

**ABP MARINE ENVIRONMENTAL RESEARCH LIMITED**

**(Company Number 1956748)**

**ANNUAL REPORT AND ACCOUNTS 2016**

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**ABP MARINE ENVIRONMENTAL RESEARCH LIMITED**

**ANNUAL REPORT AND ACCOUNTS 2016**

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## **Directors' report**

The directors present their report and the audited accounts of the company (number 1956748) for the year ended 31 December 2016.

## **Registered office**

The company's registered office is 25 Bedford Street, London, WC2E 9ES.

## **Principal activities**

The principal activities of the company are the operation of research facilities and the provision of research and consultancy services to both group companies and customers outside the group.

## **Important events of the year**

The loss for the year was £2,000 (2015: profit of £260,000). At 31 December 2016, the company had net assets of £2,442,000 (2015: £2,444,000).

## **Dividends**

The directors do not recommend the payment of a dividend (2015: £nil).

## **Ownership**

The company's ultimate parent company, ABP (Jersey) Limited ("ABPJ"), with registered address 44 Esplanade, St Helier, Jersey, JE4 9WG, is owned (directly or through intermediaries, as set out in note 17 to the accounts) by Canada Pension Plan Investment Board (incorporated in Canada), 9348654 Canada Inc. (incorporated in Canada), OMERS Administration Corporation (incorporated in Canada), GIC (Ventures) Pte Limited (incorporated in Singapore), Kuwait Investment Authority (incorporated in Kuwait) and Hermes GPE Infrastructure Fund LP (incorporated in the United Kingdom ("UK")), Hermes Infrastructure (SAP I) LP (incorporated in Guernsey) and Hermes Infrastructure (Alaska) LP (incorporated in Guernsey), acting by their manager Hermes GPE LLP (incorporated in the UK).

## **Future outlook**

The directors acknowledge that the UK environmental consultancy market remains competitive due to a public sector expenditure squeeze, paucity of major infrastructure projects, investment delays and the downturn in key consultancy markets e.g. Oil & Gas. However the directors are confident of finding new clients for the company's services and building market share, especially in relatively buoyant market sectors including Energy and Habitat Creation. Overall the business outlook is positive as the company develops its strategic approach to broaden its client base in conjunction with developing an enhanced service offering.

## **Directors**

The directors of the company during the year and up to the date of these accounts were as follows:

Cooper, WSJ	(resigned 5 September 2016)
Hull, SC	
Lake, SR	
Schofield, IH	
O'Brien, DJ	(appointed 5 September 2016)

**Directors' report (continued)**

**Directors' indemnities**

The company's ultimate parent undertaking, ABP (Jersey) Limited, maintains directors' and officers' liability insurance and pension fund trustees' liability insurance which give appropriate cover for any legal action brought against the directors and officers of the company. In addition, the Articles of Association of the company permit the directors and officers of the company to be indemnified in respect of liabilities incurred as a result of their office. Qualifying third party indemnity provisions (as defined by s234 of the Companies Act 2006) for the benefit of IH Schofield were in force during the year and remain in force in relation to certain losses and liabilities which IH Schofield may incur (or has incurred) in connection with his duties, powers or office.

**Annual general meeting**

In accordance with s303 of the Companies Act 2006, the members have not required the directors to call an annual general meeting of the company.

**Auditor re-appointment**

In accordance with s487 of the Companies Act 2006, the auditor is deemed to have been re-appointed and Ernst & Young LLP will therefore continue as auditor to the company.

**Audit information**

The directors of the company at the time of approving the directors' report are listed above. Having made enquiries of fellow directors and the company's auditor, each of these directors confirms that:

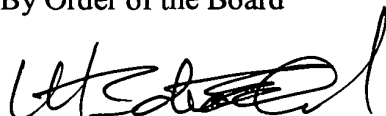
- so far as each director is aware, there is no relevant audit information (that is, information needed by the company's auditor in connection with preparing his report) of which the company's auditor is unaware;
- each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information; and
- each director is aware that it is an offence to make a knowingly false statement.

**Small company exemptions**

In preparing the directors' report, the directors have taken advantage of the exemptions available under s415A of the Companies Act 2006 in so far as it relates to filing obligations of companies entitled to the small companies exemptions.

