

A&P Tees Limited

Annual report and financial statements  
for the year ended 31 December 2010

Registered number 4684090

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# A&P Tees Limited

## Annual report and financial statements for the year ended 31 December 2010

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# **A&P Tees Limited**

## **Directors' report for the year ended 31 December 2010**

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2010

### **Principal activities and business review**

The principal activity of the company is the provision of ship repair and marine engineering services from its facility in Teesside

The results for the year are set out on page 5

### **Future outlook**

The company is part of a leading ship repair and conversion business in the United Kingdom. The external commercial environment is expected to remain competitive in 2011. The company is determined to take advantage of its location which is well placed to secure work as part of the supply chain for and to provide support services to the emerging renewable energy sector and also into the Oil and gas industry. In addition to its core customers, the company has identified several projects for the remainder of 2011 which will enable the company to progress and generate cash flow for reinvestment in the business.

### **Directors**

The names of the directors who held office during the year and up to the date of signing the financial statements were as follows

I Carey (appointed 25 February 2011)

P E Bailey (resigned 25 February 2011)

A E Griffiths (resigned 25 February 2011)

A&P GH 2006 Limited (resigned 25 February 2011)

Atlantic & Peninsula Marine Services Limited (appointed 25 February 2011)

### **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

### **Statement of directors' responsibilities**

The directors are responsible for preparing the directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make 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

## A&P Tees Limited

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of disclosure of information to auditors

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

- (1) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware,
- (2) 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 auditors are aware of that information.

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

The directors' report has been prepared taking advantage of the small companies exemption in accordance with S415A of the Companies Act 2006.

On behalf of the board



I Carey  
Director

11 May 2011

# **A&P Tees Limited**

## **Independent auditors' report to the members of A&P Tees Limited**

We have audited the financial statements of A&P Tees Limited for the year ended 31 December 2010 which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes. 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).

### **Respective responsibilities of directors and auditors**

As explained more fully in the directors' responsibilities statement set out on pages 1 and 2, 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.

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

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 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 Companies Act 2006.

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

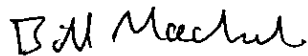
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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## 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
- the directors were not entitled to prepare the directors' report in accordance with the small company regime



Bill MacLeod (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne

11 May 2011

## A&P Tees Limited

### Profit and loss account for the year ended 31 December 2010

	Note	2010 £	2009 £
Turnover	1	8,821,174	7,705,647
Cost of sales		(7,399,806)	(6,608,520)
Gross profit		1,421,368	1,097,127
Administrative expenses		(758,006)	(790,566)
Profit on ordinary activities before taxation	2	663,362	306,561
Tax on profit on ordinary activities	4	(183,840)	(24,553)
Profit for the financial year	11	479,522	282,008

All of the activities of the company are continuing

The company has no recognised gains or losses other than those included in the profit above and therefore no separate statement of total recognised gains and losses has been prepared

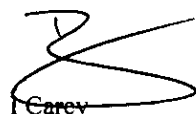
There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above, and their historical cost equivalents

# A&P Tees Limited

## Balance sheet as at 31 December 2010

	Note	2010 £	2009 £
<b>Fixed assets</b>			
Tangible assets	5	1,112,060	847,660
<b>Current assets</b>			
Stocks	6	55,726	52,036
Debtors	7	1,382,342	747,441
Cash at bank and in hand		389,305	219,375
		1,827,373	1,018,852
<b>Creditors: amounts falling due within one year</b>	8	(1,983,111)	(1,403,332)
<b>Net current liabilities</b>		(155,738)	(384,480)
<b>Total assets less current liabilities</b>		956,322	463,180
<b>Provisions for liabilities</b>	9	(62,397)	(48,777)
<b>Net assets</b>		893,925	414,403
<b>Capital and reserves</b>			
Called up share capital	10	2	2
Profit and loss account	11	893,923	414,401
<b>Total shareholders' funds</b>	12	893,925	414,403

The financial statements on pages 5 to 15 were approved by the board of directors on 11 May 2011 and were signed on its behalf by



I Carey  
Director

A&P Tees Limited

Registered number 4684090



# A&P Tees Limited

## Statement of accounting policies

### Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The principal accounting policies, which have been applied consistently throughout the year are set out below

### 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 and on this basis the directors consider it appropriate to prepare the financial statements on a going concern 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:

Short leasehold land and buildings	term of lease
Plant and machinery	5 - 33⅓%

### Operating leases

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

### Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

### 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.

### Deferred taxation

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 only 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.

