register and directory of UKCS exploration and production information.

***Step Change in Safety Limited***

Step Change in Safety Limited is the UK based cross industry initiative to improve safety performance in the industry, with a remit to make the UK the safest Oil and Gas Exploration and Production province in the world. This vision is pursued and achieved through principles of cooperation and sharing, engaging with the industry through active networks of elected safety representatives, offshore installation managers and supervisors, safety professionals and company focal points. The membership includes the UK Health and Safety Executive and the Trade Unions. From this broad stakeholder foundation, the organisation is effective across the whole industry.

***Leading Oil and Gas Industry Competitiveness (LOGIC) Limited***

The LOGIC purpose is to provide services to stimulate supply chain collaboration and improve the competitiveness of the UK offshore oil and gas industry. LOGIC is the custodian for cross-industry projects including the helicopter flight share programme, the offshore personnel tracking system (Vantage POB) and a range of industry deeds and standard contracts. It works to preserve their unfettered availability and to promote and develop their use in improving industry practices within the sector. Its board includes operator and contractor representatives that connect into the user communities of these projects.

**Review of Activities**

In pursuit of their respective objectives, 2009 has been a very successful one for the group entities, despite the year being significantly impacted by the its involvement in the industry response and follow-up work after the Flight 85N helicopter tragedy in the North Sea in April 2009.

The organisation has developed an ever more powerful voice with which to communicate its messages to government, regulators, the media, and all stakeholders, through the quality of resources in the organisation and the further addition of members across the group entities. The organisation has increased its staff levels within the group during the year, strengthening its resources and optimising the structure to maintain the efficiency of the organisation and increase its capacity to keep ahead of industry trends, legislative and regulatory developments and other vital intelligence.

**THE UNITED KINGDOM OFFSHORE OIL AND GAS INDUSTRY ASSOCIATION LIMITED**  
(formerly UK Offshore Operators Association Limited)

**BUSINESS REPORT**  
(INCORPORATING THE DIRECTORS' REPORT)

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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This report illustrates the successes achieved across the organisation and also outlines the plans for the future, where the organisation recognises that it must always be looking ahead to identify the future challenges facing the industry and ensure a continuing quality service for its members

**Principal Achievements**

**Oil & Gas UK**

As referred to above, it was with sadness that one of the organisations significant activities for the year was being a focal point for the industry response and significant follow-up work after the Flight 85N helicopter tragedy in the North Sea in which 16 men lost their lives. A Helicopter Task Group (HTG) was established that brought together 21 companies from the industry to manage the response, identify the learning's from the tragedy and deliver improvements in helicopter safety wherever possible. The Health and Safety directorate were also heavily involved in the industry's management of the pandemic flu threat and responding to the HSE's KP3 report on the industry's safety performance. On Environmental matters, ongoing liaison and dialogue occurred with relevant bodies regarding the Marine Bills, Marine Strategy Framework Directive and NORM Scale Waste Management amongst others.

Oil & Gas UK continued with its high level of political engagement during 2009 with a focus on fiscal matters, which culminated in favourable changes to the tax regime in Budget 2009 through field allowances for certain types of fields and developments. Significant effort has also been invested in continuing to raise awareness of the impact on the industry of EU ETS Phase III legislation, Energy policy and NTS Entry Capacity constraints.

During the year, the Board agreed to the establishment of a dedicated Supply Chain Directorate to focus on the challenges of ensuring a sustainable long term future for the UK Supply Chain, with the team to be recruited in 2010. Key Achievements for Operations Directorate were the provision of guidance to improve the use of industry codes of practice, working with DECC to ensure 1<sup>st</sup> round licence extensions and the production of an Acquisitions & Divestures handbook.

2009 was an extremely active year for media relations with the organisation issuing over 200 press releases or statements, and positively managing a high level of press interaction, affirming the organisation as a reliable source of information and key messaging. The organisation also held a range of very successful conference, seminar and workshop events. Oil & Gas UK also published a range of reports and publications, including its highly respected Economic Report and Activity Survey.

