Company Registration No. 05832836

A&P Group Limited

Annual Report and Financial Statements

for the year ended 31 March 2016

A&P Group Limited

Annual report and financial statements for the year ended 31 March 2016

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Annual report and financial statements for the year ended 31 March 2016

Officers and professional advisers

Directors

Atlantic & Peninsula Marine Services Limited
J C Carey

Registered Office

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

Bankers

Santander UK Plc
298 Deansgate
Manchester
M3 4HH
United Kingdom

Solicitors

Hill Dickinson LLP
No 1 St Paul's Square
Liverpool
L3 9SJ
United Kingdom

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle upon Tyne
United Kingdom

A&P Group Limited

Strategic report

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 11 reflects the results of the group for the year ended 31 March 2016.

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

Turnover for the group for the year totalled £81.5m (2015: £91.2m) resulting in a profit before taxation of £3.1m (2015: £10.9m). The net asset position at the year end was £18.4m (2015: £21.1m).

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.

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.

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.

A&P Group Limited

Strategic report (continued)

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.

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 may be 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.

Events after the balance sheet date

No relevant events after the balance sheet date were noted.

On behalf of the Board

J C Carey
Director
10 August 2016

A&P Group Limited

Directors' report

The directors present their Annual report and the audited consolidated financial statements for the year ended 31 March 2016.

Review of business and future developments

The year ended 31 March 2016 has been a busy year despite difficult trading conditions within the commercial sector. The group has concentrated on the ground work laid out in previous years 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 totalled £81.5 million in the year which represents an 11% decrease from the previous year. Profit before taxation at £3.0 million for the year is down from £10.5 million for the previous year and represents a significant decrease in profitability. The decrease in turnover and in profitability arises in part due to the Interim Ship Support contract with the Commonwealth of Australia coming to an end in June 2015 and the new four-year In-service Support Contract being placed with Atlantic & Peninsula Australia Pty Limited, a direct subsidiary of A&P Group Limited's parent company Atlantic & Peninsula Marine Services Limited. This contract commenced on 1st July 2016 with Turnover and profits for the period up to 31st March 2016 of £8.4 million and £1.2 million respectively being booked by Atlantic & Peninsula Australia Pty Limited.

These results are regarded as disappointing although 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 coupled with a significant decrease in activity in the Oil & gas sector has 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.

Whilst the Aircraft Carrier contract represented a significant portion of the turnover in previous years in the NorthEast, the company was successful in winning smaller packages of work to build sections of the Astute Class submarines which is currently on-going. The company expects to capitalise on its Aircraft Carrier and Astute builds and are optimistic that further Astute work packages will be awarded to the company in 2016.

Despite the success in the NorthEast in defence work, the core ship repair market remains competitive with revenues running below expectations and occupancy levels of its dock and berth assets having decreased. The significant reduction in global oil prices, experienced towards the end of 2014, has led to a decline in fabrication work opportunities in the oil and gas market and the difficult trading year experienced in 2015/16 is expected to continue into 2016/17. As a consequence of anticipated lower revenues, the company has taken steps to reduce its cost base by way of a reorganisation in the first quarter of 2015/16 resulting in 31% of the NorthEast workforce being made redundant. 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 completion, on target in July 2015 of the refit project in Falmouth on RFA Mounts Bay which was 50% complete by previous year end. Work will commence on a seven month, £16 million refit contract on RFA Cardigan Bay in July 2016 underpinning Falmouth's 2016/17 budget. Defence sector projects have made a significant contribution to the results for the year and with the award last year of the UKCATTS contract to Falmouth through to 2018, MoD / RFA contracts will continue to feature strongly in 2016 and beyond, allowing us to plan with confidence for the future.

The Group's activities in Australia as prime contractor on the service and support of HMAS Choules for the Royal Australian Navy (RAN) concluded in June 2015 with the new four-year In-service Support Contract being awarded to Atlantic & Peninsula Australia Pty Limited which is a direct subsidiary company of A&P Group Limited's parent company Atlantic & Peninsula Marine Services Limited. The group as a whole 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.

Directors' report (continued)

Falmouth, Tyne and Tees dry docks saw subdued occupancy levels during the first half of the year with Falmouth in particular being underpinned by the work for the MoD. The latter part of the year remained subdued across all yards and whilst the group continues to attract a significant amount of work from commercial customers, they have continued to reduce the average spend per ship, a trend that has also continued into the early part of the 2016/17 financial year. The management and workforce have nonetheless successfully maintained contribution levels enabling the ship repair sector to return a satisfactory performance

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

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 disappointed that activities in both these sectors are currently subdued but 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 which 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 year was in excess of £2.7m. All three defined benefit schemes in which the group participates are 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 2016/17 has been disappointing with a number of commercial ship operators continuing to trim their maintenance budgets. We foresee this trend continuing for the rest of the year but 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 would like to thank all those who have contributed to our performance in the year, while most importantly recognising the efforts of our workforce.

