



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 997 404 009
Organisasjonsform: Aksjeselskap
Foretaksnavn: KNUTSEN NYK SHUTTLE TANKERS 16 AS
Forretningsadresse: Smedasundet 40
5529 HAUGESUND

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Karl Gerhard Bråstein Dahl
Dato for fastsettelse av årsregnskapet: 11.03.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 24.03.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Freight income	2	156 976 577	145 368 800
Sum inntekter		156 976 577	145 368 800
Kostnader			
Crew-hire	6	28 448 780	25 394 148
Ordinary depreciation	5	31 294 602	31 295 145
Other operating expenses		14 967 692	13 012 951
Administration	9	6 314 874	5 794 108
Sum kostnader		81 025 948	75 496 352
Driftsresultat		75 950 629	69 872 447
Finansinntekter og finanskostnader			
Financial income	7	56 085	290 651
Foreign exchange gain/loss		-63 671	1 084 377
Sum finansinntekter		-7 587	1 375 028
Financial expenses	7	17 683 077	24 874 637
Sum finanskostnader		17 683 077	24 874 637
Netto finans		-17 690 664	-23 499 609
Ordinært resultat før skattekostnad		58 259 965	46 372 838
Taxes	13		
Ordinært resultat etter skattekostnad		58 259 965	46 372 838
Årsresultat		58 259 965	46 372 838
Årsresultat etter minoritetsinteresser		58 259 965	46 372 838
Totalresultat		58 259 965	46 372 838



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	13		
Varige driftsmidler			
Vessel	5, 10	482 082 639	513 377 241
Dry-docking	5, 10		
Sum varige driftsmidler		482 082 639	513 377 241
Sum anleggsmidler		482 082 639	513 377 241
Omløpsmidler			
Varer			
Inventories	4	1 280 901	1 497 813
Sum varer		1 280 901	1 497 813
Fordringer			
Receivables	8	2 526 267	3 085 506
Konsernfordringer		767 633	
Sum fordringer		3 293 900	3 085 506
Bankinnskudd, kontanter og lignende			
Bank deposits	3	15 797 691	13 712 389
Sum bankinnskudd, kontanter og lignende		15 797 691	13 712 389
Sum omløpsmidler		20 372 493	18 295 708
SUM EIENDELER		502 455 131	531 672 949
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Share capital	11, 12	100 000	100 000



Balanse

Beløp i: NOK	Note	2020	2019
Annen innskutt egenkapital		171 361 903	185 636 122
Sum innskutt egenkapital		171 461 903	185 736 122
Opptjent egenkapital			
Other equity		58 259 965	47 844 381
Sum opptjent egenkapital		58 259 965	47 844 381
Sum egenkapital	11	229 721 869	233 580 503
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	8, 10	267 945 524	294 086 436
Mortgage debt related parties	8, 10		
Sum annen langsiktig gjeld		267 945 524	294 086 436
Sum langsiktig gjeld		267 945 524	294 086 436
Kortsiktig gjeld			
Leverandørgjeld	8	3 268 900	2 648 072
Tax payable	10		
Kortsiktig konserngjeld		571 728	501 789
Accrued interest		251 942	537 525
Other current liabilities		695 169	318 623
Sum kortsiktig gjeld		4 787 739	4 006 010
Sum gjeld		272 733 263	298 092 445
SUM EGENKAPITAL OG GJELD		502 455 131	531 672 949



Knutsen NYK Shuttle Tankers 16 AS

Annual Report 2020



M/T “Ingrid Knutsen”

KNOT
Offshore Partners LP



KNUTSEN NYK SHUTTLE TANKERS 16 AS

REPORT OF THE BOARD OF DIRECTORS 2020

Knutsen NYK Shuttle Tankers 16 AS owns one 111,634 dwt suez-max DP2 shuttle tanker, M/T Ingrid Knutsen, delivered from Hyundai Heavy Industries (HHI) Shipyard in South Korea in 2013.

