

Independent Port Handling Limited

Report and Financial Statements

Year Ended

31 December 2016

Company Number 06406763

FRIDAY



A6G0DGW3

A52

29/09/2017

#81

COMPANIES HOUSE

Independent Port Handling Limited

Company Information

Directors	S W Burgess L J Rawles
Registered number	06406763
Registered office	Pathfinder House Testwood Park Salisbury Road Southampton Hampshire SO40 2RW
Independent auditor	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL

Independent Port Handling Limited

Contents

	Page
Group Strategic Report	1 - 2
Directors' Report	3 - 4
Directors' Responsibilities Statement	5
Independent Auditor's Report	6 - 7
Consolidated Statement of Comprehensive Income	8
Consolidated Statement of Financial Position	9
Company Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Company Statement of Changes in Equity	12
Consolidated Statement of Cash Flows	13 - 14
Notes to the Financial Statements	15 - 36

Independent Port Handling Limited

Group Strategic Report For the Year Ended 31 December 2016

Introduction

The directors present the Group Strategic Report for the year ended 31 December 2016.

Principal activity

The principal activity of the group continued to be that of stevedoring, terminal handling and related services to cruise lines, Ro-Ro vessels, and other customers within the ports of Southampton, Portsmouth, Sheerness and Liverpool.

The principal activity of the Company continued to be that of a holding company. The principal activities of the group have not changed.

Business review

Group turnover for the year was £16.7m (2015: £15.2m) representing an increase of 9.9% over the prior period. This was achieved through new business wins, an ongoing strategy of productivity improvements and the development of new revenue streams leading to a marked uplift in performance of the group. This is reflected in profit before tax of £403k (2015: £211k), a 91.2% increase over the prior period.

The groups net assets are £702k (2015: £759k), a 7.5% decrease from prior year.

Principal risks and uncertainties

The group seeks to manage the risk of losing customers to competitors through providing value adding services and creating close, long lasting and mutually beneficial partnerships with clients.

The group is subject to ongoing uncertainty surrounding future trade with Europe and the Brexit negotiations. The group's credit risk is primarily attributable to its trade debtors. Credit risk is managed by monitoring payments against contractual arrangements.

The group monitors cash flow as part of its day to day control procedures. The directors consider cash flow projections on a regular basis and ensure that appropriate facilities are available to be drawn upon as necessary.

The group does not have any major interest rate risk as it has no significant borrowings which are subject to any substantial interest rate fluctuations.

Financial key performance indicators

The financial performance indicators used by the group to monitor performance are Turnover and Profit before tax (PBT). Details of these for the period under review for the group are as follows;

	Group 2016 £	Group 2015 £
Turnover	16,737,723	15,176,957
Profit before tax	403,330	210,894
	<u>17,141,053</u>	<u>15,387,851</u>

Independent Port Handling Limited

Group Strategic Report For the Year Ended 31 December 2016

This report was approved by the board on 15 September 2017 and signed on its behalf.



L J Rawles
Director

Independent Port Handling Limited

Directors' Report For the Year Ended 31 December 2016

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

Results and dividends

The profit for the year, after taxation and minority interests, amounted to £268,311 (2015 - £164,643).

The directors have not paid and do not recommend payment of a dividend.

On 29 February 2016 the Company enacted a share buyback (see note 22). At the time the Company did not have sufficient distributable reserves to make such a distribution. The directors have put a plan in place to rectify this position within 12 months.

Directors

The directors who served during the year were:

S W Burgess
L J Rawles
P R S Lever (resigned 29 February 2016)
L J Dowley (resigned 29 February 2016)
I R Dighe (resigned 29 February 2016)

Future developments

The group will continue to implement the strategy of improving productivity, developing new revenue streams and widening the customer base to ensure a diversity of business operations whilst still remaining competitive within our core competencies.

Employee involvement

It is company policy to ensure that employees are provided with information on matters of concern to them. Accordingly, appropriate steps are taken to ensure that employees or their representatives are aware of the financial economic factors affecting the company's performance, are consulted wherever necessary and are encouraged generally to be involved in the company's overall performance.

