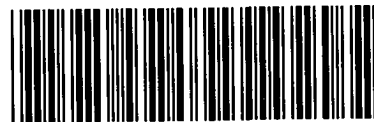


**Annual Report and
Financial Statements for the Year Ended 31 December 2013
for
Acergy Services Limited**

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Acergy Services Limited (Registered number: 01902584)

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for the Year Ended 31 December 2013**

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Acergy Services Limited

**Company Information
for the Year Ended 31 December 2013**

DIRECTORS:

Oeyvind Mikaelson
Patricia Murray
Phillip Simons
Simon Ellis

COMPANY SECRETARY:

Lorna Peace

REGISTERED OFFICE:

200 Hammersmith Road
Hammersmith
London
W6 7DL

REGISTERED NUMBER:

01902584 (England and Wales)

INDEPENDENT AUDITOR:

Deloitte LLP
Chartered Accountants and Statutory Auditor
Union Plaza
1 Union Wynd
Aberdeen
AB10 1SL

SOLICITORS:

Burness Paull
6 Union Row
Aberdeen
AB10 1DQ

**Strategic Report
for the Year Ended 31 December 2013**

The Directors present the strategic report for the year ended 31 December 2013.

PRINCIPAL ACTIVITY

The principal activity of the Company was the provision of marine project management and subsea installation services to the offshore oil and gas industry. The Company also operates two branches based in Russia. The Directors are reviewing the future of the Company at the date of this report and still consider that the Company is and will continue to be a going concern for the foreseeable future.

BUSINESS REVIEW

The key financial performance indicators for Acergy Services Limited ("the Company") were as follows:

	2013 £'000	2012 £'000
Turnover	26	7,806
Operating (Loss)/Profit on ordinary activities for the period	(301)	16,353

The Company had no new project work in 2013. Revenue for the year was £26,000 which was significantly lower than the previous year (2012: £7.8 million) due to the absence of new projects and the level of operating activity reflecting the completion and close out of projects from 2012. The £26,000 revenue primarily relates to equipment spares sold to a related company.

The Company reported an operating loss of £0.3 million compared to an operating profit of £16.4 million in the previous year. As the Company had no revenue generated from projects the loss is due to the costs associated with the running costs of the Company's foreign branches. Interest receivable and similar income for the year ended 31 December 2013 amounted to £1.3 million (2012: £0.7 million) and interest payable and similar charges for the year ended 31 December 2013 amounted to £0.7 million (2012: £0.3 million) with both income and charges relating to amounts receivable and payable with group undertakings. Profit on ordinary activities before tax amounted to £0.3 million with a tax charge of £0.6 million (2012: profit of £16.7 million and tax credit of £1.3 million).

During the year, the Company operated a representative office in Moscow, Russia and a branch in Yuzhno-Sakhalinsk, Russia. A branch in Baku, Republic of Azerbaijan was closed in March 2013 and a branch in the Netherlands was also closed in July 2013. The Company commenced the closure process of its branches in Moscow and Sakhalin, Russia in 2014. No revenue was generated from these offices in the current year or prior year.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's activities expose it to a number of risks and uncertainties. These include cash flow risk, credit risk and liquidity risk. The risks to the Subsea 7 S.A. Group as a whole are discussed in the Subsea 7 S.A. annual report which does not form part of this report.

Cash flow risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency rates. The Company does not enter into derivative financial instruments for speculative trading purposes.

Credit risk

Credit risk on liquid funds is limited because the counterparties are internationally recognised banks. The Company has no significant concentration of credit risk.

Liquidity risk

The Subsea 7 S.A Group actively maintains a mixture of long-term and short-term committed facilities that are designed to ensure the Group has sufficient available funds for operations and planned expansions. The Company has access to a working capital facility provided by Subsea 7 Treasury (UK) Limited.


LIQUIDITY

The Company has access to a working capital facility provided by Subsea 7 Treasury (UK) Limited which, in the opinion of the Directors, provides sufficient liquidity to support the business going forward. In addition the Directors believe that should additional short-term or long-term working capital be required, over and above that available from the Subsea 7 Treasury (UK) Limited facility, this would be made available from the Subsea 7 S.A. Group.

