

Registration number: 00020535

# Bibby Marine Limited

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2016

Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Liverpool  
United Kingdom



## **Bibby Marine Limited**

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## **Bibby Marine Limited**

### **Company Information**

<b>Directors</b>	Michael James Bibby Jonathan Osborne Sean Thomas Golding Stephen Blaikie Simon Jeremy Kitchen John Howard Hughes Nigel Colin Patrick Quinn Michael Peter Brown
<b>Company secretary</b>	Bibby Bros. & Co. (Management) Limited
<b>Registered office</b>	105 Duke Street Liverpool L1 5JQ
<b>Auditor</b>	Deloitte LLP Chartered Accountants and Statutory Auditor Liverpool United Kingdom

## **Bibby Marine Limited**

### **Strategic Report for the Year Ended 31 December 2016**

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

#### **Principal activity**

The principal activity of the company is to act as the holding company for Bibby Line Group Limited's niche marine assets and services division. In this context, the Group refers to Bibby Marine Limited and its subsidiaries. Group activities are the ownership and operation of floating accommodation vessels, the provision of hydrographic survey services and the ownership of walk to work vessels.

Bibby Marine Limited is incorporated and headquartered in the United Kingdom and is engaged in the ownership and operation of floating accommodation vessels via its subsidiary Bibby Maritime Limited, hydrographic survey services via its subsidiary Bibby Hydromap Limited and the building of a walk to work service operation vessel, with the view to it being operational in the near future, via its indirect subsidiary Bibby WaveMaster I Limited.

The accommodation services business operates in international markets and has branches registered in Australia and South Korea. The business owns 5 vessels.

The hydrographic survey business operates predominantly in the United Kingdom. The business owns 5 vessels and primarily provides services to clients in the renewables, oil and gas, telecommunications and ports and harbours sectors.

The walk to work business is expecting delivery of a Service Operation Vessel in August 2017 to service the renewables and oil and gas markets, predominantly in Europe.

In 2016 we also established Bibby Marine Management Limited to provide vessel management to some wholly owned vessels.

#### **Principal risks and uncertainties**

The financial performance of the Group is largely dependent upon each trading subsidiary's performance. Each business has its own board of directors with an executive team responsible for the day to day management of that business. The Bibby Marine Limited board determines what matters are reserved for the subsidiary boards and the Bibby Line Group Limited board sets the matters reserved for the Bibby Marine Limited board. Each subsidiary within the Group has established its own risk management framework encompassing both financial and non-financial risks. The individual subsidiary boards are responsible for managing those risks. In addition regular management reporting disciplines, including annual budgets, three year strategic planning, monthly management accounts and quarterly board meetings ensure that the board of Bibby Marine Limited can adequately oversee the performance of each business.

##### **Accommodation services:**

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

##### **Hydrographic survey:**

Competitive pressures in the UK and European market, and the impact on vessel day rates is a continuing risk for the business. The business is developing its service offering to grow its share of the market and satisfy customer demand. To manage this risk the company provides well maintained and safe assets; added value services; prompt responses to customer queries; and develops strong relationships with customers.

## **Bibby Marine Limited**

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

#### **Principal risks and uncertainties (continued)**

##### **Walk to work:**

In 2016 the company began to establish the team and controls to manage the Service Operation Vessel and develop a presence in the market. Vessel utilisation and the rates achievable will be a risk until a charter is secured and we continue to receive and respond to enquiries for client requirements of varying lengths. The company will provide well maintained and safe assets; added value services; prompt responses to customer queries; and develop strong relationships with customers.

##### **Fair review of the business**

##### **Accommodation services:**

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

Bibby Renaissance continued to work in Australia until redelivery in August 2016. Bibby Bergen and Bibby Stockholm did not work in the year due to the economic pressures described above. In April 2016 Bibby Challenge commenced a medium-term charter in Norway. Bibby Progress commenced a charter in South Korea in March 2016, which terminated in April 2017.

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

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

##### **Hydrographic survey:**

In common with most organisations serving the energy sector, the company had a difficult 2016 with rates down roughly 25% on the previous period, although utilisation was broadly maintained at similar levels. Major projects completed in the year included the Hornsea Lot 3 UXO Survey utilising the newly acquired scanfish equipment, the Hornsea Lot 6 geophysical cable corridor survey, the St Brieuc geophysical survey in French territorial waters also utilising the scanfish and the SSE prospective cable route in Scotland.

Tendering activity and contract conversion in 2017 to date are better than experienced in 2016. In 2017 we expect vessel utilisation to increase in comparison to 2016 although rates are likely to remain challenged due to macroeconomic factors. The business continues to broaden the scope of services provided to customers and our strategy is to further develop our USP of innovation and quality to differentiate ourselves in this difficult market.

##### **Walk to work:**

The vessel, Bibby WaveMaster 1, is being built at the Damen shipyard in Galati, Romania and will be delivered in the third quarter of 2017. We anticipate it will initially support the construction of windfarms in Northern Europe although the vessel is also targeted at the windfarm operations and maintenance sector. As the vessel has yet to be delivered the company has no income in 2016, with costs relating to the initial start up of the management and service team.

We continue to develop our dialogue and tendering activity with several operators and remain confident we will have secured good vessel utilisation prior to delivery.

Key performance indicator information of Bibby Maritime Limited and Bibby Hydromap Limited and those of their subsidiaries can be found in their respective financial statements.

## **Bibby Marine Limited**

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

The group's key financial and other performance indicators during the year were as follows:

	Unit	2016	2015
Turnover (accommodation services)	£	£22,514,665	£28,382,192
Operating profit (accommodation services)	£	£3,945,521	£10,939,866
Turnover (hydrographic surveying)	£	£8,827,055	£12,237,074
Operating loss (hydrographic surveying)	£	(£3,206,477)	(£1,460,369)
Turnover (walk to work)	£	-	-
Operating loss (walk to work)	£	(£465,944)	-

Non-financial key performance indicators include vessel utilisation, tender success and vessel safety measures in respect of which the company does not wish to disclose any further information.

