

Registration number: 01195555

Bibby Maritime Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2016

Deloitte LLP
Chartered Accountants and Statutory Auditor
Liverpool
United Kingdom

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Bibby Maritime Limited

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Bibby Maritime Limited

Company Information

| | |
|--------------------------|--|
| Directors | Jonathan Osborne Sean Thomas Golding Stephen Blaikie John Howard Hughes Carl Paul McLaughlin |
| Company secretary | Bibby Bros. & Co. (Management) Limited |
| Registered office | 105 Duke Street Liverpool L1 5JQ www.bibbymaritime.com |
| Auditor | Deloitte LLP Chartered Accountants and Statutory Auditor Liverpool United Kingdom |

Bibby Maritime Limited

Strategic Report for the Year Ended 31 December 2016

The directors present their strategic report for the year ended 31 December 2016.

Bibby Maritime Limited is incorporated and headquartered in the United Kingdom and is engaged in the ownership and operation of floating accommodation vessels in international markets. The company has branches registered in Australia and South Korea. The company currently owns 1 vessel having sold 4 to subsidiary companies in 2015.

Principal activity

The principal activity of the company is the ownership and operation of floating accommodation vessels.

Fair review of the business

The business cycle has been affected by macro factors in the energy and raw material sectors, with many potential projects being postponed or cancelled. Despite this the business recorded another good year with costs being managed tightly to reflect the changing environment.

Bibby Renaissance continued to work in Australia until redelivery in August 2016.

We remain conservative in our expectations for an improvement in market conditions in 2017 and the business is positioned to react flexibly and quickly to any new opportunities and market improvement. The business continues to explore opportunities across the world.

Our safety record continued to be excellent with no lost time incidents in the year, and our focus on a strong safety culture will remain.

The key financial performance indicators are sales growth, operating margins and working capital ratios which are self-evident from the financial statements. Non-financial key performance indicators include vessel utilisation rates, vessel charter tender success and vessel safety measures in respect of which the company does not wish to disclose any further information.

Principal risks and uncertainties

Competitive pressures in international markets and the impact on vessel utilisation is a continuing risk for the company given current charter levels. These were tougher in 2016 and that looks likely to continue into 2017. To manage this risk, and to take advantage of opportunities, the company looks to react quickly to market conditions to achieve its growth objectives. The company provides well maintained and safe assets; added value services; prompt responses to customer queries; and develops strong relationships with customers.

Financial instruments

Objectives and policies

The company's activities expose it to a number of financial risks including liquidity risk, cash flow risk, pricing risk and credit risk. The use of financial derivatives is governed by the company's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The company does not use derivative financial instruments for speculative purposes.

Bibby Maritime Limited

Strategic Report for the Year Ended 31 December 2016 (continued)

Price risk, credit risk, liquidity risk and cash flow risk

Liquidity risk:

The company has no bank debt and manages liquidity risk by adherence to strict cash-flow forecasting procedures to ensure sufficient funds are available to meet liabilities as they fall due.

Cash flow:

The company provides assets and services in international markets and is therefore exposed to currency movements on sales and purchases made in foreign currencies. This exposure is mitigated by matching costs in the same currency where possible and through the use of forward exchange contracts.

Credit risk:

The company's principal financial assets are bank balances, and trade and other receivables.

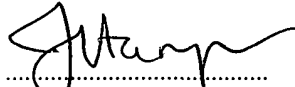
The company's credit risk is primarily attributable to its trade receivables. The assessment of customers' financial condition and reliability is an important factor in negotiating employment for our vessels and we also use management experience combined with the additional input from our advisor network. Charter hire is paid in advance of underlying hire periods where possible.

The credit risk on liquid cash funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Price risk:

The company secures earnings on long-term international charters and its functional currency is sterling. The company enters into forward currency contracts to hedge contracted forward income.

