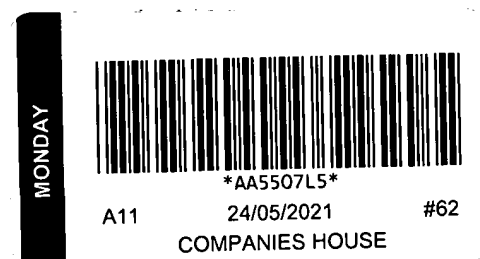


P&O Maritime Services (UK)
Limited

Directors' report and financial statements

Year ended 31 December 2020

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 Popov (Great Britain)
Secretary	R Popov (Great Britain)
Company registered number	03438606
Registered office	16 Palace Street London SW1E 5JQ
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 2020.

Results for the year and business review

The results for the year are set out in the statement of profit and loss account and other comprehensive income on page 9.

The Company's **principal contract** was with CEFAS ("Centre for Environment Fisheries and Aquaculture Services") which provided for fixed operating rates (excluding fuel and port charges) for the vessel "CEFAS Endeavour" and the accompanying supporting infrastructure. The contract with CEFAS ended on 30 March 2020.

The Company's **other activity** was to provide ship management services for the Prince Madog RV, an oceanographic survey vessel. This contract finished on 31 December 2020.

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 (2019: *Stg£Nil*).

Directors and secretary

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

R Popov
M Alhashimy

On 11 May 2020, R Antolovic resigned as a director of the Company. On 11 May 2020, A Earles resigned as secretary of the company and was replaced on the same date by R Popov.

Political donations

The Company made no political donations during the year (2019: *Stg£Nil*).

Small companies exemption

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

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.

P&O Maritime Services (UK) Limited

Directors' report *(continued)*

Auditor

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

On behalf of the board


Radosław Popov
Director

15th April 2021

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 affairs of the Company and of the profit or loss of the Company for that period. 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 applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- **assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and**
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

On behalf of the board



Radoslin Popov
Director

15 April 2021



KPMG
Audit
Dockgate
Dock Road
Galway
H91 V6RR
Ireland

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

Report on the audit of the financial statements

Opinion

We have audited the financial statements of P&O Maritime Services (UK) Limited ("**the Company**") for the year ended 31 December 2020 set out on pages 9 to 30, which comprise the statement of profit and loss account and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and related notes, including the summary of significant accounting policies set out in note 3. The financial reporting framework that has been applied in their preparation is UK Law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (FRC)'s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the director's conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.



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

Report on the audit of the financial statements *(continued)*

Conclusions relating to going concern *(continued)*

Based on the work we have performed, we have not identified any material uncertainties relating to **events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern** for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. **The other information comprises the information included in the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information.** Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Opinions on other matters prescribed by the Companies Act 2006

Based solely on our work on the other information undertaken during the course of the audit:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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 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; 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 these respects.



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

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the **Company's ability to continue as a going concern**, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud, other irregularities or error, and to issue an opinion **in an auditor's report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.** Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities

Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations. We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the **loss of Company's licence to operate.** We identified the following areas as those most likely to have such an effect: anti-bribery regulatory capital and liquidity and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.



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

Respective responsibilities and restrictions on use *(continued)*

Irregularities – ability to detect *(continued)*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

The purpose of our audit work and to whom we owe our responsibilities

Our 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.

David Meagher

**for and on behalf of
KPMG**

Chartered Accountants, Statutory Audit Firm
Dockgate, Dock Road, Galway, Ireland

15 April 2021

P&O Maritime Services (UK) Limited

Statement of profit and loss account and other comprehensive income for the year ended 31 December 2020

	Note	2020 Stg£	2019 Stg£
Revenue - continuing operations	4	1,995,977	5,570,468
Operating expenses		(1,798,561)	(5,016,234)
Operating profit - continuing operations		197,416	554,234
Other income	8	651,722	-
Financial expense	9	(13,032)	(8,736)
Profit before tax	5 - 7	836,106	545,498
Tax charge	10	(11,867)	(155,472)
Profit for the year		824,239	390,026
Other comprehensive income		-	-
Total comprehensive income for the year		824,239	390,026