FUTURE DEVELOPMENT

The Directors expect that revenue in 2014 will remain similar to 2013 with no project activity planned. The Directors continue to review the long-term strategy for this Company.

ON BEHALF OF THE BOARD:



Simon Ellis - Director

3 July 2014

**Directors' Report
for the Year Ended 31 December 2013**

The Directors present the Annual Report and financial statements of the Company for the year ended 31 December 2013.

REVIEW OF BUSINESS

The Strategic Report contains information about the Company's business review.

DIVIDENDS

No dividends were distributed for the year ended 31 December 2013. In 2012, the Company declared and paid a dividend of £13.0 million to Subsea 7 Contracting (UK) Limited.

DIRECTORS

The Directors shown below have held office during the whole of the period from 1 January 2013 to the date of this report.

Oeyvind Mikaelson
Patricia Murray
Phillip Simons
Simon Ellis

Changes in Directors holding office are as follows:

Stephen McNeill - resigned 1 April 2014

GOING CONCERN

The Company had net assets of £21.1 million at the balance sheet date. The assets mainly include a long term loan receivable of £42.7 million due from Subsea 7 Treasury (UK) Limited. The liabilities predominantly consist of a short term intercompany payable balance of £21.6 million due to Subsea 7 Treasury (UK) Limited. Therefore the Directors have no concern over the Company's liquidity given that both the asset and payable balances are held with the same provider of the working capital facility the Company has access to. The Directors are of the opinion that the Company has sufficient support available to meet obligations as they fall due. The Company is currently bidding for projects in the Dutch sector of the North Sea and will look to utilise Dutch tax losses of 17.3 million euros on future profits earned in the Netherlands.

The Directors have received confirmation that Subsea 7 Senior Holdings (UK) Limited, an intermediate parent company, intends to support the Company for a period not less than twelve months from the date these financial statements are signed. The Directors are reviewing the future of the Company and consider that the going concern basis is still appropriate given the net asset position of the Company combined by the fact that it will have minimal administration costs on an ongoing basis.

DIRECTORS' RESPONSIBILITIES STATEMENT

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). 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 then apply them consistently;
- make judgements 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; 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each Director has taken all the steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

AUDITOR

Subsequent to the audit for the year ended 31 December 2013, Deloitte LLP, will resign as auditor and Ernst & Young LLP will be proposed for appointment at the next Annual General Meeting.

ON BEHALF OF THE BOARD:



Simon Ellis - Director

3 July 2014

**Independent Auditor's Report to the Members of
Acergy Services Limited (Registered number: 01902584)**

We have audited the financial statements of Acergy Services Limited for the year ended 31 December 2013. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page three, 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 Strategic Report and the Directors' 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 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 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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.



Graham Hollis ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Union Plaza
Aberdeen
AB10 1SL

3 July 2014

**Profit and Loss Account
for the Year Ended 31 December 2013**

	Notes	2013 £'000	2012 £'000
TURNOVER	2	26	7,806
Cost of sales		<u>(84)</u>	<u>(755)</u>
GROSS (LOSS)/PROFIT		(58)	7,051
Administrative (expenses) / income		<u>(243)</u>	<u>9,302</u>
OPERATING (LOSS)/PROFIT	5	(301)	16,353
Interest receivable and similar income	6	1,330	670
Interest payable and similar charges	7	<u>(694)</u>	<u>(274)</u>
PROFIT BEFORE TAXATION		335	16,749
Tax (charge)/credit on profit on ordinary activities	8	<u>(574)</u>	<u>1,255</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(239)</u>	<u>18,004</u>

CONTINUING OPERATIONS

The loss in the current year and profit in the prior period have been derived from continuing operations.

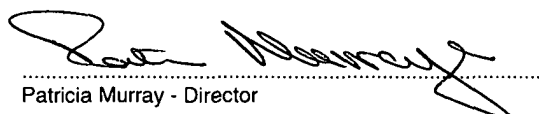
TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses in the current or the prior period, other than is included in the profit and loss account. Accordingly, no separate Statement of Total Recognised Gains and Losses is presented.