Approved by the Board on 12 May 2017 and signed on its behalf by:



Jeanette Hampson, Bibby Bros. & Co. (Management) Limited
Company secretary

Duty Authorised Signatory
For and on behalf of
Bibby Bros. & Co. (Management)
Limited, SECRETARY

Bibby Maritime Limited

Directors' Report for the Year Ended 31 December 2016

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

Directors of the company

The directors who held office during the year and thereafter were as follows:

Jonathan Osborne

Sean Thomas Golding

Stephen Blaikie

John Howard Hughes

Carl Paul McLaughlin (appointed 15 January 2016)

Dividends

A dividend of £3,105,000 (2015: £7,049,000) was paid during the year.

Matters included in the Strategic Report

In accordance with s414C(11) of the Companies Act 2006, included within the strategic report is information relating to the future development of the business and the financial instruments policies and risks of the business, which would otherwise be required by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008' to be contained in the directors' report.

Branches outside the United Kingdom

The company has branches registered in Australia and South Korea.

Directors' liabilities

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

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

BY ORDER OF THE DIRECTORS
BIBBY MARITIME LIMITED
31 DECEMBER 2016

Bibby Maritime Limited

Directors' Report for the Year Ended 31 December 2016 (continued)

Going concern

The Company's operating activities, together with the factors likely to affect its future development, performance and position are set out in the Fair review of the business on page 2. In addition the Strategic Report sets out the principal risks and uncertainties which exist within the business and how these risks and uncertainties are managed.

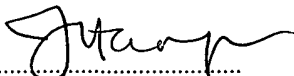
The Company has reported significantly reduced operating profits in the year as a result of current market conditions. Furthermore the Company expects market conditions to remain challenging for the next 12 months with continued limited visibility on forward contracts in the short-term. With the reduced margins in 2016, the Company will focus on the cost-base to ensure the business model is sustainable in these conditions.

The Company has performed scenario analyses on the level of cash reserves required to enable it to continue to operate for the foreseeable future, which show that the Company is projecting to operate within the available cash reserves.

Maintaining sustainable cash reserves in the longer term also relies on securing and delivering additional further work, in line with forecast levels of activity. Enquiry and tendering levels indicate there is every expectation of winning the required work. However it should be noted current business forecasts rely more heavily on assumptions related to contract awards than they do in relation to contracted work. This is a change relative to previous periods when the Company had higher levels of contracted work.

On the basis of the above approach, and being cognisant of the going concern disclosures within its parent company, the directors have formed the judgement at the time of approving the financial statements, that the Company 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 Accounting Policies statement in Notes to the Financial Statements.

Approved by the Board on 12 May 2017 and signed on its behalf by:



.....
Jeanette Hampson, Bibby Bros. & Co. (Management) Limited
Company secretary

Duty Authorised Signatory
For and on behalf of
Bibby Bros. & Co. (Management)
Limited, SECRETARY

Bibby Maritime Limited

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards has 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.

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Bibby Maritime Limited

Independent Auditor's Report to the members of Bibby Maritime Limited

We have audited the financial statements of Bibby Maritime Limited for the year ended 31 December 2016 which comprise of the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 19. 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) 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, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of 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, based on the work undertaken in the course of the audit:

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Bibby Maritime Limited

Independent Auditor's Report to the members of Bibby Maritime 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.



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Christopher Robertson (Senior Statutory Auditor)

For and on behalf of Deloitte LLP, Chartered Accountants and Statutory Auditor

Liverpool
United Kingdom

12 May 2017

Bibby Maritime Limited

Profit and Loss Account for the Year Ended 31 December 2016

| | Note | 2016 £ | 2015 £ |
|--|------|-------------------------|-------------------------|
| Turnover | 3 | 15,176,975 | 28,382,191 |
| Cost of sales | | <u>(7,880,288)</u> | <u>(13,455,346)</u> |
| Gross profit | | 7,296,687 | 14,926,845 |
| Administrative expenses | | <u>(2,007,557)</u> | <u>(3,373,576)</u> |
| Operating profit | | <u>5,289,130</u> | <u>11,553,269</u> |
| Income from shares in group undertakings | | - | 2,560 |
| Interest receivable | 5 | <u>68,413</u> | <u>87,402</u> |
| | | <u>68,413</u> | <u>89,962</u> |
| Profit before tax | | 5,357,543 | 11,643,231 |
| Taxation | 8 | <u>(1,389,137)</u> | <u>(3,602,793)</u> |
| Profit for the financial year | | <u><u>3,968,406</u></u> | <u><u>8,040,438</u></u> |

The above results were derived from continuing operations.

