

THE UK OIL AND GAS INDUSTRY ASSOCIATION LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2013

Company Number: 1119804

FRIDAY



L3DBRJTT

LD2

01/08/2014

#37

COMPANIES HOUSE

THE UK OIL AND GAS INDUSTRY ASSOCIATION LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

CONTENTS	Page
Directors' Report	1 – 2
Strategic Report	3 – 7
Independent Auditors' Report	8
Consolidated Profit and Loss	9
Balance Sheets	10
Consolidated Cash Flow Statement	11
Notes to the Financial Statements	12 – 20

THE UK OIL AND GAS INDUSTRY ASSOCIATION LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors submit their report and financial statements of The UK Oil and Gas Industry Association Limited ("Oil & Gas UK") group for the year ended 31st December 2013. 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: SC199292).

DIRECTORS' AND THEIR INTERESTS

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

Robin Davies (resigned April 2013)
Malcolm Webb
Gordon Ballard
Susan Elston
John Pearson
James Edens
Glen Cayley
Trevor Garlick
Jonathan Roger (resigned May 2013)
Brenda Dulaney (resigned April 2013)
David Chenier
Phillipe Guys
Archie Kennedy
Neil Kirkbride
Adrian Rose
Nigel Hares
Leo Koot (resigned May 2013)
Geoff Holmes (resigned May 2014)
Robin Watson
Nigel Lees (resigned May 2013)
Nigel Wilson (resigned November 2013)
Phil Kirk (appointed April 2013)
Bill Morrice (appointed July 2013)
Terry Savage (appointed May 2013)
Andy Samuel (appointed July 2013)
Eric D'Argentre (appointed July 2013)
Martin Rune Pedersen (appointed July 2013)
Doug Sedge (appointed July 2013)
Luke Farajallah (appointed July 2013)
Mike Skitmore (appointed November 2013)

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. Directors' remuneration is shown within note 3 on page 13.

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.

RESULTS

The profit for the year, after taxation, amounted to £596,044 (2012: £607,244). Additionally, the company recorded an actuarial loss on the defined benefit pension asset of £18,000 (2012: £459,000).

THE UK OIL AND GAS INDUSTRY ASSOCIATION LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic report, 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 the 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.

Signed on behalf of the Board on 16th July 2014

Malcolm Webb
Director

THE UK OIL AND GAS INDUSTRY ASSOCIATION LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2013

Purpose and Objectives:

Oil & 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.

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 DEAL, which provides access to a register and directory of UKCS exploration and production information. During 2013, the company successfully combined all of these aspects under a single, new unified system which was rebranded as UKOilandGasData.com.

Step Change in Safety Limited

Step Change in Safety Limited is a cross industry initiative to improve safety performance in the industry, with over 120 companies involved from across the industry. This 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.

THE UK OIL AND GAS INDUSTRY ASSOCIATION LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

Review of 2013 Activities & Plans for 2014

In pursuit of their respective objectives, 2013 was another challenging but successful year for the group entities. Some excellent progress on business and fiscal issues was made, along with a high level of political and member engagement. However, the industry had some difficult matters to address following a fatal helicopter accident off Sumburgh in August 2013, but the organisation continued to prove its responsive capabilities to deal with unexpected additional workload and maintain progress on its on-going agenda of activities.

The organisation delivered a range of achievements as detailed below and 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 strengthened its resources and strategically focused on its core member value offering and further development of commercial income sources to maintain the focus and efficiency of the organisation and also increase its capacity to keep ahead of industry trends, legislative and regulatory developments, along with other vital intelligence.

This report reports on the key activities of the group organisations during 2013 and also outlines some 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 continuously improving quality of service to its members and users.

