

Company Registration No. 04240505.

A&P GH 2006 Limited

**Annual Report and Financial Statements
for the year ended 31 March 2021**



A&P GH 2006 Limited

Annual Report and Financial Statements for the year ended 31 March 2021

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A&P GH 2006 Limited

Annual Report and Financial Statements for the year ended 31 March 2021

Officers and professional advisers

Directors

D T McGinley
G T Littleddyke

Registered Office

c/o A&P Tyne Limited
Wagonway Road
Hebburn
Tyne and Wear
NE31 1SP
United Kingdom

Auditor

RSM UK Audit LLP
Statutory Auditor
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

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 of the group entities together with the management of ad hoc contracts and projects which fall outside of the normal activities carried out in the group's shipyard facilities. The company also carries the cost of funding the A&P Section of the A&P Group legacy defined benefit pension scheme.

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 £9,701,452 (2020: £17,125,449). The results for the year record a profit before tax of £2,058,714 (2020: £54,739 loss), the notable improvement arising, primarily, as a result of a provision made, in the prior period, against an intercompany receivable of £1,174,442 and a dividend received in the current year from a subsidiary company of £1,000,000. The net asset position at the year-end was £5,060,287 (2020: £8,355,355). The directors of the company are satisfied with the results for the year.

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.

Key performance indicators ("KPIs")

The directors monitor KPIs on a monthly basis, as part of its internal control processes. The KPIs relevant to the company are as follows:

	2021	2020
Turnover (£'000s)	9,701	17,125
Gross profit margin as a percentage of turnover	14.3%	14.4%
Pre-tax profit / (loss) margin as a percentage of turnover	21.2%	(0.3)%

Future developments

The directors consider that the Company is well placed to deliver positive earnings based upon organic growth opportunities in its core ship repair market.

Going concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Accordingly, 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.

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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.

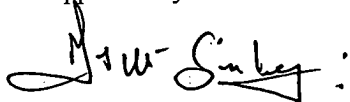
Liquidity risk

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.

Approved by the Board and signed on its behalf by:



D T McGinley
Chief Executive Officer

26 November 2021

A&P GH 2006 Limited

Directors' report

The directors present their Annual Report and the audited financial statements for the year ended 31 March 2021.

Dividends

A dividend of £2,500,000 was proposed and paid for the year (2020: £nil).

Directors

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

Atlantic & Peninsula Marine Services Limited (Resigned 22 December 2020)

D T McGinley

G T Littlethyke (Appointed 22 December 2020)

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.

Going concern, future developments and financial risk management

Details of going concern, future developments 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.

Post balance sheet events

There were no post balance sheet events requiring adjustment or disclosure in the financial statements.

Covid-19

The global Covid-19 pandemic has brought about a period of unprecedented uncertainty and disrupted global economies and supply chains in ways not seen before. The Company has continued to trade during the period of government enforced restrictions on people and businesses during the Covid-19 pandemic, ensuring that crucial customer seaborne assets have remained available to transport goods into and from the United Kingdom.

The health and wellbeing of our employees is at the forefront of our decision making. In order to continue to operate as close to normal as possible, while maintaining our core focus on health and safety, extensive cleaning and availability of hand sanitiser was initiated quickly. Signage was installed reminding employees and visitors to wash hands regularly and to maintain suitable social distancing measures. Visitors to our facilities and non-essential travel by employees was discouraged. Formal policies regarding the reporting of potential symptoms and the requirement to self-isolate were introduced and regular reporting of potential cases to the Executive Board allowed for this to be monitored. As lockdown measures were introduced, employees were encouraged to work from home where practicable and appropriate support was put in place for employees who were considered to be vulnerable. Regular communications have kept employees and third parties up to date as to how the Company is responding to the situation as it develops and as guidance is issued by the UK Government and regulatory authorities.

Continuing to operate as close to normal as possible during the pandemic has necessitated the Company deploying many of its business continuity procedures and has shown the value of investment in technology, including that required to allow employees to work remotely where required.

Commercial opportunities will still present themselves, and the Company is engaging proactivity with customers and potential customers alike to identify ways in which we can provide solutions for those companies looking to optimise their supply chains.

A&P GH 2006 Limited

Directors' report (continued)

Statement of disclosure of information to the auditor

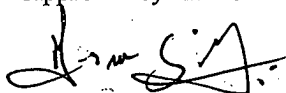
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- 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.