In addition, the directors have taken advantage of the exemption available under s414A(2) and s414B not to produce a strategic report.

By Order of the Board



**IH Schofield**

**Director**

**25 Bedford Street**

**London, WC2E 9ES**

**26 April 2017**

**Statement of directors' responsibilities in respect of the preparation of the annual report and accounts**

The directors are responsible for preparing the annual report and accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare accounts for each financial year. Under that law the directors have elected to prepare the company accounts in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. Under company law, the directors must not approve accounts unless they are satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company. In preparing those accounts, the directors are required to:

- present fairly the financial position, financial performance and cash flows of the company;
- select suitable accounting policies in accordance with *IAS 8: Accounting policies, changes in accounting estimates and errors*, and then apply them consistently;
- make judgments that are reasonable;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance; and
- state that the company has complied with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the accounts.

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

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABP MARINE ENVIRONMENTAL RESEARCH LIMITED**

We have audited the financial statements of ABP Marine Environmental Research Limited for the year ended 31 December 2016 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Cash Flows, the Statement of Changes in Equity and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union.

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 Statement of Directors' Responsibilities set out on page 3, 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 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 and Accounts 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 company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABP MARINE ENVIRONMENTAL RESEARCH LIMITED (continued)**

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

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

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

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

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Directors' Report.

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

- adequate accounting records have not been kept, 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; 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.

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*Ernst & Young LLP*

Matthew Williams (Senior statutory auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
London

28 April 2017

**Income statement for the year ended 31 December**

	Note	2016 £000	2015 £000
<b>Revenue</b>		<b>2,943</b>	3,202
Cost of sales		(2,704)	(2,685)
<b>Gross profit</b>		<b>239</b>	517
Administrative expenses		(249)	(228)
Profit on write off and disposal of property, plant and equipment	2	-	13
<b>(Loss)/profit before taxation</b>	2	<b>(10)</b>	302
Taxation credit/(charge)	5	8	(42)
<b>(Loss)/profit for the year</b>		<b>(2)</b>	260

All results are derived from continuing operations in the United Kingdom.

**Statement of comprehensive income for the year ended 31 December**

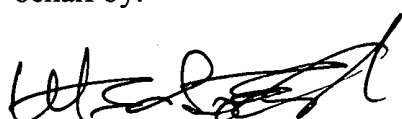
There was no other comprehensive income during the year or prior year. Total comprehensive income is represented by the (loss)/profit for the year.



Balance sheet as at 31 December

	Note	2016 £000	2015 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	6	-	-
Property, plant and equipment	7	54	94
Deferred tax asset	11	82	68
		<b>136</b>	<b>162</b>
<b>Current assets</b>			
Trade and other receivables	8	2,433	2,381
Cash and cash equivalents		10	128
		<b>2,443</b>	<b>2,509</b>
<b>Total assets</b>		<b>2,579</b>	<b>2,671</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	(137)	(227)
		<b>(137)</b>	<b>(227)</b>
<b>Total liabilities</b>		<b>(137)</b>	<b>(227)</b>
<b>Net assets</b>		<b>2,442</b>	<b>2,444</b>
<b>Shareholder's equity</b>			
Share capital	13	-	-
Share options reserve		-	-
Retained earnings		2,442	2,444
<b>Total shareholder's equity</b>		<b>2,442</b>	<b>2,444</b>

The financial statements were approved by the Board on 26 April 2017 and signed on its behalf by:



**IH Schofield**  
**Director**

**Statement of cash flows for the year ended 31 December**

	Note	2016 £000	2015 £000
<b>Cash flows from operating activities</b>			
Cash (absorbed)/generated by operations	14	(111)	157
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(111)</b>	<b>157</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		-	13
Purchase of property, plant and equipment		(7)	(51)
<b>Net cash outflow from investing activities</b>		<b>(7)</b>	<b>(38)</b>
<b>Change in cash and cash equivalents during the year</b>		<b>(118)</b>	<b>119</b>
Cash and cash equivalents at 1 January		<b>128</b>	<b>9</b>
<b>Cash and cash equivalents at 31 December</b>		<b>10</b>	<b>128</b>

Details of significant non-cash transactions affecting the company (which relate to trade and other receivables) are set out in note 15.