Oil & Gas UK

The following points highlight some of the key achievements for Oil & Gas UK in 2013:

- Completion of the Oil & Gas Decommissioning Relief Deed, which secured certainty on tax relief for decommissioning which will unlock billions of security currently tied up in decommissioning security trusts.
- Engaged with government on a new brownfield allowance, incentivising capital projects worth over £3.5 billion.
- Embarked on a major exercise to map the UK offshore oil and gas supply chain to shed greater light on the sector's segmentation and competitiveness.
- Gathered, managed and published a wide variety of data sets which allow efficient and cost-effective mechanisms for companies to submit statutory and non-statutory returns, monitor overall performance and describe accurately the industry's impact on the economic or physical environments.
- Submitted written responses to almost 30 formal and informal government, parliamentary and regulator consultations and inquiries on behalf of its members, also appearing as an expert witness before members of select committees in Westminster.
- Co-ordinated the industry crisis response to the Sumburgh fatal helicopter accident in August.
- Formed new work groups to refocus attention on maximising the recovery of oil and gas from the UKCS (PILOT North Sea Rejuvenation; Exploration Taskforce; Technology Steering Group; Enhanced/Improved Oil Recovery)
- In the 25th anniversary year of the Piper Alpha disaster, a major three-day conference was held in Aberdeen to reflect on its lessons, to review subsequent changes in industry practice and to recommit to continuous improvement in offshore safety, which also involved the generation of fundraising for the refurbishment of the Piper Memorial Garden.
- Ran a pilot communications campaign to highlight the sector's contribution to job creation, economic growth, innovation and technology.
- Facilitated membership engagement with politicians and officials from all levels of Parliament, Government and opposition parties throughout the UK.
- Launched its first training course, 'Fundamentals in Oil and Gas'.
- Published nearly 40 publications and guidelines.

Looking ahead to a selection of challenges for 2014, Oil & Gas UK will be working with industry to implement the recommendations of the Wood Report, which has provided a clear prescription for pan-industry and government collaboration to work towards the maximisation of economic return from the UKCS. It will also be focused on strengthening public and political recognition of the importance of UK oil and gas to the economy, energy security and employment, particularly focused around the European elections and Scottish Referendum. Operationally, it will continue its work around all aspects of safety and particularly helicopter safety, following the Sumburgh accident and the subsequent CAA report.

Review of 2013 Activities & Plans for 2014 (continued)

Membership growth will continue to be a key focus 2014 as the organisation looks to articulate and further enhance its 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 2014 following the success of the 2013 programme.

Common Data Access Limited (CDA)

Activity in 2013 blended the company's usual business activities with the progression of other development work, achieving all of its significant objectives for 2013 and within its financial budget.

The company successfully combined the previously independent services for Well DataStore, the Seismic DataStore and DEAL under a single, new unified system which was rebranded as UKOilandGasData.com. This new system will enable CDA to offer new services and to extend the customer base in future years.

Downloads of well data reached a record total of more than one million items. A service to increase the bandwidth for seismic data downloads was launched earlier in the year and users can now perform high-speed on-line downloads from anywhere in the world. New services were also launched to accept raw seismic field data and the full range of data types associated with well site surveys.

CDA were also central to establishing data management as a recognised and certifiable profession, supporting the creation of a Competency Management Website where users can map their competencies and be endorsed by other professionals, which now has users in 18 countries. There has also been significant activity in 2013 to develop an undergraduate and a post-graduate course in petroleum data management. This effort will continue in 2014 with the intention of making the course available in January 2015.

CDA also continued work to improve and automate the semi-annual collection and quality-control of infrastructure information for distribution to the fishing community where it is used to support safe fishing practices.

Step Change in Safety Limited

In 2013, Step Change continued to be driven by the collaborative working approach that has been the model to realising its vision of being the safest oil and gas sector in the world. The huge success of the Piper25 conference, which brought together the industry to reflect, reinforce and recommit itself to the safety agenda. Following the Sumburgh helicopter crash, the Helicopter Safety Steering Group (HSSG) played a key leadership role in taking time out for safety to better understand the issues before supporting a return to safe flight operations.

Step Change has delivered visible and credible safety improvements during the year, where it met challenges to maintain the principle of having a universal industry minimum safety training standard (MIST), along with supporting the industry in achieving significant reductions in hydrocarbon releases.

In 2014, Step Change will continue to provide strong and sustainable leadership in health and safety to drive shared industry safety goals, focusing work on the challenge of simplifying the agenda, provision of strong leadership and the successful implementation of safety initiatives. Work will continue on the challenging target to reduce unplanned hydrocarbon releases by 50% over the next three years and focus on the competencies required to identify hazards and ensure that risks are properly controlled, specifically working to enhance understanding and management of human factors.