## **A&P Tees Limited**

Deferred tax is measured at the average tax rates that are expected to apply in the periods 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 assets and liabilities are measured on an undiscounted basis

### **Turnover**

Turnover comprises the sales value of goods and services supplied in the normal course of business. Also included in turnover are the values of contracts in progress based on the level of completion of the contracts. All sales are shown exclusive of value added tax.

### **Related party transactions**

The company has taken advantage of the exemption available under Financial Reporting Standard No 8 'Related party disclosures' and has not disclosed transactions with companies that are part of the A&P Group Limited group of companies.

### **Pension scheme arrangements**

The company participates in a group wide defined contribution scheme in respect of pension costs and post retirement benefits. The amount charged to the profit and loss account is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown either as accruals or prepayments in the balance sheet.

### **Cash flow statement**

The company is a wholly owned subsidiary and is exempt under the terms of Financial Reporting Standard No 1 "Cash flow statements" (revised 1996) from publishing a cash flow statement.

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## Notes to the financial statements for the year ended 31 December 2010

### 1 Turnover

The company's activities comprise -the provision of ship repair and marine engineering services The geographical analysis of the company's turnover by destination is as follows

	2010	2009
	£	£
United Kingdom	8,319,388	6,306,034
Rest of Europe	501,786	604,394
Rest of World	-	795,219
	8,821,174	7,705,647

### 2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2010	2009
	£	£
Loss on disposal of fixed assets	-	4,585
Depreciation of tangible fixed assets		
Owned assets	98,334	50,550
Auditors' remuneration for		
Audit services	8,112	8,112
Other services to the company	2,493	2,493
Operating leases - plant and machinery	5,158	3,522
- other	102,270	96,567

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## 3 Staff costs

The average monthly number of persons employed by the company during the year was

	2010	2009
By activity	Number	Number
Marine	36	30

	2010	2009
	£	£
Staff costs (for the above persons)		
Wages and salaries	1,198,163	1,076,702
Social security costs	112,335	98,089
Other pension costs (note 15)	19,407	16,346
	1,329,905	1,191,137

The emoluments of certain directors, who are also directors of a number of group companies, are borne in full by the principal employing company. No recharge is made as these directors provide services primarily to the principal employer. These directors' emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the principal employer.

The directors did not receive any emoluments in respect of their services to the company (2009: £nil)

## 4 Tax on profit on ordinary activities

### (a) Analysis of tax charge in the year

	2010	2009
	£	£
<b>Current tax:</b>		
Total current tax	170,220	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	17,597	22,714
Adjustments in respect of prior years	(2,317)	1,839
Effect of changes in tax rates or laws	(1,660)	-
Total deferred tax (note 9)	13,620	24,553
Tax on profit on ordinary activities	183,840	24,553

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## 4 Tax on profit on ordinary activities (continued)

### (b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2009 lower) than the standard rate of corporation tax in the UK. The differences are explained below.

	2010	2009
	£	£
<b>Profit on ordinary activities before taxation</b>	<b>663,362</b>	<b>306,561</b>
Profit on ordinary activities multiplied by standard rate in the UK 28% (2009 28%)	185,741	85,837
Effects of		
Expenses not deductible for tax purposes	2,728	(259)
Accelerated capital allowances and other timing differences	(18,249)	(22,714)
Group relief claimed	-	(62,864)
<b>Current tax for the year</b>	<b>170,220</b>	<b>-</b>

### (c) Factors affecting future tax charges

The standard rate of corporation tax in the UK changed to 26% with effect from 1 April 2011 and further annual reductions have been announced to 2014. A rate of 27% had been enacted at the balance sheet date and has therefore been included in these financial statements. The remaining changes had not been enacted at the balance sheet date and therefore not included.

