

# **P&O Maritime Services (UK) Limited**

## **Directors' report and financial statements**

**Year ended 31 December 2016**

*Registered number: 03438606*



# **P&O Maritime Services (UK) Limited**

## **Directors' report and financial statements**

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# **P&O Maritime Services (UK) Limited**

## **Directors and other information**

### **Directors**

M Alhashimy (United Arab Emirates)  
R Antolovic (Australian)  
R Popov (British)

### **Registered office**

16 Palace Street  
London  
SW1E 5JQ

### **Secretary**

A Earles (Australian)

### **Auditor**

KPMG  
Chartered Accountants  
Dockgate  
Dock Road  
Galway  
Ireland

### **Bankers**

Barclays Bank plc  
1 Churchill Place  
London E14 5HP

### **Solicitors**

Norton Rose LLP  
3 More London Riverside  
London SE1 2AQ

# **P&O Maritime Services (UK) Limited**

## **Directors' report**

The directors present their Directors' Report and financial statements for the year ended 31 December 2016.

### **Results for the year and business review**

The results for the year are set out in the Statement of Comprehensive Income on page 7.

The company's principal contract is with CEFAS ("Centre for Environment Fisheries and Aquaculture Services") which provides for fixed operating rates (excluding fuel and port charges) for the vessel "CEFAS Endeavour" and the accompanying supporting infrastructure. During the year, the contract with CEFAS was extended to April 2019.

The company's other activity is to provide Ship Management Services for the Prince Madog RV, an oceanographic survey vessel, until 2021.

The company is actively looking for new opportunities in the marine research market in the UK.

### **Dividends**

The directors do not recommend the payment of a dividend (2015: *Stg£Nil*).

### **Directors**

The directors of the company who held office at the date of approval of these financial statements were as follows:

R Popov  
M Alhashimy  
R Antolovic

On 11 January 2017, Alan Rowan resigned as a director. On 12 January 2017, Radostin Popov was appointed as a director.

### **Political donations**

The company made no political donations during the year (2015: *Stg£Nil*).

### **Small companies exemption**

In preparing the directors' report, the directors have taken the small companies exemption under Section 414(B) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 not to prepare a strategic report for presentation with these financial statements.

# P&O Maritime Services (UK) Limited

## Directors' report *(continued)*

### 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. 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.

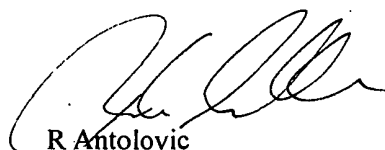
### Post balance sheet events

There are no significant post balance sheet events which affect the financial statements.

### Auditor

In accordance with Section 487 of the Companies Act 2006, KPMG, Chartered Accountants, will continue in office.

On behalf of the board



R Antolovic  
Director

20<sup>th</sup> March 2017  
16 Palace Street  
London SW1E 5JQ

# **P&O Maritime Services (UK) Limited**

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

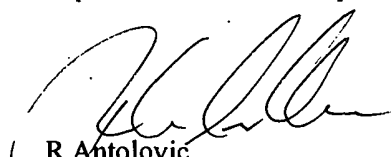
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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 International Financial Reporting Standards (IFRS) as adopted by the EU and applicable law.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the company's affairs and of its loss for that year. In preparing the 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 they have been prepared in accordance with IFRS as adopted by the EU; 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. The directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2006.



R Antolovic  
Director

20<sup>th</sup> March 2017

## **Independent auditor's report to the members of P&O Maritime Services (UK) Limited**

We have audited the financial statements of P&O Maritime Services (UK) Limited for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Financial Position, the Statement of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union. Our audit was conducted in accordance with International Standards on Auditing (ISAs) UK and Ireland.

### **Opinions and conclusions arising from our audit**

#### ***1 Our opinion on the financial statements is unmodified***

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 IFRS as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

#### ***2 Our conclusions on other matters on which we are required to report by the Companies Act 2006 are set out below***

In our opinion, the information given in the Directors' Report for the financial year is consistent with the financial statements.