The company operates out of Haugesund, Norway and has no employees and working environment. KNOT Management AS in Haugesund manages the daily operations of the company and the vessel in accordance with separate agreements.

The company's activity

M/T Ingrid Knutsen started in 2014 on a time-charter contract to Standard Marine Tønsberg AS subsidiary to Vår Energi for a fixed period of ten year and with charters option to take the vessel for five more years on yearly options.

Result for the year

The operating result for Knutsen NYK Shuttle Tankers 16 AS was NOK 75 950 629 in 2020 compared to NOK 69 872 447 in 2019. After net financial loss of NOK 17 690 664 in 2020, against a loss of NOK 23 499 609 in 2019, the result for the year were NOK 58 259 965 in 2020 compared to NOK 46 372 838 in 2019.

The Board of Directors suggests the result for the year transferred to other equity. The company have during the year paid out extraordinary dividend of NOK 62 118 600.

Total cash flow from operating activities in the company was NOK 107 712 279, NOK 74 736 435 in 2019. The liquidity position was NOK 15 797 691 as per 31.12.2020 compared to NOK 13 712 389 as per 31.12.2019. The company's ability to finance its investments is good. The outstanding mortgage loan is at the end of 2020 USD 44 946 136, USD 49 468 660 at the end of 2019.

The company's short-term debt per 31.12.2020 was 1.8 % of total debt (1.3 % in 2019).

The company is exposed to fluctuations in foreign exchange rates, especially USD, as the company's income is denominated in USD. Since most the company's operating expenses and financial costs also are denominated in USD, this limits the company's foreign exchange risk. The company has not entered into any forward contracts or other agreements to reduce the company's foreign exchange risk, and thereby operating related market risk.

The company is also exposed to changes in the interest rate level, as its long-term debt carrying floating interest rate. The company has none interest rate swap agreement.

Total capital was by the end of the year NOK 502 455 131, NOK 531 672 949 at the end of 2019. The equity-share as of 31.12.2020 was 46 %, compare to 44 % as of 31.12.2019.

The financial accounts are settled on the assumption of a going concern. The board confirms the assumption of a going concern. The Board of Directors confirms that the Financial



Statements give a true picture of the company's assets and liabilities, financial position, and results.

The environment safety and quality control

The requirements for a safety operation of ships are increasing, and both the company and the manager KNOT Management AS are concerned with an operational excellence. KNOT Offshore Partners Group's fleet consists of ships which are designed and engineered for safe, environmentally sound, and efficient operations. The ships are maintained and upgraded continuously to meet the demands and expectations from stakeholders. The company and the manager put significant resources to the quality assurance and there are strict requirements for safety systems and an operation of the ships.

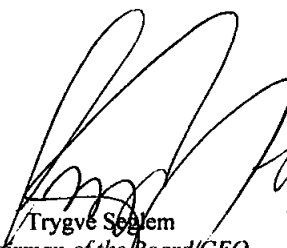
The company is not aware of any significant pollution to the external environment, and the Board of Directors considers the working conditions on-board the vessel as satisfactory. M/T Ingrid Knutsen are certified in accordance with both ISM code and the ISPS code.

The company have no employees and thus no working environment. The company aims to be workplace where there is no discrimination related to gender, ethnicity, religion, or disability. The company aims to avoid gender discrimination regarding salary, promotion and recruiting. The members of the Board of Directors are all men.

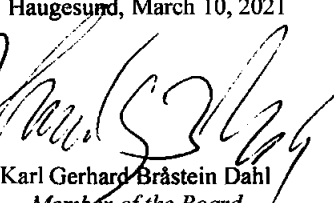
Prospects

M/T Ingrid Knutsen is operated on a long-term charter with Standard Marine Tønsberg AS. The charterer and trading area is well known for the manager and the Board of Directors. The Board of Directors expect that 2021 will be a stable profitable year for the company.

