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Bibby Marine Survey
2019

Registration number: 00020535

Bibby Marine Limited
Annual Report and Consolidated Financial Statements
for the Year Ended 31 December 2019

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Bibby Marine Limited

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Bibby Marine Limited

Company Information

Directors

Sir Michael Bibby Bt. DL

Geoffrey Bibby

Stephen Bolton

Howard Hughes

Jonathan Lewis

Nigel Quinn

Susan Worden

Company secretary

Bibby Bros. & Co. (Management) Limited

Registered office

3rd Floor

Walker House

Exchange Flags

Liverpool

L2 3YL

United Kingdom

Auditor

Deloitte LLP

Liverpool

United Kingdom

Bibby Marine Limited

Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

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 were structured around three divisions during 2019 relating to the ownership and operation of floating accommodation vessels ('Accommodation Services'), the provision of hydrographic survey services ('Hydrographic Survey') and the ownership of walk to work vessels ('Walk to Work').

Bibby Marine Limited is incorporated and headquartered in the United Kingdom and undertakes its operations through a number of trading subsidiaries. The Accommodation Services division owns 5 vessels that operate in international markets and has a branch registered in Australia. The Hydrographic Survey division owned 5 vessels and operated predominantly in the United Kingdom providing services to clients in the renewables, oil and gas, telecommunications and ports and harbours sectors. The Walk to Work business owns 2 vessels, with Bibby Wavemaster Horizon entering service late 2019, servicing the renewables and oil and gas markets, predominantly in Europe.

Business Review

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

Accommodation services

	2019	2018
	£	£
Turnover	4,880,186	6,084,446
Operating loss	(3,351,680)	(3,380,847)

The accommodation services business continues to be affected by macro factors in the energy and raw material sectors, with 3 out of the 5 vessels working during the year. Reduction in trading activity has been mitigated by prudent management of the cost base. The global pandemic has had a mixed impact on the business during 2020. *In part, contracts for charters have been deferred pending better visibility on end-market demand*, but we have also been successful in deploying our vessels to act as additional accommodation as part of 'circuit-breaker' mitigations.

We remain cautious in our expectations regarding general market conditions, but the business is positioned to react flexibly and quickly to any new opportunities and market improvement.

Our safety record continued to be excellent and our focus on a strong safety culture will remain.

Bibby Marine Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Business Review (continued)

Hydrographic survey

	2019	2018
	£	£
Turnover	12,465,191	21,034,566
Operating (loss) / profit	(10,017,797)	2,184,587

The hydrographic survey business faced extremely challenging conditions in their traditional market during 2019, resulting in a lower level of turnover compared to the prior year. A combination of unprecedented weather conditions in the 4th quarter, mechanical failure and a large onerous contract created a substantial pre-impairment loss before tax of £6.8m, of which £0.7m constituted an onerous contract provision. The shift in hydrographic survey work further offshore, where our vessels are not so suited, and the arrival of Covid-19 led the directors of Bibby Hydromap Ltd to take the decision to place the company into administration on 3 April 2020. This represented an adjusting subsequent event and resulted in a write down of Hydromap assets and impacted Hydromap's 2019 loss before tax by a further £4.2m.

Walk to work

	2019	2018
	£	£
Turnover	9,827,471	9,051,174
Operating profit	751,538	1,833,353

The vessel, Bibby WaveMaster I, continued to achieve high utilisation rates throughout the year, expanding the client base as well as maintaining existing contractual relationships. Our increasing market presence and reputation gives the directors confidence of maintaining high utilisation levels in line with or ahead of the investment business case. Building on this success, our second vessel, Bibby WaveMaster Horizon entered service in November 2019 and is now operational serving a 10 year contract in the offshore wind sector for the Hohe See and Albatross offshore windfarms in the North Sea. Also in November 2019, the vessel was refinanced through a sale and leaseback arrangement.

The coronavirus pandemic has resulted in additional measures being introduced to ensure vessel can operate in a covid-safe environment and to date, operations have not been significantly interrupted. We are continuing to ensure that the potential impact of the coronavirus is mitigated as much as possible through the safe operation of vessel and crew.

The write down of Hydromap's assets as a result of the administration impacted Marine's consolidated loss before tax by £4.2m. Marine's consolidated pre-exceptional operating loss for the year was £8.4m (2018: £0.6m profit) and consolidated loss before tax £15.1m (2018: £0.7m loss).

Bibby Marine Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Principal risks and uncertainties

The financial performance of the Group is 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 continued to be challenging during 2019 and the impact on vessel utilisation remains the key risk for the company. To manage this risk and to take advantage of opportunities, the company looks to react quickly to market conditions to achieve its growth objectives and proactively engages with the global broker network as well as direct contacts. The company provides well maintained and safe assets; added value services; prompt responses to customer queries; and develops strong relationships with customers.