The workforce engagement support team will continue to drive efforts to ensure that the workforce will be fully engaged in health and safety and the HSSG will continue to be proactive with helicopter transport safety focusing on what's important to deliver safe flight operations.

Communication and engagement remain a key challenge in all areas of the Step Change agenda and as such, it will invest more resource in communications during 2014, along with carrying out a broader review to build a stronger organisational and constitutional model, which interfaces effectively with all key stakeholders.

THE UK OIL AND GAS INDUSTRY ASSOCIATION LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

Review of 2013 Activities & Plans for 2014 (continued)

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 across its range of services, with delivery self-funded and sustainable.

Vantage POB provides the offshore personnel tracking system for UKCS Operators and Duty Holders, OPITOs worldwide verified competency training records and other global operators. Usage of the system through the year continued at a similar level to previous years and user group meetings, supplemented by regular newsletters, keep stakeholders informed of system developments and training requirements. The Flight Share scheme continued to provide operational flexibility to regular flight arrangements with 50 companies now signed up.

Master Deed transactions fully transitioned to an online system during 2013 and the processes which were uprated to authorise consents as well as check deeds on-line, with 2013 being the busiest year for execution deeds in the 10 year history of Master Deed. Throughout 2013, sign-up to the 2012 Industry Mutual Hold Harmless (IMHH) scheme continued and by year end, participation stood at 697.

During 2012/13 a working group updated the General Services (Onshore and Offshore) Standard Contract, which was endorsed for publication by the LOGIC Board at the end of 2013, with the group now continuing on into 2014 to review and update other standard contracts from within the suite of 10, which continue to be widely used from the LOGIC website.

Performance Monitoring

As a representative body for the oil and gas industry, the primary source of Oil & Gas UK and group 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.

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 management accounts and 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 monitors the financial position of the organisation, but who has no direct authority over the activities of management. The Treasurer also chairs the Audit Committee, which provides further review and governance 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 through the quality of services delivered to members and users.

During 2013, Oil & Gas UK increased its membership base by over 32% to reach 400 members by year-end and has developed further its membership value offering and engagement cycle to ensure that member needs are understood and delivered on. Step Change and CDA both also grew their membership numbers and service offering. Based on current levels and continuing growth trends, management views that no current threat exists from declining membership.

THE UK OIL AND GAS INDUSTRY ASSOCIATION LIMITED

STRATEGIC REPORT (continued)

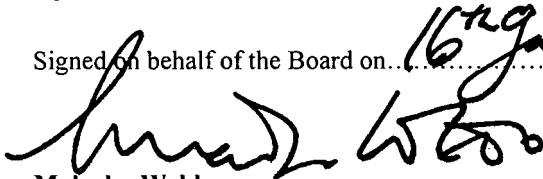
FOR THE YEAR ENDED 31 DECEMBER 2013

Business and Operational Risk (continued)

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. The industry has some significant challenges over the coming decades in delivering value from a mature basin, but there remains significant activity with 2013 reporting the highest ever level of capital expenditure and through the Wood Report, Government and Industry have demonstrated their commitment to maximising the economic recovery from the UKCS.

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, 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.

Signed on behalf of the Board on... 16 July 2014


Malcolm Webb
Director

INDEPENDENT AUDITORS' REPORT

THE UK OIL AND GAS INDUSTRY ASSOCIATION LIMITED

We have audited the financial statements of The UK Oil & Gas Industry Association Limited for the year ended 31 December 2013, set out on pages 9- 20. 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 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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2013 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

.....16 July.....2014

26 Red Lion Square
London
WC1R 4AG

THE UK OIL AND GAS INDUSTRY ASSOCIATION LIMITED

CONSOLIDATED PROFIT AND LOSS

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £	2012 £
TURNOVER	2	16,715,410	15,328,028
Cost of sales		(4,940,309)	(4,690,771)
Other operating income		43,884	48,751
Net operating income	3	11,818,985	10,686,008
Administration expenses		(11,086,091)	(10,079,997)
Interest receivable		33,876	38,808
Other finance income/(costs)	14	14,000	(6,000)
NET INCOME ON ORDINARY ACTIVITIES BEFORE TAXATION	5	780,770	638,819
Taxation	4	(184,726)	(31,575)
RETAINED NET INCOME FOR THE FINANCIAL YEAR	11	596,044	607,244

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £	2012 £
Retained net income for the year		596,044	607,244
Actuarial loss on pension scheme asset	14	(18,000)	(459,000)
Total recognised gain for the year		578,044	148,244

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 12 to 20 form part of these financial statements.

