Registered number: 01532141

AKER OFFSHORE PARTNER LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

AKER OFFSHORE PARTNER LIMITED

COMPANY INFORMATION

DIRECTORS	David Clark (appointed 22 October 2015) Atle Evjen Erik Sjolie Stian Vemmestad Craig Wiggins (appointed 13 October 2015) David Currie (resigned 5 January 2015)
COMPANY SECRETARY	Pincent Masons Secretarial Limited
REGISTERED NUMBER	01532141
REGISTERED OFFICE	1 Park Row Leeds LS1 5AB
INDEPENDENT AUDITORS	KPMG LLP, Statutory Auditor Chartered Accountants 37 Albyn Place Aberdeen AB10 1JB

AKER OFFSHORE PARTNER LIMITED

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

INTRODUCTION

The directors present their annual report and financial statements for the year ended 31 December 2015, along with an unqualified audit report from KPMG LLP, the Company's statutory auditors.

BUSINESS REVIEW

The reduced oil price was the main driver during 2015, with AOPL committed to reducing costs and offering efficiency savings and an innovative approach to clients.

Turnover increased by 44% to £278.7m (2014: £193.4m) due to high activity on a number of major long term projects.

Operating profit increased to £7.8m (2014: £6.4m) as a result of the higher level of activity.

PRINCIPAL RISKS AND UNCERTAINTIES

Principal risks and uncertainties are the enduring risks of oil pricing together with resource management and increasing technical difficulty of extraction, entering new countries and developing new customer relationships. More locally, innovative recruitment processes and consideration of new geographic centres for work execution will help address some key challenges moving forward.

Additional business risks which would impact on the ability of the company to execute its strategy are significant movements in energy prices. These are affected by the global market and any significant movements in these prices will impact on oil exploration and ongoing development of projects.

Financial risk includes currency, counterparty and liquidity risk. Currency risk: is managed via corporate treasury when contracts are awarded. Such cover is provided in functional currency. Counterparty risk: assessments are made of major contractual counterparties and sub-contractors. Risk is reduced through bank and parent company guarantees and/or structuring of payment terms. Liquidity risk: the policy is to maintain satisfactory liquidity. Working capital will vary over time, depending on the composition of revenues good liquidity is important.

Compliance and ethics are of significant importance for Aker Solutions. This includes management of ethical and political risks to prevent the company being involved in unethical behaviour, either directly or through third parties or partners, or involved in countries where international sanction regimes are in place. The risks within this area are managed through regular country analysis, mandatory awareness training, compliance reviews and regular integrity due diligence.

FINANCIAL KEY PERFORMANCE INDICATORS

Management use a wide range of performance indicators and statistics to measure the progress or development of the business and its contracts. These include financial as well as non-financial indicators.

Financial indicators include variance comparison against budget, short and long term forecasts. In particular, turnover, contribution and operating profit along with margin percentages are closely monitored. In addition, order intake, order backlog, financial ratios and cash flows are also included.

The financial KPI's are set out below

	2015	**2014**	**2013**
Revenue	£278.7m	*£193.4m*	*£109.6m*
Gross Profit	£21.5m	*£15.7m*	*£9.6m*
Gross Margin	7.7%	*8.1%*	*8.8%*

OTHER KEY PERFORMANCE INDICATORS
Of the non-financial indicators Health, Safety and Environmental ("HSE") statistics tracking leading and lagging indicators are the most significant. The health and safety of our employees and the performance of all work without any HSE incident is of paramount importance. Continuous HSE training and initiatives are operated and their success measured through "lagging" (LTI and TRIF) and "leading" indicators (training hours, risk observations).

Other non-financial indicators include People, Customer and Quality scorecards.

This report was approved by the board on 29 April 2016 and signed on its behalf.

Atle Evjen
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

PRINCIPAL ACTIVITY

The principal activities of the Company are the provision of project management, engineering design, construction, maintenance, operations and decommissioning services to clients in the offshore oil and gas industry primarily in the UK with opportunities being sought in Africa. The Company operates a branch in Korea.