#### **Financial instruments**

##### **Objectives and policies**

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

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

###### **Liquidity risk:**

Bibby Marine Limited does not have any long-term bank borrowings of its own but guarantees certain debt of its subsidiary undertakings. These credit facilities require us to maintain a minimum adjusted net worth ratio, interest cover and liquidity. A breach of these covenants would constitute an event of default under our credit facilities and if not cured within the applicable grace period set forth under the facility, would provide our lenders with the right to require us to pay down the indebtedness to a level where we are in compliance with our loan covenants or provide additional security. The Group continues to comply with all debt covenants.

The Group manages liquidity risk by adherence to strict cash flow forecasting procedures to ensure sufficient funds are available to meet liabilities as they fall due, including any servicing obligations of bank debt.

###### **Cash flow:**

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

###### **Price risk:**

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

In respect of the hydrographic surveying business, the market is competitive but the tendering processes employed by customers ensures pricing transparency.

## **Bibby Marine Limited**

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

#### ***Price risk, credit risk, liquidity risk and cash flow risk (continued)***

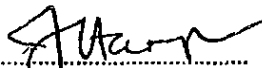
##### **Credit risk:**

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

The Group's credit risk is primarily attributable to its trade receivables. The assessment of customers' financial condition and reliability is an important factor when negotiating employment for the vessels. The Group evaluates the counterparty risk of potential customers based on management's experience in the industry combined with the additional input of independent advisors. Charter hire is typically paid in advance of underlying hire periods in the accommodation services business, with a credit period more typical for the hydrographic survey business.

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

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



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

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

## **Bibby Marine Limited**

### **Directors' Report for the Year Ended 31 December 2016**

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

#### **Directors of the group**

The directors who held office during the year and thereafter, unless otherwise stated, were as follows:

Michael James Bibby

Jonathan Haymer (resigned 14 September 2016)

Jonathan Osborne

Sean Thomas Golding

Stephen Blaikie

Simon Jeremy Kitchen

John Howard Hughes

Ian Andrew McLeay (resigned 31 March 2017)

Michael Peter Brown (appointed 10 October 2016)

The following director was appointed after the year end:

Nigel Colin Patrick Quinn (appointed 1 March 2017)

#### **Dividends**

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

#### **Matters included in the Strategic Report**

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

#### **Branches outside the United Kingdom**

The subsidiary Bibby Maritime Limited has branches registered in Australia and South Korea.

#### **Directors' liabilities**

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

#### **Disclosure of information to the auditor**

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



## **Bibby Marine Limited**

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

#### **Going concern**

The Group's operating activities, together with the factors likely to affect its future development, performance and position are set out in the Fair review of the business on pages 2 to 5. In addition the Strategic Report sets out the principal risks and uncertainties which exist within the business and how these risks and uncertainties are managed.

As described more fully in the Strategic Report, the Group has reported significantly reduced operating profits in the year as a result of current market conditions. Furthermore the Group expects market conditions to remain challenging for the next 12 months with continued limited visibility on forward contracts in the short-term.

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

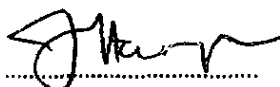
The Group has limited short-term debt, including a £2m overdraft facility in the hydrographic survey business which matures end of June 2017. Having held initial conversations with financiers, the directors remain confident a refinancing will be achieved although this may take a different form from the existing facility due for renewal.

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

The market conditions saw reduced margins in 2016 and the Group has continued focus on the cost-base to ensure the business model is sustainable in these conditions. In 2016 the hydrographic survey business secured significant savings through a review of the business structure, reducing on-going operating costs and improving internal efficiency.

On the basis of the above approach, the directors have formed the judgement at the time of approving the financial statements, that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies statement in Notes to the Financial Statements.

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



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

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

## **Bibby Marine Limited**

### **Directors' Responsibilities Statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Bibby Marine Limited**

### **Independent Auditor's Report to the members of Bibby Marine Limited**

We have audited the financial statements of Bibby Marine Limited for the year ended 31 December 2016 which comprise of the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes 1 to 26. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

#### **Respective responsibilities of directors and auditor**

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

#### **Scope of the audit of the financial statements**

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

#### **Opinion on the financial statements**

In our opinion the financial statements:

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

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

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

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

## **Bibby Marine Limited**

### **Independent Auditor's Report to the members of Bibby Marine Limited (continued)**

#### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept 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.



.....  
Christopher Robertson (Senior Statutory Auditor)

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

Liverpool  
United Kingdom

12 May 2017

# **Bibby Marine Limited**

## **Consolidated Profit and Loss Account for the Year Ended 31 December 2016**

	<b>Note</b>	<b>2016 £</b>	<b>2015 £</b>
Turnover	3	31,341,720	40,619,266
Cost of sales		<u>(25,132,962)</u>	<u>(25,808,283)</u>
Gross profit		6,208,758	14,810,983
Administrative expenses		<u>(5,935,657)</u>	<u>(5,331,486)</u>
Operating profit		273,101	9,479,497
Interest receivable and similar income	5	69,380	88,818
Interest payable and similar charges	6	<u>(335,172)</u>	<u>(446,407)</u>
Profit on ordinary activities before taxation		7,309	9,121,908
Tax on profit on ordinary activities	10	<u>(416,504)</u>	<u>(2,910,894)</u>
(Loss)/profit for the financial year		<u>(409,195)</u>	<u>6,211,014</u>

The above results were derived from continuing operations.

**Bibby Marine Limited**

**Consolidated Statement of Comprehensive Income for the Year Ended 31 December  
2016**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
(Loss)/profit for the year	(409,195)	6,211,014
Foreign currency translation gains/(losses)	<u>436,669</u>	<u>(51,493)</u>
Total comprehensive income for the year	<u>27,474</u>	<u>6,159,521</u>
<b>Total comprehensive (expense)/income attributable to:</b>		
Owners of the company	<u>27,474</u>	<u>6,159,521</u>

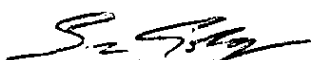
The notes on pages 18 to 40 form an integral part of these financial statements.