Haugesund, March 10, 2021



Trygve Spjælem
Chairman of the Board/CEO



Karl Gerhard Bråstein Dahl
Member of the Board



Takashi Domyo
Member of the Board



Knutsen NYK Shuttle Tankers 16 AS

Profit & Loss Account

	<u>Note</u>	2020	2019
<u>Operating Income</u>			
Freight income	2	156 976 577	145 368 800
<i>Total Operating income</i>		<u>156 976 577</u>	<u>145 368 800</u>
<u>Operating Expenses</u>			
Crew-hire	6	28 448 780	25 394 148
Other operating expenses		14 967 692	13 012 951
Administration	9	6 314 874	5 794 108
<i>Total Operating Expenses</i>		<u>49 731 346</u>	<u>44 201 207</u>
Ordinary depreciation	5	31 294 602	31 295 145
<i>Operating Result</i>		<u>75 950 629</u>	<u>69 872 447</u>
<u>Financial Income and Expenses</u>			
Financial income	7	56 085	290 651
Foreign exchange gain/loss		-63 671	1 084 377
Financial expenses	7	-17 683 077	-24 874 637
<i>Net Financial Items</i>		<u>-17 690 664</u>	<u>-23 499 609</u>
<i>Result before taxes</i>		<u>58 259 965</u>	<u>46 372 838</u>
Taxes	13	0	0
<i>Result for the year</i>		<u>58 259 965</u>	<u>46 372 838</u>



Knutsen NYK Shuttle Tankers 16 AS

Balance Sheet as of 31. December


<u>Assets</u>	<u>Note</u>	2020	2019
<u>Fixed assets</u>			
Vessel	5, 10	482 082 639	513 377 241
<i>Total Fixed Assets</i>		<u>482 082 639</u>	<u>513 377 241</u>
<u>Current Assets</u>			
Inventories	4	1 280 901	1 497 813
Receivables	8	2 526 267	3 085 506
Current receivables group		767 633	0
Bank deposits	3	15 797 691	13 712 389
<i>Total Current Assets</i>		<u>20 372 493</u>	<u>18 295 708</u>
TOTAL ASSETS		<u>502 455 131</u>	<u>531 672 949</u>

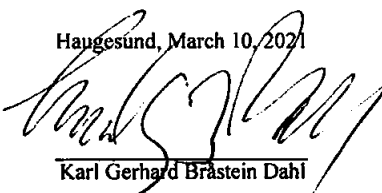


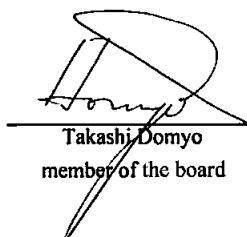
Knutsen NYK Shuttle Tankers 16 AS

Balance Sheet as of 31. December

<u>Shareholders Equity and Liabilities</u>	<u>Note</u>	2020	2019
<u>Equity</u>			
Share capital	11, 12	100 000	100 000
Other paid-in capital		171 361 903	185 636 122
<i>Total capital paid-in</i>		<u>171 461 903</u>	<u>185 736 122</u>
Other equity		58 259 965	47 844 381
<i>Total Shareholders' Equity</i>	11	<u>229 721 869</u>	<u>233 580 503</u>
<u>Long Term Debt</u>			
Mortgage debt	8, 10	267 945 524	294 086 436
<i>Total Long Term Liabilities</i>		<u>267 945 524</u>	<u>294 086 436</u>
<u>Current Liabilities</u>			
Accounts payable	8	3 268 900	2 648 072
Accrued interest		251 942	537 525
Current liabilities group		571 728	501 789
Other current liabilities		695 169	318 623
<i>Total Current Liabilities</i>		<u>4 787 739</u>	<u>4 006 010</u>
<i>Total liabilities</i>		<u>272 733 263</u>	<u>298 092 445</u>
SHAREHOLDERS' EQUITY AND LIABILITIES		<u>502 455 131</u>	<u>531 672 949</u>


