

**Company Registration No. 05832836**

**A&P Group Limited**

**Report and Financial Statements**

**15 Months to 31 March 2013**

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# **A&P Group Limited**

## **Report and financial statements 2013**

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# **A&P Group Limited**

## **Report and financial statements 2013**

### **Officers and professional advisers**

#### **Directors**

Atlantic & Peninsula Marine Services Limited

I Carey

P H Child

C P Bell

#### **Registered Office**

Wagonway Road

Hebburn

Tyne & Wear

United Kingdom

NE31 1SP

#### **Bankers**

Santander UK Plc

298 Deansgate

Manchester

M3 4HH

#### **Solicitors**

Hill Dickinson LLP

No 1 St Paul's Square

Liverpool

L3 9SJ

#### **Auditor**

Deloitte LLP

Chartered Accountants

Newcastle upon Tyne

# **A&P Group Limited**

## **Directors' report**

The directors present their report and the audited consolidated financial statements for the 15 months ended 31 March 2013

On 2 January 2013 the Board approved the change of the Company's accounting reference date because of the change in the percentage shareholdings of the shareholders, from 31 December to 31 March, therefore, the report relates to the period from 1 January 2012 to 31 March 2013

### **Principal activities and business review**

The group's principal activities are ship repair and marine engineering. The group operates facilities in the south west and north east of England.

The consolidated profit and loss account on page 9 reflects the results of the group for the year ended 31 March 2013.

### **Review of business and future developments**

The fifteen month period ended 31 March 2013 has been a busy period despite difficult trading conditions within the commercial sector. The group has concentrated on the ground work laid out in 2011 by continuing to raise its profile in both the traditional ship repair and conversion market and also in the renewable and the oil and gas sectors. These together with the generation of a strong result by the management and workforce continue to confirm A&P as one of the premier ship repairing, ship conversion and marine engineering businesses in the UK.

Turnover for the group reached £124.3m in the fifteen month period which represents a 4% year on year decrease over the previous year. Profit before taxation at £7.4m for the period is up from £5.0m from the previous year and represents a 32% year on year increase in profitability.

These results are regarded as satisfactory given that the expectations at the beginning of the year were for a difficult economic climate to affect profitability, a tight market in the core ship repair business and little activity in the offshore sector. These factors placed greater emphasis on the need to concentrate on the core larger ticket ship repair and conversion activities and secure significant fabrication contracts, whilst improving performance in respect of previously acquired long term work.

During the period the group commenced work on the second UK aircraft carrier project as a follow-up to the successful completion in August 2011 of contract works on the first UK aircraft carrier project. The Tyne yard had a challenging start to the period following the cancellation of a significant contract and a resultant redundancy programme in the latter part of 2011. It was nonetheless better positioned to deal with the challenges of a subdued ship repair and maintenance market and subsequently reported satisfactory results for the period. 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.

The results from the Ministry of Defence ('MoD') contract for the support of Royal Fleet Auxiliary ('RFA') vessels were enhanced by the major conversion projects in Falmouth on RFA Lyme Bay which was completed on time and within budget and RFA Argus which was 50% complete at period end. In addition, as a follow on from the successful completion of a significant regeneration project on HMAS Choules for the Royal Australian Navy (RAN) in 2011 the group has continued to service the vessel, based in Sydney, throughout the period generating significant turnover and contribution. The group will continue to pursue other opportunities direct with the RAN thus allowing us the opportunity to export our expertise and knowledge to an international market.

Defence sector projects have made a significant contribution to the period results and will continue to feature strongly in 2013 and beyond, allowing us to plan with confidence for the future.

Falmouth, Tyne and Tees dry docks saw encouraging occupancy levels for most of the year with Falmouth in particular being underpinned by the work for the MoD. The group continues to attract a significant amount of work from commercial customers albeit they have reduced the average spend per ship. This trend has also continued into the early part of the new 2014 financial year. The management and workforce successfully maintained contribution levels enabling the ship repair sector to return a strong performance.

In securing the business results, the Health Safety and Environmental performance across the group has been maintained throughout the period, reflecting the commitment of management and workforce in this area.

# **A&P Group Limited**

## **Directors' report (continued)**

The port operation in Falmouth continued its strong and steady performance and is an integral part of the group's operations there

The group is determined to take advantage of the Falmouth and Tyne sites, which are well placed to secure work as part of the supply chain for and to provide support services to the emerging renewable energy sector and also into the Oil and gas and heavy engineering industry. The Board are pleased to report the successful completion of a number of contracts by A&P Tyne Limited within the Oil and gas sector. The Board are paying close attention to the initiatives in these areas and are continuing to develop links into the operation and maintenance part of the offshore supply chain through its investment in Marine Designs who supply bespoke pontoons for maintenance vessels

The group has a significant pension obligation to past and present employees. The total cash cost to the group in the period was in excess of £4m. All three defined benefit schemes in which the group participates are now closed to future accruals. All our employees can now participate in a defined contribution scheme which is administered by the group

Trading in the first part of 2013/14 has been satisfactory despite a number of commercial ship operators continuing to trim their maintenance budgets. We foresee this trend continuing for the rest of the year with good long term customer relationships and a sizeable secured order book underpinning the business and a dedicated workforce we expect the rest of year to progress well

Our shareholders and current management team are committed to delivering our five year plan and ensuring that the business continues to go from strength to strength as we pursue opportunities in new sectors and continue to service our existing customers