RSM UK Audit LLP were appointed on 13 April 2021 and have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



D T McGinley
Chief Executive Officer

26 November 2021

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; 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.

A&P GH 2006 Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A&P GH 2006 LIMITED

Opinion

We have audited the financial statements of A&P GH 2006 Limited (the 'company') for the year ended 31 March 2021 which comprise the Profit and loss account, the Statement of comprehensive income, the Balance sheet, the Statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

A&P GH 2006 Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A&P GH 2006 LIMITED (CONTINUED)

Opinions 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.

Matters on which we are required to report by exception

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 material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

A&P GH 2006 Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A&P GH 2006 LIMITED (CONTINUED)

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting correspondence with local tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety, including the port marine safety code. We performed audit procedures to inquire of management, including the Health & Safety Director whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied in the valuation of the defined benefit pension scheme valuations and challenging judgements applied in the recognition of revenue.

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

A&P GH 2006 Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A&P GH 2006 LIMITED (CONTINUED)

Use of our report

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

Alastair Nuttall

ALASTAIR JOHN RICHARD NUTTALL (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

Date 26/11/21

A&P GH 2006 Limited

Profit and loss account for the year ended 31 March 2021

	Notes	2021 £	2020 £
Turnover	5	9,701,452	17,125,449
Cost of sales		(8,312,638)	(14,662,321)
Gross profit		1,388,814	2,463,128
Administrative expenses		(432,083)	(1,463,666)
Amounts written off loan to subsidiary		-	(1,174,442)
Operating profit / (loss)	6	956,731	(174,980)
Income from investment in subsidiary undertaking		1,000,000	-
Finance income (net)	7	101,983	120,241
Profit / (loss) before taxation		2,058,714	(54,739)
Tax on profit / (loss)	9	(337,112)	(170,131)
Profit / (loss) for the financial year		1,721,602	(224,870)

All of the activities of the company are continuing.

A&P GH 2006 Limited

Statement of comprehensive income for the year ended 31 March 2021

	Notes	2021 £	2020 £
Profit / (loss) for the financial year		1,721,602	(224,870)
<i>Other comprehensive loss:</i>			
Re-measurement of net defined benefit liability	14	(3,107,000)	(1,443,000)
Current tax on components of other comprehensive income	9	-	164,350
Deferred tax on components of other comprehensive income	9	590,330	23,910
Other comprehensive loss for the year, net of tax		<u>(2,516,670)</u>	<u>(1,254,740)</u>
Total comprehensive loss for the year		<u><u>(795,068)</u></u>	<u><u>(1,479,610)</u></u>

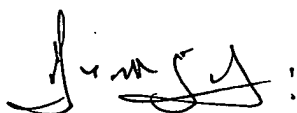
A&P GH 2006 Limited

Balance sheet as at 31 March 2021

	Notes	2021 £	2020 £
Fixed assets			
Tangible assets	10	136,616	174,261
Investments	11	1,797,321	1,797,321
Post-employment pension asset	14	1,603,000	3,799,000
		<u>3,536,937</u>	<u>5,770,582</u>
Current assets			
Debtors	12	13,563,137	15,065,437
Cash at bank and in hand		2,744,510	3,886,897
		<u>16,307,647</u>	<u>18,952,334</u>
Creditors: amounts falling due within one year	13	<u>(14,500,707)</u>	<u>(15,659,535)</u>
Net current assets		<u>1,806,940</u>	<u>3,292,799</u>
Total assets less current liabilities		<u>5,343,877</u>	<u>9,063,381</u>
Provisions for liabilities	9	<u>(283,590)</u>	<u>(708,026)</u>
Net assets		<u>5,060,287</u>	<u>8,355,355</u>
Capital and reserves			
Called-up share capital	15	1,000	1,000
Profit and loss account		<u>5,059,287</u>	<u>8,354,355</u>
Total shareholder's funds		<u>5,060,287</u>	<u>8,355,355</u>

The financial statements of A&P GH 2006 Limited, registered number, 04240505, were approved and authorised for issue by the Board of Directors on 26 November 2021.