#### ***3 We have nothing to report in respect of matters on which we are required to report by exception***

Under ISAs (UK & Ireland) we are required that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

Under the Companies Act 2006, we are required 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 nor 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 information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in respect of the above responsibilities.

## **Independent auditor's report to the members of P&O Maritime Services (UK) Limited** *(continued)*

### **Basis of our report, responsibilities and restrictions on use**

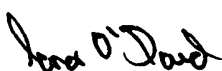
As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2006. Our responsibility is 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 Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) 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.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions, it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular, the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 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.



**Conor O'Dowd (Senior Statutory Auditor)**

**for and on behalf of KPMG, Statutory Auditor  
Chartered Accountants**

*Dockgate, Dock Road, Galway, Ireland*

*20 March* 2017



# P&O Maritime Services (UK) Limited

## Statement of comprehensive income for the year ended 31 December 2016

	Notes	2016 Stg£	2015 Stg£
<b>Revenue - continuing operations</b>	4	<b>4,099,673</b>	5,120,600
Operating expenses		(3,555,458)	(3,966,044)
<b>Operating profit - continuing operations</b>		<b>544,215</b>	1,154,556
Financial income	9	3,313	26,389
Financial expense	10	(204,044)	(298,099)
<b>Profit before tax</b>	6 - 8	<b>343,484</b>	882,846
Tax charge	11	(127,834)	(178,776)
<b>Profit from continuing operations for the year</b>		<b>215,650</b>	704,070
<b>Discontinued operation</b>			
Loss from discontinued operations	5	-	(1,543,341)
<b>Total comprehensive income (loss) for the year</b>		<b>215,650</b>	(839,271)

The accompanying notes form an integral part of these financial statements.

# P&O Maritime Services (UK) Limited

## Statement of changes in equity for the year ended 31 December 2016

	Ordinary share capital Stg£	Retained earnings Stg£	Total attributable to equity holders of the company Stg£
<b>At 31 December 2014</b>	<b>2</b>	<b>876,012</b>	<b>876,014</b>
Loss for the financial year	-	(839,271)	(839,271)
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2015</b>	<b>2</b>	<b>36,741</b>	<b>36,743</b>
Profit for the financial year	-	215,650	215,650
	<hr/>	<hr/>	<hr/>
<b>At 31 December 2016</b>	<b>2</b>	<b>252,391</b>	<b>252,393</b>
	<hr/>	<hr/>	<hr/>

# P&O Maritime Services (UK) Limited

## Statement of financial position

at 31 December 2016

	Notes	2016 Stg£	2015 Stg£
<b>Non-current assets</b>			
Financial assets	12	164,977	164,977
Property plant and equipment	13	16,794	-
<b>Total non-current assets</b>		<b>181,771</b>	<b>164,977</b>
<b>Current assets</b>			
Inventories	14	13,585	6,438
Trade and other receivables	15	8,264,700	8,283,755
Cash and cash equivalents	16	3,009,414	2,153,085
Deferred tax assets	18	45,615	134,211
<b>Total current assets</b>		<b>11,333,314</b>	<b>10,577,489</b>
<b>Total assets</b>		<b>11,515,085</b>	<b>10,742,466</b>
<b>Equity attributable to shareholders</b>			
Share capital	19	2	2
Retained earnings		252,391	36,741
<b>Total equity</b>		<b>252,393</b>	<b>36,743</b>
<b>Non current liabilities</b>			
Amounts due to group undertakings	17	-	6,948,326
<b>Current liabilities</b>			
Trade and other payables	17	695,544	1,199,856
Amounts due to group undertakings	17	10,567,148	2,557,541
		<b>11,262,692</b>	<b>3,757,397</b>
<b>Total liabilities</b>		<b>11,262,692</b>	<b>10,705,723</b>
<b>Total equity and liabilities</b>		<b>11,515,085</b>	<b>10,742,466</b>

The accompanying notes form an integral part of these financial statements.