Disabled employees

It is established company policy to offer the same opportunities to disabled people as to all others in matters of recruitment and career advancement, provided they have the abilities to perform the tasks required, with or without training, and to provide retraining where necessary in cases where disability occurs during employment with the company.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Independent Port Handling Limited

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

Post balance sheet events

There have been no significant events affecting the Group since the year end.

Auditor

The auditor, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Approval

This Directors' Report was approved by the board on 15 September 2017 and signed on its behalf.



L J Rawles
Director

Independent Port Handling Limited

Directors' Responsibilities Statement For the Year Ended 31 December 2016

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Port Handling Limited

Independent Auditor's Report to the Members of Independent Port Handling Limited

We have audited the financial statements of Independent Port Handling Limited for the year ended 31 December 2016 which comprise the consolidated Statement of Comprehensive Income, the consolidated and company Statement of Financial Positions, the consolidated and company Statement of Changes in Equity, the consolidated Statement of Cash Flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

Independent Port Handling Limited


Independent Auditor's Report to the Members of Independent Port Handling Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Malcolm Thixton (Senior statutory auditor)
for and on behalf of BDO LLP, Statutory auditor
Southampton
United Kingdom

15 September 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Independent Port Handling Limited

Consolidated Statement of Comprehensive Income For the Year Ended 31 December 2016

	Note	2016 £	2015 £
Turnover	4	16,737,723	15,176,957
Cost of sales		(14,774,972)	(13,431,080)
Gross profit		1,962,751	1,745,877
Administrative expenses		(1,519,012)	(1,485,301)
Operating profit	5	443,739	260,576
Interest receivable and similar income		79	123
Interest payable and expenses	9	(40,488)	(49,805)
Profit before taxation		403,330	210,894
Tax on profit	10	(90,361)	(35,957)
Profit for the year		312,969	174,937
Profit for the year attributable to:			
Non-controlling interests		44,658	10,294
Owners of the parent Company		268,311	164,643
		312,969	174,937

All activities are derived from continuing operations.

There was no other comprehensive income for 2016 (2015:£NIL).

The notes on pages 15 to 36 form part of these financial statements.

Independent Port Handling Limited

Registered number:06406763

Consolidated Statement of Financial Position As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Intangible assets	11	198,658	222,801
Tangible assets	12	952,688	1,009,365
		<u>1,151,346</u>	<u>1,232,166</u>
Current assets			
Stocks	14	25,163	5,019
Debtors: amounts falling due within one year	15	4,785,548	3,033,434
Cash at bank and in hand		411,471	434,627
		<u>5,222,182</u>	<u>3,473,080</u>
Creditors: amounts falling due within one year	16	(5,080,591)	(3,019,742)
Net current assets		<u>141,591</u>	<u>453,338</u>
Total assets less current liabilities		<u>1,292,937</u>	<u>1,685,504</u>
Creditors: amounts falling due after more than one year		(498,998)	(847,983)
Provisions for liabilities			
Deferred taxation		(91,555)	(78,609)
Net assets		<u><u>702,384</u></u>	<u><u>758,912</u></u>
Capital and reserves			
Called up share capital	22	52,331	175,497
Capital redemption reserve	23	175,497	52,331
Other reserves	23	58,343	58,343
Profit and loss account	23	139,198	240,384
Equity attributable to owners of the parent Company		<u>425,369</u>	<u>526,555</u>
Non-controlling interests		277,015	232,357
Total equity		<u><u>702,384</u></u>	<u><u>758,912</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 September 2017.



L J Rawles

Director

The notes on pages 15 to 36 form part of these financial statements.