**Bibby Marine Limited**

**(Registration number: 00020535)  
Consolidated Balance Sheet as at 31 December 2016**

	<b>Note</b>	<b>2016 £</b>	<b>2015 £</b>
<b>Fixed assets</b>			
Tangible assets	12	<u>45,357,550</u>	<u>25,916,092</u>
<b>Current assets</b>			
Stocks	14	26,046	106,972
Debtors	15	7,473,259	8,347,099
Cash at bank and in hand	16	<u>9,656,387</u>	<u>17,460,383</u>
		17,155,692	25,914,454
Creditors: Amounts falling due within one year	17	<u>(9,643,648)</u>	<u>(16,230,318)</u>
Net current assets		<u>7,512,044</u>	<u>9,684,136</u>
Total assets less current liabilities		52,869,594	35,600,228
Creditors: Amounts falling due after more than one year	17	(27,974,277)	(4,986,631)
Provisions for liabilities	21	<u>(24,743)</u>	<u>(2,665,497)</u>
Net assets		<u>24,870,574</u>	<u>27,948,100</u>
<b>Capital and reserves</b>			
Called up share capital	19	2,500,152	2,500,152
Retained earnings		<u>22,370,422</u>	<u>25,447,948</u>
Total equity		<u>24,870,574</u>	<u>27,948,100</u>

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



**Sean Thomas Golding**  
Director

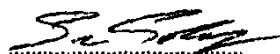
**Bibby Marine Limited**

**(Registration number: 00020535)  
Company Balance Sheet as at 31 December 2016**

	Note	2016 £	2015 £
<b>Fixed assets</b>			
Investments	13	<u>500</u>	<u>300</u>
<b>Current assets</b>			
Debtors	15	4,346,703	4,345,664
Creditors: Amounts falling due within one year	17	<u>-</u>	<u>(101,659)</u>
Net current assets		<u>4,346,703</u>	<u>4,244,005</u>
Total assets less current liabilities		4,347,203	4,244,305
Creditors: Amounts falling due after more than one year	17	<u>-</u>	<u>(1,214)</u>
Net assets		<u>4,347,203</u>	<u>4,243,091</u>
<b>Capital and reserves</b>			
Called up share capital	19	2,500,152	2,500,152
Retained earnings		<u>1,847,051</u>	<u>1,742,939</u>
Total equity		<u>4,347,203</u>	<u>4,243,091</u>

The Company's profit for the year was £3,209,112 (2015: £7,332,339).

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



Sean Thomas Golding  
Director



# **Bibby Marine Limited**

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

	<b>Share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
At 1 January 2016	2,500,152	25,447,948	27,948,100
Loss for the year	-	(409,195)	(409,195)
Other comprehensive income	-	436,669	436,669
Total comprehensive income	-	27,474	27,474
Dividends	-	(3,105,000)	(3,105,000)
At 31 December 2016	2,500,152	22,370,422	24,870,574

	<b>Share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
At 1 January 2015	2,500,152	26,337,427	28,837,579
Profit for the year	-	6,211,014	6,211,014
Other comprehensive expense	-	(51,493)	(51,493)
Total comprehensive income	-	6,159,521	6,159,521
Dividends	-	(7,049,000)	(7,049,000)
At 31 December 2015	2,500,152	25,447,948	27,948,100

The notes on pages 18 to 40 form an integral part of these financial statements.

**Bibby Marine Limited**

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

	<b>Share capital £</b>	<b>Retained earnings £</b>	<b>Total £</b>
At 1 January 2016	2,500,152	1,742,939	4,243,091
Profit for the year	-	3,209,112	3,209,112
Total comprehensive income	-	3,209,112	3,209,112
Dividends	-	(3,105,000)	(3,105,000)
At 31 December 2016	2,500,152	1,847,051	4,347,203

	<b>Share capital £</b>	<b>Retained earnings £</b>	<b>Total £</b>
At 1 January 2015	2,500,152	1,459,540	3,959,692
Profit for the year	-	7,332,399	7,332,399
Total comprehensive income	-	7,332,399	7,332,399
Dividends	-	(7,049,000)	(7,049,000)
At 31 December 2015	2,500,152	1,742,939	4,243,091

The notes on pages 18 to 40 form an integral part of these financial statements.

# Bibby Marine Limited

## Consolidated Statement of Cash Flows for the Year Ended 31 December 2016

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
(Loss)/profit for the year		(409,195)	6,211,014
Adjustments to cash flows from non-cash items:			
Depreciation and impairment	4	5,764,818	5,419,064
Loss on disposal of property, plant and equipment		2,115	-
Foreign exchange losses	4	377,042	273,625
Finance income	5	(69,380)	(88,818)
Finance costs	6	335,172	446,407
Income tax expense	10	416,504	2,910,894
		<u>6,417,076</u>	<u>15,172,186</u>
Working capital adjustments:			
Decrease/(increase) in stock	14	80,926	(73,799)
Decrease in trade and other payables		(6,106,761)	(682,010)
Decrease in trade and other debtors		1,823,916	1,742,502
Decrease in provisions		<u>(2,100,000)</u>	<u>(188,420)</u>
Cash generated from operations		115,157	15,970,459
Income taxes paid		<u>(2,656,525)</u>	<u>(4,240,396)</u>
Net cash flow (used in)/from operating activities		<u>(2,541,368)</u>	<u>11,730,063</u>
<b>Cash flows from investing activities</b>			
Interest received		69,380	88,818
Acquisitions of tangible fixed assets		(24,407,862)	(2,220,330)
Proceeds from disposal of tangible fixed assets		230,000	-
Acquisition of subsidiary, net of cash acquired		<u>-</u>	<u>(1,165,893)</u>
Net cash flows used in investing activities		<u>(24,108,482)</u>	<u>(3,297,405)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(300,316)	(236,306)
Proceeds from bank borrowing draw downs		24,140,834	933,660
Repayment of bank borrowing		(2,846,889)	(986,678)
Dividends paid	23	<u>(3,105,000)</u>	<u>(7,049,000)</u>
Net cash flows from/(used in) financing activities		<u>17,888,629</u>	<u>(7,338,324)</u>
Net (decrease)/increase in cash and cash equivalents		(8,761,221)	1,094,334
Cash and cash equivalents at 1 January	16	<u>16,085,970</u>	<u>14,991,636</u>
Cash and cash equivalents at 31 December	16	<u>7,324,749</u>	<u>16,085,970</u>

The notes on pages 18 to 40 form an integral part of these financial statements.