Walk to work

The principal risk for the business is the identification of charter opportunities for Bibby Wavemaster 1 providing adequate utilisation throughout the year at attractive charter rates. The company will provide industry-leading, well-maintained and safe assets; added value services; prompt responses to customer queries; and develop strong relationships with customers.

Brexit

The Group has not experienced any significant impact from the Brexit transition period ending in December 2020. The Group continues to monitor the impact that Brexit will have on the business in the longer term, but the international nature of the trade means that it has so far been relatively unaffected by changes in working arrangements. We continue to work with the relevant authorities to ensure that the impact is minimised and mitigation actions are implemented where possible.

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.

Bibby Marine Limited

Strategic Report for the Year Ended 31 December 2019 (continued)

Financial instruments (*continued*)

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

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 from time to time.

Price risk:

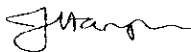
The Group secures a proportion of its earnings on long-term international charters and its functional currency is sterling. The Group enters into forward currency contracts to hedge contracted forward income where appropriate.

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 31 March 2021 and signed on its behalf by:



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

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

Bibby Marine Limited

Directors' Report for the Year Ended 31 December 2019

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2019.

Directors of the group

The directors who held office during the year and up to the date of signing were as follows:

Sir Michael Bibby Bt. DL (appointed 1 January 2021)
Geoffrey Bibby (appointed 1 January 2021)
John Cresswell (resigned 31 December 2020)
Howard Hughes
Stephen Bolton
Jonathan Lewis (appointed 1 September 2019)
Helen Samuels (appointed 31 January 2020, resigned 30 October 2020)
Susan Worden (appointed 21 April 2020)
Gary Collins (appointed 1 July 2019, resigned 3 April 2020)
Nigel Quinn (resigned 31 January 2019, appointed 30 October 2020)
Jonathan Osborne (resigned 31 March 2019)
Mark Lyons (resigned 1 September 2019)
Ian Crook (resigned 31 January 2020)
Simon Kitchen (resigned 8 May 2020)

Dividend

No dividend was paid during the year ended 31 December 2019 (2018: £nil).

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 a branch registered in Australia, and a branch formerly operated in South Korea was closed down during the year.

Adjusting events after the financial period

Following a difficult year for the Hydromap business, given a continued lack of charters and after Bibby Hydromap Limited was unable to raise funds, the Board of Bibby Hydromap Limited placed the company into administration on 3 April 2020. Bibby Marine Limited has impaired its loan of £6.8m with this company to £Nil as a result.

As stated in the Business Review, the administration led to an impairment of Bibby Hydromap's assets with a resulting £4.8m impact on profit before tax.

Bibby Marine Limited

Directors' Report for the Year Ended 31 December 2019 (continued)

Important non adjusting events after the financial period

On 11 March 2020, the World Health Organisation declared the Coronavirus (Covid-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

For the year ended 31 December 2019, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities at the year end. Due to the uncertainty of the outcome of the current events, the Group's ability to reasonably estimate the impact these events will have on the Group's financial position, results of operations or cash flows in the future, is limited. The Directors will continue to monitor the impact of the Covid-19 pandemic on the activities of the Group.

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.

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 Business Review of the business on pages 2 and 3. 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 in the Strategic Report, market conditions for accommodation services remained challenging in 2019 and whilst 2020 trading was affected by the coronavirus pandemic, trading has improved, particularly towards the end of 2020. In October 2020 the accommodation services division secured a 1 year £1.5m bank overdraft facility to accommodate working capital cashflows related to mobilising contracts.

In late 2019 our second walk to work vessel, Wavemaster Horizon, commenced a 10-year charter. The vessel has been financed under a structure which delivers consistent cashflows throughout the contract period and provides the Group with a framework to grow our fleet in the future. Bibby Wavemaster 1 continues to operate in the short-term charter market.

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. The growing renewables sector offers more longer-term contract opportunities, although contracting in the current market remains more short-term in nature for Bibby Wavemaster 1 and as a consequence business forecasts for this vessel rely more heavily on assumptions related to contract awards than they do in relation to contracted work. The Group has continued focus on the cost-base to ensure the business model is sustainable in the current conditions.

Bibby Marine Limited

Directors' Report for the Year Ended 31 December 2019 (continued)

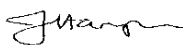
Going concern (continued)

In February 2021 Wavemaster Horizon secured a Junior Loan note facility secured against the Wavemaster Horizon vessel, realising £6.6m net proceeds to re-pay other existing debt obligations. In March 2021, the Group also restructured the Bibby Wavemaster 1 loan facilities, extending the repayment profile to better match the cashflows generated by the vessel, and recognising the life of the underlying asset.