Independent Port Handling Limited

Registered number:06406763

Company Statement of Financial Position As at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	13	1,852,118	1,852,118
Current assets			
Debtors: amounts falling due within one year	15	260,500	13,774
Cash at bank and in hand		1,918	38
		<u>262,418</u>	<u>13,812</u>
Creditors: amounts falling due within one year	16	(1,635,424)	(560,907)
Net current liabilities		<u>(1,373,006)</u>	<u>(547,095)</u>
Total assets less current liabilities		<u>479,112</u>	<u>1,305,023</u>
Creditors: amounts falling due after more than one year	17	(393,414)	(819,131)
Net assets		<u><u>85,698</u></u>	<u><u>485,892</u></u>
Capital and reserves			
Called up share capital	22	52,331	175,497
Capital redemption reserve	23	175,497	52,331
Other reserves	23	58,343	58,343
Profit and loss account	23	(200,473)	199,721
		<u><u>85,698</u></u>	<u><u>485,892</u></u>

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The loss after tax of the parent Company for the year was £30,967 (2015 - profit of £119,889).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 15 September 2017.


L J Rawles

Director

The notes on pages 14 to 34 form part of these financial statements.

Independent Port Handling Limited

Consolidated Statement of Changes in Equity For the Year Ended 31 December 2016

	Called up share capital £	Capital redemption reserve £	Other reserves £	Profit and loss account £	Equity attributable to owners of parent Company £	Non- controlling interests £	Total equity £
At 1 January 2015	175,497	52,331	86,043	48,041	361,912	222,063	583,975
Comprehensive income for the year							
Profit for the year	-	-	-	164,643	164,643	10,294	174,937
Total comprehensive income for the year	-	-	-	164,643	164,643	10,294	174,937
Transfer	-	-	(27,700)	27,700	-	-	-
Total transactions with owners	-	-	(27,700)	27,700	-	-	-
At 1 January 2016	175,497	52,331	58,343	240,384	526,555	232,357	758,912
Comprehensive income for the year							
Profit for the year	-	-	-	268,311	268,311	44,658	312,969
Purchase of own shares	-	-	-	(369,497)	(369,497)	-	(369,497)
Shares redeemed during the year	(123,166)	123,166	-	-	-	-	-
Total transactions with owners	(123,166)	123,166	-	(369,497)	(369,497)	-	(369,497)
At 31 December 2016	52,331	175,497	58,343	139,198	425,369	277,015	702,384

The notes on pages 13 to 31 form part of these financial statements.

Independent Port Handling Limited

Company Statement of Changes in Equity For the Year Ended 31 December 2016

	Called up share capital £	Capital redemption reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 January 2015	175,497	52,331	86,043	52,132	366,003
Comprehensive income for the year					
Profit for the year	-	-	-	119,889	119,889
Transfer	-	-	(27,700)	27,700	-
Total transactions with owners	-	-	(27,700)	27,700	-
At 1 January 2016	175,497	52,331	58,343	199,721	485,892
Comprehensive income for the year					
Loss for the year	-	-	-	(30,697)	(30,697)
Total comprehensive income for the year	-	-	-	(30,697)	(30,697)
Contributions by and distributions to owners					
Purchase of own shares	-	-	-	(369,497)	(369,497)
Shares redeemed during the year	(123,166)	123,166	-	-	-
Total transactions with owners	(123,166)	123,166	-	(369,497)	(369,497)
At 31 December 2016	52,331	175,497	58,343	(200,473)	85,698

The notes on pages 14 to 34 form part of these financial statements.

Independent Port Handling Limited

Consolidated Statement of Cash Flows For the Year Ended 31 December 2016

	2016 £	2015 £
Cash flows from operating activities		
Profit for the financial year	312,969	174,937
Adjustments for:		
Amortisation of intangible assets	24,143	24,143
Depreciation of tangible assets	261,466	253,783
Loss on disposal of tangible assets	-	161
Interest paid	40,488	49,805
Interest received	(79)	(123)
Taxation charge	90,361	35,957
(Increase)/decrease in stocks	(20,144)	853
(Increase) in debtors	(1,759,677)	(270,678)
Increase/(decrease) in creditors	1,210,056	(47,235)
Corporation tax received/(paid)	11,393	(9,021)
Net cash generated from operating activities	170,976	212,582
Cash flows from investing activities		
Purchase of tangible fixed assets	(204,789)	(275,119)
Interest received	79	123
Net cash from investing activities	(204,710)	(274,996)

Independent Port Handling Limited

Consolidated Statement of Cash Flows (continued) For the Year Ended 31 December 2016