**Statement of changes in equity for the year ended 31 December**

	Share capital £000	Share options reserve £000	Retained earnings £000	Total £000
At 1 January 2015	-	170	2,014	2,184
Profit for the year	-	-	260	260
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	260	260
Transfer on termination of share option schemes	-	(170)	170	-
<b>At 31 December 2015</b>	<b>-</b>	<b>-</b>	<b>2,444</b>	<b>2,444</b>
Loss for the year	-	-	(2)	(2)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(2)	(2)
<b>At 31 December 2016</b>	<b>-</b>	<b>-</b>	<b>2,442</b>	<b>2,442</b>

**Share options reserve**

The share options reserve is a reserve to recognise amounts due in respect of share based payments. During the prior year this reserve was transferred to retained earnings on termination of the share option schemes.

## Notes to the financial statements

### 1. Accounting policies

#### 1.1 Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost basis.

The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated. The financial statements provide comparative information in respect of the previous period.

##### *Going concern basis*

The directors have, at the time of approving the financial statements, a reasonable expectation that the company has the ability to continue to trade for the foreseeable future and therefore the financial statements have been prepared on a going concern basis.

The company's assets include a balance due from its fellow group undertaking, Associated British Ports ("ABP"), which has been created mainly as a result of surplus cash generated by the company being passed to ABP for efficient investment.

##### *Statement of compliance*

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and applied in accordance with the Companies Act 2006.

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#### 1.2 Changes in accounting policies

##### *New standards and amendments adopted*

There were no new accounting standards, amendments and improvements effective for the first time for the annual reporting period commencing 1 January 2016 that had an impact on the company.

##### *New standards, amendments and interpretations issued but not yet effective*

The IASB and IFRIC have issued a number of standards, amendments and interpretations with an effective date of implementation for accounting periods beginning after the start of the company's current financial year.

The directors do not anticipate that the adoption of these new standards, amendments and interpretations will have a material impact on the company's financial statements in the period of initial application.

The company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

#### 1.3 Critical estimates, judgements and assumptions

The preparation of the company's financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may ultimately differ from those estimates.

## Notes to the financial statements

### 1. Accounting policies (continued)

#### 1.3 Critical estimates, judgements and assumptions (continued)

The directors believe that the area of the company's accounting policies involving a higher degree of judgement is revenue recognition. See the revenue recognition accounting policy in note 1.4.

#### 1.4 Significant accounting policies

The directors consider the following to be the most important accounting policies in the context of the company's operations.

##### Revenue recognition

Revenue comprises the amounts receivable in respect of research and consultancy services provided to third parties and group companies in the UK, excluding related sales taxes. Revenue is recognised as appropriate after considering the expected total revenue from the contract and the percentage of completion at the period end. The percentage of completion is primarily judged by management based on the proportion of total expected contract costs that have been incurred to date, but also applying management's judgement on the stage of completion of each individual contract.

##### Taxation

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

Deferred tax is recognised in respect of all temporary differences, except to the extent that the deferred tax asset or liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which is not a business combination and which at the time of the transaction affects neither accounting profit nor taxable profit.

Temporary differences are differences between the tax base value of assets and liabilities and their carrying amount as stated in the financial statements. These arise from differences between the valuation, recognition and amortisation bases used in tax computations compared with those used in the preparation of financial statements.

Deferred tax assets or liabilities are measured at the tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available to facilitate the realisation of such assets.

#### 1.5 Other accounting policies

##### Intangible assets

Purchased intangible assets are recognised at fair value on the date of acquisition if they relate to a business combination and otherwise recognised at cost. These assets are amortised on a straight-line basis over their useful economic lives, which normally do not exceed 5 years.

## Notes to the financial statements

### 1. Accounting policies (continued)

#### 1.5 Other accounting policies (continued)

##### **Property, plant and equipment**

Property, plant and equipment is measured at cost, subject to depreciation and impairment.

Depreciation is provided on a straight-line basis spread over the expected useful economic lives of the various types of asset and having taken account of the estimated residual values. Estimated residual values are reviewed and updated annually. Estimated useful lives range between 2 and 10 years for plant and equipment.

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

The company defines these as short-term highly liquid investments, readily convertible into known amounts of cash. They are normally represented by bank deposits with an original maturity of less than three months less borrowings that are repayable on demand.

