

Company Registration No. 05127750

A&P Tyne Limited

Annual Report and Financial Statements

for the year ended 31 March 2018



A&P Tyne Limited

Annual report and financial statements for the year ended 31 March 2018

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A&P Tyne Limited

Annual report and financial statements for the year ended 31 March 2018

Officers and professional advisers

Directors

Atlantic & Peninsula Marine Services Limited
D T McGinley

Registered Office

Wagonway Road
Hebburn
Tyne & Wear
NE31 1SP

Auditor

Deloitte LLP
Statutory Auditor
Manchester
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 10.

The company has experienced a continuation of low revenues, particularly across the defence sector where revenues from secured contracts have been below expectations. Revenues in the commercial marine sector have improved significantly over the prior year but returned below target margins. Dock occupancy levels were ahead of prior year but berth occupancy was lower due to the extended lay-up of a vessel in the prior year that did not recur. The company saw an overall decrease in general fabrication activity, although revenues generated from its subcontracted work package for the Sir David Attenborough aft-end construction project were higher than prior year. On 5th November 2018, the management structure of the business was changed and the business divided into two distinct operating units, ship repair and submarine manufacture. By doing this the business is confident that resources and focus is directed to these key operations and will ultimately improve efficiencies and profitability. The company anticipates continued low revenues in 2018/19 and remains cautious in the short-term and will continue to operate on the reduced cost base as business performance begins to improve. 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:

	2018	2017
Turnover (£'000s)	23,845	18,458
Gross profit margin as a percentage of turnover	1.3%	(2.2)%
Profit / (loss) margin as a percentage of turnover	(6.5)%	(10.5)%

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.

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.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks.

A&P Tyne Limited

Strategic report (continued)

The key business risks and uncertainties affecting the company are considered to relate to the competition from other domestic and overseas facilities, the volatile and cyclical nature of the business, and maintaining the current good relationships with employees at all levels within the company. The company also considers its successful relationships with its subcontractor base is a key part of its strategy and will continue to develop these further.

Financial risk management

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

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

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

Price risk

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

Foreign exchange risk

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

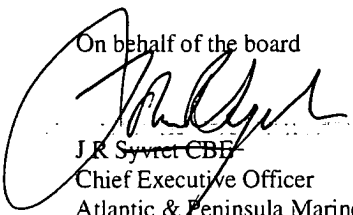
Interest rate cash flow risk

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.

Brexit

The Directors continue to closely monitor developments in relation to Brexit and the potential consequential and economic uncertainties in order to mitigate any risk to the business.

On behalf of the board



J R Syrett CBE

Chief Executive Officer

Atlantic & Peninsula Marine Services Limited

18th December 2018

A&P Tyne Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2018.

Dividends

No dividends were proposed and paid during the year (2017: £nil).

Directors

The names of the directors, who held office during the year and up to the date of signing the financial statements, were as follows:

Atlantic & Peninsula Marine Services Limited
I Carey (died 30th May 2018)
D T McGinley (appointed 6th August 2018)

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.

Strategic report

The directors have included in the strategic report its financial risk management objectives and policies.

Disabled employees

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

Employee consultation

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

Charitable donations

The company made donations of £1,000 (2017: £nil) during the year to charities associated with the maritime industry and charities local to the trading subsidiaries.

A&P Tyne Limited

Directors' report (continued)

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.

Statement of disclosure of information to auditor

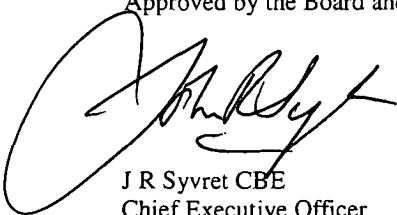
Each of the persons who is a director at the date of approval of this report confirms that:

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

Approved by the Board and signed on its behalf by:



J R Syvret CBE
Chief Executive Officer
Atlantic & Peninsula Marine Services Limited

18th December 2018

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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 2018 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 statement of comprehensive income;
- 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.

