Company Registration No. 07188049

BIBBY OFFSHORE HOLDINGS LIMITED

Annual Report and Financial Statements

For the year ended 31 December 2015

BIBBY OFFSHORE HOLDINGS LIMITED

Annual report and financial statements 2015

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BIBBY OFFSHORE HOLDINGS LIMITED

Officers and professional advisers

Directors

Howard Dennis Woodcock
Neale John Stewart
Fraser John Moonie
David James Forsyth (resigned 20 February 2015)
Stuart Robert Jackson
Andrew Duncan (resigned 20 February 2015)
Gaurav Batra
Michael Peter Brown (appointed 1 January 2015)
Simon Featherstone (appointed 20 February 2015, resigned 5 August 2015)
Sir Michael Bibby, Bt. (resigned 20 February 2015)
Michael Joseph Arnold (resigned 28 January 2016)

Company secretary

Bibby Bros. & Co. (Management) Limited

Registered office

105 Duke Street
Liverpool
L1 5JQ

Legal advisers

Pinsent Masons LLP
Aberdeen
AB15 4YL

Bankers

Royal Bank of Scotland plc
Aberdeen
AB10 1YN

Credit Suisse
London
E14 4QJ

Barclays Bank plc
London
E14 4BB

Standard Chartered Bank
London
EC2V 5DD

Independent auditor

Deloitte LLP
Chartered Accountant and Statutory Auditor
Aberdeen
AB10 1SL

BIBBY OFFSHORE HOLDINGS LIMITED

Chairman’s statement

2015 was a challenging year for our sector with the oil price remaining significantly depressed relative to recent years. Bibby Offshore’s focus has been on adapting to this new environment and ensuring our business is well positioned to weather this part of the cycle.

The Group achieved significant reductions in its cost base during 2015 through the redelivery of vessels and a reduction in overall headcount. We have also scaled back our international offices in the US and Singapore whilst ensuing we maintain the capacity and flexibility to operate in these markets out of our Aberdeen headquarters.

These actions and our existing backlog at the end of 2014 have helped to mitigate the difficult market conditions however there has been a material effect on Bibby Offshore’s financial performance in 2015 with pressure on both revenue and margins. Operationally we continue to achieve high customer satisfaction and maintain good levels of utilisation on our reduced fleet; in particular our DSV fleet has performed exceptionally with utilisation of 92%.

Looking ahead we expect the market to continue to deteriorate in 2016 and we expect group activity to be at least 15% lower compared to 2015, reducing revenue and increasing net leverage. We also expect margins to remain under sustained pressure in 2016. Consequently, our ability to book work for the coming months will be the key factor to our performance over the year. The volatility and limited visibility on work is likely to remain for the foreseeable future. As a result, our primary focus in the coming year will be to ensure that our capacity remains at a level consistent with demand across our business, providing us with the necessary flexibility to best protect margins.

I would like to thank everyone at Bibby Offshore for their hard work in what was a difficult year for the business. I am confident that the actions we have taken and the dedication of the team will ensure that Bibby Offshore is well positioned to meet the challenges we will face in 2016.

Mike Brown
Chairman
31 March 2016

BIBBY OFFSHORE HOLDINGS LIMITED

Strategic report

The directors present their report and the audited financial statements for the year ended 31 December 2015.

Principal activities

Bibby Offshore Holdings Limited ("Bibby Offshore" or "the group") is a wholly-owned subsidiary of Bibby Line Group Limited and is the holding company for Bibby Line Group's offshore and subsea activities. The group's principal activities are the project management and execution of offshore inspection, repair, maintenance and construction services to the offshore industry.

Business review

Despite the macro environment remaining tough, Bibby Offshore has achieved high asset utilisation throughout 2015, continued to execute solid project performance, and further improved on its strong safety record and customer satisfaction scores. Additionally, throughout the course of the year, the group focused on reducing its cost base, increasing flexibility, preserving cash and managing risk effectively.

2015 overall has been a difficult year for the sector and for Bibby Offshore it was no different, although the group benefitted from the backlog carried from 2014. The results for 2015 reflect current market conditions in which the group has been successful in securing utilisation for its assets, albeit trading off a smaller asset base and at lower margins. 2015 was characterised by increasing pressure on rates and utilisation as the market entered a prolonged period of reduced oil prices. This was reflected in the group's revenue, which reduced to £240.7m from the record level of £383.6m achieved in 2014 and gross margin, which dropped to £43.1m from £92.5m representing a fall from 18% from 24%. Administrative costs were reduced by 23% to £23.6m as cost and headcount reductions took effect.

The group's focus remains on its core North Sea and DSV markets with regional expansion focused on the US Gulf of Mexico. DSV utilisation levels remained strong throughout 2015 at 92%, with overall fleet utilisation of 74% for the year. The Olympic Ares and Olympic Bibby were relocated to Hellesylt from the end of November and mid-December respectively, due to low utilisation levels on the CSV and ROVSV fleet, in order to minimise costs until they are re-mobilised in Quarter 1 2016.

In the core market of the North Sea the group has continued to perform well, and here Bibby Offshore's DSV specialism provides a competitive advantage and a good platform from which to operate. Tendering activity remained relatively solid and the group won contracts with new and existing customers. The level of repeat business continued at over 78% for the year, and the group won repeat contracts with Centrica, ConocoPhilips, Shell, BP, Engie and Talisman. The group also completed extended workscopes on the Maersk Tyra and Premier Solan contracts. In terms of new business, Bibby Offshore was appointed by Endeavour Energy on two North Sea decommissioning projects and by DONG on a continuation of their annual IRM contract. Bibby Offshore's First Point Assessment Limited (FPAL) score, which is the key industry measurement of customer satisfaction, improved when benchmarked against peers in the North Sea at 8.3 as at December 2015, increasing from 7.8 as at December 2014.

Bibby Offshore continues to actively manage its global exposure through international development and whilst the North Sea remains the group's core market, it believes that the Gulf of Mexico and Asia offer growth opportunities in the medium term. In the US the group continued to strengthen its offering and in 2015 entered into a strategic alliance with Aqueos for subsea projects in North America. Through this Bibby Offshore won a significant contract with Shell for execution in Q1 2016 using the DSV Bibby Sapphire, following its relocation to the region. We served a cancellation notice on the Brandon Bordelon following the continued delay in delivery. In Asia the group scaled back operations to a business development function however it has continued to win standalone ROV contracts in the region.

