

**Company Registration No. 04684090**

**A&P Tees Limited**

**Report and Financial Statements**

**Year ended 31 March 2014**



# **A&P Tees Limited**

## **Report and financial statements 2014**

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# **A&P Tees Limited**

## **Report and financial statements 2014**

### **Officers and professional advisers**

#### **Directors**

Atlantic & Peninsula Marine Services Limited  
I Carey

#### **Secretary**

I Carey

#### **Registered Office**

C/O A&P Tyne Limited  
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 and Statutory Auditor  
Newcastle upon Tyne

# **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 8.

### **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 £7,582,527 (period ended 2013: £9,965,621), resulting in a loss before tax of £146,777 (period ended 2013: profit £439,860). The net asset position at the year end was £813,293 (2013: £1,451,287). The results in the year have been impacted by continuing difficult trading conditions within the commercial ship repair sector and the loss of a major customer. The directors are confident that the company will return to profitable performance in the short term.

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 in the financial statements.

### **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.

## **A&P Tees Limited**

### **Strategic report (continued)**

#### *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.

By order of the board



I Carey

Company Secretary

Date: 25 July 2014

# **A&P Tees Limited**

## **Directors' report**

The directors present their annual report and the audited financial statements for the year ended 31 March 2014.

On 2 January 2013, the Board approved the change of the company's accounting reference date from 31 December to 31 March, therefore, the report relates to the year ended 31 March 2014 and the comparative period from 1 January 2012 to 31 March 2013.

### **Dividends**

A dividend of £500,000 was paid during the year (2013: £1,000,000).

### **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.

### **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.

### **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 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



I Carey

Company Secretary

Date: 25 July 2014

## **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 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 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 2014 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 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 2014 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.

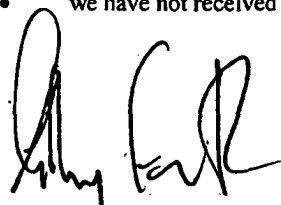


**Independent auditor's report to the members of  
A&P Tees Limited (continued)**

**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; or



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

Date:

29/7/14

## A&P Tees Limited

### Profit and loss account Year ended 31 March 2014

		Year ended 31 March 2014 £	15 month period ended 31 March 2013 £
	Notes		
Turnover	2	7,582,527	9,965,621
Cost of sales		<u>(7,341,591)</u>	<u>(8,463,705)</u>
Gross profit		240,936	1,501,916
Administrative expenses		<u>(391,980)</u>	<u>(1,069,812)</u>
Operating (loss) / profit		(151,044)	432,104
Bank interest receivable	3	<u>4,267</u>	<u>7,756</u>
(Loss) / profit on ordinary activities before taxation		(146,777)	439,860
Tax on profit on ordinary activities	5	8,783	8,920
(Loss) / profit for the financial year / period	12, 13	<u><u>(137,994)</u></u>	<u><u>448,780</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 (loss) / 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 2014

	Notes	2014 £	2013 £
<b>Fixed assets</b>			
Tangible assets	6	<u>1,153,201</u>	<u>1,238,689</u>
<b>Current assets</b>			
Stocks	7	119,145	92,062
Debtors	8	1,666,723	1,383,854
Cash at bank and in hand		<u>409,432</u>	<u>507,188</u>
		2,195,300	1,983,104
<b>Creditors: amounts falling due within one year</b>	9	<u>(2,475,147)</u>	<u>(1,701,662)</u>
<b>Net current (liabilities)/assets</b>		<u>(279,847)</u>	<u>281,442</u>
<b>Total assets less current liabilities</b>		873,354	1,520,131
Provisions for liabilities	10	<u>(60,061)</u>	<u>(68,844)</u>
<b>Net assets</b>		<u>813,293</u>	<u>1,451,287</u>
<b>Capital and reserves</b>			
Called up share capital	11	2	2
Profit and loss account	12	<u>813,291</u>	<u>1,451,285</u>
<b>Total shareholder's funds</b>	13	<u>813,293</u>	<u>1,451,287</u>

The financial statements of A&P Tees Limited, registered number 04684090 were approved by the Board of Directors on 25 July 2014.

Signed on behalf of the Board of Directors



I Carey  
Director

# **A&P Tees Limited**

## **Notes to the financial statements Year ended 31 March 2014**

### **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 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 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.

# A&P Tees Limited

## Notes to the financial statements (continued) Year ended 31 March 2014

### 1. Accounting policies (continued)

#### 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. 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 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.

### 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.

	Year ended 31 March 2014 £	15 month period ended 31 March 2013 £
United Kingdom	7,526,425	9,766,637
Rest of Europe	56,102	198,984
	<u>7,582,527</u>	<u>9,965,621</u>

## A&P Tees Limited

### Notes to the financial statements (continued) Year ended 31 March 2014

#### 3. Operating (loss) / profit

(Loss) / profit on ordinary activities before taxation is stated after charging:

	Year ended 31 March 2014 £	15 month period ended 31 March 2013 £
Depreciation of tangible fixed assets:		
- owned assets	88,861	129,629
Operating leases		
- plant and machinery	18,340	7,109
- property rental	117,768	140,925
Fees payable to the Company's auditor for the audit of the Company's annual accounts	9,000	11,247

#### 4. Staff costs

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

	Year ended 31 March 2014 No.	15 month period ended 31 March 2013 No.
Average number of persons employed		
Production	19	22
Administration	18	17
	<u>37</u>	<u>39</u>

	£	£
Staff costs during the year		
Wages and salaries	1,316,322	1,823,050
Social security costs	54,734	99,647
Pension costs	11,637	13,475
	<u>1,382,693</u>	<u>1,936,172</u>

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 (2013: £nil).

