

Golar-Nor (UK) Limited
Annual Report and Financial Statements
Registered number 03238016

31 December 2015

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Strategic Report

The directors present their strategic report for the year ended 31 December 2015.

Principal activities and review of businesses

The company's principal activities during the year were the business of FPSO vessel operations of Petrojarl Foinaven for BP.

The key financial and other performance indicators during the year were as follows:

| | 2015 \$000 | 2014 \$000 | Variance % |
|----------------------|---------------|---------------|---------------|
| Turnover | 96,695 | 103,535 | (6.61) |
| Operating loss | (6,499) | (1,049) | 519.56 |
| Loss before taxation | (6,499) | (1,757) | 269.90 |
| Shareholders' funds | 3,144 | 9,643 | (67.42) |

| | | |
|--|---------|----------|
| Current assets as % of current liabilities (quick ratio) | 91.76 % | 112.81 % |
|--|---------|----------|

Company turnover have decreased from the prior year primarily due to lower production and lower rates as a result of the reduction in the oil price.

The increased operating loss and loss before taxation from 2014 is also a result of the same reason.

Principal risks and uncertainties

The Company is exposed to financial risks arising from its operations. The key financial risks include foreign currency risk, credit risk and liquidity risk.

The following sections provide details regarding the Company's exposure to the above mentioned financial risk and the objectives, policies and processes for the management of these risks.

Foreign currency risk

The Company has transactional currency exposures arising from costs that are denominated in a currency other than USD. The foreign currencies in which these transactions are denominated are mainly GBP.

The sensitivity analysis for changes in the foreign exchange rate is not disclosed as the effect on income is considered not to be significant.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from trade and other receivables and is concentrated mainly in the outstanding amount owing from multinational integrated oil companies. The credit risk exposure on these balances are considered moderately low.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty meeting the financial obligations due to shortage of funds. The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Strategic Report (continued)

Future Development

Golar-Nor (UK) Limited has a long term contract with BP for the operation of the FPSO Petrojarl Foinaven with expected duration up until 2021.

Going concern

The company is providing a FPSO operating contract for BP on the Foinaven field.

The current contract compensation have made the contract loss making during the last years. The company are in negotiations with BP with the aim of improving the compensation.

The parent company also supports and guarantees the financial performance of the company. Based on this 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 annual reports and financial statements.

Business environment

The UK market for FPSO's is a competitive market with some specialised vendors for operations in harsh environment. The customers are the operators and owners of the oil field licenses. The company meets competition from other third party vendors, and from the operators and owners of the oil field as they can choose to own and run an FPSO themselves.

By order of the Board



T Bye-Andersen

Director

Date: 19 October 2016

20-22 Bedford Row
London WC1R 4JS
United Kingdom

Directors' Report

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

Results and dividends

The company recorded a loss after taxation of \$6,498,501 (2014 – loss after taxation of \$1,942,885).

The directors propose that no dividend be paid (2014 - \$nil).

Directors

The directors who held office during the year and to the date of this report were the following:

T. Bye-Andersen
C. Brett (appointed 12 November 2015)
P. Lytzen (resigned 12 November 2015)
D. Law (resigned 7 March 2016)
S. Helland (appointed 7 March 2016)

Financial instruments

The company's policy is to minimise the use of complex financial instruments.

Charitable and political contributions

The company made no charitable donations or political contributions during the current or prior year.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 1.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board



T Bye-Andersen
Director
Date: 19 October 2016

20-22 Bedford Row
London WC1R 4JS
United Kingdom

Statement of directors' responsibilities in respect of the Strategic Report, the Annual Report and the Financial Statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

319 St Vincent Street
Glasgow
G2 5AS
United Kingdom

Independent auditor's report to the members of Golar-Nor (UK) Limited

We have audited the financial statements of Golar-Nor (UK) Limited for the year ended 31 December 2015 set out on pages 6 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

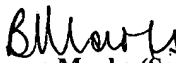
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.


Bruce Marks (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountant

Date: 24 October 2016

Profit and loss account

for the year ended 31 December 2015

| | Note | 2015 \$000 | 2014 \$000 |
|--|------|------------------|---------------|
| Turnover | 2 | 96,695 | 103,535 |
| Cost of sales | | (101,160) | (102,176) |
| Gross (loss)/profit | | (4,465) | 1,359 |
| Administrative expenses | | (2,034) | (2,408) |
| Operating loss | 3 | (6,499) | (1,049) |
| Interest payable and similar charges | 6 | (8) | (721) |
| Interest receivable and similar income | 7 | 8 | 13 |
| Loss on ordinary activities before taxation | | (6,499) | (1,757) |
| Tax charge on loss on ordinary activities | 8 | - | (186) |
| Loss for the financial year | | (6,499) | (1,943) |

The activities of the company relate entirely to continuing operations.

