

**Company Registration No. SC254764**

**SPARROWS ANGOLA LIMITED**

**Report and Financial Statements  
For the year ended 31 December 2016**



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# **SPARROWS ANGOLA LIMITED**

## **Report and financial statements for the year ended 31 December 2016**

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# **SPARROWS ANGOLA LIMITED**

## **Report and financial statements for the year ended 31 December 2016**

### **Officers and professional advisers**

#### **Director**

S A A Mitchell  
N A Johnson

#### **Secretary**

Pinsent Masons Secretarial Limited

#### **Registered Office**

13 Queen's Road  
Aberdeen  
United Kingdom  
AB15 4YL

#### **Bankers**

Royal Bank of Scotland plc  
1 Albyn Place  
Aberdeen  
AB10 1BR

HSBC Bank Plc  
8 Canada Square  
London  
E14 5HQ

#### **Solicitors**

Pinsent Masons LLP  
13 Queen's Road  
Aberdeen  
AB15 4YL

Freshfields Bruckhaus Deringer LLP  
65 Fleet Street  
London  
EC4Y 1HS

#### **Independent Auditors**

PricewaterhouseCoopers LLP  
The Capitol  
431 Union Street  
Aberdeen  
AB11 6DA

# SPARROWS ANGOLA LIMITED

## Strategic report for the year ended 31 December 2016

### Principal activities

The company's principal activity is the provision of crane operation, manufacture, maintenance and associated services to the oil and gas industry.

### Business Review

The company's mission, as part of the Sparrows Offshore Group, is to set and raise global standards in everything it does for its clients and with its suppliers. The company is committed to supporting the global oil and gas industry develop an efficiency driven culture by optimising the performance, reliability and safety of critical equipment and people through the provision of our engineering products and services, which optimise performance and minimise risk to energy producers and service providers. This is supported through its core values of:

- Health, Safety and Environment – upholding the highest standards of care for people and the environment.
- Customers – pursuing lasting relationships with clients, firmly founded on integrity, mutual benefit and trust.
- Employees – by providing a supportive and challenging environment in which talented people thrive.
- Suppliers – behaving in a manner that reflects mutual respect, understanding and sound business practice.

The company profit and loss account for the financial year is presented on page 7.

The directors report that the Turnover for the current year was £8,844,000 (2015: £13,594,000) and operating profit on ordinary activities before taxation reported at £381,000 (2015: loss £1,132,000) reflecting the challenging current market conditions. The loss for the financial year amounted to £2,039,000 (2015: loss £4,584,000).

### Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of foreign currency risk, credit risk, liquidity risk and interest rate and cash flow risk. The company does not use derivative financial instruments for speculative purposes.

- **Liquidity risk:** the group actively maintains a mixture of long-term and short-term debt finance that is designed to ensure the group has sufficient available funds for current and planned operations.
- **Interest rate and cash flow risk:** the group manages interest rate risk on its long-term borrowings by the use of interest rate swap contracts.
- **Credit risk:** the group's policies require appropriate credit checks on potential customers before sales are made. The amount of exposure to an individual counterparty is subject to a limit, which is reassessed on a regular basis.
- **Foreign currency risk:** the group manages foreign exchange risk by using foreign currency denominated debt as a natural hedge. Settlement risk is managed by matching foreign currency receipts and payments whenever possible.



S A A Mitchell  
Chief Executive Officer  
27 April 2017

# **SPARROWS ANGOLA LIMITED**

## **Directors' report for the year ended 31 December 2016**

The directors present their annual report on the affairs of the company, together with the audited financial statements and independent auditors' report for the year ended 31 December 2016.

### **Going concern**

After making enquiries, as described further in note 3 to the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence as a going concern for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in the preparation of the financial statements.

### **Future developments**

The directors expect market conditions to continue to be challenging due to the instability in the oil price and the impact of this on the wider Oil & Gas market. Notwithstanding that, the directors believe that the company will benefit from broadening its product and service offerings in the existing territories of Angola and UK that it operates in, whilst continuing to expand its offering into other customers and proactively managing its cost base.

### **Directors**

The present membership of the board is set out on page 1. The directors of the company who were in office during the year and up to the date of signing the financial statements were:

S A A Mitchell  
N A Johnson

### **Directors' indemnities**

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

### **Provision of information to auditors**

Each of the persons who is a director at the date of approval of this report confirms that:

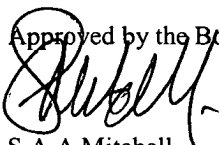
- so far as the director is aware, there is no relevant audit information of which the company's auditors' are unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors' are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

### **Independent auditors**

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board.