On behalf of the Board, we should like to thank all those who have contributed to our performance in the period, while most importantly recognising the efforts of our workforce

### **Key performance indicators ("KPIs")**

The group measures KPIs on a monthly basis, as part of its internal control processes. They are considered under the following four headings

- Safety, quality and the environment
- People, productivity and facilities
- Financial performance
- Customers and markets

Given the size, structure and nature of the business, the company's directors are of the opinion that additional disclosures regarding the use of KPI's is not necessary for an understanding of the development, performance and position of the business

### **Future outlook**

The group is a leading ship repair and conversion business with three bases in the United Kingdom. It also has a port operation in Falmouth

The continuing fabrication works for the new Aircraft Carriers, the ongoing RFA Cluster, through life, global reach contract and our regular repeat commercial business will provide a sound turnover base for the foreseeable future

The Group continues to drive growth both within its traditional ship repair and conversion sector and to seek out new opportunities within the defence, renewables and the oil and gas sectors

### **Dividends**

A dividend of £1,175,000 was paid during the period (2011 £nil)

# **A&P Group Limited**

## **Directors' report (continued)**

### **Directors**

The names of the directors, who held office during the period and up to the date of signing of the financial statements unless otherwise stated, were as follows

Atlantic & Peninsula Marine Services Limited

I Carey

P H Child

C P Bell

### **Directors' indemnity**

The company has made qualifying third party indemnity provisions for the benefits of directors which were made during the period and remain in force at the date of the report

### **Going Concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements

### **Disabled employees**

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

### **Employee consultation**

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

### **Charitable donations**

The group made donations of £31,002 (2011: £21,562) during the period to charities associated with the maritime industry and charities local to the trading subsidiaries

### **Principal risks and uncertainties**

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

The key business risks and uncertainties affecting the group 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 customers and employees at all levels within the group. The group 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 group'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 group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring levels of debt finance and the related finance costs

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

# A&P Group Limited

## Directors' report (continued)

Given the size of the group, 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 group's finance department.

### *Price risk*

The group is exposed to commodity price risk as a result of its operations. However, given the size of the group'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 group's operations change in size or nature. The group has no exposure to equity securities price risk as it holds no equity investments.

### *Foreign exchange risk*

The group has exposure to foreign exchange risk as some contracts are invoiced in foreign currency. Where this is the case, forward contracts are taken out to mitigate the risk of fluctuating exchange rates.

### *Credit risk*

The group 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 group negotiates payment profiles which are at worst cash neutral.

### *Liquidity risk*

The group has sufficient available funds and agreed banking facilities for operations and planned expansions.

### *Interest rate cash flow risk*

The group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances. Interest bearing liabilities are largely limited to agreements which are fixed for the duration of the facility. Where facilities are linked to base rates, the directors will review on a regular basis to ensure that the group's exposure to interest rate movements is limited. The directors will revisit the appropriateness of interest rate risk management policy should the group's operations change in size or nature.

### Statement of disclosure of information to auditors

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

- so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware;
- the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are 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 was appointed auditor during the current period following the resignation of PriceWaterhouseCoopers LLP. 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 of Directors  
and signed on behalf of the Board



I Carey  
Director

11 December 2013

## **A&P Group Limited**

### **Directors' responsibilities statement**

The directors are responsible for preparing the 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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 with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



## **Independent auditor's report to the members of A&P Group Limited**

We have audited the Group financial statements of A&P Group Limited for the 15 month period ended 31 March 2013 which comprise the Consolidated profit and loss account, the Consolidated statement of total recognised gains and losses, the Consolidated balance sheet the Company balance sheet, the Consolidated cash flow statement and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of directors and auditor**

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

### **Scope of the audit of financial statements**

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

### **Opinion**

In our opinion the financial statements

- give a true and fair view of the state of the Group and company's affairs as at 31 March 2013 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on matters prescribed in the Companies Act 2006**

In our opinion the information in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Paul Feechan (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Newcastle, United Kingdom

11 December 2013

## A&P Group Limited

### Consolidated profit and loss account Period ended 31 March 2013

		15 month period ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
	Notes		
Turnover	2	124,327	103,755
Cost of sales		(107,678)	(86,410)
<b>Gross profit</b>		<u>16,649</u>	<u>17,345</u>
Administrative expenses			
Excluding restructuring costs		(8,377)	(10,816)
Restructuring costs	3	(197)	(1,227)
Total administrative expenses		<u>(8,574)</u>	<u>(12,043)</u>
<b>Operating profit</b>	3	<u>8,075</u>	<u>5,302</u>
<b>Profit on ordinary activities before financing</b>		8,075	5,302
Income from other fixed asset investments		296	-
Interest receivable and similar income	4	60	35
Interest payable and similar charges	5	(146)	(181)
Other finance costs	23	(890)	(166)
<b>Profit on ordinary activities before taxation</b>		<u>7,395</u>	<u>4,990</u>
Tax on profit on ordinary activities	7	(1,788)	(1,236)
<b>Profit for the financial period</b>	18	<u>5,607</u>	<u>3,754</u>

All of the above results relate to continuing operations

## **A&P Group Limited**

### **Consolidated statement of total recognised gains and losses Period ended 31 March 2013**

	<b>Notes</b>	<b>15 month period ended 31 March 2013 £'000</b>	<b>Year ended 31 December 2011 £'000</b>
Profit for the financial period	18	5,607	3,754
Actuarial loss on pension scheme	23	(5,291)	(8,615)
Movement in deferred tax relating to the pension scheme	18	347	1,475
Tax relief on pension contributions taken to the statement of total gains and losses	18	548	488
Total gains and losses recognised in the period		<u>1,211</u>	<u>(2,898)</u>