Bibby Maritime Limited

Statement of Comprehensive Income for the Year Ended 31 December 2016

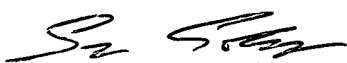
| | 2016 | 2015 |
|---|-------------------------|-------------------------|
| | £ | £ |
| Profit for the year | <u>3,968,406</u> | <u>8,040,438</u> |
| Total comprehensive income for the year | <u><u>3,968,406</u></u> | <u><u>8,040,438</u></u> |

The notes on pages 13 to 24 form an integral part of these financial statements.

Bibby Maritime Limited
(Registration number: 01195555)
Balance Sheet as at 31 December 2016

| | Note | 2016 £ | 2015 £ |
|---|------|--------------------|---------------------|
| Fixed assets | | | |
| Tangible assets | 9 | 4,948,896 | 6,763,713 |
| Investments | 10 | 54,471 | 54,371 |
| | | <u>5,003,367</u> | <u>6,818,084</u> |
| Current assets | | | |
| Debtors | 11 | 18,386,936 | 18,693,691 |
| Cash at bank and in hand | 12 | 8,871,232 | 15,892,316 |
| | | 27,258,168 | 34,586,007 |
| Creditors: Amounts falling due within one year | 13 | <u>(5,023,750)</u> | <u>(12,682,164)</u> |
| Net current assets | | <u>22,234,418</u> | <u>21,903,843</u> |
| Total assets less current liabilities | | 27,237,785 | 28,721,927 |
| Provisions for liabilities | 14 | <u>(8,800)</u> | <u>(2,356,348)</u> |
| Net assets | | <u>27,228,985</u> | <u>26,365,579</u> |
| Capital and reserves | | | |
| Called up share capital | 15 | 100 | 100 |
| Profit and loss account | | <u>27,228,885</u> | <u>26,365,479</u> |
| Total equity | | <u>27,228,985</u> | <u>26,365,579</u> |

Approved and authorised by the Board on 12 May 2017 and signed on its behalf by:



Sean Thomas Golding
Director

Bibby Maritime Limited

Statement of Changes in Equity for the Year Ended 31 December 2016

| | Share capital £ | Profit and loss account £ | Total £ |
|----------------------------|----------------------------|--|--------------------|
| At 1 January 2016 | 100 | 26,365,479 | 26,365,579 |
| Profit for the year | - | 3,968,406 | 3,968,406 |
| Total comprehensive income | - | 3,968,406 | 3,968,406 |
| Dividends | - | (3,105,000) | (3,105,000) |
| At 31 December 2016 | 100 | 27,228,885 | 27,228,985 |

| | Share capital £ | Profit and loss account £ | Total £ |
|----------------------------|----------------------------|--|--------------------|
| At 1 January 2015 | 100 | 25,374,041 | 25,374,141 |
| Profit for the year | - | 8,040,438 | 8,040,438 |
| Total comprehensive income | - | 8,040,438 | 8,040,438 |
| Dividends | - | (7,049,000) | (7,049,000) |
| At 31 December 2015 | 100 | 26,365,479 | 26,365,579 |

The notes on pages 13 to 24 form an integral part of these financial statements.

Bibby Maritime Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 General information

Bibby Maritime Limited is a private company limited by share capital incorporated in the United Kingdom and registered in England. The address of its registered office and principal place of business is 105 Duke Street, Liverpool, L1 5JQ.