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

P&O Maritime Services (UK) Limited

Statement of financial position as at 31 December 2020

	Note	2020 Stg£	2019 Stg£
Non-current assets			
Financial assets	11	6,803	164,977
Property, plant and equipment	12	-	8,034
Total non-current assets		6,803	173,011
Current assets			
Inventories	13	-	22,475
Trade and other receivables	14	905,223	470,389
Cash and cash equivalents	15	2,553,394	2,712,887
Deferred tax assets	17	9,867	25,205
Total current assets		3,468,484	3,230,956
Total assets		3,475,287	3,403,967
Equity attributable to shareholders			
Share capital	18	2	2
Retained earnings		2,632,336	1,808,097
Total equity		2,632,338	1,808,099
Current liabilities			
Trade and other payables	16	160,479	1,035,729
Amounts due to group undertakings	16	682,470	560,139
		842,949	1,595,868
Total liabilities		842,949	1,595,868
Total equity and liabilities		3,475,287	3,403,967

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

These financial statements were approved by the board of directors on
and were signed on its behalf by:

15th April 2021



Radostin Popov
Director

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

P&O Maritime Services (UK) Limited

Statement of changes in equity for the year ended 31 December 2020

	Ordinary share capital Stg£	Retained earnings Stg£	Total attributable to equity holders of the company Stg£
At 31 December 2018	2	1,418,071	1,418,073
Profit for the financial year	-	390,026	390,026
	<hr/>	<hr/>	<hr/>
At 31 December 2019	2	1,808,097	1,808,099
Profit for the financial year	-	824,239	824,239
	<hr/>	<hr/>	<hr/>
At 31 December 2020	2	2,632,336	2,632,338
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

P&O Maritime Services (UK) Limited

Statement of cash flows for the year ended 31 December 2020

	Note	2020 Stg£	2019 Stg£
Cash flows from operating activities			
Profit for the year		824,239	390,026
Adjustments for:			
Depreciation	12	8,034	36,841
Income tax charge	10	11,867	155,472
Financial expense	9	13,032	8,736
Gain on sale of financial assets	8	(651,722)	-
		<hr/>	<hr/>
		205,450	591,075
Decrease/ (increase) in inventories		22,475	(5,325)
Decrease in trade and other receivables		269,012	377,644
Decrease in trade and other payables		(494,757)	(3,070,684)
		<hr/>	<hr/>
		2,180	(2,107,290)
Tax		(125,634)	(104,544)
Interest paid		(67)	(7,903)
		<hr/>	<hr/>
Net cash used in operating activities		(123,521)	(2,219,737)
		<hr/>	<hr/>
Cash flows used in investing activities			
Acquisition of property, plant and equipment		-	(38,889)
Fees on disposal of financial assets		(27,000)	-
		<hr/>	<hr/>
Net cash used in investing activities		(27,000)	(38,889)
		<hr/>	<hr/>
Cash flows from financing activities			
Repayment of group loan		-	2,638,558
New lease liabilities	22	-	8,972
Repayment of lease liabilities		(8,972)	-
		<hr/>	<hr/>
Net cash (used)/from in financing activities		(8,972)	2,647,530
		<hr/>	<hr/>
(Decrease)/increase in cash and cash equivalents		(159,493)	388,904
Cash and cash equivalents at beginning of year		2,712,887	2,323,983
		<hr/>	<hr/>
Cash and cash equivalents at end of year	15	2,553,394	2,712,887
		<hr/>	<hr/>

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 2020.**

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.

In the opinion of the directors, there are no judgements, assumptions or estimation uncertainties as at 31 December 2020 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

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.

Revenue recognition

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.

IFRS 15 requires the Company to apportion revenues from customer contracts to separate performance obligations and recognise revenues as each performance obligation is satisfied. The Company reviewed its arrangements with customers and concluded that for the vast majority of transactions, the Company's revenue continues to be generated from the delivery of a service to customers, which represents a single performance obligation. It is therefore appropriate to recognise revenue at the point of transfer of the service to the customer consistent with the revenue recognition framework in IFRS 15.

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 profit and loss account and other 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.

