RoC

Registration number: 06715021

AF OFFSHORE DECOM UK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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AF OFFSHORE DECOM UK LIMITED

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AF OFFSHORE DECOM UK LIMITED

COMPANY INFORMATION

Directors	L M Hjelmeset R Haugen B Hildisch A Toftum
Company secretary	Goodwille Limited
Registered office	St James House 13 Kensington Square London W8 5HD
Independent Auditor	Harmer Slater Limited Statutory Auditor Salatin House 19 Cedar Road Sutton Surrey SM2 5DA

AF OFFSHORE DECOM UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the audited financial statements for the year ended 31 December 2016.

Principal activity

The principal activity of the company is the provision of management services.

Directors of the company

The directors who held office during the year and up to the date of signing the financial statements were as follows:

L M Hjelmeset

R Haugen

B Hildisch

A Toftum

During the year, none of the directors were paid any remuneration by the company (2015: nil). They were remunerated by other group entities.

Going concern

The company has financial resources and continued support from the parent company. As a consequence, the directors believe that the company is well placed to manage any business risks successfully.

After making enquiries and following a review of the company's forecasts and available resources from the company's group, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Events after the financial period

There have been no significant events between the year end and the date of approval of these financial statements which would require a change to, or a disclosure in, the financial statements.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information (as defined by section 418 of the Companies Act 2006) and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

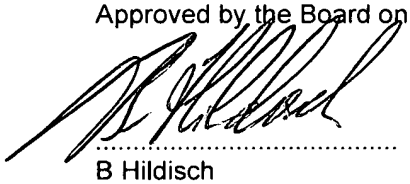
During the year Ernst & Young LLP resigned as the company's auditors. Harmer Slater Limited were appointed to fill the vacancy.

The auditors Harmer Slater Limited are deemed to be reappointed under section 485 of the Companies Act 2006.

Small companies provision statement

In preparing this report, the directors have taken advantage of the small companies exemption provided by section 415A of the Companies Act 2006. The directors have also taken advantage of the small companies exemptions provided by sections 414B of the Companies Act 2006 not to provide a Strategic Report.

Approved by the Board on 14 August 2017 and signed on its behalf by:



.....
B Hildisch
Director

AF OFFSHORE DECOM UK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 AUDITOR'S REPORT TO THE MEMBER OF AF OFFSHORE DECOM UK LIMITED

We have audited the financial statements of AF Offshore Decom UK Limited for the year ended 31 December 2016, which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's member, 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 member those matters we are required to state 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities (set out on page 4), the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

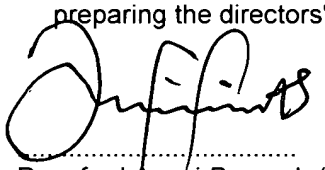
Opinion on other matter prescribed by the Companies Act 2006

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, 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; or
- the directors were not entitled to take advantage of the small companies' exemption in not preparing the Strategic Report and take advantage of the small companies exemption in preparing the directors' report.



.....

Ransford Agyei-Boamah (Senior Statutory Auditor)
For and on behalf of Harmer Slater Limited, Statutory Auditor

Salatin House
19 Cedar Road
Sutton
Surey
SM2 5DA

14 August 2017

AF OFFSHORE DECOM UK LIMITED

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £	2015 £
Revenue	3	38,997,920	5,369,282
Direct project costs		(25,187,284)	(4,350,323)
Administrative expenses		(501,359)	193,454
Operating profit	4	13,309,277	1,212,413
Net (loss)/gain on financial liabilities at fair value through profit and loss account		(845,499)	3,565,127
Interest receivable and similar income	5	79,976	37,617
Interest payable and similar charges	6	-	(36)
Profit on ordinary activities before taxation		12,543,754	4,815,121
Taxation	9	(2,508,784)	(881,864)
Profit for the financial year		10,034,970	3,933,257

Continuing operations

Turnover and Operating profit/(loss) derive wholly from continuing operations.

AF OFFSHORE DECOM UK LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £	2015 £
Profit for the year	10,034,970	3,933,257
Changes in the value of the hedging instrument	(285,725)	(8,573,676)
Amounts transferred to the income statement	14,381,625	-
Foreign currency translation gains/(losses)	(1,750,875)	(179,456)
	12,345,025	(8,753,132)
Total comprehensive income for the year	**22,379,995**	**(4,819,875)**

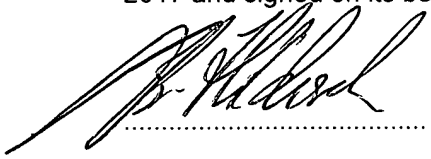
The notes on pages 11 to 20 form an integral part of these financial statements.

