

A&P Tees Limited

**Annual report and financial statements
for the year ended 31 December 2011**

Registered number: 4684090

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A&P Tees Limited

Annual report and financial statements for the year ended 31 December 2011

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A&P Tees Limited

Directors' report for the year ended 31 December 2011

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2011

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

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)

Atlantic & Peninsula Marine Services Limited (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)

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 prepared 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,
- 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

A&P Tees Limited

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

- so far as each director is aware, there is no relevant audit information of which the company's auditors are 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 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

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

On behalf of the board



Director

11 May 2012

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 2011 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 statement of directors' responsibilities set out on page 1, the directors are responsible for the preparation of the annual report and 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.

In addition, we read all the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 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 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.

A&P Tees Limited

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report

Bill MacLeod.

Bill MacLeod (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
11 May 2012

A&P Tees Limited

Profit and loss account for the year ended 31 December 2011

	Note	2011 £	2010 £
Turnover	1	10,398,498	8,821,174
Cost of sales		(8,559,162)	(7,399,806)
Gross profit		1,839,336	1,421,368
Administrative expenses			
Excluding restructuring costs		(845,161)	(758,006)
Restructuring costs	2	(24,697)	-
Total administrative expenses		(869,858)	(758,006)
Profit on ordinary activities before taxation	2	969,478	663,362
Tax on profit on ordinary activities	4	139,104	(183,840)
Profit for the financial year	11	1,108,582	479,522

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 years stated above, and their historical cost equivalents

A&P Tees Limited

Balance sheet as at 31 December 2011

	Note	2011 £	2010 £
Fixed assets			
Tangible assets	5	1,288,818	1,112,060
Current assets			
Stocks	6	50,546	55,726
Debtors	7	1,990,334	1,382,342
Cash at bank and in hand		716,149	389,305
		2,757,029	1,827,373
Creditors: amounts falling due within one year	8	(1,967,330)	(1,983,111)
Net current assets/(liabilities)		789,699	(155,738)
Total assets less current liabilities		2,078,517	956,322
Provisions for liabilities	9	(76,010)	(62,397)
Net assets		2,002,507	893,925
Capital and reserves			
Called up share capital	10	2	2
Profit and loss account	11	2,002,505	893,923
Total shareholders' funds	12	2,002,507	893,925

The financial statements on pages 5 to 15 were approved by the board of directors on 11 May 2012 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 for the year ended 31 December 2011

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 original purchase price 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

A&P Tees Limited

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.

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. 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. 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 Number 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 Number 1 (revised 1996) "Cash flow statements" from publishing a cash flow statement.

A&P Tees Limited

Notes to the financial statements for the year ended 31 December 2011

1 Turnover

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

	2011	2010
	£	£
United Kingdom	9,785,177	8,319,388
Rest of Europe	613,321	501,786
	10,398,498	8,821,174

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2011	2010
	£	£
Depreciation of tangible fixed assets		
Owned assets	100,073	98,334
Restructuring costs	24,697	-
Auditors' remuneration for		
Audit services	8,496	8,112
Other services to the company	3,000	2,493
Operating leases - plant and machinery	9,189	5,158
- other	102,270	102,270

During the year the company implemented a restructuring programme. Total restructuring costs of £24,697 were incurred as a result.

A&P Tees Limited

3 Staff costs

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

	2011	2010
By activity	Number	Number
Marine	40	36

	2011	2010
	£	£
Staff costs (for the above persons)		
Wages and salaries	1,441,985	1,198,163
Social security costs	114,568	112,335
Other pension costs (note 14)	15,781	19,407
	1,572,334	1,329,905

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 (2010: £nil).

4 Tax on profit on ordinary activities

(a) Analysis of tax charge in the year

	2011	2010
	£	£
Current tax		
UK corporation tax on profits for the year	8,503	170,220
Adjustments in respect of prior years	(161,220)	-
Total current tax	(152,717)	170,220
Deferred tax		
Origination and reversal of timing differences	29,459	17,597
Adjustments in respect of prior years	682	(2,317)
Effect of changes in tax rates or laws	(16,528)	(1,660)
Total deferred tax (note 9)	13,613	13,620
Tax on profit on ordinary activities	(139,104)	183,840

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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 (2010 lower) than the standard rate of corporation tax in the UK of 26.5% (2010 28%). The differences are explained below