# A&P Group Limited

## Consolidated balance sheet At 31 March 2013

	Notes	As at 31 March 2013 £'000	As at 31 December 2011 £'000
<b>Fixed assets</b>			
Intangible assets	9	6,681	7,306
Tangible	10	17,933	21,047
Investments	11	200	200
		<u>24,814</u>	<u>28,553</u>
<b>Current assets</b>			
Stocks	12	504	533
Debtors	13	16,721	13,378
Cash at bank and in hand		13,740	10,088
		<u>30,965</u>	<u>23,999</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(25,453)</u>	<u>(22,079)</u>
<b>Net current assets</b>		<u>5,512</u>	<u>1,920</u>
<b>Total assets less current liabilities</b>		<u>30,326</u>	<u>30,473</u>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(2,923)</u>	<u>(5,309)</u>
Provisions for liabilities	16	<u>(1,303)</u>	<u>(1,795)</u>
<b>Net assets excluding pension deficit</b>		<u>26,100</u>	<u>23,369</u>
Pension deficit	23	<u>(15,944)</u>	<u>(13,249)</u>
<b>Net assets including pension deficit</b>		<u>10,156</u>	<u>10,120</u>
<b>Capital and reserves</b>			
Called up share capital	17	1	1
Profit and loss account	18	10,155	10,119
<b>Total shareholders' funds</b>	19	<u>10,156</u>	<u>10,120</u>

The financial statements of A&P Group Limited, registered number 05832836 were approved by the Board of Directors on 11 December 2013.

Signed on behalf of the Board of Directors

  
J Carey  
Director

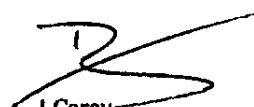
# A&P Group Limited

## Company balance sheet At 31 March 2013

	Notes	As at 31 March 2013 £'000	As at 31 December 2011 £'000
<b>Fixed assets</b>			
Investments	11	2,162	2,162
Debtors	13	4,266	-
Creditors: amounts falling due within one year	14	(4,865)	(986)
<b>Net current liabilities</b>		<b>(599)</b>	<b>(986)</b>
<b>Total assets less current liabilities</b>		<b>1,563</b>	<b>1,176</b>
<b>Capital and reserves</b>			
Called up share capital	17	1	1
Profit and loss account	18	1,562	1,175
<b>Total shareholders' funds</b>	19	<b>1,563</b>	<b>1,176</b>

The financial statements of A&P Group Limited, registered number 05832836 were approved by the Board of Directors on 11 December 2013.

Signed on behalf of the Board of Directors

  
J. Carey  
Director

# A&P Group Limited

## Consolidated cash flow statement for the period ended 31 March 2013

	15 month period ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
<b>Net cash inflow from operating activities</b>	<b>6,860</b>	<b>4,249</b>
<b>Returns on investments and servicing of finance</b>		
Dividends received	296	-
Interest received	60	35
Interest paid	(39)	(21)
Interest paid on finance leases	(107)	(160)
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>	<b>210</b>	<b>(146)</b>
<b>Taxation</b>	<b>(727)</b>	<b>(338)</b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(234)	(2,084)
Sale of tangible fixed assets	8	28
<b>Net cash outflow from capital expenditure and financial investments</b>	<b>(226)</b>	<b>(2,056)</b>
<b>Dividends paid</b>	<b>(1,175)</b>	<b>-</b>
<b>Net cash inflow before financing</b>	<b>4,942</b>	<b>1,709</b>
<b>Financing</b>		
Loans repaid	(237)	(143)
New finance leases/bank loan	-	800
Repayment of principal under finance leases	(1,053)	(857)
<b>Net cash outflow from financing</b>	<b>(1,290)</b>	<b>(200)</b>
<b>Increase in net cash in the year</b>	<b>3,652</b>	<b>1,509</b>

# A&P Group Limited

## Notes to the accounts Period ended 31 March 2013

### 1. Accounting policies

#### Basis of accounting

These financial statements are prepared on the going concern basis under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The principal accounting policies, which have been applied consistently throughout the period, are set out below

#### Going concern

The directors have prepared the financial statements on the going concern basis. The Company and the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company and the Group should be able to operate within the level of its current facility.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 March 2013. Intra-group sales and profits are eliminated on consolidation and uniform accounting policies have been used throughout the group.

#### Goodwill

Purchased goodwill represents the excess arising from the fair value of the consideration given over the fair value of the separable net assets acquired. Fair values are attributed to the identifiable assets and liabilities that existed at the date of acquisition reflecting their condition at that date. Adjustments are also made to bring the accounting policies of acquired businesses into alignment with those of the group, where considered appropriate. The costs of integrating and reorganising acquired businesses are charged to the post-acquisition profit and loss account.

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The cost of tangible fixed assets is their purchase cost together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the costs 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 annual rates used are as follows:

Leasehold land and buildings	Term of lease
Plant and machinery	2½% - 33⅓%

Dredging costs are capitalised in leasehold land and buildings to the extent they are incurred to allow proper access to the group's facilities and are written off over the period expected to benefit, normally three years. Other associated dredging costs, such as those related to the safe disposal of contaminated material, are expensed as incurred.

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

No depreciation is charged on freehold land.