**Common Data Access Limited (CDA)**

2009 was another successful year for CDA with the company achieving its key business objectives and meeting its financial targets. Services from the Well and the Seismic DataStore are stable and are experiencing unprecedented use. CDA enjoys excellent and influential relationships with its members, with DECC and with Oil & Gas UK. With the extension of the DataStore to include seismic data, total participation reached sixty-six member companies, following the addition of ten new members. Schlumberger Information Solutions moved into its fourth year of Well DataStore operations and its first year of Seismic DataStore operations and under CDA's direction implemented several important new developments and service innovations, in particular taking on the burden of seismic data release on behalf of participating member companies.

**Step Change in Safety Limited**

A number of organisational changes occurred in Step Change in Safety during 2009 with a change out of both co-chairs and the support team leader. Following this period of change which was successfully managed, a significant amount of effort went into the development of the Strategic Plan for 2010-2015, to provide a framework for Step Change direction and activities through the plan period.

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**BUSINESS REPORT**  
(INCORPORATING THE DIRECTORS' REPORT)

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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Five major workgroups focused on Asset Integrity, Workplace Health, Competence, Human Factors and Workforce Engagement. Notable achievements during the year included the implementation and monitoring of the Minimum Industry Training (MIST) programme, the development of a Workplace Health Assessment Tool, which is being trialled within a number of companies and the development of a flagship 'Human Factors' publication (due for release in 2010) to help raise awareness of the impact of human factors on accident causation. The network events continued to be successful with attendance levels in 2009 showing significant improvement over previous years.

*Leading Oil & Gas Industry Competitiveness (LOGIC) Limited*

LOGIC achieved its key business objectives by continuing to provide a steady and reliable service in response to the demands from users, with delivery self funded and sustainable. It also progressed a number of key projects such as the development of a new Industry Mutual Hold Harmless Deed to extend the scheme to 2022. Within the Vantage POB system (offshore personnel tracking), a review of data protection provisions was carried out and a personnel competency management package was developed.

Twelve new companies signed up to Masterdeed during 2009, but licence ownership transactions fell by 30% from 2008. Further sign up was achieved to the Flightshare and Industry Mutual Hold Harmless agreements.

**Plans & Major Challenges for 2010:**

The organisation recognises the requirement to remain relevant and effective and to seek ongoing enhancements in the quality of services to members. 2010 presents new and important challenges for the organisation, with the following representing the main focus areas for 2010 and into 2011:

- (i) Rapidly engaging the new government following the general election
- (ii) Taking a proactive stance on our industry's safety and environment profile
- (iii) Avoiding adverse impacts on UKCS taxation and leading industry engagement to update the fiscal regime
- (iv) Delivering an integrated industry approach to decommissioning
- (v) Developing and progressing plans to secure a sustainable long term future for the UK Supply Chain
- (vi) Promoting Industry Behaviours and Compliance
- (vii) Raising the positive profile and reputation of the Industry

Membership levels rose by 25% in 2009 and remain resilient even in these challenging economic times but the continuing growth of Oil & Gas UK will remain a focus for 2010 with a target of further growth across the industry. The organisation looks to articulate a compelling value proposition to existing and new membership alike. The visibility of Oil & Gas UK will be enhanced through a full schedule of events lined up for 2010 following the success of the 2009 programme.

CDA will be focused on goals around its core objectives of (i) recognising the National Data Repository (NDR) and CDA's place within it, (ii) reviewing, revising and monitoring member's regulatory compliance and (iii) promoting the value of good data management.

Step Change in Safety will continue to focus on the sharing and adoption of industry best practices & learning through effective collaboration. Five Leadership Workgroups will continue their work with a particular focus on identifying and delivering the types of products to maximise workforce engagement and the promotion of leadership behaviours at all levels within the workforce.

LOGIC will be focusing its attention on carrying out a strategy review to assess required changes to the Vantage POB system, consideration of proposed new recommendations from the Helicopter Task Force and board composition changes with the incorporation of the Vantage POB governance team.

The achievement of the above and the ongoing success of Oil & Gas UK and its subsidiaries will be built on a foundation of delivering continuous improvements in service to maintain the effectiveness and efficiency of the group organisations. The development of competencies and provision of staff training is critical to the ongoing success, which the organisation is committed to.