These financial statements were approved by the board of directors on 20<sup>th</sup> March 2017 and were signed on its behalf by:

R Antolovic  
Director

P&O Maritime Services (UK) Limited – Company Number 03438606

# P&O Maritime Services (UK) Limited

## Statement of cash flows

for the year ended 31 December 2016

	Notes	2016 Stg£	2015 Stg £
<b>Cash flows from operating activities</b>			
Profit (loss) for the year		215,650	(839,271)
Adjustments for:			
Depreciation	13	1,336	385,870
Loss on disposal of fixed assets		-	1,379,342
Income tax charge (credit)	11	127,834	(187,593)
Financial expense		204,044	298,099
Financial income		(3,313)	(26,389)
		<hr/>	<hr/>
		545,551	1,010,058
(Increase) decrease in inventories		(7,147)	2,869
Decrease (increase) in trade and other receivables		447,710	(46,136)
Increase in trade and other payables		292,109	1,930,402
		<hr/>	<hr/>
		1,278,223	2,897,193
Tax recovered		21,578	-
Interest paid		-	(94,055)
Interest received		3,313	26,389
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		<b>1,303,114</b>	<b>2,829,527</b>
<b>Cash flows used in investing activities</b>			
Acquisition of property, plant and equipment		(18,130)	(45,089)
Proceeds on disposal of fixed assets		-	2,428,472
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>(18,130)</b>	<b>2,383,383</b>
<b>Financing activities</b>			
Movement on loan to joint venture		88,347	135,694
Repayment of bank loan		-	(1,991,013)
Loans to group undertakings		(517,002)	(5,366,800)
		<hr/>	<hr/>
<b>Net cash flows used in financing activities</b>		<b>(428,655)</b>	<b>(7,222,119)</b>
<b>Increase (decrease) in cash and cash equivalents</b>		<b>856,329</b>	<b>(2,009,209)</b>
Cash and cash equivalents at beginning of year		2,153,085	4,162,294
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	16	<b>3,009,414</b>	<b>2,153,085</b>

The accompanying notes form an integral part of these financial statements.

# **P&O Maritime Services (UK) Limited**

## **Notes**

*forming part of the financial statements*

### **1 Reporting entity**

P&O Maritime Services (UK) Limited ("the company") is a company incorporated and domiciled in the United Kingdom.

### **2 Basis of preparation**

#### ***Statement of compliance***

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") on the basis of IFRSs in issue that are effective at the reporting date, 31 December 2016.

#### ***Consolidation***

The company is a subsidiary of an EU parent and is therefore exempt from the requirement to prepare consolidated financial statements by virtue of Regulation 9 of the European Communities (Companies: Group Accounts) Regulations, 1992. Consequently, these financial statements deal with the results of the company as a single entity.

#### ***Basis of measurement***

The financial statements have been prepared on the historical cost basis.

#### ***Use of estimates and judgements***

The preparation of financial statements in conformity with IFRS as adopted by the EU 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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 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.

#### ***Functional and presentation currency***

The financial statements are presented in Stg£, which is the company's functional currency.

# P&O Maritime Services (UK) Limited

## Notes (continued)

### 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

#### *Foreign currency transactions*

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the date of the Statement of Financial Position are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income. 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.

#### *Revenue*

Revenue earned from the provision of services is recognised net of discounts and allowances. Revenue from the provision of services is recognised on the rendering of those services. Amounts invoiced in advance or in arrears are deferred and accrued respectively as appropriate.

Revenue excludes the sale of fuel and other ancillary costs recharged to customers at a nil margin.

#### *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the Statement of Comprehensive Income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Plant and equipment	5 years
Computer equipment	3 years
Furniture and fittings	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

# **P&O Maritime Services (UK) Limited**

## **Notes** *(continued)*

### **3 Significant accounting policies** *(continued)*

#### ***Impairment***

The carrying amounts of the company's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. An asset is considered for impairment testing if objective evidence indicates that one or more events had a negative effect on the estimated future cash flows of the asset. If any such indication exists, the asset's recoverable amount is estimated. The two exceptions noted above are dealt with as per the separate applicable accounting policy. For trade receivables, specific bad debts are provided against unless the company is satisfied that no recovery of the amount owing is possible; at that point, the amount considered irrecoverable is written off.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

The recoverable amount of the company's receivables carried at amortised cost is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value.