S A A Mitchell  
Chief Executive Officer  
27 April 2017

# **SPARROWS ANGOLA LIMITED**

## **Directors' responsibilities statement**

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

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# ***Independent auditors' report to the members of Sparrows Angola Limited***

## **Report on the financial statements**

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### **Our opinion**

In our opinion, Sparrows Angola Limited's financial statements (the "financial statements"):

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

### **What we have audited**

The financial statements, included within the Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2016;
- the profit and loss account and statement of total recognised gains and losses for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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## **Opinions on other matters prescribed by the Companies Act 2006**

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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 addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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## **Other matters on which we are required to report by exception**

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### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

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### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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## **Responsibilities for the financial statements and the audit**

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### **Our responsibilities and those of the directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Richard Spilsbury (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Aberdeen  
27 April 2017



## SPARROWS ANGOLA LIMITED

### Profit and loss account

Year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Turnover	5	8,844	13,594
Cost of sales		(6,623)	(12,477)
<b>Gross profit</b>		<b>2,221</b>	<b>1,117</b>
Administrative expenses		(1,840)	(2,249)
<b>Operating profit / (loss)</b>		<b>381</b>	<b>(1,132)</b>
Interest receivable and similar income	7	-	10
Interest payable and similar charges	8	(1,540)	(2,774)
<b>Loss on ordinary activities before taxation</b>	9	<b>(1,159)</b>	<b>(3,896)</b>
Tax on loss on ordinary activities	10	(880)	(688)
<b>Loss for the financial year</b>	15	<b>(2,039)</b>	<b>(4,584)</b>

All of the results for the current and prior year relates to continuing operations.

There are no material differences between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents.

### Statement of total recognised gains and losses

Year ended 31 December 2016

	Note	2016 £'000	2015 £'000
Loss for the financial year	15	(2,039)	(4,584)
Currency translation difference on foreign branch	15	100	678
<b>Total recognised gains and losses relating to the year</b>		<b>(1,939)</b>	<b>(3,906)</b>

# SPARROWS ANGOLA LIMITED

## Balance sheet

As at 31 December 2016

	Note	2016 £'000	2015 £'000
<b>Fixed assets</b>			
Tangible assets	11	85	76
<b>Current assets</b>			
Debtors	12	10,845	8,917
Cash at bank and in hand		3,161	777
		14,006	9,694
<b>Creditors: amounts falling due within one year</b>	13	(20,953)	(14,693)
<b>Net current liabilities</b>		(6,947)	(4,999)
<b>Total assets less current liabilities</b>		(6,862)	(4,923)
<b>Net liabilities</b>		(6,862)	(4,923)
<b>Capital and reserves</b>			
Called up share capital	14	100	100
Profit and loss account	15	(6,962)	(5,023)
<b>Total shareholders' deficit</b>		(6,862)	(4,923)

The financial statements of Sparrows Angola Limited (registered number SC254764) on pages 7 to 18 were approved by the Board of Directors on 27 April 2017 and signed on its behalf by



N A Johnson  
Chief Financial Officer

# SPARROWS ANGOLA LIMITED

## Statement of changes in equity

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total shareholders' deficit £'000</b>
Balance as at 1 January 2015	100	(1,117)	(1,017)
Loss for the financial year	-	(4,584)	(4,584)
Other comprehensive income for the year	-	678	678
	<hr/>	<hr/>	<hr/>
Total comprehensive expense for the year	-	(3,906)	(3,906)
	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2015	<b>100</b>	<b>(5,023)</b>	<b>(4,923)</b>
	<hr/>	<hr/>	<hr/>
Balance as at 1 January 2016	100	(5,023)	(4,923)
Loss for the financial year	-	(2,039)	(2,039)
Other comprehensive income for the year	-	100	100
	<hr/>	<hr/>	<hr/>
Total comprehensive expense for the year	-	(1,939)	(1,939)
	<hr/>	<hr/>	<hr/>
Balance as at 31 December 2016	<b>100</b>	<b>(6,962)</b>	<b>(6,862)</b>
	<hr/>	<hr/>	<hr/>

# SPARROWS ANGOLA LIMITED

## Notes to the financial statements Year ended 31 December 2016

### 1. General information

The company's principal activity is the provision of crane operation, manufacture, maintenance and associated services to the oil and gas industry.

The company is a private company limited by shares and is incorporated and domiciled in the UK. The address of its registered office is 13 Queens Road, Aberdeen, AB15 4YL.

### 2. Statement of compliance

The individual financial statements of Sparrows Angola Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

### 3. Summary of significant accounting policies

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.

#### Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

#### Going concern

The company is a member of the Sparrows Offshore Group Limited group of companies ("the Group"). The company is party to cross-guarantees in respect of the group's banking facilities, which comprise term loan and revolving credit facilities (note 17).

At 31 December 2016 the company has net current liabilities of £6,947,000 (2015: £4,999,000) and continues to be reliant on advances provided by other group companies in order to meet its obligations. The company has confirmed the continuing support of the Group and that repayment of the advances from other group entities will not be sought if it would compromise the ability of the company to trade in the ordinary course of business.