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

Matters on which we are required to report by exception.

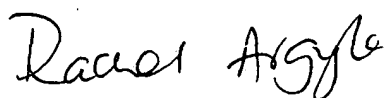
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.



Rachel Argyle (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Manchester.

United Kingdom

Date:

20 December 2018

A&P Tyne Limited

Profit and loss account for the year ended 31 March 2018

	Notes	2018 £	2017 £
Turnover	5	23,845,133	18,458,118
Cost of sales		(23,526,808)	(18,871,061)
Gross profit / (loss)		318,325	(412,943)
Administrative expenses		(1,869,423)	(1,526,301)
Operating loss	6	(1,551,098)	(1,939,244)
Finance costs (net)	7	3,518	2,778
Loss before taxation		(1,547,580)	(1,936,466)
Tax on loss	9	14,576	(13,322)
Loss for the financial year		(1,533,004)	(1,949,788)

All of the activities of the company are continuing.

Statement of comprehensive income for the year ended 31 March 2018

	2018 £	2017 £
Total comprehensive loss for the year	(1,533,004)	(1,949,788)

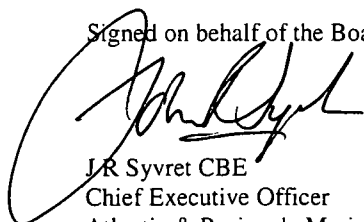
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Balance sheet as at 31 March 2018

	Notes	2018 £	2017 £
Fixed assets			
Tangible assets	10	<u>2,761,488</u>	<u>2,989,270</u>
Current assets			
Stocks	11	135,345	143,912
Debtors	12	6,012,315	4,205,853
Cash at bank and in hand		<u>400,274</u>	<u>555,410</u>
		6,547,934	4,905,175
Creditors: amounts falling due within one year	13	<u>(7,137,862)</u>	<u>(4,012,697)</u>
Net current (liabilities) / assets		<u>(589,928)</u>	<u>892,478</u>
Total assets less current liabilities		2,171,560	3,881,748
Creditors: amounts falling due after more than one year	14	<u>(1,644,955)</u>	<u>(1,797,974)</u>
Provisions for liabilities	15	<u>(456,475)</u>	<u>(480,640)</u>
Net assets		<u>70,130</u>	<u>1,603,134</u>
Capital and reserves			
Called-up share capital	16	3,166,254	3,166,254
Profit and loss account		<u>(3,096,124)</u>	<u>(1,563,120)</u>
Total shareholders' funds		<u>70,130</u>	<u>1,603,134</u>

The financial statements of A&P Tyne Limited, registered number 05127750, were approved and authorised for issue by the Board of Directors on 18th December 2018.

Signed on behalf of the Board of Directors



J.R. Syvret CBE
Chief Executive Officer
Atlantic & Peninsula Marine Services Limited

A&P Tyne Limited

Statement of changes in equity for the year ended 31 March 2018

	Called-up share capital £	Profit and loss account £	Total £
Balance as at 1 April 2016	3,166,254	386,668	3,552,922
Loss for the financial year and total comprehensive loss	-	(1,949,788)	(1,949,788)
Balance as at 31 March 2017	3,166,254	(1,563,120)	1,603,134
Loss for the financial year and total comprehensive loss	-	(1,533,004)	(1,533,004)
Balance as at 31 March 2018	3,166,254	(3,096,124)	70,130

A&P Tyne Limited

Notes to the financial statements for the year ended 31 March 2018

1. General information

The Company is a private limited 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 3.

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 directors, having assessed the responses of the directors of the company's parent, (A&P Ship Repairers Limited) to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of A&P Tyne Limited to continue as a going concern.

On the basis of their assessment of the company's financial position and of the enquiries made of the directors of A&P Ship Repairers Limited, the company's directors have a reasonable expectation that the company will be able to continue in operational existence for at least twelve months from the date of approval of the 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; and
- c) Key management personnel compensation in total.