An impairment loss in respect of a receivable carried at amortised cost is reversed only to the extent that the carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised and if the reversal can be related objectively to an event occurring after the impairment was recognised.

#### ***Investment in subsidiaries and joint ventures***

Investments in subsidiaries and joint ventures are carried at cost less any provisions for impairment.

#### ***Inventories***

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle, and includes expenditure incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

#### ***Trade and other receivables***

Trade and other receivables are stated at their cost less impairment losses.

#### ***Pre contract costs***

Pre contract costs directly attributable to a specific contract are recognised as an asset and charged to the profit and loss account over the life of the contract. Such costs are capitalised only when it is virtually certain that a contract will be awarded.

# **P&O Maritime Services (UK) Limited**

## **Notes** *(continued)*

### **3 Significant accounting policies** *(continued)*

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the Statement of Cash Flows.

#### ***Employee benefits***

##### ***Defined contribution plans***

Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Comprehensive Income as incurred.

#### ***Expenses***

##### ***Operating lease payments***

Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense over the lease term.

##### ***Net financing costs***

Net financing costs comprise interest payable, interest receivable on funds invested, dividend income, foreign exchange gains and losses that are recognised in the Statement of Comprehensive Income.

Interest income and interest payable are recognised in profit or loss as accrued, using the effective interest method.

#### ***Taxation***

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Statement of Comprehensive Income except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantially enacted at the date of the Statement of Financial Position and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.



# P&O Maritime Services (UK) Limited

## Notes (continued)

### 3 Significant accounting policies (continued)

#### *Taxation (continued)*

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### *New standards and interpretations not yet adopted*

The IFRSs adopted by the EU applied by the company in the preparation of these financial statements are those that were effective at 31 December 2016. A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Company has not early applied the following new or amended standards in preparing these financial statements.

- Disclosure Initiative (Amendments to IAS 7)
- Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)
- IFRS 15 Revenue from Contracts with Customers
- IFRS 9 Financial Instruments
- IFRS 16 Leases
- Classification and Measurement of Share-Based Payment Transactions (Amendments to IFRS 2)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

None of these is expected to have a significant impact on the financial statements.

### 4 Revenue

	2016 Stg£	2015 Stg£
<i>By geographical area:</i>		
UK	4,099,673	4,992,315
Australia	-	128,285
	<hr/> 4,099,673	<hr/> 5,120,600
<i>By activity:</i>		
Marine research	<hr/> 4,099,673	<hr/> 5,120,600

Revenue excludes costs recharged to customers at a nil margin of Stg£718,228 (2015: Stg£908,969).

# P&O Maritime Services (UK) Limited

## Notes (continued)

### 5 Results of discontinued operations

	2016 Stg£	2015 Stg£
Revenue	-	360,730
Operating expenses	-	(891,098)
<b>Loss from operating activities</b>	-	(530,368)
Tax credit	-	366,369
<b>Loss from operating activities, net of tax</b>	-	(163,999)
Loss on disposal on discontinued operations	-	(1,379,342)
<b>Loss from discontinued operations</b>	-	(1,543,341)

The loss on disposal on discontinued operations related to the loss on the sale of three crew transfer vessels used to service the company's offshore wind business.

### 6 Expenses and auditor's remuneration

The profit (loss) before tax has been arrived at after charging the following items:

	2016 Stg£	2015 Stg£
Auditor's remuneration		
- audit of financial statements	11,550	13,400
- other services relating to taxation	2,600	5,000
Depreciation	1,336	385,870
Hire of property	38,400	38,400

### 7 Directors' emoluments

None of the directors received any remuneration from the company during the year or prior year. All of the company's directors are remunerated by other group undertakings.

