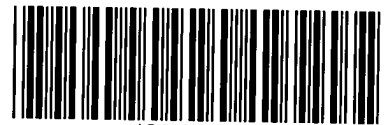


Kongsberg Maritime Limited

Annual Report and Financial Statements
for the year ended 31 December 2016



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Kongsberg Maritime Limited

Annual Report and Financial Statements for the year ended 31 December 2016

CONTENTS

	Page
Officers and professional advisers	1
Strategic Report	2 - 4
Directors' Report	5 - 7
Independent Auditors' report	8 - 9
Income statement	10
Balance sheet	11
Notes to the financial statements	12 - 24

Kongsberg Maritime Limited

Annual Report and Financial Statements for the year ended 31 December 2016

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H Sagdahl
J Mastervik
T Skovlyst
K I Dybdal

SECRETARY

J Canale

REGISTERED OFFICE

Campus 1
Innovation Park
Balgownie Road
Bridge of Don
Aberdeen

BANKERS

DnB NOR Bank ASA
8th Floor, The Walbrook Building
25 Walbrook
London

SOLICITORS

Ledingham Chalmers LLP
Johnstone House
52-54 Rose Street
Aberdeen

AUDITORS

Ernst & Young LLP
Blenheim House
Fountainhall Road
Aberdeen

Kongsberg Maritime Limited

Strategic Report for the year ended 31 December 2016

The directors present their Strategic Report for the year ended 31 December 2016.

Principal activities and review of the business

The principal business activities during the year continued to be the resale of Kongsberg Maritime sister company products and systems within the UK, sale of in-house manufactured equipment worldwide, provision of customer support, including service and training and the rental of a broad range of marine instrumentation. Primary market areas addressed included the offshore oilfield related sector, marine and vessel markets, oceanographic, scientific, government and military naval markets.

The company's key financial and performance indicators during the year were as follows:

	2016 £'000	2015 £'000	Change %
Turnover	27,279	42,228	-35%
Operating (Loss)	(1,177)	(1,813)	35%
(Loss) after Tax	(54)	(1,811)	97%
Shareholders' Funds	19,605	20,659	-5%
Current assets/current liabilities ratio	4.43:1	3.56:1	24%
Average number of employees	130	189	-31%

Turnover showed a significant decrease compared with the previous year, with decreases recorded in almost all main areas of market activity. Business activity in the company's core offshore vessel and large marine systems markets decreased. Activities in the core offshore product related markets also saw a decrease both in the purchase of new equipment and also in the growth in turnover achieved from renting equipment to supplement customers' operational capability on offshore related projects and in the provision of customer training.

The company ended the year with a reasonable order backlog, but there were some signs late in the year of a slowdown in business activity in some of the company's core offshore product related markets, in reaction to falling global oil prices. The company expects that offshore oilfield related market conditions may become more challenging in the coming year.

Kongsberg Maritime Limited

Strategic Report (continued) for the year ended 31 December 2016

The operating loss in 2016 has reduced by 35% when compared to the previous year. This decrease is mainly due to the significant decrease in volume of sales in the year, and also the overall mix of projects and product sales. The company incurred a 5% decrease in shareholders' funds.

The average number of employees in the company decreased by 31% from 189 to 130 over the course of the year. This decrease was due to the reduced turnover mainly as a result of the fall in the price of oil with many customers not placing work due to uncertainties and investment continued to be low on any major projects with the offshore sector.

The company has continued to work steadily to improve the efficiency and effectiveness of its products, its systems and processes to minimise waste and scrap. The company operates an equipment return and recycling scheme to help minimise the environmental impact of the company's operations. The company has developed an integrated management system for all Quality, Health & Safety and Environmental management processes, and operates with formal accreditation to recognised industry standards for the management of Health & Safety (OHSAS18001) and Environmental (ISO14001) management processes, in addition to maintaining the existing management system accreditation to Quality system standard ISO9001.