Trygve Sjøglen
chairman of the board

Haugesund, March 10, 2021

Karl Gerhard Bråstein Dahli
member of the board


Takashi Domyo
member of the board



KNUTSEN NYK SHUTTLE TANKERS 16 AS

CASHFLOW STATEMENT

	2020	2019
Total generated from operations 1)	106 922 032	91 294 571
Change in working capital	<u>790 247</u>	<u>-16 558 136</u>
Net cashflow from operations	<u>107 712 279</u>	<u>74 736 435</u>
Invested in vessel	<u>0</u>	<u>236 811</u>
Net cashflow from investments	<u>0</u>	<u>236 811</u>
Paid installments on mortgage debt	-43 508 377	-39 707 195
Group contribution, net	0	7 538 480
Paid-out dividend	<u>-62 118 600</u>	<u>-44 525 715</u>
Net cashflow from financing	<u>-105 626 977</u>	<u>-76 694 430</u>
Net cashflow for the year	2 085 302	-1 721 184
+ Cash balance per 01.01.	<u>13 712 389</u>	<u>15 433 574</u>
= Cash Balance per 31.12.	<u>15 797 691</u>	<u>13 712 389</u>

1) Generated from operations:

Result before tax	58 259 965	46 372 838
+Amortization of deferred debt issuance costs	1 075 185	1 135 490
+Realized profit/loss on foreign exchange	16 292 280	12 491 098
+Ordinary depreciation	<u>31 294 602</u>	<u>31 295 145</u>
= Total generated from operations	<u>106 922 032</u>	<u>91 294 571</u>



KNUTSEN NYK SHUTTLE TANKERS 16 AS

Notes to the Financial Statement 31.12.2020

1 Accounting Principles

The financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Current Assets/Current Liabilities

Fixed assets are intended for long-term ownership and use. Other assets are classified as current assets. Short-term liabilities are due within one year or tied to the operation. Other liabilities are classified as long-term liabilities. Current assets are valued at the lower of cost and fair value. Short-term liabilities are recorded at nominal value at the time of the entering.

This principle is not used for current items in foreign currency, which are valued at the rate of exchange at the year-end.

Income

The income from charter party is in USD, and is recorded in profit and loss on a straight line basis over the lease term, net of hedging impact.

Inventories

Inventories are valued according to the net realisable value principle.

Other non Current Assets

The total cost of the vessel is capitalised at delivery and depreciated linearly to zero at the date 25 years after delivery of the vessel from newbuilding yard.

The total cost of the contract value is linearly capitalised over the contract period.

Dry-docking expenses are capitalised and expensed over the period till the next dry-docking. This is in line with the depreciation plan of the vessel, and takes into account that the vessel is classified to operate for an additional period. Dry-docking is carried out every 5th year for vessels less than 15 years, and every 2.5 year for vessels more than 15 years. In the case of a newbuilding, a portion of the total cost of the vessel equal to the dry-docking cost is capitalised. Actual expenses related to repair and maintenance of the vessel are expensed when the work is executed.

The fixed assets are valued according to the lowest of the depreciated value and the market value unless the fall in value is assumed to be temporary.



Interest-bearing loan and borrowings

All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recorded in the profit and loss over the period of the interest-bearing liabilities. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognized in the net profit and loss statement when the liabilities are devalued or depreciated, as well as through the amortization process.

Tax

The company have elected to be taxed based on the Norwegian tonnage tax regime. The tonnage tax regime have a list of requirements that companies have to fulfill to qualify for election of the regime, such as minimum 3% direct or indirect ownership in vessels that perform transportation only. The company are restricted to what assets, liabilities and business they can participate in, and the same will apply for underlying companies and/or partnerships.

In the tonnage tax regime the company pay a tonnage tax based on the weight of the owned vessels and taxable result is based on a taxable financial result. This means that the company's operating results is not taxable. The taxable financial result is based on the net financial items in the profit and loss account where only a portion of the foreign exchange gain is taxable and a portion of the foreign exchange loss and interest expenses is deductible. The portion is based on the amount of financial assets compared to total assets in the balance sheet. The company will also have to pay a calculated tax on the equity if the equity exceed 70% of total capital.

