

Company Registration No. 05127750

A&P Tyne Limited

Annual Report and Financial Statements

for the year ended 31 March 2020



A&P Tyne Limited

Annual report and financial statements for the year ended 31 March 2020

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A&P Tyne Limited

Annual report and financial statements for the year ended 31 March 2020

Officers and professional advisers

Directors

Atlantic & Peninsula Marine Services Limited
D T McGinley

Registered Office

Wagonway Road
Hebburn
Tyne & Wear
NE31 1SP
United Kingdom

Auditor

Deloitte LLP
Statutory Auditor
Newcastle upon Tyne
United Kingdom

A&P Tyne Limited

Strategic report

Principal activities and business review

The principal activity of the company is the provision of ship building, ship repair and marine engineering services from its facility in Tyneside.

The results for the year are set out on page 11.

The company experienced a continuation of low revenues during the year. Revenues were subdued across all sectors although only a slight decrease in dock and berth occupancy levels were experienced compared to the prior year. Following on from the change of management structure in October 2018 where the initial focus surrounded maximising contribution levels from secured work and these saw a marked increase from the prior year.

Revenue levels and sales pipeline activity have improved in the early stages of 2020/21 in conjunction with maintaining contribution levels, however, the company will continue to operate on its reduced cost base for the foreseeable future. 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 follows:

	2020	2019
Turnover (£'000s)	14,879	18,742
Gross profit / (loss) margin as a percentage of turnover	0.0%	(5.8)%
Pre-tax loss as a percentage of turnover	(11.0)%	(15.4)%

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.

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 and also increased volume and productivity in military build projects that have been commissioned by the government.

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 accounting policies (note 3) in the financial statements.

A&P Tyne 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 to be a key part of its strategy and will continue to develop these further.

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, foreign exchange risk, credit risk, liquidity risk and interest rate cash flow risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

Price risk

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no equity investments.

Foreign exchange risk

The company has exposure to foreign exchange risk as some contracts are invoiced in foreign currency. Where this is the case, forward contracts 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 to reduce its credit risk.

Liquidity risk

The company is part of a group which has sufficient funds and agreed banking facilities for operations and planning 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 fixed. The rate is regularly reviewed by directors, and as such, protect the company from movements in interest rates.

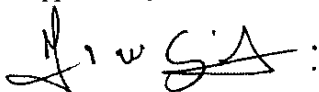
A&P Tyne Limited

Strategic report (continued)

Brexit

In common with most other businesses the result of the referendum, for the UK to leave the European Union, presents a potential risk to the group. The key risks would be any long-term changes to external demand for its services together with a need to widen the supply chain. After taking into account these key risks, and the possible outcomes of the continuing withdrawal process, the group's directors do not expect that Brexit will have a material impact on the group's ability to continue to trade successfully under its current business model.

Approved by the Board and signed on its behalf by:



D T McGinley
Chief Executive Officer

16 October 2020

A&P Tyne Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2020.

Dividends

The directors did not pay or declare any dividends in respect of the year ended 31 March 2020 (2019: £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
D T McGinley

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.*

Charitable donations

The company made donations of £nil (2019: £nil) during the year to charities associated with the maritime industry and charities local to the trading subsidiaries.

Going concern, future developments and financial risk management

Details of going concern, future developments and financial risk management objectives and policies can be found in the Strategic Report on pages 2 to 4 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.

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.

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Directors' report (continued)

Statement of disclosure of information to auditor

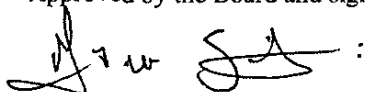
Each of the persons who is a director at the date of approval of this report confirms that:

- 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.

Deloitte LLP 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

16 October 2020

A&P Tyne 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 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; 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.

A&P Tyne Limited

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of A&P Tyne Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity; and
- the notes to the financial statements 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 Financial Reporting Council's (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

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

A&P Tyne Limited

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

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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 respect of these matters.

Responsibilities of directors

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, 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.