##### **Financial instruments**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. A provision for impairment of receivables is made when there is objective evidence that the company may not be able to collect all amounts recorded within the balance sheet. The cost of impairment of receivables is recorded within administrative expenses.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method.

##### **Retirement benefits**

The company is a member of the Associated British Ports Group Pension Scheme, which is a group-wide scheme with defined benefit and defined contribution sections.

Payments to these pension schemes are charged as an expense as they fall due.

##### **Leases – company as a lessee**

Operating leases, which do not transfer to the company substantially all the risks and rewards of ownership of the leased item, are not capitalised. Operating lease payments are charged to the income statement on a straight line basis over the lease term.

**Notes to the financial statements****2. (Loss)/profit before taxation**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
(Loss)/profit before taxation is stated after charging/(crediting):		
<i>Depreciation</i>		
Property, plant and equipment – included in cost of sales	<b>47</b>	<b>49</b>
<i>Amortisation</i>		
Intangible assets – included in cost of sales	<b>-</b>	<b>2</b>
<i>Profit on write off and disposal of non-current assets</i>	<b>-</b>	<b>(13)</b>
<i>Other operating lease rentals payable:</i>		
Property, plant and equipment	<b>3</b>	<b>6</b>
<i>Repairs and maintenance expenditure on property, plant and equipment</i>	<b>13</b>	<b>9</b>
<i>Third party labour and sub-contractor haulage</i>	<b>332</b>	<b>377</b>
<i>Utilities and fuel</i>	<b>16</b>	<b>16</b>
<i>Trade receivables impairment</i>	<b>1</b>	<b>-</b>

**3. Audit fees**

Remuneration received by Ernst & Young LLP is detailed below and has been borne by a fellow group undertaking.

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Fees payable to the company's auditor for the audit of the company's annual accounts	<b>7</b>	<b>7</b>

**4. Directors and employees**

Staff costs are analysed as follows:

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>Staff costs</b>		
Wages and salaries	<b>1,576</b>	<b>1,502</b>
Social security costs	<b>166</b>	<b>152</b>
Pension costs (note 12)	<b>256</b>	<b>228</b>
<b>Total staff costs</b>	<b>1,998</b>	<b>1,882</b>

	<b>2016</b>	<b>2015</b>
	<b>Number</b>	<b>Number</b>
Monthly average number of persons employed	<b>51</b>	<b>50</b>

Directors emoluments are analysed as follows:

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>Emoluments paid to directors of the company</b>		
Short-term employee benefits	<b>195</b>	<b>196</b>
Post-employment benefits	<b>22</b>	<b>34</b>
Other long-term benefits	<b>-</b>	<b>42</b>
<b>Total directors emoluments</b>	<b>217</b>	<b>272</b>

Emoluments comprise amounts paid by the company to three (2015: two) directors of the company.

**Notes to the financial statements****4. Directors and employees (continued)**

Key management compensation is analysed as follows:

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>Key management compensation</b>		
Short-term employee benefits	<b>195</b>	196
Post-employment benefits	<b>22</b>	34
Other long-term benefits	-	42
<b>Total key management compensation</b>	<b>217</b>	272

Key management comprises the three (2015: two) directors who are directly involved with the day to day operations of the company.

Except for the amounts disclosed above in respect of three (2015: two) directors, the remaining two (2015: two) directors of ABP Marine Environmental Research Limited believe that their services to the company are incidental to their role as executives for other group companies and therefore consider that they received no remuneration in respect of qualifying services to this company (2015: £nil).

All five (2015: four) of the directors are eligible to join the Associated British Ports Group Pension Scheme; at 31 December 2016 three (2015: four) directors were members of this scheme; one (2015: none) director received an allowance borne by a fellow group undertaking for contributions towards pensions schemes unconnected with the company.

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>Highest paid director</b>		
Short-term employee benefits	<b>86</b>	107
Post-employment benefits	<b>11</b>	18
Other long-term benefits	-	22
<b>Total highest paid director</b>	<b>97</b>	147

**5. Taxation**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>Analysis of (credit)/charge for the year</b>		
Current tax	<b>6</b>	71
Deferred tax (note 11)	<b>(14)</b>	(29)
<b>Taxation</b>	<b>(8)</b>	42

Current taxation for the current and prior year represents a charge for group relief surrendered by another group undertaking, with the amount due being deducted from amounts due from group undertaking.