The company is controlled by Bibby Marine Limited. The company is a wholly owned subsidiary of Bibby Marine Limited, which is itself a wholly owned subsidiary of Bibby Line Group Limited. Bibby Marine Limited is the parent undertaking of the smallest group which consolidates these financial statements for which the company is a member. Bibby Line Group Limited is the parent undertaking of the largest group which consolidates these financial statements for which the company is a member. The ultimate controlling party is disclosed in the financial statements of Bibby Line Group Limited. Copies of the Bibby Marine and Bibby Line Group financial statements can be obtained from the registered office of these entities at Bibby Line Group Limited, 105 Duke Street, L1 5JQ (www.bibbygroup.co.uk).

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Summary of disclosure exemptions

The company, as a qualifying entity, has chosen to take advantage of the disclosure exemptions in FRS102 Section 1.12 to not prepare a statement of cashflows as would be required by Section 7 'Statement of Cashflows', and from not disclosing information about the nature of its financial instruments as would be required in Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' or key management personnel compensation as would be required in Section 33.7 'Employee Benefits'.

Group Financial statements not prepared

The company is a wholly owned subsidiary of Bibby Marine Limited and of its ultimate parent, Bibby Line Group Limited. It is included in the consolidated financial statements of Bibby Marine Limited, which are filed at Companies House. Therefore the company has taken exemption from preparing group accounts in the separate Bibby Maritime Limited financial statements.

Bibby Maritime Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Going concern

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

The current economic conditions present increased risk for all businesses. In response to such conditions, the directors have carefully considered those risks, including an assessment of any uncertainty on forward trading projections for a period of at least twelve months from the date of signing the financial statements, and the extent to which they effect the preparation of financial statements on a going concern basis.

Based on this assessment, the directors consider that the company maintains an appropriate level of liquidity and access to funds, sufficient to meet the demands of the business. In assessing the availability of the parent company support the directors are mindful of the risks and uncertainties disclosed in the financial statements of the parent company.

The company's assets are assessed for recoverability on a regular basis, and the directors consider that the company is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that lead to significant doubt upon the company's ability to continue as a going concern. Thus the directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

Revenue recognition

Revenue arising from principal activities, being the chartering of fully serviced accommodation vessels, is recognised on a straight-line basis over the period the services are performed and provided to customers. Revenue is measured at the fair value of the consideration received or receivable and represents amounts for services performed in the normal course of business, net of discounts and other sales-related taxes.

Finance income and costs policy

Interest income is recognised when it is probable that the economic benefits will flow and the amount of revenue can be measured reliably. Income is recognised using the effective interest method, which discounts estimated future cash flows through the expected life of the financial asset, to which the interest income is derived, to its net carrying amount on initial recognition.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Bibby Maritime Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Tax

Tax expense for the period comprises current and deferred tax. Tax currently payable, including UK corporation tax and foreign tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. 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 give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Tangible assets

Items of tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Tangible fixed assets are subject to impairment review with regard to market conditions. If any indication of impairment exists after such review, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Recoverable amount is the higher of fair value and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Depreciation is provided to allocate the cost of the assets less their estimated residual values, over their expected useful economic life using a straight line basis as follows:

| Asset class | Depreciation method and rate |
|--------------------|-------------------------------------|
| Fleet | 10%-20% straight line |

Investments

Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits.

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Bibby Maritime Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Where the company transfers substantially all the risks and rewards of ownership, the arrangement is classified as a finance lease and a receivable is recognised at an amount equal to the net investment in the lease. Recognition of finance income is based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Bibby Maritime Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Derivative financial instruments

Derivatives

The company uses derivative financial instruments to reduce exposure to foreign exchange risk arising in relation to foreign denominated sales invoices. The company does not hold or issue derivative financial instruments for speculative purposes.

Derivative financial instruments are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to the fair value at each reporting date. The resulting gain or loss is recognised in profit or loss.

The best evidence of fair value is a quoted price for an identical asset in an active market.