BIBBY OFFSHORE HOLDINGS LIMITED

Strategic report

Throughout 2015 Bibby Offshore has focused on ensuring that the business has the flexibility to remain positioned correctly in volatile market conditions. The group has maintained a rigorous focus on cost management throughout the business including reducing personnel, general overheads and vessel operating costs through a series of 90 day action plans. The Bibby Spring, Mermaid Endurer and EDT Jane were redelivered reducing Bibby Offshore's fleet to five vessels, down from eight at the start of 2015, resulting in a reduction in charter costs of £23m compared to 2014. As the group adjusts to market conditions, it has reduced headcount in Asia and Norway, with a focus on business development in these regions. The group has reorganised its approach to developing a presence in emerging markets and importantly, despite the headcount reductions internationally, it has maintained operational capabilities out of Aberdeen. The group has implemented redundancies at all levels, reducing headcount by 33% from 715 to 476 over the course of 2015 (both permanent staff and contractors), resulting in net savings to onshore personnel overheads of £8.5m compared to 2014.

As a result of Bibby Offshore's decision to scale back its international offices, redundancies have also been made at management level with Mike Arnold, Chief Operating Officer, International and Peter Hughes, Director responsible for the Singapore office, leaving the business. Additionally, as part of the focus on cost management Mark Wood, Director for Remote Services has also left the business.

Despite the reduction in headcount, Bibby Offshore remains committed to developing employees and continued with extensive training, talent management, appraisals and succession planning programmes. Safety is of utmost importance and Bibby Offshore improved on its excellent Lost Time Incident Frequency Rate (LTIF) in the period, with a below average LTIF rate measured against the IMCA industry standard.

Principal risks and uncertainties

Bibby Offshore's governance framework includes clear and delegated authorities on business performance monitoring and ensuring appropriate insurance for a wide range of potential risks. The framework for risk management governance is defined by the group leadership team, regional executive committees and the global support functions including Finance, QHSE, IT and HR. These committees and functions apply risk management processes and controls and also develop global policies and standards which the regional entities align to their processes.

Risk is monitored and reported through monthly leadership team and regional senior management team meetings. Monthly Finance and QHSE reports are provided to the group and executive committee boards. The Corporate Risk Register (CRR) is used to capture risk, controls, monitor risk realisation and risk assurance and verification activities. The CRR is reviewed and revised at least quarterly and is tabled at the quarterly group board meetings.

The tables overleaf set out how the key risks within our business are linked to our business strategy, how we have rated the risks and the Key Performance Indicators we use to monitor the risks. There are a number of other risks that are managed that are not considered to be key risks.

BIBBY OFFSHORE HOLDINGS LIMITED

Strategic report (continued)

Principal risks and uncertainties	Mitigation	Key Performance Indicators
Our business depends on expenditure by the oil and gas industry Expenditure by the oil and gas industry is driven by the demand for energy and the prices of oil, gas and refined products. Any reduction in activity could lead to a decline in the demand for our services impacting utilisation and day rates. This could make it more difficult for us to offer our services at competitive rates, acquire profitable new contracts or secure extensions or renewals of existing contracts. Prolonged downturn in the overall level of exploration and development activities could materially and adversely affect our strategic intent, financial condition and results of operations.	• We monitor market activity through the use of market intelligence • We measure our backlog to ensure we have visibility of future revenues • We maintain a balance of fixed and variable costs to enable us to react to market changes	• Order backlog
Future business performance depends on our ability to win new contracts Utilisation may drop below currently expected levels, and our business, financial condition or results of operations may be adversely affected.	• We monitor the rate at which we convert tenders into confirmed contracts to perform work • We monitor the utilisation rates and the average daily sell rates of our key assets	• Vessel utilisation and day rates • ROV Utilisation and day rates • Tender win rates
We may rely on a small number of key clients or contracts If demand for our services or products by any of our key clients declines, a key contract is terminated, a key client fails to pay us on time or a key client or contract proves less profitable than we expected, it may have a material adverse effect on our results of operations, financial condition or prospects.	• We work closely with our clients to obtain feedback to ensure we deliver excellent service • We have identified a strategy of expanding our markets to reduce over reliance on core customers • We support and encourage innovation	• Percentage of new and repeat clients • FPAL score
Delays or cancellations of projects in our backlog Cancellations, delays, scope adjustments, payment defaults and poor project execution could materially reduce the turnover and profits that we ultimately realise from projects in our backlog.	• We work closely with our clients to provide flexible timing and solutions to minimise the risk of cancellation • All of our contracts provide the client with a right to early termination within the contractual notice period, and where possible our contracts provide us with the right to receive compensation in respect of such early termination	• Order backlog
Damage to our business reputation and safety record Failure to maintain our safety record could have a material adverse effect on our business, results of operations, financial condition or cash flows through; Sanctions from regulatory authorities, fines, or revocations of permissions to operate. Clients would consider competitors with better safety performance despite differences in costs. Attracting and retaining personnel (employees and contractors).	• We take all aspects of safety very seriously and have developed and maintain a culture where eliminating harm to people and environmental impact is a priority • Defined responsibilities and accountability for safety; Implementation and maintenance of robust HSE policies, processes and procedures; Maintaining a programme of internal audit and verification on the effectiveness of policy and process; Robust Root Cause Analysis to determine corrective actions and lessons learned	• LTIF • Total Recorded Case Frequency

BIBBY OFFSHORE HOLDINGS LIMITED

Strategic report (continued)

