Company Registration No. 04240505

A&P GH 2006 Limited

Annual Report and Financial Statements

for the year ended 31 March 2017

A&P GH 2006 Limited

Annual Report and Financial Statements for the year ended 31 March 2017

Contents

A&P GH 2006 Limited

Annual Report and Financial Statements for the year ended 31 March 2017

Officers and professional advisers

Directors

Atlantic & Peninsula Marine Services Limited
I Carey

Registered Office

C/o A&P Tyne Limited
Wagonway Road
Hebburn
Tyne and Wear
NE31 1SP

Bankers

Santander UK Plc
298 Deansgate
Manchester
M3 4HH
United Kingdom

Solicitors

Hill Dickinson LLP
No 1 St Paul's Square
Liverpool
L3 9SJ
United Kingdom

Auditor

Deloitte LLP
Statutory Auditor
Newcastle upon Tyne
United Kingdom

A&P GH 2006 Limited

Strategic report

Principal activities and business review

The company is an intermediate holding company of A&P Group Limited. The principal activities of the company are that of central management and administration and the management of ad hoc contracts and projects which fall out with the normal activities carried out in the group's shipyard facilities. The company also carries the cost of funding legacy defined benefit pension schemes.

During the year the company continued to support the Royal Fleet Auxiliary ("RFA") under its cluster contract where we successfully maintain a RFA cluster on a global reach basis.

Turnover in the year amounted to £10,323,180 (2016: £6,506,581). The results for the year record a profit before tax of £2,563,314 (2016: £2,997,461) which includes a dividend received from subsidiary companies of £1,500,000 (2016: £2,000,000). The net asset position at the year-end was £5,453,320 (2016: £4,760,856).

The directors of the company are satisfied with the results for the year.

Key performance indicators

The company measures KPIs on a monthly basis, as part of its internal control processes. They are considered under the following four headings:

- Safety, quality and the environment;
- People, productivity and facilities;
- Financial performance;
- Customers and markets.

Given the size, structure and nature of the business, the company's directors are of the opinion that additional disclosures regarding the use of KPIs is not necessary for an understanding of the development, performance and position of the business.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies in the financial statements.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company are considered to relate to the competition from other domestic and overseas facilities, the volatile and cyclical nature of the business, and maintaining the current good relationships with employees at all levels within the group. The company also considers its successful relationships with its subcontractor base is a key part of its strategy and will continue to develop these further.

Strategic report (continued)

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, foreign exchange risk, credit risk, liquidity risk and interest rate cash flow risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no equity investments.

Foreign exchange risk

The company has exposure to foreign exchange risk as some contracts are invoiced in foreign currency. Where this is the case, forward contracts may be taken out to mitigate the risk of fluctuating exchange rates

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to a counterparty is subject to a case by case assessment by the board. For large projects, the company negotiates payment profiles which are at worst cash neutral.

Liquidity risk

The company has sufficient available funds and agreed banking facilities for operations and planned expansions.

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances. Interest bearing liabilities are largely limited to agreements which are fixed for the duration of the facility. Where facilities are linked to base rates, the directors will review on a regular basis to ensure that the company's exposure to interest rate movements is limited. The directors will revisit the appropriateness of interest rate risk management policy should the company's operations change in size or nature.

By order of the board

I Carey
Director

24 November 2017

A&P GH 2006 Limited

Directors' report

The directors present their Annual Report and the audited financial statements for the year ended 31 March 2017.

Future outlook

The company's on-going cluster contract to support the Royal Fleet Auxiliary ("RFA") provides a profitable base activity level in the short to medium term. The company also charges management charges to its subsidiary operating companies to off-set group expenses and as such is dependent on the on-going profitability of those subsidiaries. The directors consider that the subsidiary's prospects are satisfactory in the short to medium term.

Dividends

A dividend of £1,500,000 has been proposed and paid during the year (2016: £nil).

Directors

The names of the directors, who held office during the year and thereafter, were as follows:

Atlantic & Peninsula Marine Services Limited
I Carey

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.

Disabled employees

Applications for employment by disabled persons are always considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The company places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and regular updates on company notice boards. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Going concern and Financial risk management

Details of going concern and financial risk management objectives and policies can be found in the Strategic Report on pages 2 to 3 and form part of this report by cross-reference.