## Notes to the financial statements

## 5. Taxation (continued)

The taxation credit (2015: charge) for the year is higher (2015: lower) than the standard rate of taxation in the UK of 20.00% (2015: 20.25%). The differences are explained below:

	2016 £000	2015 £000
<b>(Loss)/profit before taxation</b>	<b>(10)</b>	<b>302</b>
(Loss)/profit before taxation multiplied by standard rate of corporation tax in the UK of 20.00% (2015: 20.25%)	(2)	61
Effects of:		
Items not deductible for tax	1	-
(Increase)/decrease in deferred tax asset due to reduction in tax rate	(4)	11
Tax in respect of prior years	(3)	(30)
<b>Total tax (credit)/charge for the company</b>	<b>(8)</b>	<b>42</b>

## 6. Intangible assets

	2016 £000	2015 £000
<b>Cost</b>		
At 1 January	75	75
<b>At 31 December</b>	<b>75</b>	<b>75</b>
<b>Accumulated amortisation</b>		
At 1 January	(75)	(73)
Charge for the year	-	(2)
<b>At 31 December</b>	<b>(75)</b>	<b>(75)</b>
<b>Net book value</b>		
At 1 January	-	2
<b>At 31 December</b>	<b>-</b>	<b>-</b>

All intangible assets above relate to purchased computer software. They have finite lives and were amortised over periods between 3 years and 5 years on a straight-line basis.



**Notes to the financial statements**

**7. Property, plant and equipment**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
<b>Cost</b>		
At 1 January	1,794	1,787
Additions	7	21
Write offs and disposals	(305)	(14)
<b>At 31 December</b>	<b>1,496</b>	<b>1,794</b>
<b>Accumulated depreciation</b>		
At 1 January	(1,700)	(1,665)
Charge for the year	(47)	(49)
Write offs and disposals	305	14
<b>At 31 December</b>	<b>(1,442)</b>	<b>(1,700)</b>
<b>Net book amount</b>		
At 1 January	94	122
<b>At 31 December</b>	<b>54</b>	<b>94</b>

Property, plant and equipment above relate to plant and equipment and floating craft.

**8. Trade and other receivables – current**

	<b>2016</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>
Gross trade receivables	439	336
Provision for doubtful receivables	(2)	(1)
Net trade receivables	437	335
Amounts due from group undertaking	1,535	1,577
Prepayments and accrued income	460	469
Other receivables	1	-
<b>Total current trade and other receivables</b>	<b>2,433</b>	<b>2,381</b>

Amounts due from group undertaking represent amounts due from Associated British Ports. The amounts are not overdue for repayment and are not considered to be impaired. Further details on the amounts due from group undertaking are disclosed in note 15.

All trade and other receivables are non-interest bearing.

The company has provided for known credit risks as part of its normal provision for doubtful receivables when there is objective evidence that the company may not be able to collect all amounts recorded within the balance sheet.

**Notes to the financial statements****8. Trade and other receivables – current (continued)**

Movements on the company's provision for doubtful receivables are as follows:

	2016 £000	2015 £000
At 1 January	1	1
Provision for the impairment of trade receivables	2	1
Impairment provision released	(1)	(1)
<b>At 31 December</b>	<b>2</b>	<b>1</b>

As at 31 December 2016 the company held trade receivables that were past due but not impaired as set out in the table below. These relate to a number of independent customers for whom there is no recent history of default and where terms and amounts have not been renegotiated in the last year.

The ageing of these trade receivables is as follows:

	2016 £000	2015 £000
Up to 3 months	204	102
<b>Total past due but not impaired receivables</b>	<b>204</b>	<b>102</b>

The company does not hold any collateral as security. There are no significant receivables of the company that are denominated in foreign currencies.

Further details on credit risk are disclosed in note 9.

**9. Financial instruments**

The company's policies regarding financial instruments are set out in the accounting policies in note 1. Risk and numerical disclosure is set out below.

**Fair value of financial instruments**

The fair value of financial assets and liabilities are an estimate of the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The carrying amounts of financial assets and financial liabilities in the financial statements approximate to their fair value. The following methods and assumptions were used to estimate the fair values:

- The fair value of cash and cash equivalents, current trade and other receivables and current trade and other payables approximates to their carrying amounts due to the short-term maturities of these instruments.