Aker Offshore Partner Limited (AOPL) is a wholly owned subsidiary of Aker Solutions ASA. The Company's main asset is its skilled workforce with engineering and design capabilities that extend from Front-End Engineering and Design (FEED); Engineering Consultancy; Engineering, Procurement and Construction (EPC) projects; Hook-up and Commissioning; Modifications Operations and Maintenance support; to Late Life Operations, Decommissioning and Removal. The Company has over 30 years of experience. In addition, the Aker Solutions group can provide tailor-made systems, procedures, processes and other technology innovations that will ensure all projects are designed, managed, performed and completed safely to the required quality, price and schedule in a professional manner.

Work is mainly won through competitive tenders and contracts can either be for a standalone modification project or for a framework agreement to cover various packages of work over the contract period. Our core services are supplemented by specialist services, such as our Front End Spectrum (FES), Asset Integrity Management (AIM) and fabrication services.

In response to the prevailing low oil price environment, AOPL launched a new LEAN initiative in 2015, known as #thejourney. Its aim is to strengthen the company's existing culture of continuous improvement, improve cost efficiencies and create a leaner organisation that can meet the challenges of operating in today's market. #thejourney includes accelerating a number of existing initiatives - as well as introducing new schemes - to improve current practices, enhance our delivery efficiency and reduce costs. To drive this, AOPL recruited a VP of Lean Deployment and Quality.

In 2015 AOPL focus was on HUC, O&M, AIM and E&C activities slanted towards late life management and decommissioning.

Key drivers in our industry:

- The low oil price environment: Prevailing conditions mean that all service providers must take action to provide more efficient and value-adding services as the industry undergoes a contraction
- Quality and reliability: Related to the above, oil and gas operators are introducing more stringent requirements for quality, reliability and safety
- Maturing assets: In more mature fields, the focus is on increased production from existing wells and the extension and management of mature equipment
- Late life management and decommissioning: With an increasing focus on decommissioning, service companies are packaging their services to cater more for this sector

Aker Solutions is continually pushing the boundaries of technology to address the challenges of depleting worldwide oil supplies.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £5,827 thousand *(2014 - £4,669 thousand)*.

The directors do not recommend the payment of a dividend (2014:£Nil).

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

DIRECTORS

The directors who served during the year were:

David Clark (appointed 22 October 2015)
Atle Evjen
Erik Sjolie
Stian Vemmestad
Craig Wiggins (appointed 13 October 2015)
David Currie (resigned 5 January 2015)

FUTURE DEVELOPMENTS

With the industry expected to remain depressed throughout 2016, companies continue to seek efficiencies and collaboration to bring added value to their services. This naturally increases pressure on margins for both new and existing work portfolios.

Major oil companies are expected to continue exercising strong capital and cost discipline over the next one to two years, a trend that has been reinforced by falling oil prices. While tendering remains robust it is clear that many projects continue to be delayed or re-evaluated.

Activity in the North Sea, the Company's largest regional market, is expected to be lower over the next one to two years. Order backlog is robust. A significant share of expected revenue over the next two to five years will come from negotiated extension to existing contracts.

Aker Solutions faces the current market environment from a position of relative strength and will continue to focus on operational improvement, cost control and strengthening financial performance and competitiveness.

EMPLOYEE INVOLVEMENT

The Company and group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Company and group.

Aker Solutions' share purchase programme in 2015 gave each employee the opportunity to purchase shares. Any future share purchase programmes will be subject to Aker Solutions ASA Board approval.

Employees or their representatives are consulted on a regular basis so that the views of employees can be taken into account in making decisions that are likely to affect their interests.

It is the policy of the group that training, career development and promotion opportunities should be available to all employees.

DISABLED EMPLOYEES

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities.

In the event of employees becoming disabled, every effort is made to retain and if required retrain them in order that their employment with the group may continue.

DISCLOSURE OF INFORMATION TO AUDITORS

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'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 relevant audit information and to establish that the Company's auditors are aware of that information.

POST BALANCE SHEET EVENTS

To better fit market conditions while safeguarding core competencies, group-wide capacity adjustment programmes were started in 2015 and will continue in 2016. To protect the Company's competitive position in the market, a need to reduce headcount by up to 28 employees was identified with the Company entering into a period of collective consultation with its employee representatives on 10th March 2016; the aim is to conclude the process by mid-2016.

There have been no other significant events affecting the Company since the year end.

AUDITORS

Under section 487(2) of the Companies Act 2006, KPMG LLP, Statutory Auditor will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 29 April 2016 and signed on its behalf.

