

Company Registration No. 05832836

A&P Group Limited

Annual Report and Financial Statements

for the year ended 31 March 2018



A&P Group Limited

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

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A&P Group Limited

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

Officers and professional advisers

Directors

Atlantic & Peninsula Marine Services Limited
D T McGinley

Registered Office

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

Auditor

Deloitte LLP
Statutory Auditor
Manchester
United Kingdom

A&P Group Limited

Strategic report

Principal activities

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

The consolidated profit and loss account on page 12 reflects the results of the group for the year ended 31 March 2018.

Review of business and future developments

As shown in the Profit and Loss Account, the Group's turnover for the year ended 31st March 2018 was £94,799,000 compared with £77,623,000 for the year ended 31st March 2017. The Group's operating profit for the year ended 31st March 2018 £2,779,000 compared with £47,000 for the year ended 31st March 2017.

The Group's profit for the year amounted to £2,040,000 (2017: £22,000 loss).

The Balance Sheet shows that the net assets of the Group were £19,407,000 as at 31st March 2018 (2017: £13,378,000). This reflected the impact of the trading results and an actuarial gain (net of deferred tax) relating to the pension scheme of £3,980,000 (2017: actuarial loss of £5,025,000).

The year ended 31 March 2018 has been a busy year despite difficult trading conditions within certain sectors. The group has concentrated on the ground work laid in previous years by continuing to raise its profile in both the traditional ship repair and conversion market and also in the renewable energy, the oil and gas sectors and in modular fabrication for the ship building industry. These together with the generation of a pleasing result by the management and workforce continue to confirm A&P as one of the premier ship building and repairing, ship conversion and marine engineering businesses in the UK.

Turnover for the group totalled £94.8 million in the year representing a 22.1% increase from the previous year. Operating profit of £2.8m for the year is significantly ahead of prior year and represents a return to profitability. The increase in turnover and in profitability arises, primarily, due to improved activity in commercial and military ship repair work in the larger trading subsidiaries.

These results are regarded as pleasing, given that 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 subdued oil & gas sector, have 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.

In the North East, the companies have seen much improved revenue in the ship repair sector, however, the competitive nature of the market place has seen margins being returned below the norm. The companies have continued on with military build for Astute Class and Future Submarine work packages, however, volume of work has been below expectations. Further packages of submarine work have been awarded in the current financial year and this military work should benefit the business for many years to come. Customer loyalty, particularly with the smaller dredging and offshore support vessel customers, remains strong.

Despite the improvement in the North East in ship repair work, the core market remains competitive with revenues, and margins, 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 2017/18 is expected to continue into 2018/19. As a consequence of anticipated lower revenues, the company will continue to take steps necessary to reduce its cost base in line with underlying activity. 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 of the £15.2 million refit project in Falmouth on RFA Lyme Bay. Defence sector projects have made a significant contribution to the results for the year with the RFA UK Customisation, Capability Assessment Trials and Support (UKCCATS) militarisation of RFA Tidespring and RFA Tiderace taking place. In September 2018 the business was awarded the continuation of the RFA Cluster contract for a further ten years, commencing April 2019, with the addition of HMS Scott to the existing vessel fleet, allowing us to plan with confidence for the future.

A&P Group Limited

Strategic report (continued)

Review of business and future developments (continued)

Dock occupancy levels throughout the businesses saw mixed results. The North East businesses saw a fall in occupancy levels with Tyne performing well in the first half of the year but returning to lower levels in the second. Conversely, in the Tees, occupancy levels were very low in the first half of the year but returned strongly particularly in the final quarter of the financial year. Occupancy levels in Falmouth were well ahead of prior year driven by the UKCCATS contract works together with an improved performance in the commercial sector with several new customers visiting the yard. Overall, the management and workforce have 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 recognise that activities in both these sectors remain 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 £3.4m. 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 2018/19 has been encouraging, albeit 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 secured military contracts under UKCATS and Future Submarines 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.

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Strategic report (continued)

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

The financial KPIs relevant to the company are as follows:

	2018	2017
Turnover (£'000s)	94,799	77,623
Gross profit margin as a percentage of turnover	9.8%	6.7%
Profit / (loss) margin as a percentage of turnover	2.5%	(0.1)%

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 at least twelve months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the annual financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies 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.

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.

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Strategic report (continued)

Financial risk management (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 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.