Principal risks and uncertainties

Market risks

The main business of the company is the sale and rental of marine equipment and the provision of support services including repair, maintenance and training. The primary market driving this business activity relates both directly and indirectly to the offshore oil and gas industry. In general, market activity in this area correlates with the price of oil, and with the level of exploration and drilling activity, which is outside the company's direct control or influence. The medium and long term prospects for the offshore oil and gas market sector are continuing to be slow due to the fall in the price of oil. The company is also addressing emerging markets for the supply of equipment and services related to renewable energy supplies, and for marine environmental monitoring.

Customers in this market purchase globally and there are a number of competitors of various sizes in Europe, North America and Asia. The company seeks to minimise the competitive risk by being a leader in product design and development, redesigning business processes to improve efficiency, managing information and providing dependable and innovative products, services and solutions that deliver a competitive advantage to our customers. The company also endeavours to utilise the strengths of being part of a large, prominent and successful multinational company.

Other risks and uncertainties

When designing a new product or system the company ensures that the legislative and contractual requirements of the end user are met fully.

When renting products to the client the company ensures that the equipment has been properly configured and fully tested and is accompanied with any necessary certification before being sent to the customer.

Kongsberg Maritime Limited

Strategic Report (continued) for the year ended 31 December 2016

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of foreign exchange movements, interest rate risk, liquidity risk, credit risk and price risk.

Foreign exchange risk

The company is exposed to foreign currency exchange rate fluctuations, mainly between sterling and the Norwegian kroner, the US dollar, the Canadian dollar and the EURO. Where applicable, the company uses forward foreign currency contracts to reduce this exposure. A large percentage of the company's foreign currency transactions are with its parent and sister companies, thereby retaining the risk within the group.

Interest rate risk

The company has no external debt, its exposure to interest rate risk is considered low.

Liquidity risk

The company has high levels of cash reserves and no external debt. As such the directors consider the company's exposure to liquidity risk to be low.

Credit risk

The company does have an element of credit risk attributable to its trade receivables, but has procedures in place to review the financial position of potential customers before entering into sales contracts. The company has a large number of contracts where the credit risk lies with its parent company, which also mitigates the potential exposure on receivables. A number of the company's key customers are government and military organisations which do not pose a significant credit risk. The amounts presented in the balance sheet are shown net of provisions for doubtful receivables. An allowance for impairment has been made where there is an identifiable loss event, or the likelihood of failure to be able to collect amounts based on previous experience and the current business situation for specific customers.

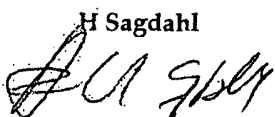
Price risk

The company has an element of risk attached to commodity price movements, in particular the fluctuation in the price of oil.

On behalf of the Board,

Name: H Sagdahl

Director:



Date: 18th December 2017

Kongsberg Maritime Limited

Directors Report for the year ended 31 December 2016

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

Future developments

The company has continued to experience challenging market conditions in 2016, but will provide continued scope to enhance and expand its range of systems and product offerings, allowing diversification into new and related business sectors within the renewable energy production market area, and also for improved environmental monitoring and awareness.

Results and dividends

The loss after taxation of £54,000 (2015: loss £1,811,000) has been transferred to reserves. The directors issued a dividend of £1,000,000 (2015: £ nil) during the year.

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 on page 3. The company had continuing losses in 2016 and it is not expected that it will stabilise and return to a profit making position until 2017. Whilst the cash position of the company remains strong in 2016, it did not generate positive cash flows. However, the company participates in the group centralised treasury arrangements and so shares banking facilities with its parent and fellow subsidiaries.

The financial statements have been prepared on a going concern basis as the directors have received confirmation from the company's parent company that they will continue to support the company. On this basis the directors are satisfied that the financial needs of the company should be met within its current facility.