Tonnage tax is classified as an operating expense in the profit and loss statement.

The calculated tax expenses in the profit and loss statement includes both the payable tax for the period in addition to the change in deferred tax. Deferred tax is calculated based on the temporary differences between the balance sheet values in the accounts and the tax values in addition to the tax loss carried forward at the end of the financial year. Tax increasing and decreasing changes in temporary differences that can be reversed in the same period are offset and the net value is taken into the accounts.

Transactions in Foreign Currency

The income received in USD is recorded at the rate of exchange on the day the transaction is carried out. Income and expenditure in foreign currency are converted with the exchange rate at the time of the transaction.

All current assets and current liabilities in foreign currency are registered at the rate of exchange as per 31.12. Realised foreign exchange gain and loss are registered as financial items.

The debt is valued at the historical rate, to the extent that the future net nominal income flow exceed the borrowed amount. To the extent that long-term debt exceeds the net nominal income flow, the unrealised foreign exchange loss on the exceeding amount is recorded.

Realized and unrealized profit and loss on foreign exchange are recorded as financial income / expenses.

Cash flow statement

The cash flow statement is presented using the indirect method of NRS. The liquidity balance is defined as the sum of cash, bank deposits and other short term liquid assets.



Related party transactions

The Company has undertaken several agreements and transactions with related parties in the KNOT and KNOP group. The level of fees are based on market terms and are in accordance with the arm's length principle. KNOT Management AS delivers ship management services for the Company's vessel(s). Ship management fee includes services like technical management, crewing management, IT and energy management.

2 Contracts

The company has secured employment of the vessel, M/T Ingrid Knutsen, with a 10 year fix time charter contract with 5 one year options to Standard Marine Tønsberg AS, (a subsidiary of Vår Energi) after arriving the North Sea and completed shuttle tanker testing. The vessel started on the charter contract February, 2014.

KNOT Management AS operates as a manager on behalf of the company and the vessel in accordance with management agreements.

3 Bank deposits

The company doesn't have locked-up bank funds per 31.12.

4 Inventories

Inventories refer to lube oil as per 31.12.

5 Fixed Assets

<u>Vessel</u>	2020	2019
Historical value 1.1.	651 118 141	651 118 141
Accumulated depreciation 1.1.	158 267 470	132 213 694
Book value 1.1.	492 850 671	518 904 447
Annual depreciation	26 053 776	26 053 776
Book value 31.12.	466 796 895	492 850 671

The economic life of the vessels is estimated to 25 years, and is depreciated accordingly.

<u>Dry-docking</u>	2020	2019
Capitalised dry-docking	26 354 113	26 590 923
Accumulated depreciation dry-docking 1.1.	5 827 544	586 175
Capitalised dry-docking 1.1.	20 526 568	26 004 748
Additions/Disposals	0	-236 811
Annual depreciation	5 240 826	5 241 369
Book value 31.12.	15 285 743	20 526 568
Total vessel	482 082 639	513 377 241



6 Salary and social costs

The company has no employees and thereby no pension liabilities (under the new OTP regulation). The company hires the crew from Knutsen OAS Shipping AS.

<u>Specification:</u>	<u>2020</u>	<u>2019</u>
Grants crew expenses	0	-81 620

7 Financial Income and -Expenses

	<u>2020</u>	<u>2019</u>
Financial Income:		
Other interest income	56 085	290 651
Total financial income	56 085	290 651
Financial expenses:		
Interest expenses	15 309 551	22 449 948
Guarantee expenses group	2 170 484	2 205 783
Other financial expenses	203 042	218 905
Total financial expenses	17 683 077	24 874 637

8 Balances with related parties

	<u>2020</u>	<u>2019</u>
<u>Accounts payable</u>		
Luky KS	1 264	0
KNOT Management AS	203 468	161 417
Knutsen OAS Crewing AS	73 738	32 922
Knutsen OAS Shipping AS	2 164 959	1 041 584
	2 443 428	1 235 924
<u>Receivables</u>		
KNOT Management AS	0	604 886
Knutsen Ballastvann IS	302 979	184 120
	302 979	789 006

9 Remuneration

The company have not paid salary or any other remuneration, nor given any loan or guarantees to any leading person or board members during the year.