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 RFA Cluster, through life, global reach contract, together with the recently won UKCATTS contract and our regular repeat commercial business within the UK 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 £1,200,000 was paid during the year (2015: £1,750,000).

Directors

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

Atlantic & Peninsula Marine Services Limited
J C Carey
P H Child (Resigned 19 November 2015)

Directors' report (continued)

Directors' indemnity

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

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 £9,000 (2015: £5,000) during the year to charities associated with the maritime industry and charities local to the trading subsidiaries.

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.

Approval of reduced disclosures

The Comany, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received. 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) Key management personnel compensation in total.

The Company also intends to take advantage of these exemptions in the financial statements to be issued in the following year.

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Directors' report (continued)

Statement of disclosure of information to auditors

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

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

On behalf of the Board

J C Carey
Director
10 August 2016

A&P Group 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 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 member of A&P Group Limited

We have audited the Group financial statements of A&P Group Limited for the year ended 31 March 2016 which comprise the Consolidated profit and loss account, the Consolidated statement of other comprehensive income, the Consolidated balance sheet, the Company balance sheet, the Consolidated statement of changes in equity, the Company statement of changes in equity, the Consolidated cash flow statement and the related notes 1 to 25. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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

Respective responsibilities of directors and auditor

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

Scope of the audit of financial statements

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

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Group and company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on matters prescribed in the Companies Act 2006

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

Independent auditor's report to the member 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.

Anthony Farnworth BA ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle upon Tyne, United Kingdom
10 August 2016

A&P Group Limited

Consolidated profit and loss account for the year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
Turnover	5	81,530	91,215
Cost of sales		(72,238)	(74,974)
Gross profit		9,292	16,241
Administrative expenses			
Excluding restructuring costs		(5,535)	(4,845)
Exceptional restructuring costs	6	(570)	-
Total administrative expenses		(6,105)	(4,845)
Operating profit	6	3,187	11,396
Finance costs (net)	7	(97)	(477)
Profit on ordinary activities before taxation		3,090	10,919
Tax on profit on ordinary activities	9	(415)	(1,743)
Profit for the financial year		2,675	9,176

All of the above results relate to continuing operations.

A&P Group Limited

Consolidated statement of other comprehensive income for the year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
Profit for the financial year		2,675	9,176
Other comprehensive income:			
Remeasurement of net defined benefit liability	20	(4,164)	(3,755)
Total tax on components of other comprehensive income	9	32	15
Other comprehensive income for the year, net of tax		(4,132)	(3,740)
Total comprehensive income for the year		(1,457)	5,436

A&P Group Limited

Consolidated balance sheet
as at 31 March 2016

	Notes	2016 £'000	2015 £'000
Fixed assets			
Intangible assets	11	5,181	5,681
Tangible assets	12	12,986	14,231
Investments	13	200	200
		18,367	20,112
Current assets			
Stocks	14	511	497
Debtors	15	18,914	18,553
Cash at bank and in hand		19,570	20,951
		38,995	40,001
Creditors: amounts falling due within one year	16	(17,713)	(19,403)
Net current assets		21,282	20,598
Total assets less current liabilities		39,649	40,710
Creditors: amounts falling due after more than one year	17	(1,951)	(2,104)
Post-employment benefits	20	(17,677)	(15,750)
Provisions for liabilities	21	(1,587)	(1,765)
Net assets		18,434	21,091
Capital and reserves			
Called-up share capital	23	1	1
Profit and loss account		18,433	21,090
Total shareholder's funds		18,434	21,091

The financial statements of A&P Group Limited, (registered number 05832836), were approved by the Board of Directors and authorised for issue on 10 August 2016.

Signed on behalf of the Board of Directors

J C Carey
Director

A&P Group Limited

Company balance sheet
as at 31 March 2016

	Notes	2016 £'000	2015 £'000
Fixed assets			
Investments	13	2,162	2,162
Debtors	15	2,294	2,470
Creditors: amounts falling due within one year	16	(2,549)	(2,432)
Net current assets		(255)	38
Total assets less current liabilities being net assets		1,907	2,200
Capital and reserves			
Called-up share capital	23	1	1
Profit and loss account		1,906	2,199
Total shareholder's funds		1,907	2,200

The financial statements of A&P Group Limited, (registered number 05832836), were approved by the Board of Directors and authorised for issue on 10 August 2016.