Forecasts of future cash generation from both businesses have been prepared as part of the annual operating plan process, and these have been updated to take account of subsequent changes in the commercial environment. The forecasts assume that facilities currently provided will be maintained, and additional support has been confirmed by Bibby Line Group to support the Walk to Work business over the forecast period.

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 31 March 2021 and signed on its behalf by:



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

Duly 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;
- 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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Bibby Marine Limited (the 'parent company') and its subsidiaries (the 'group');

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2019 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 25.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Bibby Marine Limited

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Respective responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Bibby Marine Limited

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

Report on other legal and regulatory requirements

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 group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

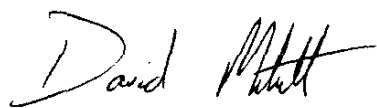
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

Use of our report

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.



.....
David Mitchell CA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Glasgow
United Kingdom

Date: 31 March 2021

Bibby Marine Limited

Consolidated Profit and Loss Account for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Turnover	3	27,172,848	36,170,186
Cost of sales		<u>(30,692,533)</u>	<u>(31,315,339)</u>
Gross (loss)/profit		(3,519,685)	4,854,847
Administrative expenses		(4,934,462)	(4,249,753)
Impairment of tangible fixed assets	4	(4,187,791)	-
Other operating income		<u>32,000</u>	<u>32,000</u>
Operating (loss)/profit		<u>(12,609,938)</u>	637,094
Other interest receivable and similar income	5	150	154
Interest payable and similar charges	6	<u>(2,464,487)</u>	<u>(1,380,093)</u>
		<u>(2,464,337)</u>	<u>(1,379,939)</u>
Loss before tax	4	(15,074,275)	(742,845)
Taxation	10	<u>(3,239)</u>	<u>(721,535)</u>
Loss for the financial year		<u>(15,077,514)</u>	<u>(1,464,380)</u>
Loss attributable to:			
Owners of the company		<u>(15,077,514)</u>	<u>(1,464,380)</u>

The above results were derived from continuing operations.

The notes on pages 19 to 43 form an integral part of these financial statements.

Bibby Marine Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2019

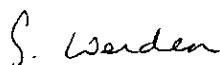
	2019	2018
	£	£
Loss for the year	(15,077,514)	(1,464,380)
Other	3,998	-
Foreign currency translation losses	(1,063,769)	(296,330)
Total comprehensive loss for the year	<u>(16,137,285)</u>	<u>(1,760,710)</u>
Total comprehensive loss attributable to:		
Owners of the company	<u>(16,137,285)</u>	<u>(1,760,710)</u>

The notes on pages 19 to 43 form an integral part of these financial statements.

Bibby Marine Limited
(Registration number: 00020535)
Consolidated Balance Sheet as at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	80,550,185	70,940,473
Current assets			
Stocks	14	228,411	226,883
Debtors	15	10,221,081	7,315,818
Cash at bank and in hand	16	1,754,569	1,797,948
		12,204,061	9,340,649
Creditors: Amounts falling due within one year	17	(13,409,701)	(13,091,931)
Net current liabilities		(1,205,640)	(3,751,282)
Total assets less current liabilities		79,344,545	67,189,191
Creditors: Amounts falling due after more than one year	17	(77,908,781)	(49,616,142)
Net assets		1,435,764	17,573,049
Capital and reserves			
Called up share capital	19	2,500,152	2,500,152
Retained earnings		(1,064,388)	15,072,897
Shareholder's funds		1,435,764	17,573,049

Approved and authorised by the Board on 31 March 2021 and signed on its behalf by:



.....
Susan Worden
Director

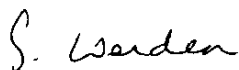
The notes on pages 19 to 43 form an integral part of these financial statements.

Bibby Marine Limited
(Registration number: 00020535)
Company Balance Sheet as at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	13	500	500
Current assets: Debtors	15	10,316,744	3,662,354
Creditors: Amounts falling due within one year	17	(13,581,630)	(13,412)
Net (liabilities)/assets		(3,264,386)	3,649,442
Capital and reserves			
Called up share capital	19	2,500,152	2,500,152
Retained earnings		(5,764,538)	1,149,290
Shareholder's funds		(3,264,386)	3,649,442

The Company's loss for the year was £6,913,828 (2018: loss £606,524).

Approved and authorised by the Board on 31 March 2021 and signed on its behalf by:



.....
Susan Worden
Director

The notes on pages 19 to 43 form an integral part of these financial statements.