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(formerly UK Offshore Operators Association Limited)

**BUSINESS REPORT**  
(INCORPORATING THE DIRECTORS' REPORT)

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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**Performance Monitoring**

As a representative body for the oil and gas industry, the primary source of income comes from members through annual fees. Different classes of corporate membership are available and the pricing structure is dependant upon the classification applicable to the member (production operators, exploration operators, non operators, contractors). The activities and annual budget are principally agreed by the board of directors in the previous financial year, the board made up predominantly of senior executives from the member companies. The membership fees are determined each year to equate to the costs finalised in the annual budget process and are called in the form of a fixed fee and a variable element dependant on annual oil and gas production levels where relevant.

The organisation applies effective internal controls to its processes, specifically governing the Authorisation for Expenditure (AFE) and Invoice Payable cycles. A monthly financial reporting process provides detailed information for each directorate against budget, which then feeds into a cycle of quarterly re-forecasts during the year to continually monitor the anticipated year-end position against budget, which is reviewed with the Chief Executive and Policy Directors and also with the board of directors. Oil & Gas UK also has an independent treasurer on the board who also monitors the financial position of the organisation, but who has no direct authority over the activities of management. The treasurer also forms part of the Audit Committee, which provides further appraisal of the overall financial position and control environment.

**Business and Operational Risk**

The primary threat to the long term future or financial stability of the organisation would be from a significant decline in membership. Management recognises the need to ensure that the group entities remain relevant and effective in their engagement with key stakeholders and with the services provided to members and users.

Regular board meetings and close relationships with the member companies ensure that management continually obtains feedback and guidance on the direction of the association. Internal management meetings will regularly appraise the quality of service provided and of member engagement. Arguably, a membership downturn could be brought on by a worsening of general economic conditions for the UK oil and gas industry, however, historically membership levels have been proven to remain robust during such times. Based on estimates of future reserves, the long term future of the UKCS remains healthy, but it is anticipated that the profile of member companies will change as companies enter or exit the sector.

During 2009, Oil & Gas UK increased its membership base by 25% and grew membership in other entities. It is also planning a further membership growth effort in 2010. Based on current levels and trends, management views that no current threat exists from declining membership.

Operational risk is the risk of direct or indirect losses resulting from human factors, external events, and inadequate or failed internal processes and systems. Sources of operational risk include process reliability, IT systems performance, fraud, human error, member service quality, recruitment, training and retention of staff, and social and environmental impacts. Management views that no significant operational risks exist within the organisation, other than some general inherent risk typical of an organisation of this size and nature. Due to the nature of the group and its financial arrangements, no significant issues are attached to credit, market, capital, liquidity, insurance, legal or tax risk.

**Summary of Results and Financial Review**

Consolidated financial statements incorporating the results of all entities under the control of the Association have been produced. The consolidated Income and Expenditure Account for the year is set out on page 8 of the financial statements, but in summary the operating surplus of income against expenditure for the year, after taxation, was £454,090 (2008 £385,621).

# THE UNITED KINGDOM OFFSHORE OIL AND GAS INDUSTRY ASSOCIATION LIMITED

## BUSINESS REPORT (INCORPORATING THE DIRECTORS' REPORT) (continued)

FOR THE YEAR ENDED 31 DECEMBER 2009

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations

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

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

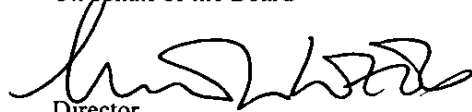
Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company and the group's auditors in connection with preparing their report and to establish that the company and the group's auditors are aware of that information.

### AUDITORS

haysmacintyre were appointed as auditors in the year. A resolution appointing haysmacintyre will be proposed at the AGM in accordance with S485 of the Companies Act 2006.

On behalf of the Board

  
Director  
30 July 2010



**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS**  
**OF THE UNITED KINGDOM OFFSHORE OIL AND GAS INDUSTRY ASSOCIATION LIMITED**

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We have audited the financial statements of The United Kingdom Offshore Oil & Gas Industry Association Limited for the year ended 31 December 2009 which comprise the Consolidated Income and Expenditure Account, the Consolidated and Association Balance Sheets, the Consolidated Cash Flow Statements and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Section 495 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 6, 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 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 group's and the parent 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.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2009 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.


