

Company Registration

No. 02074427

Acergy M.S. Limited

Report and Financial Statements

30 November 2009

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Acergy M.S. Limited

Report and financial statements 2009

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Acergy M.S. Limited

Report and financial statements 2009

Officers and professional advisors

Directors

Jean Cahuzac
Keith Tipson
Simon Crowe

Secretary

Loes Smeets

Registered Office

200 Hammersmith Road
London
England
W6 7DL

Bankers

HSBC
2 Queen's Road
Aberdeen

Independent Auditors

Deloitte LLP
London, United Kingdom

Acergy M.S. Limited

Report and financial statements 2009

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 November 2009.

Principal activities, enhanced business review and future prospects

The company is a wholly owned subsidiary of Acergy Bermuda Ltd, a company registered in Bermuda, and operates as part of the Acergy group's corporate division.

The company's principal activity is the provision of management services to other group companies. The company has a contract in Brazil to provide engineering and subsea services to the offshore oil and gas industry. The company entered into an undisclosed agency agreement with another Acergy group company whereby all the financial risks and rewards in connection with the company's Brazilian contract will be borne by the other Acergy group company. As a result no profit or loss in connection with this contract is recorded in the books of the company.

The directors foresee this change in the company's activities as a temporary change and do not intend to enter into any further operational contracts.

Results and dividends

Results and statement of accumulated reserves are as follows

	2009 £'000
Profit and loss reserve at 1 December 2008	20,649
Profit for the financial year	4,401
	<hr/>
Profit and loss reserve at 30 November 2009	25,050
	<hr/>

No dividends have been paid or proposed in respect of the year (2008:£nil)

Key Performance Indicators

The Directors believe the company's key performance indicators are turnover, profit after tax and the level of group funding.

As shown in the company's profit and loss account on page 9, the company's sales have decreased by £56.9 million over the prior year primarily as a result of the above mentioned operating contract which was substantially completed in the prior year. The profit after tax has decreased from £6.6 million to £4.4 million largely as a result of the reduction in the mark up charged on provision of administrative and accounting services.

The level of group funding is discussed in detail within the liquidity risk note.

As the Acergy Group manages its operations on a larger, regional basis, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for any understanding of the development, performance or position of the business.

Acergy M.S. Limited

Report and financial statements 2009

Directors' report (continued)

Going concern

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements

Principal risks and uncertainties

The company's activities expose it to a number of risks and uncertainties. These include price risk, cash flow risk, credit risk, foreign exchange and liquidity risk

Price risk

The operational contract entered into by the company was "lump sum" price in nature and these are significantly higher-risk than "cost plus" priced contracts. The company manages its risks in numerous ways including, but not limited to: a rigorous review and authorisation process for all tenders, detailed review and approval of all significant contractual terms and conditions, careful selection and monitoring of all subcontractors, application of specific processes for the selection, training and development of staff, and the close monitoring of all variances to the original scope of work

The risks to the Acergy S.A. group as a whole are discussed in the Acergy S.A. annual report which does not form part of this report

Cash flow risk

The company's cash flow risk is managed by group funding.

Credit risk

Credit risk on liquid funds is limited because the counterparty is a bank with high credit ratings assigned by international credit rating agencies. Credit risk on trading activities is also limited as the only exposure is to a major national oil and gas company.

Foreign exchange risk

The company's funding structure expose it primarily to financial risks of changes in foreign currency exchange rates due to inter-company funding balances in non-functional currencies with the Group treasury company. The treasury company uses a range of financial instruments (foreign exchange forward and swap contracts) to minimise this foreign currency exposure on behalf of the Group

Liquidity risk

Although the company had net assets at the balance sheet date a proportion of the debts are due from other Acergy entities. These entities are part of a larger group of which the ultimate parent company is Acergy S.A. The Group has considerable financial resources and the directors consider these balances to be recoverable

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Directors' report (continued)

Liquidity risk (continued)

At the year end, the amount of unutilised credit and guarantee facilities within the Acergy Group was \$91.5 million, which the directors estimate that the group will fully utilise in the next twelve months by way of guarantees for new contracts. Of the remaining facilities, \$6.2 million is available for cash drawing which, combined with cash balances of \$451.5 million, ensures the Group has sufficient liquid resources to meet its current operating requirements.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company relies on short-term debt finance from the Group treasury company.