AF OFFSHORE DECOM UK LIMITED

(REGISTRATION NUMBER: 06715021)
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
Non-current assets			
Property, plant and equipment	10	-	430
Current assets			
Receivables	11	15,765,480	38,847
Cash at bank and in hand		9,575,202	6,710,076
		25,340,682	6,748,923
Payables: Amounts falling due within one year	13	(12,002,491)	(14,500,949)
Net current assets/(liabilities)		13,338,191	(7,752,026)
Total assets less current liabilities		13,338,191	(7,751,596)
Payables: Amounts falling due after more than one year	13	(4,241,000)	(5,531,208)
Net assets/(liabilities)		9,097,191	(13,282,804)
Equity			
Called up share capital	14	10,000	10,000
Hedge reserve	15	(4,452,994)	(16,798,019)
Retained earnings	15	13,540,185	3,505,215
Total equity		9,097,191	(13,282,804)

These financial statements were approved and authorised for issue by the Board on 14 August 2017 and signed on its behalf by:



B Hildisch
Director

The notes on pages 11 to 20 form an integral part of these financial statements.

AF OFFSHORE DECOM UK LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital £	Foreign currency translation reserve £	Hedge reserve £	Retained earnings £	Total £
At 1 January 2016	10,000	(179,456)	(16,618,563)	3,505,215	(13,282,804)
Profit for the year	-	-	-	10,034,970	10,034,970
Other comprehensive income	-	(1,750,875)	14,095,900	-	12,345,025
Total comprehensive income	-	(1,750,875)	14,095,900	10,034,970	22,379,995
At 31 December 2016	10,000	(1,930,331)	(2,522,663)	13,540,185	9,097,191

	Share capital £	Hedge reserve £	Hedge reserves £	Retained profit £	Total £
At 1 January 2015	10,000	-	(8,044,887)	(428,042)	(8,462,929)
Profit for the year	-	-	-	3,933,257	3,933,257
Other comprehensive income	-	(179,456)	(8,573,676)	-	(8,753,132)
Total comprehensive income	-	(179,456)	(8,573,676)	3,933,257	(4,819,875)
At 31 December 2015	10,000	(179,456)	(16,618,563)	3,505,215	(13,282,804)

The notes on pages 11 to 20 form an integral part of these financial statements.

AF OFFSHORE DECOM UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 GENERAL INFORMATION

AF Offshore Decom UK Limited is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is St James House, 13 Kensington Square, London W8 5HD.

The nature of the company's principal activities are set out in the Director' report on pages 2 to 3.

2 ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Going concern

After making enquiries and following a review of the company's forecasts and available resources from the company's group as well as a signed letter of support from the parent undertaking, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Statement of compliance

The financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council and in accordance with the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

2 ACCOUNTING POLICIES (CONTINUED)

Functional and presentational currency

The functional currency of the company is considered to be Norwegian Kroner (NOK) because that is the currency that mainly affects the value of the project revenue (after hedging effects) and influences the costs and expenses of the company. The financial statements are presented in pound sterling (£).

The financial information contained herein has been prepared by translating the NOK functional currency amounts for the year ended 31 December 2016 into GBP in accordance with the guidance in FRS 102 using the procedures outlined below:
- Assets and liabilities were translated into GBP at closing rates of exchange (31 December 2016: £1=NOK 10.611) (31 December 2015: £1=NOK 13.072).
- Trading results from 1 January - 31 December 2016 were translated into GBP at the rates of exchange prevailing at the dates of transaction, or average rates where they are a suitable proxy. Differences arising from the retranslation of the opening net assets or liabilities and the results for the period have been taken to the foreign currency translation reserve.

Summary of disclosure exemptions

The company is qualifying entity (for the purposes of FRS102) and in consequence has taken advantage of the following disclosure exemptions:
• the requirement to present a statement of cash flows and related notes
• the requirement to disclose transactions with group entities
• financial instrument disclosures, including: categories of financial instruments, items of income, expenses, gains or losses relating to financial instruments and exposure to and management of financial risks

Name of parent of group

These financial statements are consolidated in the financial statements of AF Gruppen ASA.

The financial statements of AF Gruppen ASA may be obtained from www.afgruppen.com/Investor-information/.

2 ACCOUNTING POLICIES (CONTINUED)

Adjusting events after the financial period

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Taxation
The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

Revenue recognition

Revenue represents fees receivable, net of value added tax, in respect of contractual services provided during the year. Revenue is recognised by reference to the stage of completion of contracts. Profit on long term contracts is taken as the work is carried out if the outcome can be assessed with reasonable certainty. The profit included in the income statement is calculated to reflect the proportion of work carried out, by recording revenue and related costs of labour and materials as contract activity progresses. Revenues from variations on contracts are recognised only when they are considered to be reasonably certain. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Foreign currency

Profit and loss account transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing rates at the balance sheet date and the exchange differences are included in the income statement.