#### Fixed asset investments

Fixed asset investments are stated at cost less provisions made for impairment.



# **A&P Group Limited**

## **Notes to the accounts Period ended 31 March 2013**

### **1. Accounting policies (continued)**

#### **Impairment of fixed assets and goodwill**

The carrying value of fixed assets, including goodwill, is compared to the higher of the value in use and the pre-tax net realisable value in circumstances where such a review is considered necessary. If the carrying value exceeds the higher of the value in use and pre-tax realisable value, the asset is impaired and its value reduced by recognising an impairment loss.

#### **Finance and operating leases**

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term. Leasing agreements which transfer to the group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

#### **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.

#### **Long term 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 to reflect the extent of contract performance. 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.

#### **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.

#### **Turnover**

Turnover comprises the sales value of goods and services supplied in the normal course of business. Turnover includes the value of contracts in progress. This is recognised based on the level of completion of the contracts to ensure that margin is recognised evenly over the contract life, unless there is uncertainty over the profitability of the contract, in which case margin is only recognised when the final outcome can be assessed with reasonable certainty. All sales are shown exclusive of value added tax.

#### **Dividends**

Dividends paid to the company's shareholders are recognised as a liability in the period in which they are approved by the company's shareholders.

# **A&P Group Limited**

## **Notes to the accounts**

### **Period ended 31 March 2013**

#### **1. Accounting policies (continued)**

##### **Deferred taxation**

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

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

Deferred tax is measured on an undiscounted basis.

##### **Pension scheme arrangements**

The group operates three defined benefit pension schemes and participated in the Shipbuilding Industries Pension Scheme (SIPS), which are funded by contributions made by the group, the assets of which are held separately from those of the company in independently administered funds. On 30<sup>th</sup> September 2012 the group withdrew from the SIPS scheme and the assets and liabilities of the scheme were transferred to the newly formed A&P Falmouth Pension Scheme, a scheme closed to new members and future accruals. All defined benefit pension schemes within the group are closed to future accruals. The company contributions are made in accordance with periodic calculations by professionally qualified actuaries.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability.

The operating cost of providing pensions, as calculated periodically by independent actuaries, is charged to the company's operating profit and loss in the period that those benefits are earned by employees. The financial return expected on the scheme's assets is recognised in the period in which they arise as part of other finance income and the effect of the unwinding of the discounted value of the scheme's liabilities is treated as part of other finance costs. The changes in value of the schemes assets and liabilities are reported as actuarial gains or losses as they arise in the statement of total recognised gains and losses. The pension scheme's surplus, to the extent it is considered recoverable, or deficit is recognised in full and presented in the balance sheet net of any related deferred tax.

The group also operates a defined contribution scheme in respect of pension costs and post retirement benefits. The group recognises contributions made to this scheme as a charge in the profit and loss account in the year to which they relate.

##### **Transactions denominated in foreign currencies**

Transactions denominated in foreign currency are translated at the rate of exchange ruling on the date of the transaction or agreed contractual rate. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the end of the financial period. All foreign exchange differences are taken to the profit and loss account in the period in which they arise.

##### **Related Party Transactions**

The company has taken advantage of the exemption in paragraph 3(c) of FRS 8, "Related Party Disclosures", not to disclose related party transactions with members of the group. This exemption only applies to transactions with the Company's direct subsidiaries. The ultimate holding company is Tokenhouse Limited, a company incorporated in the Isle of Man which is controlled by the Billown 1997 Settlement Trust.

# A&P Group Limited

## Notes to the accounts

### Period ended 31 March 2013

#### 2. Turnover

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

	15 month period ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
United Kingdom	94,491	90,710
Continental Europe	11,886	6,077
North America	433	-
Rest of world	17,517	6,968
	<u>124,327</u>	<u>103,755</u>

#### 3. Operating profit

Operating profit is stated after charging/(crediting)

	15 month period ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
(Gain)/loss on disposal of fixed assets	(3)	385
Depreciation of tangible fixed assets		
- owned assets	2,100	1,791
- assets held under finance leases	1,243	1,104
Restructuring costs	197	1,227
Amortisation of goodwill	625	500
Operating leases		
- plant and machinery	432	363
- other	3,858	3,038
Fees payable to the Company's auditors for the audit of the Company's annual accounts		
Audit services (company £ nil (2011 £nil)	116	77
Taxation services	68	69
	<u>68</u>	<u>69</u>

During the period the group concluded a redundancy program which had commenced in the prior year, as a result of the loss of a key contract. These are included as restructuring costs in the above table.

During the prior period audit fees and other services - taxation was paid to the previous auditors, for the current period other services - taxation was also paid to the previous auditors.