Approval of reduced disclosures

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12.

The Company has taken advantage of the available exemptions to not disclose:

a) A reconciliation of the number of shares outstanding at the beginning and end of the year;
b) A statement of cash flows;
c) Certain financial instrument disclosures on the basis that equivalent disclosures are included in the consolidated financial statements of the group in which the Company is consolidated; and
d) Key management personnel compensation in total.

The Company also intends to take advantage of these exemptions in the financial statements to be issued in the following year.

A&P GH 2006 Limited

Directors' report (continued)

Statement of disclosure of information to the auditor

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

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

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

Deloitte LLP has expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the board

I Carey
Director

24 November 2017

A&P GH 2006 Limited

Directors' responsibilities statement

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

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

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

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

A&P GH 2006 Limited

Independent auditor's report to the members of A&P GH 2006 Limited

We have audited the financial statements of A&P GH 2006 Limited for the year ended 31 March 2017 which comprise the profit and loss account, the statement of other comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 16. 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 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 to identify material inconsistencies with the audited financial statements, and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit 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 matters prescribed in 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 A&P GH 2006 Limited (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

Anthony Farnworth BA ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Newcastle upon Tyne,
United Kingdom

29 November 2017

A&P GH 2006 Limited

Profit and loss account
for the year ended 31 March 2017

	Notes	2017 £	2016 £
Turnover	5	10,323,180	6,506,581
Cost of sales		(9,138,124)	(5,371,483)
Gross profit		1,185,056	1,135,098
Administrative expenses		(106,686)	(176,241)
Operating profit	6	1,078,370	958,857
Net interest receivable and similar income	7	1,484,944	2,038,604
Profit on ordinary activities before taxation		2,563,314	2,997,461
Tax on profit on ordinary activities	9	-	-
Profit for the financial year		2,563,314	2,997,461

All of the activities of the company are continuing.

A&P GH 2006 Limited

Statement of other comprehensive income
for the year ended 31 March 2017

	Notes	2017 £	2016 £
Profit for the financial year		2,563,314	2,997,461
Other comprehensive loss:			
Re-measurement of net defined benefit liability	14	(225,000)	(2,585,996)
Total tax on components of other comprehensive income	9	(145,850)	160,800
Other comprehensive loss for the year, net of tax		(370,850)	(2,425,196)
Total comprehensive income for the year		2,192,464	572,265

A&P GH 2006 Limited

Balance sheet
as at 31 March 2017

	Notes	2017 £	2016 £
Fixed assets			
Tangible assets	10	-	-
Investments	11	1,797,321	1,797,321
		1,797,321	1,797,321
Current assets			
Debtors	12	11,516,796	8,821,161
Cash at bank and in hand		6,795,297	6,850,376
		18,312,093	15,671,537
Creditors: amounts falling due within one year	13	(13,761,094)	(11,051,002)
Net current assets		4,550,999	4,620,535
Total assets less current liabilities		6,348,320	6,417,856
Post-employment pension liability	14	(895,000)	(1,657,000)
Net assets		5,453,320	4,760,856
Capital and reserves			
Called-up share capital	15	1,000	1,000
Profit and loss account		5,452,320	4,759,856
Total shareholder's funds		5,453,320	4,760,856

The financial statements of A&P GH 2006 Limited, registered number 04240505, were approved and authorised for issue by the Board of Directors on 24 November 2017.

Signed on behalf of the Board of Directors

I Carey
Director

A&P GH 2006 Limited

Statement of changes in equity
for the year ended 31 March 2017

	Notes	Called-up share capital £	Profit and loss account £	Total £
Balance as at 1 April 2015		1,000	4,187,591	4,188,591
Profit for the financial year		-	2,997,461	2,997,461
Other comprehensive loss		-	(2,425,196)	(2,425,196)
Total comprehensive income for the year		-	572,265	572,265
Balance as at 31 March 2016		1,000	4,759,856	4,760,856
Profit for the financial year		-	2,563,314	2,563,314
Other comprehensive loss		-	(370,850)	(370,850)
Total comprehensive income for the year		-	2,192,464	2,192,464
Dividend paid		-	(1,500,000)	(1,500,000)
Balance as at 31 March 2017		1,000	5,452,320	5,453,320

A&P GH 2006 Limited

Notes to the financial statements for the year ended 31 March 2017

1. **General information**

The Company is a private limited company limited by shares and is incorporated in England. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The functional currency of A&P GH 2006 Limited is considered to be Pounds Sterling because that is the currency of the primary economic environment in which the Company operates.