The Company has no items of other comprehensive income other than the results for the current and prior financial years as set out above.

Notes on pages 9 to 17 form part of the financial statements.

Balance sheet

as at 31 December 2015

| | | 2015 | 2015 | 2014 | 2014 |
|---|------|-----------------|--------------|-----------------|--------------|
| | Note | \$000 | \$000 | \$000 | \$000 |
| Fixed assets | | | | | |
| Tangible fixed assets | 9 | | 5,457 | | 4,698 |
| Deferred tax asset | 10 | | - | | - |
| | | | <u>5,457</u> | | <u>4,698</u> |
| Current assets | | | | | |
| Stocks | | 359 | | 359 | |
| Debtors | 11 | 22,322 | | 42,609 | |
| Cash at bank and in hand | | <u>3,072</u> | | <u>564</u> | |
| | | <u>25,753</u> | | <u>43,532</u> | |
| Creditors: amounts falling due within one year | 12 | <u>(28,066)</u> | | <u>(38,587)</u> | |
| Net current assets | | | (2,313) | | 4,945 |
| Net assets | | | <u>3,144</u> | | <u>9,643</u> |
| Capital and reserves | | | | | |
| Called up share capital | 13 | 4,000 | | 4,000 | |
| Profit and loss account | | <u>(856)</u> | | <u>5,643</u> | |
| Shareholders' funds | | <u>3,144</u> | | <u>9,643</u> | |

Notes on pages 9 to 17 form part of the financial statements.

These financial statements were approved by the board of directors on 19 October 2016 and are signed on their behalf by:

Tor Olav Bye-Andersen
T Bye-Andersen
Director

Company registered number: 03238016

Statement of Changes in Equity

| | <i>Called up Share capital \$000</i> | <i>Profit and Loss \$000</i> | <i>Total Equity \$000</i> |
|--|--|--------------------------------------|-------------------------------|
| Balance as at 1 January 2014 | 4,000 | 7,586 | 11,586 |
| Total comprehensive income for the period | | | |
| Loss for the financial year | - | (1,943) | (1,943) |
| Total comprehensive income for the period | - | (1,943) | (1,943) |
| Transactions with owners, recorded directly in equity | | | |
| Dividends | - | - | - |
| Total contributions by and distributions to owners | - | - | - |
| Balance at 31 December 2014 | 4,000 | 5,643 | 9,643 |

| | <i>Called up Share capital \$000</i> | <i>Profit and Loss \$000</i> | <i>Total Equity \$000</i> |
|--|--|--------------------------------------|-------------------------------|
| Balance as at 1 January 2015 | 4,000 | 5,643 | 9,643 |
| Total comprehensive income for the period | | | |
| Loss for the financial year | - | (6,499) | (6,499) |
| Total comprehensive income for the period | - | (6,499) | (6,499) |
| Transactions with owners, recorded directly in equity | | | |
| Dividends | - | - | - |
| Total contributions by and distributions to owners | - | - | - |
| Balance at 31 December 2015 | 4,000 | (856) | 3,144 |

Notes to the financial statements

1 Accounting policies

Golar-Nor (UK) Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK. The registered office of this company is 20-22 Bedford Row, London, United Kingdom, WC1R 4JS.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is USD.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments. An explanation of how the transition to FRS102 has affected the financial position and financial performance of the company is provided in note 19.

The company is a wholly owned subsidiary of Teekay Petrojarl Production AS, which is incorporated in Norway. The ultimate parent undertaking and parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is Teekay Corporation, which is incorporated in The Marshall Islands.

The consolidated financial statements of Teekay Corporation are available to the public and may be obtained from 4th Floor, Belvedere Building, 69 Pitts Bay Road, Hamilton, HM 08 Bermuda. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Teekay Corporation include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of certain disclosures required by FRS 102.26 *Share Based Payments*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 18.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis and in accordance with applicable accounting standards.

1.2 Going concern

The financial statements have been prepared on a going concern basis.