Signed on behalf of the Board of Directors



D T McGinley
Chief Executive Officer

A&P GH 2006 Limited

Statement of changes in equity for the year ended 31 March 2021

	Note	Called-up share capital £	Profit and loss account £	Total £
Balance as at 1 April 2019		1,000	9,833,965	9,834,965
Loss for the financial year		-	(224,870)	(224,870)
Re-measurement of net defined benefit liability		-	(1,443,000)	(1,443,000)
Tax relating to items of other comprehensive income		-	188,260	188,260
Total comprehensive loss for the year		-	(1,479,610)	(1,479,610)
Balance as at 31 March 2020		1,000	8,354,355	8,355,355
Profit for the financial year		-	1,721,602	1,721,602
Re-measurement of net defined benefit liability	14	-	(3,107,000)	(3,107,000)
Tax relating to items of other comprehensive income	9	-	590,330	590,330
Total comprehensive loss for the year		-	(795,068)	(795,068)
Dividends paid		-	(2,500,000)	(2,500,000)
Total transactions with owners recognised directly in equity		-	(2,500,000)	(2,500,000)
Balance as at 31 March 2021		1,000	5,059,287	5,060,287

A&P GH 2006 Limited

Notes to the financial statements for the year ended 31 March 2021

1. General information

The Company is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales. 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 company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report and the Directors' report. The directors have prepared detailed forecasts which have been updated to consider the impact of the Covid 19 pandemic.

The company participates in the centralised treasury arrangements of A&P Group Limited and so shares banking arrangements with its parent and fellow subsidiaries. The entity is financed through its own operations, however if needed the directors have received confirmation that A&P Group Limited (Company number: 05832836) will support the Company for at least one year after these financial statements are signed. The directors, with reference to the forecasts in place, and support from A&P Group Limited, consider that the company has adequate resources to continue in operational existence for at least 12 months from approval of the financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the available exemptions to not disclose in its individual entity financial statements:

- a) A statement of cash flows;
- b) Financial instruments;
- c) Key management personnel compensation in total; and
- d) Related party transactions with other group entities which are wholly owned subsidiaries within the group.

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, the smallest group in which the entity is consolidated. Consolidated Financial Statements of A&P Group Limited are available at its registered office, Wagonway Road, Hebburn, Tyne & Wear, NE31 1SP.

**Notes to the financial statements (continued)
for the year ended 31 March 2021**

3. Summary of significant accounting policies (continued)

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.

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 recognised 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'.

A&P GH 2006 Limited

Notes to the financial statements (continued) for the year ended 31 March 2021

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.

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 recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

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%
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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.

**Notes to the financial statements (continued)
for the year ended 31 March 2021**

3. Summary of significant accounting policies (continued)

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.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities

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.

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

**Notes to the financial statements (continued)
for the year ended 31 March 2021**

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. See note 13 for amounts recoverable on contracts at the balance sheet date.

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.

A&P GH 2006 Limited

Notes to the financial statements (continued) for the year ended 31 March 2021

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.

6. Operating profit / (loss)

Operating profit / (loss) is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets – owned assets	37,645	13,556
Provision against intercompany loan	-	1,174,442
Fees payable to the Company's auditor for:		
- the audit of the Company's annual financial statements	30,000	30,000
- tax compliance services	10,000	10,000

At the year end the directors reassessed the recoverability of all intercompany receivables. This resulted in a provision of £nil (2020: £1,174,442) being required against an intercompany receivable from one of its subsidiary undertakings.

7. Finance income (net)

	2021 £	2020 £
Investment income	2,983	10,241
Other finance income	99,000	110,000
	<u>101,983</u>	<u>120,241</u>

Investment income

	2021 £	2020 £
Interest receivable and similar income	<u>2,983</u>	<u>10,241</u>

Other finance income

	2021 £	2020 £
Net interest on defined benefit liability (see note 14)	<u>99,000</u>	<u>110,000</u>

A&P GH 2006 Limited

Notes to the financial statements (continued) for the year ended 31 March 2021

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	2021 No.	2020 No.
Administration	<u>7</u>	<u>7</u>
Staff costs during the year	£	£
Wages and salaries	621,553	664,108
Social security costs	80,431	83,807
Pension costs (note 14)	<u>42,361</u>	<u>39,198</u>
	<u>744,345</u>	<u>787,113</u>

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	2021 £	2020 £
Aggregate emoluments	237,257	245,000
Sums paid to related parties in respect of directors' services	-	400,000
Company contributions to money purchase pension schemes	<u>7,759</u>	<u>-</u>
	<u>245,016</u>	<u>645,000</u>

Company pension contributions are made to a company money purchase scheme for one director (2020: nil).