Signed on behalf of the Board of Directors

J C Carey
Director

A&P Group Limited

Consolidated statement of changes in equity for the year ended 31 March 2016

	Notes	Called-up share capital £'000	Profit and loss account £'000	Total £'000
Balance as at 1 April 2014 as previously stated		1	16,306	16,307
Changes on transition to FRS 102 (note 25)	25		1,098	1,098
Balance as at 1 April 2014 as restated		1	17,404	17,405
Profit for the financial year		-	9,176	9,176
Other comprehensive income		-	(3,740)	(3,740)
Total comprehensive income for the year		-	5,436	5,436
Dividends	23	-	(1,750)	(1,750)
Balance as at 31 March 2015		1	21,090	21,091
Profit for the financial year		-	2,675	2,675
Other comprehensive income		-	(4,132)	(4,132)
Total comprehensive income for the year		-	(1,457)	(1,457)
Dividends	23	-	(1,200)	(1,200)
Balance as at 31 March 2016		1	18,433	18,434

A&P Group Limited

Company statement of changes in equity
for the year ended 31 March 2016

	Notes	Called-up share capital £'000	Profit and loss account £'000	Total £'000
Balance as at 1 April 2014		1	1,215	1,216
Profit for the financial year		-	2,734	2,734
Dividends	23	-	(1,750)	(1,750)
Balance as at 31 March 2015		1	2,199	2,200
Profit for the financial year		-	907	907
Dividends	23	-	(1,200)	(1,200)
Balance as at 31 March 2016		1	1,906	1,907

A&P Group Limited

Consolidated cash flow statement for the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Net cash inflow from operating activities	18	**569**	**8,995**
Taxation paid		(1,009)	(2,286)
Net cash flows from operating activities		**(440)**	**6,709**
Cashflow from investing activities			
Purchase of tangible fixed assets		(103)	(236)
Sale of tangible fixed assets		-	-
Interest received		137	182
Dividend received		225	-
Net cash flows from investing activities		**259**	**(54)**
Cashflow from financing activities			
Loans repaid		-	(347)
Repayment of principal under finance leases		-	(74)
Interest paid		-	(14)
Dividends paid		(1,200)	(1,750)
Net cash used in financing activities		**(1,200)**	**(2,185)**
Net (decrease) increase in cash and cash equivalents		**(1,381)**	**4,470**
Cash and cash equivalents at the beginning of the year		20,951	16,481
Cash and cash equivalents at the end of the year		**19,570**	**20,951**
Cash and cash equivalents consist of:			
Cash at bank and in hand		19,570	20,951
Cash and cash equivalents		**19,570**	**20,951**

A&P Group Limited

Notes to the financial statements
for the year ended 31 March 2016

1. General information

The Company is a private limited company limited by shares and is incorporated in England. 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 Group 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 Group 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. Details of the transition to FRS 102 are disclosed in note 25.

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 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 Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 31 March.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where a subsidiary has different accounting policies to the Group, adjustments are made to those subsidiary financial statements to apply the Group's accounting policies when preparing the consolidated financial statements.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

3. Summary of significant accounting policies (continued)

Foreign currencies

(i) Functional and presentation currency

The financial statements are presented in pound sterling and rounded to thousands.

The Company's functional and presentation currency is the pound sterling.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the spot exchange rates at the dates of transactions.

At each year-end foreign currency monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

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.

Dividend income is recognised when the right to receive payment is established.

Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group.

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.

(iii) Defined benefit pension plans

The Company operates a defined benefit pension plan for certain employees. A defined benefit pension plan defines the pension benefit that the employee will receive on retirement, usually dependent on several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

3. Summary of significant accounting policies (continued)

Employee benefits (continued)

(iii) Defined benefit pension plans (continued)

The liability recognises in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

(i) The increase in pension liability arising from employee service during the period; and

(ii) The cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Finance expense'.

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.

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. Goodwill is amortised over its expected useful life of 20 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the profit and loss account. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

3. Summary of significant accounting policies (continued)

Tangible fixed assets

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

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

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 year 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 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.

Fixed asset investments

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

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.

Leasing agreements which transfer to the company 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.

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.

3. Summary of significant accounting policies (continued)

(i) Financial assets (continued)

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.

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. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

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.

3. Summary of significant accounting policies (continued)

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.

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 12 for the carrying amount of tangible fixed assets and note 3 for the useful economic lives for each class of asset.

Defined benefit pension scheme

The Company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

5. Turnover

The analysis by geographical destination of the group's turnover, from the only class of business being ship repair and marine engineering, is set out below.

