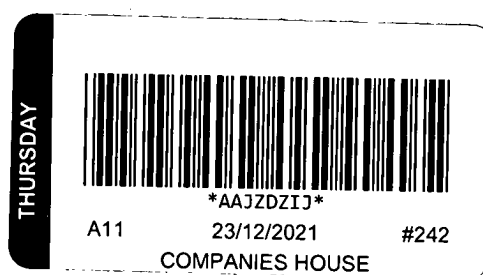


Company Registration No. 04684090

A&P Tees Limited

**Annual Report and Financial Statements
for the year ended 31 March 2021**



A&P Tees Limited

Annual report and financial statements for the year ended 31 March 2021

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A&P Tees Limited

Annual report and financial statements for the year ended 31 March 2021

Officers and professional advisers

Directors

D T McGinley
G T Littledyke

Registered Office

c/o A&P Tyne Limited
Wagonway Road,
Hebburn
Tyne & Wear
NE31 1SP
United Kingdom

Auditor

RSM UK Audit LLP
Statutory Auditor
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

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 10.

The company had a positive year despite difficult trading conditions primarily due to the impact of the worldwide Covid-19 pandemic. The business saw a number of commercial ship repair contracts cancelled or deferred in the first quarter of the financial year from which it was unable to recover. Consequently, revenue levels were below prior year as both dock and berthage revenue reduced with lower dock occupancy levels. Continued control of direct costs and contribution levels have continued and this, together with robust control of indirect costs, has resulted in a satisfactory result from the business. 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.

Key performance indicators (“KPIs”)

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;
- customers and markets; and
- financial performance.

The financial KPIs relevant to the company are as follow:

	2021	2020
Turnover (£'000s)	6,637	10,991
Gross profit margin as a percentage of turnover	9.8%	12.9%
Pre-tax profit margin as a percentage of turnover	3.1%	5.8%

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.

Future developments

The directors consider that the Company is well placed to deliver positive earnings based upon both organic growth opportunities in its core ship repair market.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. Accordingly, 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.

A&P Tees Limited

Strategic report (continued)

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.

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.

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.

Approved by the Board and signed on its behalf by:



D T McGinley
Chief Executive Officer

26 November 2021

A&P Tees Limited

Directors' report

The directors present their Annual report and the audited financial statements for the year ended 31 March 2021.

Dividends

The directors did not pay or declare any dividends in respect of the year ended 31 March 2021 (2020: £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	(Resigned 22 December 2020)
D T McGinley	
G T Littledyke	(Appointed 22 December 2020)

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.

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.

Post balance sheet events

There were no post balance sheet events requiring adjustment or disclosure in the financial statements.

Strategic report

The directors have included in the strategic report information regarding developments.

A&P Tees Limited

Directors' report (continued)

Covid-19

The global Covid-19 pandemic has brought about a period of unprecedented uncertainty and disrupted global economies and supply chains in ways not seen before. The Company has continued to trade during the period of government enforced restrictions on people and businesses during the Covid-19 pandemic, ensuring that crucial customer seaborne assets have remained available to transport goods into and from the United Kingdom.

The health and wellbeing of our employees is at the forefront of our decision making. In order to continue to operate as close to normal as possible, while maintaining our core focus on health and safety, extensive cleaning and availability of hand sanitiser was initiated quickly. Signage was installed reminding employees and visitors to wash hands regularly and to maintain suitable social distancing measures. Visitors to our facilities and non-essential travel by employees was discouraged. Formal policies regarding the reporting of potential symptoms and the requirement to self-isolate were introduced and regular reporting of potential cases to the Executive Board allowed for this to be monitored. As lockdown measures were introduced, employees were encouraged to work from home where practicable and appropriate support was put in place for employees who were considered to be vulnerable. Regular communications have kept employees and third parties up to date as to how the Company is responding to the situation as it develops and as guidance is issued by the UK Government and regulatory authorities.

Continuing to operate as close to normal as possible during the pandemic has necessitated the Company deploying many of its business continuity procedures and has shown the value of investment in technology, including that required to allow employees to work remotely where required.

Commercial opportunities will still present themselves, and the Company is engaging proactivity with customers and potential customers alike to identify ways in which we can provide solutions for those companies looking to optimise their supply chains.

Statement of disclosure of information to auditor

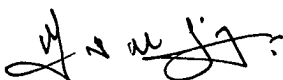
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- 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.

RSM UK Audit LLP were appointed on 13 April 2021 and have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



D T McGinley
Chief Executive Officer

26 November 2021

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 elected to prepare 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 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; 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.

A&P Tees Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A&P TEES LIMITED

Opinion

We have audited the financial statements of A&P Tees Limited (the 'company') for the year ended 31 March 2021 which comprise the Profit and loss account, the Balance sheet, the Statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

A&P Tees Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A&P TEES LIMITED (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

A&P Tees Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A&P TEES LIMITED (CONTINUED)

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting correspondence with local tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management, including the Health & Safety Director whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates applied in the recognition of revenue.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

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.