Principal risks and uncertainties	**Mitigation**	**Key Performance Indicators**
General economic conditions may impact on our clients' ability to raise capital and contract for services The ability of our clients to raise capital could result in project modifications, delays and/or cancellations. The inability to raise capital could adversely impact our ability to sustain our business and would likely increase our capital costs. Inability to raise sufficient capital and failure to make payments when due or take delivery of new assets could result in a default under our project contracts or expose us to penalties and damages under such contracts.	• We monitor market activity through the use of market intelligence. • We maintain a balance of fixed and variable costs to enable us to react to market changes • We measure our backlog to ensure we have visibility of future revenues	• Order backlog
Reduced service delivery onshore and offshore Failure to win work/retain clients.	• We take great care in building correct risk profile at tendering stage • We have high quality resource planning, scheduling and delivery through the implementation of robust process and procedure and defined roles and responsibilities • Customer focused approach utilising stakeholder feedback and continuous improvement through monitoring, audit & review • We utilise Project Delivery lessons learned data	• Tendering win rate • Percentage of repeat clients
Unable to attract and retain sufficient skilled personnel to meet our operational requirements The inability to attract or retain highly skilled personnel for our manned diving and remote intervention operations could have a material adverse effect on our business, financial condition and results of operations.	• We use market intelligence to assist in resource & contingency planning • We realise the talent of our people through dedicated learning and development programmes • We have developed offices across the UK to access new talent pools	• Staff retention rates
Vessel may have to be taken out of service for unexpected lengths of time or require extensive repairs or modifications The delay in the provisions of services to clients may have a material adverse effect on our business, results of operations, financial condition and prospects. Sufficient funds to cover costs of unpredictable and substantial dry-dock repairs. A delay in vessel maintenance could affect our contracted project schedule and have a material adverse effect on our business and results of operations.	• We adopt a robust asset management programme integrating asset integrity and assurance programmes, condition based monitoring and the adoption of a reliability centred maintenance approach • We use market intelligence to understand the availability of charter vessels	• Offhire days
Financial risks The group provides assets and services into international markets and it is therefore exposed to currency movements on such sales. The group's credit risk is primarily attributable to its trade receivables and cash balances. The group has in place short and long term finance arrangements to ensure liquidity for ongoing operations and future development.	• Exchange rate exposure is managed as far as is possible through contractual terms or matching costs in the same currencies • The group enters forward contracts as considered appropriate • The group monitors the credit risk with customers. Receivables stated in the balance sheet are net of allowances for doubtful debts • The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with recognised credit-ratings assigned by international credit-rating agencies • Derivatives are not entered on a speculative basis • The group prepares and updates trading and cash flow forecasts to monitor and manage projected liquidity and trading performance	• Foreign exchange gains or losses • Bad debts • Debtor days

Strategic report (continued)

Market outlook

A characteristic of the current downturn is the reduced visibility and shorter term bidding cycles within the sector. This is something the group has actively and successfully managed throughout 2015, placing considerable emphasis on its ability to respond to client needs and deliver services at short notice; however, this type of contracting environment provides increased volatility.

In 2016 Bibby Offshore will continue to focus on maintaining high utilisation levels and preserving cash, which will place it in the best possible position to manage the downturn and capitalise on a future recovery. The group does continue to see work being tendered, albeit with shorter lead times, and expects activity to be driven by the short-term spot market. The usual seasonal pick up in tender commitments in the first quarter of year has been slow to materialise, reflecting the lack of market visibility. As a result, in early 2016 the group has sustained material operating losses due to underutilisation of vessels and poor trading conditions in the seasonally low point of the year.

The group anticipates the North Sea market will remain challenging through the year and group activity is expected to be at least 15% lower compared to 2015. The group also expects margins to remain under sustained pressure in 2016. Consequently, the ability to book work for the coming months will be the key factor to performance over the year.

Bibby Offshore continues to explore opportunities for product and market development. In particular the group is looking for opportunities in international regions where it has already secured work, and is developing routes to market through strategic partnerships in the decommissioning and renewables space. The group has made progress in these areas, tendering for work and receiving good client feedback as it leverages its existing core competencies and assets.

Overall, the group is confident in its ability to manage the business through the volatility that the continued low oil price environment is likely to present. Bibby Offshore's excellent project execution, strong client relationships, flexibility and focus on costs, positions it well to not only work through the year ahead but also take advantage of any market opportunities when they arise.

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

H D Woodcock
Director and Chief Executive

31 March 2016

Directors' report (continued)

The directors present their report and the audited financial statements for the year ended 31 December 2015.

Corporate governance

The group strives to maintain the highest standards in corporate governance and bases its actions on the principles of openness, integrity and accountability. Audit and Remuneration Committees exist within Bibby Line Group Limited which also covers the activities of this group.

Financial risk management objectives and policies

The group's activities expose it to a number of financial risks including foreign exchange risk, credit risk and liquidity risk.

The principal risks and uncertainties associated with the group's operations and also financial risk management are discussed in the Strategic Report.

Environment

The group recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to mitigate any adverse impact that might be caused by its activities. Initiatives aimed at minimising the group's impact on the environment include recycling, reducing energy consumption and a carbon neutral company car policy.

Employees

The group is committed to the continuing development of effective employee communication, including regular publication of company magazines. It is the policy of the group to ensure that all sections of the community have an equal opportunity in matters related to employment. The group participates in various defined contribution pension schemes for employees.

It is the group's policy to promote the understanding and involvement of all employees in its business and performance. Regular Town Hall meetings are held to fully inform and engage with the employees.

The policy of the group is to give full and fair consideration to applications for employment made by disabled persons. If any employee becomes disabled whilst employed by a group company, every effort is made to find suitable continuing employment, with re-training as necessary. Disabled persons share equally in the opportunities available for training, career development and promotion.

Dividends

Interim dividends of £20,110k were declared and paid in the year (2014:£49,624k).

Directors

The present membership of the board and changes during the year to the date of this report are set out on page 1.

Directors' indemnities

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

Charitable and political donations

Charitable donations of £4k were made during the year (2014:£4k).

Employee consultation

The group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group and the company.

Directors' report (continued)

Going concern

The group expects market conditions to remain challenging for at least the next 12 months and expects to meet its day to day working capital requirements through its cash reserves. The group has cash reserves of £97.2m at 31 December 2015.

The group has developed forecasts and projections, including consideration of sensitised scenarios which consider as far as reasonably possible changes in trading performance, which show that the group and company is projecting to operate within the available cash reserves.

After due and informed enquiry, as per above, the directors have formed the judgment that at the time of approving the financial statements, there is a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. For this reason the going concern basis continues to be adopted in preparing the financial statements.