Directors

The directors of the company who served during the year and who were appointed subsequent to the year-end are listed below:

B Jalving (resigned 1 March 2017)
J Mastervik
G Thorsen (resigned 20 June 2017)
K I Dybdal
T Slovlst (appointed 20 June 2017)
H Sagdahl (appointed 20 June 2017)

Kongsberg Maritime Limited

Directors Report (continued) for the year ended 31 December 2016

Disclosure of information to auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Charitable Donations

The donations made by the company during the year for charitable purposes were £nil (2015: £1,132).

Directors' Responsibilities Statement

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). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures as 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.

Kongsberg Maritime Limited

Directors Report (continued) for the year ended 31 December 2016

Directors' Responsibilities Statement (continued)

The directors are responsible for keeping adequate accounting records which 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.

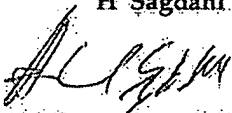
Auditors

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board,

Name: H Sagdahl

Director



Date: 18th December 2017

Kongsberg Maritime Limited

Independent Auditors' Report for the year ended 31 December 2016

We have audited the financial statements of Kongsberg Maritime Limited for the year ended 31 December 2016, which comprise the Income statement, the Balance Sheet, the Statement of changes in equity and related notes 1 to 20. The financial reporting framework which has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 auditor

As explained more fully in the Directors' Responsibilities Statement, set out on page 6-7, 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 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 and Financial Statements 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 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 the loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Kongsberg Maritime Limited

Independent Auditors' Report (continued) for the year ended 31 December 2016

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

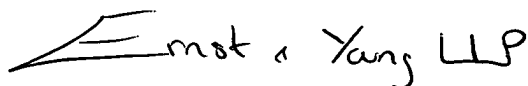
- ▶ the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.
- ▶ the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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.



Kevin Weston (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Aberdeen

Date: 19 December 2017

Kongsberg Maritime Limited

Income statement for the year ended 31 December 2016

	Notes	2016 £ '000	2015 £ '000
Turnover	3	27,279	42,228
Cost of sales		(19,456)	(33,752)
Gross profit		7,823	8,476
Operating expenses	4	(9,000)	(10,289)
Operating (loss)	5	(1,177)	(1,813)
Gain on sale of tangible fixed assets	11	451	179
Interest receivable	9	672	82
(Loss) on ordinary activities before taxation		(54)	(1,552)
Tax on (loss)/profit on ordinary activities	10	-	(259)
Retained (loss) for the year		(54)	(1,811)

Kongsberg Maritime Limited

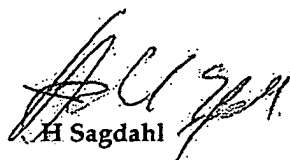
Balance Sheet

for the year ended 31 December 2016

	Notes	2016 £ '000	2015 £ '000
Fixed assets			
Tangible assets	11	4,141	4,149
Current assets			
Stocks	12	3,935	5,491
Debtors	13	7,301	9,658
Cash at bank and in hand		8,737	7,804
		<u>19,973</u>	<u>22,953</u>
Creditors: Amounts falling due within one year	14	(4,509)	(6,443)
Net current assets		<u>15,464</u>	<u>16,510</u>
Net assets		<u>19,605</u>	<u>20,659</u>
Capital and reserves			
Called-up share capital	15	2,773	2,773
Profit and loss account	16	16,832	17,886
Equity shareholders' funds		<u>19,605</u>	<u>20,659</u>

The accompanying notes form an integral part of this balance sheet.

The financial statements were approved by the board of directors on 18th December 2017 and were signed on its behalf by:



H Sagdahl

Director

Kongsberg Maritime Limited

Statement of changes in equity

	<i>Share capital £000</i>	<i>Retained Earnings £000</i>	<i>Total equity £000</i>
At 1 January 2015	2,773	19,697	22,470
Loss for the year	-	(1,811)	(1,811)
At 31 December 2015	2,773	17,886	20,659
Loss for the year	-	(54)	(54)
Dividends paid	-	(1,000)	(1,000)
At 31 December 2016	2,773	16,832	19,605

Kongsberg Maritime Limited

Notes to the financial statements

for the year ended 31 December 2016

1. AUTHORISATION OF FINANCIAL STATEMENTS AND STATEMENT OF COMPLIANCE WITH FRS 101

The financial statements of Kongsberg Maritime Limited (the "Company") for the year ended 31 December 2016 were authorised for issue by the board of directors on 18th December 2017 and the balance sheet was signed on the board's behalf by H Sagdahl. The Company is incorporated and domiciled in Scotland.