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 profit and loss account and other 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
Buildings	2 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)

Financial instruments

(i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ('FVOCI') – debt investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits

P&O Maritime Services (UK) Limited

Notes (continued)

Significant accounting policies (continued)

Financial assets (continued)

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

(ii) Impairment

The Company recognises loss allowances for expected credit losses ('ECL's) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

P&O Maritime Services (UK) Limited

Notes *(continued)*

3 Significant accounting policies *(continued)*

Financial instruments *(continued)*

(iii) Impairment (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

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.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of profit and loss account and other comprehensive income as incurred.

Expenses

Net financing costs

Net financing costs comprise interest payable on leases and other liabilities, interest receivable on funds invested, dividend income, foreign exchange gains and losses that are recognised in the Statement of profit and loss account and other comprehensive income.

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

Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into, on or after 1 January 2019.

P&O Maritime Services (UK) Limited

Notes *(continued)*

3 Significant accounting policies *(continued)*

Leases *(continued)*

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option.

In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

P&O Maritime Services (UK) Limited

Notes (continued)

3 Significant accounting policies (continued)

Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the Statement of profit and loss account and other 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 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.

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 2020. A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Company has not early applied the following new or amended standards in preparing these financial statements.

- Annual Improvements to IFRS Standards 2018-2020.
- Covid-19 Related Rent Concessions (Amendment to IFRS 16).
- Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (amendments to IAS 37)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)
- Classification of liabilities as Current or Non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
- Sale or Contribution of Assets between an Investor and its associate or joint venture (Amendments to IFRS 10 and IAS 28)

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

P&O Maritime Services (UK) Limited

Notes (continued)

4 Revenue	2020 Stg£	2019 Stg£
<i>By geographical area:</i>		
UK	1,995,977	5,570,468
<i>By activity:</i>		
Marine research	1,995,977	5,570,468

Contract balances

The following table provides information about opening and closing receivables, contract assets and contract liabilities from contracts with customers.

	<i>Note</i>	2020 Stg£	2019 Stg£
Receivables	14	-	40,481
Contract liabilities	16	(67,613)	(1,024,792)

The contract liabilities primarily relate to amounts payable at the reporting date.

The amount of revenue invoiced in the current period from performance obligations satisfied (or partially satisfied) in previous periods was Stg£39,131.

The amount of revenue recognised in the current period that was included in the contract liability balance at the beginning of the period was Stg£175,200.

5 Expenses and auditor's remuneration	2020 Stg£	2019 Stg£
The profit before tax has been arrived at after charging the following items:		
Auditor's remuneration		
- audit of financial statements	12,300	12,675
- other services relating to taxation	3,000	3,000
Depreciation	8,034	36,841

6 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.

P&O Maritime Services (UK) Limited

Notes (continued)

7 Employees

The average number of employees during the year, analysed by category was as follows:

	Number of employees	
	2020	2019
Operations/administration	4	11
Employment costs	2020	2019
	Stg£	Stg£
Wages and salaries	274,036	492,153
Social welfare costs	30,883	54,719
Retirement benefit costs	7,981	20,062

	312,900	566,934
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8 Other income

	2020	2019
	Stg£	Stg£
Gain on disposal of financial asset	651,722	-

On 31 December 2020, the company disposed of its 50,000 "A" ordinary shares of £1.00 in P. Madog Offshore Services Limited (formerly P&O Maritime Ocean Sciences Limited) resulting in a profit on disposal of Stg£651,722 (note 11).

9 Financial expense

	2020	2019
	Stg£	Stg£
Net foreign exchange loss	12,965	7,903
Interest expense on lease liability	67	833
	13,032	8,736

P&O Maritime Services (UK) Limited

Notes (continued)

10 Income tax expense	2020 Stg£	2019 Stg£
<i>Current tax</i>		
Current year	18,254	147,782
Adjustments in respect of prior periods	(21,725)	-
	(3,471)	147,782
<i>Deferred tax</i>		
Origination and reversal of temporary differences	18,303	8,595
Impact of change in tax rates	(2,965)	(905)
	15,338	7,690
Total tax charge	11,867	155,472

Reconciliation of effective tax rate

The tax assessed for the year is different than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 Stg£	2019 Stg£
Profit before tax	836,106	545,498
Current tax at 19% (2019: 19%)	158,860	103,645
<i>Effects of:</i>		
Expenses disallowed for tax purposes	1,524	52,732
Non-taxable income	(123,827)	-
Impact of change in tax rates	(2,965)	(905)
Adjustments to tax charge in respect of previous years	(21,725)	-
Income tax charge	11,867	155,472

In the 3 March 2021 budget, it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date, the deferred tax asset would have increased by £3,116.