Atle Evjen
Director

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AKER OFFSHORE PARTNER LIMITED

We have audited the financial statements of Aker Offshore Partner Limited for the year ended 31 December 2015, set out on pages 9 to 33. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework applicable in the UK and Republic of Ireland.

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 Auditors' 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, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic Report and Directors' Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AKER OFFSHORE PARTNER LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Duncan MacAskill (Senior Statutory Auditor)

for and on behalf of
KPMG LLP, Statutory Auditor

Chartered Accountants

37 Albyn Place
Aberdeen
AB10 1JB

24 May 2016

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 £000	*2014 £000*
Turnover		**278,651**	*193,417*
Cost of sales		**(257,167)**	*(177,730)*
Gross profit		**21,484**	*15,687*
Administrative expenses		**(13,701)**	*(9,249)*
Operating profit		**7,783**	*6,438*
Interest receivable and similar income	7	**15**	*3*
Interest payable and similar charges	8	**(419)**	*(526)*
Other finance costs		**(8)**	*(36)*
Profit before tax		**7,371**	*5,879*
Tax on profit	10	**(1,544)**	*(1,210)*
Profit for the year		**5,827**	*4,669*
Other comprehensive income for the year, net of income tax		**-**	*-*
Total comprehensive income for the year		**5,827**	*4,669*

AKER OFFSHORE PARTNER LIMITED
REGISTERED NUMBER:01532141

BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note		2015 £000		2014 £000
Intangible assets	11		1,620		1,866
Tangible assets	12		82		131
Investments	13		132		132
			1,834		2,129
Current assets					
Stocks	14	313		356	
Debtors: amounts falling due within one year	15	50,854		53,943	
Cash at bank and in hand	16	10,128		-	
		61,295		54,299	
Creditors: amounts falling due within one year	17	(45,809)		(46,170)	
Net current assets			15,486		8,129
Total assets less current liabilities			17,320		10,258
Creditors: amounts falling due after more than one year	18		(805)		(517)
			16,515		9,741
Provisions for liabilities					
Provisions	21		(947)		-
			(947)		-
Net assets			15,568		9,741
Capital and reserves					
Called up share capital	22		3,000		3,000
Profit and loss account	23		12,568		6,741
			15,568		9,741

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 April 2016.

BALANCE SHEET (continued)
AS AT 31 DECEMBER 2015

Atle Evjen
Director

The notes on pages 14 to 33 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2015

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 January 2015	3,000	6,741	9,741
Total comprehensive income for the year	-	5,827	5,827
At 31 December 2015	3,000	12,568	15,568

STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2014

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 January 2014	3,000	2,072	5,072
Total comprehensive income for the year	-	4,669	4,669
At 31 December 2014	3,000	6,741	9,741

The notes on pages 14 to 33 form part of these financial statements.

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 101 is given in note 29.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

First time application of FRS 100 and FRS 101

In the current year the Company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable UK accounting standards.

This change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. Consequently the principal accounting policies are unchanged from the prior year. The change in basis of preparation has enabled the Company to take advantage of all of the available disclosure exemptions permitted by FRS 101 in the financial statements, the most significant of which are summarised below. There have been no other material amendments to the disclosure requirements previously applied in accordance with UK GAAP.

The following principal accounting policies have been applied:

1. ACCOUNTING POLICIES (continued)

1.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
    - paragraph 79(a)(iv) of IAS 1;
    - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
    - paragraph 118(e) of IAS 38 Intangible Assets;
    - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
    - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

1.3 Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report and Directors Report. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance show that the Company has adequate resources from the Aker Solutions' group if required to continue its operations for the foreseeable future. The directors therefore believe that it remains appropriate to continue to adopt the going concern basis in preparing the annual report and financial statements.

1. ACCOUNTING POLICIES (continued)

1.4 Revenue

Turnover represents work performed by the company in respect of technical, engineering design and engineering personnel services. Turnover is recorded at the fair value of consideration receivable, net of VAT. Turnover is recognised at the point when services are delivered. For turnover linked to key performance indicators, turnover is recognised when it is virtually certain that the performance targets have been achieved.

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represents turnover recognised in excess of payments on account.