**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.

  
Murtaza Jessa, Senior Statutory Auditor  
for and on behalf of Haysmacintyre, Statutory Auditor

.....30 July.....2010

Fairfax House  
15 Fulwood Place  
London  
WC1V 6AY

**THE UNITED KINGDOM OFFSHORE OIL AND GAS INDUSTRY ASSOCIATION LIMITED**  
**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 £	2008 £
<b>TURNOVER</b>	1	9,340,858	9,238,342
Cost of sales		(3,335,436)	(3,294,772)
Other operating income		43,072	42,181
<b>Net operating income</b>	2	6,048,494	5,985,751
Administration expenses		(5,747,818)	(5,690,942)
Interest receivable		28,063	223,175
Other finance income	13	7,000	27,000
<b>NET INCOME ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	4	335,739	544,984
Taxation	3	118,351	(159,363)
<b>RETAINED NET INCOME FOR THE FINANCIAL YEAR</b>	10	454,090	385,621

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 £	2008 £
Retained net income for the year		454,090	385,621
Actuarial loss on pension scheme liability / asset	13	(830,000)	(29,000)
<b>Total recognised (losses) / gains for the year</b>		(375,910)	356,621

There is no difference between the net income on ordinary activities before taxation and the retained net income for the year and their historical cost equivalents

The notes on pages 11 to 18 form part of these financial statements

THE UNITED KINGDOM OFFSHORE OIL AND GAS INDUSTRY ASSOCIATION LIMITED

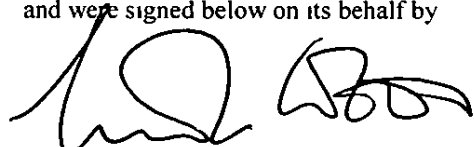
BALANCE SHEETS

AS AT 31 DECEMBER 2009

Company Number: 1119804

		Group		Company	
	Notes	2009 £	2008 £	2009 £	2008 £
<b>FIXED ASSETS</b>					
Tangible assets	5	157,259	181,349	150,213	176,957
Investments	6	-	-	23	23
		<u>157,259</u>	<u>181,349</u>	<u>150,236</u>	<u>176,980</u>
<b>CURRENT ASSETS</b>					
Debtors	7	1,354,853	874,693	1,235,772	761,246
Cash at bank and in hand	11	4,944,833	4,729,998	2,580,755	2,230,819
		<u>6,299,686</u>	<u>5,604,691</u>	<u>3,816,527</u>	<u>2,992,065</u>
<b>CREDITORS: amounts falling due within one year</b>	8	(4,513,006)	(3,908,101)	(2,669,029)	(1,896,177)
<b>NET CURRENT ASSETS</b>		<u>1,786,680</u>	<u>1,696,590</u>	<u>1,147,498</u>	<u>1,095,888</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,943,939</u>	<u>1,877,939</u>	<u>1,297,734</u>	<u>1,272,868</u>
Provision for asset / (liabilities) and charges	9	36,980	(167,401)	36,980	(167,401)
<b>NET ASSETS EXCLUDING PENSION (LIABILITY) / ASSET</b>		<u>1,980,919</u>	<u>1,710,538</u>	<u>1,334,714</u>	<u>1,105,467</u>
Pension (liability)/ asset	13	(87,000)	559,000	(87,000)	559,000
<b>NET ASSETS INCLUDING PENSION (LIABILITY) / ASSET</b>		<u>1,893,919</u>	<u>2,269,538</u>	<u>1,247,714</u>	<u>1,664,467</u>
<b>Represented by:</b>					
Reserves	10	<u>1,893,919</u>	<u>2,269,538</u>	<u>1,247,714</u>	<u>1,664,467</u>

The financial statements were approved and authorised for issue by the Board of Directors on *30th June* 2010 and were signed below on its behalf by