<u>Auditors remuneration (excl. VAT):</u>	<u>2020</u>	<u>2019</u>
Audit	37 638	36 033
Other services besides audit	0	0
	37 638	36 033



10 Mortgage Debt and Financial Instruments

<u>31.12.2020</u>	<u>USD</u>	<u>Historical rate</u>	<u>Rate per 31.12</u>	<u>NOK</u>
USD-loan - first priority	44 946 136	8,1556	6,0179	270 481 352
Deferred debt issuance costs				-2 535 828
				<u>267 945 524</u>
Current portion:				
USD-loan	4 522 524			27 216 097
Deferred debt issuance costs				-1 007 184
				<u>26 208 913</u>
<u>31.12.2019</u>	<u>USD</u>	<u>Historical rate</u>	<u>Rate per 31.12</u>	<u>NOK</u>
USD-loan - first priority	49 468 660	8,1556	6,0179	297 697 449
Deferred debt issuance costs				-3 611 013
				<u>294 086 436</u>
Current portion:				
USD-loan	4 522 524			27 216 097
Deferred debt issuance costs				-1 075 182
				<u>26 140 915</u>

Estimated outstanding debt per year end 2025 is USD 22 million.

The USDNOK exchange rate at the year-end was 8,5375 (8,8176 i 2019).

The company has aimed to reduce the market risk by entering financial contracts. Hedge accounting has been applied for revenue in USD (cash flow hedge). Loans in USD are used as hedging instrument. The profit and loss impact of the hedging instrument (loan in USD) is presented together with the hedged risk. This implies that realized currency gain/losses on the loans are presented as an increase/reduction of operating income.

Future income flows from anticipated fixed contracts in USD exceed debt in USD. Therefore it is not recognized foreign exchange gains/losses on USD debt on the basis of the year-end exchange rate. Per 31.12.2020 the not recorded foreign exchange loss (i.e. off-balance) is NOK 113 million compared to a loss of NOK 138 million as per 31.12.2019.

Security for the loan is made through a first priority mortgage in the vessel, transportation of income, pledged bank deposit, factoring agreement, pledged shares in the company and guarantees from the owner.

Book value of mortgaged assets is NOK 502 million (NOK 532 million in 2019).

The company has aimed to reduce the market risk by entering financial contracts. The company has entered long term freight contracts in USD, with the intention of having income, vessel investment and loans in the same currency in order to minimize the effects of exchange rate fluctuations.



11 Equity

Specification of the equity per 31.12.

	Share capital	Other paid-in equity	Other equity	Total equity
Equity 01.01.	100 000	185 636 122	47 844 381	233 580 503
Extraordinary dividend paid out	0	-14 274 219	-47 844 381	-62 118 600
Result for the year	0	0	58 259 965	58 259 965
Equity 31.12.	100 000	171 361 903	58 259 965	229 721 869

Share capital consist of 100 shares à NOK 1 000, all the shares is owned by KNOT Shuttle Tankers AS.

The company is controlled 100% by KNOT Offshore Partners LP. Accounting for the Group can be obtained from the website, <http://knotoffshorepartners.com/>.

12 Shares Owned by Board Members and Affiliates

Trygve Seglem controls TS Shipping Invest AS, which owns 50 % of the company Knutsen NYK Offshore Tankers AS, which controls 27,84% of KNOT Offshore Partners LP.

13 Tax

The company is taxed based on the shipping tax regime. This means that companies are not taxed on the basis of its operating income. However it is calculated an annual tax of 22% on the company's net financial income. At the same time companies within the tonnage tax scheme will have to pay a tonnage tax based on the size of the company's operated vessels, which in 2020 amounted to NOK 112 867 (NOK 112 867 in 2019). Tonnage tax is classified as an operating expense.