**Financial risk management**

Treasury matters throughout the group of which the company is a member are controlled centrally and carried out in compliance with policies approved by the boards of Associated British Ports Holdings Limited ("ABPH"), the company's immediate parent undertaking and ABP (Jersey) Limited, the company's ultimate parent undertaking. The Board of ABPH monitors treasury matters and approves significant decisions. The treasury function's purpose is to identify, mitigate and hedge financial risks inherent in the group's business operations and capital structure.

**Notes to the financial statements****9. Financial instruments (continued)****Financial risk management (continued)**

The company's main financial risks are liquidity and credit risk. The wider group, owned by ABP (Jersey) Limited ("ABPJ"), aims to manage these risks to an acceptable level.

*Liquidity risk*

Liquidity risk is managed by the wider group, owned by the company's ultimate parent, ABPJ, maintaining borrowing facilities at a level that is forecast to provide reasonable headroom in excess of the future needs of the group. Management monitors rolling forecasts of the group's liquidity reserve (comprised of undrawn borrowing facilities and cash and cash equivalents) on the basis of expected cash flows.

The table below analyses the company's financial liabilities carried at amortised cost, based on undiscounted contractual payments:

	2016 £000	2015* £000
Not later than one year	47	112
<b>Total payments</b>	<b>47</b>	<b>112</b>

\* After a review in 2016, it was determined that amounts relating to advance billing and deferred income should not form part of the liquidity risk as there is no obligation to settle the liability through contractual payments. The adjusted 2015 undiscounted contractual payments are now consistent with the approach taken in 2016.

*Credit risk*

Credit risk with banks and financial institutions is managed by the wider group. The group monitors the credit risk of banking counterparts, tracking credit default swap rates and credit ratings of actual and potential counterparties. Cash deposits of the group at the year end were all with counterparties with a credit rating of A3 or better and the weighted average maturity of deposits was less than 45 days from 31 December 2016.

Customer credit risk is managed locally in line with a group policy which is designed to ensure that the company's exposure to concentration of credit risk is appropriately managed through implementation of credit checks and limits. Based on the quality and diversity of its customer base, management considers the company's exposure to concentration of credit risk not to be material. The company uses external credit rating agencies to assess and monitor its trade receivables.

Given the counterparties of company receivables, as set out in note 8, management considers the company's exposure to credit risk to be minimal. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable.

**10. Trade and other payables – current**

	2016 £000	2015 £000
Trade payables	-	36
Accruals	113	148
Taxation	4	4
Other creditors	20	39
<b>Total current trade and other payables</b>	<b>137</b>	<b>227</b>

**Notes to the financial statements****10. Trade and other payables – current (continued)**

Included within accruals is £90,000 (2015: £115,000) relating to revenue billed in advance and deferred income. All trade and other payables are non-interest bearing.

Disclosure of financial risks related to these financial instruments is disclosed in note 9.

The company's payables are denominated in sterling.

**11. Deferred tax**

The UK corporation tax rate change from 20% to 19% (effective 1 April 2017) was enacted on 18 November 2015 and to 17% (effective 1 April 2020) was enacted 15 September 2016. Accordingly, the deferred tax balances are remeasured at 20%, 19% or 17% as appropriate for the period in which they are expected to crystallise.

The movement on the deferred tax is shown below:

	<b>2015</b>	<b>Adjustments in respect of previous periods credited to income statement</b>	<b>Credited to income statement</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Accelerated capital allowances	68	1	13	82
<b>Deferred tax asset</b>	<b>68</b>	<b>1</b>	<b>13</b>	<b>82</b>

	<b>2014</b>	<b>Adjustments in respect of previous periods credited to income statement</b>	<b>Charged to income statement</b>	<b>2015</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Accelerated capital allowances	39	30	(1)	68
<b>Deferred tax asset</b>	<b>39</b>	<b>30</b>	<b>(1)</b>	<b>68</b>

The company had no other losses (2015: £nil) that can be carried forward against future taxable income.

**12. Pensions**

The company is a member of the Associated British Ports Group Pension Scheme, which is a group-wide scheme with defined benefit and defined contribution sections. The directors have received confirmation that the company will not contribute to any deficit payments nor have the right to share in any surpluses.

