

Company Registration No. 4684090

A&P Tees Limited

Report and Financial Statements

15 Months to 31 March 2013



A&P Tees Limited

Report and financial statements 2013

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A&P Tees Limited

Report and financial statements 2013

Officers and professional advisers

Directors

Atlantic & Peninsula Marine Services Limited
I Carey

Secretary

I Carey

Registered Office

Wagonway Road
Hebburn
Tyne & Wear
United Kingdom
NE31 1SP

Bankers

Santander UK Plc
298 Deansgate
Manchester
M3 4HH

Solicitors

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

Auditor

Deloitte LLP
Chartered Accountants
Newcastle

A&P Tees Limited

Directors' report

The directors present their report and the audited financial statements for the 15 months ended 31 March 2013

On 2 January 2013 the Board approved the change of the Company's accounting reference date from 31 December to 31 March, therefore this report relates to the period from 1 January 2012 to 31 March 2013

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 6

Key performance indicators

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

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

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

The directors believe that, by ensuring all aspects of the business's operations are formally reviewed, the long term interests of all stakeholders of the business will be protected

Dividends

A dividend of £1,000,000 was paid during the period (2011 £nil)

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

Atlantic & Peninsula Marine Services Limited
I Carey

Directors' indemnity

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus 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 Statement of accounting policies in the financial statements

A&P Tees Limited

Directors' report cont'd

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 company. 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

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 are 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 is part of a group which has sufficient funds and agreed banking facilities for operations and planned expansions

Interest rate cash flow risk

The company is part of a group banking facility which has net positive balances, and these are managed at group level. The company's exposure to interest bearing liabilities is limited to finance leases, and as such is largely protected from movements in interest rates

A&P Tees Limited

Directors' report cont'd

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 auditor is unaware,
- the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

Deloitte LLP was appointed auditor during the current period following the resignation of PriceWaterhouseCoopers. Deloitte LLP has expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the board



Director

11 December 2013

A&P Tees Limited

Directors' responsibilities statement

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 period. 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

We have audited the financial statements of A&P Tees Limited for the 15 month period ended 31 March 2013 which comprises the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 15. 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).

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on matters prescribed in the Companies Act 2006

In our opinion the information in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of A&P Tees Limited (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Paul Feechan (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle, United Kingdom

11 December 2013

A&P Tees Limited

Profit and loss account

15 month period ended 31 March 2013

	Notes	15 month period ended 31 March 2013 £	Year ended 31 December 2011 £
Turnover	2	9,965,621	10,398,498
Cost of sales		(8,463,705)	(8,559,162)
Gross profit		<u>1,501,916</u>	<u>1,839,336</u>
Administrative expenses			
Excluding restructuring costs		(1,069,812)	(845,161)
Restructuring costs		-	(24,697)
Total administrative expenses		<u>(1,069,812)</u>	<u>(869,858)</u>
Operating profit	3	432,104	969,478
Bank interest receivable		7,756	-
Profit on ordinary activities before taxation		<u>439,860</u>	<u>969,478</u>
Tax on profit on ordinary activities	5	8,920	139,104
Profit for the financial period	12	<u><u>448,780</u></u>	<u><u>1,108,582</u></u>

All of the activities of the company are continuing

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

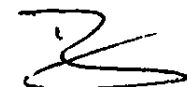
A&P Tees Limited

Balance sheet 31 March 2013

	Notes	As at 31 March 2013 £	As at 31 December 2011 £
Fixed assets			
Tangible assets	6	<u>1,238,689</u>	<u>1,288,818</u>
Current assets			
Stocks	7	92,062	50,546
Debtors	8	1,383,854	1,990,334
Cash at bank and in hand		<u>507,188</u>	<u>716,149</u>
		<u>1,983,104</u>	<u>2,757,029</u>
Creditors: amounts falling due within one year	9	<u>(1,701,662)</u>	<u>(1,967,330)</u>
Net current assets		<u>281,442</u>	<u>789,699</u>
Total assets less current liabilities		<u>1,520,131</u>	<u>2,078,517</u>
Provisions for liabilities	10	<u>(68,844)</u>	<u>(76,010)</u>
Net assets		<u>1,451,287</u>	<u>2,002,507</u>
Capital and reserves			
Called up share capital	11	2	2
Profit and loss account	12	<u>1,451,285</u>	<u>2,002,505</u>
Total shareholders' funds	12	<u>1,451,287</u>	<u>2,002,507</u>