### (d) Provision for deferred tax (note 9)

	2010	2009
		£
Accelerated capital allowances	63,692	48,777
Short term timing differences	(1,295)	-
<b>Deferred tax at 31 December (note 9)</b>	<b>62,397</b>	<b>48,777</b>

# A&P Tees Limited

## 5 Tangible assets

	Short leasehold land and buildings £	Plant and machinery £	Total £
<b>Cost</b>			
At 1 January 2010	630,488	417,517	1,048,005
Additions	320,776	73,368	394,144
Disposals	(11,887)	(20,271)	(32,158)
Transfers between categories	(71,039)	71,039	-
<b>At 31 December 2010</b>	<b>868,338</b>	<b>541,653</b>	<b>1,409,991</b>
<b>Accumulated depreciation</b>			
At 1 January 2010	43,656	156,689	200,345
Charge for the year	28,915	69,419	98,334
Disposals	(52)	(696)	(748)
Transfers between categories	(6,096)	6,096	-
<b>At 31 December 2010</b>	<b>66,423</b>	<b>231,508</b>	<b>297,931</b>
<b>Net book amount</b>			
<b>At 31 December 2010</b>	<b>801,915</b>	<b>310,145</b>	<b>1,112,060</b>
At 31 December 2009	586,832	260,828	847,660

## 6 Stocks

	2010 £	2009 £
Raw materials and consumables	55,726	52,036

# A&P Tees Limited

## 7 Debtors

	2010	2009
	£	£
Trade debtors	1,208,299	462,763
Amounts recoverable on contracts	37,439	191,124
Amounts owed by group undertakings	-	832
Other debtors	102,024	74,505
Prepayments	34,580	18,217
	1,382,342	747,441

## 8 Creditors: amounts falling due within one year

	2010	2009
	£	£
Trade creditors	1,325,260	633,204
Amounts owed to group undertakings	221,370	530,724
Corporation tax	170,220	-
Taxation and social security	27,205	46,411
Accruals	239,056	192,993
	1,983,111	1,403,332

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

## 9 Provisions for liabilities

### Deferred tax

	2010	2009
	£	£
At 1 January	48,777	24,224
Charged to profit and loss account	13,620	24,553
At 31 December	62,397	48,777

# A&P Tees Limited

## 10 Called up share capital

	2010	2009
	£	£
<b>Authorised</b>		
1,000 ordinary shares of £1 each	1,000	1,000
<b>Allotted and fully paid</b>		
2 ordinary shares of £1 each	2	2

## 11 Profit and loss account

	£
At 1 January 2010	414,401
Profit for the financial year	479,522
<b>At 31 December 2010</b>	<b>893,923</b>

## 12 Reconciliation of movements in shareholders' funds

	2010	2009
	£	£
Profit for the financial year	479,522	282,008
Opening shareholders' funds/(deficit)	414,403	132,395
<b>Closing shareholders' funds</b>	<b>893,925</b>	<b>414,403</b>

## 13 Contingent liabilities

The company has entered into cross guarantees in favour of Royal Bank of Scotland plc regarding bank overdrafts held by other A&P Group Limited companies which at 31 December 2010 amounted to £nil (2009 £nil) As the other A&P Group Limited companies' credit balances exceeded the debit balance in the group during the year, there is no overdraft interest due



# A&P Tees Limited

## 14 Financial commitments

At 31 December 2010 the company had annual commitments under non-cancellable operating leases expiring as follows

	2010 Land and buildings £	2009 Land and buildings £
After five years	93,376	93,376

## 15 Pension arrangements

Certain employees are members of a group defined contribution scheme. The pension cost of this scheme for the year was £19,407 (2009 £16,346)

## 16 Parent companies and controlling parties

The company's immediate parent undertaking is A&P Ship Repairers Limited. In the period to 25 February 2011 the ultimate parent undertaking and controlling party was A&P Group Limited, a company registered in England and Wales. A&P Group Limited was the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements.

Copies of the group financial statements may be obtained from the company secretary at

A&P Group Limited  
Wagonway Road  
Hebburn  
Tyne & Wear  
NE31 1SP

From 25 February 2011 the ultimate parent undertaking is Atlantic & Peninsula Marine Services Limited (note 17)

## 17 Post balance sheet events

On 25 February 2011, the entire share capital of A&P Group Limited was acquired by Atlantic & Peninsula Marine Services Limited, a company incorporated in England and Wales.