Auditor

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

(1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and

(2) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

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

H D Woodcock
Director and Chief Executive

31 March 2016

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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of BIBBY OFFSHORE HOLDINGS LIMITED

We have audited the financial statements of Bibby Offshore Holdings Limited for the year ended 31 December 2015 which comprise Group Statement of Profit, Loss and Comprehensive Income, the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, the Group and Parent Company Statement of Changes in Equity, the Group Cash Flow Statement and the related notes 1 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2015 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

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

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

Independent auditor's report to the members of BIBBY OFFSHORE HOLDINGS LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Graeme Sheils CA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Aberdeen, United Kingdom
31 March 2016

BIBBY OFFSHORE HOLDINGS LIMITED

Group statement of profit, loss and comprehensive income
Year ended 31 December 2015

	Note	2015 £000	2014 £000
Group turnover: continuing operations	3	240,711	383,597
Cost of sales		(197,616)	(291,124)
Gross profit		43,095	92,473
Administrative expenses		(23,561)	(30,424)
Other income		40	-
Operating profit: continuing operations		19,574	62,049
(Loss)/profit on sale of tangible fixed assets	5	(108)	3,052
Finance costs (net)	4	(14,596)	(12,819)
Profit on ordinary activities before taxation	5	4,870	52,282
Tax on profit on ordinary activities	8	(4,979)	(12,062)
(Loss)/profit for the financial year		(109)	40,220
Currency translation difference on foreign operations		271	-
Total comprehensive income		162	40,220

BIBBY OFFSHORE HOLDINGS LIMITED

Group and company balance sheets
At 31 December 2015

	Note	Company 2015 £000	Company 2014 £000	Group 2015 £000	Group 2014 £000
Fixed assets					
Investments	11	23,444	23,444	-	-
Tangible assets	12	-	-	122,772	129,496
		23,444	23,444	122,772	129,496
Current assets					
Stocks	13	-	-	1,458	2,150
Debtors	14	111,014	113,758	28,429	58,061
Cash and cash equivalents		70,665	80,221	97,161	116,368
		181,679	193,979	127,048	176,579
Creditors: amounts falling due within one year	15	(184,837)	(200,403)	(34,492)	(71,047)
Net current (liabilities)/assets		(3,158)	(6,424)	92,556	105,532
Total assets less current liabilities		20,286	17,020	215,328	235,028
Creditors: amounts falling due after more than one year	16	-	-	(179,517)	(179,667)
Provisions for liabilities	18	-	-	(10,401)	(10,003)
Net assets		20,286	17,020	25,410	45,358
Capital and reserves					
Called up share capital	20	17,000	17,000	17,000	17,000
Profit and loss reserve		3,286	20	8,410	28,358
Shareholders' funds		20,286	17,020	25,410	45,358

The financial statements of Bibby Offshore Holdings Limited, registered number 07188049 were approved by the Board of Directors and authorised for issue on March 2016.

Signed on behalf of the Board of Directors

H D Woodcock

Director and Chief Executive

Group and company statement of changes in equity
At 31 December 2015

Group

	Called-up share capital £000	Profit and loss reserve £000	Total £000
At 31 December 2013 as previously stated	17,000	37,762	54,762
Changes on transition to FRS 102 (note 29)	-	-	-
At 1 January 2014	17,000	37,762	54,762
Profit for the year	-	40,220	40,220
Dividends paid	-	(49,624)	(49,624)
At 31 December 2014	17,000	28,358	45,358
Loss for the year	-	(109)	(109)
Dividends paid	-	(20,110)	(20,110)
Currency translation difference on foreign operations	-	271	271
At 31 December 2015	17,000	8,410	25,410

Company

	Called-up share capital £000	Profit and loss reserve £000	Total £000
At 31 December 2013 as previously stated	17,000	-	17,000
Changes on transition to FRS 102 (note 29)	-	-	-
At 1 January 2014	17,000	-	17,000
Profit for the year	-	49,644	49,644
Dividends paid	-	(49,624)	(49,624)
At 31 December 2014	17,000	20	17,020
Profit for the year	-	23,376	23,376
Dividends paid	-	(20,110)	(20,110)
At 31 December 2015	17,000	3,286	20,286

BIBBY OFFSHORE HOLDINGS LIMITED

Group cash flow statement
Year ended 31 December 2015

	Note	2015 £000	2014 £000
Net cash inflow from operating activities	21	21,474	70,798
Cash flows from investing activities			
Proceeds from sale of tangible fixed assets		167	3,294
Purchase of tangible assets		(7,811)	(16,492)
Interest received		445	108
Net cash flows from investing activities		(7,199)	(13,090)
Cash flows from financing activities			
Dividends paid		(20,110)	(49,624)
Repayments of borrowings		-	(97,794)
Repayments of finance lease agreements		(3,992)	(3,386)
Loan issue costs paid		-	(7,154)
Non- recurring financing activities		-	(635)
New obligations under hire purchase agreements		4,745	4,518
New bank loans and high yield bond issue		-	205,000
Interest paid		(14,125)	(10,426)
Net cash (outflow)/inflow from financing activities		(33,482)	40,499
Net (decrease)/increase in cash and cash equivalents		(19,207)	98,207
Cash and cash equivalents at beginning of year		116,368	18,161
Cash and cash equivalents at end of year		97,161	116,368
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand*		27,161	36,368
Short term money market investments**		70,000	80,000
		97,161	116,368

* Included within cash at bank and in hand is an amount of £300k (2014:£211k) held under agency agreement with Bibby Ship Management Ltd, a subsidiary of the ultimate parent company Bibby line Group Limited.

** The group has short term money market investments maturing in periods ranging from 1 to 3 months and attracting interest rates ranging from 0.48% to 0.90% per annum

Notes to the financial statements
Year ended 31 December 2015

1. Accounting policies

(a) General information and basis of accounting

Bibby Offshore Holdings Limited is a company incorporated in the United Kingdom. The address of the registered office is given on page 1. The nature of the group's operations and its principal activities are set out in the strategic report on pages 3 to 7.

In accordance with UK GAAP and with effect from 1 January 2014 the financial statements are presented under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. As explained in note 29, no restatement of prior year results or net assets has arisen from the adoption of FRS 102.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The principal accounting policies have been applied consistently in dealing with items considered to be material to the group and company's financial statements in the current and prior year.

The functional currency of Bibby Offshore Holdings Limited is considered to be pounds sterling being the currency of the primary economic environment in which the company operates. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

Bibby Offshore Holdings Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to the presentation of a separate profit and loss account and cash flow statement.

(b) Basis of consolidation

The group financial statements consolidate the financial statements of the parent company and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. 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. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

(c) Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic and directors' report.

The group meets its day to day working capital requirements through cash reserves. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the group should continue be able to operate within the level of reserves.

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1. **Accounting policies (continued)**

(d) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight line basis over their expected useful economic lives, as follows:

Vessel fleet	From date of purchase to the age of the vessel of 25 years
ROV fleet	5 to 10 years
Other:	
Plant and equipment	1 to 5 years
Leasehold improvements	Over the lease term

(e) Dry dock costs

For all vessels non-enhancement costs associated with their periodic dry docking are written off in the year in which the dry dock takes place. Enhancement costs are capitalised and depreciated over the useful life of the enhancement.