## **Bibby Marine Limited**

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

#### **1 General information**

Bibby Marine Limited ('the Company') is a private company limited by shares incorporated in the United Kingdom and registered in England. The address of its registered office and principal place of business is 105 Duke Street, Liverpool, L1 5JQ.

The Company is a wholly-owned subsidiary of Bibby Holdings Limited, which is the smallest group that prepares consolidated accounts that include Bibby Marine Limited, and which itself is a wholly-owned subsidiary of Bibby Line Group Limited, both of which are registered in England. Bibby Line Group Limited is the parent undertaking of the largest group which consolidates the financial information of the Company. The ultimate controlling party is therefore considered to be Bibby Line Group Limited. Copies of the Bibby Marine and Bibby Line Group's financial statements may be obtained from the registered office of these entities at Bibby Line Group Limited, 105 Duke Street, L1 5JQ ([www.bibbygroup.co.uk](http://www.bibbygroup.co.uk)).

The principal activity of the Company is to act as the holding company for the Bibby Line Group's niche marine assets and services division. The activities of Group are the ownership and operation of floating accommodation vessels and marine surveying services, and the ownership of walk to work vessels.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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

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

The financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' and applicable legislation as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups Regulations 2008/410.

##### **Basis of preparation**

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

The primary economic environment in which the company operates is governed by Pounds Sterling, and as such the company financial statements have been prepared and presented in this currency. The consolidated financial statements are also presented in Pounds Sterling. Foreign operations are included in accordance with the policies set out below.

## **Bibby Marine Limited**

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

#### **2 Accounting policies (continued)**

##### **Summary of disclosure exemptions**

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

##### **Basis of consolidation**

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2016.

Subsidiaries are included within the consolidation where the company has control over such entities, thereby having the power to govern the financial and operation policies of the entity so as to obtain benefits from its activities. The financial statements of subsidiaries that are acquired or disposed of within the financial year are included within, or excluded from, the consolidation from the date that the Company obtains, or loses, control.

All intra-group transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. In 2016 the accounting periods of subsidiaries are coterminous with those of the company.

The parent company has taken advantage of the exemption not to present a separate profit and loss account or a statement of comprehensive income, as permitted by Section 408 of the Companies Act 2006. The Company's profit for the financial year was £3,209,112 (2015: £7,332,399).

##### **Going concern**

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

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

The directors consider that the Company maintains an appropriate level of liquidity, sufficient to meet the demands of the business including any capital and servicing obligations of external debt liabilities. In addition, the Company's assets are assessed for recoverability on a regular basis, and the directors consider that the Company is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

On that basis the directors believe that there are no material uncertainties that would lead to significant doubt upon the company's ability to continue as a going concern.

##### **Revenue recognition**

Revenue arising from principal activities is recognised on a straight-line basis over the period the services are performed and provided to customers for the accommodation vessel activity and for the hydrographic survey business is recognised by reference to the stage of completion. Revenue is measured at the fair value of the consideration received or receivable and represents amounts for services performed in the normal course of business, net of discounts and other sales-related taxes.

## **Bibby Marine Limited**

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

#### **2 Accounting policies (continued)**

##### **Government grants**

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

##### **Finance income**

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

##### **Foreign currency transactions and balances**

Foreign currency transactions are translated into functional currency using the exchange rate prevailing at the date the transactions took place. Where this is not possible to determine, income and expense items are translated using an average exchange rate for the period.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are reported at the rates of exchange prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities are reported in the profit or loss account.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's subsidiaries, which prepare their financial statements in a foreign denominated currency, are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising on re-presentation are recognised through other comprehensive income within equity and presented within the Group's retained earnings reserve.

##### **Tax**

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

UK Tonnage Tax is an alternative method of calculating corporation tax profits by reference to the net tonnage of the ship operated. The tonnage tax profit replaces both the tax-adjusted commercial profit/loss on a shipping trade and the chargeable gains/losses made on tonnage tax assets.

## **Bibby Marine Limited**

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

#### **2 Accounting policies (continued)**

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

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

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Where the amount attributed for tax purposes to assets (other than goodwill) and liabilities that are acquired in a business combination differs from their fair value, deferred tax is recognised to reflect the future tax consequences with a corresponding adjustment to goodwill.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Tangible assets**

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use and borrowing costs capitalised. Depreciation is provided to allocate the cost of the assets less their estimated residual values, over their expected useful economic life using a straight line basis as follows:

Fleet: 5% - 20% Straight line

Plant & Machinery: 6.66% - 33.3% Straight line

Short leasehold and buildings: 50% Straight line

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use are added to the cost of these assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the profit and loss account in the period in which they are incurred.

## **Bibby Marine Limited**

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

#### **2 Accounting policies (continued)**

##### **Impairment of fixed assets**

At each reporting date the Group reviews the carrying value of its property, plant and equipment and intangible assets, including goodwill, 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. For the purposes of testing goodwill for impairment, goodwill is allocated to each cash-generating unit.

The recoverable amount of an asset, or cash-generating unit, is the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset, or cash-generating unit, and the present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal, applying an appropriate discount rate to those future cash flows.

Where the recoverable amount of an asset, or cash-generating unit, is less than the carrying amount of the asset, or cash-generating unit, an impairment loss is recognised immediately within the profit and loss account to reduce the carrying amount of the asset, or cash-generating unit, to its recoverable amount.

Where an impairment loss has been recognised, the Group assesses at each reporting date whether there has been any indication that an impairment loss recognised in a prior period may no longer exist or may have decreased. An impairment loss recognised for all assets, including goodwill, is reversed in a subsequent period if, and only if, the reasons for the impairment loss have ceased to apply.