Directors and their interests

The directors of the company who served throughout the year and subsequently were as follows:

Jean Cahuzac	
S Jackson	(resigned 13 July 2009)
K Tipson	
S Crowe	(appointed 30 October 2009)

Directors indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Employees

Details of the number of employees and related costs can be found in note 7 to the financial statements on page 17.

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Directors' report (continued)

Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting



Approved by the Board and signed on its behalf by:

Simon Crowe
Director
200 Hammersmith Road
London
W6 7DL

25 August 2010

Acergy M.S. 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). 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 AUDITORS' REPORT TO THE MEMBERS OF ACERGY MS LIMITED

We have audited the financial statements of Acergy MS Limited for the year ended 30 November 2009 which comprise the Profit and loss account, Statement of total recognised gains and losses, the Balance sheet and the related notes 1 to 24. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

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

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 30 November 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACERGY MS LIMITED

(continued)

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



Dean Cook MA FCA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

London, UK

25 August 2010

Acergy M.S. Limited

Profit and loss account For the year ended 30 November 2009

	Note	2009 £'000	2008 £'000
Turnover	2	139,057	195,988
Cost of sales		(55,248)	(113,132)
Gross profit		83,809	82,856
Administrative expenses		(79,553)	(74,924)
Operating profit		4,256	7,932
Interest receivable and similar income	3	-	1
Interest payable and similar charges	4	(977)	(1,534)
Other (expenses) / income	5	(40)	2,278
Profit on ordinary activities before taxation	6	3,239	8,677
Tax credit/(charge) on profit on ordinary activities	8	1,162	(2,108)
Retained profit for the financial year	17, 18	4,401	6,569

The profit for both years has been wholly derived from continuing activities

Acergy M.S. Limited

Statement of total recognised gains and losses For the year ended 30 November 2009

	Note	2009 £'000	2008 £'000
Profit for the financial year		4,401	6,569
Currency translation difference on foreign branch	17	<u>4,106</u>	<u>(7,960)</u>
Total recognised gain/(loss) relating to the year		<u><u>8,507</u></u>	<u><u>(1,391)</u></u>

Acergy M.S. Limited

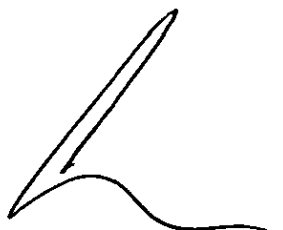
Balance sheet 30 November 2009

	Note	2009 £'000	2008 £'000
Fixed assets			
Investments	9	-	-
Tangible fixed assets	10	8,434	7,254
		<u>8,434</u>	<u>7,254</u>
Current assets			
Debtors, amounts falling due within one year	11	93,711	74,802
Cash at bank and in hand		2,388	1,018
		<u>96,099</u>	<u>75,820</u>
Creditors: Amounts falling due within one year	12	(73,597)	(64,107)
		<u>22,502</u>	<u>11,713</u>
Net current assets			
		<u>30,936</u>	<u>18,967</u>
Total assets less current liabilities			
Creditors: Amounts falling due after more than one year	14	(372)	(1,114)
Provisions for liabilities	15	(4,638)	(1,505)
		<u>25,926</u>	<u>16,348</u>
Capital and reserves			
Called up equity share capital	16	-	-
Profit and loss account	17	25,050	20,649
Translation reserve	17	(3,854)	(7,960)
Other reserves	17	4,730	3,659
Shareholder's funds	18	<u>25,926</u>	<u>16,348</u>

The financial statements of Acergy M S Limited (registered number 02074427) were approved and authorised for issue