(f) Stock

Stock comprises spares and consumables and is stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate.

(g) 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.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired 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. Where a reversal of impairment occurs in respect of a cash-generating unit (CGU), the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

Financial assets

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.

Notes to the financial statements
Year ended 31 December 2015

1. Accounting policies (continued)

(h) Taxation

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

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. The deferred tax assets and liabilities are not discounted. Deferred tax assets are regarded as recoverable and recognised in the financial statements when, on the basis of available evidence, it is more likely than not that there will be suitable taxable profits from which the future reversal of the timing differences can be deducted.

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.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the group is able to control the reversal of the timing differences 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.

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 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 group 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.

(i) Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates ruling at the balance sheet date.

(j) Pension costs

The group participates in various defined contribution schemes for employees. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

1. Accounting policies (continued)

(k) Finance lease agreements and operating leases

Assets held under finance lease agreements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over their useful lives. The capital element of future repayments are recorded as liabilities, while the interest element is charged to the profit and loss account over the period of the contract to produce a constant rate of charge on the balance of capital repayments outstanding.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(l) Borrowings and finance costs

Borrowings are recorded at the proceeds received, net of direct issue costs. Finance costs, including direct issue costs, are recognised in the profit and loss account over the term of the related instruments.

(m) Turnover

Turnover is largely derived from the provision of project management and execution of offshore inspection, repair, maintenance and construction services to the Oil and Gas Sector, recognised when provided to customers, and is stated net of discounts and sales taxes. The directors consider all activities of the group to fall within the offshore sector within two distinct geographical regions. A segmental analysis can be found in note 3 below.

(n) Long term contracts

Where the outcome of a long term contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the balance sheet date. This is normally measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a long term contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred where it is probable they will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

1. Accounting policies (continued)

(o) Financial instruments

Financial assets and financial liabilities are recognised when the Group 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 Group after deducting all of its liabilities.

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 financing 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.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) 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.

(e) 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 levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition 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.

1. Accounting policies (continued)

(o) Financial instruments (continued)

With the exception of some hedging instruments, 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 Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Derivative financial instruments

The group uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

Fair value measurement

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

(p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation 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 balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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.

(a) Critical judgements in applying the group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), 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.

Revenue and margin recognition on long term contracts

Revenue and attributable profit on long term contracts in progress is recognised based on the estimated stage of completion and only when the outcome of the contract can be estimated reliably. At 31 December 2015 there were two long term contracts in the course of completion which required the determination of the stage of completion and expected profitability of the contracts when assessing the level of revenue and margin to be recognised.

In making this judgement, management considered the detailed criteria for the recognition of revenue from the sale of goods set out in FRS 102 Section 23 Revenue. The directors are satisfied that the assessment of the stage of completion of works and associated recognition of the revenue in the current year is appropriate.

(b) Key sources of estimation uncertainty

Provisions for tax liabilities

The financial statements include estimates in relation to tax uncertainties. In particular, the specific matters discussed at note 26 are identified as well as general estimates and uncertainties. In estimating the tax provision required in respect of the Trinidad and Tobago matters, the directors have considered the likely outcome, having regard to ongoing correspondence with all parties including advice provided by local tax advisors.

Provisions for litigation

The financial statements reflect estimates in respect of the claims and litigation as outlined in note 26. In estimating whether provisioning is required, the directors have considered all available evidence including ongoing correspondence and advice received from legal representatives.

Impairment of assets

In determining whether assets are impaired consideration has been given to evidence of value. The carrying value of vessels has been compared to valuations conducted by independent 3rd party specialists and no impairment is identified. The value in use of the ROV fleet has been assumed on the basis of the future cash flows expected to arise from continuing use with a suitable discount rate applied in order to calculate net present value. The pre tax discount rate is estimated at 12%. In making this assessment, regard has been given to current market conditions and the prospects of recovery during the useful economic lives of the ROV fleet. The carrying value of vessels and ROVs at the balance sheet date was £119.3m. No impairment is identified at 31 December 2015.

Notes to the financial statements
Year ended 31 December 2015

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

(b) Key sources of estimation uncertainty (continued)

Onerous lease contracts

In assessing the future commitments under lease rentals the provisions of para 21.11 of FRS 102 have been considered and assessed as to whether the economic benefit derived from the remaining lease payments are outweighed by the lease obligations. This assessment, including consideration of vessel charter commitments, identifies an onerous lease contract amounting to £305k. This has been included in provisions in note 18.

Depreciation rates

In applying the accounting policy outlined at 1(d), the group estimates the useful lives and residual value of the vessel and ROV fleet with a carrying value of £119.3m. The current useful lives are estimated at 25 years for the vessel fleet and 5-10 years for the ROV fleet, together with a £nil residual value.

3. Turnover

An analysis of the group's turnover by geographical market is set out below.

	Group	
	2015	**2014**
	£000	**£000**
Turnover		
Northern Europe	231,970	373,200
Rest of the world	8,741	10,397
	240,711	383,597

An analysis of the group's turnover by activity is as follows:

	Group	
	2015	**2014**
	£000	**£000**
Project revenue	240,711	382,005
Bareboat charter	-	1,592
	240,711	383,597

Notes to the financial statements
Year ended 31 December 2015

4. Finance costs (net)

	Group 2015 £000	Group 2014 £000
Interest payable and similar charges	15,041	10,254
Other finance costs	-	2,673
Interest receivable and similar income	(445)	(108)
	14,596	12,819

	Group 2015 £000	Group 2014 £000
Interest payable and similar charges		
Bank and loan interest	13,125	8,775
Finance lease agreements interest	1,000	991
Amortisation of loan issue costs	916	488
	15,041	10,254
Other finance costs – non-recurring		
Early amortisation of loan issue costs	-	2,038
Early repayment fees	-	635
	-	2,673
Interest receivable and similar income	(445)	(108)
	14,596	12,819

In the prior year, on 19 June 2014, outstanding bank loans were repaid out of the proceeds of a £175m Bond issue (note 17). The unamortised loan issue costs on those arrangements together with early repayment fees on settlement and the termination of associated interest rate swap agreements were expensed and identified as non-recurring due to their size.