THE UK OIL AND GAS INDUSTRY ASSOCIATION LIMITED

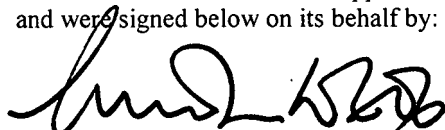
BALANCE SHEETS

AS AT 31 DECEMBER 2013

Company Number: 1119804

		Group		Company	
	Notes	2013 £	2012 £	2013 £	2012 £
FIXED ASSETS					
Tangible assets	6	345,864	335,006	337,660	327,773
Investments	7	-	-	23	23
		<u>345,864</u>	<u>335,006</u>	<u>337,683</u>	<u>327,796</u>
CURRENT ASSETS					
Debtors	8	1,624,693	2,028,472	1,388,878	1,769,449
Cash at bank and in hand		6,805,841	6,533,513	3,571,725	3,242,696
		<u>8,430,534</u>	<u>8,561,985</u>	<u>4,960,603</u>	<u>5,012,145</u>
CREDITORS: amounts falling due within one year	9	<u>(6,042,839)</u>	<u>(6,178,959)</u>	<u>(3,549,950)</u>	<u>(3,582,994)</u>
NET CURRENT ASSETS		<u>2,387,695</u>	<u>2,383,026</u>	<u>1,410,653</u>	<u>1,429,151</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,733,559</u>	<u>2,718,032</u>	<u>1,748,336</u>	<u>1,756,947</u>
Provision for (liabilities)/charges	10	<u>(378,319)</u>	<u>(194,836)</u>	<u>(378,319)</u>	<u>(194,836)</u>
NET ASSETS EXCLUDING PENSION ASSET		<u>2,355,240</u>	<u>2,523,196</u>	<u>1,370,017</u>	<u>1,562,111</u>
Pension asset	14	<u>1,585,000</u>	<u>839,000</u>	<u>1,585,000</u>	<u>839,000</u>
NET ASSETS INCLUDING PENSION ASSET		<u><u>3,940,240</u></u>	<u><u>3,362,196</u></u>	<u><u>2,955,017</u></u>	<u><u>2,401,111</u></u>
Represented by:					
Reserves	11	<u><u>3,940,240</u></u>	<u><u>3,362,196</u></u>	<u><u>2,955,017</u></u>	<u><u>2,401,111</u></u>

The financial statements were approved and authorised for issue by the Board of Directors on 16th July 2014 and were signed below on its behalf by:


 Malcolm Webb
 Director

The notes on pages 12 to 20 form part of these financial statements.

THE UK OIL AND GAS INDUSTRY ASSOCIATION LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	2013 £	2012 £
Net cash inflow/(outflow) from operating activities	12a	455,710	(984,305)
Taxation paid		(1,243)	(15,689)
Capital expenditure			
Payments to acquire tangible assets		<u>(182,139)</u>	<u>(73,695)</u>
Net cash outflow for capital expenditure		<u>(182,139)</u>	<u>(73,695)</u>
Net cash inflow/(outflow) before management of liquid resources and financing		<u>272,328</u>	<u>(1,073,689)</u>
Increase/(decrease) in cash in the year	12c	<u><u>272,328</u></u>	<u><u>(1,073,689)</u></u>

The notes on pages 12 to 20 form part of these financial statements.

THE UK OIL AND GAS INDUSTRY ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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 UK 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 400 members of the Association at 31 December 2013.

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% straight line
Computer equipment	25% straight line

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 UK OIL AND GAS INDUSTRY ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

2. TURNOVER

The total income of the group for the period has been derived from its principal activity wholly undertaken in the UK.