These financial statements were prepared in accordance with Financial Reporting Standard 101 - Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's functional and presentation currency is Sterling and all values are rounded to the nearest thousand pounds (£'000) except when otherwise indicated.

The principal accounting policies adopted by the company are set out in note 2.

2. ACCOUNTING POLICIES

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2016.

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

- a) the requirements of IFRS 7 *Financial Instruments: Disclosures*
- b) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - i. paragraph 79(a)(iv) of IAS 1;
 - ii. paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
- c) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial Statements*;
- d) the requirements of IAS 7 *Statement of Cash Flows*;
- e) the requirements of paragraphs 30 and 31 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*;
- f) the requirements of paragraph 17 of IAS 24 *Related Party Disclosures*;
- g) 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 ; and
- h) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 *Impairment of Assets*,

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Kongsberg Maritime Limited

Notes to the financial statements (continued)

for the year ended 31 December 2016

2 ACCOUNTING POLICIES (continued)

2.3 Judgements and key sources of estimation uncertainty

The preparation of 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 estimates are dependent upon assumptions which could change in the next financial year and have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date:

Operating lease commitments

The Company has entered into commercial property leases and as a lessee it obtains the use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the balance sheet.

2.4 Significant accounting policies

Tangible fixed assets

The cost of tangible fixed assets is the purchase cost, together with any incidental costs of acquisition.

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values, on a straight-line basis over the expected useful life of the assets concerned. The principal annual rates used for this purpose are:

Leasehold property	4 - 5%
Plant and equipment	10 - 33%
Motor vehicles	25%

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. In the case of manufactured products, cost includes all direct materials, direct labour and appropriate production overheads. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal.

Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. Where the time value of money is material, receivables are carried at amortised cost.

Kongsberg Maritime Limited

Notes to the financial statements (continued)

for the year ended 31 December 2016

2 ACCOUNTING POLICIES (continued)

Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Long-term contracts

Turnover on long-term contracts is recognised according to the stage reached in the contract by reference to the value of work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The amount by which the turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts. Excess progress payments are included in creditors as payments on account. The costs on long-term contracts not yet taken to the profit and loss account less related foreseeable losses and payments on account are shown in stocks as long-term contract balances.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date.

Translation differences are dealt with in the profit and loss account.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Research and Development

Research and development expenditure is written off as incurred.

Revenue Recognition

In connection with revenue recognition, the company distinguishes between system deliveries, goods/standard production and services.

System deliveries: Contracts for system deliveries take account of a customer's special requirements and entail individual design and/or development and the various elements of the contract cannot be sold separately. Such contracts are enforceable and will require the customer to cover the expenses incurred in connection with the construction at the very least. These contracts often span more than one accounting period. The value of work in progress is recognised as turnover.

Goods/standard production: The sale of goods and standard production are recognised upon delivery. Delivery is considered complete when the customer takes over the risks and rewards for a delivered product.

Services: Services delivered which are not part of system deliveries are recognised as revenue as the service is provided.

Kongsberg Maritime Limited

Notes to the financial statements (continued)

for the year ended 31 December 2016

2 ACCOUNTING POLICIES (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing difference are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme. The charge for pension contributions for the year was £507,983. The outstanding pension contributions at 31 December 2016 were £64,233 (2015: £78,528).