## A&P Tees Limited

### Notes to the financial statements (continued) Year ended 31 March 2014

#### 5. Tax on (loss) / profit on ordinary activities

##### a) Analysis of tax credit in the year / period

	Year ended 31 March 2014 £	15 month period ended 31 March 2013 £
Current tax:		
UK corporation tax on profits of the year / period	-	-
Adjustments in respect of prior years / periods	-	(1,754)
Total current tax	-	(1,754)
Deferred tax:		
Origination and reversal of timing differences	2,779	3,709
Adjustments in respect of prior years	(2,553)	(4,980)
Effect of changes in tax rates or laws	(9,009)	(5,895)
Total deferred tax (note 10)	(8,783)	(7,166)
Tax on (loss) / profit on ordinary activities	(8,783)	(8,920)

##### b) Factors affecting tax credit for the year / period

The tax assessed for the year is higher (2013: lower) than the standard rate of corporation tax in the UK of 23 % (2013: 24.4%). The differences are explained below:

	Year ended 31 March 2014 £	15 month period ended 31 March 2013 £
(Loss) / profit on ordinary activities before tax	(146,777)	439,860
(Loss) / Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013: 24.4%)	(33,759)	107,326
Effects of:		
Expenses not deductible for tax purposes	3,954	5,893
Accelerated capital allowances and other timing differences	(2,780)	(3,709)
Adjustments in respect of prior years	-	(1,754)
Group relief surrendered at nil consideration	32,585	(109,510)
Current tax credit for the year / period	-	(1,754)

## A&P Tees Limited

### Notes to the financial statements (continued) Year ended 31 March 2014

#### 5. Tax on (loss) / profit on ordinary activities (continued)

##### c) Factors affecting future tax charges

Finance Act 2013, which was substantively enacted in July 2013, included provisions to reduce the rate of corporation tax to 21% with effect from 1 April 2014 and 20% from 1 April 2015. Deferred tax balances have been revalued to the lower rate of 20% in these accounts. To the extent that the deferred tax reverses before 1 April 2015 then the impact on the net deferred tax liability will be reduced.

##### d) Provision for deferred tax (note 10)

	2014 £	2013 £
Accelerated capital allowances	60,061	69,142
Short term timing differences	-	(298)
At 31 March (note 10)	<u>60,061</u>	<u>68,844</u>



## A&P Tees Limited

### Notes to the financial statements (continued) Year ended 31 March 2014

#### 6. Tangible fixed assets

	Short leasehold land and buildings £	Plant and Machinery £	Total £
<b>Cost</b>			
At 1 April 2013	1,174,921	591,401	1,766,322
Additions	-	3,373	3,373
At 31 March 2014	1,174,921	594,774	1,769,695
<b>Accumulated depreciation</b>			
At 1 April 2013	158,248	369,385	527,633
Charge for the year	42,580	46,281	88,861
At 31 March 2014	200,828	415,666	616,494
<b>Net book value</b>			
At 31 March 2014	974,093	179,108	1,153,201
At 31 March 2013	1,016,673	222,016	1,238,689

#### 7. Stocks

	2014 £	2013 £
Raw materials and consumables	119,145	92,062

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

#### 8. Debtors

	2014 £	2013 £
Trade debtors	1,340,338	790,578
Amounts recoverable on contracts	66,710	334,759
Other debtors	-	129,136
Prepayments and accrued income	94,439	129,381
Amounts owed by group undertakings	165,236	-
	1,666,723	1,383,854

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

## A&P Tees Limited

### Notes to the financial statements (continued) Year ended 31 March 2014

#### 9. Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	1,290,087	796,189
Amounts owed to group undertakings	726,969	555,013
Other taxation and social security	11,268	7,104
Accruals and deferred income	446,823	343,356
	<u>2,475,147</u>	<u>1,701,662</u>

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

#### 10. Provisions for liabilities

	2014 £	2013 £
Deferred tax		
At 1 April 2013	68,844	76,010
Credited to the profit and loss account	(8,783)	(7,166)
At 31 March 2014	<u>60,061</u>	<u>68,844</u>

#### 11. Called up share capital

	2014 £	2013 £
<b>Authorised</b>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid</b>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

## A&P Tees Limited

### Notes to the financial statements (continued) Year ended 31 March 2014

#### 12. Profit and loss account

	£
At 1 April 2013	1,451,285
Loss for the financial year	(137,994)
Dividend paid on equity shares	(500,000)
	<hr/>
At 31 March 2014	813,291
	<hr/>

#### 13. Reconciliation of movements in shareholders' funds

	2014 £	2013 £
(Loss)/profit for the financial year / period	(137,994)	448,780
Dividend paid on equity shares	(500,000)	(1,000,000)
Opening shareholders' funds	1,451,287	2,002,507
	<hr/>	<hr/>
Closing shareholders' funds	813,293	1,451,287
	<hr/>	<hr/>

#### 14. Financial commitments

At 31 March 2014 the company had annual commitments under non-cancellable operating leases expiring as follows:

	Land and buildings		Plant and machinery	
	2014 £	2013 £	2014 £	2013 £
Within one year	-	-	-	-
Within two to five years	-	-	-	18,386
After five years	93,376	117,770	-	-
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	93,376	117,770	-	18,386
	<hr/>	<hr/>	<hr/>	<hr/>

#### 15. Pension arrangements

Certain employees are members of a group defined contribution scheme. The pension cost of this scheme for the year was £11,637 (2013: £13,475). Amounts owed at the year end were £nil (2013: £1,279) and are included within accruals.