2. **Statement of compliance**

The financial statements of A&P GH 2006 Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard FRS 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"), and the Companies Act 2006.

3. **Summary of significant accounting policies**

A summary of the principal accounting policies, which have been applied consistently throughout the current and prior financial years, is set out below.

Basis of preparation

The financial statements are prepared on a going concern basis, under the historical cost convention.

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

Going concern

The validity of the going concern basis depends upon the continuing support of the parent company and the ability of the company to trade profitably through its principal activity. The ultimate parent company, A&P Group Limited, has expressed its willingness to continue to support the company.

The directors, having considered the company's forecast for the foreseeable future and having assessed the responses of the directors of A&P Group Limited to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of A&P Group Limited and A&P GH 2006 Limited to continue as a going concern, and on this basis the directors consider it appropriate to prepare the company's financial statements on a going concern basis.

Consolidation

The company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006. The company and its subsidiaries are consolidated in the financial statements of its immediate parent undertaking A&P Group Limited. Consolidated Financial Statements of A&P Group Limited are available at its registered office, Wagonway Road, Hebburn, Tyne & Wear, NE31 1SP.

Revenue recognition

Turnover comprises the sales value of goods and services supplied in the normal course of business. Turnover includes the value of contracts in progress. This is recognised based on the level of completion of the contracts to ensure the margin is recognised evenly over the contract life. All sales are shown exclusive of value added tax.

Interest income is recognised when the right to receive payment is established.

Dividend income is recognised when the right to receive payment is established.

3. Summary of significant accounting policies (continued)

Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

(i) Short-term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is rendered.

(ii) Defined contribution pension plans

Employees are eligible to join a Stakeholder Pension Plan. Pension costs are charged to the profit and loss account as they fall due. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. The assets of the plan are held separately from the Company in independently administered funds.

(iii) Defined benefit pension plans

The Company operates a defined benefit pension plan for certain employees. A defined benefit pension plan defines the pension benefit that the employee will receive on retirement, usually dependent on several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognises in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

a) The increase in pension liability arising from employee service during the period; and

b) The cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Finance expense'.

3. Summary of significant accounting policies (continued)

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period.

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

Deferred taxation is 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. This is with the exception of deferred taxation assets, which are recognised if it is considered more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on an undiscounted basis.

Tangible fixed assets

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Plant and machinery 2½% - 33⅓%

No depreciation is charged on assets in the course of construction until they are fully complete and brought into use at which point they are transferred into the relevant asset category.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

Fixed asset investments

Fixed asset investments are stated at cost less provisions made for impairment in value.

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.

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

Financial instruments

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

(i) Financial assets

Basic financial assets are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

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

(ii) Financial liabilities

Basic financial liabilities are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt is measured at the present value of the future receipts discounted at a market rate of interest.

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

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the profit and loss account as interest expense.

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

Contract balances

Amounts recoverable on contracts are shown at valuation, less amounts invoiced or received. Valuation includes the cost of materials and direct labour, together with attributable profit, estimated to be earned to date. Direct labour hours are used to determine the level of completion for routine and normal ship repair contracts. In circumstances where application of the above policy would unduly accelerate or delay the recognition of profits materially, other direct costs are taken into account. Full provision is made for any known or anticipated losses. The excess of payments received over amounts recorded as turnover is classified under creditors within one year as payments on account.

3. Summary of significant accounting policies (continued)

Share capital

Ordinary shares are classified as equity.

Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Company's financial statements. The ultimate holding company is Tokenhouse Limited, a company incorporated in the Isle of Man which is controlled by the Billown 1997 Settlement Trust.

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical judgements in applying the Company's accounting policies

The directors do not consider there to be any critical accounting judgements that must be applied.

(ii) Key accounting estimates and assumptions

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

Revenue recognition.