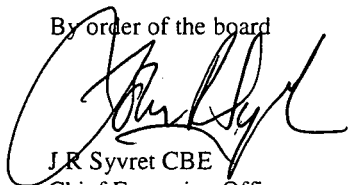
Interest rate cash flow risk

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.

Brexit

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

By order of the board



J.R. Syvret CBE

Chief Executive Officer

Atlantic & Peninsula Marine Services Limited

18th December 2018

A&P Group Limited

Directors' report

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

Dividends

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

Directors

The names of the directors, who held office during the year and thereafter, were as follows:

Atlantic & Peninsula Marine Services Limited
I Carey (died 30th May 2018)
D T McGinley (appointed 11th July 2018)

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 £6,000 (2017: £2,000) 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 5 and form part of this report by cross-reference.

Post balance sheet events

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

A&P Group Limited

Directors' report (continued)

Statement of disclosure of information to auditor

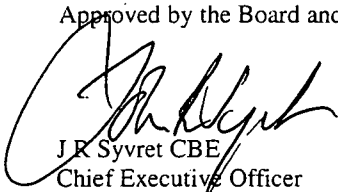
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

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

Approved by the Board and signed on its behalf by:



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

18th December 2018

A&P 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.

A&P Group Limited

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of A&P Group Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated profit and loss account;
- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the notes to the financial statements 1 to 24.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

We have nothing to report in respect of these matters.

Other information

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

A&P Group Limited

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

Matters on which we are required to report by exception

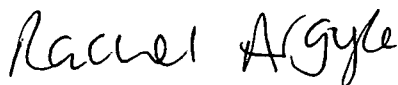
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Rachel Argyle (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Manchester,

United Kingdom

Date:

20 December 2018

A&P Group Limited

Consolidated profit and loss account for the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Turnover	5	94,799	77,623
Cost of sales		(85,465)	(72,400)
Gross profit		<u>9,334</u>	<u>5,223</u>
Administrative expenses		(6,555)	(5,176)
Operating profit	6	<u>2,779</u>	<u>47</u>
Finance costs (net)	7	(414)	(174)
Profit / (loss) before taxation		<u>2,365</u>	<u>(127)</u>
Tax on profit / (loss)	9	(325)	105
Profit / (loss) for the financial year		<u><u>2,040</u></u>	<u><u>(22)</u></u>

All of the above results relate to continuing operations.

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Consolidated statement of comprehensive income for the year ended 31 March 2018

	Notes	2018 £'000	2017 £'000
Profit / (loss) for the financial year		2,040	(22)
<i>Other comprehensive income / (expense):</i>			
Remeasurement of net defined benefit liability	20	5,313	(5,339)
Total tax on components of other comprehensive income	9d	(1,333)	314
Other comprehensive income / (expense) for the year, net of tax		3,980	(5,025)
Total comprehensive income / (expense) for the year		6,020	(5,047)

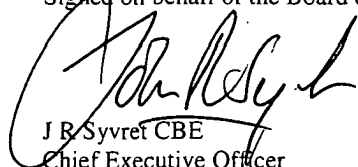
A&P Group Limited

Consolidated balance sheet as at 31 March 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Intangible assets	11	4,181	4,681
Tangible assets	12	11,473	11,972
Investments	13	200	200
		<u>15,854</u>	<u>16,853</u>
Current assets			
Stocks	14	524	467
Debtors	15	24,862	21,232
Cash at bank and in hand		15,935	15,991
		<u>41,321</u>	<u>37,690</u>
Creditors: amounts falling due within one year	16	(21,974)	(17,210)
Net current assets		<u>19,347</u>	<u>20,480</u>
Total assets less current liabilities		<u>35,201</u>	<u>37,333</u>
Creditors: amounts falling due after more than one year	17	(1,645)	(1,798)
Post-employment pension liability	20	(12,724)	(20,562)
Provisions for liabilities	21	(1,425)	(1,586)
Net assets		<u>19,407</u>	<u>13,387</u>
Capital and reserves			
Called-up share capital	23	1	1
Profit and loss account		<u>19,406</u>	<u>13,386</u>
Total shareholder's funds		<u>19,407</u>	<u>13,387</u>

The financial statements of A&P Group Limited, registered number 05832836, were approved by the Board of Directors and authorised for issue on 18th December 2018.