	2016 £'000	2015 £'000
United Kingdom	66,235	64,713
Continental Europe	7,700	9,174
North America	-	232
Rest of world	7,595	17,096
	81,530	91,215

6. Operating profit

Operating profit is stated after charging / (crediting):

	2016 £'000	2015 £'000
Loss on disposal of fixed assets	131	-
Depreciation of tangible fixed assets:		
- owned assets	1,217	1,389
- assets held under finance leases	-	23
Exceptional restructuring costs	570	-
Defined benefit pension settlement credit (note 20)	-	(1,676)
Amortisation of goodwill	500	500
Operating leases charges	3,550	3,581
Fees payable to the company's auditor for the audit of the Company's annual financial statements (company: £nil (2015: £nil)	106	94
- Other – pension services	-	108

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

The impairment of trade receivables in each of the years presented was immaterial.

During the year the group implemented a redundancy programme as a result of a down turn in the commercial market. Total restructuring costs of £570,186 were incurred as a result.

7. Finance costs (net)

	2016 £'000	2015 £'000
Interest payable and similar charges	-	14
Less: investment income	(362)	(182)
Other finance costs	459	645
	97	477

Interest payable and similar charges

	2016 £'000	2015 £'000
Bank interest payable	-	14

Investment income

	2016 £'000	2015 £'000
Income from fixed asset investment	225	-
Bank interest receivable	137	182
	362	182

Other finance costs

	2016 £'000	2015 £'000
Net interest on defined benefit liability (note 20)	459	645

8. Staff costs

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

	2016 No.	2015 No.
By activity:		
Production	468	523
Administration	76	90
	544	613

Staff costs for the above persons	2016 £'000	2015 £'000
Wages and salaries	18,469	20,803
Social security costs	1,748	1,922
Company pension contributions to money purchase pension scheme	1,206	1,168
	21,423	23,893

No staff costs have been capitalised (2015: £nil).

Directors Remuneration	2016 £'000	2015 £'000
Aggregate emoluments	234	342
Company pension contributions to money purchase pension scheme	42	57
	276	399

Two directors accrued retirement benefits through group operated defined contribution schemes (2015: two). Emoluments payable to the highest paid director are as follows:

	2016 £'000	2015 £'000
Aggregate emoluments	196	215
Company pension contributions to money purchase pension scheme	31	24
	227	239

Key management compensation

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2016 £'000	2015 £'000
Salaries and other short-term benefits	409	366
Post-employment benefits	61	50
	470	416

9. Tax on profit on ordinary activities

a) Analysis of tax charge in the year:

Group	**2016** **£'000**	**2015** **£'000**
Current tax:		
United Kingdom corporation tax	125	275
Group relief payable	291	1,456
Foreign Tax relief	(125)	(275)
Adjustments in respect of prior years	(35)	(95)
Foreign tax suffered	171	393
Total current tax	427	1,754
Deferred tax:		
Origination and reversal of timing differences	(28)	(53)
Adjustments in respect of prior years	28	39
Effect of changes in tax rates	(12)	3
Total deferred tax (note 9(d))	(12)	(11)
Tax on profit on ordinary activities	415	1,743

b) Factors affecting tax charge for the year:

The tax assessed for the year is lower (2015: lower) than the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:

	2016 **£'000**	**2015** **£'000**
Profit on ordinary activities before tax	3,090	10,919
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 20% (2015: 21%)	618	2,293
Effects of:		
Expenses not deductible for tax purposes	137	309
Income not assessable for tax purposes	(45)	(405)
Group relief surrendered	137	34
Relief on pension contributions taken to statement of total recognised income	(447)	(518)
Higher tax rates on overseas earnings	46	118
Adjustments in respect of prior years	(35)	(95)
Unrecognised deferred tax	(12)	(30)
Re-measurement of deferred tax		
- Change in UK tax rate	(12)	(3)
- Adjustments in respect of prior years	28	40
Total tax charge for the year	415	1,743

9. Tax on profit on ordinary activities (continued)

c) Factors affecting future tax charges

The Government has announced that it intends to reduce the rate of corporation tax to 17% with effect from 1 April 2020. As this legislation had not been substantively enacted at the year end the impact of the anticipated rate change is not reflected in the tax provisions reported in these financial statements. Finance Act 2015 (No.2), which was substantively enacted in October 2015, included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 18% from 1 April 2020. Accordingly, deferred tax balances have been restated to the lower rate of 18% in these financial statements.

d) Deferred tax

The net deferred tax asset at 31 March is as follows:

	2016 £'000	2015 £'000
Post-employment benefits	3,182	3,150
Other timing differences (see below)	(111)	(123)
	3,071	3,027