Bibby Marine Limited

Consolidated Statement of Changes in Equity

	Share capital £	Retained earnings £	Total Equity £
At 1 January 2018	2,500,152	16,833,607	19,333,759
Loss for the year	-	(1,464,380)	(1,464,380)
Other comprehensive loss	-	(296,330)	(296,330)
Total comprehensive loss	-	(1,760,710)	(1,760,710)
At 1 January 2019	2,500,152	15,072,897	17,573,049
Loss for the year	-	(15,077,514)	(15,077,514)
Other comprehensive loss	-	(1,059,771)	(1,059,771)
Total comprehensive loss	-	(16,137,285)	(16,137,285)
At 31 December 2019	2,500,152	(1,064,388)	1,435,764

Company Statement of Changes in Equity

	Share Capital £	Retained earnings £	Total £
At 1 January 2018	2,500,152	1,755,814	4,255,966
Loss for the year and total comprehensive loss	-	(606,524)	(606,524)
At 1 January 2019	2,500,152	1,149,290	3,649,442
Loss for the year and total comprehensive loss	-	(6,913,828)	(6,913,828)
At 31 December 2019	2,500,152	(5,764,538)	(3,264,386)

The notes on pages 19 to 43 form an integral part of these financial statements.

Bibby Marine Limited

Consolidated Statement of Cash Flows for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Cash flows from operating activities			
Loss for the year		(15,077,514)	(1,464,380)
Adjustments to cash flows from non-cash items:			
Depreciation	4	6,131,638	5,572,068
Impairment of tangible fixed assets	4	4,187,792	-
Profit on disposal of property, plant and equipment		(8,000)	(70,107)
Foreign exchange losses	4	501,871	278,886
Finance income	5	(150)	(154)
Finance costs	6	2,464,487	1,380,093
Income tax charge	10	3,239	721,535
		<u>(1,796,637)</u>	<u>6,417,941</u>
Working capital adjustments:			
Increase in stock	14	(1,528)	(82,844)
Decrease in trade and other payables		(1,223,850)	(513,336)
Increase in trade and other debtors		<u>(2,412,013)</u>	<u>(694,243)</u>
Cash generated from/(used in) operations		(5,434,028)	5,127,518
Income taxes (paid) / received		<u>(252,691)</u>	<u>518</u>
Net cash flow generated (used in)/ from operating activities		<u>(5,686,719)</u>	<u>5,128,036</u>
Cash flows from investing activities			
Interest received		150	154
Acquisitions of tangible fixed assets		(23,283,137)	(16,049,550)
Proceeds from disposal of tangible fixed assets		<u>24,859</u>	<u>194,834</u>
Net cash flows used in investing activities		<u>(23,258,128)</u>	<u>(15,854,562)</u>
Cash flows from financing activities			
Interest paid		(1,198,553)	(1,270,256)
Proceeds from bank borrowing draw downs		17,699,421	8,532,820
Proceeds from hire purchase and finance leases		28,079,013	-
Proceeds from inter-company borrowings		14,686,670	7,645,369
Repayment of bank borrowings		(30,200,065)	(5,587,814)
Capital element of hire purchase and finance lease payments		<u>(165,018)</u>	<u>(286,580)</u>
Net cash flows from financing activities		<u>28,901,468</u>	<u>9,033,539</u>
Net decrease in cash and cash equivalents		(43,379)	(1,692,987)
Cash and cash equivalents at 1 January	16	<u>1,797,948</u>	<u>3,490,935</u>
Cash and cash equivalents at 31 December	16	<u>1,754,569</u>	<u>1,797,948</u>

The notes on pages 19 to 43 form an integral part of these financial statements.

Bibby Marine Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

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 3rd Floor, Walker House, Exchange Flags, Liverpool, L2 3YL.

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 ('BLG'), 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, 3rd Floor, Walker House, Exchange Flags, Liverpool, L2 3YL (www.bibbylinegroup.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 2019 (continued)

2 Accounting policies (continued)

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2019.

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 2019 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 loss for the financial year was £6,913,828 (2018: £606,524).

Going concern

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

As described more fully in the Strategic Report, market conditions for accommodation services remain challenging. 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. Furthermore, the Bibby Line Group has agreed to provide an amount of financial support which the Directors consider is sufficient 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 provided to customers for accommodation vessels is recognised on a straight-line basis over the period the services are performed. For the hydrographic survey business revenue 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.

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.

Bibby Marine Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

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

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice. 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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where 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 have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Bibby Marine Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income. Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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 2019 (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 2019 (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.

Bibby Marine Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

(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:

(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.

(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.

Bibby Marine Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

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 2019 (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 2019 (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.