The tax credit associated with the other finance costs reported after operating profit on the amount charged to the profit and loss account in 2014 was £575k.

Notes to the financial statements
Year ended 31 December 2015

5. Profit on ordinary activities before taxation

	Group 2015 £000	2014 £000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Loss/(profit) on sale of tangible fixed assets	108	(3,052)
Depreciation of owned assets	11,238	10,647
Depreciation of assets held under finance lease agreements	3,290	2,599
Foreign exchange loss	480	884
Operating lease costs		
Hire of plant and machinery	35,182	57,183
Other	2,152	2,677

The loss on sale of tangible fixed assets of £108k relates to equipment (2014:profit £3,052k on sale of a vessel, the Aquamarine which was considered exceptional by virtue of its size).

The analysis of the auditor's remuneration is as follows:

	Group 2015 £000	2014 £000
Fees payable to the company's auditor and associates for the audit of the company's annual accounts	13	8
The audit of the company's subsidiaries	89	79
Total audit fees	102	87
Other services	-	234
Total fees	102	321

During the year the auditor did not provide non-audit services (2014:£234k).

Notes to the financial statements
Year ended 31 December 2015

6. Staff numbers and costs

	Group 2015 No	2014 No
The average number of employees (including executive directors) during the year was:		
Management, operations and administration staff	450	472

Their aggregate remuneration comprised:

	Group 2015 £000	2014 £000
Wages and salaries	32,954	46,661
Social security costs	3,742	3,660
Other pension costs	2,208	1,948
	38,904	52,269

7. Emoluments of directors

	Group 2015 £000	2014 £000
Aggregate emoluments	4,295	4,405

All executive directors are members of money purchase pension schemes and group contributions in the year were £296k (2014:£262k).

Highest paid director	Group 2015 £000	2014 £000
Total amount of emoluments (including pension contributions)	584	626

Group contributions of £48k (2014:£48k) have been made to the money purchase pension scheme on behalf of the highest paid director.

Notes to the financial statements
Year ended 31 December 2015

8. Taxation

	Group 2015 £000	2015 £000	Group 2014 £000	2014 £000
Current tax on profit on ordinary activities				
Corporation tax payable – UK	2,394		12,923	
Corporation tax payable – overseas	4,173		(34)	
Corporation tax adjustment in respect of prior years	(271)		(105)	
Total current tax		6,296		12,784
Deferred tax				
Origination and reversal of timing differences	(719)		(230)	
Effect of change in tax rate on opening liability	(344)		(492)	
Adjustment in respect of prior years	(254)		-	
Total deferred tax (note 18)		(1,317)		(722)
Total tax on profit on ordinary activities		4,979		12,062

Factors affecting the tax charge for the year:
The tax charge is higher than the anticipated charge (2014:higher). The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	Group 2015 £000	2014 £000
Profit on ordinary activities before taxation	4,870	52,282
Tax on profit on ordinary activities before taxation at standard UK corporation tax rate of 20.25% (2014:21.5%)	986	11,241
Effects of:		
Expenses not deductable for tax purposes	170	140
Costs incurred under the tonnage tax regime not deductable for tax purposes	473	-
Income taxable under tonnage tax regime	(3,259)	(884)
Higher/ (lower) tax rates on overseas earnings	3,780	(39)
Unrelievable overseas tax losses	3,338	1,551
Effect of change in tax rate on opening timing differences	(344)	(492)
Prior year adjustments	(525)	(105)
Other	360	650
Group total tax charge for year	4,979	12,062

Notes to the financial statements
Year ended 31 December 2015

8. Taxation (continued)

The UK Government announced in 2015 that the main rate of corporation tax will reduce to 19% from 1 April 2017 and 18% from 1 April 2019. A further announcement was made in March 2016 that the main rate of corporate tax will reduce further to 17% from 1 April 2020 with the acceleration in payments dates planned to take effect from 1 April 2017 for very large companies to be delayed by two years. These rate changes will affect the size of the group's deferred tax assets and liabilities in the future. Deferred tax as at 31 December 2015 has been recognised at the enacted rate at the balance sheet date, which was between 18% and 20% depending on the expected timing of the reversal. During the year beginning 1 January 2016, the net reversal of deferred tax liabilities is expected to decrease the corporation tax charge for the year by £289k. This is due to the net book value of qualifying assets being in excess of their tax written down value.

Deferred tax assets for the taxable losses of Bibby Offshore Singapore PTE £4,196k (2014:£3,930k), Bibby Subsea ROV LLC £2,824k (2014:£1,040k) and Bibby Offshore AS £278k (2014:£70k) have not been recognised as recoverability is dependent on future profitability which is considered uncertain.

9. Profit attributable to the company

The profit for the financial year dealt with in the financial statements of the parent company was £23,376k (2014:£49,644k). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account is presented in respect of the parent company.

10. Dividends

	Company	
	2015	**2014**
	£000	**£000**
Interim dividends paid in the year	20,110	49,624

Notes to the financial statements
Year ended 31 December 2015

11. Fixed asset investments

	Company £000
Subsidiary companies	
At 1 January 2015 and 31 December 2015	23,444

The parent company has investments in the following subsidiary undertakings:

Subsidiary undertakings	Percentage of equity share capital held %	Country of incorporation	Principal activity
Bibby Offshore Limited	100	United Kingdom	Offshore Oil and Gas Services
Bibby Project Personnel Pte Limited	100	Singapore	Crew Supply
Bibby Diving Services Pte Limited	100	Singapore	Crew Supply
Bibby Remote Intervention Limited	100	United Kingdom	ROV Services
Bibby Subsea Inc	100	USA	Subsea Services
Bibby Offshore AS	100	Norway	Subsea Services
Bibby Offshore Pty Limited	100	Australia	Subsea Services
Bibby Offshore Services Plc	100	United Kingdom	Bond Holding
Bibby Offshore Singapore Pte Ltd*	100	Singapore	Offshore Oil and Gas Services
Huskisson Shipping Limited*	100	United Kingdom	Ship Owning
Rumford Tankers Limited*	100	United Kingdom	Ship Owning
Bibby Freighters Limited*	100	United Kingdom	Ship Owning
Bibby North Star Limited*	100	United Kingdom	Ship Owning
Bibby Subsea ROV LLC**	100	USA	ROV Services

* Investment held through Bibby Offshore Limited.