The financial statements of A&P Tees Limited, registered number 4684090 were approved by the Board of Directors on 11 December 2013

Signed on behalf of the Board of Directors



J Carey
Director

A&P Tees Limited

Notes to the accounts

15 month period ended 31 March 2013

1. 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 Company's business activities, together with the factors likely to affect its future development and position, are set out in the Directors' report

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 directors, having assessed the responses of the directors of the Company's parent, (A&P Group Limited) to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of A&P Tees Limited to continue as a going concern or its ability to continue with the current banking arrangements

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of A&P Group Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis of accounting in preparing the financial statements

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

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

A&P Tees Limited

Notes to the accounts

15 month period ended 31 March 2013

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.

1. Accounting policies cont'd

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. The ultimate holding company is Tokenhouse Limited, a company incorporated in the Isle of Man which is controlled by the Billown 1997 Settlement Trust.

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 period. Differences between contributions payable in the period 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.

2. 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:

	15 month period ended 31 March 2013 £	Year ended 31 December 2011 £
United Kingdom	9,766,637	9,785,177
Rest of Europe	198,984	613,321
	<u>9,965,621</u>	<u>10,398,498</u>

A&P Tees Limited

Notes to the accounts

15 month period ended 31 March 2013

3. Operating profit

Profit on ordinary activities before taxation is stated after charging

	15 month period ended 31 March 2013 £	Year ended 31 December 2011 £
Depreciation of tangible fixed assets		
- owned assets	129,629	100,073
Restructuring costs	-	24,697
Auditor's remuneration		
- audit services	11,247	8,496
- other services to the company	3,938	3,000
Operating leases		
- plant and machinery	7,109	9,189
- other	140,925	102,270

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

4. Staff costs

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

	15 month period ended 31 March 2013 No.	Year ended 31 December 2011 No.
Average number of persons employed		
Production	22	23
Administration	17	17
	39	40

Staff costs during the year

	£	£
Wages and salaries	1,823,050	1,441,985
Social security costs	99,647	114,568
Pension costs	13,475	15,781
	1,936,172	1,572,334

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 (2011: £nil).

A&P Tees Limited

Notes to the accounts

15 month period ended 31 March 2013

5. Tax on profit on ordinary activities

a) Analysis of tax charge in the period

	15 month period ended 31 March 2013 £	Year ended 31 December 2011 £
Current tax		
UK Corporation tax on profits of the period	-	8,503
Adjustments in respect of prior years	(1,754)	(161,220)
Total current tax	<u>(1,754)</u>	<u>(152,717)</u>
Deferred tax		
Origination and reversal of timing differences	3,709	29,459
Adjustments in respect of prior years	(4,980)	682
Effect of changes in tax rates or laws	(5,895)	(16,528)
Total deferred tax (note 10)	<u>(7,166)</u>	<u>13,613</u>
Tax on profit on ordinary activities	<u>(8,920)</u>	<u>(139,104)</u>

b) Factors affecting tax credit for the period

The tax assessed for the period is lower (2011 lower) than the standard rate of corporation tax in the UK of 24.4% (2011 26.5%). The differences are explained below

	15 month period ended 31 March 2013 £	Year ended 31 December 2011 £
Profit on ordinary activities before tax	<u>439,860</u>	<u>969,478</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.4% (2011 26.5%)	107,326	196,319
Effects of		
Expenses not deductible for tax purposes	5,893	5,499
Accelerated capital allowances and other timing differences	(3,709)	(14,256)
Adjustments in respect of prior years	(1,754)	(161,220)
Group relief claimed at nil consideration	<u>(109,510)</u>	<u>(179,059)</u>
Current tax charge for the period	<u>(1,754)</u>	<u>(152,717)</u>

A&P Tees Limited

Notes to the accounts

15 month period ended 31 March 2013

5 Tax on profit on ordinary activities (continued)

c) Factors affecting future tax charges

The main rate of corporation tax in the UK reduced from 26% to 24% with effect from 1 April 2012. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012 and this was substantively enacted on 3 July 2012. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 24.4% and deferred taxation has been calculated based on a rate of 23%.