Finance lease asset

The Group has applied an asset life of 20 years to the vessel, MV Bibby Wavemaster Horizon, which recognised as a finance leased fixed asset. The finance lease is for a period of ten years, with a nominal consideration of €1 to repurchase the vessel at the end of the lease term. The vessel is being treated as a fixed asset with a life of 20 years as in the judgement of the Directors, it is highly likely that the option to repurchase the vessel will be exercised, given that the asset is expected to be operational for 20 years.

Bibby Marine Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

2 Accounting policies (continued)

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. Following the end of the financial period, and related to the administration of the Bibby Hydromap Limited, vessels Bibby Athena and Bibby Tethra together with their associated equipment were disposed for less than their carrying value. Accordingly, an impairment provision amounting to £4,188k has been made against the carrying value of the vessel. The carrying value of the Group's property plant and equipment at 31 December 2019 is £79,882k (2018: £70,940k).

(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.

3 Revenue

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

	2019 £	2018 £
Accommodation services	4,880,186	6,084,446
Hydrographic surveying	12,465,191	21,034,566
Walk to Work	9,827,471	9,051,174
	<u>27,172,848</u>	<u>36,170,186</u>

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

	2019 £	2018 £
UK	5,626,002	23,561,590
Rest of world	21,546,846	12,608,596
	<u>27,172,848</u>	<u>36,170,186</u>

Bibby Marine Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

4 Loss before taxation

Loss is arrived at after charging/(crediting)

	2019 £	2018 £
Depreciation	6,131,638	5,572,024
Amortisation of government grants	32,000	32,000
Impairment of tangible fixed assets	4,187,792	-
Foreign exchange losses	501,871	278,886
Operating lease expense – land & buildings	85,000	85,000
Operating lease expense - other	229,222	246,423
Profit on disposal of property, plant and equipment	<u>(8,000)</u>	<u>(70,107)</u>

The impairment of fixed assets relates to assets within the Hydromap division, following the administration of Bibby Hydromap which occurred on 3 April 2020. The impairment reflects consideration of vessel carrying values and impairment of survey kit based on the Administrator's estimate of recoverable amounts. This is also reflected as an impairment of tangible fixed assets in note 12.

5. Interest receivable and similar income

	2019 £	2018 £
Interest income on bank deposits	<u>150</u>	<u>154</u>

6 Interest payable and similar charges

	2019 £	2018 £
Interest on bank overdrafts and borrowings	900,698	964,649
Interest on obligations under finance leases and hire purchase contracts	89,243	31,266
Interest payable to Bibby Line Group companies	<u>1,474,546</u>	<u>384,178</u>
	<u>2,464,487</u>	<u>1,380,093</u>

Bibby Marine Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

7 Staff costs

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

	2019 £	2018 £
Wages and salaries	7,064,287	6,112,271
Social security costs	650,424	649,198
Pension costs, defined contribution scheme	318,218	304,708
	<u>8,032,929</u>	<u>7,066,177</u>

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

	2019 No.	2018 No.
Hydrographic surveying	110	107
Accommodation services	46	38
Walk to Work	6	4
	<u>162</u>	<u>149</u>

The company does not have any employees.

8 Directors' remuneration

The directors' remuneration for the year was as follows:

	2019 £	2018 £
Remuneration	714,459	708,671
Contributions paid to money purchase pension schemes	81,844	72,750
	<u>796,303</u>	<u>781,421</u>

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

	2019 No.	2018 No.
Accruing benefits under money purchase pension schemes	6	6

In respect of the highest paid director:

	2019 £	2018 £
Remuneration	241,111	202,798
Company contributions to money purchase pension scheme	20,019	24,353
	<u>261,130</u>	<u>227,151</u>

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

Bibby Marine Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

9 Auditors' remuneration

	2019 £	2018 £
Fees payable to the company's auditor for:		
Audit of the company's financial statements	12,000	10,000
Audit of the financial statements of subsidiaries of the company pursuant to legislation	57,100	22,000
	<u>67,100</u>	<u>32,000</u>
Non-audit fees		
Taxation compliance services	<u>-</u>	<u>30,000</u>

10 Tax on profit

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

	2019 £	2018 £
Current tax on loss on ordinary activities		
UK corporation tax	1,336	1,168
UK corporation tax adjustment to prior periods	-	624,800
	<u>1,336</u>	<u>625,968</u>
Foreign tax	328,890	164,126
Foreign tax adjustment to prior periods	2,283	-
	<u>331,173</u>	<u>164,126</u>
Total current tax	<u>332,509</u>	<u>790,094</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(369,630)	(68,559)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	40,360	-
	<u>(329,270)</u>	<u>(68,559)</u>
Total deferred taxation	<u>(329,270)</u>	<u>(68,559)</u>
Total tax on loss on ordinary activities	<u>3,239</u>	<u>721,535</u>