# A&P Group Limited

## Notes to the accounts

### Period ended 31 March 2013

#### 4. Interest receivable and similar income

	15 month period ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
Bank interest	60	35

#### 5 Interest payable and similar charges

	15 month period ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
Interest payable on other loans	38	21
Interest payable on finance leases	108	160
	146	181

#### 6. Staff costs

The average monthly number of persons (including executive directors) employed by the company during the period was

	15 month period ended 31 March 2013 No.	Year ended 31 December 2011 No.
<b>By activity:</b>		
Production	568	695
Administration	110	121
	678	816
	£'000	£'000
<b>Staff costs for the above persons</b>		
Wages and salaries	28,147	25,834
Social security costs	2,472	2,235
Company pension contributions to money purchase pension scheme	1,558	1,399
	32,177	29,468

## A&P Group Limited

### Notes to the accounts Period ended 31 March 2013

#### 6. Staff costs (continued)

	15 month period ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
<b>Directors' remuneration</b>		
Aggregate emoluments	521	610
Fees paid to third parties in respect of directors' services	400	380
Compensation for loss of office	-	201
Company pension contributions to money purchase pension scheme	52	74
	<u>973</u>	<u>1,265</u>

Three directors accrued retirement benefits through group operated defined contribution schemes (2011 three)

Emoluments payable to the highest paid director are as follows

	15 month period ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
Aggregate emoluments	290	244
Company pension contributions to money purchase pension scheme	29	22
	<u>319</u>	<u>266</u>

# A&P Group Limited

## Notes to the accounts

### Period ended 31 March 2013

#### 7. Tax on profit on ordinary activities

##### a) Analysis of tax charge in the period

Group	15 month period ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
Current tax		
United Kingdom corporation tax at 24.5 % (2011: 26.5%) based on the profit for the year	1,853	610
Foreign Tax relief	(545)	-
Adjustments in respect of prior years	100	37
Foreign tax suffered	669	-
Total current tax	<u>2,077</u>	<u>647</u>
Deferred tax		
Origination and reversal of timing differences	(145)	514
Adjustments in respect of prior years	(111)	73
Effect of changes in tax rates	(33)	2
Total deferred tax (note 16)	<u>(289)</u>	<u>589</u>
Tax on profit on ordinary activities	<u>1,788</u>	<u>1,236</u>

##### b) Factors affecting tax charge for the period

The tax assessed for the period is higher (2011: lower) than the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%). The differences are explained below:

	2013 £'000	2011 £'000
Profit on ordinary activities before tax	<u>7,395</u>	<u>4,990</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 24.5% (2011: 26.5%)	1,804	1,322
Effects of:		
Expenses not deductible for tax purposes	333	188
Income not assessable for tax purposes	(73)	(263)
Accelerated capital allowances and other timing differences	469	(193)
Utilisation of tax losses	(132)	(932)
Relief on pension contributions taken to the statement of total recognised gains and losses	548	488
Higher tax rates on overseas earnings	124	-
Adjustments in respect of prior years	100	37
Current tax charge for the period	<u>2,077</u>	<u>647</u>

# A&P Group Limited

## Notes to the accounts Period ended 31 March 2013

### 7. Tax on profit on ordinary activities (continued)

#### c) Factors affecting future tax charges

The main rate of corporation tax in the UK reduced from 26% to 24% with effect from 1 April 2012. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012 and this was substantively enacted on 3 July 2012. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 24.4% and deferred taxation has been calculated based on a rate of 23%.

In addition to the changes in the rates of corporation tax disclosed above, further changes to the UK corporation tax rates were announced in the 2012 Autumn Statement and the March 2013 Budget. These include further reductions to the main rate to 21% from 1 April 2014 and 20% from 1 April 2015. These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

#### d) Deferred tax

The amount of deferred tax asset recognised/unrecognised in the financial statements at 31 March 2013 (excluding pension deficit) was as follows:

	Recognised		Unrecognised	
	2013	2011	2013	2011
	£'000	£'000	£'000	£'000
Accelerated capital allowances	235	380	-	36
Gain held over	288	314	86	-
Other timing differences	(86)	(18)	-	7
Losses	(101)	(51)	-	82
	<u>336</u>	<u>625</u>	<u>86</u>	<u>125</u>

#### Movement in deferred tax provision / (asset) (excluding pension deficit)

	£
At January 2012 (note )	625
Accelerated capital allowances	(145)
Gain held over	(26)
Other timing differences	(68)
Losses	(50)
At 31 March 2013	<u>336</u>
Deferred tax asset relating to pension deficit	£
At 1 January 2012	(4,416)
Deferred tax charged to the statement of total recognised gains and losses	(347)
At 31 March 2013	<u>(4,763)</u>

The deferred tax asset of £4,763,000 (2011: £4,416,000) has been deducted in arriving at the net pension deficit on the balance sheet. 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 Group Limited

### Notes to the accounts Period ended 31 March 2013

#### 8. Result of parent company

As permitted by section 408 of the Companies Act 2006, the parent company's profit and loss account has not been presented in these financial statements. Of the profit attributable to shareholders for the financial period, a profit of £1,562,000 (2011: £nil) is recorded in the financial statements of the company.

#### 9. Intangible assets

##### Group

	<b>Goodwill £'000</b>
<b>Cost</b>	
At 1 January 2012 and 31 March 2013	10,049
<b>Accumulated amortisation</b>	
At 1 January 2012	2,743
Charge for the year	625
At 31 March 2013	3,368
<b>Net book amount</b>	
At 31 March 2013	6,681
At 31 December 2011	7,306

Purchased goodwill represents the excess arising from the fair value of the consideration given over the fair value of the separable net assets acquired.



# A&P Group Limited

## Notes to the accounts Period ended 31 March 2013

### 10. Tangible fixed assets

#### Group

	Freehold land £'000	Leasehold land and buildings £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>				
At 1 January 2012	1,099	11,742	16,807	29,648
Additions	-	85	149	234
Disposals	-	-	(38)	(38)
At 31 March 2013	1,099	11,827	16,918	29,844
<b>Accumulated depreciation</b>				
At 1 January 2012	-	2,484	6,117	8,601
Transfer	-	623	(623)	-
Charge for the year	-	880	2,463	3,343
Disposals	-	-	(33)	(33)
At 31 March 2013	-	3,987	7,924	11,911
<b>Net book value</b>				
At 31 March 2013	1,099	7,840	8,994	17,933
At 31 December 2011	1,099	9,258	10,690	21,047

Plant and machinery at 31 March 2013 includes assets held under finance leases with a net book amount of £2,105,000 (2011 £4,271,000). The depreciation charge in the period in respect of such assets is £1,243,000 (2011 £1,104,000).