  
**Malcolm Webb**  
 Director

The notes on pages 11 to 18 form part of these financial statements

**THE UNITED KINGDOM OFFSHORE OIL AND GAS INDUSTRY ASSOCIATION LIMITED**

**CONSOLIDATED CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

	<b>Note</b>	<b>2009 £</b>	<b>2008 £</b>
<b>Net cash inflow from operating activities</b>	<b>11a</b>	<b>556,806</b>	<b>756,612</b>
Taxation		(260,701)	(130,091)
<b>Capital expenditure</b>			
Payments to acquire tangible assets		(81,270)	(81,337)
<b>Net cash outflow for capital expenditure</b>		<b>(81,270)</b>	<b>(81,337)</b>
<b>Net cash inflow before management of liquid resources and financing</b>		<b>214,835</b>	<b>545,184</b>
<b>Increase in cash in the year</b>	<b>11c</b>	<b>214,835</b>	<b>545,184</b>

The notes on pages 11 to 18 form part of these financial statements

# THE UNITED KINGDOM OFFSHORE OIL AND GAS INDUSTRY ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

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### 1. ACCOUNTING POLICIES

#### Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The accounting policies remain unchanged from last year except where indicated.

#### Constitution

The United Kingdom Offshore Oil and Gas Industry Association Limited is a company limited by guarantee. The members have undertaken to contribute to the assets of the Association, in the event of it being wound up while they are members or within one year after they have ceased to be members, such amounts for payment of the debts and liabilities of the Association contracted before they have ceased to be members and for the costs, changes and expenses of winding up as may be required, but the total of the amounts shall not exceed £10 per member. There were 40 members of the Association at 31 December 2009.

#### Turnover

Turnover consists of subscription income from members and associate members and income from services provided. Members' and associate members' subscriptions are fixed by Council, and are determined on the basis of planned expenditure.

#### Consolidated Accounts

Consolidated accounts are presented for the group company the Association and its wholly-owned subsidiary undertakings Common Data Access Limited, Leading Oil and Gas Industry Competitiveness Limited and Step Change in Safety Limited.

#### Subscription income

Subscription income from members and associate members relates to the membership year ending on 31 December and is stated net of refund adjustments and VAT. Where cash calls made are in excess of actual expenditure for the year, or subscriptions are issued in advance, these amounts are included in creditors as deferred income.

#### Depreciation

Depreciation is provided so as to write off the cost of the assets over their expected lives by equal annual instalments. The following rates have been used:

Leasehold improvements	over life of lease
Fixtures and fittings	10%
Computer equipment	25%

#### Pension costs

The company operates a defined benefit pension scheme which was closed to new members on 10 July 2004. Contributions are determined on the basis of a triennial valuation.

FRS 17, Retirement Benefits, has been adopted in full. The additional disclosures set out in the standard are made in note 13 to the financial statements.

A new defined contributions Stakeholder pension scheme was set up for new employees from 1 October 2004. Contributions to the Stakeholder Scheme are charged to the Income and Expenditure Account as incurred.

#### Operating leases

Payments made under operating leases are expensed when incurred.

#### Deferred taxation

Provision is made on the liability method for all tax deferred by allowances for capital expenditure and other timing differences. The deferred tax balance has not been discounted.

**THE UNITED KINGDOM OFFSHORE OIL AND GAS INDUSTRY ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

<b>2. NET OPERATING INCOME - GROUP</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Operating income includes the following charges		
Wages and salaries	2,362,295	2,431,159
Social security costs	320,455	290,052
Other pension costs	444,196	352,941
	<u>3,126,946</u>	<u>3,074,152</u>
Staff costs		
	<u>3,126,946</u>	<u>3,074,152</u>
The average number of employees in the group during the year was 46 (2008 38)		
Director's remuneration	240,924	169,913
Depreciation	105,360	90,144
Auditors' remuneration - audit services	16,800	21,145
- non-audit services	3,000	4,015
Operating lease rental charges	<u>198,500</u>	<u>207,565</u>
One of the directors is a member of the UKOOA 1990 Pension Scheme		
<b>3. TAXATION - GROUP</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Analysis of charge in year		
Current tax		
UK corporation tax on net income for the year	52,996	162,210
Adjustments in respect of previous year	33,034	-
	<u>86,030</u>	<u>162,210</u>
Total current tax		
	<u>86,030</u>	<u>162,210</u>
Deferred tax		
Accelerated capital allowances	(2,097)	(8,847)
Origination and reversal of timing differences	(202,284)	6,000
	<u>(204,381)</u>	<u>(2,847)</u>
Total deferred tax		
	<u>(204,381)</u>	<u>(2,847)</u>
Tax on net income on ordinary activities	<u>(118,351)</u>	<u>159,363</u>
The tax authorities have accepted the Association as a trade protection association, consequently tax relief can be claimed by the members for their contributions to the Association and its committees, in whose hands such contributions less all allowable expenses are liable to assessment for tax purposes. The Association and its committees comprise a single taxable body, no compensation has been made between them in recognition of any tax benefit transferred.		
<b>4. NET INCOME ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		
The Association has taken advantage of the exemption in s 408, Companies Act 2006 from the requirement to present its own Income and Expenditure Account. The Association's income is called and expenditure is made through the following funds		
	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Cash called from members		
Membership fees	1,850,271	1,428,083
Operations fund	2,877,256	4,294,206
Deal fund	354,000	450,000
	<u>5,081,527</u>	<u>6,172,289</u>
Other income	867,263	138,381
Administrative expenses	(5,666,525)	(5,999,564)
	<u>282,265</u>	<u>311,106</u>
Net income before taxation		
	<u>282,265</u>	<u>311,106</u>