Alastair Nuttall

ALASTAIR JOHN RICHARD NUTTALL (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

26/11/21

A&P Tees Limited

Profit and loss account for the year ended 31 March 2021

	Notes	2021 £	2020 £
Turnover	5	6,636,926	10,991,052
Cost of sales		<u>(5,983,585)</u>	<u>(9,578,398)</u>
Gross profit		653,341	1,412,654
Administrative expenses		<u>(447,535)</u>	<u>(790,895)</u>
Operating profit	6	205,806	621,759
Finance income (net)	7	<u>1,152</u>	<u>10,882</u>
Profit before taxation		206,958	632,641
Tax credit / (charge) on profit	9	<u>25,269</u>	<u>(3,058)</u>
Profit for the financial year		<u><u>232,227</u></u>	<u><u>629,583</u></u>

All of the activities of the company are continuing.

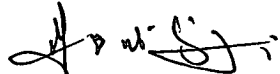
A&P Tees Limited

Balance Sheet as at 31 March 2021

	Notes	2021 £	2020 £
Fixed assets			
Tangible assets	10	<u>779,116</u>	<u>740,795</u>
Current assets			
Stocks	11	35,031	20,948
Debtors	12	2,178,353	3,578,028
Cash at bank and in hand		<u>1,460,532</u>	<u>1,907,203</u>
		3,673,916	5,506,179
Creditors: amounts falling due within one year	13	<u>(2,198,374)</u>	<u>(4,186,807)</u>
Net current assets		<u>1,475,542</u>	<u>1,319,372</u>
Total assets less current liabilities		<u>2,254,658</u>	<u>2,060,167</u>
Provisions for liabilities	14	<u>-</u>	<u>(37,736)</u>
Net assets		<u>2,254,658</u>	<u>2,022,431</u>
Capital and reserves			
Called-up share capital	15	2	2
Profit and loss account		<u>2,254,656</u>	<u>2,022,429</u>
Total shareholders' funds		<u>2,254,658</u>	<u>2,022,431</u>

The financial statements of A&P Tees Limited, registered number 04684090, were approved and authorised for issue by the Board of Directors on 26 November 2021.

Signed on behalf of the Board of Directors



D T McGinley
Chief Executive Officer

A&P Tees Limited

Statement of changes in equity for the year ended 31 March 2021

	Called-up share capital £	Profit and loss account £	Total £
Balance as at 1 April 2019	2	1,392,846	1,392,848
Profit for the financial year and total comprehensive income	-	629,583	629,583
Balance as at 31 March 2020	2	2,022,429	2,022,431
Profit for the financial year and total comprehensive income	-	232,227	232,227
Balance as at 31 March 2021	2	2,254,656	2,254,658

A&P Tees Limited

Notes to the financial statements for the year ended 31 March 2021

1. General information

The Company is a private company limited by shares, incorporated in the United Kingdom under the Companies Act and registered in England and Wales. 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 4.

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.

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 directors have prepared detailed forecasts which have been updated to consider the impact of the Covid-19 pandemic.

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 entity is financed through its own operations, however if needed the directors have received confirmation that A&P Group Limited (Company number: 05832836) will support the Company for at least one year after these financial statements are signed. The directors, with reference to the forecasts in place, and support from A&P Group Limited, consider that the company has adequate resources to continue in operational existence for at least 12 months from approval of the financial statements. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions. The Company has taken advantage of the available exemptions to not disclose in its individual entity financial statements:

- a) A statement of cash flows;
- b) Financial instruments;
- c) Key management personnel compensation in total; and
- d) Related party transactions with other group entities which are wholly owned subsidiaries within the group.

The Company is an indirect wholly-owned subsidiary of A&P Group Limited (Company Number: 05832836) which produces consolidated financial statements that include the financial performance and financial position of this Company. Consolidated financial statements for A&P Group Limited are available at its registered office, Wagonway Road, Hebburn, Tyne and Wear, NE31 1SP

A&P Tees Limited

Notes to the financial statements (continued) for the year ended 31 March 2021

3. Summary of significant accounting policies (continued)

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.

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 year 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

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	3.33 – 10%

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 2021

3. Summary of significant accounting policies (continued)

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

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.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

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.

A&P Tees Limited

Notes to the financial statements (continued) for the year ended 31 March 2021

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

(i) Financial Assets (continued)

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.

(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.

Distributions to equity holders

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

Related party transactions

Where applicable, 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.

A&P Tees Limited

Notes to the financial statements (continued) for the year ended 31 March 2021

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. See note 12 for amounts recoverable on contracts at the balance sheet date.

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.

5. Turnover

The analysis by geographical destination of the company's turnover, all of which originates in the United Kingdom, from the only class of business being ship repair and marine engineering contract services, is set out below.