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

Bibby Marine Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

10 Tax on profit (continued)

The differences are reconciled below:

	2019 £	2018 £
Loss before tax	(15,074,275)	(742,845)
Corporation tax at standard rate	(2,864,112)	(141,141)
Losses subject to tonnage taxation regime	1,336	1,188
Effect of expense not deductible in determining taxable profit (tax loss)	1,765,167	648,035
Effect of foreign tax rates	40,466	164,126
Deferred tax expense/(credit) relating to changes in tax rates or laws	34,867	27,144
Adjustments in respect of previous years	42,643	(560,015)
Tax increase from effect of unrelieved tax losses carried forward	-	112,370
Tax increase (decrease) arising from group relief	982,872	-
Other tax effects for reconciliation between accounting profit and tax expense	-	469,828
Total tax (credit)/charge for the year	3,239	721,535

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur. Following the UK budget announcement on 3 March 2021 a 25% corporation tax rate will apply for the period ending 31 December 2023. As substantive enactment is after the balance sheet date, deferred tax balances as at 31 December 2019 continue to be measured at a rate of 17%.

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 2019 (continued)

11 Intangible assets

Company

	Goodwill £
Cost or valuation	
At 31 December 2018 and 31 December 2019	<u>2,323,703</u>
Amortisation	
At 31 December 2018 and 31 December 2019	<u>2,323,703</u>
Carrying amount	
At 31 December 2018 and 31 December 2019	<u>-</u>

12 Tangible fixed assets

Group

	Short leasehold land & buildings £	Plant and machinery £	Fleet £	Total £
Cost or valuation				
At 1 January 2019	310,399	8,355,686	125,405,009	134,071,094
Additions	-	342,206	22,940,430	23,282,636
Disposals	-	(16,859)	-	(16,859)
Foreign exchange movements	-	-	(3,596,171)	(3,596,171)
At 31 December 2019	<u>310,399</u>	<u>8,681,033</u>	<u>144,749,268</u>	<u>153,740,700</u>
Depreciation				
At 1 January 2019	310,399	4,560,753	58,259,469	63,130,621
Charge for the year	-	782,221	5,349,417	6,131,638
Impairment (note 4)	-	2,446,791	1,741,000	4,187,791
Foreign exchange movements	-	-	(259,535)	(259,535)
At 31 December 2019	<u>310,399</u>	<u>7,789,765</u>	<u>65,090,351</u>	<u>73,190,515</u>
Carrying amount				
At 31 December 2019	<u>-</u>	<u>891,268</u>	<u>79,658,917</u>	<u>80,550,185</u>
At 31 December 2018	<u>-</u>	<u>3,794,933</u>	<u>67,145,540</u>	<u>70,940,473</u>

Included within the net book value of fleet is £nil (2018: £15,053,210) of assets in the course of construction.

Bibby Marine Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

12 Tangible fixed assets (continued)

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:

	2019 £	2018 £
Plant and machinery	35,905,908	978,755

Capitalised borrowing costs

Within Fleet are capitalised borrowing costs of £1,294,456 (2018 - £1,085,314). The capitalisation rate used to determine the amount of finance costs capitalised during the year was EURIBOR +1.45% and EURIBOR +3.15%.

13 Investments

Company

Subsidiaries	£
Cost	
At 31 December 2018 and 31 December 2019	500

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	
			2019	2018
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 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 Marine Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

13 Investments (continued)

Bibby Wavemaster 1 Limited	UK	Indirect	100%	100%
Bibby Wavemaster 2 Limited	UK	Indirect	100%	100%
Bibby Marine Services Limited	UK	Direct	100%	100%
Bibby Renewables Limited	UK	Direct	100%	100%
Bibby Marine Management Limited	UK	Direct	100%	100%
Bibby Renaissance Limited	UK	Indirect	100%	100%

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

The principal activity of Bibby Maritime Nigeria Limited^^ 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^ 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^^^ 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 Wavemaster 2 Limited is that of a dormant company.

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.

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

All entities except for those marked with ^ and ^^ and ^^^ are registered at 3rd Floor, Walker House, Exchange Flags, Liverpool, L2 3YL. The entities marked ^ are registered at 1 St Peters Square, Manchester, M2 3AE. The entity marked ^^ is registered at 25 Adeyemo Alakija Street, Victoria Island, Lagos, Nigeria. The entity marked ^^^ is registered at Maritime House, 4 Brunel Road, Wirral, CH62 3NY.