**THE UNITED KINGDOM OFFSHORE OIL AND GAS INDUSTRY ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

**5. TANGIBLE FIXED ASSETS**

<b>Group</b>	<b>Leasehold improvements £</b>	<b>Furniture, fittings and equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2009	100,307	532,052	632,359
Additions	12,959	68,361	81,320
Disposals	-	(50)	(50)
At 31 December 2009	113,266	600,363	713,629
<b>Accumulated depreciation</b>			
At 1 January 2009	81,980	369,030	451,010
Charge for the year	15,711	89,649	105,360
Disposals	-	-	-
At 31 December 2009	97,691	458,679	556,370
<b>Net Book Value</b>			
At 31 December 2009	15,575	141,684	157,259
At 31 December 2008	18,327	163,022	181,349
<b>Company</b>			
<b>Cost</b>			
At 1 January 2009	100,307	511,659	611,966
Additions	12,959	60,240	73,199
Disposals	-	-	-
At 31 December 2009	113,266	571,899	685,165
<b>Accumulated depreciation</b>			
At 1 January 2009	81,980	353,030	435,010
Charge for the year	15,711	84,231	99,942
Disposals	-	-	-
At 31 December 2009	97,691	437,261	534,952
<b>Net Book Value</b>			
At 31 December 2009	15,575	134,638	150,213
At 31 December 2008	18,327	158,630	176,957

**6. INVESTMENTS – COMPANY**

**£**

**Cost of investments**

At 1 January 2009 and 31 December 2009

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This represents investments in subsidiary undertaking of which Oil & Gas UK holds a 100% interest, as follows  
Common Data Access Limited provides data management services and shared data solutions to operators in the Offshore Oil industry

The Association is also the sole registered member of Leading Oil & Gas Industry Competitiveness Limited, which provides services to improve and promote the competitiveness of the UK oil and gas upstream industry, and Step Change in Safety Limited which aims to improve safety performance in the industry

**THE UNITED KINGDOM OFFSHORE OIL AND GAS INDUSTRY ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

7. DEBTORS	Group		Company	
	2009 £	2008 £	2009 £	2008 £
Trade debtors	465,152	244,073	338,942	85,073
Amounts due from group undertakings	-	-	135,654	124,875
Other debtors	711,935	426,836	593,772	362,230
Deferred tax	-	1,377	-	1,676
Prepayments and accrued income	100,578	141,234	100,578	141,234
Tax and other social security	10,362	61,173	-	46,158
Corporation tax	66,826	-	66,826	-
	<u>1,354,853</u>	<u>874,693</u>	<u>1,235,772</u>	<u>761,246</u>

Included within other debtors is an amount of £125,000 representing a deposit paid to landlord in respect of the lease taken out on 232-242 Vauxhall Bridge Road. This amount will be held until termination of the lease in 2010.

Also included within debtors is a loan of £464,500 which is not due within one year. This loan is to UK Fisheries Oil and Gas Legacy Trust Fund Limited. The loan can reach a maximum of £750,000 and is not repayable until 2015 with the maximum drawdown of £250,000 per year.