Balance Sheet
As at 31 December 2013

	Notes	£'000	2013 £'000	£'000	2012 £'000
NON CURRENT ASSETS					
Debtors: amounts falling due after more than one year	10		42,714		42,714
CURRENT ASSETS					
Debtors: amounts falling due within one year	11	3		5,555	
Cash at bank and in hand		<u>85</u>		<u>96</u>	
		88		5,651	
CREDITORS					
Amounts falling due within one year	12	(21,738)		(27,062)	
NET CURRENT LIABILITIES			(21,650)		(21,411)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>21,064</u>		<u>21,303</u>
CAPITAL AND RESERVES					
Called up share capital	13		1		1
Profit and loss account			<u>21,063</u>		<u>21,302</u>
SHAREHOLDERS' FUNDS			<u>21,064</u>		<u>21,303</u>

The financial statements were approved by the Board of Directors and authorised for issue on 3 July 2014 and were signed on its behalf by:


Patricia Murray - Director

**Notes to the Financial Statements
for the Year Ended 31 December 2013**

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention, in accordance with applicable United Kingdom accounting standards.

Going Concern

The Company's going concern risk is discussed in the Directors' Report. After making enquiries the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors have received confirmation that Subsea 7 Senior Holdings (UK) Limited, an intermediate parent company, intends to support the Company for a period not less than twelve months from the date these financial statements are signed. Accordingly they continue to adopt the going concern basis in preparing the Annual Report and financial statements as stated in the Directors' Report.

Cash flow statement

The Company is exempt from the requirement of FRS 1 to include cash flow statement as part of its financial statements on the basis that it is a subsidiary of Subsea 7 S.A., which includes the Company in its own publicly available consolidated financial statements.

Revenue recognition

Long-term contracts are accounted for using the percentage of completion method. Revenue and gross profit are recognised in each period based upon the advancement of the work-in-progress unless the stage of completion is insufficient to enable a reasonably certain forecast of gross profit to be established. In such cases, no gross profit is recognised during the period. The percentage of completion is calculated based on the ratio of costs incurred to date to total estimated costs. Provisions for anticipated losses are made in the period in which they become known.

Historically, a major portion of the Company's revenue is billed under fixed-price contracts. However, due to the nature of the services performed, variation orders and claims are commonly billed to the customers and are recognised as contract revenue when realisation is probable and can be reasonably estimated. In addition, some contracts contain incentive provisions based upon performance in relation to established targets which are recognised in the contract estimates when deemed realisable.

The financial reporting of the Company's contracts depends on estimates, which are assessed continually during the term of these contracts. Recognised revenues and profits are subject to revisions as the contract progresses to completion and revisions in profit estimates are reflected in the period in which the facts that give rise to the revision become known.

Long-term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account. Cumulative costs incurred net of amounts transferred to cost of sales, less provision for contingencies and anticipated future losses on contracts, are included as amounts recoverable on contracts.

Taxation

Current tax, UK corporation 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 differences 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.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Operating leasing commitments

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

Functional and presentation currency

The financial statements are presented in Pound Sterling (£) which is the Company's functional and presentation currency, being the currency of the primary economic environment in which the Company operates.

2. TURNOVER

The Company has one class of business being the provision of marine project management and subsea installation services to the offshore oil and gas industry. In the opinion of the Directors, the disclosure of turnover by geographical markets would be seriously prejudicial to the interests of the Company and has not therefore been provided.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

3. STAFF COSTS

	2013 £'000	2012 £'000
Wages and salaries	191	120
Social security costs	<u>45</u>	<u>38</u>
	<u>236</u>	<u>158</u>

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

	2013	2012
Administration	<u>2</u>	<u>3</u>

4. DIRECTORS' EMOLUMENTS

The Directors were remunerated by a fellow group undertaking and they consider it impractical to separate their emoluments between the various group companies of which they are directors.