Signed on behalf of the Board of Directors



J B Syvret CBE

Chief Executive Officer

Atlantic & Peninsula Marine Services Limited

A&P Group Limited

Company balance sheet as at 31 March 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Investments	13	2,162	2,162
Debtors	15	3,825	3,825
Creditors: amounts falling due within one year	16	(2,544)	(2,544)
Net current assets		1,281	1,281
Total assets less current liabilities		3,443	3,443
Net current assets		3,443	3,443
Capital and reserves			
Called-up share capital	23	1	1
Profit and loss account		3,442	3,442
Total shareholder's funds		3,443	3,443

Of the profit attributable to shareholders for the financial year, a profit of £Nil (2017: £1,536,000) is recorded in the financial statements of the company.

The financial statements of A&P Group Limited, registered number 05832836, were approved by the Board of Directors and authorised for issue on 18th December 2018.

Signed on behalf of the Board of Directors



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

A&P Group Limited

Consolidated statement of changes in equity for the year ended 31 March 2018

	Notes	Called-up share capital £'000	Profit and loss account £'000	Total £'000
Balance as at 1 April 2016		1	18,433	18,434
Loss for the financial year		-	(22)	(22)
Remeasurement of net defined benefit liability		-	(5,339)	(5,339)
Tax relating to items of other comprehensive income		-	314	314
Total comprehensive expense for the year		-	(5,047)	(5,047)
Balance as at 31 March 2017		1	13,386	13,387
Profit for the financial year		-	2,040	2,040
Remeasurement of net defined benefit liability	20	-	5,313	5,313
Tax relating to items of other comprehensive income	9d	-	(1,333)	(1,333)
Total comprehensive income for the year		-	6,020	6,020
Balance as at 31 March 2018		1	19,406	19,407

A&P Group Limited

Company statement of changes in equity for the year ended 31 March 2018

	Called-up share capital £'000	Profit and loss account £'000	Total £'000
Balance as at 1 April 2016	1	1,906	1,907
Profit for the financial year and total comprehensive income	<u>-</u>	<u>1,536</u>	<u>1,536</u>
Balance as at 31 March 2017	1	3,442	3,443
Profit for the financial year and total comprehensive income	<u>-</u>	<u>-</u>	<u>-</u>
Balance as at 31 March 2018	<u>1</u>	<u>3,442</u>	<u>3,443</u>

A&P Group Limited

Consolidated cash flow statement for the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Net cash inflow from operating activities	18	351	(3,807)
Taxation refund / (paid)		17	(93)
Net cash flows from operating activities		368	(3,900)
Cashflow from investing activities			
Purchase of tangible fixed assets		(485)	(51)
Interest received		61	77
Dividend received from related party		-	295
Net cash flows from investing activities		(424)	321
Cashflow from financing activities			
Dividends paid		-	-
Net cash used in financing activities		-	-
Net decrease in cash and cash equivalents		(56)	(3,579)
Cash and cash equivalents at the beginning of the year		15,991	19,570
Cash and cash equivalents at the end of the year		15,935	15,991
Cash and cash equivalents consist of:			
Cash at bank and in hand		15,935	15,991
Cash and cash equivalents		15,935	15,991

A&P Group Limited

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

1. General information

The Company is a private limited company limited by shares and is incorporated in the United Kingdom and registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 5.

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.

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.

A&P Group meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

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 at least twelve months from the date of approval of the financial statements. Accordingly, 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.

A&P Group Limited

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

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.

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.

A&P Group Limited

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

3. Summary of significant accounting policies (continued)

Employee benefits (continued)

(iii) Defined benefit pension plans (continued)

The liability recognised 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.

A&P Group Limited

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

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. No depreciation is charged on freehold land.

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%

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.

Impairment of assets

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

Non-financial assets

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

Leased assets

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

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.

A&P Group Limited

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

3. Summary of significant accounting policies (continued)

Contract balances

Amounts recoverable on contracts are shown at valuation, less amounts invoiced or received. Valuation includes the cost of materials and direct labour, together with attributable profit, estimated to be earned to date. Direct labour hours are used to determine the level of completion for routine and normal ship repair contracts. In circumstances where application of the above policy would unduly accelerate or delay the recognition of profits materially, other direct costs are taken into account. Full provision is made for any known or anticipated losses. The excess of payments received over amounts recorded as turnover is classified under creditors within one year as payments on account.