	2016 £	2015 £
Cash flows from financing activities		
Purchase of ordinary shares	(369,497)	-
New secured loans	365,812	-
Repayment of debenture loans	(615,821)	-
Repayment of/new finance leases	109,460	(19,040)
Interest paid	(40,488)	(22,105)
Net cash used in financing activities	(550,534)	(41,145)
Net (decrease) in cash and cash equivalents	(584,268)	(103,559)
Cash and cash equivalents at beginning of year	135,119	238,678
Cash and cash equivalents at the end of year	(449,149)	135,119
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	411,471	434,627
Bank overdrafts	(860,620)	(299,508)
	(449,149)	135,119

The notes on pages 15 to 36 form part of these financial statements.

Independent Port Handling Limited

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

1. General information

Independent Port Handling Limited is a private company, limited by shares, incorporated in England and Wales under the Companies Act 2006. The address of the registered office is shown on the Company Information page. The nature of the company's operations and its principal activities are outlined in the Strategic Report.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The presentation currency is pounds sterling (GBP).

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

2.3 Parent company exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent company;
- No statement of comprehensive income has been presented for the parent company; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

Independent Port Handling Limited

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

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

2.5 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of subsidiary undertakings represents the excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life. Goodwill on the acquisition of a business in 2008 is being amortised over its estimated useful life of twenty years and goodwill on the acquisition of two new subsidiaries in 2013 is being amortised over its estimated useful life of five years.

For the purposes of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Long-term leasehold property	- over 5 and 10 years
Plant and machinery	- over 3, 5 and 10 years
Motor vehicles	- over 3, 4 and 5 years
Fixtures and fittings	- over 4 and 5 years
Computer equipment	- over 3 and 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

Independent Port Handling Limited

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

2. Accounting policies (continued)

2.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of the 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 using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

2.8 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.9 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit and loss. Reversals of impairment losses are recognised in profit and loss.

2.10 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

Independent Port Handling Limited

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

2. Accounting policies (continued)

2.11 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Consolidated Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

Independent Port Handling Limited

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

2. Accounting policies (continued)

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.13 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.14 Finance costs

Finance costs are charged to the Consolidated Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.15 Interest income

Interest income is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

2.16 Borrowing costs

All borrowing costs are recognised in the Consolidated Statement of Comprehensive Income in the year in which they are incurred.

2.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

Independent Port Handling Limited

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

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.19 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

Independent Port Handling Limited

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

2. Accounting policies (continued)

2.20 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Consolidated Statement of Comprehensive Income within 'other operating income'.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgments:

- **Obligations under leases**
Determine whether leases entered into by the Group either as a lessor or a lessee are operating or lease or finance leases and to include all appropriate obligations either actual or contingent. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- **Determine whether there are indicators of impairment of the Group's tangible and intangible assets, including goodwill.** Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- **Tangible fixed assets (see note 12)**
Tangible fixed assets, other than investments properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Independent Port Handling Limited

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

4. Turnover

An analysis of turnover by class of business is as follows:

	2016 £	2015 £
Stevedoring, terminal handling and related services	16,737,723	15,176,957

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	16,737,723	15,176,957

5. Operating profit

The operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	261,466	253,783
Amortisation of intangible assets, including goodwill	24,143	24,143
Loss on disposal of tangible fixed assets	2,069	(639)
Other operating lease rentals	331,117	594,708
Defined contribution pension cost	78,251	75,062

Independent Port Handling Limited

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

6. Auditor's remuneration

Fees payable to the Group's auditor and its associates in respect of:

	2016 £	2015 £
For audit services		
Audit of the Group's annual financial statements	2,650	1,250
Audit of the company's subsidiaries	30,880	20,950
	<u>33,530</u>	<u>22,200</u>
For other services:		
Taxation compliance services	3,980	3,300
All other non-audit services	510	11,000
	<u>4,490</u>	<u>14,300</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2016 £	2015 £
Wages and salaries	6,716,810	5,921,623
Social security costs	484,206	432,877
Cost of defined contribution scheme	78,251	75,062
	<u>7,279,267</u>	<u>6,429,562</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	2015 No.
Operational employees and directors	<u>438</u>	<u>505</u>

Independent Port Handling Limited

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

8. Directors' remuneration

	2016 £	2015 £
Directors' emoluments	150,365	188,000
Company contributions to defined contribution pension schemes	16,100	15,900
	<u>166,465</u>	<u>203,900</u>

During the year retirement benefits were accruing to 2 directors (2015 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £79,295 (2015 - £78,000).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £7,000 (2015 - £6,500).

