

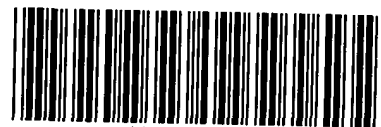
Company Registration No. 04684090

A&P Tees Limited

Annual Report and Financial Statements

for the year ended 31 March 2016

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A&P Tees Limited

Annual report and financial statements for the year ended 31 March 2016

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A&P Tees Limited

Annual report and financial statements for the year ended 31 March 2016

Officers and professional advisers

Directors

Atlantic & Peninsula Marine Services Limited
I Carey

Company Secretary

I Carey

Registered Office

C/O A&P Tyne Limited
Wagonway Road
Hebburn
Tyne & Wear
NE31 1SP
United Kingdom

Bankers

Santander UK Plc
298 Deansgate
Manchester
M3 4HH
United Kingdom

Solicitors

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

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle upon Tyne
United Kingdom

A&P Tees Limited

Strategic report

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 9.

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; and
- Customers and markets.

Turnover in the year amounted to £6,015,064 (2015: £8,562,947), resulting in a loss before tax of £177,680 (2015: profit £86,430). The net asset position at the year-end was £727,648 (2015: £898,727). The results in the year have been disappointing having been impacted by difficult trading conditions within the commercial ship repair sector. The market remains challenging and increased competition within the local market will continue to challenge the business. The directors are confident that the company will continue to recover and face the challenges ahead.

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.

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 (note 3) 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 company. The company also considers its successful relationships with its subcontractor base as a key part of its strategy and will continue to develop these further.

A&P Tees Limited

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 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.

Events after the balance sheet date

No relevant events after the balance sheet date were noted.

On behalf of the board



I Carey
Director

10 August 2016

A&P Tees Limited

Directors' report

The directors present their Annual report and the audited financial statements for the year ended 31 March 2016.

Future outlook

The company has had a disappointing year due to the challenging core ship repair market and increased competition with revenues running below expectations and occupancy levels of its dock and berth assets decreasing. Although the first quarter of the 2016/17 financial year has delivered results above budget the company continues to anticipate a difficult trading year. It is a group-wide commitment that in challenging markets, direct and indirect costs will be continually managed in line with our committed and predicted revenue on a short, medium and long term basis.

Dividends

A dividend of £nil was paid during the year (2015: £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 year and remain in force at the date of this report.

Disabled employees

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

Employee consultation

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

Going concern and Financial risk management

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

A&P Tees Limited

Directors' report (continued)

Approval of reduced disclosures

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received. The Company has taken advantage of the available exemptions to not disclose:

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

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

Statement of disclosure of information to auditor

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

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

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

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

On behalf of the board



I Carey
Director

10 August 2016

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 year ended 31 March 2016 which comprises the profit and loss account, the statement of other comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

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

Scope of the audit of financial statements

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

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on matters prescribed in the Companies Act 2006

In our opinion the information 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.

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.

Anthony Farnworth BA ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle upon Tyne,
United Kingdom
10 August 2016

A&P Tees Limited

Profit and loss account for the year ended 31 March 2016

	Notes	2016 £	2015 £
Turnover	5	6,015,064	8,562,947
Cost of sales		<u>(5,820,839)</u>	<u>(8,081,686)</u>
Gross profit		194,225	481,261
Administrative expenses		<u>(377,455)</u>	<u>(398,623)</u>
Operating (loss) profit	6	(183,230)	82,638
Finance income	7	<u>5,550</u>	<u>3,792</u>
(Loss) profit on ordinary activities before taxation		(177,680)	86,430
Tax credit (charge) on (loss) profit on ordinary activities	9	6,601	(996)
(Loss) profit for the financial year		<u><u>(171,079)</u></u>	<u><u>85,434</u></u>

All of the activities of the company are continuing.

Statement of other comprehensive income for the year ended 31 March 2016

The Company has no other comprehensive income other than those included in the results above.