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

Report on other legal and regulatory requirements

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.

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 any material misstatements in the strategic report or the directors' report.

A&P Tyne Limited

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

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.



Michael Jeffrey FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Newcastle upon Tyne

United Kingdom

Date: 16 October 2020

A&P Tyne Limited

Profit and loss account for the year ended 31 March 2020

	Notes	2020 £	2019 £
Turnover	5	14,878,822	18,741,794
Cost of sales		<u>(14,878,671)</u>	<u>(19,832,915)</u>
Gross profit / (loss)		151	(1,091,121)
Administrative expenses		<u>(1,637,329)</u>	<u>(1,791,526)</u>
Operating loss	6	(1,637,178)	(2,882,647)
Finance income (net)	7	<u>4,867</u>	<u>4,963</u>
Loss before taxation		(1,632,311)	(2,877,684)
Tax on loss	9	<u>(21,751)</u>	<u>(27,114)</u>
Loss for the financial year		<u><u>(1,654,062)</u></u>	<u><u>(2,904,798)</u></u>

All of the activities of the company are continuing.

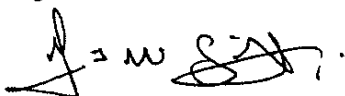
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Balance Sheet for the year ended 31 March 2020

	Notes	2020 £	2019 £
Fixed assets			
Tangible assets	10	<u>2,783,021</u>	<u>2,857,745</u>
Current assets			
Stocks	11	170,127	216,580
Debtors	12	4,946,458	6,612,939
Cash at bank and in hand		<u>613,595</u>	<u>261,571</u>
		5,730,180	7,091,090
Creditors: amounts falling due within one year	13	<u>(11,212,029)</u>	<u>(10,847,606)</u>
Net current liabilities		<u>(5,481,849)</u>	<u>(3,756,516)</u>
Total assets less current liabilities		(2,698,828)	(898,771)
Creditors: amounts falling due after more than one year	14	(1,338,917)	(1,491,935)
Provisions for liabilities	15	<u>(450,985)</u>	<u>(443,962)</u>
Net liabilities		<u>(4,488,730)</u>	<u>(2,834,668)</u>
Capital and reserves			
Called-up share capital	16	3,166,254	3,166,254
Profit and loss account		<u>(7,654,984)</u>	<u>(6,000,922)</u>
Total shareholders' deficit		<u>(4,488,730)</u>	<u>(2,834,668)</u>

The financial statements of A&P Tyne Limited, registered number 05127750, were approved and authorised for issue by the Board of Directors on 16 October 2020.

Signed on behalf of the Board of Directors



D T McGinley
Chief Executive Officer

A&P Tyne Limited

Statement of changes in equity for the year ended 31 March 2020

	Called-up share capital £	Profit and loss account £	Total £
Balance as at 1 April 2018	3,166,254	(3,096,124)	70,130
Loss for the financial year and total comprehensive expense	-	(2,904,798)	(2,904,798)
Balance as at 31 March 2019	3,166,254	(6,000,922)	(2,834,668)
Loss for the financial year and total comprehensive expense	-	(1,654,062)	(1,654,062)
Balance as at 31 March 2020	<u>3,166,254</u>	<u>(7,654,984)</u>	<u>(4,488,730)</u>

A&P Tyne Limited

Notes to the financial statements for the year ended 31 March 2020

1. General information

The Company is a private company limited by shares, incorporated in the United Kingdom 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 pages 2 to 4. The functional currency of A&P Tyne 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 Tyne 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 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 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.

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 the 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 Tyne Limited

Notes to the financial statements (continued) for the year ended 31 March 2020

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.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

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 and impairment. 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:

Leasehold improvements	2% - 10%
Plant and machinery	2½% - 33⅓%

No depreciation is charged on assets in the course of construction until they are fully complete and brought into use at which point they are transferred into the relevant asset category.

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.

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Notes to the financial statements (continued) for the year ended 31 March 2020

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 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.

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.