Turnover includes the value of contracts in progress. This is recognised based on the level of completion of the contracts to ensure that margin is recognised evenly over the contract life. Management considers the overall expected margin from each contract based on available information and past performance.

Defined benefit pension scheme

The Company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

5. Turnover

The company's turnover, all of which originated in the UK, is derived from one class of business being ship repair and marine engineering contract services to customers in the UK.

Notes to the financial statements (continued)
for the year ended 31 March 2017

6. Operating profit

Operating profit is stated after charging:

	2017 £	2016 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	30,000	32,000

7. Net interest receivable and similar income

	2017 £	2016 £
Investment income	1,523,944	2,035,604
Other finance (costs) income	(39,000)	3,000
	1,484,944	2,038,604

Investment income

	2017 £	2016 £
Dividends received from subsidiary undertakings	1,500,000	2,000,000
Interest receivable and similar income	23,944	35,604
	1,523,944	2,035,604

Other finance (costs) income

	2017 £	2016 £
Net interest on defined benefit liability (see note 14)	(39,000)	3,000

8. Staff costs

The average monthly number of persons (including executive directors) employed by the company during the year was:

Average number of persons employed	2017 No.	2016 No.
Administration	6	6

Staff costs during the year	£	£
Wages and salaries	570,396	698,280
Social security costs	72,184	89,039
Pension costs (note 14)	72,926	88,034
	715,506	875,353

Staff costs recharged by other group companies in relation to work on the company's contracts are included within cost of sales and are not included in the figures above.

Certain staff costs which are borne by the company are recharged to its subsidiaries.

Directors' remuneration	2017 £	2016 £
Aggregate emoluments	171,388	195,940
Sums paid to related parties in respect of directors' services (note 16)	400,000	400,000
Company contributions to money purchase pension schemes	40,000	30,750
	611,388	626,690

The company participates in a group wide defined contribution scheme. Contributions are charged to the profit and loss account in the year in which the liability arises. Contributions during the year were £72,926 (2016: £88,034). As at 31 March 2017, contributions of £14,512 (2016: £17,016) due in respect of the current reporting year had not been paid out to the scheme and are included within accruals.

Emoluments payable to the highest paid director are as follows:	2017 £	2016 £
Emoluments payable to the highest paid director are as follows:		
Aggregate emoluments	171,388	195,940
Company pension contributions to money purchase schemes	40,000	30,750
	211,388	226,690

Company pension contributions are made to a company money purchase scheme for one director (2016: one).

A&P GH 2006 Limited

Notes to the financial statements (continued) for the year ended 31 March 2017

9. Tax on profit

a) Analysis of tax charge in the year

	2017	2016
	£	£
Current tax:		
UK corporation tax	-	-
Total current tax	-	-

b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are explained below:

	2017	2016
	£	£
Profit before tax	2,563,314	2,997,461
Profit multiplied by standard rate of corporation tax in the UK 20% (2016: 20%)	512,663	599,492
Effects of:		
Expenses not deductible for tax purposes	-	-
Income not taxable	(300,000)	(400,000)
Group relief surrendered at nil consideration	15,357	198,124
Relief on pension contributions	(197,400)	(323,000)
Transfer pricing	11,443	(67,220)
Items charged elsewhere	11,827	-
Unrecognised deferred tax	(53,890)	(7,396)
Total tax charge for the year	-	-

A&P GH 2006 Limited

Notes to the financial statements (continued) for the year ended 31 March 2017

9. Tax on profit on ordinary activities (continued)

c) Factors affecting future tax charges

The Government has announced that it intends to reduce the rate of corporation tax to 17%. Finance Act 2016, which was enacted in September 2016, included provisions to reduce the rate of corporation tax to 17% with effect from 1 April 2020. Accordingly, deferred tax balances have been restated to the lower rate of 17% in these financial statements.

d) Deferred tax

The net deferred tax asset at 31 March is as follows:

	2017 £	2016 £
Post-employment benefits	152,150	298,000

Reconciliation of movement in deferred tax asset

	Asset £	Provision £	Total £
At 1 April 2016	871,000	(573,000)	298,000
Movements dealt with in other comprehensive income	(124,360)	(21,490)	(145,850)
At 31 March 2017	746,640	(594,490)	152,150

The deferred tax asset is recorded in debtors (see note 12).