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.

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Notes to the financial statements (continued) for the year ended 31 March 2018

3. Summary of significant accounting policies (continued)

Employee benefits

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

(i) Short-term benefits

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

(ii) Defined contribution pension plans

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

Taxation

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

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

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

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

Deferred tax is measured on an undiscounted basis.

Tangible fixed assets

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 2018

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 2018

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 2018

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Critical judgements in applying the Company's accounting policies

The directors do not consider there to be any critical accounting judgements that must be applied.

(ii) Key accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Revenue recognition.

Turnover includes the value of contracts in progress. This is recognised based on the level of completion of the contracts to ensure that margin is recognised evenly over the contract life. Management considers the overall expected margin from each contract based on available information and past performance.

Useful economic lives of tangible assets

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

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.

	2018 £	2017 £
United Kingdom	18,943,653	12,039,092
Rest of Europe	4,901,480	5,620,183
Rest of world	-	798,843
	<u>23,845,133</u>	<u>18,458,118</u>

6. Operating loss

Operating loss is stated after charging:

	2018 £	2017 £
Depreciation of tangible fixed assets – owned assets	302,282	320,883
Operating lease charges	1,397,938	1,407,359
Fees payable to the Company's auditor for:		
- the audit of the Company's annual financial statements	18,000	18,000
- taxation services	8,000	8,000
	<u>1,423,220</u>	<u>1,433,242</u>

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

A&P Tyne Limited

Notes to the financial statements (continued) for the year ended 31 March 2018

7. Finance costs (net)

	2018 £	2017 £
Other interest receivable and similar income	<u>3,518</u>	<u>2,778</u>

8. Staff costs

The average monthly number of persons (including executive directors) employed by the company during the year was as follows:

	2018 No.	2017 No.
Production	153	136
Administration	<u>18</u>	<u>16</u>
	<u>171</u>	<u>152</u>

Staff costs during the year (including directors)

	2018 £	2017 £
Wages and salaries	6,177,100	5,600,813
Social security costs	443,490	430,315
Pension costs	<u>281,590</u>	<u>251,765</u>
	<u>6,902,180</u>	<u>6,282,893</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 £281,590 (2017: £251,765). As at 31 March 2018, contributions of £32,363 (2017: £27,918) 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. (2017: same)

Company pension contributions are made to a company money purchase scheme for no director (2017: none).

A&P Tyne Limited

Notes to the financial statements (continued) for the year ended 31 March 2018

9. Tax on loss

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

	2018 £	2017 £
UK corporation tax	-	-
Adjustments in respect of prior years	-	-
Total current tax	-	-
Deferred tax:		
Origination and reversal of timing differences	(6,756)	11,542
Adjustments in respect of prior years	(8,531)	1,465
Effect of changes in tax rates	711	315
Total deferred tax	(14,576)	13,322
Tax (credit) / charge on loss ordinary activities	(14,576)	13,322

b) Factors affecting tax (credit) / charge for the year

The tax assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK of 19% (2017: 20%). The differences are explained below:

	2018 £	2017 £
Loss before tax	(1,547,580)	(1,936,466)
Loss multiplied by standard rate of corporation tax in the UK of 19% (2017: 20%)	(294,040)	(387,293)
Effects of:		
Expenses not deductible for tax purposes	22,019	23,348
Group relief surrendered at nil consideration	257,175	357,482
Transfer pricing	8,090	18,005
Re-measurement of deferred tax:		
- change in UK tax rate	711	315
- adjustments in respect of prior years	(8,531)	1,465
Total tax (credit) / charge for the year	(14,576)	13,322