The deferred tax asset is recorded in consolidated debtors (see note 15). The Company does not have any deferred tax balances as at 31 March 2016 (2015: £nil)

Other timing differences

The amount of deferred tax provision recognised/unrecognised in the consolidated financial statements at 31 March 2016 (excluding net pension deficit) was as follows:

	Recognised		Unrecognised	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Accelerated capital allowances	126	145	(33)	(44)
Gain held over	28	31	198	220
Other timing differences	(43)	(53)	(23)	(45)
Losses	-	-	(79)	(88)
	111	123	63	43

Movements in deferred tax included in profit or loss

	Deferred tax on other timing differences £'000
At 1 April 2015	123
Utilised in the year	22
Credited in the year	(34)
At 31 March 2016	111

9. Tax on profit on ordinary activities (continued)

d) Deferred tax (continued)

Movements in deferred tax included in other comprehensive income

The amount of deferred tax asset relating to the post-retirement benefits balances recognised in the financial statements at 31 March 2016 was as follows:

	Asset £'000	Provision £'000	Total £'000
At 1 April 2015	3,816	(666)	3,150
Movements dealt with in other comprehensive income	(61)	93	32
At 31 March 2016	3,755	(573)	3,182

10. 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 year, a profit of £907,000 (2015: £2,734,000) is recorded in the financial statements of the company.

11. Intangible assets

Group

	Goodwill £'000
Cost	
At 1 April 2015 and 31 March 2016	10,049
Accumulated amortisation	
At 1 April 2015	4,368
Charge for the year	500
At 31 March 2016	4,868
Net book amount	
At 31 March 2016	5,181
At 31 March 2015	5,681

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

Company

The Company had no intangible assets at 31 March 2016 (2015: £nil).

12. Tangible fixed assets

Group

	Freehold land £'000	Short Leasehold land and buildings £'000	Plant and machinery £'000	Total £'000
Cost				
At 1 April 2015	1,099	11,685	17,409	30,193
Additions	-	-	103	103
Eliminated on disposal	-	(691)	(27)	(718)
Transfer between categories	-	(307)	307	-
At 31 March 2016	1,099	10,687	17,792	29,578
Accumulated depreciation				
At 1 April 2015	-	4,279	11,683	15,962
Charge for the year	-	444	773	1,217
Eliminated on disposal	-	(569)	(18)	(587)
Transfer between categories	-	(307)	307	-
At 31 March 2016	-	3,847	12,745	16,592
Net book value				
At 31 March 2016	1,099	6,840	5,047	12,986
At 31 March 2015	1,099	7,406	5,726	14,231

Company

The Company had no tangible assets at 31 March 2016 (2015: £nil).

13. Fixed asset investments

Group

	£'000
Cost and net book value	
At 1 April 2015 and 31 March 2016	200

One of the company's subsidiaries holds a 5% shareholding in Cammell Laird Ship Repairers & Shipbuilders Limited. The directors believe that the open market value of the investment is at least equal or greater than the net book value.

Company

	£'000
Cost and net book value	
At 1 April 2015 and 31 March 2016	2,162

13. Fixed asset investments (continued)

Interest in subsidiary undertakings

The Company holds 100% of the ordinary £1 shares of the following subsidiary companies, each of which is registered in England and Wales:

Undertaking	Principal activity
A&P Falmouth Limited	Ship repair and general engineering services
A&P Tyne Limited	Ship repair and general engineering services
A&P Tees Limited	Ship repair and general engineering services
Marine Designs Limited	Marine design and fabrication
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
A&P GH 2006 Limited*	Intermediate holding company
A&P Ship Repairers Limited	Intermediate holding company
A&P Shipbuilders Limited	Property ownership
A&P Wallsend Limited	Dormant
A&P Birkenhead Properties Limited	Dormant
Hydropower Limited	Dormant
A&P Southampton Limited	Dormant
A&P Defence Limited	Dormant

*Directly held

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

14. Stocks

	Group 2016 £'000	Group 2015 £'000
Raw materials and consumables	511	497

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

15. Debtors

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Trade debtors	4,327	9,792	2,264	1,261
Amounts recoverable on contracts	10,020	4,064	-	93
Amounts owed by related parties (note 24)	450	334	-	1,092
Corporation tax	30	-	30	24
Deferred tax asset (note 9(d))	3,071	3,027	-	-
Other debtors	610	850	-	-
Prepayments and accrued income	406	486	-	-
	18,914	18,553	2,294	2,470

Provisions for impairment of trade debtors are immaterial in both years presented.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