	2021 £	2020 £
United Kingdom	6,633,851	10,667,791
Rest of Europe	3,075	323,261
	<u>6,636,926</u>	<u>10,991,052</u>

6. Operating profit

Operating profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets – owned assets	68,500	73,093
Operating lease charges	152,021	167,790
Fees payable to the company's auditor for:		
- the audit of the company's annual financial statements	9,600	9,600
- tax compliance services	3,500	3,540
	<u>233,621</u>	<u>253,923</u>

A&P Tees Limited

Notes to the financial statements (continued) for the year ended 31 March 2021

7. Finance income (net)

	2021 £	2020 £
Other interest receivable and similar income	<u>1,152</u>	<u>10,882</u>

8. Staff costs

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

	2021 No.	2020 No.
Average number of persons employed		
Production	21	26
Administration	<u>8</u>	<u>9</u>
	<u>29</u>	<u>35</u>

	2021 £	2020 £
Staff costs during the year		
Wages and salaries	1,048,194	1,391,270
Social security costs	109,521	139,836
Pension costs	<u>45,450</u>	<u>49,370</u>
	<u>1,203,165</u>	<u>1,580,476</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 £45,450 (2020: £49,370). As at 31 March 2021, contributions of £692 (2020: £909) 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 (2020: £nil).

A&P Tees Limited

Notes to the financial statements (continued) for the year ended 31 March 2021

9. Tax on profit

a) Analysis of tax (credit) / charge in the year

	2021 £	2020 £
Current tax:		
UK corporation tax	42,137	-
Adjustment in respect of prior period	1,615	3,110
Total current tax	<u>43,752</u>	<u>3,110</u>
Deferred tax:		
Origination and reversal of timing differences	(69,021)	(1,388)
Adjustment in respect of previous periods	-	(3,110)
Effect of changes in tax rates	-	4,446
Total deferred tax (note 9d)	<u>(69,021)</u>	<u>(52)</u>
Tax (credit) / charge on profit	<u>(25,269)</u>	<u>3,058</u>

b) Factors affecting the tax charge for the year

The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £	2020 £
Profit before tax	<u>206,958</u>	<u>632,641</u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	39,322	120,202
Effects of:		
Expenses not deductible for tax purposes	12,015	2,798
Group relief claimed at nil consideration	-	(131,396)
R&D expenditure credits	(1,616)	-
Transfer pricing	2,991	7,008
Adjustments in respect of prior periods	1,615	-
Deferred tax not recognised	(79,596)	-
Re-measurement of deferred tax:		
- change in UK tax rate	-	4,446
- Adjustment in respect of prior years	-	-
Total tax (credit) / charge for the year	<u>(25,269)</u>	<u>3,058</u>

c) Factors affecting future tax charges

In the UK budget on 11 March 2020, it was announced that the previously enacted reduction in the standard rate of corporation tax in the UK to 17% from 1 April 2020 would be cancelled and would remain at 19%. The corporation tax rate is now confirmed to increase to 25% from April 2023 which was announced on 3 March 2021.

A&P Tees Limited

Notes to the financial statements (continued) for the year ended 31 March 2021

9. Tax on profit (continued)

d) Provision for deferred tax (note 14)

Reconciliation of movement in deferred tax	£
At 1 April 2020 – provision	37,736
Deferred tax credit in profit and loss account	(69,021)
Adjustment in respect of prior years	-
At 31 March 2021 - asset	<u>(31,285)</u>

10. Tangible fixed assets

	Short leasehold land and buildings £	Plant and Machinery £	Total £
Cost			
At 1 April 2020	1,179,471	650,709	1,830,180
Additions	-	122,947	122,947
Disposals	-	(301,125)	(301,125)
At 31 March 2021	<u>1,179,471</u>	<u>472,531</u>	<u>1,652,002</u>
Accumulated depreciation			
At 1 April 2020	477,887	611,498	1,089,385
Charge for the year	47,251	21,249	68,500
Disposals	-	(284,999)	(284,999)
At 31 March 2021	<u>525,138</u>	<u>347,748</u>	<u>872,886</u>
Net book value			
At 31 March 2021	<u>654,333</u>	<u>124,783</u>	<u>779,116</u>
At 31 March 2020	<u>701,584</u>	<u>39,211</u>	<u>740,795</u>

11. Stocks

	2021 £	2020 £
Raw materials and consumables	<u>35,031</u>	<u>20,948</u>

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 2021

12. Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	396,062	1,194,433
Amounts recoverable on contracts	-	523,617
Amounts owed by group undertakings	1,572,694	1,574,216
Deferred tax (note 14)	31,285	-
Other debtors	80,005	198,908
Prepayments and accrued income	98,307	86,854
	<u>2,178,353</u>	<u>3,578,028</u>

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

13. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	1,155,716	2,836,733
Amounts owed to group undertakings	692,915	413,388
Corporation tax	42,137	4,224
Other taxation and social security	5,135	6,383
Other creditors, accruals and deferred income	302,471	926,079
	<u>2,198,374</u>	<u>4,186,807</u>

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

14. Provisions for liabilities

Deferred tax

The deferred tax (asset) / provision comprises the following:

	2021 £	2020 £
Accelerated capital allowances	(27,312)	37,909
Other timing differences	(3,973)	(173)
At 31 March	<u>(31,285)</u>	<u>37,736</u>

There are no unused tax losses or unused tax credits.

The net deferred tax asset expected to reverse in 2022 is £nil (2021 net liability £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 2021

15. Called-up share capital and reserves

	2021 £	2020 £
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 2021, the company had the following total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Within one year	151,841	151,841
Within two to five years	300,405	452,244
	452,246	604,085