Signed on behalf of the Board of Directors

Simon Crowe
Director
25 August 2010



Acergy M.S. Limited

Notes to the financial statements Year ended 30 November 2009

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year is set out below

a) Basis of accounting

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

b) Going concern basis

The financial statements have been prepared under the assumption that the company will continue to operate as a going concern. The directors consider this appropriate given that all of the debtor balances are due from other companies within the Acergy S.A Group which is in a strong financial position and as such are considered recoverable. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Refer to the Director's report for further analysis on risks.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

c) Cash flow statement

The company is exempt from the requirement of FRS 1 (Revised) to include a cash flow statement as part of its financial statements on the basis that it is a subsidiary of Acergy S.A. (note 23) whose financial statements contain a consolidated cash flow statement and are available to the public

d) Basis of consolidation

Consolidated financial statements have not been prepared for the company and its subsidiary undertakings as provided by section 400 of the Companies Act 2006. These financial statements accordingly present the position of the company, and not of the group

e) Investments

Fixed asset investments are shown at cost less provision for any impairment

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Notes to the financial statements Year ended 30 November 2009 (continued)

1. Accounting policies (continued)

f) Tangible fixed assets

All tangible fixed assets are shown at cost less accumulated depreciation and any provision for impairment

Depreciation is provided at rates calculated to write-off the cost less estimated residual value of each asset on a straight-line basis over its estimated useful life as follows.

Computer hardware and software development	3-5 years
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Fixtures and fittings	5 years
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Residual value is calculated on prices prevailing at the date of acquisition

g) 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 substantially 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 assessment 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 substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

h) Pension costs

The Company participates in a defined benefit multi-employer scheme, the assets of which are held independently from the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme. Further details are given in note 19.

The company also makes contributions to personal pension plans for eligible employees. Contributions to this scheme are charged to the profit and loss account as incurred. Any differences between contributions due and paid are included within prepayments or accruals.

Acergy M.S. Limited

Notes to the financial statements Year ended 30 November 2009 (continued)

1. Accounting policies (continued)

i) Foreign currency and financial instruments

Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate. Forward contracts are accounted for on an accruals basis.

The results of an overseas branch are translated at the average rate of exchange during the period and its balance sheet at the rate ruling at the balance sheet date. Exchange differences arising on the translation of the balance sheet are reported in the statement of total recognised gains and losses. All other exchange differences are included in the profit and loss account.

j) 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 work in progress.

k) Revenue recognition

Long-term contracts are accounted for using the percentage of completion method. Revenue and gross profit are recognised 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.

A part of the company's revenue is billed under a fixed-priced contract. However, due to the nature of the services performed, variation orders and claims are commonly billed to the customers in the normal course of business 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 operational contract depends on estimates, which are assessed continually during the term of the contract. 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.

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Notes to the financial statements Year ended 30 November 2009 (continued)

1. Accounting policies (continued)

l) Share based payments

The company has applied the requirements of FRS 20 share-based payment. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 and that were unvested as of 1 December 2006.

The ultimate parent company, Acergy S.A., issues equity-settled share-based payments to certain employees. Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. A corresponding increase is recognised in equity as a capital contribution from Acergy S.A.

Fair value is measured by use of the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

A liability for social security charges on share based payments is recognised at each balance sheet date.

m) Leases

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis.

n) Derivative Financial Instruments

The company does not hold or issue derivative financial instruments for speculative purposes, but entered into a contract in a prior year which contained an embedded derivative. The company has chosen not to adopt the valuation requirements of FRS 26 Financial Instruments: Recognition and Measurement. Amounts payable or receivable in respect of the contract are recognised on an accruals basis in line with the requirements of the respective agreement.