3. NET OPERATING INCOME - GROUP

	2013	2012
	£	£
Operating income includes the following charges:		
Wages and salaries	3,967,094	3,633,607
Social security costs	494,825	426,635
Other pension costs	369,020	338,741
	<u>4,830,939</u>	<u>4,398,983</u>
Staff costs	<u>4,830,939</u>	<u>4,398,983</u>

The average number of employees in the group during the year was 70 (2012: 61).

During the year the group made a cash contribution to the UKOOA 1990 Pension Scheme of £750,000 (2012: £600,000). These contributions are not included in Other pension costs above but are disclosed under FRS 17 in note 14: pensions.

Director's remuneration	566,570	429,916
Depreciation	171,281	142,327
Auditors' remuneration - audit services	20,950	20,950
- non-audit services	10,300	10,125
Operating lease rental charges	<u>247,620</u>	<u>274,310</u>

One of the directors is a member of the UKOOA 1990 Pension Scheme.

4. TAXATION - GROUP

	2013	2012
	£	£
Analysis of charge in year		
Current tax		
UK corporation tax on net income for the year	1,243	17,733
Adjustments in respect of previous year	-	(2,042)
Total current tax	<u>1,243</u>	<u>15,691</u>
Deferred tax		
Accelerated capital allowances	13,886	(4,309)
Losses	(6,598)	-
Origination and reversal of timing differences	<u>176,195</u>	<u>20,193</u>
Total deferred tax	<u>183,483</u>	<u>15,884</u>
Tax on net income on ordinary activities	<u>184,726</u>	<u>31,575</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.

THE UK OIL AND GAS INDUSTRY ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

4. TAXATION – GROUP (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 – lower than) the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013	2012
	£	£
Profit before tax per the profit and loss accounts	780,770	638,819
Corporation tax at 23.25% (2012: 24.5%)	181,529	156,493
Effects of:		
Expenses not deductible for tax purposes	6,789	348
Depreciation for the period in excess of capital allowances	(12,770)	11,602
Other timing differences	(4,551)	(2,598)
Excess losses carried forwards	7,304	-
Non-taxable income	1,113	1,081
FRS 17 adjustment	(177,604)	(145,514)
Group relief surrender/(claim)	-	-
Small companies relief	(201)	(3,679)
Current tax charge for the year	<u>1,609</u>	<u>17,733</u>
Adjustment to tax charge in respect of previous periods	<u>(366)</u>	<u>(2,042)</u>
Total current tax charge	<u><u>1,243</u></u>	<u><u>15,691</u></u>

5. NET INCOME ON ORDINARY ACTIVITIES BEFORE TAXATION

The Association has taken advantage of the exemption in s.408, Companies Act 2006 from the requirement to present its own Profit and Loss Account. The Association's income is called and expenditure is made through the following funds.

	2013	2012
	£	£
Cash called from members:		
Membership fees	2,754,352	2,556,127
Operations fund	7,026,701	6,545,781
Deal fund	400,000	347,500
	<u>10,181,053</u>	<u>9,449,408</u>
Other income	1,965,264	1,448,770
Administrative expenses	<u>(11,427,902)</u>	<u>(10,365,624)</u>
Net income before taxation	<u><u>718,415</u></u>	<u><u>532,554</u></u>

THE UK OIL AND GAS INDUSTRY ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

6. TANGIBLE FIXED ASSETS

Group	Leasehold improvements £	Furniture, fittings and equipment £	Total £
Cost			
At 1 January 2013	302,108	540,761	842,869
Additions	10,406	171,733	182,139
Disposals	-	(15,460)	(15,460)
At 31 December 2013	312,514	697,034	1,009,548
Accumulated depreciation			
At 1 January 2013	166,380	341,483	507,863
Charge for the year	56,326	114,955	171,281
Disposals	-	(15,460)	(15,460)
At 31 December 2013	222,706	440,978	663,684
Net Book Value			
At 31 December 2013	89,808	256,056	345,864
At 31 December 2012	135,728	199,278	335,006
Company			
Cost			
At 1 January 2013	302,108	516,354	818,462
Additions	10,406	165,183	175,589
Disposals	-	(15,460)	(15,460)
At 31 December 2013	312,514	666,077	978,591
Accumulated depreciation			
At 1 January 2013	166,380	324,309	490,689
Charge for the year	56,326	109,376	165,702
Disposals	-	(15,460)	(15,460)
At 31 December 2013	222,706	418,225	640,931
Net Book Value			
At 31 December 2013	89,808	247,852	337,660
At 31 December 2012	135,728	192,045	327,773