### 11. Fixed asset investments

#### Group

	Investments 2013 £'000
<b>Cost and net book value</b>	
At January 2012 and 31 March 2013	200

One of the company's subsidiaries holds a 5% shareholding in Cammell Laird Ship Repairers & Shipbuilders Limited. The directors have assessed that the value of those shares is at least £200,000 (2011 £200,000).

The directors believe that the open market value of the investment is at least equal or greater than the net book value.

## A&P Group Limited

### Notes to the accounts Period ended 31 March 2013

#### 11. Fixed asset investments (continued)

Company	Investments 2013 £'000
Cost and net book value At 1 January 2012 and 31 March 2013	2,162

#### Interest in principal subsidiary undertakings

Undertaking	Principal activity	Description of shares held	Proportion of nominal value of shares held	
			Group %	Company %
A&P Falmouth Limited	Ship repair and general engineering services	Ordinary £1 shares	100	-
A&P Tyne Limited	Ship repair and general engineering services	Ordinary £1 shares	100	-
A&P Tees Limited	Ship repair and general engineering services	Ordinary £1 shares	100	-
Marine Designs Limited	Marine Design and fabrication	Ordinary £1 shares	100	-
The Falmouth Docks and Engineering Company (formed under the Falmouth Docks Act 1959)	Owner and manager of wharves and dry docks, cargo handling and services in Falmouth	Ordinary £1 shares	100	-
A&P GH 2006 Limited	Intermediate holding company	Ordinary £1 shares	100	100
A&P Ship Repairers Limited	Intermediate holding company	Ordinary £1 shares	100	-
A&P Shipbuilders Limited	Property ownership	Ordinary £1 shares	100	-

The above companies are registered in England and Wales. A full listing of all subsidiary undertakings can be obtained from the company's registered office.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

In the year ended 31 December 2010 A&P Ship Repairers Limited entered into a call and put option with De Facto 1693 Limited, a related party, which gave De Facto 1693 Limited the right to purchase and A&P Ship Repairers Limited the right to sell its investment in the ordinary share capital of the A&P Shipbuilders Limited. This agreement expired on 30 September 2013.

# A&P Group Limited

## Notes to the accounts Period ended 31 March 2013

### 12. Stocks

	<b>Group</b>	
	<b>As at 31 March 2013 £'000</b>	<b>As at 31 December 2011 £'000</b>
Raw materials and consumables	<u>504</u>	<u>533</u>

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

### 13. Debtors

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 March 2013 £'000</b>	<b>As at 31 December 2011 £'000</b>	<b>As at 31 March 2013 £'000</b>	<b>As at 31 December 2011 £'000</b>
Trade debtors	7,819	4,458	4,118	-
Amounts recoverable on contracts	6,465	7,427	-	-
Amounts owed by group undertakings (note 24)	12	-	148	-
Other debtors	1,864	763	-	-
Prepayments and accrued income	579	730	-	-
	<u>16,721</u>	<u>13,378</u>	<u>4,266</u>	<u>-</u>

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

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 March 2013 £'000</b>	<b>As at 31 December 2011 £'000</b>	<b>As at 31 March 2013 £'000</b>	<b>As at 31 December 2011 £'000</b>
Trade creditors	18,049	13,220	4,196	-
Term loans (note 15)	160	160	-	-
Other loans	18	40	-	-
Amounts owed to related parties (note 24)	-	203	-	-
Amounts owed to group undertakings (note 24)	246	233	-	986
Obligations under finance leases (note 15)	647	863	-	-
Corporation tax	855	52	669	-
Other taxation and social security	622	595	-	-
Accruals and deferred income	4,856	6,675	-	-
Other creditors	-	38	-	-
	<u>25,453</u>	<u>22,079</u>	<u>4,865</u>	<u>986</u>

## A&P Group Limited

### Notes to the accounts Period ended 31 March 2013

#### 15. Creditors: amounts falling due after more than one year

	Group	
	As at 31 March 2013 £'000	As at 31 December 2011 £'000
Term loans	347	562
Obligations under finance leases	72	909
Accruals and deferred income	2,504	3,838
	<u>2,923</u>	<u>5,309</u>

#### Maturity analysis of borrowings

	Group	
	As at 31 March 2013 £'000	As at 31 December 2011 £'000
Term loans repayable as follows		
- within one year	160	160
- between one and two years	160	188
- between two and five years	187	374
Finance leases are repayable as follows	-	-
- within one year	647	863
- between one and two years	72	752
- between two and five years	-	157
	<u>1,226</u>	<u>2,494</u>

The group holds one term loan (2011 two) A loan of £507,000 (2011 £693,000) is secured over specific plant and machinery within the group Interest is payable at 2.5% per annum

# A&P Group Limited

## Notes to the accounts Period ended 31 March 2013

### 16. Provisions for liabilities and charges

	Deferred tax 2011 £'000	Industrial illness provision 2013 £'000	Total 2011 £'000
At 1 January 2012	625	1,170	1,795
Charged in the period (note 7)	(289)	-	(289)
Utilised in the period	-	(203)	(203)
At 31 March 2013	<u>336</u>	<u>967</u>	<u>1,303</u>

An analysis of the deferred tax liability is shown in note 7

The provision for industrial illness represents the expected costs of settling notified and future claims. 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.