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Notes to the financial statements (continued) for the year ended 31 March 2020

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.

Preference shares which result in fixed returns to the holder, or are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the profit and loss account as interest expense.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

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.

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Notes to the financial statements (continued) for the year ended 31 March 2020

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.

	2020 £	2019 £
United Kingdom	10,797,314	11,802,086
Rest of Europe	3,570,138	6,939,708
USA	511,370	-
	<u>14,878,822</u>	<u>18,741,794</u>

6. Operating loss

Operating loss is stated after charging:

	2020 £	2019 £
Depreciation of tangible fixed assets – owned assets	285,521	278,718
Operating lease charges	1,303,257	1,306,167
Fees payable to the Company's auditor for:		
- the audit of the Company's annual financial statements	18,000	18,000
- tax compliance services	8,000	8,000
	<u>1,333,778</u>	<u>1,330,885</u>

A&P Tyne Limited

Notes to the financial statements (continued) for the year ended 31 March 2020

7. Finance income (net)

	2020 £	2019 £
Other interest receivable and similar income	4,867	4,963

8. Staff costs

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

	2020 No.	2019 No.
Production	146	175
Administration	29	23
	175	198

Staff costs during the year

	2020 £	2019 £
Wages and salaries	5,385,889	6,870,795
Social security costs	453,567	441,951
Pension costs	307,550	302,753
	6,147,006	7,615,499

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 £307,550 (2019: £302,753). As at 31 March 2020, contributions of £37,192 (2019: £33,667) 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, (2019: same).

No directors are employed by the company.

Company pension contributions are made to a company money purchase scheme for no director (2019: none).

A&P Tyne Limited

Notes to the financial statements (continued) for the year ended 31 March 2020

9. Tax on loss

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

	2020 £	2019 £
UK corporation tax	(33,873)	-
Adjustments in respect of prior years	16,146	-
Total current tax	(17,727)	-
Deferred tax:		
Origination and reversal of timing differences	71,935	40,116
Adjustments in respect of prior years	(33,330)	(8,780)
Effect of changes in tax rates	873	(4,222)
Total deferred tax	39,478	27,114
Tax charge on loss ordinary activities	21,751	27,114

b) Factors affecting tax charge for the year

The tax assessed for the year is higher (2019: higher) than the standard rate of corporation tax in the UK of 19% (2019: 19%). The differences are explained below:

	2020 £	2019 £
Loss before tax	(1,632,311)	(2,877,684)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(310,139)	(546,759)
Effects of:		
Expenses not deductible for tax purposes	23,906	22,416
Group relief surrendered at nil consideration	393,551	604,937
Transfer pricing	(69,256)	(40,478)
Re-measurement of deferred tax:		
- change in UK tax rate	873	(4,222)
- adjustments in respect of prior years	(17,184)	(8,780)
Total tax charge for the year	21,751	27,114

A&P Tyne Limited

Notes to the financial statements (continued) for the year ended 31 March 2020

9. Tax on loss (continued)

c) Factors affecting future tax charges

Finance Bill 2016 enacted provisions to reduce the main rate of UK corporation tax to 17% from 1 April 2020. However, in the March 2020 Budget it was announced that the reduction in the UK rate to 17% will now not occur and the Corporation Tax Rate will be held at 19%. As substantive enactment of this change occurred prior to the balance sheet date, deferred tax balances as at 31 March 2020 have been restated to the higher rate of 19% in these financial statements.

d) Deferred tax

The deferred tax (liability) / asset recognised in the financial statements (note 12 & note 15) at the year-end was as follows:

	2020 £	2019 £
Accelerated capital allowances	(8,946)	11,406
Short term timing differences	7,066	5,690
Non-trading timing differences	(29,236)	(4,646)
	<u>(31,116)</u>	<u>12,450</u>

There are no unused tax losses or unused tax credits (2019: none).