1.5 Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives range as follows:

Other intangible fixed assets	-	10	years

1.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

1. ACCOUNTING POLICIES (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Plant and machinery	-	4-5 years
Fixtures and fittings	-	4-5 years
Office equipment	-	4-5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

1.7 Operating leases: Lessee

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

1.8 Impairment of fixed assets and goodwill

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1.10 Stocks

Stocks are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost to complete and selling expenses. The cost of inventories is based on the first-in first-out principle and includes expenditures for bringing them to their existing location and condition.

1.11 Debtors

Trade and other receivables are recognised at the original invoiced amount, less an allowance for doubtful receivables. The invoiced amount is considered to be approximately equal to the value derived if the amortised cost method would have been used.

1. ACCOUNTING POLICIES (continued)

1.12 Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits held at banks and other short-term highly liquid deposits with original maturity of three months or less.

1.13 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Profit and Loss Account. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

1.14 Creditors

Trade and other payables are recognized at the original invoiced amount. The invoiced amount is considered to be approximately equal to the value derived if the amortised cost method would have been used.

1. ACCOUNTING POLICIES (continued)

1.15 Foreign currency translation

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The company's functional and presentational currency is GBP.

1.16 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

1.17 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

1.18 Borrowing costs

All borrowing costs are recognised in the Profit and Loss Account in the year in which they are incurred.

1.19 Provisions for Liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

1. ACCOUNTING POLICIES (continued)

1.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with FRS 101 requires management to make judgments, estimates and assumptions each reporting period that affect the income statement and balance sheet. The accounting estimates will by definition seldom precisely match actual results. The items where judgments and estimates have been made are described below:

Revenue

The estimate of total contract cost is a critical financial reporting estimate for service contracts. Remaining project cost depends on the ability to properly execute the engineering and design phase, availability of skilled resources, productivity factors, performance of subcontractors and sometimes also weather conditions. Experience, systematic use of the project execution model and focus on core competencies reduce, but do not eliminate, the risk that cost estimates may change significantly.

Liquidated damages (LD's) are penalties for not achieving defined milestones. LD's are common in service contracts. If a project does not meet the defined milestone in a contract, a provision reducing project revenue is made when considered probable that an LD will be imposed. The estimated LD provision is highly judgmental and based on experience with similar LD situations and negotiations with customers.

JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

The service contracts may have significant changes in scope of work and variation orders are normally agreed upfront. However, unapproved variation orders may be included in the project revenue where recovery is assessed as probable and other criteria are met.

Incentive payments are integral and significant parts of contract revenue on many service contracts. Incentive payments include key performance indicators, bonuses, target sum mechanisms and productivity measures and can potentially both increase and decrease revenue.

Incentive payments are generally included when there is a high level of probability that the milestones or key performance indicators will be met. There is a risk that the actual payment of incentives differs from the estimated amount.

Tangible fixed assets and other intangibles

Judgment is involved when determining depreciation/amortisation periods and when assessing impairment. Impairment indicators are assessed for individual development projects and for cash generating units as a whole. The impairment testing of a cash generating unit involves judgmental assumptions about future market development, cashflows, determination of WACC, growth rate and other assumptions that may change over time.

Stocks

The assessment of obsolete and slow-moving stock in order to determine stock write-downs is subject to management judgment. The selling price in the market has to be estimated, and there is a risk that the actual selling price turns out to be lower than the amount estimated by management.

Debtors

Judgment is involved when determining the allowance for doubtful receivables. The allowance is based on individual assessments of each receivable.

Provisions

The provisions are estimated based on a number of assumptions and are in nature highly judgmental. The assumptions and estimation uncertainties are discussed within the Provisions Note.

Current and deferred tax

Management judgment is required when assessing the valuation of unused losses, tax credits and other deferred tax assets. The recoverability is assessed by estimating taxable profits in future years. Economic conditions may change and lead to a different conclusion regarding recoverability, and such change may affect future reporting periods.

3. ANALYSIS OF TURNOVER

The whole of the turnover is attributable to technical, engineering design and engineering personnel services.