16. Creditors: amounts falling due within one year

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Trade creditors	10,487	13,198	2,549	2,206
Amounts owed to related parties (note 24)	112	112	-	-
Corporation tax	159	711	-	-
Other taxation and social security	462	521	-	-
Accruals and deferred income	6,493	4,861	-	226
	17,713	19,403	2,549	2,432

Amounts owed to grop undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Accruals and deferred income	1,951	2,104	-	-

18. Notes to the cash flow statement

	2016 £'000	2015 £'000
Profit for the financial year	2,675	9,176
Adjustments for:		
Tax on profit on ordinary activities	415	1,743
Dividend receivable	(225)	-
Interest receivable and similar income	(137)	(182)
Interest payable and similar charges	-	14
Other finance costs	459	645
Operating profit	3,187	11,396
Amortisation of goodwill	500	500
Post-employment benefits less payments	(2,696)	(2,650)
Defined benefit pension settlements	-	(1,676)
Depreciation of tangible fixed assets	1,217	1,412
Loss on disposal of tangible fixed assets	131	-
Decrease in provisions	(178)	(65)
Working capital movements		
(Increase)/decrease in stocks	(14)	97
(Increase)/decrease in trade debtors and amounts recoverable on long term contracts	(491)	3,484
(Increase)/decrease in amounts due by group undertakings	(116)	4
Decrease/(increase) in other debtors	240	(98)
Decrease in prepayments	80	383
Decrease in trade creditors	(2,711)	(3,122)
Decrease in other taxation and social security creditors	(59)	(96)
Decrease in other creditors and related party creditors	-	(25)
Increase/(decrease) in accruals and deferred income	1,479	(549)
Net cash inflow from operating activities	569	8,995

Analysis of changes in net debt

	2016 £'000	2015 £'000
(Decrease)/increase in cash during the year	(1,381)	4,470
Cash flow from movement in debt and lease financing	-	421
Change in net debt resulting in cash flows	(1,381)	4,891
As at start of year	20,951	16,060
As at end of year	19,570	20,951

19. Financial commitments

At 31 March 2016 the company had the following minimum lease payments under non-cancellable operating leases for each of the following periods:

	2016 £'000	2015 £'000
Within one year	3,324	3,326
Within two to five years	12,754	12,880
After five years	39,349	42,425
	55,427	58,631

20. Post-employment benefits

The Group operates a sectionalised defined benefit pension scheme, the A&P Group Pension Scheme. The defined benefit pension scheme is closed to future accrual.

Amounts recognised in the consolidated profit and loss account are as follows:

	2016 £'000	2015 £'000
Defined benefit schemes		
- Settlement gain	-	(1,676)
- Scheme administrative expenses (note 20 a))	131	78
Defined contribution scheme (note 20 b))	1,206	1,168
Total charge/(credit) in operating profit	1,337	(430)
Defined benefit schemes		
- Net interest expense (note 20 a))	459	645
Total charge	1,796	215

Amounts recognised in the consolidated balance sheet in respect of the defined benefit pension schemes are as follows:

	2016 £'000	2015 £'000
Post-retirement benefits – asset (Ship Repairers Section)	3,181	3,333
Post-retirement benefits – deficit (A&P and Falmouth Sections)	(20,858)	(19,083)
Post-retirement benefits – net position	(17,677)	(15,750)

The Company does not have any balances in respect of post-retirement benefits (2015: £nil).

a) Defined benefit schemes

The assets of the Group's defined benefit pension scheme are held in a separately administered fund. The Scheme provides retirement benefits on the basis of members' final salary. The A&P Group Pension Scheme is administered by an independent trustee who is responsible for ensuring that the plan is sufficiently funded to meet current and future obligations.

20. Post-employment benefits (continued)

a) Defined benefit schemes (continued)

Under the funding schedule agreed with the scheme trustees, the group aims to eliminate the deficit over a period of 4 to 10 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.

The Group's defined benefit pension schemes merged into the sectionalised A&P Group Pension Scheme in the year ended 31 March 2015. A settlement gain of £1,676,000 was recorded in that year as a result.

A comprehensive actuarial valuation of the defined benefit pension schemes, using the projected unit method, was carried out at 31 March 2015 by Capita Employee Benefits, independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	2016 %	2015 %
Price inflation – RPI	3.10	2.90
Price inflation – CPI	2.10	2.00
Pension increase rate	1.85 - 3.00	1.80 - 3.00
Salary increase rate	n/a	n/a
Discount rate	3.35	3.15

The mortality assumptions used were as follows:

	2016 Years	2015 Years
Longevity at age 65 for current pensioners:		
- Men	22.2-23.3	21.8-22.3
- Women	24.2-24.5	23.8-24.5
Longevity at age 65 for future pensioners:		
- Men	23.5-24.6	22.4-23.7
- Women	25.7-25.9	24.5-26.0