### 8 Employees

	Number of employees	
	2016	2015
The average number of employees during the year, analysed by category was as follows:		
Operations/administration	11	14

# P&O Maritime Services (UK) Limited

## Notes (continued)

### 8 Employees (continued)

#### Employment costs

	2016 Stg£	2015 Stg£
Wages and salaries	385,119	476,094
Social welfare costs	47,884	53,003
Retirements benefit costs	29,670	33,567
	<u>462,673</u>	<u>562,664</u>

### 9 Financial income

	2016 Stg£	2015 Stg£
Interest on loan due from joint venture undertaking (note 21)	3,313	14,306
Interest on loan due from group undertakings (note 21)	-	12,083
	<u>3,313</u>	<u>26,389</u>

### 10 Financial expense

	2016 Stg£	2015 Stg£
Interest on bank loan	-	94,055
Interest on loan due to group undertaking (note 21)	204,044	204,044
	<u>204,044</u>	<u>298,099</u>

# P&O Maritime Services (UK) Limited

## Notes (continued)

### 11 Income tax expense

	2016 Stg£	2015 Stg£
<i>Current tax expense</i>		
Current year	39,238	-
<i>Deferred tax charge</i>		
Origination and reversal of temporary differences	52,436	(205,001)
Adjustment in respect of previous years	38,721	-
Impact of change in tax rate	(2,561)	17,408
Tax charge	88,596	(187,593)

The analysis of the tax charge relating to discontinued and continuing activities is as follows:

Continuing activities	127,834	178,776
Discontinued activities	-	(366,369)
	127,834	(187,593)

#### *Reconciliation of effective tax rate:*

The tax assessed for the year is different than the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are explained below:

	2016 Stg£	2015 Stg£
Profit (loss) before tax	343,484	(1,026,864)
Current tax at 20% (2015: 20.25%)	68,697	(207,905)
<i>Effects of:</i>		
Expenses disallowed for tax purposes	44,555	2,904
Impact of changes in tax rates	(2,560)	17,408
Adjustments to tax charge in respect of previous years	17,142	-
Income tax charge (credit)	127,834	(187,593)

# P&O Maritime Services (UK) Limited

## Notes (continued)

### 11 Income tax expense (continued)

Reductions in the UK corporation tax rate to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were enacted on 26 October 2015. Finance Bill 2016 further reduced the 18% rate to 17% from 1 April 2020, following substantial enactment on 6 September 2016. Together, this will reduce the company's future tax charges accordingly.

### 12 Financial fixed assets

	2016 Stg£	2015 Stg£
Investments in subsidiary undertakings	6,803	6,803
Investment in joint venture undertaking (see below)	158,174	158,174
	<hr/>	<hr/>
	164,977	164,977
	<hr/>	<hr/>

Details of the company's subsidiary undertakings are set out below:

<i>Name of company</i>	<i>Country of incorporation</i>	<i>Shares held</i>	<i>Percentage of shares held</i>	<i>Principal activity</i>
P&O Maritime Services (Ireland) Limited	Republic of Ireland	1 Ordinary share of €1	100%	Maritime services management
P&O Maritime Services (France) SARL	France	1,000 Ordinary shares of €10 each	100%	Chartering of an oceanographic vessel

Details of the company's joint venture undertaking are set out below:

<i>Name of company</i>	<i>Country of incorporation</i>	<i>Shares held</i>	<i>Percentage of shares held</i>	<i>Principal activity</i>
P & O Maritime Ocean Sciences Limited	United Kingdom	50,000 'A' ordinary shares of £1 each	50%	Chartering of an oceanographic vessel