** Investment held through Bibby Subsea Inc.

Notes to the financial statements
Year ended 31 December 2015

12. Tangible fixed assets

Group	Vessel Fleet £000	ROV Fleet £000	Other £000	Total £000
Cost				
At 1 January 2015	130,710	34,377		171,626
Additions	548	6,565		7,811
Disposals	(28)			(385)
Exchange differences	-	250	25	275
At 31 December 2015	131,230	41,192		179,327
Depreciation				
At 1 January 2015	34,605	5,086	2,439	42,130
Charge for the year	9,496	3,912	1,120	14,528
Disposals	(6)		(104)	(110)
Exchange differences	-	-	7	7
At 31 December 2015	44,095	8,998	3,462	56,555
Net book amount				
At 31 December 2015	87,135	32,194	3,443	122,772
At 31 December 2014	96,105	29,291	4,100	129,496

Tangible assets include ROV fleet with a total net book value of £27,534k (2014:£22,751k) are pledged as security against related finance lease agreements.

Vessel fleet includes assets with a total net book value of £86,679k (2014:£95,486k) are pledged as security for the Bond (detailed in note 17).

13. Stocks

	Company 2015 £000	Company 2014 £000	Group 2015 £000	Group 2014 £000
Spares and consumables	-	-	1,458	2,150

There is no material difference between the balance sheet value of stocks and their replacement cost as at 31 December 2015.

Notes to the financial statements
Year ended 31 December 2015

14. Debtors: amounts falling due within one year

	Company		Group	
	2015	**2014**	**2015**	**2014**
	£000	**£000**	**£000**	**£000**
Trade debtors	-	-	10,230	27,509
Amounts owed by other group companies	110,765	113,729	-	-
Amounts owed by parent company	-	-	32	-
Corporation tax receivable	-	-	1,050	-
VAT recoverable	78	21	2,242	3,880
Other debtors	130	8	544	142
Prepayments and accrued income	41	-	14,331	26,530
	111,014	113,758	28,429	58,061

15. Creditors: amounts falling due within one year

	Company		Group	
	2015	**2014**	**2015**	**2014**
	£000	**£000**	**£000**	**£000**
Finance lease agreements (note 17)	-	-	5,079	3,260
Trade creditors	-	-	2,470	5,395
Amounts owed to parent company	1	1	-	220
Amounts owed to other group companies	184,382	197,122	-	-
Corporation tax payable	-	6	4,440	8,176
VAT payable	-	-	-	12
Taxation and social security	-	-	1,058	821
Other creditors	33	3	2,139	4,796
Accruals and deferred income	421	3,271	19,306	48,367
	184,837	200,403	34,492	71,047

16. Creditors: amounts falling due after more than one year

	Group	
	2015	**2014**
	£000	**£000**
Other secured loans (note 17)	169,970	169,054
Finance lease agreements (note 17)	9,547	10,613
	179,517	179,667

17. Borrowings

Finance lease agreements

	Group 2015 £000	Group 2014 £000
In less than one year (note 15)	5,079	3,260
Between one and two years (note 16)	4,321	4,190
Between two and five years (note 16)	5,226	6,423
	14,626	13,873

A breakdown of the total future minimum finance lease payments is disclosed in note 24.

Other secured loans

	Group 2015 £000	Group 2014 £000
Due after more than five years (note 16)	175,000	175,000
Less: unamortised loan costs	(5,030)	(5,946)
	169,970	169,054

On 19 June 2014 Bibby Offshore Services Plc, a wholly owned subsidiary of Bibby Offshore Holdings Limited issued £175m of Bonds on the Luxembourg Stock Exchange's Euro MTF market.

The Bonds mature on 15 June 2021. Interest is fixed at 7.50% per annum, payable bi-annually on 15 June and 15 December. The Bond is secured on the shares and substantially all the assets of Bibby Offshore Services Plc and the vessels DSV Bibby Polaris and DSV Bibby Sapphire.

The group may opt to redeem the Bond, in whole, prior to 15 June 2017 at a redemption price of 100% of the principal amount plus an applicable premium, decided by the group, plus any accrued and unpaid interest. The group may also redeem up to 35% of the Bond with net cash proceeds from specified equity offerings at a redemption price equal to 107.5% of the principal amount plus any accrued and unpaid interest provided that at least 65% of the aggregate original principal amount remains outstanding immediately after the occurrence of such redemption.

Post 15 June 2017 and prior to 15 June 2018, the group may opt to redeem the Bond, in whole or in part, at a redemption price of 103.75% of the principal amount plus any accrued and unpaid interest.

Post 15 June 2018 and prior to 15 June 2019, the group may opt to redeem the Bond, in whole or in part, at a redemption price of 101.875% of the principal amount plus any accrued and unpaid interest.

Post 15 June 2019 the group may opt to redeem the Bond, in whole or in part, at a redemption price of 100% of the principal amount plus any accrued and unpaid interest.

In the event of a change of control the group will offer to redeem the Bond, in whole or in part, at a purchase price of 101% of the principal amount plus any accrued and unpaid interest.

Loan issue costs of £6.4m incurred are being amortised over the duration of the bond.

The group has a revolving credit facility of £20m of which £17.1m is available for the group's use at 31 December 2015 (2014:£16.7m), with an amount of £2.9m (2014:£3.3m) being drawn in relation to performance bonds (note 26). The availability of the facility is subject to covenant obligations. The covenants are not tested until 25% of the facility is drawn.

Notes to the financial statements
Year ended 31 December 2015

18. Provisions for liabilities

Group	Deferred taxation £000	Other £000	Total £000
At 1 January 2015	8,503	1,500	10,003
(Credit)/charge to the profit and loss account	(1,317)	1,715	398
At 31 December 2015	7,186	3,215	10,401

There are no provisions in the company in the current or prior year.

Deferred taxation	**2015 £000**	**2014 £000**
Group		
Deferred tax is provided as follows:		
Accelerated capital allowances	7,186	8,503

Deferred tax assets and liabilities are offset only where the group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the group.

Other

Other provisions include the Trinidad and Tobago tax enquiry, an onerous lease contract and ongoing employee and contractor claims and litigations, details of which can be found in note 2 and 26.

Notes to the financial statements
Year ended 31 December 2015

19. Financial instruments

Derivatives not included at fair value

At 31 December 2015, the company and the group did not hold any derivative instruments (2014:£nil).