5. OPERATING (LOSS)/PROFIT

The operating loss (2012 - operating profit) is stated after charging/(crediting):

	2013 £'000	2012 £'000
Operating leases	38	80
Auditor's remuneration	6	5
Foreign exchange differences	<u>8</u>	<u>(129)</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £'000	2012 £'000
Bank interest	1	-
Intercompany interest income	<u>1,329</u>	<u>670</u>
	<u>1,330</u>	<u>670</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £'000	2012 £'000
Exchange (gain)/loss on foreign currency borrowings	-	(339)
Intercompany interest expense	<u>694</u>	<u>613</u>
	<u>694</u>	<u>274</u>

8. TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit on ordinary activities for the year was as follows:

	2013 £'000	2012 £'000
Current tax:		
UK corporation tax	574	(1,256)
Deferred tax	<u>-</u>	<u>1</u>
Tax on profit on ordinary activities	<u>574</u>	<u>(1,255)</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

8. TAXATION - continued

Factors affecting the tax charge/(credit)

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2013 £'000	2012 £'000
Profit on ordinary activities before tax	<u>335</u>	<u>16,749</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012 - 24.49%)	78	4,141
Effects of:		
Expenses not deductible for tax purposes	1	16
Income not taxable for tax purposes	-	(2,402)
Adjustments to tax charge in respect of previous periods	496	(3,519)
Other timing differences	-	187
Deferred tax not recognised	-	1,789
Tax losses utilised	<u>(1)</u>	<u>(1,467)</u>
Current tax charge/(credit)	<u>574</u>	<u>(1,255)</u>

Factors that may affect future tax charges

During the year the 2013 Finance Bill was enacted which would reduce the UK Corporation tax from 23% to 21% from 1 April 2014, and to 20% from 1 April 2015.

The Company has no unrecognised deferred tax assets at the balance sheet date (2012: £1.8 million).

9. DIVIDENDS

	2013 £'000	2012 £'000
Ordinary shares of £1 each		
Final	<u>-</u>	<u>13,000</u>

There were no dividends proposed in 2013. The Company declared and paid a dividend of £13.0 million in 2012 to Subsea 7 Contracting (UK) Limited.

10. DEBTORS: AMOUNTS FALLING DUE MORE THAN ONE YEAR

	2013 £'000	2012 £'000
Amounts owed by group undertakings	<u>42,714</u>	<u>42,714</u>

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £'000	2012 £'000
Trade debtors	3	3
Amounts owed by group undertakings	-	5,549
Other debtors	<u>-</u>	<u>3</u>
	<u>3</u>	<u>5,555</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £'000	2012 £'000
Amounts owed to group undertakings	21,592	26,180
Tax	126	84
Other creditors	-	2
Accruals and deferred income	<u>20</u>	<u>796</u>
	<u>21,738</u>	<u>27,062</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2013**

13. CALLED UP SHARE CAPITAL

The Company's allotted, called up and fully paid share capital is as follows:

	2013 £'000	2012 £'000
Called up, allotted and fully paid:-		
500 (2012: 500) ordinary shares £1 each	<u>1</u>	<u>1</u>

14. RESERVES

	Profit and loss account £'000
At 1 January 2013	21,302
Loss for the year	<u>(239)</u>
At 31 December 2013	<u>21,063</u>

15. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 8 Related Party Disclosures, not to disclose related party transactions with wholly owned subsidiaries within the group.

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £'000	2012 £'000
(Loss)/profit for the financial year	(239)	18,004
Dividends	<u>-</u>	<u>(13,000)</u>
	(239)	5,004
Financial restructuring	<u>-</u>	<u>(1)</u>
Net (reduction)/addition to shareholders' funds	(239)	5,003
Opening shareholders' funds	<u>21,303</u>	<u>16,300</u>
Closing shareholders' funds	<u>21,064</u>	<u>21,303</u>

17. ULTIMATE PARENT COMPANY

The Company's immediate parent undertaking is Subsea 7 Contracting (UK) Limited, a company registered in the United Kingdom. The Company's ultimate parent undertaking and controlling party at 31 December 2013 is Subsea 7 S.A. The largest (and smallest) group which includes these financial statements in their consolidation is the Subsea 7 S.A. group. The consolidated financial statements of Subsea 7 S.A. can be obtained from the address, 412F Route d'Esch, L-2086, Luxembourg or at www.subsea7.com.