Having considered the foregoing, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis continues to be applied in the preparation of these financial statements.

# SPARROWS ANGOLA LIMITED

## Notes to the financial statements (continued) Year ended 31 December 2016

### 3. Summary of significant accounting policies (continued)

#### Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The company has taken advantage of the following exemptions:

- (i) A reconciliation of the number of shares outstanding at the beginning and end of the period [FRS 102 para 4.12(a)(iv)];
- (ii) The requirement to prepare a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Sparrows Offshore Group Limited, includes the company's cash flows in its own consolidated financial statements [Section 7 of FRS 102 and para 3.17(d)]
- (iii) The non-disclosure of key management personnel compensation in total [FRS 102 para 33.7]
- (iv) The non-disclosure of related party transactions between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member [FRS 102 para 33.1A]

#### Consolidated financial statements

The company is a wholly owned subsidiary of Sparrows Offshore International Group Limited and of Sparrows Offshore Group Limited, the largest group to prepare consolidated financial statements which are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the company's separate financial statements.

#### Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Plant and Machinery	3-10 years
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Residual value is calculated on prices prevailing at the date of acquisition.

#### Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### *Financial Assets*

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price. At the end of each reporting period such assets are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amounts would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset expire or are settled, or (c) substantially all the risks and rewards of the ownership of the asset are transferred to another party or, (d) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

# SPARROWS ANGOLA LIMITED

## Notes to the financial statements (continued) Year ended 31 December 2016

### 3. Summary of significant accounting policies (continued)

#### *Financial liabilities*

Basic financial liabilities, including trade and other payables and loans from Group companies are initially recognised at transaction price.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### **Turnover**

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts and VAT. Turnover from the provision of goods or services is recognised when the risks and rewards of ownership of goods have been transferred to the customer.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed at the period end as a proportion of the total contract value. Full provision is made for losses on contracts as soon as they are foreseen.

Interest income is recognised using the effective interest rate method.

#### **Foreign currency**

Amounts expressed in foreign currencies are translated into sterling at the middle market rate of exchange ruling at the close of business at the balance sheet date. Transactions during the year are translated at the middle market rates prevailing at the date of the transactions. Exchange gains or losses are recorded in the profit and loss account.

#### **Taxation**

Current tax, including UK corporation tax and foreign 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.

Deferred taxation is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted.

# SPARROWS ANGOLA LIMITED

## Notes to the financial statements (continued) Year ended 31 December 2016

### 4. Critical accounting judgements and estimation uncertainty

#### (a) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### *(i) Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 11 for the carrying amount of the property plant and equipment, and note 3 for the useful economic lives for each class of assets.

##### *(ii) Impairment of debtors*

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience. See note 12 for the carrying amount of the debtors and any associated impairment provision.

### 5. Turnover

The turnover is wholly attributable to the company's principal activities.

Geographical analysis of turnover:

	2016 £'000	2015 £'000
<b>Turnover by origin</b>		
Africa	8,844	13,594

The turnover is wholly attributable to the company's principal activity. No further segmental analysis of turnover and operating profit is provided as the directors believe this may be prejudicial to the best interests of the company.

# SPARROWS ANGOLA LIMITED

## Notes to the financial statements (continued) Year ended 31 December 2016

### 6. Information regarding directors and employees

	2016 £'000	2015 £'000
<b>Staff costs during the year:</b>		
Wages and salaries	-	1,148
Social security costs	-	85
	<u>-</u>	<u>1,233</u>
	<u>-</u>	<u>1,233</u>
	2016 No.	2015 No.
<b>Monthly average numbers of persons employed:</b>		
Servicing, production and operation	-	37
Administration	-	5
	<u>-</u>	<u>42</u>
	<u>-</u>	<u>42</u>

During 2015 all employees contracts were novated to another group company. Therefore Sparrows Offshore Angola Limited did not directly employee any personnel during 2016.

The directors are also directors of other group companies who settle their remuneration. It is not considered possible to apportion directors' remuneration to this subsidiary on the basis of the level of service and accordingly no allocation has been made. The remuneration paid by other group companies has been disclosed in the financial statements of the companies concerned.

### 7. Interest receivable and similar income

	2016 £'000	2015 £'000
Intercompany interest receivable	-	10
	<u>-</u>	<u>10</u>

### 8. Interest payable and similar charges

	2016 £'000	2015 £'000
Foreign exchange loss	1,320	2,441
Special contribution tax	216	333
Interest payable	4	-
	<u>1,540</u>	<u>2,774</u>
	<u>1,540</u>	<u>2,774</u>



# SPARROWS ANGOLA LIMITED

## Notes to the financial statements (continued) Year ended 31 December 2016

### 9. Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	2016 £'000	2015 £'000
Depreciation of tangible fixed assets	42	37
Rentals payable under operating leases	112	116
	<u>154</u>	<u>153</u>

The audit fee of £6,000 (2015: £4,000) was borne by a fellow group company in the current and prior year.