Categories of financial instruments

	Company		Group	
	2015	**2014**	**2015**	**2014**
	£000	**£000**	**£000**	**£000**
Financial assets				
Trade debtors	-	-	10,230	27,509
Amounts owed by other group companies	110,765	113,729	-	-
Amounts owed by parent company	-	-	32	-
Other debtors	130	8	544	142
Cash and cash equivalents	70,665	80,221	97,161	116,368
	181,560	193,958	107,967	144,019
Financial liabilities				
Finance lease agreements (note 17)	-	-	14,626	13,873
Trade creditors	-	-	2,470	5,395
Amounts owed to parent company	1	1	-	220
Amounts owed to other group companies	184,382	197,122	-	-
Other creditors	33	3	2,139	4,796
Accruals and deferred income	421	3,271	19,306	48,367
Other secured loans (note 17)	-	-	169,970	169,054
	184,837	200,397	208,511	241,705

20. Called up share capital

	As at 31 December 2015 & 2014 £000
Company	
Authorised, allotted and fully paid	
17,000,000 Ordinary shares of £1 each	17,000

The company has one class of ordinary shares which do not carry right to fixed income.

Notes to the financial statements
Year ended 31 December 2015

21. Reconciliation of operating profit to net cash inflow from operating activities

	Group 2015 £000	2014 £000
Operating profit	19,574	62,049
Currency translation difference on foreign operations	3	-
Corporation tax paid	(11,082)	(10,591)
Depreciation and amortisation	14,528	13,246
Operating cash flow before movement in working capital	23,023	64,704
Decrease/(increase) in stocks	692	(440)
Decrease/(increase) in debtors	30,682	(21,924)
(Decrease)/increase in creditors	(34,638)	26,958
Increase in other provisions	1,715	1,500
Net cash inflow from operating activities	21,474	70,798

22. Reconciliation of group net debt

	Group 2015 £000	2014 £000
Increase in cash and cash equivalents in the year	(19,207)	98,207
Cash inflow from increase in net debt	(753)	(101,184)
Increase in net debt resulting from cash flows	(19,960)	(2,977)
Amortisation of issue costs	(916)	(2,639)
Movement in net debt in the year	(20,876)	(5,616)
Net debt at 1 January	(66,559)	(60,943)
Net debt at 31 December	(87,435)	(66,559)

23. Analysis of group net funds

	1 January 2015 £000	Cash flow £000	Non-cash movement £000	31 December 2015 £000
Cash at bank and in hand	116,368	(19,207)	-	97,161
Debt due within 1 year	(3,260)	(1,819)	-	(5,079)
Debt due after more than 1 year	(179,667)	1,066	(916)	(179,517)
	(182,927)	(753)	(916)	(184,596)
	(66,559)	(19,960)	(916)	(87,435)

Non-cash movements arise from the amortisation of loan issue costs.

24. Financial commitments

The group and company have no capital commitments at 31 December 2015 (2014:£nil).

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2015		2014	
	Property £000	Other £000	Property £000	Other £000
Group				
- within one year	1,760	35,628	1,620	35,286
- between one and five years	7,211	27,223	5,999	59,714
- after five years	13,184	-	14,881	-
	22,155	62,851	22,500	95,000

Total future minimum lease payments under non-cancellable finance lease agreements are as follows:

	2015 Other £000	2014 Other £000
Group		
In less than one year	5,964	4,808
Between one and five	10,488	10,924
	16,452	15,732

25. Employee benefits - Defined contribution schemes

The group participates in various defined contribution schemes for eligible employees. The contributions made by the group over the financial year to such schemes were £2,208k (2014:£1,948k). There were outstanding pension contributions of £57k at 31 December 2015 (2014:£35k).

Notes to the financial statements
Year ended 31 December 2015

26. Contingent liabilities

As at 31 December 2015, performance guarantees outstanding to customers and suppliers amounted to £2,941k (2014:£3,305k).

As noted in prior year financial statements the group received notification from the Trinidad and Tobago tax authorities as to past indirect liabilities in the amount of £3.4m plus interest and penalties of a further £3.4m. Through the course of 2011 the group negotiated and paid what it believed to be the full and final settlement of all past liabilities in this regard. The notification also indicated associated interest and penalties, which substantially related to a period when the group was in discussion with the authorities on this matter and during which it was accepted that no interest and penalties would be levied. The status of this matter has not progressed significantly and the directors continue to believe there is no remaining liability. Accordingly no provision is made in the financial statements as at 31 December 2015.

In conjunction with this matter, in 2012 the Trinidad and Tobago tax authorities reopened the corporate tax assessments relating to 2008 and 2009. The group received a notice of assessment for £5.2m plus penalties and interest of £4.3m. The group is contesting this assessment and does not consider there is risk of significant additional liability as at 31 December 2015.

In January 2016, notification was received of a citation from a US vessel owner seeking compensation for the "termination" of a three year charter agreement in October 2015. We consider the Group acted appropriately in cancelling the contract due to non delivery by the specified date and that no compensation is due. The citation stated that compensation in excess of \$10 million - \$20 million may be due based on the full daily charter rate for the original three year charter period less any mitigation by the vessel owner through charter to other parties. The Group believe this citation has no basis and has obtained a court order referring the matter to arbitration, which has yet to commence. Having considered the circumstances the directors do not believe there is a risk of significant loss to the Group from this matter. Accordingly no provision is made in the financial statements at 31 December 2015.

27. Related party transactions

Under Financial Reporting Standard 102, the company is exempt from disclosing related party transactions with fellow group undertakings, as 100% of the voting rights are controlled by the ultimate parent undertaking, Bibby Line Group Limited.

The group considers the directors to be key management personnel and their remuneration is disclosed in note 7.

28. Ultimate parent company and controlling party

The company is a wholly owned subsidiary undertaking of Bibby Line Group Limited, the ultimate parent company, a company registered in England. Bibby Line Group Limited is the parent undertaking of the largest and smallest group which consolidates these financial statements and of which the company is a member.

The ultimate controlling party is disclosed in the financial statements of Bibby Line Group Limited. Copies of the group financial statements may be obtained from Bibby Line Limited, 105 Duke Street, Liverpool L1 5JQ (www.bibbylinegroup.co.uk).

29. Explanation of transition to FRS 102

This is the first year that the company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 31 December 2014 and the date of transition to FRS 102 was therefore 1 January 2014. As a consequence of adopting FRS 102, there have been no changes to the nature of any accounting policies, no adjustments to profit for the years ended 31 December 2013 and 2014 and no adjustment to equity on those dates on transition to FRS 102.