3 TURNOVER

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

	2016 £ '000	2015 £ '000
Geographical analysis of turnover (by destination):		
- United Kingdom	16,887	28,032
- Rest of the world	10,392	14,196
	<u>27,279</u>	<u>42,228</u>

Kongsberg Maritime Limited

Notes to the financial statements (continued)

for the year ended 31 December 2016

4 OPERATING EXPENSES

	2016 £ '000	2015 £ '000
Operating Expenses:		
- Administration expenses	7,403	8,390
- Distribution expenses	1,597	1,899
	<u>9,000</u>	<u>10,289</u>

5 OPERATING (LOSS)

	2016 £ '000	2015 £ '000
This is stated after charging/(crediting):		
Profit on foreign exchange	(368)	(84)
Rentals under operating leases:		
- Motor Vehicles	41	41
Depreciation of tangible fixed assets	1,384	1,997
Auditors remuneration (note 6)	<u>46</u>	<u>44</u>

6 AUDITORS' REMUNERATION

The remuneration of the auditors is further analysed as follows:

	2016 £ '000	2015 £ '000
Audit of the financial statements	28	32
Other fees to auditors		
- taxation services	17	12
	<u>45</u>	<u>44</u>

Kongsberg Maritime Limited

Notes to the financial statements (continued)

for the year ended 31 December 2016

7 DIRECTORS' EMOLUMENTS

The directors of the company are also directors of other group companies and received remuneration directly from them. The directors do not believe it is practical to apportion their remuneration between their services as directors of Kongsberg Maritime Limited and their services as directors of other group companies.

8 EMPLOYEE INFORMATION

The average monthly number of persons (including executive directors) employed by the company during the year was:

	2016	2015
By activity:	Number	Number
- Management	17	19
- Administration	30	65
- Technical	83	105
	<u>130</u>	<u>189</u>
	2016	2015
	£ '000	£ '000
Staff costs (for the above persons):		
- Wages and salaries	7,625	9,611
- Social Security costs	831	1,058
- Pension costs	508	647
	<u>8,964</u>	<u>11,316</u>

9 INTEREST RECEIVABLE

	2016	2015
	£ '000	£ '000
Bank interest receivable	<u>672</u>	<u>82</u>

Kongsberg Maritime Limited

Notes to the financial statements (continued)

for the year ended 31 December 2016

10 TAX

	2016 £ '000	2015 £ '000
UK corporation tax		
UK corporation tax on profits of the year	-	-
Group relief payable	-	-
Adjustments in respect of previous periods	-	(89)
Total current tax	-	(89)
Deferred tax		
Originating and reversal of timing differences	-	347
Adjustment in respect of prior periods	-	5
Effect of changes in tax rate	-	(4)
Total Deferred tax	-	348
Tax on profit on ordinary activities	-	259

The tax assessed on the profit on ordinary activities for the period differs from the standard rate of corporation tax in the UK of 20.00% (2015: 20.25%). The differences are reconciled below:

Kongsberg Maritime Limited

Notes to the financial statements (continued)

for the year ended 31 December 2016

TAX

	2016 £ '000	2015 £ '000
(Loss)/Profit on ordinary activities before taxation	<u>(54)</u>	<u>(1,552)</u>
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	(11)	(314)
Effects of:		
Adjustments in respect of prior periods	-	(84)
Expenses not deductible	41	58
Income not taxable	-	-
Tax rate changes	-	(4)
Utilisation of tax losses	-	140
Rolled over gains	(30)	-
Amounts tax not recognised	<u>-</u>	<u>463</u>
Total tax charge for the period	<u>-</u>	<u>259</u>

Changes to the UK corporation tax rates were announced in the Chancellor's Budget on 8 July 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 18% from 1 April 2020. As the changes were substantively enacted at the balance sheet date the effects are included in these financial statements. A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016 reducing the main rate to 17% from 1 April 2020. As the change was not substantively enacted at the balance sheet date the effect is not included in these financial statements

Kongsberg Maritime Limited
Notes to the financial statements (continued)
for the year ended 31 December 2016

[illegible]

The company has an unrecognised deferred tax asset in respect of deductible temporary differences of £374k (2015: £415k). The deferred tax assets have not been recognised as there is not sufficient evidence to support suitable future taxable profits which the deferred tax assets could be set against.