The amounts of deferred tax asset unrecognised in the financial statements at the year end were as follows:

	2017 £	2016 £
Accelerated depreciation	23,599	30,041
Other timing differences	2,467	22,863
Losses	12,215	4,664
	38,281	57,568

The assets have not been recognised since, in the opinion of the directors, it is more likely than not that they will be irrecoverable in the short term.

Notes to the financial statements (continued) for the year ended 31 March 2017

10. Tangible fixed assets

	Plant and Machinery £
Cost	
At 1 April 2016	607,179
Disposals	(17,324)
At 31 March 2017	589,855
Accumulated depreciation	
At 1 April 2016	607,179
Disposals	(17,324)
At 31 March 2017	589,855
Net book value	
At 31 March 2017 and 31 March 2016	-

11. Fixed asset investments

Cost and net book value	Interests in subsidiary undertakings
At 1 April 2016 and 31 March 2017	1,797,321

The subsidiaries, all of whom have their registered office at: Wagonway Road, Hebburn, Tyne & Wear, NE31 1SP, in which the Company holds 100% of the equity share capital (which in each case is represented by ordinary £1 shares), are as follows:

Undertaking	Principal activity
A&P Falmouth Limited*	Ship repair and general engineering services
A&P Tyne Limited*	Ship repair and general engineering services
A&P Tees Limited*	Ship repair and general engineering services
Marine Designs Limited**	Marine Design and fabrication
The Falmouth Docks and Engineering Company (formed under the Falmouth Docks Act 1959)	Owner and manager of wharves and dry docks; cargo handling and services
A&P Ship Repairers Limited	Intermediate holding company
A&P Shipbuilders Limited*	Property ownership
A&P Wallsend Limited	Dormant
Hydropower Services Limited	Dormant
A&P Birkenhead Properties Limited	Dormant
A&P Southampton Limited	Dormant
A&P Defence Limited	Dormant

Notes to the financial statements (continued)
for the year ended 31 March 2017

11. Fixed asset investments (continued)

* Investment held directly by A&P Ship Repairers Limited

** Investment held directly by The Falmouth Docks and Engineering Company

The directors believe that the carrying value of the investments is supported by their underlying net assets.

12. Debtors

	2017	2016
	£	£
Trade debtors	282,015	-
Amounts recoverable on contracts	3,423,065	822,495
Amounts owed by group undertakings	7,640,899	7,668,446
Deferred tax asset (note 9)	152,150	298,000
Other debtors	11,746	11,815
Prepayments	6,921	20,405
	11,516,796	8,821,161

Amounts owed by group undertakings are interest free and repayable on demand.

The deferred tax asset of £152,150 (2016: £298,000) relates to the post-employment pension liability (see note 14). As the liability is expected to reverse over a long period, the deferred tax asset is considered to fall due after more than one year.

13. Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	1,753,579	1,178,964
Amounts owed to group undertakings	10,334,176	8,947,543
Taxation and social security	50,310	74,766
Accruals	1,623,029	849,729
	13,761,094	11,051,002

Amounts owed to group undertakings are interest free and repayable on demand.

14. Post-employment benefits

The Company operates two defined benefit pension sections of the sectionalised A&P Group Pension Scheme, the A&P Section and the Ship Repairers Section (together the "defined benefit pension schemes", or the "Schemes"), and a defined contribution scheme. The defined benefit pension schemes are closed to future accruals.

Amounts recognised in profit and loss account are as follows:

	2017 £	2016 £
Defined contribution schemes		
Defined contribution scheme (note 14(b))	72,926	88,034
Total charge in operating profit	72,926	88,034
Defined benefit schemes		
- Net interest expense (credit) (note 14(a))	39,000	(3,000)
Total charge	111,926	85,034

Amounts recognised in the balance sheet in respect of the defined benefit pension schemes are as follows:

	2017 £	2016 £
Post-employment benefits – asset (Ship Repairers Section)	3,497,000	3,181,000
Post-employment benefits – deficit (A&P Section)	(4,392,000)	(4,838,000)
Post-employment benefits – net position	(895,000)	(1,657,000)

a) Defined benefit schemes

The assets of the Company's defined benefit pension schemes are held in a separately administered fund. The Schemes provide retirement benefits on the basis of members' final salary. The A&P Group Pension Scheme, in respect of which the Schemes are sections, is administered by an independent trustee who is responsible for ensuring that the plan is sufficiently funded to meet current and future obligations. The Company has agreed a funding plan with the trustee in order to reduce the funding deficit where necessary.