	2016 £	2015 £
Total comprehensive (loss) income for the year	<u><u>(171,079)</u></u>	<u><u>85,434</u></u>

A&P Tees Limited

Balance sheet as at 31 March 2016

	Notes	2016 £	2015 £
Fixed assets			
Tangible assets	10	<u>988,964</u>	<u>1,068,251</u>
Current assets			
Stocks	11	78,866	99,449
Debtors	12	1,027,898	1,601,783
Cash at bank and in hand		<u>983,102</u>	<u>819,191</u>
		2,089,866	2,520,423
Creditors: amounts falling due within one year	13	<u>(2,296,726)</u>	<u>(2,628,890)</u>
Net current liabilities		<u>(206,860)</u>	<u>(108,467)</u>
Total assets less current liabilities		782,104	959,784
Provisions for liabilities	14	<u>(54,456)</u>	<u>(61,057)</u>
Net assets		<u>727,648</u>	<u>898,727</u>
Capital and reserves			
Called-up share capital	15	2	2
Profit and loss account		<u>727,646</u>	<u>898,725</u>
Total shareholder's funds		<u>727,648</u>	<u>898,727</u>

The financial statements of A&P Tees Limited, registered number 04684090, were approved and authorised for issue by the Board of Directors on 10 August 2016.

Signed on behalf of the Board of Directors



I Carey
Director

A&P Tees Limited

Statement of changes in equity for the year ended 31 March 2016

	Called-up share capital £	Profit and loss account £	Total £
Balance as at 1 April 2014	2	813,291	813,293
Profit for the financial year	<u>-</u>	<u>85,434</u>	<u>85,434</u>
Balance as at 31 March 2015	2	898,725	898,727
Loss for the financial year	<u>-</u>	<u>(171,079)</u>	<u>(171,079)</u>
Balance as at 31 March 2016	<u><u>2</u></u>	<u><u>727,646</u></u>	<u><u>727,648</u></u>

A&P Tees Limited

Notes to the financial statements for the year ended 31 March 2016

1. General information

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

The functional currency of A&P Tees 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 Tees 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. Details of the transition to FRS 102 are disclosed in note 17.

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 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 Ship Repairers 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 Ship Repairers 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.

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 that 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.

A&P Tees Limited

Notes to the financial statements (continued) for the year ended 31 March 2016

3. Summary of significant accounting policies (continued)

Employee benefits

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

(i) Short-term benefits

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

(ii) Defined contribution pension plans

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

Taxation

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

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

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. This is with the exception of deferred taxation assets, which are recognised if it is considered more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

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

Deferred tax is measured on an undiscounted basis.

Tangible fixed assets and depreciation

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 5 - 33⅓%

Short leasehold land and buildings term of lease

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.

A&P Tees Limited

Notes to the financial statements (continued) for the year ended 31 March 2016

3. Summary of significant accounting policies (continued)

Leased assets

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread 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 on 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.

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.

A&P Tees Limited

Notes to the financial statements (continued) for the year ended 31 March 2016

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

(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.

Share capital

Ordinary shares are classified as 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.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, economic utilisation and the physical condition of the assets. See note 10 for the carrying amount of tangible fixed assets and note 3 for the useful economic lives for each class of asset.

A&P Tees Limited

Notes to the financial statements (continued) for the year ended 31 March 2016

5. Turnover

The analysis by geographical destination of the group's turnover, from the only class of business being ship repair and marine engineering, is set out below.

	2016 £	2015 £
United Kingdom	5,552,665	7,635,177
Rest of Europe	462,399	927,770
	<u>6,015,064</u>	<u>8,562,947</u>

6. Operating (loss) profit

Operating (loss) / profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets – owned assets	79,287	84,950
Operating lease charges	142,375	136,108
Fees payable to the company's auditor for the audit of the company's annual financial statements	<u>9,500</u>	<u>9,000</u>

The value of inventory recognised as an expense is not material in either of the years presented.

7. Finance income

	2016 £'000	2015 £'000
Bank interest receivable	<u>5,550</u>	<u>3,792</u>

A&P Tees Limited

Notes to the financial statements (continued) for the year ended 31 March 2016

8. Staff costs

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

	2016 No.	2015 No.
Average number of persons employed		
Production	23	21
Administration	6	14
	<u>29</u>	<u>35</u>
	2016 £	2015 £
Staff costs during the year		
Wages and salaries	966,836	1,165,384
Social security costs	97,430	97,656
Pension costs	42,338	21,552
	<u>1,106,604</u>	<u>1,284,592</u>

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 £42,338 (2015: £21,552). As at 31 March 2016, contributions of £nil (2015: £nil) due in respect of the current reporting year had not been paid out to the scheme and are included within accruals.

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 (2015: £nil).