##### **Fixed asset investments**

Fixed asset investments are stated at historical cost less provision for any permanent diminution in value.

##### **Business combinations**

Business combinations are included in the financial statements using the acquisition method of accounting. The cost of the acquisition is measured at the aggregate of the fair values of the assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs that are directly attributable to the business combination. The acquiree's identifiable assets (including intangible assets), liabilities and contingent liabilities that meet the conditions for recognition are recognised at their fair value at the acquisition date.

##### **Intangible assets - Goodwill**

Goodwill arising on the acquisition of subsidiaries represents any excess of the cost of the business combination over the interest in the net amount of the identifiable assets (including any intangible assets) liabilities and contingent liabilities acquired.

Goodwill is initially recognised within intangible assets and subsequently amortised on a straight line basis over its useful economic life.

##### **Investments**

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

##### **Stock**

Stock comprises of fleet stores and is valued at the lower of cost and net realisable value.



## **Bibby Marine Limited**

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

#### **2 Accounting policies (continued)**

##### **Provisions**

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probably that the obligation will be required to be settled, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

##### **Dividends**

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

##### **Leases**

Lease arrangements are classified as a finance lease where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other lease arrangements are classified as an operating lease.

Assets held under finance lease arrangements are recognised as assets within property, plant and equipment at their fair value, or if lower at the present value of the minimum lease payments, each determined at the inception of the lease. The assets are subsequently depreciated over the shorter of the lease term and their useful life. The corresponding finance lease liability is recognised as a finance lease obligation, with lease payments being apportioned between finance charges and a reduction to the lease obligation so as to achieve a constant rate of interest on the remaining amount of the liability. Finance charges are recognised within profit or loss.

Payments made under operating lease arrangements are charged to profit or loss on a straight-line basis over the lease term. Benefits receivable as operating lease incentives are recognised within profit or loss on a straight-line basis over the lease term.

##### **Defined contribution pension obligation**

For defined contribution schemes, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The amounts that become payable during the financial year are recognised in profit or loss. Differences between contributions payable during the financial year and contributions actually paid are shown as either accruals or prepayments in the statement of financial position.

##### **Financial instruments**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

##### **(i) Financial assets and liabilities**

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Non-current debt instruments which meet the following conditions, are subsequently measured at amortised cost using the effective interest method:

## Bibby Marine Limited

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

#### 2 Accounting policies (continued)

##### (a) Returns to the holder are:

- (i) a fixed amount; or
- (ii) a fixed rate of return over the life of the instrument; or
- (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or
- (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.

(b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.

(d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. Other debt instruments not meeting these conditions are measured at fair value through profit or loss. Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment. Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

## **Bibby Marine Limited**

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

#### **2 Accounting policies (continued)**

##### **(ii) Fair value measurement**

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, an entity estimates the fair value by using a valuation technique.

##### **(iii) Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

##### **Non-financial assets**

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

##### **Financial assets**

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

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

Cash and cash equivalents comprise cash in hand, overdrafts and call deposits.

##### **Trade debtors**

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

Trade debtors are initially recognised at the transaction price, including any transaction costs, and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

## **Bibby Marine Limited**

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

#### **2 Accounting policies (continued)**

##### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if the Group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

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

##### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Derivative financial instruments**

###### **Derivatives**

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

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

## **Bibby Marine Limited**

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

#### **2 Accounting policies (continued)**

##### **Critical accounting judgements and key sources of estimation uncertainty**

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

##### **Critical judgements in applying the Group's accounting policies**

The critical judgements that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are discussed below.

##### ***Revenue recognition***

Revenue relating to the hydrographic surveying business is adjusted for work in progress. Revenue is recognised when the outcome of a transaction can be estimated reliably, by reference to the stage of completion of the transaction at the end of the reporting period. When the outcome cannot be estimated reliably revenue is recognised only to the extent of the costs recognised that are recoverable. The amount of revenue recognised in profit or loss in the period is based on the percentage of completion method. The estimates of total revenue and costs are reviewed and revised where appropriate as the service progresses but at least on an annual basis.

In making its judgement, management considered the detailed criteria for the recognition of revenue from the rendering of services set out in FRS 102 Section 23 Revenue and, in particular, whether the Group could reliably measure the outcome of the transaction and determine the stage of completion.

##### **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### ***(i) Assessing indicators of impairment of property, plant and equipment and intangible assets***

In assessing whether there have been any indicators of impairment associated with the Group's property, plant and equipment and goodwill, the directors have considered both external and internal sources of information such as asset market values, changes in technological, economic and legal environments, evidence of obsolescence or physical damage of assets and any changes in economic performance of assets. They carrying value is £45,358k (2015: £25,916k).

## Bibby Marine Limited

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

#### 2 Accounting policies (continued)

##### (ii) Fleet residual value

Management consider the residual value of the vessels not to be material on the basis that the cost of dismantling the asset is estimated to be equivalent to any value remaining in the vessel at the end of its life.

##### (iii) Fair value of derivative instrument

The fair value of the derivative instruments have been estimated using valuation techniques which use market and non-market inputs to estimate the expected discounted cash flows. The valuation techniques use contracted exchange rates and current forward rates as determined by the bank/issuer of the derivative contract. The carrying value is £206k liability (2015: £52k asset).