Amounts payable to Key Management Personnel during the year were £519,691 (2015 - £258,461).

9. Interest payable and similar charges

	2016 £	2015 £
Bank interest payable	2	-
Other loan interest payable	37,074	20,430
Finance leases and hire purchase contracts	3,412	1,675
Other interest payable	-	27,700
	<u>40,488</u>	<u>49,805</u>

Independent Port Handling Limited

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

10. Taxation

	2016 £	2015 £
Corporation tax		
Current tax on profits for the year	81,245	38,360
Adjustments in respect of previous periods	(3,830)	-
	<u>77,415</u>	<u>38,360</u>
Total current tax	<u>77,415</u>	<u>38,360</u>
Deferred tax		
Origination and reversal of timing differences	10,275	(1,249)
Changes to tax rates	2,671	(1,154)
Total deferred tax	<u>12,946</u>	<u>(2,403)</u>
Taxation on profit on ordinary activities	<u>90,361</u>	<u>35,957</u>

Independent Port Handling Limited

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

10. Taxation (continued)

Factors affecting tax charge for the year

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

	2016 £	2015 £
Profit on ordinary activities before tax	<u>403,330</u>	<u>210,894</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	80,666	42,179
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	16,218	2,086
Capital allowances for year in excess of depreciation	-	(15,082)
Utilisation of tax losses	-	(2,552)
Effect of change in corporation tax rate	(7,124)	(784)
Amortisation on assets not qualifying for tax allowances	-	4,828
Tax at marginal rate	-	(61)
Impact of transition to FRS 102	1,721	5,540
Group relief	-	(197)
Adjustments in respect of prior periods	(1,120)	-
Total tax charge for the year	<u><u>90,361</u></u>	<u><u>35,957</u></u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% was substantively enacted in October 2015 and will take effect from 1 April 2017. A further reduction from 19% to 18% was also substantively enacted in October 2015 and will take effect from 1 April 2020. The deferred tax reflects these rates.

Independent Port Handling Limited

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

11. Intangible assets

Group

	Goodwill £
Cost	
At 1 January 2016	358,692
At 31 December 2016	<u>358,692</u>
Amortisation	
At 1 January 2016	135,891
Charge for the year	24,143
At 31 December 2016	<u>160,034</u>
Net book value	
At 31 December 2016	<u><u>198,658</u></u>
At 31 December 2015	<u><u>222,801</u></u>

Independent Port Handling Limited

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

12. Tangible fixed assets

Group

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation						
At 1 January 2016	487,684	1,594,169	145,856	118,423	299,928	2,646,060
Additions	67,093	68,550	47,979	1	21,166	204,789
At 31 December 2016	<u>554,777</u>	<u>1,662,719</u>	<u>193,835</u>	<u>118,424</u>	<u>321,094</u>	<u>2,850,849</u>
Depreciation						
At 1 January 2016	191,035	1,022,229	95,368	57,652	270,411	1,636,695
Charge for the period on owned assets	51,102	155,961	24,387	11,053	18,963	261,466
At 31 December 2016	<u>242,137</u>	<u>1,178,190</u>	<u>119,755</u>	<u>68,705</u>	<u>289,374</u>	<u>1,898,161</u>
Net book value						
At 31 December 2016	<u>312,640</u>	<u>484,529</u>	<u>74,080</u>	<u>49,719</u>	<u>31,720</u>	<u>952,688</u>
At 31 December 2015	<u>296,649</u>	<u>571,940</u>	<u>50,488</u>	<u>60,771</u>	<u>29,517</u>	<u>1,009,365</u>

The net carrying value of tangible fixed assets includes plant and equipment of £52,047 (2015 - £55,616) held under finance leases or hire purchase contracts. The depreciation charge in respect of such assets amounts to £9,488 (2015: £6,388).