Reconciliation of movement in deferred tax	£
At 1 April 2019	12,450
Deferred tax charge in profit and loss account	(72,808)
Adjustment in respect of prior years	33,330
At 31 March 2020	<u>(27,028)</u>

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Notes to the financial statements (continued) for the year ended 31 March 2020

10. Tangible fixed assets

	Leasehold improvements £	Plant and Machinery £	Total £
Cost			
At 1 April 2019	4,300,448	6,110,464	10,410,912
Additions	250	210,547	210,797
At 31 March 2020	4,300,698	6,321,011	10,621,709
Accumulated depreciation			
At 1 April 2019	2,530,390	5,022,777	7,553,167
Charge for the year	192,526	92,995	285,521
At 31 March 2020	2,722,916	5,115,772	7,838,688
Net book value			
At 31 March 2020	1,577,782	1,205,239	2,783,021
At 31 March 2019	1,770,058	1,087,687	2,857,745

11. Stocks

	2020 £	2019 £
Raw materials and consumables	170,127	216,580

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

12. Debtors

	2020 £	2019 £
Trade debtors	3,580,992	2,961,531
Amounts recoverable on contracts	802,910	3,045,589
Amounts owed by group undertakings	142,258	120,161
Amounts owed by related parties	-	201,871
Other debtors	118,139	139,124
Prepayments and accrued income	57,875	132,213
Corporation tax	248,372	-
Deferred tax (note 9d)	-	12,450
	4,950,546	6,612,939

All amounts are considered to fall due within one year with the exception of the deferred tax asset of £nil (2019: £12,450) which is considered to fall due after more than one year.

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

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Notes to the financial statements (continued) for the year ended 31 March 2020

13. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	2,097,941	3,610,241
Amounts owed to group undertakings	7,202,355	5,121,602
Other taxation and social security	142,901	151,663
Accruals and deferred income	1,768,832	1,964,100
	<u>11,212,029</u>	<u>10,847,606</u>

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

14. Creditors: amounts falling due after more than one year

	2020 £	2019 £
Accruals and deferred income	<u>1,338,917</u>	<u>1,491,935</u>

15. Provisions for liabilities

Industrial illness provision

	£
At 1 April 2019	443,962
Utilised during the year	(20,005)
At 31 March 2020	<u>423,957</u>
 Deferred tax liability (note 9 (d))	 27,028
 Total provision	 <u>450,985</u>

The provision for industrial illness represents the expected costs of settling notified and future claims arising as a result of past events. The directors' assessment of the cost of current and future claims includes consideration of an independent actuary's review which provides an estimate of the group's unpaid and uninsured UK industrial illness claims. The claims are expected to be settled over a 10-year period.

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Notes to the financial statements (continued) for the year ended 31 March 2020

16. Called-up share capital and reserves

	2020 £	2019 £
Authorised		
5,000,000 ordinary shares of £1 each	5,000,000	5,000,000
Allotted, called up and fully paid		
3,166,254 ordinary shares of £1 each	3,166,254	3,166,254

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.

17. Financial commitments

At 31 March 2020, the company had the following total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Within one year	1,295,977	1,301,309
Within two to five years	5,185,810	5,194,792
After five years	4,797,859	6,086,115
	<u>11,279,646</u>	<u>12,582,216</u>

18. Related party transactions

During the year the company carried out a number of transactions with parties, related due to common ownership, in the normal course of business. The names of the related parties, nature of these transactions and their total value is shown below:

	2020 Value of transaction £	2020 Receivable (payable) at the year end £	2019 Value of transaction £	2019 Receivable (payable) at the year end £
Transactions with The Mersey Dock and Harbour Company Limited:				
Rental payments payable	1,279,428	-	1,279,428	-
Transactions with Cammell Laird Shiprepairers & Shipbuilders Limited:				
Supply of fabrication services	-	-	-	201,871

19. Events after the end of the reporting period

To the date of signing of these Financial Statements, we have experienced the outbreak of the global COVID-19 pandemic. We note that the COVID-19 pandemic is considered a non-adjusting post balance sheet event. Further details on these events can be found in the Going Concern section of the Directors' Report on page 5.