2. Turnover

The turnover is specified as follows:

	2009	2008
	£'000	£'000
Construction activities – Brazil	57,021	114,080
Provision of administrative and accounting Services	82,036	81,908
	<u>139,057</u>	<u>195,988</u>

Acergy M.S. Limited

Notes to the financial statements Year ended 30 November 2009 (continued)

3. Interest receivable and similar income

	2009 £'000	2008 £'000
Bank interest receivable	-	1
	<u>-</u>	<u>1</u>

4. Interest payable and similar charges

	2009 £'000	2008 £'000
On borrowings from group undertakings	977	1,521
Bank interest payable	-	13
	<u>977</u>	<u>1,534</u>

5. Other (expenses)/ income

	2009 £'000	2008 £'000
Construction contract (profits)/losses borne by another group company	(40)	2,278
	<u>(40)</u>	<u>2,278</u>

6. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2009 £'000	2008 £'000
Depreciation of owned tangible fixed assets	3,858	3,756
Operating lease expenses – Buildings	703	736
Vessel and equipment charges	-	57,596
Defined pension contribution scheme	83	47
	<u>3,858</u>	<u>57,596</u>

The company has incurred fees payable to the company's auditors for the audit of the company's annual accounts of £15,000 (2008. £12,189) during the year. There are no non-audit fees incurred in either the current year or the preceding year.

Acergy M.S. Limited

Notes to the financial statements Year ended 30 November 2009 (continued)

7. Staff costs

The average monthly number of persons employed by the company during the year was 219 (2008 – 192). All employees were engaged in administrative activities.

	2009 £'000	2008 £'000
Employee costs during the year amounted to		
Wages and salaries	16,622	13,338
Social security costs	2,002	1,961
Other pension costs (see note 19)	1,802	1,282
Share-based payments (see note 20)	1,071	1,530
	<u>21,497</u>	<u>18,111</u>

Directors' remuneration

The employee costs shown above include the following remuneration in respect of directors of the company:

	2009 £'000	2008 £'000
Emoluments	2,533	2,546
Contributions to defined contribution schemes	278	392
Share-based payments	310	733
	<u>3,121</u>	<u>3,671</u>

The above amounts for remuneration include the following in respect of the highest paid director:

	2009 £'000	2008 £'000
Emoluments	1,145	1,037
Contributions to defined contribution schemes	207	69
Share-based payments	253	378
	<u>1,605</u>	<u>1,484</u>

Acergy M.S. Limited

Notes to the financial statements Year ended 30 November 2009 (continued)

8. Tax on profit on ordinary activities

The tax credit comprises

	2009 £'000	2008 £'000
Current tax		
UK corporation tax	1,225	1,369
Double tax relief	-	(927)
Foreign tax charge	-	927
Adjustment in respect of prior years: - UK Corporation Tax	(864)	-
Total current tax	361	1,369
Deferred tax		
Origination and reversal of timing differences		
- Current year	(1,022)	398
Adjustments in respect of prior years	(501)	341
Total deferred tax (see note 13)	(1,523)	739
Total tax (credit)/ charge on profit on ordinary activities	(1,162)	2,108

Acergy M.S. Limited

Notes to the financial statements Year ended 30 November 2009 (continued)

8. Tax on profit on ordinary activities (continued)

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28% (2008: 28.67%). The actual current tax charge for the current year and previous year is different than that using the standard rate for the reasons set out in the following reconciliation

	2009 £'000	2008 £'000
Profit on ordinary activities before taxation	3,239	8,677
Tax on profit on ordinary activities at standard UK corporation tax rate	907	2,488
Effects of:		
Adjustment in respect of share options	131	(1,291)
Other timing differences	(167)	-
Expenses not deductible for tax purposes	16	38
Depreciation in excess of capital allowances	338	134
Adjustment in respect of prior years	(864)	-
Current tax charge for year	361	1,369

9. Fixed asset investments

	2009 £	2008 £
Cost		
At 1 December 2008 and 30 November 2009	1	1

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows

Name of Company	Country of incorporation	Principal activity	Proportion of shares held by the company	Description of shares held by the company
Thames International Enterprise Limited	England	General trading company	100%	1 £1 ordinary share

Acergy M.S. Limited

Notes to the financial statements Year ended 30 November 2009 (continued)

10. Tangible fixed assets

Tangible fixed assets comprise the following:

	Fixtures and fittings	Computer equipment	Software development costs	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 December 2008	1,024	24,466	-	25,490
Additions	-	1,622	3,417	5,039
Disposals	-	-	-	-
At 30 November 2009	1,024	26,088	3,417	30,529
Depreciation				
At 1 December 2008	136	18,100	-	18,236
Charge for the year	205	3,654	-	3,859
Disposals	-	-	-	-
At 30 November 2009	341	21,754	-	22,095
Net book value at end of year	683	4,334	3,417	8,434
Net book value at beginning of year	888	6,366	-	7,254

11. Debtors: amounts falling due within one year

	2009 £'000	2008 £'000
Trade debtors	11,589	7,751
Amounts due from group undertakings	75,698	64,169
Amounts due from other related parties (note 24)	347	5
Deferred tax asset (note 13)	2,244	721
Other debtors	3,833	2,156
	93,711	74,802

Acergy M.S. Limited

Notes to the financial statements Year ended 30 November 2009 (continued)

12. Creditors: amounts falling due within one year

	2009	2008
	£'000	£'000
Trade creditors	7,261	3,279
Amounts owed to group undertakings	53,493	29,479
Group relief and corporation tax owed to group undertakings	1,298	937
Accruals and deferred income	11,545	30,412
	<u>73,597</u>	<u>64,107</u>

Interest bearing loans included within amounts owed to group undertakings bear interest at LIBOR +1%.

13. Deferred tax asset

	2009	2008
	£'000	£'000
At beginning of year	721	1,460
Credit / (charge) for the year	1,022	(398)
Adjustments in respect of prior years	501	(341)
At end of year	<u>2,244</u>	<u>721</u>

The amount provided for deferred taxation arises on the differences between accumulated depreciation and capital allowances. A deferred tax asset has been recognised in respect of the tax written-down values being in excess of the carrying value of the company's fixed assets. In addition, an asset has been recognised in relation to share options where the exercise prices are less than the share price as at 30 November 2009.

14. Creditors: amounts falling due after one year

	2009	2008
	£'000	£'000
Other creditors – long term bonus scheme	372	1,114
	<u>372</u>	<u>1,114</u>

Acergy M.S. Limited

Notes to the financial statements Year ended 30 November 2009 (continued)

15. Provision for liabilities

	Social security charges on share based payments £'000	Other provisions – future contract losses £'000	Total £'000
At 1 December 2008	31	1,474	1,505
Charge to profit and loss	205	2,928	3,133
At 30 November 2009	236	4,402	4,638

Social security charges on share based payments

Provision relates to National Insurance Contributions which will become payable on exercise of share options (note 20).

Other provisions – future contract losses

Provisions for anticipated losses are made in the period in which they become known. It is expected that the majority of this loss will occur in the next financial year and that all will occur within two years of the balance sheet date.

16. Called-up equity share capital

	2009 £	2008 £
Authorised, allotted, called-up and fully paid		
100 ordinary shares of £1 each	100	100

Acergy M.S. Limited

Notes to the financial statements Year ended 30 November 2009 (continued)

17. Reserves

	Profit and loss account £'000	Translation reserve £'000	Other reserves £'000	Total £'000
At 1 December 2008	20,649	(7,960)	3,659	16,348
Profit for the year	4,401	-	-	4,401
Currency translation difference on foreign branch	-	4,106	-	4,106
Share-based payments	-	-	1,071	1,071
At 30 November 2009	25,050	(3,854)	4,730	25,926

With the exception of the translation reserve and other reserves, all reserves are regarded as distributable

Other reserves

Other reserves relate to the provision for share-based payments measured at fair value at the date of grant.