In addition to the changes in the rates of corporation tax disclosed above, further changes to the UK corporation tax rates were announced in the 2012 Autumn Statement and the March 2013 Budget. These include further reductions to the main rate to 21% from 1 April 2014 and 20% from 1 April 2015. 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 10)

	As at 31 March 2013 £	As at 31 December 2011 £
Accelerated capital allowances	69,142	76,823
Short term timing differences	(298)	(813)
At end of period (note 10)	<u>68,844</u>	<u>76,010</u>
		£
Reconciliation of movement in deferred tax		
At start of period		76,010
Deferred tax credit in profit and loss account		(2,186)
Adjustment in respect of prior years		(4,980)
At end of period		<u>68,844</u>

A&P Tees Limited

Notes to the accounts

15 month period ended 31 March 2013

6. Tangible fixed assets

	Short leasehold land and buildings £	Plant and Machinery £	Total £
Cost			
At 1 January 2012	1,095,421	591,401	1,686,822
Additions	79,500	-	79,500
At 31 March 2013	1,174,921	591,401	1,766,322
Accumulated depreciation			
At 1 January 2012	104,161	293,843	398,004
Charge for the period	54,087	75,542	129,629
At 31 March 2013	158,248	369,385	527,633
Net book value			
At 31 March 2013	1,016,673	222,016	1,238,689
At 31 December 2011	991,260	297,558	1,288,818

7. Stocks

	As at 31 March 2013 £	As at 31 December 2011 £
Raw materials and consumables	92,062	50,546

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

8. Debtors

	As at 31 March 2013 £	As at 31 December 2011 £
Trade debtors	790,578	1,690,721
Amounts recoverable on contracts	334,759	30,780
Other debtors	129,136	88,562
Prepayments and accrued income	129,381	50,502
Amounts owed by group undertakings	-	129,769
	1,383,854	1,990,334

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

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Notes to the accounts

15 month period ended 31 March 2013

9. Creditors amounts falling due within one year

	As at 31 March 2013 £	As at 31 December 2011 £
Trade creditors	796,189	1,577,098
Amounts owed to group undertakings	555,013	32,723
Corporation tax	-	8,503
Other taxation and social security	7,104	32,219
Accruals and deferred income	343,356	316,787
	<u>1,701,662</u>	<u>1,967,330</u>

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

10. Provisions for liabilities

	As at 31 March 2013 £	As at 31 December 2011 £
Deferred tax		
At start of the period	76,010	62,397
(Credited)/charged to the profit and loss account	(7,166)	13,613
At end of the period	<u>68,844</u>	<u>76,010</u>

11. Called up share capital

	As at 31 March 2013 £	As at 31 December 2011 £
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

A&P Tees Limited

Notes to the accounts

15 month period ended 31 March 2013

12. Profit and loss account

	£
At 1 January 2012	2,002,505
Profit for the financial period	448,780
Dividend paid on equity shares	(1,000,000)
At 31 March 2013	<u>1,451,285</u>

13. Reconciliation of movements in shareholders' funds

	As at 31 March 2013 £	As at 31 December 2011 £
Profit for the financial period	448,780	1,108,582
Dividend paid on equity shares	(1,000,000)	-
Opening shareholders' funds	<u>2,002,507</u>	<u>893,925</u>
Closing shareholders' funds	<u>1,451,287</u>	<u>2,002,507</u>

14. Financial commitments

At 31 March 2013 the company had annual commitments under non-cancellable operating leases expiring as follows

	Land and buildings		Plant and machinery	
	As at 31 March 2013 £	As at 31 December 2011 £	As at 31 March 2013 £	As at 31 December 2011 £
Within two to five years	-	-	18,386	-
After five years	<u>117,770</u>	<u>93,376</u>	<u>-</u>	<u>-</u>
	<u>117,770</u>	<u>93,376</u>	<u>18,386</u>	<u>-</u>

15. Pension arrangements

Certain employees are members of a group defined contribution scheme. The pension cost of this scheme for the period was £13,475 (2011 £15,781). Amounts owed at the period end were £1,279 (2011 £2,308) and are included within accruals.