Below is a specification of the temporary differences at the end of the financial year.

	31.12.2020	Change	31.12.2019
Deductibel interest carried forward	-5 228 046	0	-5 228 046
Loss carried forward	-37 696 539	-2 860 887	-34 835 652
Basis for deferred tax (benefit)	-42 924 585	-2 860 887	-40 063 698
Deferred tax (benefit)	0	0	0

Deferred tax assets are only recognized to the extent that there is convincing evidence that these will be utilized in the future.

Taxable result tonnage tax scheme:

	2020	2019
Net financial result	-17 690 664	-23 499 609
Non-taxable currency gain	-168 442	-1 141 439
Non-deductable interest cost	14 998 218	21 946 863
Taxable income before loss carried forward	-2 860 887	-2 694 185
Change in loss carried forward	2 860 887	2 694 185
Taxable income	0	0
Tax payable	0	0
Change in deferred tax	0	0
Tax expense	0	0



Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Knutsen NYK Shuttle Tankers 16 AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Knutsen NYK Shuttle Tankers 16 AS, which comprise the balance sheet as at 31 December 2020, the income statement and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors (management) is responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

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individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 10 March 2021
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The auditor's report is signed electronically

Johan Lid Nordby
State Authorised Public Accountant

Independent auditor's report - Knutsen NYK Shuttle Tankers 16 AS

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Johan Nordby

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Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Torstein Kinden Helleland	17.11.2011	08.12.2011
Telefon	Deres referanse	Vår referanse
22078139	Jørn Knutsen	2009/867030

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0051 OSLO

Dispensasjon fra kravet om å utarbeidelse av årsregnskap og årsberetning på norsk språk

Det vises til deres brev av 17. november 2011 og telefonsamtale i sakens anledning. Det søkes om dispensasjon fra kravet om å utarbeide årsregnskap og årsberetning på norsk språk på vegne av;

Knutsen NYK Shuttle Tankers 8 AS	org. nr. 997 091 051
Knutsen NYK Offshore Tankers 1 AS	org. nr. 897 099 152
Knutsen Shuttle Tankers 13 AS	org. nr. 996 661 016
Knutsen Shuttle Tankers 14 AS	org. nr. 996 821 374
Knutsen Shuttle Tankers 15 AS	org. nr. 997 006 968
Knutsen NYK Shuttle Tankers 16 AS	org. nr. 997 404 009

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering de overnevnte selskaper dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Bakgrunn

De overnevnte selskapene er eid 50 % av TS Shipping Invest AS og 50 % av NYK Logistics Holding (Europe) B.V. som er hjemmehørende i Nederland. TS Shipping Invest AS fikk i vedtak (2010/867030) av 2. juni 2010 dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk språk. Selskapene driver virksomhet innen shippingbransjen som er en global bransje hvor engelsk primært benyttes ved kommunikasjon med omverden. Selskapene benytter også engelsk som arbeidsspråk internt. Brukerne av regnskapene er hovedsakelig aksjonærer, banker samt interessegrupper tilknyttet driften. Styrene i selskapene har medlemmer som ikke er norskspråklige. De norske versjonene av årsregnskapet utarbeides kun for å tilfredsstille regnskapsloven.

Skattedirektoratets vurdering

Etter regnskapsloven § 3-4 tredje ledd skal ”årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk.”

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0134 Oslo	Org. nr: 996250318	Telefaks
For elektronisk henvendelse se www.skatteetaten.no		22 17 08 60



I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *”informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapene er 50 % eid av et selskap som er innvilget dispensasjon og 50 % av et nederlandsk selskap. Selskapene opererer i en global bransje hvor engelsk primært benyttes. Arbeidsspråk er også engelsk. Videre er det vektlagt at styrene i selskapene har medlemmer som ikke er norskspråklige.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Torstein Kinden Helleland