Critical accounting judgements and key sources of estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The 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, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The key assumptions concerning the future, the critical judgements that the directors have made in the process of applying the company's accounting policies and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

(i) Assessing indicators of impairment of tangible fixed assets

In assessing whether there have been any indicators of impairment associated with the company's tangible fixed assets, the directors have considered both external and internal sources of information such as vessel market values, historical charter rates and asset values, and changes in technological, economic and legal environments. The carrying value is £4,948,896 (2015: £6,763,713).

(ii) Fleet residual value

Management consider the residual value of the vessel not to be material. The fleet value is currently £4,984,896 and by 2019 will be fully depreciated to nil net book value which is in line with management expectations.

(iii) The fair value of the derivative instruments have been estimated using valuation techniques which use market and non-market inputs to estimate the expected discounted cash flows. The valuation techniques use contracted exchange rates and current forward rates as determined by the bank/issuer of the derivative contract. The carrying value is £205,690 (2015: £52,923)

Bibby Maritime Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

3 Revenue

The analysis of the company's revenue for the year by market is as follows:

| | 2016 £ | 2015 £ |
|---------------|-------------------|-------------------|
| UK | - | 6,593,218 |
| Europe | - | 137,969 |
| Rest of world | 15,176,975 | 21,651,004 |
| | <u>15,176,975</u> | <u>28,382,191</u> |

In 2016 all of the rest of the world revenue related to Australia (2015: £20,772,663).

4 Profit on ordinary activities before taxation

Arrived at after charging:

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Depreciation expense | 1,814,817 | 2,744,130 |
| Foreign exchange losses | 49,026 | 161,571 |
| Foreign exchange losses on financial derivatives | 310,236 | 111,670 |
| Operating lease expense - plant and machinery | <u>1,389,317</u> | <u>2,135,397</u> |

The company's audit fee of £8,000 (2015: £8,000) in both years has been borne by its parent undertaking and was not recharged. There were no non-audit fees (2015: £nil) paid to the company's auditor for other professional services.

5 Interest receivable

| | 2016 £ | 2015 £ |
|----------------------------------|---------------|---------------|
| Interest income on bank deposits | <u>68,413</u> | <u>87,402</u> |

6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Wages and salaries | 1,538,292 | 1,772,119 |
| Social security costs | 96,789 | 194,531 |
| Pension costs, defined contribution scheme | <u>124,378</u> | <u>162,612</u> |
| | <u>1,759,459</u> | <u>2,129,262</u> |

Bibby Maritime Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

6 Staff costs (continued)

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

| | 2016 No. | 2015 No. |
|----------------------------|-------------|-------------|
| Administration and support | <u>15</u> | <u>16</u> |

7 Directors' remuneration

The directors' remuneration for the year was as follows:

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Remuneration | 979,765 | 1,015,915 |
| Contributions paid to money purchase schemes | <u>60,106</u> | <u>106,703</u> |
| | <u>1,039,871</u> | <u>1,122,618</u> |

During the year the number of directors who were receiving benefits and share incentives was as follows:

| | 2016 No. | 2015 No. |
|---|-------------|-------------|
| Accruing benefits under money purchase pension scheme and personal pension scheme | <u>4</u> | <u>4</u> |

In respect of the highest paid director:

| | 2016 £ | 2015 £ |
|---|---------------|---------------|
| Remuneration | 376,753 | 380,949 |
| Company contributions to money purchase pension schemes | <u>24,353</u> | <u>23,640</u> |

8 Taxation

Tax charged in the profit and loss account:

| | 2016 £ | 2015 £ |
|---|------------------|------------------|
| Current taxation | | |
| UK corporation tax | - | 432,805 |
| UK corporation tax adjustment to prior periods | <u>4,670</u> | <u>(55,023)</u> |
| | <u>4,670</u> | <u>377,782</u> |
| Foreign tax | 2,305,346 | 3,183,471 |
| Foreign tax adjustment to prior periods | <u>(553,779)</u> | <u>-</u> |
| | <u>1,751,567</u> | <u>3,183,471</u> |
| Total current income tax | 1,756,237 | 3,561,253 |
| Deferred taxation | | |
| Arising from origination and reversal of timing differences | <u>(367,100)</u> | <u>41,540</u> |

Bibby Maritime Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

8 Taxation (continued)

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Tax expense in the profit and loss account | <u>1,389,137</u> | <u>3,602,793</u> |

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2015 - higher than the standard rate of corporation tax in the UK) of 20% (2015 - 20.25%).