Kongsberg Maritime Limited

Notes to the financial statements (continued)

for the year ended 31 December 2016

11 TANGIBLE FIXED ASSETS

	Leasehold Property £ '000	Motor vehicles £ '000	Plant and Equipment £ '000	Total £ '000
Cost				
At 1 January 2016	2,224	52	17,589	19,865
Additions	14	-	1,466	1,480
Disposals	-	-	(778)	(778)
At 31 December 2016	2,238	52	18,277	20,567
Depreciation				
At 1 January 2016	1,603	24	14,089	15,716
Charge for the year	88	11	1,285	1,384
Disposals	-	-	(674)	(674)
At 31 December 2016	1,691	35	14,700	16,426
Net book value				
At 31 December 2016	547	17	3,577	4,141
At 31 December 2015	621	28	3,500	4,149

Gain/Loss on Disposal of Assets £451k (prior year £179k) – sale of transponders

12 STOCKS

	2016 £ '000	2015 £ '000
Raw materials	1,597	1,994
Work in progress	861	1,410
Finished goods	1,477	2,087
	3,935	5,491

Long-term contract balances included within work in progress at net cost less foreseeable losses, amounted to £141,000 (2015: £744,000).

There is no material difference between the balance sheet value of stocks and their replacement cost.

Kongsberg Maritime Limited

Notes to the financial statements (continued)

for the year ended 31 December 2016

13 TRADE AND OTHER RECEIVABLES

	2016 £ '000	2015 £ '000
Amounts falling due within one year:		
Trade debtors	3,547	5,592
Amounts owed by group undertakings	2,746	2,008
Prepayments and accrued income	754	690
Other debtors	-	736
Corporation tax	254	632
	<u>7,301</u>	<u>9,658</u>

14 TRADE AND OTHER PAYABLES

	2016 £ '000	2015 £ '000
Trade creditors	172	300
Amounts owed to group undertakings	2,278	2,852
Other taxation and social security	291	335
Accruals and deferred income	1,768	2,956
	<u>4,509</u>	<u>6,443</u>

15 CALLED-UP SHARE CAPITAL

	2016 £ '000	2015 £ '000
Authorised		
2,772,681 ordinary shares of £ 1 each	<u>2,773</u>	<u>2,773</u>
Allotted, called-up and fully-paid		
2,772,681 ordinary shares of £ 1 each	<u>2,773</u>	<u>2,773</u>

Kongsberg Maritime Limited

Notes to the financial statements (continued)

for the year ended 31 December 2016

16 RESERVES

	Profit and Loss £ '000
At 1 January 2016	17,886
Dividends	(1,000)
Retained loss for the year	(54)
At 31 December 2016	<u>16,832</u>

17 CONTINGENT LIABILITY

HM Customs and Excise hold a deferred duty bond with a value of £1,000,000 (2015: 1,000,000).

18 CAPITAL COMMITMENTS

	2016 £ '000	2015 £ '000
Capital expenditure contracted for but not provided in the financial statements	<u>1,134</u>	<u>248</u>

19 OPERATING LEASE COMMITMENTS

At 31 December the company had total commitments under non-cancellable operating leases as follows:

	2016 £ '000	2015 £ '000
Not later than one year	506	520
After one year but not more than five	1,983	1,989
After five years	<u>3,023</u>	<u>3,518</u>
	<u>5,512</u>	<u>6,027</u>

20 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company's immediate parent company is Kongsberg Maritime Holding Limited.

The company's ultimate parent company and ultimate controlling party is Kongsberg Gruppen ASA, a company registered in Norway.

The only group which prepares consolidated financial statements (including those of the company) is Kongsberg Gruppen ASA. Copies of these financial statements can be obtained from Kongsberg Gruppen ASA, PO Boks 1003, N-3601 Kongsberg, Norway.