For the year ended 31 December 2019 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 2019 (continued)

14 Stocks

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Other inventories	228,411	226,883	-	-

The cost of stocks recognised as an expense in the year amounted to £Nil (2018 - £900).

15 Debtors

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Trade debtors	2,282,344	2,749,235	-	-
Amounts owed by group undertakings	-	-	10,312,593	3,647,493
Other debtors	1,834,304	199,906	4,151	14,861
Prepayments	4,770,358	3,365,859	-	-
Deferred tax assets	1,334,075	1,000,818	-	-
Total	10,221,081	7,315,818	10,316,744	3,662,354

Amounts due to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

16 Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Cash at bank	1,754,569	1,797,948	-	-

Bibby Marine Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

17 Creditors

		Group		Company	
	Note	2019 £	2018 £	2019 £	2018 £
Due within one year					
Loans and borrowings	18	7,312,538	7,111,909	-	-
Trade creditors		3,031,506	2,819,932	1,257	13,412
Amounts due to related parties		157,688	-	13,580,373	-
Social security and other taxes		-	478,286	-	-
Other payables		95,939	310,359	-	-
Accrued expenses		2,506,258	2,139,949	-	-
Income tax liability		305,772	231,496	-	-
		<u>13,409,701</u>	<u>13,091,931</u>	<u>13,581,630</u>	<u>13,412</u>
Due after one year					
Loans and borrowings		77,908,781	49,616,142	-	-

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	
	2019 £	2018 £	2019 £	2018 £
Current loans and borrowings				
Bank borrowings	4,901,635	6,946,891	-	-
Finance lease liabilities	2,410,903	165,018	-	-
Amounts due to related parties	-	-	13,580,373	-
	<u>7,312,538</u>	<u>7,111,909</u>	<u>13,580,373</u>	<u>-</u>
Non-current loans and borrowings				
Bank borrowings	29,002,148	41,322,553	-	-
Finance lease liabilities	24,818,128	-	-	-
Amounts owed to group undertakings	24,088,505	8,293,589	-	-
	<u>77,908,781</u>	<u>49,616,142</u>	<u>-</u>	<u>-</u>

Bibby Marine Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

18 Loans and borrowings (continued)

Group

Bank borrowings

Bibby Athena has a Sterling denominated bank loan that is repayable £778,596 within one year (2018: £758,818), £778,596 within 1-2 years (2018: £758,818), £2,335,788 due within 2-5 years (2018: £1,138,227) and £389,298 due after more than 5 years (2018: £nil). The loan is secured by statutory mortgages on its fleet and guarantees of fellow group undertakings. The rate of interest in the loan is fixed at 4.37% for the life of the facility. Subsequent to the end of the year, the loans were repaid in full.

Bibby Tethra has a Sterling denominated bank loan that is repayable £608,208 within one year (2018: £608,208), £608,208 within 1-2 years (2018: £608,208), and £557,524 due within 2-5 years (2018: £1,165,732). The loan is secured by statutory mortgages on its fleet and guarantees of fellow group undertakings. The rate of interest in the loan is fixed at 4.33% for the life of the facility. Subsequent to the end of the year, the loans were repaid in full.

Bibby Wavemaster I Limited has a Euro denominated bank loan that is repayable €4,588,010 within one year (2018: €4,588,010), €4,588,010 due between 1-2 years (2018: €4,588,010), €10,404,030 due within 2-5 years (2018: €14,992,040) and €14,540,051 due after more than 5 years respectively (2018: €19,540,051). The loan is secured by statutory mortgages on its fleet. The interest rates range between EURIBOR plus 1.45% and EURIBOR plus 3.15%.

At 31 December 2018, Bibby Hydromap Limited had finance lease liabilities amounting to £165,018 repayable within 1 year. The interest rates ranged between 7% and 8.75% and are secured on the equipment to which they relate.

In 2018 Bibby Wavemaster 2 Limited had a Euro denominated bank loan that was repayable €980,000 within 1 year, €3,890,250 due within 1-2 years, €15,998,506 due within 2-5 years and €4,944,448 due after more than 5 years.

Finance lease obligations

Bibby Wavemaster 2 Limited has a 10 year finance lease facility relating to the Wavemaster Horizon vessel, as a result of a sale and lease back arrangement entered into on 19 November 2019. The future minimum finance lease payments, payable in quarterly instalments, fall due are as follows:

	Group	
	2019	2018
	£	£
No later than 1 year	3,087,988	-
Between 1-2 years	3,087,988	-
Between 2-5 years	9,263,963	-
Later than 5 years	15,439,939	-
Total gross payments	30,879,878	-
Less; finance charges	(3,650,846)	-
	27,229,031	-

The finance lease includes an option to purchase for a nominal €1 at the end of the lease period, which, given the expected life of the vessel, it is expected to be exercised.