# P&O Maritime Services (UK) Limited

## Notes (continued)

### 13 Property, plant and equipment

		Furniture and fittings Stg£	Plant and equipment Stg£	Computer equipment Stg£	Total Stg£
<i>Cost</i>					
At 1 January 2016		5,350	9,136	88,163	102,649
Additions in year		-	-	18,130	18,130
<b>At 31 December 2016</b>		<b>5,350</b>	<b>9,136</b>	<b>106,293</b>	<b>120,779</b>
<i>Depreciation</i>					
At 1 January 2016		5,350	9,136	88,163	102,649
Charge for year		-	-	1,336	1,336
<b>At 31 December 2016</b>		<b>5,350</b>	<b>9,136</b>	<b>89,499</b>	<b>103,985</b>
<i>Net book value</i>					
<b>At 31 December 2016</b>		<b>-</b>	<b>-</b>	<b>16,794</b>	<b>16,794</b>
At 31 December 2015		-	-	-	-
	<b>Ships Stg£</b>	<b>Furniture and fittings Stg£</b>	<b>Plant and equipment Stg£</b>	<b>Computer equipment Stg£</b>	<b>Total Stg£</b>
<i>Cost</i>					
At 1 January 2015	5,570,827	5,350	9,136	88,163	5,673,476
Additions in year	36,632	-	-	-	36,632
Disposals	(5,607,459)	-	-	-	(5,607,459)
<b>At 31 December 2015</b>	<b>-</b>	<b>5,350</b>	<b>9,136</b>	<b>88,163</b>	<b>102,649</b>
<i>Depreciation</i>					
At 1 January 2015	1,429,190	5,350	8,942	81,400	1,524,882
Charge for year	378,913	-	194	6,763	385,870
Disposals	(1,808,103)	-	-	-	(1,808,103)
<b>At 31 December 2015</b>	<b>-</b>	<b>5,350</b>	<b>9,136</b>	<b>88,163</b>	<b>102,649</b>
<i>Net book value</i>					
<b>At 31 December 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
At 31 December 2014	4,141,637	-	194	6,763	4,148,594

# P&O Maritime Services (UK) Limited

## Notes (continued)

### 14 Inventories

	2016 Stg£	2015 Stg£
Consumables	13,585	6,438

### 15 Trade and other receivables

	2016 Stg£	2015 Stg£
<i>Due within one year</i>		
Trade receivables (see below)	330,829	24,437
Prepayments and accrued income	147,612	936,002
Amounts due from group undertakings (note 21)	7,665,210	7,175,236
Pre contract costs	15,140	18,024
Amounts due from joint venture (note 21)	89,587	118,519
VAT recoverable	16,322	11,537
	8,264,700	8,283,755

The following table details the ageing of gross trade receivables and the related impairment provisions (if any) in respect of specific amounts expected to be irrecoverable:

Aged analysis of trade receivables	Gross 2016 Stg£	Impairment 2016 Stg£	Net 2016 Stg£	Gross 2015 Stg£	Impairment 2015 Stg£	Net 2015 Stg£
Less than 30 days	330,829	-	330,829	23,197	-	23,197
Over 90 days	-	-	-	1,240	-	1,240
	330,829	-	330,829	24,437	-	24,437

The directors believe that no impairment allowance is necessary in respect of trade receivables. All trade receivables are denominated in Stg£.

# P&O Maritime Services (UK) Limited

## Notes (continued)

### 16 Cash and cash equivalents

	2016 Stg£	2015 Stg£
Cash and cash equivalents per Statement of Financial Position	3,009,414	2,153,085
Cash and cash equivalents per Statement of Cash Flows	3,009,414	2,153,085

Cash at bank is non interest bearing.

### 17 Trade and other payables

	2016 Stg£	2015 Stg£
<i>Due after more than one year</i>		
Amounts due to group undertakings (note 21)	-	6,948,326
<i>Due within one year</i>		
Trade payables	33,739	218,891
Accruals and deferred income	557,464	980,965
Amounts due to group undertakings (note 21)	10,567,148	2,557,541
Payroll taxes	43,525	-
Corporation tax	60,816	-
	11,262,692	3,757,397

### 18 Deferred tax

	2016 Stg£	2015 Stg£
Deferred tax asset (see below)	45,615	134,211
The elements of deferred taxation are as follows:		
Accelerated capital allowances	13,338	17,645
Tax losses	-	115,487
Other temporary differences	32,277	1,079
	45,615	134,211



# P&O Maritime Services (UK) Limited

## Notes (continued)

### 19 Share capital

	2016 Stg£	2015 Stg£
<b>Authorised:</b>		
4,000 ordinary shares of Stg£0.25 each	1,000	1,000
<b>Issued and fully paid:</b>		
8 ordinary shares of Stg£0.25	2	2

### 20 Financial risk management

#### (a) Overview of risk exposures and risk management strategy

The company's activities expose it to a variety of financial risks, including credit risk and liquidity risk. These are set out in more detail below. The company's risk management programme seeks to minimise potential adverse effects on the company's financial performance.