#### 3 Revenue

The analysis of the group's revenue for the year by class of business is as follows:

	2016 £	2015 £
Accommodation services	22,514,665	28,382,192
Hydrographic surveying	8,827,055	12,237,074
	<u>31,341,720</u>	<u>40,619,266</u>

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

	2016 £	2015 £
UK	8,436,859	10,698,641
Rest of world	22,904,861	29,920,625
	<u>31,341,720</u>	<u>40,619,266</u>

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

#### 4 Profit on ordinary activities before taxation

Profit is arrived at after charging/(crediting)

	2016 £	2015 £
Depreciation expense	5,431,080	5,419,064
Impairment loss on the fleet	333,738	-
Foreign exchange losses	377,042	273,625
Operating lease expense - other assets	1,679,889	3,135,063
Operating lease expense - other	116,576	122,972
Loss on disposal of property, plant and equipment	2,115	-
Cost of stock recognised as expense	179,824	168,181

#### 5 Interest receivable and similar income

	2016 £	2015 £
Interest income on bank deposits	69,380	88,818

## Bibby Marine Limited

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

#### 6 Interest payable and similar charges

	2016 £	2015 £
Interest on bank overdrafts and borrowings	296,754	387,846
Interest on obligations under finance leases and hire purchase contracts	38,418	58,561
	<u>335,172</u>	<u>446,407</u>

#### 7 Staff costs

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

	2016 £	2015 £
Wages and salaries	6,397,642	6,024,642
Social security costs	587,864	661,178
Pension costs, defined contribution scheme	315,469	310,879
	<u>7,300,975</u>	<u>6,996,699</u>

The average number of persons employed by the group (including directors) during the year was as follows:

	2016 No.	2015 No.
Hydrographic surveying	110	113
Accommodation services	31	16
Walk to Work	3	-
	<u>144</u>	<u>129</u>

The company does not have any employees.

#### 8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2016 £	2015 £
Remuneration	1,343,244	1,133,688
Contributions paid to money purchase pension schemes	83,737	112,457
	<u>1,426,981</u>	<u>1,246,145</u>

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

	2016 No.	2015 No.
Accruing benefits under money purchase pension schemes	<u>5</u>	<u>5</u>

# **Bibby Marine Limited**

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

### **8 Directors' remuneration (continued)**

In respect of the highest paid director:

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

The company directors remuneration was borne in both years by subsidiary companies.

### **9 Auditors' remuneration**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Fees payable to the company's auditor for:</b>		
Audit of the company's financial statements	10,532	13,215
Audit of the financial statements of subsidiaries of the company pursuant to legislation	<u>22,223</u>	<u>27,886</u>
	<u>32,755</u>	<u>41,101</u>
<b>Non-audit fees</b>		
Taxation compliance services	<u>10,090</u>	<u>35,027</u>

### **10 Tax on profit on ordinary activities**

Tax charged/(credited) in the profit and loss account comprises:

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>Current tax on loss on ordinary activities</b>		
UK corporation tax	(838,994)	73,955
UK corporation tax adjustment to prior periods	<u>441,532</u>	<u>(170,829)</u>
	<u>(397,462)</u>	<u>(96,874)</u>
Foreign tax	2,305,346	3,183,471
Foreign tax adjustment to prior periods	<u>(553,779)</u>	<u>-</u>
	<u>1,751,567</u>	<u>3,183,471</u>
Total current tax	1,354,105	3,086,597
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	<u>(937,601)</u>	<u>(175,703)</u>
Total tax on profit on ordinary activities	<u>416,504</u>	<u>2,910,894</u>



# **Bibby Marine Limited**

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

### **10 Tax on profit on ordinary activities (continued)**

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

The differences are reconciled below:

	2016 £	2015 £
Profit on ordinary activities before tax	7,309	9,121,908
Corporation tax at standard rate	1,462	1,847,186
Increase from effect of different UK tax rates on some earnings	-	4,935
Losses subject to tonnage taxation regime	491,765	(91,259)
Deferred tax (credit) expense relating to changes in tax rates or laws	(190,961)	246,287
Adjustments in respect of previous years	(112,247)	(170,829)
Tax increase from higher rates of overseas tax	179,137	1,001,863
Other tax effects for reconciliation between accounting profit and tax expense (income)	47,348	72,711
Total tax charge for period	416,504	2,910,894

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

During the year beginning 1 January 2017, the net reversal of deferred tax assets and liabilities is expected to decrease the corporation tax charge for the year by £392,318. This is due to the anticipated changes in accelerated capital allowances.

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

# **Bibby Marine Limited**

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

### **11 Intangible assets**

#### **Company**

	<b>Goodwill £</b>
<b>Cost or valuation</b>	
At 1 January 2016	<u>2,323,703</u>
At 31 December 2016	<u>2,323,703</u>
<b>Amortisation</b>	
At 1 January 2016	<u>2,323,703</u>
At 31 December 2016	<u>2,323,703</u>
<b>Carrying amount</b>	
At 31 December 2016	<u>-</u>
At 31 December 2015	<u>-</u>

### **12 Tangible fixed assets**

#### **Group**

	<b>Short leasehold land &amp; buildings £</b>	<b>Plant and machinery £</b>	<b>Fleet £</b>	<b>Total £</b>
<b>Cost or valuation</b>				
At 1 January 2016	310,399	5,014,172	69,042,981	74,367,552
Additions	-	640,067	24,457,289	25,097,356
Disposals	-	(560,829)	-	(560,829)
Foreign exchange movements	-	-	374,420	374,420
At 31 December 2016	<u>310,399</u>	<u>5,093,410</u>	<u>93,874,690</u>	<u>99,278,499</u>
<b>Depreciation</b>				
At 1 January 2016	310,399	1,514,148	46,626,913	48,451,460
Charge for the year	-	638,439	4,792,641	5,431,080
Eliminated on disposal	-	(408,954)	-	(408,954)
Impairment	-	-	333,738	333,738
Foreign exchange movements	-	-	113,625	113,625
At 31 December 2016	<u>310,399</u>	<u>1,743,633</u>	<u>51,866,917</u>	<u>53,920,949</u>
<b>Carrying amount</b>				
At 31 December 2016	<u>-</u>	<u>3,349,777</u>	<u>42,007,773</u>	<u>45,357,550</u>
At 31 December 2015	<u>-</u>	<u>3,500,024</u>	<u>22,416,068</u>	<u>25,916,092</u>

## Bibby Marine Limited

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

#### 12 Tangible fixed assets (continued)

Included within the net book value of fleet is £24,457,289 (2015: £nil) of assets in the course of construction. No depreciation has been charged on this asset.

#### Impairment

##### Fleet

As a result of an independent third party valuation, the carrying value of one of the Company's vessels was reduced to the resale value. The amount of impairment loss included in profit or loss is £333,738 (2015 - £Nil).