### 17 Called up share capital

#### Group and company

	As at 31 March 2013 £'000	As at 31 December 2011 £'000
Allotted, called up and fully paid		
8,000 ordinary shares of £0.10 each	<u>800</u>	<u>800</u>

# A&P Group Limited

## Notes to the accounts Period ended 31 March 2013

### 18. Profit and loss account

Group	£'000
At 1 January 2012	10,119
Profit for the financial period	5,607
Dividends paid on equity shares	(1,175)
Actuarial loss relating to the pension scheme	(5,291)
Movement in deferred tax relating to the pension scheme	895
At 31 March 2013	10,155
Company	£'000
At 1 January 2012	1,175
Profit for the financial period	1,562
Dividends paid on equity shares	(1,175)
At 31 March 2013	1,562

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

Group	15 month period ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
Profit for the financial period	5,607	3,754
Dividends paid on equity shares	(1,175)	-
Actuarial loss relating to the pension scheme	(5,414)	(9,185)
Adjustment in respect of paragraph 37 of FRS17	123	570
Movement in deferred tax position relating to the pension schemes	895	1,963
Net decrease in shareholders' fund	36	(2,898)
Opening shareholders' funds	10,120	13,018
Closing shareholders' funds	10,156	10,120
Company	2013 £'000	2011 £'000
Profit for the financial year	1,562	-
Dividends paid on equity shares	(1,175)	-
Net increase in shareholders' fund	387	-
Opening shareholders' funds	1,176	1,176
Closing shareholders' funds	1,563	1,176

# A&P Group Limited

## Notes to the accounts

### Period ended 31 March 2013

#### 20. Reconciliation of operating profit to net cash inflow from operating activities

	15 month period ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
Operating profit	8,075	5,302
Amortisation of goodwill	625	500
Difference between pension charge and cash contributions	(3,140)	(2,007)
Depreciation of tangible fixed assets	3,343	2,895
(Profit)/loss on disposal of tangible fixed assets	(3)	385
Decrease/(increase) in stocks	29	(23)
(Increase)/decrease in trade debtors and amounts recoverable on long term contracts	(2,399)	244
Decrease in amounts due to group undertakings	(12)	-
(Increase)/decrease in other debtors	(1,083)	754
Decrease/(increase) in prepayments	151	(474)
Increase/(decrease) in trade creditors	4,829	(3,298)
Increase/(decrease) in other taxation and social security creditors	27	(180)
Decrease in other creditors and related party creditors	(261)	(1,126)
(Increase)/(decrease) in accruals and deferred income	(3,120)	1,228
(Decrease)/increase in provisions	(201)	49
Net cash inflow from operating activities	<u>6,860</u>	<u>4,249</u>

#### 21. Reconciliation of net cash flow to movement in net cash

##### a) Reconciliation of net cash flow to movement in net cash

	15 month period ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
Increase in cash during the period	3,652	1,509
Cash flow from movement in debt and lease financing	<u>1,290</u>	<u>200</u>
Change in net debt resulting in cash flows	4,942	1,709
As at start of period	<u>7,554</u>	<u>5,845</u>
As at end of period	<u>12,496</u>	<u>7,554</u>

# A&P Group Limited

## Notes to the accounts Period ended 31 March 2013

### 21. Reconciliation of net cash flow to movement in net cash (continued)

#### b) Analysis of cash

	As at 1 January 2012	Cash flow £'000	Other non- cash changes £'000	As at 31 March 2013 £'000
Cash at bank and in hand	10,088	3,652	-	13,740
Debt due within one year	(200)	-	22	(178)
Debt due after one year	(562)	237	(22)	(347)
Finance leases due within one year	(863)	-	216	(647)
Finance leases due after one year	(909)	1,053	(216)	(72)
Net debt	<u>7,554</u>	<u>4,942</u>	<u>-</u>	<u>12,496</u>

### 22. Financial commitments

At 31 March 2013 the company had annual commitments under non-cancellable operating leases expiring as follows

	Land and buildings		Plant and machinery	
	2013	2011	2013	2011
Within one year	-	-	32	41
Within two to five years	-	-	245	296
After five years	3,064	3,064	-	-
	<u>3,064</u>	<u>3,064</u>	<u>277</u>	<u>337</u>

### 23. Pension arrangements

The group operates three defined benefit schemes in the United Kingdom, the A&P Pension Scheme, the A&P Ship Repairers Pension Scheme and the A&P Falmouth Pension Scheme. The schemes are closed to future accruals. The group participated in the Shipbuilding Industries Pension Scheme up to 30<sup>th</sup> September 2012 at which point the assets and liabilities of the scheme were transferred to the A&P Falmouth Pension Scheme.