#### (b) Financial liabilities

The following are the contractual maturities of financial liabilities.

#### 31 December 2016

	Carrying amounts Stg£	Contractual cash flows Stg£	6 months Stg£	6 – 12 months Stg£	1 – 2 years Stg£	2 – 5 years Stg£	> 5 years Stg£
<b>Financial liabilities</b>							
Trade and other Payables	695,544	695,544	695,544	-	-	-	-
Loan due to group Undertaking	7,152,370	7,203,381	7,203,381	-	-	-	-
Amounts due to group undertakings	3,414,778	3,414,778	3,414,778	-	-	-	-
	11,262,692	11,313,703	11,313,703	-	-	-	-

# P&O Maritime Services (UK) Limited

## Notes (continued)

### 20 Financial risk management (continued)

The loan due to group undertaking comprises of unpaid interest of Stg£969,210 and principal of Stg£6,183,160. The loan attracts interest at a rate of 3.3% and will not be repaid until on or after 31 March 2017.

31 December 2015	Carrying amounts Stg£	Contractual cash flows Stg£	6 months Stg£	6 – 12 months Stg£	1 – 2 years Stg£	2 – 5 years Stg£	> 5 years Stg£
<b>Financial liabilities</b>							
Trade and other payables	1,199,856	1,199,856	1,199,856	-	-	-	-
Bank loan							
Loan due to group undertaking	6,948,326	7,203,381	102,022	102,022	6,999,337	-	-
Amounts due to group undertakings	2,557,541	2,557,541	2,557,541	-	-	-	-
	<u>10,705,723</u>	<u>10,960,778</u>	<u>3,859,419</u>	<u>102,022</u>	<u>6,999,337</u>	<u>-</u>	<u>-</u>

#### (c) Basis for determining fair value

##### Trade and other receivables/payables

With the exception of amounts due from joint venture, the bank loan and the loan due to group undertakings, all receivables and payables have a remaining life of less than six months or are demand balances and, therefore, the carrying value is deemed to reflect fair value.

##### Cash and cash equivalents

For cash and cash equivalents, all of which have a remaining maturity of less than three months, the nominal amount is deemed to reflect fair value.

#### (d) Credit risk

The company's principal customer is a government agency with an appropriate credit history.

Credit risk is managed by limiting the aggregate exposure to any one individual counterparty, taking into account its credit rating. Such counterparty exposures are regularly reviewed and adjusted as necessary. Accordingly, the possibility of material loss arising in the event of non performance by counterparties is considered to be unlikely.

#### (e) Foreign currency risk

Foreign currency risk is the risk that the value of a financial commitment or a recognised asset or liability will fluctuate due to changes in foreign currency rates.

The company operates within the United Kingdom and the functional currency of the company is Stg£. As at the year end reporting date, intercompany trading loan balances were denominated in Stg£. There are no hedges in place with respect to any potential currency exposure.

# P&O Maritime Services (UK) Limited

## Notes (continued)

### 20 Financial risk management (continued)

#### (f) Price risk

The company does not have significant equity investments or investments in commodities and does not consider itself to be exposed to any significant equity, commodity or other price risk.

#### (g) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument or future cash flow associated with the instrument will fluctuate due to changes in the market interest rates.

The interest rate associated with the company's bank loan is set at a fixed percentage over One Month Libor and is subject to interest rate fluctuations.

#### (h) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as and when they fall due. Liquidity risk is reduced through prudent cash management which ensures that sufficient levels of cash are maintained to meet working capital requirements.