Analysis of turnover by country of destination:

	2015 £000	*2014 £000*
United Kingdom	251,042	*189,514*
Europe	2,788	*1,572*
Rest of the world	24,821	*2,331*
	278,651	*193,417*

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2015 £000	*2014 £000*
Depreciation of tangible fixed assets	57	*49*
Amortisation of intangible assets, including goodwill	223	*185*
Impairment of intangible assets	23	*174*
Exchange differences	(39)	*22*
Defined contribution pension cost	3,112	*2,645*
Operating lease payments	4,011	*949*

During the year, no director received any emoluments *(2014 - £NIL).*

Directors emoluments were borne by another group company.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

5. AUDITORS' REMUNERATION

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2015 £000	*2014 £000*
Fees for the audit of the Company	43	*46*
	43	*46*

The company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent company.

6. EMPLOYEES

Staff costs were as follows:

	2015 £000	*2014 £000*
Wages and salaries	62,941	*48,960*
Social security costs	7,458	*5,893*
Cost of defined contribution scheme	3,112	*2,645*
	73,511	*57,498*

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	*2014 No.*
Operations	875	*639*
Administration	44	*56*
	919	*695*

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £000	*2014 £000*
Other interest receivable	15	*3*
	15	*3*

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £000	*2014* *£000*
Bank interest payable	**419**	*526*
	419	*526*

9. OTHER FINANCE COSTS

Other finance costs include losses on purchase of Aker Solutions Employee Share Purchase of £8,000 (2014:£36,000), see Note 24 for further information.

10. TAXATION

	2015 £000	*2014* *£000*
Corporation tax		
Current tax on profits for the year	**1,536**	*-*
Adjustments in respect of previous periods	**(16)**	*13*
	1,520	*13*
Group taxation relief	**-**	*482*
	1,520	*495*
Total current tax	**1,520**	*495*
Deferred tax		
Origination and reversal of timing differences	**24**	*715*
Total deferred tax	**24**	*715*
Taxation on profit on ordinary activities	**1,544**	*1,210*

10. TAXATION (continued)

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is higher than *(2014 - lower than)* the standard rate of corporation tax in the UK of 20.25% *(2014 - 21.5%)*. The differences are explained below:

	2015 £000	*2014 £000*
Profit on ordinary activities before tax	**7,371**	*5,879*
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.5%)	**1,493**	*1,264*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**2**	*19*
Capital allowances for year lower than depreciation	**2**	*40*
Adjustments to tax charge in respect of prior periods	**-**	*(54)*
Short term timing difference leading to a decrease in taxation	**-**	*(1)*
Other timing differences leading to an increase (decrease) in taxation	**-**	*766*
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	**13**	*-*
Changes in provisions leading to a decrease in the tax charge	**(15)**	*-*
Unrelieved tax losses carried forward	**-**	*(824)*
Other differences leading to an increase (decrease) in the tax charge	**49**	*-*
Total tax charge for the year	**1,544**	*1,210*

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax asset at 31 December 2015 has been calculated based on these rates.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly and reduce the deferred tax asset at 31 December 2015 by £13 thousand.

11. INTANGIBLE ASSETS

	Development £000
Cost	
At 1 January 2015	2,225
At 31 December 2015	**2,225**
Amortisation	
At 1 January 2015	359
Charge for the year	223
Impairment charge	23
At 31 December 2015	**605**
Net book value	
At 31 December 2015	**1,620**
At 31 December 2014	*1,866*

Intangible fixed assets relate to the acquisition of International Design Engineering and Services Limited in 2013. During the year an impairment has been recorded on these intangibles due to a re-assessment of the deferred consideration due.

12. TANGIBLE FIXED ASSETS

	Plant and machinery	Fixtures and fittings	Office equipment	Total
	£000	£000	£000	£000
Cost or valuation				
At 1 January 2015	378	2	307	687
Additions	8	-	-	8
At 31 December 2015	386	2	307	695
Depreciation				
At 1 January 2015	302	2	252	556
Charge owned for the period	40	-	17	57
At 31 December 2015	342	2	269	613
At 31 December 2015	44	-	38	82
At 31 December 2014	*76*	*-*	*55*	*131*

13. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies
	£000
Cost or valuation	
At 31 December 2015	132
At 31 December 2014	*132*

13. FIXED ASSET INVESTMENTS (continued)

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
International Design Engineering and Services Limited	Scotland	Ordinary	100 %	Non-trading

14. STOCKS

	2015 £000	2014 £000
Raw materials and consumables	313	356
	313	356

15. DEBTORS

	2015 £000	2014 £000
Trade debtors	20,596	29,315
Amounts owed by group undertakings	693	358
Other debtors	994	1,131
Accrued income	28,484	23,028
Deferred taxation	87	111
	50,854	53,943

Amounts owed by group undertakings are repayable on demand.