The differences are reconciled below:

| | 2016 £ | 2015 £ |
|---|------------------|-------------------|
| Profit before tax | <u>5,357,543</u> | <u>11,643,231</u> |
| Corporation tax at standard rate | 1,071,509 | 2,357,754 |
| Unrelieved foreign taxation | 747,201 | 1,001,864 |
| UK deferred tax credit relating to changes in tax rates or laws with UK corporation tax rates reducing to 17% by 2021 | - | 23,989 |
| Adjustments in respect of previous years | (549,109) | (55,023) |
| Deferred tax release of asset transfer to group | (4,107) | 246,287 |
| Other tax effects for reconciliation between accounting profit and tax expense (income) | <u>123,643</u> | <u>27,922</u> |
| Total tax charge | <u>1,389,137</u> | <u>3,602,793</u> |

A reduction in the UK corporation tax rate from 21% to 20% took effect from 1 April 2015. Finance Act 2016, which was substantively enacted in September 2016, included provisions to reduce the rate of corporation tax to 17% with effect from 1 April 2020, and Finance Act 2015 (No.2) included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017.

The deferred tax asset of £119,552 (2015: £246,338 liability) relates to accelerated depreciation (2015: accelerated capital allowances).

During the year beginning 1 January 2017, the net reversal of deferred tax assets and liabilities is expected to decrease the corporation tax charge for the year by £159,492. This is due to the anticipated changes in accelerated depreciation.

There is no expiry date on timing differences, unused tax losses or tax credits.

Bibby Maritime Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

9 Tangible assets

| | Fleet £ |
|--------------------------|--------------------|
| Cost or valuation | |
| At 1 January 2016 | <u>19,586,906</u> |
| At 31 December 2016 | <u>19,586,906</u> |
| Depreciation | |
| At 1 January 2016 | 12,823,193 |
| Charge for the year | <u>1,814,817</u> |
| At 31 December 2016 | <u>14,638,010</u> |
| Carrying amount | |
| At 31 December 2016 | <u>4,948,896</u> |
| At 31 December 2015 | <u>6,763,713</u> |

10 Investments

| | |
|--------------------------|---------------|
| Subsidiaries | £ |
| Cost or valuation | |
| At 1 January 2016 | 54,371 |
| Additions | <u>100</u> |
| At 31 December 2016 | <u>54,471</u> |
| Provision | |
| Carrying amount | |
| At 31 December 2016 | <u>54,471</u> |
| At 31 December 2015 | <u>54,371</u> |

Bibby Maritime Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

10 Investments (continued)

Details of undertakings

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:

| Undertaking | Country of incorporation | Class of shares held | Proportion of voting rights and shares held | |
|---|-----------------------------|-------------------------|--|------|
| | | | 2016 | 2015 |
| Subsidiary undertakings | | | | |
| Bibby Maritime (Nigeria) Limited | Nigeria | Ordinary | 100% | 100% |
| Bibby Bergen Limited | UK | Ordinary | 100% | 100% |
| Bibby Progress Limited | UK | Ordinary | 100% | 100% |
| Bibby Challenge Limited | UK | Ordinary | 100% | 100% |
| Bibby Stockholm Limited | UK | Ordinary | 100% | 100% |
| Bibby Maritime Crewing Services Limited | UK | Ordinary | 100% | 100% |
| Bibby Renaissance Limited* | UK | Ordinary | 100% | 0% |

The principal activity of all subsidiaries, except for Bibby Maritime Crewing Services Limited and Bibby Renaissance Limited, is the provision of floating accommodation units. The principal activity of Bibby Maritime Crewing Services Limited is the provision of crew services. The principal activity of Bibby Renaissance Limited is that of a dormant company. All are direct holdings.