9. Tax charge on (loss) profit on ordinary activities

a) Analysis of tax charge in the year

	2016 £	2015 £
Current tax:		
UK corporation tax	-	-
Adjustments in respect of prior years	-	-
	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>
Deferred tax:		
Origination and reversal of timing differences	(551)	904
Adjustments in respect of prior years	-	135
Effect of changes in tax rates	(6,050)	(43)
	<u>(6,601)</u>	<u>996</u>
Total deferred tax (note 9d)	<u>(6,601)</u>	<u>996</u>
Tax (credit) charge on (loss) profit on ordinary activities	<u>(6,601)</u>	<u>996</u>

A&P Tees Limited

Notes to the financial statements (continued) for the year ended 31 March 2016

9. Tax charge on (loss) profit on ordinary activities (continued)

b) Factors affecting the tax charge for the year

The tax assessed for the year is higher (2015: lower) than the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:

	2016 £	2015 £
(Loss) profit on ordinary activities before tax	(177,680)	86,430
(Loss) profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 21%)	(35,536)	18,150
Effects of:		
Expenses not deductible for tax purposes	2,140	3,612
Group relief surrendered (claimed) at nil consideration	39,363	(20,671)
Transfer pricing	(6,518)	(187)
Re-measurement of deferred tax:		
- change in UK tax rate	(6,050)	(43)
- adjustment in respect of prior years	-	135
Total tax (credit) charge for the year	(6,601)	996

c) Factors affecting future tax charges

The Government has announced that it intends to reduce the rate of corporation tax to 17% with effect from 1 April 2020. As this legislation had not been substantively enacted at the year end the impact of the anticipated rate change is not reflected in the tax provisions reported in these financial statements. Finance Act 2015 (No.2), which was substantively enacted in October 2015, included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 18% from 1 April 2020. Accordingly, deferred tax balances have been restated to the lower rate of 18% in these financial statements.

d) Provision for deferred tax (note 14)

	£
Reconciliation of movement in deferred tax	
At 1 April 2015	61,057
Deferred tax credit in profit and loss account	(6,601)
At 31 March 2016	54,456

A&P Tees Limited

Notes to the financial statements (continued) for the year ended 31 March 2016

10. Tangible fixed assets

	Short leasehold land and buildings £	Plant and Machinery £	Total £
Cost			
At 1 April 2015	1,174,921	594,774	1,769,695
Additions	-	-	-
At 31 March 2016	1,174,921	594,774	1,769,695
Accumulated depreciation			
At 1 April 2015	248,206	453,238	701,444
Charge for the year	42,757	36,530	79,287
At 31 March 2016	290,963	489,768	780,731
Net book value			
At 31 March 2016	883,958	105,006	988,964
At 31 March 2015	926,715	141,536	1,068,251

11. Stocks

	2016 £	2015 £
Raw materials and consumables	78,866	99,449

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

A&P Tees Limited

Notes to the financial statements (continued) for the year ended 31 March 2016

12. Debtors

	2016 £	2015 £
Trade debtors	735,143	1,408,629
Amounts recoverable on contracts	23,682	114,560
Other debtors	135,117	35,240
Prepayments and accrued income	55,403	43,354
Amounts owed by group undertakings	78,553	-
	<u>1,027,898</u>	<u>1,601,783</u>

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

13. Creditors: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	1,223,557	1,568,251
Amounts owed to group undertakings	690,234	765,772
Other taxation and social security	8,297	8,763
Other creditors, accruals and deferred income	374,638	286,104
	<u>2,296,726</u>	<u>2,628,890</u>

14. Provisions for liabilities

Deferred tax

The provision for deferred tax consists of the following deferred tax liabilities:

	2016 £	2015 £
Accelerated capital allowances	54,669	61,165
Other timing differences	(213)	(108)
At 31 March 2016	<u>54,456</u>	<u>61,057</u>

There are no unused tax losses or unused tax credits.

The net deferred tax asset expected to reverse in 2017 is £nil. This primarily relates to the reversal of accelerated capital allowances and other short term timing differences.

A&P Tees Limited

Notes to the financial statements (continued) for the year ended 31 March 2016

15. Called-up share capital and reserves

	2016 £	2015 £
Authorised		
1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called-up and fully paid		
2 ordinary shares of £1 each	2	2

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.

16. Financial commitments

At 31 March 2016, the company had the following total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2016 £	2015 £
Within one year	125,298	117,770
Within two to five years	501,192	471,080
After five years	407,219	500,523
	1,033,709	1,089,373

17. Transition to FRS 12

This is the first year that the Company has presented its results under FRS 102. The last financial statements under the previous UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014.

No changes to reported numbers were required as a result of the transition to FRS 102.