Cash and cash equivalents

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

Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

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.

A&P Group Limited

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

3. Summary of significant accounting policies (continued)

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.

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.

A&P Group Limited

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

4. Critical accounting judgements and estimation uncertainty (continued)

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, all of which originated in the United Kingdom, from the only class of business being ship repair and marine engineering (contract turnover), is set out below.

	2018 £'000	2017 £'000
United Kingdom	88,484	64,697
Continental Europe	6,206	11,521
North America	109	363
Rest of world	-	1,042
	<u>94,799</u>	<u>77,623</u>

6. Operating profit

Operating profit is stated after charging:

	2018 £'000	2017 £'000
Depreciation of tangible fixed assets - owned assets	984	1,065
Amortisation of goodwill	500	500
Operating leases charges	3,482	2,907
Fees payable to the company's auditor for:		
- the audit of the Company's annual financial statements	100	69
(company: £nil (2017: £nil))		
- taxation services	32	22
	<u>32</u>	<u>22</u>

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.

A&P Group Limited

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

7. Finance costs (net)

	2018 £'000	2017 £'000
Investment income	(61)	(372)
Other finance costs	475	546
	<u>414</u>	<u>174</u>
Investment income		
	2018 £'000	2017 £'000
Income from fixed asset investment	-	295
Other interest receivable and similar income	61	77
	<u>61</u>	<u>372</u>
Other finance costs		
	2018 £'000	2017 £'000
Net interest on defined benefit liability (note 20)	<u>475</u>	<u>546</u>

A&P Group Limited

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

8. Staff costs

The average monthly number of employees (including executive directors) was:

	2018 No.	2017 No.
By activity:		
Production	463	446
Administration	72	67
	<u>535</u>	<u>513</u>

Staff costs for the above persons	2018 £'000	2017 £'000
Wages and salaries	18,169	17,126
Social security costs	1,717	1,630
Company contributions to money purchase pension scheme (note 20(b))	1,108	1,115
	<u>20,994</u>	<u>19,871</u>

There are no individuals employed by the parent company.

Directors Remuneration	2018 £'000	2017 £'000
Aggregate emoluments	204	171
Company contributions to money purchase pension scheme	26	40
	<u>230</u>	<u>211</u>

One director accrued retirement benefits through group operated defined contribution schemes (2017: one).
Emoluments payable to the highest paid director are as follows:

	2018 £'000	2017 £'000
Aggregate emoluments	204	171
Company contributions to money purchase pension scheme	26	40
	<u>230</u>	<u>211</u>

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:

	2018 £'000	2017 £'000
Salaries and other short-term benefits	372	336
Company contributions to money purchase pension scheme	26	63
	<u>398</u>	<u>399</u>

A&P Group Limited

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

9. Tax on profit / (loss)

a) Analysis of tax charge in the year:

Group	2018 £'000	2017 £'000
Current tax:		
United Kingdom corporation tax	388	-
Group relief payable	-	-
Adjustments in respect of prior years	-	(53)
Total current tax	388	(53)
Deferred tax:		
Origination and reversal of timing differences	(49)	(64)
Adjustments in respect of prior years	(19)	9
Effect of changes in tax rates	5	3
Total deferred tax (note 9(d))	(63)	(52)
Tax on profit / (loss)	325	(105)

b) Factors affecting tax charge for the year:

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

	2018 £'000	2017 £'000
Profit / (loss) before tax	2,365	(127)
Profit / (loss) multiplied by standard rate of corporation tax in the UK 19% (2017: 20%)	449	(25)
Effects of:		
Expenses not deductible for tax purposes	136	131
Income not assessable for tax purposes	-	(59)
Group relief surrendered	230	411
Relief on pension contributions taken to statement of other comprehensive income	(480)	(491)
Adjustments in respect of prior years	-	(53)
Transfer pricing	4	3
Movement in deferred tax not recognised	-	(55)
Re-measurement of deferred tax		
- Change in UK tax rate	5	3
- Adjustments in respect of prior years	(19)	9
Items charged elsewhere	-	21
Total tax charge / (credit) for the year	325	(105)

A&P Group Limited

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

9. Tax on profit / (loss) (continued)

c) Factors affecting future tax charges

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

d) Deferred tax

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

	2018 £'000	2017 £'000
Post-employment benefits	2,163	3,496
Other timing differences (see below)	4	(59)
	<u>2,167</u>	<u>3,437</u>