Independent Port Handling Limited

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

13. Fixed asset investments

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Southern Maritime Services Limited	Ordinary	100 %	Stevedoring and general port related activity
Pathfinder Personnel Sheerness Limited	Ordinary	100 %	Port handling services
Southampton Cargo Handling Limited	Ordinary	87 %	Stevedoring, terminal handling and related services

Indirect Subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Cruise and Passenger Services Limited	Ordinary	87 %	Stevedoring, terminal handling and related services
Pathfinder Personnel Limited	Ordinary	87 %	Agency staffing and recruitment

All of the above companies share the same registered office of Independent Port Handling Limited which is shown on the company information page.

A bank inter-company guarantee exists between all companies within the group headed by Independent Port Handling Limited.

The registered office of the subsidiary companies is Pathfinder House Testwood Park, Salisbury Road, Southampton, Hampshire, SO40 2RW.

Southern Maritime Services Limited, Pathfinder Personnel Sheerness Limited, Cruise and Passenger Services Limited and Pathfinder Personnel Limited are exempt from audit under section 479a of the Companies Act 2006.

All subsidiaries are incorporated in the United Kingdom.

Independent Port Handling Limited

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

13. Fixed asset investments (continued)

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2016	1,852,118
At 31 December 2016	1,852,118
Net book value	
At 31 December 2016	1,852,118
At 31 December 2015	1,852,118

14. Stocks

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Raw materials and consumables	25,163	5,019	-	-

The difference between purchase price or production cost of stocks and their replacement cost is not material.

15. Debtors

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Trade debtors	3,537,978	2,576,409	-	-
Amounts owed by related undertakings	264,050	-	260,500	13,774
Other debtors	173,634	289,749	-	-
Prepayments and accrued income	809,886	159,713	-	-
Tax recoverable	-	7,563	-	-
	4,785,548	3,033,434	260,500	13,774

Independent Port Handling Limited

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

16. Creditors: Amounts falling due within one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Bank overdrafts	860,620	299,508	-	-
Bank loans	175,708	-	175,708	-
Trade creditors	1,868,226	1,028,895	-	-
Amounts owed to group undertakings	-	-	1,392,471	462,391
Corporation tax	81,245	-	-	28,621
Other taxation and social security	329,187	344,372	67,245	67,245
Obligations under finance leases	51,112	18,384	-	-
Other creditors	208,713	87,518	-	-
Accruals and deferred income	1,505,780	1,241,065	-	2,650
	<u>5,080,591</u>	<u>3,019,742</u>	<u>1,635,424</u>	<u>560,907</u>

17. Creditors: Amounts falling due after more than one year

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Debentures loans	203,310	819,131	203,310	819,131
Bank loans	190,104	-	190,104	-
Net obligations under finance leases	105,584	28,852	-	-
	<u>498,998</u>	<u>847,983</u>	<u>393,414</u>	<u>819,131</u>

Independent Port Handling Limited

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

18. Loans

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Amounts falling due within one year				
Bank loans	175,708	-	175,708	-
Amounts falling due 1-2 years				
Bank loans	175,708	-	175,708	-
Amounts falling due 2-5 years				
Bank loans	14,396	-	14,396	-
Debenture loans	203,310	819,131	203,310	819,131
	<u>217,706</u>	<u>819,131</u>	<u>217,706</u>	<u>819,131</u>
	<u>569,122</u>	<u>819,131</u>	<u>569,122</u>	<u>819,131</u>

The debenture loans relate to redeemable, convertible unsecured loan notes issued under a deed dated 5 December 2008. In accordance with the loan note deed a special resolution was passed during 2014 to extend the redemption date to 7 December 2017. £203,310 (2015: £794,141) of the loan notes are held by the board of directors.

The bank loans shown in notes 16 to 18 are secured by a debenture over the assets of the group. The director has also given a personal guarantee up to £100,000 against bank borrowings.

19. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	Group 2016 £	Group 2015 £
Within one year	51,112	-
Between 1-5 years	105,584	47,236
	<u>156,696</u>	<u>47,236</u>

Finance lease payments represent rentals payable by the company or group for certain items of plant and machinery. Leases included purchase options at the end of the lease period and no restrictions are placed on the use of the assets. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rent payments.

Independent Port Handling Limited

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

20. Financial instruments

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	4,966,687	3,300,785	262,418	13,774
Financial assets that are equity instruments measured at cost less impairment	-	-	1,852,118	1,852,118
Financial liabilities				
Financial liabilities measured at amortised cost	(4,992,859)	(3,476,117)	(1,961,593)	(1,284,173)

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other debtors, accrued income and cash at bank and in hand.

Financial assets that are equity instruments measured at cost less impairment comprise investments in subsidiaries.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals, debentures, bank loans and bank overdrafts.

21. Deferred taxation

Group

	2016 £	2015 £
At beginning of year	78,609	81,012
Charged to profit or loss	12,946	(2,403)
At end of year	91,555	78,609

The provision for deferred taxation is made up as follows:

	Group 2016 £	Group 2015 £
Accelerated capital allowances	91,555	78,609

Independent Port Handling Limited

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

22. Share capital

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
52,331 (2015 - 175,497) Ordinary shares of £1 each	<u>52,331</u>	<u>175,497</u>

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

On 29 February 2016 the Company re-purchased 123,166 of its shares and cancelled these shares. At the time the Company did not have sufficient distributable to make such a distribution. The directors have put a plan in place to rectify this position within the next 12 months.

23. Reserves

The company's capital and reserves/(deficit) are as follows:

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company.

Other reserves

Other reserves arose on transition to FRS102 as a result of the re-measurement of debenture loans at present value.

Profit and loss account

The profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

24. Capital commitments

At 31 December 2016 the Group and Company had capital commitments as follows:

	Group 2016 £
Contracted for but not provided in these financial statements	<u>108,000</u>

Independent Port Handling Limited

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

25. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £78,301 (2015 - £75,062). Contributions totalling £18,766 (2015 - £3,003) were payable to the fund at the reporting date.

26. Commitments under operating leases

At 31 December 2016 the Group and the Company had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2016 £	Group 2015 £
Not later than 1 year	385,927	331,117
Later than 1 year and not later than 5 years	1,164,786	921,845
Later than 5 years	536,667	766,667
	<u>2,087,380</u>	<u>2,019,629</u>

27. Related party transactions

The company has taken advantage of the exemption conferred by FRS 102, section 33 'Related Party Disclosures', not to disclose transactions entered into between wholly owned group companies.

Southampton Cargo Handling Limited is not a wholly owned subsidiary of Independent Port Handling Limited. Accordingly we must therefore disclose within this note any transactions to this company and its subsidiaries.

During the year the group and company transacted with a number of companies that were related by virtue of their common control.

The tables below disclose the transactions and year end balances with these respective related parties.

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Transactions during the year				
Transactions to fellow group undertakings under common control	-	13,331	-	150,000
Transactions to companies under common control outside the group	10,262	-	-	-
Transactions from fellow group undertakings under common control	199,373	109,158	-	-
Transactions from companies under common control outside the group	91,773	-	-	-
	<u>199,373</u>	<u>109,158</u>	<u>-</u>	<u>-</u>

Independent Port Handling Limited

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

27. Related party transactions (continued)

	Group 2016 £	Group 2015 £	Company 2016 £	Company 2015 £
Balances as at the year end				
Balances owed by fellow group undertakings under common control	-	2,245	-	-
Balances owed by companies under common control outside the group	5,050	-	-	-
Balances owed to fellow group undertakings under common control	(1,576,131)	13,342	(1,442,952)	-
Balances owed to companies under common control outside of the group	-	460,231	-	-
	<u>(1,571,081)</u>	<u>475,818</u>	<u>(1,442,952)</u>	<u>-</u>

A bank inter-company guarantee exists between all companies within the group headed by Southampton Cargo Handling Limited and Independent Port Handling Limited.

28. Controlling party

The company is ultimately controlled by S W Burgess, a director, by virtue of his majority shareholding.