The principal assumptions for the plans made by the actuaries were:

Assumptions as at

	2013	2011
Price inflation - RPI	3.30%	3.00%
Price inflation - CPI	2.55%	2.00%
Pension increase rate	2.15%-3.25%	1.85%-3.00%
Salary increase rate	n/a	n/a
Return on assets	5.16%	5.18%
Discount rate	<u>4.25%</u>	<u>4.90%</u>



# A&P Group Limited

## Notes to the accounts Period ended 31 March 2013

### 23. Pension arrangements (continued)

The amounts recognised in the balance sheet are as follows

	Value at 31 March 2013 £'000	Long term expected rate of return at 31 March %	Value at 31 December 2011 £'000	Long term expected rate of return at 31 December 2011 %
Equities	42,951	6.36	34,517	6.30
Corporate bonds	25,653	4.00	18,810	4.80
Bonds	7,395	2.79	12,728	2.86
Property	-	-	3,384	4.20
Cash	854	0.05	481	2.00
Insured liabilities	2,347	-	-	-
Total market value of assets	79,200		69,920	
Present value of liabilities	(99,379)		(86,934)	
Restriction of surplus	(528)		(651)	
Deficit in scheme	(20,707)		(17,665)	
Deferred tax asset	4,763		4,416	
Net pension deficit	<u>(15,944)</u>		<u>(13,249)</u>	

The group has restricted the surplus on one of the group's schemes as the group's actuaries have indicated that this surplus would not be accessible by the group in the future

The mortality assumptions used were as follows

	2013 Years	2011 Years
Longevity at age 65 for current pensioners		
- Men	21.2-22.0	21.2-21.9
- Women	24.2-25.0	23.9-24.7
Longevity at age 65 for future pensioners		
- Men	23.2-23.3	23.1-23.2
- Women	<u>26.1-26.3</u>	<u>25.9-26.1</u>

# A&P Group Limited

## Notes to the accounts Period ended 31 March 2013

### 23. Pension arrangements (continued)

Amounts recognised in profit and loss account are as follows

	2013	2011
Included within other finance income		
Expected return on pension scheme assets	4,320	4,163
Interest on pension scheme liabilities	(5,210)	(4,329)
	<u>(890)</u>	<u>(166)</u>

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

Analysis of amount recognised in the statement of total recognised gains and losses

	2013 £	2011 £
Actual return less expected return on pension scheme assets	6,825	(762)
Experience losses arising on scheme liabilities	(12,239)	(8,423)
Restriction of surplus	123	570
	<u>(5,291)</u>	<u>(8,615)</u>

Under the funding schedule agreed with the scheme trustees, the group aims to eliminate the deficit over a period of 5 to 11 years within the respective schemes. The group considers that the contribution rates agreed with the trustees are sufficient to eliminate the current deficit over the agreed period.

Reconciliation of defined benefit obligation

	2013 £	2011 £
Opening defined benefit obligation	86,934	77,558
Interest cost	5,210	4,329
Actuarial losses	12,239	8,423
Benefits paid	(5,004)	(3,376)
	<u>99,379</u>	<u>86,934</u>

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £13,203,000 (2011 losses £8,460,000)

## A&P Group Limited

### Notes to the accounts Period ended 31 March 2013

#### 23. Pension arrangements (continued)

##### Reconciliation of fair value of plan assets

	2013 £	2011 £
Opening fair value of scheme assets	69,919	67,885
Expected return on assets	4,320	4,163
Contributions by the employer	3,140	2,010
Actuarial gain/(loss)	6,825	(762)
Benefits paid	(5,004)	(3,376)
Closing fair value of scheme assets	<u>79,200</u>	<u>69,920</u>

##### Details of experience gains and losses for the year to 31 March 2013

	2013 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Fair value of plan assets	79,200	69,919	67,885	63,088	55,069
Present value of defined benefit obligation	(99,379)	(86,934)	(77,558)	(78,239)	(67,710)
Adjustment in respect of paragraph 37 of FRS17	(528)	(651)	(1,221)	-	-
Deficit	<u>(20,707)</u>	<u>(17,665)</u>	<u>(10,894)</u>	<u>(15,027)</u>	<u>(12,641)</u>
Experience adjustment on scheme assets	6,825	(762)	2,492	5,458	(15,027)
Experience adjustment on scheme liabilities	<u>(12,239)</u>	<u>(8,423)</u>	<u>514</u>	<u>(6,244)</u>	<u>(172)</u>

The Group operates a group wide defined contribution scheme. Contributions are charged to the profit and loss account in the period in which the liability arises. Contributions during the year were £1,558,000 (2011: £1,399,000). Amounts accrued at the period end were £108,302 (2011: £133,437) and are included within accruals.

## A&P Group Limited

### Notes to the accounts

#### Period ended 31 March 2013

#### 24. Related party transactions

During the period the company carried out a number of transactions with related parties in the normal course of business and on an arm's length basis. The names of the related parties, nature of these transactions and their total value is shown below

	2013		2011	
	Value of transaction £	Receivable (payable) at the year end £	Value of transaction £	Receivable (payable) at the year end £
Transactions with A&P Ports & Properties Limited and its subsidiaries				
A&PA Property Limited				
Rental payments and services payable by A&P Group Limited and its subsidiaries	2,092	(112)	1,583	(112)
A&P Tyne Properties Limited				
Rental payments and services payable by A&P Group Limited subsidiaries	1,599	-	1,320	-
A&P Ports & Properties Limited				
Services and supplies to A&P Group Limited	36	-	124	(91)
Transactions with Atlantic & Peninsula Services Limited				
Fees payable in respect of directors' services	500	-	333	(233)
Fees receivable in respect of directors' services	45	12	-	-
Transactions with Cammell Laird Ship Repairers & Shipbuilders Limited				
Purchase of fabrication services	552	(134)	-	-
Sale of fabrication services	358	-	-	-