7. INVESTMENTS – COMPANY

	£
Cost of investments	
At 1 January 2013 and 31 December 2013	23

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 UK OIL AND GAS INDUSTRY ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

8. DEBTORS	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Trade debtors	268,827	739,290	135,029	454,955
Amounts due from group undertakings	-	-	129,195	185,220
Other debtors	880,556	837,259	755,221	752,898
Prepayments and accrued income	219,564	135,144	215,606	134,922
Tax and other social security	255,746	316,779	153,827	241,454
	<u>1,624,693</u>	<u>2,028,472</u>	<u>1,388,878</u>	<u>1,769,449</u>

Included within debtors is a loan of £750,000 which is not due within one year. This loan is to UK Fisheries Oil and Gas Legacy Trust Fund Limited. The loan has reached its maximum of £750,000 and is repayable in 2015.

9. CREDITORS: amounts falling due within one year	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Trade creditors	550,291	1,251,167	474,342	921,801
Other creditors	2,847,948	2,886,882	1,271,661	1,188,446
Accruals and deferred income	2,242,168	1,701,464	1,440,655	1,178,443
Corporation tax	1,446	17,733	6	(1,096)
Other taxes and social security	400,986	321,713	363,286	292,400
Amounts due to group undertakings	-	-	-	3,000
	<u>6,042,839</u>	<u>6,178,959</u>	<u>3,549,950</u>	<u>3,582,994</u>

10. PROVISIONS FOR LIABILITIES AND CHARGES	Deferred tax provision Group and Company	
	2013 £	2012 £
At 1 January 2013	194,836	178,952
(Debit) /credit for the year	183,483	15,884
At 31 December 2013	<u>378,319</u>	<u>194,836</u>
	2013 £	2012 £
Deferred taxation provided in the accounts comprises:		
Accelerated capital allowances	22,341	8,455
Losses	(6,598)	-
Deferred tax on pension scheme asset	362,576	186,381
Deferred tax liability	<u>378,319</u>	<u>194,836</u>

THE UK OIL AND GAS INDUSTRY ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

11. RESERVES

	Group		Company	
	Pension Reserve	Revenue Reserve	Pension Reserve	Revenue Reserve
	£	£	£	£
Reserves as at 1 January 2013	839,000	2,523,196	839,000	1,562,111
Retained income for the year	764,000	(167,956)	764,000	(192,094)
Actuarial (loss)/gain on pension scheme deficit for the year	(18,000)	-	(18,000)	-
Reserves as at 31 December 2013	1,585,000	2,355,240	1,585,000	1,370,017

12. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENTS

		2013	2012
		£	£
a) Reconciliation of net income on ordinary activities before taxation to net cash inflow from operating activities			
Net income before taxation		780,770	638,819
Pension scheme FRS 17 adjustments		(764,000)	(594,000)
Depreciation of tangible assets		171,281	142,327
Loss on disposal of fixed assets		-	-
Decrease/(increase) in debtors		403,779	(394,736)
Increase/(decrease) in creditors within one year		(136,120)	(776,715)
Net cash inflow from operating activities		455,710	(984,305)
b) Analysis of net debts			
	At		At
	1 January		31 December
	2013	Cash flow	2013
	£	£	£
Net cash:			
Cash at bank and in hand	6,533,513	272,328	6,805,841
Net funds	6,533,513	272,328	6,805,841
c) Reconciliation of net cash flow to movement in net funds			
		2013	2012
		£	£
Increase/(decrease) in cash in the year		272,328	(1,073,689)
Movement in net funds in the year		272,328	(1,073,689)
Opening net funds		6,533,513	7,607,202
Closing net funds		6,805,841	6,533,513

THE UK OIL AND GAS INDUSTRY ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

13. ANNUAL OPERATING LEASE COMMITMENTS	2013 £	2012 £
The group has annual commitments under operating leases in respect of leases which expire:		
Land and buildings:		
Within 1 year	-	-
Between 1 and 2 years	-	-
Between 2 and 5 years	315,464	290,097
Over 5 years	-	-
	<u>315,464</u>	<u>290,097</u>
Other assets:		
Within one year	8,417	10,124
Between 1 and 2 years	733	757
Between 2 and 5 years	-	-
	<u>9,150</u>	<u>10,881</u>

14. 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 £6,963,000 (2012: £5,745,000).