A&P Tyne Limited

Notes to the financial statements (continued) for the year ended 31 March 2018

9. Tax on loss (continued)

c) Factors affecting future tax charges

The Government has announced that it intends to reduce the rate of corporation tax to 17%. Finance Act 2016 which was enacted in September 2016, included provisions to reduce the rate of corporation tax to 17% with effect from 1 April 2020 and 19% from 1 April 2017. Deferred tax balances have been revalued to the lower rate of 17% in these financial statements. To the extent that deferred tax reverses before 1 April 2020 then the impact on the net deferred tax asset will be reduced.

d) Deferred tax

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

	2018 £	2017 £
Accelerated capital allowances	33,676	44,789
Short term timing differences	32,047	6,358
Non-trading timing differences	(26,159)	(26,159)
	<u>39,564</u>	<u>24,988</u>

There are no unused tax losses or unused tax credits.

The net deferred tax asset expected to reverse in 2018 is £nil. This primarily relates to the reversal of accelerated capital allowances and other short term timing differences.

Reconciliation of movement in deferred tax	£
At 1 April 2017	24,988
Deferred tax charge in profit and loss account	6,045
Adjustment in respect of prior years	8,531
At 31 March 2018	<u>39,564</u>

These assets have been recognised since, in the opinion of the directors, it is more likely than not that they will be recoverable in the short term.

A&P Tyne Limited

Notes to the financial statements (continued) for the year ended 31 March 2018

10. Tangible fixed assets

	Leasehold improvements £	Plant and Machinery £	Total £
Cost			
At 1 April 2017	4,130,901	5,830,536	9,961,437
Additions	-	74,500	74,500
At 31 March 2018	4,130,901	5,905,036	10,035,937
Accumulated depreciation			
At 1 April 2017	2,139,524	4,832,643	6,972,167
Charge for the year	200,581	101,701	302,282
At 31 March 2018	2,340,105	4,934,344	7,274,449
Net book value			
At 31 March 2018	1,790,796	970,692	2,761,488
At 31 March 2017	1,991,377	997,893	2,989,270

11. Stocks

	2018 £	2017 £
Raw materials and consumables	135,345	143,912

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

12. Debtors

	2018 £	2017 £
Trade debtors	2,735,090	622,251
Amounts recoverable on contracts	1,834,556	2,723,575
Amounts owed by group undertakings	38,873	2,660
Amounts owed by related parties	1,054,612	368,254
Other debtors	226,160	363,824
Prepayments and accrued income	83,460	100,301
Deferred tax (note 9d)	39,564	24,988
	6,012,315	4,205,853

The deferred tax asset of £39,564 (2017: £24,988) 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.

A&P Tyne Limited

Notes to the financial statements (continued) for the year ended 31 March 2018

13. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	2,917,115	2,456,812
Amounts owed to group undertakings	2,126,160	32,575
Amounts owed to related parties	383,829	-
Other taxation and social security	135,310	129,131
Taxation	-	-
Accruals and deferred income	1,575,448	1,394,179
	<u>7,137,862</u>	<u>4,012,697</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

	2018 £	2017 £
Accruals and deferred income	<u>1,644,955</u>	<u>1,797,974</u>

15. Provisions for liabilities

	Industrial illness provision £
At 1 April 2017	480,640
Utilised during the year	(24,165)
At 31 March 2018	<u>456,475</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.

A&P Tyne Limited

Notes to the financial statements (continued) for the year ended 31 March 2018

16. Called-up share capital and reserves

	2018 £	2017 £
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 2018, the company had the following total of future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2018 £	2017 £
Within one year	1,291,036	1,301,990
Within two to five years	5,125,880	5,137,487
After five years	7,356,717	8,636,146
	<u>13,773,633</u>	<u>15,075,623</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:

	2018	2017
	Value of transaction £	Value of transaction £
	Receivable (payable) at the year end £	Receivable (payable) at the year end £
Transactions with The Mersey Dock and Harbour Company Limited:		
Rental payments payable	1,279,428	(383,829)
	1,279,428	-
Transactions with Cammell Laird Shiprepairers & Shipbuilders Limited:		
Supply of fabrication services	2,187,601	1,054,612
	442,000	368,254