### 21 Related party transactions

The following amounts were charged by the company for services rendered:

	2016 Stg£	2015 Stg£
P&O Maritime Ocean Sciences Limited	535,791	686,654
P&O Maritime Services Pty Limited – ship management fees	-	128,285
P&O Maritime FZE – transfer of crew transfer vessel at net book value	-	879,935

Interest of Stg£3,313 (2015 : Stg£14,306) was earned on amounts due from P&O Maritime Ocean Sciences Limited during the year. Interest of Stg£Nil (2015 : Stg£12,083) was earned on amounts due from P&O Maritime Services Paraguay S.A. during the year.

The following amounts were charged to the company during the year:

	2016 Stg£	2015 Stg£
P&O Maritime Services (Ireland) Limited – recharge of costs	19,113	30,582
P&O Maritime Services (Ireland) Limited – management fees	133,527	124,916
P&O Maritime FZE – fees	90,000	71,264
P&O Maritime FZE – staff costs	1,696,238	1,913,630
P&O Maritime Services Australia Pty Limited – recharge of costs	8,279	12,874
– interest on loan	204,044	204,044

# P&O Maritime Services (UK) Limited

## Notes (continued)

### 21 Related party transactions (continued)

The following amounts were due from the following entities at 31 December 2016:

	2016 Stg£	2015 Stg£
Loan due from P&O Maritime Ocean Sciences Limited *	-	88,347
Amounts due from P&O Maritime Ocean Sciences Limited *	89,587	30,172
Amount due from P&O Maritime Service's Paraguay S.A. **	-	27,028
Loan due from P&O Maritime Service FZE**	7,665,210	7,148,208
	<hr/>	<hr/>

\* Joint venture undertaking

\*\* Group undertaking

Each of the amounts set out above which were outstanding at 31 December 2016 are interest free and repayable on demand.

The following amounts, each of which are interest free and have no fixed terms of repayment, were due to the group undertakings set out below at 31 December 2016:

	2016 Stg£	2015 Stg£
P&O Maritime Services Pty Limited	3,348,490	2,541,999
P&O Maritime Services (Ireland) Limited	66,288	15,542
	<hr/>	<hr/>
	3,414,778	2,557,541
	<hr/>	<hr/>

At 31 December 2016, a loan, including accrued interest, of Stg£7,152,370 (2015: Stg£6,948,326) was due to P&O Maritime Services Pty Limited. This is payable on 31 March 2017.

Sales and purchases between related parties are made at normal market prices.

Details on the availability of the group's consolidated financial statements are shown in note 22.

There have been no material transactions with key management personnel, defined as the company's directors, in 2016 (2015: Stg£nil). The company's directors were remunerated by other group undertakings during the year and the prior year.

# **P&O Maritime Services (UK) Limited**

## **Notes** *(continued)*

### **22 Ultimate parent undertaking**

The immediate parent undertaking as at 31 December 2016 was P&O Maritime Services Pty Limited, a company incorporated and operating in Australia.

The smallest group of companies for which consolidated financial statements are prepared and in which the company is consolidated is the group headed by The Peninsular and Oriental Steam Navigation Company, a company incorporated by Royal Charter and, therefore, not registered, copies of whose accounts can be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff CF14 3UZ, United Kingdom.

The largest group of companies for which consolidated financial statements are prepared and which are publicly available, and in which the company is consolidated, is DP World Limited, a company limited by shares incorporated in Dubai, whose accounts are filed with the Dubai International Financial Centre and where 19.55% of its shares are traded on NASDAQ Dubai.

In the opinion of the directors, the ultimate controlling parent undertaking as at 31 December 2016 was Port & Free Zone World FZE, which owns 80.45% of DP World Limited. Port & Free Zone World FZE is a wholly owned subsidiary of Dubai World Corporation, which is the ultimate parent company of the company, but which does not exert control over the company. Both Port & Free Zone World FZE and Dubai World Corporation are incorporated in Dubai.

### **23 Contingent liabilities**

In the normal course of business, the company has provided certain guarantees to its bankers relating to banking arrangements.

### **24 Post balance sheet events**

There have been no significant events between the year end and the date of approval of these financial statements which would require a change to the amounts or disclosures in the financial statements.