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 £42,361 (2020: £39,198). As at 31 March 2021, contributions of £19,190 (2020: £15,634) 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:	2021 £	2020 £
Emoluments payable to the highest paid director are as follows:		
Aggregate emoluments	198,902	245,000
Company pension contributions to money purchase schemes	<u>-</u>	<u>-</u>
	<u>198,902</u>	<u>245,000</u>

A&P GH 2006 Limited

Notes to the financial statements (continued) for the year ended 31 March 2021

9. Tax on profit / (loss)

a) Analysis of tax charge in the year

	2021 £	2020 £
Current tax:		
UK corporation tax	171,218	164,350
Adjustment in respect of prior years	-	(765)
Total current tax	<u>171,218</u>	<u>163,585</u>
Deferred tax:		
Origination and reversal of timing differences	165,894	25,472
Adjustments in respect of prior years	-	(16,934)
Effect of changes in tax rates	-	(1,992)
Total deferred tax (note 9d)	<u>165,894</u>	<u>6,546</u>
Tax on profit / (loss) on ordinary activities	<u>337,112</u>	<u>170,131</u>

b) Factors affecting tax charge for the year

The tax assessed for the year is higher (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit / (loss) before tax	<u>2,058,714</u>	<u>(54,739)</u>
Profit / (loss) multiplied by standard rate of corporation tax in the UK 19% (2020: 19%)	391,156	(10,400)
Effects of:		
Expenses not deductible	17,711	3,520
Income not subject to tax	(190,000)	-
Provision against intercompany receivables not deductible	-	223,143
Group relief surrendered at nil consideration	7,600	(115,599)
Other permanent differences	(8,740)	-
Amounts charged directly to other comprehensive income	(403,370)	-
Adjustment in respect of prior years	-	(17,699)
Transfer pricing	118,357	89,159
Tax rate changes	-	(1,993)
Deferred tax credited to other comprehensive income	412,110	-
Unrecognised deferred tax	(7,712)	-
Total tax charge for the year	<u>337,112</u>	<u>170,131</u>

A&P GH 2006 Limited

Notes to the financial statements (continued) for the year ended 31 March 2021

9. Tax on profit / (loss) (continued)

c) Factors affecting future tax charges

In the UK budget on 11 March 2020, it was announced that the previously enacted reduction in the standard rate of corporation tax in the UK to 17% from 1 April 2020 would be cancelled and would remain at 19%. The corporation tax rate is now confirmed to increase to 25% from April 2023 which was announced on 3 March 2021.

d) Deferred tax

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

	2021 £	2020 £
Post-employment benefits	(304,570)	(721,810)
Other timing differences	20,980	13,784
Total	<u>(283,590)</u>	<u>(708,026)</u>

Movements in deferred tax

	Liability £
At 1 April 2020	(708,026)
Movements dealt with in other comprehensive income	590,330
Movements dealt with in profit and loss	<u>(165,894)</u>
At 31 March 2021	<u>(283,590)</u>

A&P GH 2006 Limited

Notes to the financial statements (continued) for the year ended 31 March 2021

10. Tangible fixed assets

	Plant and Machinery £
Cost	
At 1 April 2020	785,436
Additions	-
Disposals	(576,955)
At 31 March 2021	<u>208,481</u>
Accumulated depreciation	
At 1 April 2020	611,175
Charge for the year	37,645
Disposals	(576,955)
At 31 March 2021	<u>71,865</u>
Net book value	
At 31 March 2021	<u>136,616</u>
At 31 March 2020	<u>174,261</u>

11. Fixed asset investments

	Interests in subsidiary undertakings
Cost and net book value	
At 1 April 2020 and 31 March 2021	<u>1,797,321</u>

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

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Notes to the financial statements (continued) for the year ended 31 March 2021

11. Fixed asset investments (continued)

Undertaking	Principal activity
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

* Investment held directly by A&P Ship Repairers Limited

** Investment held directly by The Falmouth Docks and Engineering Company. The entity ceased trading in June 2020.

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

12. Debtors

	2021 £	2020 £
Trade debtors	2,298	439,138
Amounts recoverable on contracts	1,896,032	2,295,307
Amounts owed by group undertakings	11,399,679	12,221,348
Amounts owed by related parties	238,558	-
Other debtors	16,927	58,638
Corporation tax	-	765
Prepayments	9,643	50,241
	<u>13,563,137</u>	<u>15,065,437</u>

Amounts owed by group undertakings and related parties are unsecured, interest free and repayable on demand.

13. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	2,020,395	2,860,830
Amounts owed to group undertakings	10,291,930	11,057,073
Amounts owed to related parties	-	125,204
Corporation tax	171,218	-
Taxation and social security	72,249	64,415
Accruals	1,944,915	1,552,013
	<u>14,500,707</u>	<u>15,659,535</u>

Amounts owed to group undertakings and related parties are unsecured, interest free and repayable on demand.

A&P GH 2006 Limited

Notes to the financial statements (continued) for the year ended 31 March 2021

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:

	2021 £	2020 £
Defined contribution scheme (note 14(b))	42,361	39,198
Total charge in operating profit	42,361	39,198
Defined benefit schemes		
- Net interest credit (note 14(a))	(99,000)	(110,000)
Total credit	(56,639)	(70,802)

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

	2021 £	2020 £
Post-employment benefits – asset	1,603,000	3,799,000

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 two years are £1,729,992.

A comprehensive actuarial valuation of the defined benefit pension schemes, using the projected unit method, was carried out at 31 March 2018 by Capita Employee Benefits, independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	2021 %	2020 %
Price inflation – RPI	3.35	2.65
Price inflation – CPI	2.55	1.65
Pension increase rate	1.60 – 2.65	1.60 – 2.65
Salary increase rate	n/a	n/a
Discount rate	2.00	2.35

A&P GH 2006 Limited

Notes to the financial statements (continued) for the year ended 31 March 2021

14. Post-employment benefits (continued)

a) Defined benefit schemes (continued)

The mortality assumptions used were as follows:

	2021 Years	2020 Years
Longevity at age 65 for current pensioners:		
- Men	21.4 – 22.6	21.4 – 22.6
- Women	23.4 – 23.7	23.4 – 23.6
Longevity at age 65 for future pensioners:		
- Men	22.4 – 23.5	22.4 – 23.5
- Women	24.7 – 24.9	24.6 – 24.9

Reconciliation of scheme assets and liabilities:

	Assets £	Liabilities £	Total £
At 1 April 2020	54,869,000	(51,070,000)	3,799,000
Benefits paid	(2,277,000)	2,277,000	-
Employer contributions	865,000	-	865,000
Interest income (expense)	1,272,000	(1,173,000)	99,000
Re-measurement gains (losses)			
- Actuarial losses	-	(4,196,000)	(4,196,000)
- Experience gains	-	381,000	381,000
- Return on plan assets excluding interest income	708,000	-	708,000
Past service cost including curtailments	-	(27,000)	(27,000)
Scheme administration expenses	(26,000)	-	(26,000)
At 31 March 2021	55,411,000	(53,808,000)	1,603,000

Total cost recognised as an expense:

	2021 £	2020 £
Interest income	(99,000)	(110,000)

No amounts (2020: £nil) were included in the cost of assets.

The fair value of the plan assets were:

	2021 £	2020 £
Equities	2,314,000	3,499,000
Diversified growth assets	4,628,000	5,606,000
Liability driven investment	2,249,000	6,966,000
Corporate bonds	7,430,000	5,638,000
Gilts	11,601,000	6,318,000
Insured liabilities	24,001,000	23,464,000
Cash	3,188,000	3,378,000
Total	55,411,000	54,869,000

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

A&P GH 2006 Limited

Notes to the financial statements (continued) for the year ended 31 March 2021

14. Post-employment benefits (continued)

a) Defined benefit schemes (continued)

On 8 August 2019, the Trustees of the pension scheme effected a buy-in of the Ship Repairers section by way of a bulk annuity purchase with a leading insurer. The costs of the annuity was met entirely by the section's assets and is included in the value of insured liabilities.

The return on the plan assets was:

	2021 £	2020 £
Interest income	1,272,000	1,315,000
Return on plan assets less interest income	708,000	(1,453,000)
Total gains / (losses)	<u>1,980,000</u>	<u>(138,000)</u>

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:

	2021 £	2020 £
Current period contributions (note 8)	<u>42,361</u>	<u>39,198</u>

15. Called-up share capital and reserves

	2021 £	2020 £
Authorised		
100,000 ordinary shares of £0.01 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid up:		
100,000 ordinary shares of £0.01 each	<u>1,000</u>	<u>1,000</u>

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.