### 10. Tax on loss on ordinary activities

	2016 £'000	2015 £'000
<b>Current taxation</b>		
Foreign tax	506	539
<b>Adjustments in respect of prior periods</b>		
Foreign tax	374	141
<b>Total current tax</b>	<u>880</u>	<u>680</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences - prior year	-	8
	<u>-</u>	<u>8</u>
<b>Total tax charge on loss on ordinary activities</b>	<u>880</u>	<u>688</u>

The tax assessed on the loss on ordinary activities for the year is higher (2015: higher) than the standard rate of corporation tax in the UK of 20% (2015: 20.25%). The differences are reconciled below:

# SPARROWS ANGOLA LIMITED

## Notes to the financial statements (continued) Year ended 31 December 2016

### 10. Tax on loss on ordinary activities (continued)

	2016 £'000	2015 £'000
Loss on ordinary activities before taxation	(1,159)	(3,896)
Tax on loss on ordinary activities at standard rate of 20% (2015: 20.25%)	(232)	(789)
<i>Factors affecting charge for the year:</i>		
Foreign taxes not recoverable	(102)	(127)
Depreciation in excess of capital allowances	8	8
Higher taxes on overseas earnings	506	540
Adjustment in respect of prior periods	374	149
Group relief received and not paid for	5	757
Losses upon which deferred tax is not recognised	312	115
Short term timing differences	(10)	14
Expenses not deductible for tax purposes	19	21
<b>Total tax charge for the year</b>	<b>880</b>	<b>688</b>

A deferred tax asset of £386,000 (2015: £272,000) relating to tax losses carried forward has not been recognised on the basis that there is insufficient evidence of future profitability. Relief for these losses will only be obtained when the company obtains sufficient profits on which to utilise the losses.

### 11. Tangible assets

	Plant and Machinery £'000
<b>Cost</b>	
At 1 January 2016	147
Additions	53
Foreign exchange movements	(3)
At 31 December 2016	197
<b>Accumulated depreciation</b>	
At 1 January 2016	71
Charge for the year	42
Foreign exchange movements	(1)
At 31 December 2016	112
<b>Net book value</b>	
At 31 December 2016	85
At 31 December 2015	76

# SPARROWS ANGOLA LIMITED

## Notes to the financial statements (continued) Year ended 31 December 2016

### 12. Debtors

	2016 £'000	2015 £'000
Trade debtors	1,823	1,654
Amounts owed by group undertakings	8,770	6,856
UK corporation tax	-	131
Prepayments and accrued income	252	276
	<u>10,845</u>	<u>8,917</u>

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

### 13. Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	134	164
Amounts owed to group undertakings	20,238	13,675
Taxation and social security	9	49
Other creditors	26	26
Accruals and deferred income	546	779
	<u>20,953</u>	<u>14,693</u>

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

### 14. Called up share capital

	2016 £'000	2015 £'000
<b>Called up, allotted and fully paid</b>		
100,000 (2015: 100,000) ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 15. Profit and loss account

	£'000
At 1 January 2016	(5,023)
Loss for the financial year	(2,039)
Exchange loss arising on translation of foreign branches	100
At 31 December 2016	<u>(6,962)</u>

# SPARROWS ANGOLA LIMITED

## Notes to the financial statements (continued) Year ended 31 December 2016

### 16. Financial commitments

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2016 £'000	2015 £'000
Payments due		
Not later than one year	62	32
Later than one year and not later than five years	-	4
	<u>62</u>	<u>36</u>

### 17. Contingent liabilities

The company has entered into an arrangement with the Group bankers of its intermediate parent company, Hawk Noteco Limited, and subsidiaries, whereby cross-guarantees and securities have been granted in respect of the Group debt.

For the purposes of the group banking facilities, the parent company is Hawk Noteco Limited

Group bank loans and overdrafts are secured by a standard security over any fixed assets and cash balances of the company and certain other group companies and a floating charge over the whole of the assets of the company and certain other group companies.

### 18. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Sparrows Offshore International Limited.

The directors regard Hawk Caledonia LP, a limited partnership incorporated in Scotland, as the ultimate parent undertaking and controlling party.

The largest group in which the results of the company are consolidated at 31 December 2016 is that headed by Sparrows Offshore Group Limited. The smallest group in which the results of the company are consolidated at 31 December 2016 is that headed by Hawk Noteco Limited. The consolidated financial statements of these groups are available from Companies House, 4th Floor, Edinburgh Quay 2, 139 Fountainbridge, Edinburgh, EH3 9FF.