Analysis of the amount charged to operating surplus

The contributions to the scheme for the current service cost amounted to £Nil (2012: £Nil). The scheme closed to future accrual on 30th June 2010, therefore were no percentage of earnings contributions from the company or employees during the 2013 financial year.

Valuation assumptions at 31 December 2013 and results

An actuarial valuation of the liabilities was carried out at 28 February 2014. The major assumptions used for the valuation were:

	2013	2012
Rate of increase in pensions in payment (pre-1997)	3.0% p.a	3.0% p.a
Rate of increase in pensions in payment (post-1997)	3.4% p.a	3.0% p.a
Rate used to discount scheme liabilities	4.5% p.a	4.5% p.a
Inflation assumption	3.4% p.a	2.8% p.a
Mortality	S1PA (light) series year of birth tables	S1PA (light) 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	75% for males 65% for females	75% for males 65% for females

Rate of increase of deferred pensions in excess of Guaranteed Minimum Pensions 3.4% (2012 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 UK OIL AND GAS INDUSTRY ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

14. PENSIONS (continued)

The assets in the scheme were:

	2013 £	2012 £
Scottish Life policy at market value	6,963,000	5,745,000
Total market value of scheme assets	6,963,000	5,745,000
Actuarial value of scheme liabilities	(5,378,000)	(4,906,000)
Surplus in scheme	1,585,000	839,000
Related deferred tax asset/(liability)	(363,000)	(193,000)
Net pension asset	1,222,000	646,000

Analysis of the amount charged to other financial income under FRS17

Expected return on pension scheme assets	234,000	203,000
Effect of excess restriction recognised in the profit and loss	-	-
Interest on pension scheme liabilities	(220,000)	(209,000)
Net return recognised in the income and expenditure account	14,000	(6,000)

Analysis of the amount recognised in the statement of total recognised gains and losses (STRGL) under FRS17

	2013 £	2012 £	2011 £	2010 £	2009 £	2008 £
Difference between the expected and actual return on scheme assets	253,000	166,000	(93,000)	103,000	76,000	(779,000)
Percentage of scheme assets	4%	3%	-2%	2%	2%	-24%
Experience gains and losses arising on the scheme liabilities	30,000	120,000	67,000	50,000	(205,000)	(113,000)
Percentage of present value of liabilities	1%	1%	1%	1%	-5%	-4%
Changes in assumptions underlying the present value of the scheme liabilities	(301,000)	(745,000)	(317,000)	(36,000)	(701,000)	863,000
Total amount recognised in the STRGL	(18,000)	(459,000)	(343,000)	117,000	(830,000)	(29,000)

	2013 £	2012 £
Movement in funding position during the year		
Surplus/(Deficit) at 1 January 2013	839,000	704,000
Movement in year:		
Current service cost	-	-
Employer contributions	750,000	600,000
Other financial income/(cost)	14,000	(6,000)
Gain on settlements and curtailments	-	-
Actuarial (loss)/gain	(18,000)	(459,000)
Surplus in scheme at 31 December recognised in the Balance Sheet	1,585,000	839,000

THE UK OIL AND GAS INDUSTRY ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2013

14. 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.

Mix of investments

Year End:	31 December 2013 %	31 December 2012 %
Equities	49	51
Property	-	-
Bonds	50	49
Cash	1	-
	<hr/>	<hr/>
Total:	100	100
	<hr/>	<hr/>

Other Schemes

In addition to the above scheme, contributions of £369,020 (2012: £290,621) were made into the defined contribution Stakeholders Pension Scheme.

15. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available under FRS 8 permitting non-disclosure of transactions between group undertakings.

16. ULTIMATE CONTROLLING PARTY

In the opinion of the directors there is no single ultimate controlling party.