	2011 £	2010 £
Profit on ordinary activities before tax	969,478	663,362
Profit on ordinary activities multiplied by the small companies rate in the UK 20.25% (2010 28%)	196,319	185,741
Effects of		
Expenses not deductible for tax purposes	5,499	2,728
Accelerated capital allowances and other timing differences	(14,256)	(18,249)
Adjustments in respect of prior years	(161,220)	-
Group relief claimed	(179,059)	-
Current tax charge for the year	(152,717)	170,220

(c) Factors affecting future tax charges

The standard rate of corporation tax in the UK changed from 28% to 26% with effect from 1 April 2011 and will reduce further to 25% with effect from 1 April 2012. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 26.5% and any deferred tax has been calculated at 25%. Further reductions to the main rate were proposed in the March 2012 budget statement. These will reduce the main rate to 24% from 1 April 2012 and by a further 1% per annum to 22% by April 2014. These changes had not been substantively enacted at the balance sheet date and therefore are not included in these financial statements.

(d) Provision for deferred tax (note 9)

	2011 £	2010 £
Accelerated capital allowances	76,823	63,692
Short term timing differences	(813)	(1,295)
Deferred tax at 31 December (note 9)	76,010	62,397

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5 Tangible assets

	Short leasehold land and buildings £	Plant and machinery £	Total £
Cost or valuation			
At 1 January 2011	868,338	541,653	1,409,991
Additions	227,083	49,748	276,831
At 31 December 2011	1,095,421	591,401	1,686,822
Accumulated depreciation			
At 1 January 2011	66,423	231,508	297,931
Charge for the year	37,738	62,335	100,073
At 31 December 2011	104,161	293,843	398,004
Net book amount			
At 31 December 2011	991,260	297,558	1,288,818
At 31 December 2010	801,915	310,145	1,112,060

6 Stocks

	2011 £	2010 £
Raw materials and consumables	50,546	55,726

Stocks are held at the lower of original purchase price or net realisable value

A&P Tees Limited

7 Debtors

	2011	2010
	£	£
Trade debtors	1,690,721	1,208,299
Amounts recoverable on contracts	30,780	37,439
Other debtors	88,562	102,024
Prepayments and accrued income	50,502	34,580
Amounts owed by group undertakings	129,769	-
	1,990,334	1,382,342

8 Creditors: amounts falling due within one year

	2011	2010
	£	£
Trade creditors	1,577,098	1,325,260
Amounts owed to group undertakings	32,723	221,370
Corporation tax	8,503	170,220
Taxation and social security	32,219	27,205
Accruals and deferred income	316,787	239,056
	1,967,330	1,983,111

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

9 Provisions for liabilities

Deferred tax

	2011	2010
	£	£
At 1 January	62,397	48,777
Charged to profit and loss account	13,613	13,620
At 31 December	76,010	62,397

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10 Called up share capital

	2011	2010
	£	£
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted and fully paid		
2 ordinary shares of £1 each	2	2

11 Profit and loss account

	£
At 1 January 2011	893,923
Profit for the financial year	1,108,582
At 31 December 2011	2,002,505

12 Reconciliation of movements in shareholders' funds

	2011	2010
	£	£
Profit for the financial year	1,108,582	479,522
Opening shareholders' funds	893,925	414,403
Closing shareholders' funds	2,002,507	893,925

13 Financial commitments

At 31 December 2011 the company had annual commitments under non-cancellable operating leases expiring as follows

	2011	2010
	Land and buildings	Land and buildings
	£	£
After five years	93,376	93,376

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14 Pension arrangements

Certain employees are members of a group defined contribution scheme. The pension cost of this scheme for the year was £15,781 (2010 £19,407). Amounts owed at the year end were £2,308 (2010 £4,794) and are included within accruals.

15 Parent companies and controlling parties

The company's immediate parent undertaking is A&P Ship Repairers Limited. The ultimate parent undertaking is Atlantic & Peninsula Marine Services Limited, a company registered in England and Wales. The directors consider that there is no one controlling party as the ultimate parent undertaking is a joint venture between the directors and Peel Port Holding (No2) (IOM) Limited.

A&P Group Limited was the parent undertaking of the smallest group of undertakings to consolidate these financial statements. Atlantic & Peninsula Marine Services Limited was the parent undertaking of the largest group of undertakings to consolidate these financial statements.

Copies of the A&P Group financial statements may be obtained from the company secretary at

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

Copies of the Atlantic & Peninsula Marine Services Limited financial statements may be obtained from the company secretary at

5 Abbots Quay
Monks Ferry
Birkenhead
Merseyside
CH41 5LH