8. CREDITORS: amounts falling due within one year	Group		Company	
	2009 £	2008 £	2009 £	2008 £
Trade creditors	284,819	759,053	191,443	247,811
Other creditors	2,471,928	2,070,879	922,313	769,317
Amount due to group undertakings	-	-	-	7,440
Deferred income	1,390,700	708,647	1,214,500	562,500
Corporation tax	52,996	162,509	40,658	117,311
Other taxes and social security	312,563	207,013	300,115	191,798
	<u>4,513,006</u>	<u>3,908,101</u>	<u>2,669,029</u>	<u>1,896,177</u>

9. PROVISIONS FOR LIABILITIES AND CHARGES	Deferred tax provision	
	Group 2009 £	Company 2009 £
At 1 January 2009	167,401	167,401
Debit for the year	(204,381)	(204,381)
At 31 December 2009	<u>(36,980)</u>	<u>(36,980)</u>
	<b>2009 £</b>	<b>2008 £</b>
Deferred taxation provided in the accounts comprise		
Accelerated capital allowances	720	(1,377)
Deferred tax on pension scheme (liability) / asset	(37,700)	168,778
<b>Deferred tax (asset) / liability</b>	<u>(36,980)</u>	<u>167,401</u>



**THE UNITED KINGDOM OFFSHORE OIL AND GAS INDUSTRY ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

10. RESERVES	Group		Company	
	Pension Reserve £	Revenue Reserve £	Pension Reserve £	Revenue Reserve £
Reserves as at 1 January 2009	559,000	1,710,829	559,000	1,105,760
Retained income for the year	184,000	270,090	184,000	228,954
Actuarial loss on pension scheme deficit for the year	(830,000)	-	(830,000)	-
<b>Reserves as at 31 December 2009</b>	<b>(87,000)</b>	<b>1,980,919</b>	<b>(87,000)</b>	<b>1,334,714</b>

11. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS	2009 £	2008 £
<b>a) Reconciliation of net income on ordinary activities before taxation to net cash inflow from operating activities</b>		
Net income before taxation	335,739	544,984
Pension scheme FRS 17 adjustments	(184,000)	(49,000)
Depreciation of tangible assets	105,360	90,143
(Increase) in debtors	(414,711)	(272,695)
Increase in creditors within one year	714,418	443,180
<b>Net cash inflow from operating activities</b>	<b>556,806</b>	<b>756,612</b>
<b>b) Analysis of net debts</b>	<b>At 1 January 2009 £</b>	<b>At 31 December 2009 £</b>
Net cash		
Cash at bank and in hand	4,729,998	4,944,833
<b>Net funds</b>	<b>4,729,998</b>	<b>4,944,833</b>
<b>c) Reconciliation of net cash flow to movement in net funds</b>	<b>2009 £</b>	<b>2008 £</b>
Increase in cash in the year	214,835	779,665
Movement in net funds in the year	214,835	779,665
Opening net funds	4,729,998	3,950,333
<b>Closing net funds</b>	<b>4,944,833</b>	<b>4,729,998</b>

# THE UNITED KINGDOM OFFSHORE OIL AND GAS INDUSTRY ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### FOR THE YEAR ENDED 31 DECEMBER 2009

12. ANNUAL OPERATING LEASE COMMITMENTS	2009 £	2008 £
The group has annual commitments under operating leases in respect of leases which expire		
Land and buildings		
Within 1 year	145,755	-
Between 1 and 2 years	-	145,755
Between 2 and 5 years	53,000	53,000
Over 5 years	-	-
	<u>198,755</u>	<u>198,755</u>
Other assets		
Within one year	1,295	-
Between 1 and 2 years	2,702	4,165
Between 2 and 5 years	4,606	4,625
	<u>8,603</u>	<u>8,790</u>

### 13 PENSIONS

The company established a funded, defined benefit pension scheme with effect from 31 August 1990, the UKOOA 1990 Pension Scheme, which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with insurance companies. The contributions are determined by a qualified actuary on the basis of triennial valuations using the aggregate method. The market value of scheme assets at the date of the valuation was £3,772,000.