Reconciliation of scheme assets and liabilities:

	Assets £'000	Liabilities £'000	Total £'000
At 1 April 2015	91,356	(107,106)	(15,750)
Benefits paid	(3,801)	3,801	-
Employer contributions	2,827	-	2,827
Interest income/(expense)	2,871	(3,330)	(459)
Scheme administrative expenses	-	(131)	(131)
Remeasurement losses			
- Actuarial losses	-	(352)	(352)
- Return on plan assets excluding interest income	(3,812)	-	(3,812)
At 31 March 2016	89,441	(107,118)	(17,677)

20. Post-employment benefits (continued)

a) Defined benefit schemes (continued)

Total cost recognised as an expense:

	2016 £'000	2015 £'000
Scheme administrative expenses	131	78
Interest cost	459	645
	590	723

No amounts (2015: £nil) were included in the cost of assets.

The fair value of the plan assets were:

	2016 £'000	2015 £'000
Equities	26,295	27,701
Diversified growth assets	16,642	15,085
Corporate bonds	32,764	33,871
Gilts	10,733	11,507
Insured liabilities	2,566	2,533
Cash	441	659
Total	89,441	91,356

The plan assets do not include any of the Company's (or Group's) financial instruments.

The return on the plan assets was:

	2016 £'000	2015 £'000
Interest income	2,871	3,537
Return on plan assets less interest income	(3,812)	9,926
Total (losses)/gains	(941)	13,463

b) Defined contribution scheme

The amount recognised as an expense for the defined contribution scheme was:

	2016 £'000	2015 £'000
Current year contributions	1,206	1,168

The group 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 £1,206,000 (2015: £1,168,000). As at 31 March 2016, contributions of £156,000 (2015: £102,000) due in respect of the current reporting year had not been paid out to the scheme and are included within accruals.

Notes to the financial statements (continued)
for the year ended 31 March 2016

21. Provisions for liabilities and charges

Group	Industrial illness provision £'000
At 1 April 2015	1,765
Utilised in the year	(178)
Credited in the year	-
At 31 March 2016	1,587

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.

Company

The Company does not have any provisions for liabilities and charges at 31 March 2016 (2015: £nil).

22. Financial instruments

Group

The Group has the following financial instruments:

	2016 £'000	2015 £'000
Financial assets that are measured at amortised cost		
Trade debtors	4,327	9,792
Amounts owed by related parties	450	334
Other debtors	610	850
	5,387	10,976
Financial liabilities that are measured at amortised cos		
Trade creditors	10,487	13,198
Amounts owed to related parties	112	112
Accruals and deferred income	6,493	4,861
	17,092	18,171

Derivative financial instruments – forward contracts

The Group enters into forward foreign currency contracts to mitigate the exchange rate risk for certain foreign currency payables. At 31 March 2016, the outstanding contracts all mature within 10 months (2015: no contracts outstanding) of the year-end. The Group is committed to buy US $747,450 and €670,855 and pay a fixed sterling amount (2015: no contracts outstanding).

The forward currency contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates for GBP: USD and GBP: EUR. The fair value of the forward-foreign currency contracts is not material to these accounts (2015: not applicable).

A&P Group Limited

Notes to the financial statements (continued) for the year ended 31 March 2016

22. Financial instruments (continued)

Company

The Company has the following financial instruments:

	2016 £'000	2015 £'000
Financial assets that are measured at amortised cost		
Trade debtors	2,264	1,261
Amounts owed by group undertakings	-	1,092
	2,264	2,353
Financial liabilities that are measured at amortised cost		
Trade creditors	2,549	2,206

23. Called-up share capital and reserves

Group and company

	2016 £	2015 £
Allotted, called-up and fully paid		
8,000 ordinary shares of £0.10 each	800	800

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

There has been no change in the number of allotted and fully paid shares during either the year ended 31 March 2016 or the year ended 31 March 2015.

Equity dividends

	2016 £'000	2015 £'000
Final dividend for the year ended 31 March 2016 of £1,500 (2015: £2,187.5) per share	1,200	1,750

Notes to the financial statements (continued) for the year ended 31 March 2016

24. Related party transactions

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

	2016		2015	
	Value of transaction £'000	Receivable (payable) at the year end £'000	Value of transaction £'000	Receivable (payable) at the year end £'000
Transactions with The Mersey Docks & Harbour Company Limited:				
Rental payments and services payable by A&P Group Limited and its subsidiaries	1,674	(112)	1,674	(112)
Rental payments and services payable by A&P Group Limited subsidiaries	1,279	-	1,279	-
Transactions with Atlantic & Peninsula Marine Services Limited:				
Management charges payable	400	-	400	-
Fees receivable in respect of directors' services	114	-	90	-
Transactions with Atlantic & Peninsula Australia Pty Limited:				
Management charges receivable	183	-		
Management charges payable	170	-	-	-
Loan account	-	450	-	-
Transactions with Cammell Laird Ship Repairers & Shipbuilders Limited:				
Purchase of fabrication services	-	-	-	-
Sale of fabrication services	-	-	520	334

25. Transition to FRS 102

This is the first year that the Group and Company has presented its results under FRS 102. The last financial statements under the previous UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014.