Subsequent to the end of the financial year, in February 2021 Wavemaster Horizon secured an additional Junior Loan note facility secured against the Wavemaster Horizon vessel, realising £6.6m net proceeds to re-pay other existing debt obligations. In March 2021, the Group also restructured the Bibby Wavemaster 1 loan facilities, extending the repayment profile to better match the cashflows generated by the vessel, and recognising the life of the underlying asset.

Bibby Marine Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

19 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	2,500,152	2,500,152	2,500,152	2,500,152

20 Financial commitments

Group

Land and buildings operating leases

The total of future minimum lease payments is as follows:

	2019	2018
	£	£
Not later than one year	85,000	85,000
Later than one year and not later than five years	255,000	340,000
	<u>340,000</u>	<u>425,000</u>

Other operating leases

The total of future minimum lease payments are as follows:

	2019	2018
	£	£
Not later than one year	14,277	23,911
Later than one year and not later than five years	-	14,277
	<u>14,277</u>	<u>38,188</u>

21 Deferred tax and other provisions

Group

	Total
	£
At 1 January 2019	(1,000,818)
Movement in provision	<u>(333,257)</u>
	<u>(1,334,075)</u>

Deferred tax relates to accelerated capital allowances and is included within debtors (Note 15).

Bibby Marine Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

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 £266,763 (2018 - £304,708).

There were no amounts outstanding at the year-end (2018: £nil).

23 Financial instruments

Group

Categorisation of financial instruments

	2019 £	2018 £
Financial assets measured at amortised cost	10,641,576	8,112,947
Financial liabilities measured at amortised cost	(91,012,711)	(62,476,576)
	<u>(80,371,135)</u>	<u>(54,363,629)</u>

24 Analysis of changes in net debt

	2018 £	Cash flows £	New facilities £	Exchange movements £	Non-cash changes £	2019 £
Cash & cash equivalents	1,797,948	(43,379)	-	-	-	1,754,569
Bank loans	(48,269,444)	16,200,644	(3,700,000)	1,865,017	-	(33,903,783)
Finance leases	(165,018)	165,018	(28,079,013)	849,982	-	(27,229,031)
Inter-company loans	(8,293,589)	(14,686,670)	-	-	(1,108,246)	(24,088,505)
Net (debt) / cash	<u>(54,930,103)</u>	<u>(1,635,613)</u>	<u>(31,799,013)</u>	<u>2,714,999</u>	<u>(1,108,246)</u>	<u>(83,466,750)</u>

Bibby Marine Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (continued)

25 Events after the financial period

(i) Administration of Hydromap division

On 3 April 2020 the decision was taken to place Bibby Hydromap Limited into administration. FRS102 requires disclosure of discontinued operations where a decision has been taken to discontinue trading during the year. As the decision was not taken until 3 April 2020, results of the Hydromap division are included within the overall results of the Bibby Marine Group for the year ended 2019. The table below summarises the results for both the current and prior year if the Hydromap division was treated as 'discontinued'.

	2019			2018		
	Continuing £	Discontinued £	Total £	Continuing £	Discontinued £	Total £
Turnover	14,707,657	12,465,191	27,172,848	15,135,620	21,034,566	36,170,186
Cost of sales	(14,838,377)	(15,854,156)	(30,692,533)	(14,707,045)	(16,608,294)	(31,315,339)
Gross (loss)/profit	(130,720)	(3,388,965)	(3,519,685)	428,575	4,426,272	4,854,847
Administrative expenses	(2,469,422)	(2,465,041)	(4,934,462)	(1,976,068)	(2,273,685)	(4,249,753)
Impairment	-	(4,187,791)	(4,187,791)	-	-	-
Other operating income	-	32,000	32,000	-	32,000	32,000
Operating (loss)/profit	(2,600,142)	(10,009,797)	(12,609,939)	(1,547,493)	2,184,587	637,094
Interest receivable	-	150	150	-	154	154
Interest payable	(1,462,030)	(1,002,457)	(2,464,487)	(908,100)	(471,993)	(1,380,093)
Loss before tax	(3,922,002)	(11,012,104)	(15,074,276)	(2,455,593)	1,712,748	(742,845)

(ii) Coronavirus

On 11 March 2020, the World Health Organisation declared the Coronavirus (Covid-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

For the year ended 31 December 2019, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities at the year end. Due to the uncertainty of the outcome of the current events, The Group cannot reasonably estimate the impact these events will have on the Group's financial position, results of operations or cash flows in the future. The Directors will continue to monitor the impact of the Covid-19 pandemic on the activities of the Group.