2 ACCOUNTING POLICIES (CONTINUED)

Taxation

The tax expense for the period comprises current. Tax is recognised in income statement, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Current tax represents the expected tax payable (or recoverable) on the taxable profits for the year using tax rates enacted or substantively enacted at the balance sheet date and taking into account any adjustments arising from prior years.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset if, and only if the company has a legally enforceable right to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

Property, plant and equipment

Property, plant and equipment is recorded at historical cost less accumulated depreciation. Cost comprises the purchase price together with all expenses directly incurred in bringing the asset to its location and condition ready for use.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	***Depreciation method and rate***
Office equipment	Straight line over 3 years

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank and is subject to an insignificant risk of change in value.

2 ACCOUNTING POLICIES (CONTINUED)

Receivables

Receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Derivative financial instruments and hedging

Derivatives

The company uses foreign currency forward contracts to manage/hedge its exposure to variability in future cash flows attributable to risks associated with a highly probable forecast USD transaction. The company does not enter into derivatives for trading or speculative purposes. The company documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in the hedging transactions are highly effective in offsetting the changes in fair values or cash flows of the hedged items.

Hedging

In accordance with FRS 102, derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles. Any unrealised gain or loss is deferred until the underlying transactions are completed.

3 REVENUE

Revenue represents the amounts derived from the provision of services which fall within the company's ordinary activities, stated net of value added tax. In the opinion of the directors the company's revenue, profit before tax and net assets are not attributable to classes of business or geographical segments which differ substantially from each other. Consequently, no segmental information has been presented.

4 OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2016 £	2015 £
Depreciation expense	430	2,509
Foreign exchange losses/(gains)	441,601	(234,287)

There were no employees in either the current or the previous year.

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £	2015 £
Other interest receivable	79,976	37,617

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Other interest payable	-	36

7 DIRECTORS' REMUNERATION

No remuneration was paid to the directors during the year (2015: £nil). The directors are remunerated by other group undertakings for their services.

8 AUDITORS' REMUNERATION

	2016 £	2015 £
Audit of the company's financial statements	9,700	16,398

9 TAXATION

Tax charged/(credited) in the income statement

	2016 £	2015 £
Current taxation		
UK corporation tax	2,508,784	881,864

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2015 - lower than the standard rate of corporation tax in the UK) of 20% (2015 - 20.25%).

The differences are reconciled below:

	2016 £	2015 £
Profit before tax	12,543,754	4,815,121
Corporation tax at standard rate	2,508,751	975,062
Depreciation in excess of capital allowances	86	508
Other timing differences	(53)	(1,304)
Increase (decrease) from tax losses for which no deferred tax asset was recognised	-	(92,402)
Total tax charge	2,508,784	881,864

10 PROPERTY, PLANT AND EQUIPMENT

	Office equipment £
Cost	
At 1 January 2016	15,745
At 31 December 2016	15,745
Depreciation	
At 1 January 2016	15,315
Charge for the year	430
At 31 December 2016	15,745
Carrying amount	
At 31 December 2016	-
At 31 December 2015	430

11 RECEIVABLES

	2016 £	2015 £
Other receivables	96,209	35,221
Prepayments	3,279	3,626
Accrued income	15,665,992	-
	15,765,480	38,847

12 CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash on hand	-	2
Cash at bank	9,575,202	6,710,074
	9,575,202	6,710,076

13 PAYABLES

	Note	2016 £	2015 £
Due within one year			
Trade payables		3,189	7,599
Amount due to fellow subsidiary undertaking	16	3,790,992	719,481
Corporation tax liability	9	3,390,648	881,864
Derivative financial instruments		2,858,650	4,107,489
Outstanding defined contribution pension costs		-	264
Other payables		-	33,145
Accrued expenses		1,959,012	543,035
Deferred project revenue		-	8,208,072
		12,002,491	14,500,949
Due after one year			
Derivative financial instruments		4,241,000	5,531,208

14 SHARE CAPITAL

Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	10,000	10,000	10,000	10,000

15 RESERVES

Other reserves comprises the Foreign currency translation reserve and the Hedge reserve further details of which are set out in the Statement of Changes in Equity on page 10 and below.

Foreign currency translation reserve

This reserve records the exchange difference arising on the translation of the company's financial statements from its functional currency to its presentational currency.

Hedge reserve

This reserve records the unrealised changes in the fair value of foreign currency forward contracts, net of deferred tax.

16 RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary member of its group and has therefore taken advantage of the provisions of Section 33. 1A of FRS 102 the "The Financial Reporting Standard applicable in the UK and Republic of Ireland" not to disclose transactions with entities that are wholly owned members of the the group.

There were no other related party transactions to disclose.

17 PARENT AND ULTIMATE PARENT UNDERTAKING

The company's immediate parent is AF Miljø A/S, incorporated in Norway.

The ultimate parent is AF Gruppen ASA, incorporated in Norway.

The most senior parent entity producing publicly available financial statements is AF Gruppen ASA. These financial statements are available from www.afgruppen.com/Investor-information/.

18 EVENTS AFTER THE FINANCIAL PERIOD

There have been no significant events between the year end and the date of approval of these financial statements which would require a change to, or a disclosure in, the financial statements.