The agreed contributions for the next six years are £6,156,000.

A comprehensive actuarial valuation of the defined benefit pension schemes, using the projected unit method, was carried out at 31 March 2015 by Capita Employee Benefits, independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	2017 %	2016 %
Price inflation – RPI	3.35	3.10
Price inflation – CPI	2.35	2.10
Pension increase rate	2.10 – 3.35	1.85 - 3.00
Salary increase rate	n/a	n/a
Discount rate	2.50	3.35

14. Post-employment benefits (continued)

a) Defined benefit schemes (continued)

The mortality assumptions used were as follows:

	2017 Years	2016 Years
Longevity at age 65 for current pensioners:		
- Men	22.0-23.1	22.2-23.3
- Women	24.0-24.2	24.2-24.5
Longevity at age 65 for future pensioners:		
- Men	23.3-24.2	23.5-24.6
- Women	25.5-25.7	25.7-25.9

Reconciliation of scheme assets and liabilities:

	Assets £	Liabilities £	Total £
At 1 April 2016	48,969,000	(50,626,000)	(1,657,000)
Benefits paid	(2,544,000)	2,544,000	-
Employer contributions	1,026,000	-	1,026,000
Interest income/(expense)	1,615,000	(1,654,000)	(39,000)
Re-measurement gains/(losses)			
- Actuarial losses	-	(6,065,000)	(6,065,000)
- Return on plan assets excluding interest income	5,840,000	-	5,840,000
At 31 March 2017	54,906,000	(55,801,000)	(895,000)

Total cost recognised as an expense:

	2017 £	2016 £
Interest cost (credit)	39,000	(3,000)

No amounts (2016: £nil) were included in the cost of assets.
The fair value of the plan assets were:

	2017 £	2016 £
Equities	13,534,000	10,899,000
Diversified growth assets	7,199,000	7,108,000
Corporate bonds	23,244,000	20,832,000
Gilts	7,950,000	7,143,000
Insured liabilities	2,617,000	2,566,000
Cash	362,000	421,000
Total	54,906,000	48,969,000

The plan assets do not include any of the Company's (or Group's) financial instruments.

14. Post-employment benefits (continued)

a) Defined benefit schemes (continued)

The return on the plan assets was:

	2017 £	2016 £
Interest income	1,615,000	1,545,000
Return on plan assets less interest income	5,840,000	(1,844,996)
Total gains (losses)	7,455,000	(299,996)

b) Defined contribution scheme

The Company provides a defined contribution scheme for its employees.

The amount recognised as an expense for the defined contribution scheme was:

	2017 £	2016 £
Current period contributions (note 8)	72,926	88,034

15. Called-up share capital and reserves

	2017 £	2016 £
Authorised		
100,000 ordinary shares of £0.01 each	1,000	1,000
Allotted and fully paid up:		
100,000 ordinary shares of £0.01 each	1,000	1,000

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

There are no restrictions on the distribution of dividends and the repayment of capital.

Equity dividends

	2017 £	2016 £
Final dividend for the year ended 31 March 2017 of £1,500 (2016: £nil) per share	1,500,000	-

Notes to the financial statements (continued) for the year ended 31 March 2017

16. Related party transactions

During the year the company carried out a number of transactions with related parties in the normal course of business. The names of the related parties, nature of these transactions and their total value is shown below

	2017		2016	
	Value of transaction £	Payable (receivable) at the year end £	Value of transaction £	Payable (receivable) at the year end £
Transactions with Atlantic & Peninsula Marine Services Limited:				
Management charges paid	400,000	-	400,000	-
Fees receivable in respect of director's services	92,196	-	113,961	-

Atlantic & Peninsula Marine Services Limited is considered to be a related party of the A&P Group Limited by virtue of common influence and control of the two groups during the year.