#### Analysis of the amount charged to operating surplus

The contributions to the scheme for the current service cost amounted to £114,000 (2008 £151,000). The contributions of the company and employees are 25% and 3% of earnings respectively as agreed with the scheme actuary.

#### Valuation assumptions at 31 December 2009 and results

An actuarial valuation of the liabilities was carried out at 1 January 2006. The major assumptions used for the valuation were:

	2009	2008
Rate of increase in salaries	4.6% p.a.	3.9% p.a.
Rate of increase in pensions in payment	3.6% p.a.	2.6% p.a.
Rate used to discount scheme liabilities	5.8% p.a.	6.4% p.a.
Inflation assumption	3.6% p.a.	2.6% p.a.
Mortality	SIPA series year of birth tables	SIPA series year of birth tables
Cash commutation	20% of pension will be commuted on current terms	20% of pension will be commuted on current terms
Proportion of members with a spouse	80% for males 70% for females	80% for males 70% for females

Rate of increase of deferred pensions in excess of Guaranteed Minimum Pensions 3.0%

The assets are held under a Scottish Life branded insurance contract with Royal London Mutual Insurance Society Limited. The contract is administered on unit linked principles and allows access to a wide range of available fund. The value shown is not necessarily the value that would be available were the policy to be surrendered.

**THE UNITED KINGDOM OFFSHORE OIL AND GAS INDUSTRY ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

13. PENSIONS (continued)	2009 £	2008 £				
The assets in the scheme were						
Scottish Life policy at market value	3,772,000	3,239,000				
Total market value of scheme assets	3,772,000	3,239,000				
Actuarial value of scheme liabilities	3,859,000	2,680,000				
Deficit/ surplus in scheme	(87,000)	559,000				
Related deferred tax asset / (liability)	24,360	(167,700)				
Net pension (liability)/ asset	(62,640)	391,300				
Analysis of the amount charged to other financial income under FRS17						
Expected return on pension scheme assets	181,000	204,000				
Interest on pension scheme liabilities	(174,000)	(177,000)				
Net return recognised in the income and expenditure account	7,000	27,000				
Analysis of the amount recognised in the statement of total recognised gains and losses (STRGL) under FRS17						
	2009 £	2008 £	2007 £	2006 £	2005 £	2004 £
Difference between the expected and actual return on scheme assets	76,000	(779,000)	(105,000)	79,000	276,000	(35,300)
Percentage of scheme assets	2%	-24%	-3%	2%	10%	-1.8%
Experience gains and losses arising on the scheme liabilities	(205,000)	(113,000)	81,000	(1,000)	96,000	280,000
Percentage of present value of liabilities	-5%	-4%	2%	0%	4%	12%
Changes in assumptions underlying the present value of the scheme liabilities	(701,000)	863,000	(3,000)	11,000	137,000	(154,600)
Total amount recognised in the STRGL	(830,000)	(29,000)	(27,000)	89,000	509,000	90,100
					2009 £	2008 £
Movement in funding position during the year						
Surplus at 1 January 2009					559,000	539,000
Movement in year						
Current service cost					(114,000)	(151,000)
Employer contributions					291,000	173,000
Other financial income					7,000	27,000
Actuarial (loss)					(830,000)	(29,000)
(Deficit)/ Surplus in scheme at 31 December recognised in the Balance Sheet					(87,000)	559,000

**THE UNITED KINGDOM OFFSHORE OIL AND GAS INDUSTRY ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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**13. PENSIONS (continued)**

**Factors which may affect the above results**

The surplus is the difference between two much larger values, the assets and the liabilities. It follows that relatively small changes in either of these values can result in relatively large changes in the surplus.

Factors which affect the values placed on the assets and liabilities include stock market performance, the discount rate chosen, expectations of future life expectancy and the difference between the discount rate and the salary growth assumptions.

The FRS 17 basis is based on financial conditions on a particular date. Financial conditions are likely to change over time. It is also possible for there to be large changes over short time periods.

This means there is inherent volatility in the balance sheet, income and expenditure account and the STRGL.

**Other Schemes**

In addition to the above scheme, contributions of £ 127,571 (2008: £151,542) were made into the defined contribution Stakeholders Pension Scheme.