The registered address of all the above entities except for Bibby Maritime (Nigeria) Limited is 105 Duke Street, Liverpool, L1 5JQ. The registered address of Bibby Maritime (Nigeria) Limited is 25 Adeyemo Alakija Street, Victoria Island, Lagos, Nigeria.

*This entity was incorporated in the year.

For the year ended 31 December 2016 each of the trading subsidiary companies within the group were entitled to exemption from audit under section 497A of the Companies Act 2006 relating to subsidiary companies.

11 Debtors

| | Note | 2016 £ | 2015 £ |
|---|------|-------------------|-------------------|
| Trade debtors | | 2,634,113 | 6,054,862 |
| Amounts due from Group undertakings | 19 | 15,141,266 | 12,312,611 |
| Other receivables | | 425,532 | 113,485 |
| Prepayments | | 66,473 | 212,733 |
| Deferred tax assets | 8 | 119,552 | - |
| Total current trade and other receivables | | <u>18,386,936</u> | <u>18,693,691</u> |

Bibby Maritime Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

12 Cash and cash equivalents

| | 2016 £ | 2015 £ |
|--------------------------|------------------|-------------------|
| Cash at bank and on hand | <u>8,871,232</u> | <u>15,892,316</u> |

13 Creditors

| | Note | 2016 £ | 2015 £ |
|--------------------------------------|------|------------------|-------------------|
| Due within one year | | | |
| Trade creditors | | 54,451 | 814,143 |
| Amounts due to related parties | | 2,104,275 | 3,142,670 |
| Derivatives | | 205,690 | 51,923 |
| Accrued expenses and deferred income | | 2,236,344 | 7,355,785 |
| Corporation tax | | 414,458 | 1,317,643 |
| Other current financial liabilities | | <u>8,532</u> | <u>-</u> |
| | | <u>5,023,750</u> | <u>12,682,164</u> |

14 Deferred tax and other provisions

| | Deferred tax on derivatives fair value £ | Deferred tax - accelerated capital allowances/depreciation £ | Other provisions £ | Total £ |
|---------------------------------|---|--|--------------------------|--------------------|
| At 1 January 2016 | 10,010 | 246,338 | 2,100,000 | 2,356,348 |
| Decrease in existing provisions | (1,210) | (365,890) | - | (367,100) |
| Provisions used | <u>-</u> | <u>-</u> | <u>(2,100,000)</u> | <u>(2,100,000)</u> |
| At 31 December 2016 | <u>8,800</u> | <u>(119,552)</u> | <u>-</u> | <u>(110,752)</u> |

Other provisions relate to a fleet re-instatement provision for the asset held under operating lease, which was settled on expiry of the lease.

Deferred tax on derivatives is included within provisions.

Deferred tax relating to accelerated depreciation is included within debtors (note 11).

Neither the deferred tax asset nor the deferred tax liability contain any individual elements netting off.

Bibby Maritime Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

15 Called up share capital

Allotted, called up and fully paid shares

| | 2016 | | 2015 | |
|----------------------------|------------|------------|------------|------------|
| | No. | £ | No. | £ |
| Ordinary shares of £1 each | <u>100</u> | <u>100</u> | <u>100</u> | <u>100</u> |

16 Dividends

| | 2016 £ | 2015 £ |
|---|------------------|------------------|
| Ordinary dividend paid of £31,050 per share | <u>3,105,000</u> | <u>7,049,000</u> |

17 Financial commitments

Operating leases

The total of future minimum lease payments is as follows:

| | 2016 £ | 2015 £ |
|-------------------------|-----------|----------------|
| Not later than one year | <u>-</u> | <u>922,268</u> |

18 Pension and other schemes

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £124,378 (2015 - £162,612). The amount outstanding at the year end was nil (2015: nil).

19 Related party transactions

The company has taken advantage of the exemption in Section 33 'Related Party Disclosures' from disclosing transactions with other wholly owned members of the group controlled by the parent undertaking.