During the year there were no bad debt provisions

16. CASH AND CASH EQUIVALENTS

	2015 £000	2014 £000
Cash at bank and in hand	10,128	-
Less: bank overdrafts	-	(15,992)
	10,128	(15,992)

17. CREDITORS: Amounts falling due within one year

	2015 £000	2014 £000
Bank overdrafts	-	15,992
Trade creditors	9,857	6,578
Amounts owed to group undertakings	2,012	805
Amounts owed to other participating interests	123	3,844
Corporation tax	1,692	481
Taxation and social security	2,728	3,234
Other creditors	3,705	2,364
Accruals and deferred income	25,692	12,872
	45,809	46,170

18. CREDITORS: Amounts falling due after more than one year

	2015 £000	2014 £000
Other creditors	805	517
	805	517

19. FINANCIAL INSTRUMENTS

	2015 £000	2014 £000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**50,765**	*53,832*
	50,765	*53,832*
Financial liabilities		
Financial liabilities measured at amortised cost	**(40,628)**	*(37,751)*
	(40,628)	*(37,751)*

Financial assets measured at amortised cost comprise trade and other receivables.

Financial Liabilities measured at amortised cost comprise trade and other payables.

20. DEFERRED TAXATION

	Deferred tax £000
At 1 January 2015	**111**
Charged to the profit or loss	**(24)**
At 31 December 2015	**87**

The deferred tax asset is made up as follows:

	2015 £000	2014 £000
Accelerated capital allowances	**23**	*32*
Tax losses carried forward	**36**	*36*
Other timing differences	**28**	*43*
	87	*111*

21. PROVISIONS

	Onerous Lease Provision
	£000
Charged to the profit or loss	**947**
At 31 December 2015	**947**

The onerous contracts provision relates to separable parts of leased office buildings that have been vacated. Future lease commitments and future expected sublease income have been discounted to present value using a market rate of 6.1 percent. The provision is sensitive to changes in the discount rate and assumptions relating to the sublease period and the sublease revenue.

22. SHARE CAPITAL

	2015	*2014*
	£000	*£000*
Authorised, allotted, called up and fully paid		
3,000,000 Ordinary shares of £1 each	**3,000**	*3,000*

23. RESERVES

Profit and loss account

	2015
	£000
As at 1st January	6,741
Profit for year	5,827
As at 31st December	12,568

24. SHARE BASED PAYMENTS

The Company has a share option scheme for purchasing shares in its parent, whereby an employee could buy up to NOK 60,000 of Aker Solutions shares at a 25 percent reduction of cost price in addition to a discount of NOK 1,500. To encourage a long-term commitment to the company, a three-year lock-in period was part of the arrangement. The price reduction the employees receive upon purchase of the shares is expensed.

25. CAPITAL COMMITMENTS

At 31 December 2015 the Company had capital commitments as follows:

	2015 £000	*2014 £000*
Contracted for but not provided in these financial statements	2	-
Total	**2**	-

26. PENSION COMMITMENTS

The Company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £3,112,000 (2014 - £2,645,000). Contributions totalling £249,655 (2014 - £402,000) were payable to the fund at the balance sheet date

27. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £000	*2014 £000*
Not later than 1 year	**190**	*357*
Later than 1 year and not later than 5 years	**470**	*482*
Later than 5 years	**37**	*149*
Total	**697**	*988*

During the year £4,011 thousand was recognised as an expense in the profit and loss account in respect of operating leases (2014: £949 thousand).

28. CONTROLLING PARTY

The Company's immediate parent company is Aker Solutions AS, incorporated in Norway.

The only group in which the results of the Company are consolidated is that headed by the company's ultimate parent, Aker Solutions ASA, a public listed company incorporated in Norway. The consolidated financial statements of this group are available and may be obtained from the group's website at www.akersolutions.com.

29. FIRST TIME ADOPTION OF FRS 101

The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have not impacted on equity or profit or loss.