The pension charge for the year for the company was £256,000 (2015: £228,000).

## Notes to the financial statements

## 13. Share capital

	2016 £000	2015 £000
<b>Authorised</b>		
50,000 (2015: 50,000) ordinary shares of £1	50	50
<b>Issued and fully paid</b>		
2 (2015: 2) ordinary shares of £1	-	-

## 14. Cash (absorbed)/generated by operations

	2016 £000	2015 £000
Reconciliation of (loss)/profit before taxation to cash (absorbed)/generated by operations:		
(Loss)/profit before taxation	(10)	302
Depreciation of property, plant and equipment	47	49
Amortisation of intangible assets	-	2
Profit on write off and disposal of property, plant and equipment	-	(13)
<b>Operating cash flows before movements in working capital</b>	<b>37</b>	<b>340</b>
Increase in trade and other receivables	(58)	(243)
(Decrease)/increase in trade and other payables	(90)	60
<b>Cash (absorbed)/generated by operations</b>	<b>(111)</b>	<b>157</b>

## 15. Related party transactions

The company has entered into related party transactions and/or holds balances with the following related party:

Name	Relationship
Associated British Ports	Fellow group undertaking

The company carries out various marine environmental research projects for Associated British Ports ("ABP"), a fellow subsidiary undertaking of Associated British Ports Holdings Limited.

The following transactions were carried out with the related party:

	2016 £000	2015 £000
<b>Associated British Ports</b>		
Revenue	492	535
Expenses	(239)	(207)

ABP also makes payments and receives funds on the company's behalf.

The following table shows the transactions that have been entered into by the company with the related party, together with period end balances, for the relevant financial year:

Associated British Ports	2016 £000	2015 £000
Intercompany receivable at start of the year	1,577	1,427
(Decrease)/increase in receivable	(36)	221
Non-cash decrease in receivable	(6)	(71)
Intercompany receivable at end of the year	1,535	1,577

**Notes to the financial statements****16. Financial commitments****Operating lease commitments**

In the prior year the company leased a vehicle under an operating lease arrangement, which expires in 2018 but was early terminated in the current year. The lease had no escalation clause, no renewal right and there were no financial restrictions placed upon the lessee by entering into this lease.

Total future minimum lease instalments expected to be paid under non-cancellable operating leases are as follows:	2016 £000	2015 £000
Not more than one year	-	5
More than one year but not more than five years	-	6
<b>Total to be paid</b>	<b>-</b>	<b>11</b>

**17. Ultimate parent undertaking and controlling parties**

The company is a limited liability company registered in England and Wales.

The company's immediate parent undertaking is Associated British Ports Holdings Limited ("ABPH"). The company's intermediate parent undertaking is ABPA Holdings Limited ("ABPAH"), which produces IFRS consolidated financial statements and are available from its registered office at 25 Bedford Street, London, WC2E 9ES. The consolidated financial statements of ABPAH are the smallest group in which the company is included.

The ultimate parent undertaking and controlling party is ABP (Jersey) Limited ("ABPJ"), which produces consolidated financial statements that comply with IFRS and are available from its registered office at 44 Esplanade, St Helier, Jersey, JE4 9WG. The consolidated financial statements of ABPJ are the largest group in which the company is included.

ABPJ is a limited liability company registered in Jersey. The company is owned by a consortium of investors as shown below:

	% of A Ordinary shares	% of B Ordinary shares	% of Preference shares
Borealis ABP Holdings B.V. (owned by OMERS Administration Corporation)	22.10	22.10	22.09
Borealis Ark Holdings B.V. (owned by OMERS Administration Corporation)	7.90	7.90	7.91
Canada Pension Plan Investment Board	30.00	33.88	33.88
9348654 Canada Inc.	3.88	-	-
Cheyne Walk Investment Pte Limited (owned by GIC (Ventures) Pte Limited)	20.00	20.00	20.00
Kuwait Investment Authority	10.00	10.00	10.00
Anchorage Ports LLP (owned by Hermes GPE Infrastructure Fund LP, Hermes Infrastructure (SAP I) LP and Hermes Infrastructure (Alaska) LP)	6.12	6.12	6.12
	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>