18. Reconciliation of movements in shareholder's funds

	2009 £'000	2008 £'000
Opening shareholder's funds	16,348	16,209
Profit for the financial year	4,401	6,569
Currency translation difference on foreign branch	4,106	(7,960)
Share-based payments	1,071	1,530
Closing shareholder's funds	25,926	16,348

19. Guarantees and other financial commitments

a) Capital commitments

There were no capital commitments at 30 November 2009 (2008. £nil)

b) Pension commitments

Personal pension plan

The company makes contributions to employee's personal pension plans. Total contributions during the year were £1,801,549 (2008 £1,281,889)

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Notes to the financial statements Year ended 30 November 2009 (continued)

19. Guarantees and other financial commitments (continued)

b) Pension commitments (continued)

Defined benefit scheme

The Company participates in a defined benefit multi-employer scheme, the assets of which are held independently from the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme. As such the disclosures in this note relate to the entire scheme. Contributions to the scheme by the employer are in accordance with recommendations of independent professional actuaries. Scheme valuations are carried out by independent professionally qualified actuaries to determine pension costs. Any imbalance between the assets and liabilities is adjusted over the average future service life of members of the scheme. The scheme is closed to new entrants.

The most recent full actuarial valuation was carried out on 31 August 2009 calculated using actuarial techniques of approximation.

The actuarial valuation described above has been updated at 30 November 2009 by a qualified actuary using revised assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at fair value. The major assumptions used for the actuarial valuation were:

	2009 %	2008 %	2007 %
Rate of increase in salaries	4.8	5.0	5.0
Rate of increase in pensions in payment	3.0	3.0	2.9
Discount rate	5.4	7.0	6.0
Inflation assumption	3.0	3.0	2.9

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Notes to the financial statements Year ended 30 November 2009 (continued)

19. Guarantees and other financial commitments (continued)

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at the balance sheet date were

	Long-term rate of return expected at 30 November 2009 %	Value at 30 November 2009 £'000	Long-term rate of return expected at 30 November 2008 %	Value at 30 November 2008 £'000	Long-term rate of return expected at 30 November 2007 %	Value at 30 November 2007 £'000
Equities	8.40	7,564	8.40	5,641	8.00	7,356
Bonds	5.25	2,319	5.25	2,186	5.25	2,461
Other	4.90	(121)	4.90	102	5.00	186
		<hr/>		<hr/>		<hr/>
Total fair value of assets		9,762		7,929		10,003
Present value of scheme liabilities		(15,288)		(12,457)		(13,709)
		<hr/>		<hr/>		<hr/>
Deficit in the scheme		(5,526)		(4,528)		(3,706)
Related deferred tax asset		1,547		1,268		1,112
		<hr/>		<hr/>		<hr/>
Net pension liability		(3,979)		(3,260)		(2,594)
		<hr/>		<hr/>		<hr/>

Movement in deficit (pre deferred tax adjustment) during the year	2009 £'000	2008 £'000
Deficit in scheme at beginning of year	(4,528)	(3,706)
Movement in year		
Current service cost	(156)	(144)
Contributions	697	527
Other finance costs	(259)	(83)
Actuarial loss	(1,280)	(1,122)
	<hr/>	<hr/>
	(5,526)	(4,528)
	<hr/>	<hr/>

Acergy M.S. Limited

Notes to the financial statements Year ended 30 November 2009

19. Guarantees and other financial commitments (continued)

Analysis of the amount that would have been charged to operating profit of the group under FRS 17:

	2009 £'000	2008 £'000
Current service cost	<u>156</u>	<u>144</u>

Analysis of the amount that would have been charged to net cost

	2009 £'000	2008 £'000
Expected return on pension scheme assets	585	732
Interest on pension scheme liabilities	<u>(844)</u>	<u>(815)</u>
Net finance cost	<u>(259)</u>	<u>(83)</u>

Analysis of the actuarial loss that would have been recognised in the statement of total recognised gains and losses of the group

	2009 £'000	2008 £'000
Actual return less expected return on pension scheme assets	1,498	(2,951)
Experience (gains) / losses arising on the scheme liabilities	620	(405)
Changes in assumptions underlying the present value of the scheme liabilities	<u>(3,398)</u>	<u>2,234</u>
Actuarial loss recognised in statement of total recognised gains and losses	<u>(1,280)</u>	<u>(1,122)</u>