P&O Maritime Services (UK) Limited

Notes (continued)

11 Financial fixed assets

	2020 Stg£	2019 Stg£
Investments in subsidiary undertakings	6,803	6,803
Investment in joint venture undertaking (see below)	-	158,174
	<u>6,803</u>	<u>164,977</u>

Details of the Company's subsidiary undertakings are as follows:

<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

On 31 December 2020, the Company disposed of 50,000 "A" ordinary shares of £1 each, representing a 50% share in P. Madog Ocean Services Limited (formerly P&O Maritime Ocean Sciences Limited), to a third party investor.

12 Property, plant and equipment

	Buildings Stg£	Furniture and fittings Stg£	Plant and equipment Stg£	Computer equipment Stg£	Total Stg£
Cost					
At 31 December 2019 and 2020	38,889	5,350	9,136	108,275	161,650
Depreciation					
At 31 December 2019	31,111	5,350	9,136	108,019	153,616
Charge for the year	7,778	-	-	256	8,034
At 31 December 2020	38,889	5,350	9,136	108,275	161,650
Net book value					
At 31 December 2020	-	-	-	-	-
At 31 December 2019	7,778	-	-	256	8,034

P&O Maritime Services (UK) Limited

Notes (continued)

12 Property, plant and equipment (continued)

	Buildings Stg£	Furniture and fittings Stg£	Plant and equipment Stg£	Computer equipment Stg£	Total Stg£
Cost					
At 31 December 2018	-	5,350	9,136	108,275	122,761
Recognition of right of use asset on initial application of IFRS 16	38,889	-	-	-	38,889
At 31 December 2019	38,889	5,350	9,136	108,275	161,650
Depreciation					
At 31 December 2018	-	5,350	9,136	102,289	116,775
Charge for the year (including charge on right of use asset)	31,111	-	-	5,730	36,841
At 31 December 2019	31,111	5,350	9,136	108,019	153,616
Net book value					
At 31 December 2019	7,778	-	-	256	8,034
At 31 December 2018	7,778	-	-	5,986	5,986

13 Inventories

	2020 Stg£	2019 Stg£
Consumables	-	22,475

P&O Maritime Services (UK) Limited

Notes (continued)

14 Trade and other receivables	2020 Stg£	2019 Stg£
<i>Due within one year</i>		
Trade receivables (see below)	-	2,964
Prepayments and accrued income	900	77,548
Pre contract costs	-	6,489
VAT recoverable	2,153	23,048
Corporation tax recoverable	57,031	190,078
Other receivables due from purchaser of share in joint venture (note 11)	836,896	-
Amounts due from group undertakings (note 20)	8,246	7,800
Amounts due from joint venture (note 20)	-	162,462
	<hr/>	<hr/>
	905,226	470,389
	<hr/>	<hr/>
15 Cash and cash equivalents	2020 Stg£	2019 Stg£
Cash and cash equivalents per statement of financial position	2,553,394	2,712,887
	<hr/>	<hr/>
Cash and cash equivalents per statement of cash flows	2,553,394	2,712,887
	<hr/>	<hr/>
16 Trade and other payables	2020 Stg£	2019 Stg£
<i>Due within one year</i>		
Finance lease obligations	-	8,972
Trade payables	38,445	174,340
Accruals	120,094	841,480
Payroll taxes	1,940	10,937
Amounts due to group undertakings (note 20)	682,470	560,139
	<hr/>	<hr/>
	842,949	1,595,868
	<hr/>	<hr/>

P&O Maritime Services (UK) Limited

Notes (continued)

17 Deferred tax asset	2020 Stg£	2019 Stg£
At beginning of year	25,205	32,895
Measurement during the year (note 10)	(15,338)	(7,690)
At end of year	9,867	25,205
<i>The elements of deferred taxation are as follows:</i>		
Timing of capital allowances	9,867	10,723
Other temporary differences	-	14,482
	9,867	25,205
18 Share capital	2020 Stg£	2019 Stg£
<i>Authorised</i>		
4,000 ordinary shares of Stg£0.25 each	1,000	1,000
<i>Issued and fully paid</i>		
8 ordinary shares of Stg£0.25	2	2