Notes (continued)

1 Accounting policies (continued)

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings. The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

| | |
|------------------|---------|
| Dry-docking cost | 5 years |
|------------------|---------|

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.5 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges including net foreign exchange losses are recognised in the profit and loss account.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Notes (continued)

1 Accounting policies (continued)

1.6 Turnover

Tariff-based revenue from services from operation of floating production, storage and offloading vessels ("FPSOs") is recognized as production occurs, while day-rate revenue is recognized over the passage of time.

1.7 Stock

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition.

1.8 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes (continued)

2 Turnover

| | 2015 \$000 | 2014 \$000 |
|-------------------------------|---------------|----------------|
| Dayrate and operation of FPSO | <u>96,695</u> | <u>103,535</u> |

| | 2015 \$000 | 2014 \$000 |
|----------------|---------------|----------------|
| United Kingdom | <u>96,695</u> | <u>103,535</u> |

3 Expenses and auditor's remuneration

Included in operating loss are the following:

| | 2015 \$000 | 2014 \$000 |
|---|---------------|---------------|
| Depreciation | 1,753 | 1,561 |
| Exchange gain | (1,377) | (7,455) |
| Operating lease rentals – plant & machinery (note 14) | - | - |
| Auditors remuneration – audit services | <u>18</u> | <u>21</u> |

4 Directors' emoluments

Management charges of \$6,730,434 (2014: \$9,050,585) in respect of Production Support Service fees have been made by Teekay Petrojarl Production AS, the company's holding company, and Teekay Petrojarl UK Ltd, a sister company to the company, which includes the directors' remuneration which it is not possible to identify separately.

5 Staff costs

The company employed no staff during the current and previous year.

6 Interest payable and similar charges

| | 2015 \$000 | 2014 \$000 |
|-----------------------------|---------------|---------------|
| Interest to group companies | - | 713 |
| Finance charges | <u>8</u> | <u>8</u> |
| | <u>8</u> | <u>721</u> |

Notes (continued)

7 Interest receivable and similar income

| | 2015 \$000 | 2014 \$000 |
|----------------------|---------------|---------------|
| Bank interest income | 8 | 13 |
| | <u>8</u> | <u>13</u> |

8.a. Taxation

Total tax expenses recognised in the profit and loss account, other comprehensive income and equity.

| | 2015 \$000 | 2014 \$000 |
|---|---------------|---------------|
| <i>Current tax:</i> | | |
| United Kingdom corporation tax at 20.25% (2014 – 21.5%) | - | - |
| Total current tax | <u>-</u> | <u>-</u> |
| <i>Deferred tax</i> | | |
| Origination and reversal of timing differences charge | - | 199 |
| Impact of change in tax rate | - | (13) |
| Total deferred tax (note 10) | <u>-</u> | <u>186</u> |
| Total tax | <u>-</u> | <u>186</u> |

8.b. Reconciliation effective tax rate

| | 2015 \$000 | 2014 \$000 |
|--|----------------|----------------|
| Loss for the year | (6,499) | (1,943) |
| Total tax expense | - | 186 |
| Loss on ordinary activities before taxation | <u>(6,499)</u> | <u>(1,757)</u> |
| Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%) | (1,316) | (377) |
| Expenses not deductible for tax purposes | 5 | - |
| Effect of changes in tax rates | - | (13) |
| Group relief surrendered not paid for | 455 | - |
| Timing differences not recognised | 856 | 576 |
| Tax for the period (note 8.a.) | <u>-</u> | <u>186</u> |

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantially enacted on 2 July 2013. Further reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2015. On 16 March 2016 the Chancellor announced an additional planned reduction to 17% to take effect from 1 April 2020. This will reduce the company's future current tax charge accordingly. However, the deferred tax (asset)/liability at 31 December 2015 has been calculated based on the rate of 20% as this is the rate substantively enacted at the balance sheet date.

Notes (continued)

9 Tangible fixed assets

| | Classification and dry-docking cost \$000 |
|---------------------------|--|
| Costs | |
| At 1 January 2015 | 7,772 |
| Additions | 2,512 |
| At 31 December 2015 | <u>10,284</u> |
| Accumulated depreciation: | |
| At 1 January 2015 | 3,074 |
| Charge for the year | 1,753 |
| At 31 December 2015 | <u>4,827</u> |
| Net book value: | |
| At 31 December 2015 | <u>5,457</u> |
| At 31 December 2014 | <u>4,698</u> |

10 Deferred tax asset

Deferred tax assets and liabilities are attributable to the following:

| | Assets | | Liabilities | | Net | |
|-------------------------------|----------|----------|-------------|----------|----------|----------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Accelerated capital allowance | - | - | - | - | - | - |
| Timing differences | - | - | - | - | - | - |
| Other - rounding | - | - | - | - | - | - |
| Deferred tax asset | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

In addition to the deferred tax asset above, the Company has additional unrecognised gross tax losses of of \$926,783 (2014: \$537,041) in respect of losses amounting to \$4,220,663 (2014: \$1,757,070) that can be carried forward and \$928,134 (2014: \$928,134) in respect of accelerated tax depreciation of assets.