##### Assets held under finance leases and hire purchase contracts

The net carrying amount of tangible assets includes the following amounts in respect of assets held under finance leases and hire purchase contracts:

	2016	2015
	£	£
Plant and machinery	<u>1,816,985</u>	<u>2,183,278</u>

##### Capitalised borrowing costs

Within Fleet are capitalised borrowing costs of £486,713 (2015 - £Nil). The capitalisation rate used to determine the amount of finance costs capitalised during the period was EURIBOR +1.45% and EURIBOR +3.15%.

#### 13 Investments

##### Company

Subsidiaries	£
Cost	
At 1 January 2016	300
Additions	<u>200</u>
At 31 December 2016	<u>500</u>

##### Group

Details of the investments in which the group holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Country of incorporation	Holding	Proportion of voting rights and shares held	
			2016	2015
Subsidiary undertakings				
Bibby Maritime Limited	UK	Direct	100%	100%
Bibby Maritime Nigeria Limited^^	Nigeria	Indirect	100%	100%
Bibby Marine Survey Services Limited	UK	Indirect	100%	100%
Bibby Hydromap Limited^	UK	Direct	100%	100%
Bibby Tethra Limited	UK	Indirect	100%	100%

## Bibby Marine Limited

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

#### 13 Investments (continued)

Bibby Athena Limited	UK	Indirect	100%	100%
Hydromap Limited^	UK	Indirect	100%	100%
Bibby Bergen Limited	UK	Indirect	100%	100%
Bibby Progress Limited	UK	Indirect	100%	100%
Bibby Challenge Limited	UK	Indirect	100%	100%
Bibby Stockholm Limited	UK	Indirect	100%	100%
Bibby Maritime Crewing Services Limited	UK	Indirect	100%	100%
Bibby Wavemaster I Limited	UK	Indirect	100%	100%
Bibby Marine Services Limited	UK	Direct	100%	100%
Bibby Renewables Limited*	UK	Direct	100%	0%
Bibby Marine Management Limited*	UK	Direct	100%	0%
Bibby Renaissance Limited*	UK	Indirect	100%	0%

## **Bibby Marine Limited**

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

#### **13 Investments (continued)**

The principal activity of Bibby Maritime Limited is ownership and operation of floating accommodation vessels.

The principal activity of Bibby Maritime Nigeria Limited<sup>^^</sup> is that of a dormant company.

The principal activity of Bibby Marine Survey Services Limited is that of a dormant company.

The principal activity of Bibby Hydromap Limited<sup>^</sup> is ownership and operation of hydrographic survey vessels.

The principal activity of Bibby Tethra Limited is ownership of hydrographic survey vessel.

The principal activity of Bibby Athena Limited is ownership of a hydrographic survey vessel.

The principal activity of Hydromap Limited<sup>^</sup> is that of a dormant company.

The principal activity of Bibby Bergen Limited is ownership and operation of a floating accommodation vessel.

The principal activity of Bibby Progress Limited is ownership and operation of a floating accommodation vessel.

The principal activity of Bibby Challenge Limited is ownership and operation of a floating accommodation vessel.

The principal activity of Bibby Stockholm Limited is ownership and operation of a floating accommodation vessel.

The principal activity of Bibby Maritime Crewing Services Limited is the provision of crew services.

The principal activity of Bibby Wavemaster 1 Limited is the ownership and operation of service operation vessels.

The principal activity of Bibby Marine Services Limited is the ownership of service operation business.

The principal activity of Bibby Renewables Limited\* is service activities incidental to water transportation.

The principal activity of Bibby Marine Management Limited\* is the provision of marine management services.

The principal activity of Bibby Renaissance Limited\* is that of a dormant company.

\*These entities were incorporated in the year.

The class of shares held in all the above entities is ordinary.

All entities except for those marked with ^ and ^^ are registered at 105 Duke Street, Liverpool, L1 5JQ. The entities marked ^ are registered at Maritime House, 4 Brunel Road, Wirral, CH62 3NY. The entity marked ^^ is registered at 25 Adeyemo Alakija Street, Victoria Island, Lagos, Nigeria.

For the year ended 31 December 2016 each of the trading subsidiary companies within the group were entitled to exemption from audit under s479A of the Companies Act 2006 relating to subsidiary companies.

**Bibby Marine Limited**

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

**14 Stocks**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Other inventories	<u>26,046</u>	<u>106,972</u>	<u>-</u>	<u>-</u>

**15 Debtors**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	4,387,881	6,815,252	-	-
Amounts owed by group undertakings	-	-	4,346,692	4,342,658
Other debtors	714,482	118,485	11	-
Prepayments	1,970,646	1,413,362	-	3,006
Deferred tax assets	<u>400,250</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u><b>7,473,259</b></u>	<u><b>8,347,099</b></u>	<u><b>4,346,703</b></u>	<u><b>4,345,664</b></u>

**16 Cash and cash equivalents**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank	9,656,387	17,460,383	-	-
Bank overdrafts	<u>(2,331,638)</u>	<u>(1,374,413)</u>	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents</b>	<u><b>7,324,749</b></u>	<u><b>16,085,970</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

# Bibby Marine Limited

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

### 17 Creditors

		Group		Company	
	Note	2016 £	2015 £	2016 £	2015 £
<b>Due within one year</b>					
Loans and borrowings	18	3,493,032	3,941,351	-	-
Trade creditors		967,479	2,662,367	-	-
Amounts due to group undertakings	26	-	25,944	-	100
Social security and other taxes		799,432	519,144	-	-
Other payables		80,473	136,556	-	-
Accrued expenses and deferred income		4,097,542	8,317,790	-	-
Corporation tax		-	575,243	-	101,559
Derivative financial instruments	25	205,690	51,923	-	-
		<u>9,643,648</u>	<u>16,230,318</u>	<u>-</u>	<u>101,659</u>
<b>Due after one year</b>					
Loans and borrowings	18	27,724,959	4,736,099	-	-
Other non-current financial liabilities		249,318	250,532	-	1,214
		<u>27,974,277</u>	<u>4,986,631</u>	<u>-</u>	<u>1,214</u>

The Group uses forward foreign exchange contracts to manage exposure to foreign exchange risk associated with foreign denominated loans. The fair value of the derivative instruments have been estimated using valuation techniques which use market and non-market inputs to estimate the expected discounted cash flows. The valuation techniques use contracted exchange rates and current forward rates as determined by the bank/issuer of the derivative contract.