Acergy M.S. Limited

Notes to the financial statements Year ended 30 November 2009

19. Guarantees and other financial commitments (continued)

History of experience gains and losses	2009	2008	2007	2006	2005
Difference between the expected and actual return on scheme assets:					
Amount (£'000)	(1,498)	(2,951)	468	314	912
Percentage of scheme assets	15.3%	(37.2)%	5.0%	3.6%	11.5%
Experience gains and losses on scheme liabilities:					
Amount (£'000)	620	(405)	(539)	409	(413)
Percentage of the present value of scheme liabilities	(4.1)%	3.3%	4.0%	3.0%	3.5%
Total actuarial loss recognised in the statement of total recognised gains and losses					
Amount (£'000)	(1,280)	(1,122)	1,299	(1,250)	(257)
Percentage of the present value of scheme liabilities	8.4%	9.0%	9.0%	9.1%	2.2%

Acergy M.S. Limited

Notes to the financial statements Year ended 30 November 2009

20. Share-based payments

Equity-settled share options scheme

The Ultimate parent company has a share option scheme for key employees of the Group. Options are exercisable at a price equal to the average quoted market price of the parent company's shares on the date of grant. The vesting period is four years. Options are forfeited if the employee leaves the company before the options vest.

Details of the share options outstanding during the year are as follows:

	2009	Weighted Ave Exercise price	2008	Weighted Ave Exercise price
	No of share Options		No of share Options	
	'000	£	'000	£
Outstanding at beginning of year	1,314	9.23	1,337	5.63
Granted during year	-	-	442	14.92
Transferred during the year	109	4.18		
Forfeited during year	(138)	9.66	(86)	12.42
Exercised during year	(156)	2.71	(367)	2.03
Expired during year	(7)	6.52	(12)	10.81
	<hr/>		<hr/>	
Outstanding at end of the period	1,123	9.49	1,314	9.23
	<hr/>		<hr/>	
Exercisable at the end of the period	775	7.03	710	5.62
	<hr/>		<hr/>	

The options outstanding at 30 November 2009 had a weighted average exercise price of £9.49 and a weighted average remaining contractual life of five years. In 2009, there were no shares granted during the year. In 2008, options were granted on 12 March 2008, 1 April 2008 and 14 April 2008. The aggregate of the estimated fair values of the options granted on those dates was £11.17m.

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Notes to the financial statements Year ended 30 November 2009

20. Share-based payments (continued)

The inputs into the Black-Scholes Option Pricing Model are as follows:

	2009	2008
Weighted average share price (£)	-	14.92
Weighted average exercise price (£)	-	14.92
Expected volatility	-	55.78%
Expected life	-	5 years
Risk-free rate	-	2.52%
Expected dividend yield	-	-

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous five years. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The Company recognised total expenses of £1,070,560 and £1,529,855 related to equity-settled share-based payment transactions in 2009 and 2008 respectively

21. Financial commitments

Annual commitments under non-cancellable operating leases are as follows

	2009 £'000 Buildings	2008 £'000 Buildings
Expiry date		
Within one year	928	448
Within 1-2 years	1,017	896
Between two and five years	-	448
	<u>1,945</u>	<u>1,792</u>

22. Fair value of derivative and hedging instruments

The fair value of open derivative and hedging positions at 30 November 2009 was as follows

	2009 £'000	2008 £'000
Fair value of embedded derivatives	-	2,592
	<u>-</u>	<u>2,592</u>

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Notes to the financial statements Year ended 30 November 2009

23. Immediate and ultimate holding company

The immediate parent company of Acergy M.S. Limited is Acergy Bermuda Ltd, a company incorporated in Bermuda

Acergy S A is the ultimate parent company and controlling entity of the company and is the parent company of the smallest and largest group in which the results of the company are consolidated. Copies of the financial statements of Acergy S.A. are available from the Registered Office of the Company at 412F, route d'Esch, L-2086 Luxembourg, R C S. Luxembourg B-43 172.

24. Related party transactions

The company is exempt from the requirement of FRS 8 to include details of transactions with related parties who are fellow group undertakings.

Amounts due from Acergy Group joint venture undertakings at 30 November 2009 were £212,893 (2008 £5,270) from SapuraAcergy Sdn Bhd and £133,808 (2008: £nil) from Seaway Heavy Limited