19 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 2020	Carrying amounts Stg£	Contractual cash flows Stg£	6 months Stg£
Financial liabilities			
Trade and other payables	160,479	160,479	160,479
Amounts due to group undertakings	682,470	682,470	682,470
	842,949	842,949	842,949

P&O Maritime Services (UK) Limited

Notes (continued)

19 Financial risk management (continued)

(b) Financial liabilities (continued)

31 December 2019	Carrying amounts Stg£	Contractual cash flows Stg£	6 months Stg£
Financial liabilities			
Trade and other payables	1,035,729	1,035,729	1,035,729
Amounts due to group undertakings	560,139	560,139	560,139
	<u>1,595,868</u>	<u>1,595,868</u>	<u>1,595,868</u>

(c) Basis for determining fair value

Trade and other receivables/payables

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 has no significant concentrations of credit risk on either a geographic or industry specific basis.

(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 Sterling. The Company does not consider that it has material exposure to changes in exchange rates. There are no hedges in place with respect to any potential currency exposure.

(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.

P&O Maritime Services (UK) Limited

Notes (continued)

19 Financial risk management (continued)

(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.

20 Related party transactions

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

	2020 Stg£	2019 Stg£
P&O Maritime Ocean Sciences Limited	899,245	821,552

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

	2020 Stg£	2019 Stg£
P&O Maritime Services (Ireland) Limited – recharge of costs	195,326	247,492
P&O Maritime Services (Ireland) Limited – management fees	39,000	147,477
P&O Maritime FZE – fees	22,500	90,000
P&O Maritime FZE – staff costs	727,848	1,897,043
P&O Maritime FZE – recharged costs	176,826	56,789
P&O Maritime Services Australia Pty Limited – recharge of costs	6,177	17,306
P&O Cyprus – recharged costs	-	7,800

The following amounts were due from the following entities at 31 December 2020:

	2020 Stg£	2019 Stg£
Amounts due from P Madog Ocean Services Limited (formerly P&O Maritime Ocean Sciences Limited)*	-	162,462
P&O Cyprus	8,246	7,800

* Joint venture undertaking

Each of the amounts set out above which were outstanding at 31 December 2020 are interest free and repayable on demand.

P&O Maritime Services (UK) Limited

Notes (continued)

20 Related party transactions (continued)

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 2020:

	2020 Stg£	2019 Stg£
P&O Maritime Services Pty Limited	47,243	40,438
P&O Maritime Services (Ireland) Limited	233,718	50,190
P&O Maritime Services FZE	272,478	78,324
DP World	129,031	391,187

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 21.

There have been no material transactions with key management personnel, defined as the Company's directors, in 2020 (2019: Stg£Nil). The Company's directors were remunerated by other group undertakings during the year and the prior year.

21 Ultimate parent undertaking

The immediate parent undertaking as at 31 December 2020 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 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, an unlisted company limited by shares incorporated in Dubai, whose accounts are filed with the Dubai International Financial Centre.

In the opinion of the directors, the ultimate controlling parent undertaking as at 31 December 2020 was Port & Free Zone World FZE, which owns 100% 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. Both Port & Free Zone World FZE and Dubai World Corporation are incorporated in Dubai.

P&O Maritime Services (UK) Limited

Notes (continued)

22 Leases

Leases as a lessee (IFRS 16)

Right-of-use assets

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 12):

	Buildings Stg£	Total Stg£
Balance at 1 January 2020	7,778	7,778
Depreciation charge for the year	(7,778)	(7,778)
	<hr/>	<hr/>
Balance at 31 December 2020	-	-
	<hr/>	<hr/>

Amounts recognised in profit or loss

The following amounts have been recognised in profit or loss for which the Company is a lessee:

	2020 Stg£	2019 Stg£
Interest expense on lease liabilities		
Interest expense on lease liability	67	833
	<hr/>	<hr/>
<i>Amounts recognised in statement of cash flows</i>		
Total cash flow for leases	(8,972)	8,972
	<hr/>	<hr/>

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.