Set out below are the changes in accounting policies which reconcile, for the Group, profit for the financial year ended 31 March 2015 and the total equity as at 1 April 2014 and 31 March 2015 between UK GAAP as previously reported and FRS 102. Adopting FRS 102 has not resulted in any changes to reported numbers for the Company.

Consolidated net assets

	Notes	At 1 April 2014 £'000	At 31 March 2015 £'000
Capital and reserves (as previously stated)		16,307	18,544
Post-employment benefits – defined benefit pension asset	(i)	1,521	3,333
Deferred tax provision on defined benefit pension asset	(i)	(303)	(666)
Short-term employee benefits	(iii)	(120)	(120)
Capital and reserves (as restated)		17,405	21,091

Consolidated profit and loss account

	Notes	Year ended 31 March 2015 £
Profit for the year (as previously stated)		9,650
Post-employment benefits – defined benefit pension	(ii)	(474)
Profit for the year (as restated)		9,176

Consolidated statement of other comprehensive income

	Notes	Year ended 31 March 2015 £'000
Comprehensive income for the year (as previously stated)		3,987
Other comprehensive income – post-employment benefits	(i)	1,812
Deferred tax on items in other comprehensive income	(i)	(363)
Profit for the year (see above)	(ii)	(474)
Other comprehensive income – post-employment benefits	(ii)	474
Comprehensive income for the year (as restated)		5,436

25. Transition to FRS 102 (continued)

Notes

(i) Post-employment benefits – pension asset

Under previous UK GAAP the Group restricted to £nil any surplus arising in respect of its defined benefit schemes, whereas under FRS 102 such surpluses are recognised as assets, with a corresponding deferred tax liability. On transition to FRS 102, the Group recognised a pension asset of £1,521,000 and a corresponding deferred tax liability of £303,000. As at 31 March 2015, a pension asset of £3,333,000 and an associated deferred tax liability of £666,000 was recorded. The movement in the deferred tax liability from 1 April 2014 to 31 March 2015, £363,000, has been recognised in the statement of other comprehensive income. Additionally, the restriction of the pension surplus under previous UK GAAP also resulted in the restriction of the credit taken to the profit and loss account, with a £1,812,000 debit being recorded in other comprehensive income as a consequence. This debit is reversed on adoption of FRS 102.

(ii) Post-employment benefits – profit and loss and statement of other comprehensive income

Under previous UK GAAP the Group recognised an expected return on defined benefit plan assets in the profit and loss account. Under FRS 102, a net interest expense, based on the net defined benefit liability, is recognised in the profit and loss account. The effect of the change has been to reduce to the credit to the profit and loss account in the year to 31 March 2015 by £474,000 and to increase the credit in other comprehensive income by an equivalent amount.

(iii) Short-term employee benefits - holiday pay accrual

FRS 102 requires short term employee benefits to be charged to the profit and loss account as the employee service is received. This has resulted in the Group recognising a liability for holiday pay of £120,000 on transition to FRS 102. Previous holiday pay accruals were not recognised and where charged to the profit and loss account as they were paid. The calculated liability at 31 March 2015 was also £120,000 and, therefore, the profit and loss account for the year ended 31 March 2015 was unchanged.

Other adjustments arising on transition to FRS 102

Deferred tax asset relating to the post-employment benefits liability

Under FRS 102 the deferred tax asset at 1 April 2014 of £3,013,000, arising on the post-employment benefits liability, is now included within deferred tax on the balance sheet (presented within debtors). Under the previous UK GAAP, and applying FRSs 17 and 19, the deferred tax asset arising on the post-employment benefits liability was offset against the liability. This has no effect on the Group's equity or profit for the year.

Statement of cash flows

The Group's cash flow statement reflects the presentation requirements of FRS 102, which is different to that prepared under FRS 1. Under FRS 102, the cash flow statement additionally reconciles to cash and cash equivalents whereas under previous UK GAAP the cash flow statement reconciled to cash, though this has not given rise to a difference upon adoption of FRS 102.