### 18 Loans and borrowings

	Group		Company	
	2016 £	2015 £	2016 £	2015 £
<b>Current loans and borrowings</b>				
Bank borrowings	874,814	2,400,302	-	-
Bank overdrafts	2,331,638	1,374,413	-	-
Finance lease liabilities	286,580	166,636	-	-
	<u>3,493,032</u>	<u>3,941,351</u>	<u>-</u>	<u>-</u>

## Bibby Marine Limited

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

#### 18 Loans and borrowings (continued)

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
<b>Non-current loans and borrowings</b>				
Bank borrowings	27,315,396	4,406,418	-	-
Finance lease liabilities	409,563	329,681	-	-
	<u>27,724,959</u>	<u>4,736,099</u>	<u>-</u>	<u>-</u>

#### Group

##### Bank borrowings

Bibby Athena Limited has a Sterling denominated bank loan that is repayable £758,818, £758,818, £2,276,454 and £379,409 in less than 1 year, 1-2 years, 2-5 years and more than 5 years respectively (2015: £633,319, £758,818, £2,276,454 and £1,138,227). The loan is secured by statutory mortgages on its fleet and guarantees by fellow group undertakings. The rate of interest inherent in the loan is fixed at 4.31% for the life of the facility.

Bibby Hydromap Limited has a Sterling denominated bank loan that is repayable £115,996, £132,919 and £nil in less than 1 year 1-2 years and 2-5 years respectively (2015: £118,997, £118,996 and £113,923). The loan is secured by statutory mortgages on its fleet. The rate of interest inherent on the loan is LIBOR plus 2.75%.

Bibby Wavemaster I Limited has a Euro denominated bank loan that is repayable £2,812,049, £8,436,996 and £12,518,751 in 1-2 years, 2-5 years and more than 5 years respectively (2015: £nil). The loan is secured by statutory mortgages on its fleet. The rates range between EURIBOR plus 1.45% and EURIBOR plus 3.15%.

Bibby Hydromap Limited has finance leases that are repayable £286,580, £409,563 and £nil in less than 1 year, 1-2 years and 2-5 years respectively (2015: £166,636, £147,988 and £181,692). The interest rates range between 7% and 8.75%. The finance leases are secured on the equipment to which they relate.

#### 19 Share capital

##### Allotted, called up and fully paid shares

	2016		2015	
	No.	£	No.	£
Ordinary shares of £1 each	<u>2,500,152</u>	<u>2,500,152</u>	<u>2,500,152</u>	<u>2,500,152</u>

#### 20 Financial commitments

##### Group

##### Land and buildings operating leases

The total of future minimum lease payments is as follows:



## Bibby Marine Limited

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

#### 20 Financial commitments (continued)

	2016 £	2015 (restated) £
Not later than one year	81,000	81,000
Later than one year and not later than five years	<u>120,750</u>	<u>201,750</u>
	<u>201,750</u>	<u>282,750</u>

#### Other operating leases

The total of future minimum lease payments are as follows:

	2016 £	2015 (restated) £
Not later than one year	35,576	940,073
Later than one year and not later than five years	<u>70,930</u>	<u>2,362</u>
	<u>106,506</u>	<u>942,435</u>

#### 21 Deferred tax and other provisions

##### Group

	Deferred tax - derivative fair value £	Deferred tax - other £	Fleet reinstatement £	Total £
At 1 January 2016	28,146	537,351	2,100,000	2,665,497
Provisions utilised	<u>(3,403)</u>	<u>(937,601)</u>	<u>(2,100,000)</u>	<u>(3,041,004)</u>
At 31 December 2016	<u>24,743</u>	<u>(400,250)</u>	<u>-</u>	<u>(375,507)</u>

The fleet re-instatement provision related to an asset held under an operating lease, which was repaired and redelivered in the year.

Deferred tax on derivatives is included within provisions.

Other deferred tax at the 1 January 2016 related to accelerated capital allowances. At the 31 December 2016, other deferred tax relates to accelerated depreciation and is included within debtors (note 16).

#### 22 Pension and other schemes

##### Defined contribution pension scheme

The group operates defined contribution pension schemes. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £315,469 (2015 - £310,879).

There were no amounts outstanding at the year end (2015: £nil).

## Bibby Marine Limited

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

#### 23 Dividends

	2016 £	2015 £
Ordinary dividends paid of £1.24 per share	<u>3,105,000</u>	<u>7,049,000</u>

#### 24 Commitments

##### Group

##### Capital commitments

The total amount contracted for but not provided in the financial statements was £13,074,579 (2015 - £Nil).

#### 25 Financial instruments

##### Group

##### Categorisation of financial instruments

	2016 £	2015 £
Financial assets measured at amortised cost	14,302,507	24,394,120
Other derivative financial liabilities that are measured at fair value through profit and loss	(205,690)	(51,923)
Financial liabilities measured at amortised cost	<u>(37,409,250)</u>	<u>(21,243,406)</u>
	<u>(23,312,433)</u>	<u>3,098,791</u>

##### Financial assets measured at fair value

##### *Forward foreign currency contracts*

The group has entered into contracts to supply services to customers and as such has entered into forward foreign currency contracts to limit the exchange rate risk arising from these anticipated future transactions. The fair value is a £205,690 (2015: £51,923) and the change in fair value included in the profit and loss is a £153,767 loss (2015: £219,948 gain).

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

#### 26 Related party transactions

##### Summary of transactions with other related parties

The Group and Company have taken advantage of the exemption permitted in FRS 102 Section 33 Related Party Disclosures from disclosing transactions with other wholly-owned members of the ultimate party.