Deferred income tax assets are recognised for tax loss carry-forwards and accelerated tax depreciation of assets to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Notes (continued)

11 Debtors

| | 2015 \$000 | 2014 \$000 |
|----------------------------------|---------------|---------------|
| Other debtors | 10,399 | 21,742 |
| Amounts recoverable on contracts | 11,638 | 20,433 |
| VAT recoverable | 284 | 434 |
| | <u>22,321</u> | <u>42,609</u> |

12 Creditors: amounts falling due within one year

| | 2015 \$000 | 2014 \$000 |
|--|---------------|---------------|
| Trade creditors | 3,583 | 3,747 |
| Accruals and deferred income | 4,001 | 4,496 |
| Amounts due to fellow group undertakings | 20,482 | 30,344 |
| | <u>28,066</u> | <u>38,587</u> |

13 Capital and reserves

| Share capital | 2015 \$ | 2014 \$ |
|---|------------------|------------------|
| <i>Allotted, called up and fully paid</i> | | |
| 2,699,202 ordinary shares of £1 each | <u>4,000,003</u> | <u>4,000,003</u> |

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company. During the year the company issued no additional shares.

Notes (continued)

14 Operating lease commitments

The company has entered into operating leases of the FPSO Petrojarl Foinaven and two shuttle-tankers. The annual commitment under the lease of FPSO Petrojarl Foinaven is variable. Lease payments for the FPSO in 2015 were \$0. Lease payments for the FPSO in 2014 were \$0.

At 31 December 2015 the company had annual commitments for the tankers as set out below:

| | Vessels on bareboat charter contracts | |
|----------------------|--|---------------|
| | 2015 | 2014 |
| | \$000 | \$000 |
| Leases which expire: | | |
| Within one year | 24,090 | 23,067 |
| In two to five years | 5,940 | 2,970 |
| | 30,030 | 26,037 |

During the year \$24,090,000 was recognised as an expense in the profit and loss account in respect of operating leases (2014: \$24,090,000).

15 Related parties

| | Sales to | | Expenses incurred from | |
|--|-------------------------|-------|------------------------|-----------------|
| | 2015 | 2014 | 2015 | 2014 |
| | \$000 | \$000 | \$000 | \$000 |
| Teekay Petrojarl Production AS | - | - | (4,968) | (7,375) |
| Transactions with subsidiaries within the Teekay group | - | - | (1,762) | (1,676) |
| | - | - | (6,730) | (9,051) |
| | Receivables outstanding | | Creditors outstanding | |
| | 2015 | 2014 | 2015 | 2014 |
| | \$000 | \$000 | \$000 | \$000 |
| Teekay Petrojarl Production AS | - | - | (17,875) | (30,344) |
| Transactions with subsidiaries within the Teekay group | - | - | (2,607) | - |
| | - | - | (20,482) | (30,344) |

16 Ultimate parent company

The Company is a subsidiary undertaking of Teekay Corporation which is the ultimate parent company incorporated in the Republic of the Marshall Islands.

The largest group in which the results of the Company are consolidated as at 31 December 2015 is that headed by Teekay Corporation, incorporated in the Republic of the Marshall Islands. No other group financial statements include the results of the Company. The consolidated financial statements of this group are available to the public and may be obtained from their offices located at 4th Floor Belvedere Building, 69 Pits Bay Road, Hamilton, HM 08 Bermuda.

Notes (continued)

17 Subsequent events

There were no material subsequent events after the balance sheet date.

18 Accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods.

The accounting policies set out in note 1 have been applied consistently throughout the periods presented in these financial statements.

19 Explanation of transition to FRS 102 from old UK GAAP

As stated in Note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

In preparing its FRS 102 balance sheet, the Company has not adjusted amounts previously reported in financial statements in accordance with its old basis of accounting UK GAAP.