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 2018 (2017: £nil)

Other timing differences

The amount of deferred tax provision recognised/unrecognised in the consolidated financial statements at 31 March 2018 (excluding net pension deficit) was as follows:

	Recognised		Unrecognised	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Accelerated capital allowances	46	95	(23)	(26)
Gain held over	26	26	-	-
Other timing differences	(76)	(33)	(16)	(3)
Losses	-	(29)	(9)	(21)
	<u>(4)</u>	<u>59</u>	<u>(48)</u>	<u>(50)</u>

Movements in deferred tax included in profit or loss

	Deferred tax on other timing differences £'000
At 1 April 2017	59
Deferred tax charge in profit & loss account	(44)
Adjustment in respect of prior years	(19)
	<u>(4)</u>
At 31 March 2018	<u>(4)</u>

A&P Group Limited

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

9. Tax on profit / (loss) (continued)

d) Deferred tax (continued)

Movements in deferred tax included in other comprehensive income

The amount of deferred tax asset relating to the post-employment benefits balances recognised in the financial statements at 31 March 2018 was as follows:

	Asset £'000	Provision £'000	Total £'000
At 1 April 2017	4,090	(594)	3,496
Movements dealt with in other comprehensive income	(1,143)	(190)	(1,333)
At 31 March 2018	<u>2,947</u>	<u>(784)</u>	<u>2,163</u>

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.

11. Intangible assets

Group

	Goodwill £'000
Cost	
At 1 April 2017 and 31 March 2018	<u>10,049</u>
Accumulated amortisation	
At 1 April 2017	5,368
Charge for the year	500
At 31 March 2018	<u>5,868</u>
Net book amount	
At 31 March 2018	<u>4,181</u>
At 31 March 2017	<u>4,681</u>

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 2018 (2017: £nil).

A&P Group Limited

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

12. Tangible fixed assets

Group	Freehold land £'000	Short Leasehold land and buildings £'000	Plant and machinery £'000	Total £'000
Cost				
At 1 April 2017	1,099	10,687	17,843	29,629
Additions	-	5	480	485
Eliminated on disposals	-	(13)	(275)	(288)
At 31 March 2018	1,099	10,679	18,048	29,826
Accumulated depreciation				
At 1 April 2017	-	4,254	13,403	17,657
Charge for the year	-	383	601	984
Eliminated on disposals	-	(13)	(275)	(288)
At 31 March 2018	-	4,624	13,729	18,353
Net book value				
At 31 March 2018	1,099	6,055	4,319	11,473
At 31 March 2017	1,099	6,433	4,440	11,972

Company

The Company had no tangible assets at 31 March 2018 (2017: £nil).

13. Fixed asset investments

Group	£'000
Cost and net book value	
At 1 April 2017 and 31 March 2018	200

One of the company's subsidiaries holds a 5% shareholding in Cammell Laird Ship Repairers & Shipbuilders Limited, registered office at Campbelltown Road, Birkenhead, Merseyside. CH41 9BP. 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 2017 and 31 March 2018	2,162

A&P Group Limited

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

13. Fixed asset investments (continued)

Interest in subsidiary undertakings

The Company holds 100% of the ordinary £1 shares of the following subsidiary companies, all of which have their registered office at: Wagon way Road, Hebburn, Tyne & Wear, NE31 1SP.

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	
	2018	2017
	£'000	£'000
Raw materials and consumables	524	467

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

A&P Group Limited

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

15. Debtors

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade debtors	6,089	5,315	-	-
Amounts recoverable on contracts	13,277	10,228	-	-
Amounts owed by related parties (note 24)	1,597	553	-	-
Amounts due by group undertakings	-	-	3,825	3,825
Corporation tax	-	17	-	-
Deferred tax asset (note 9(d))	2,167	3,437	-	-
Other debtors	1,472	1,191	-	-
Prepayments and accrued income	260	491	-	-
	<u>24,862</u>	<u>21,232</u>	<u>3,825</u>	<u>3,825</u>

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

The deferred tax asset of £2,167,000 (2017: £3,437,000) is considered to fall due after more than one year.

Amounts owed by related parties and 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		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade creditors	12,023	7,748	-	-
Amounts owed to related parties (note 24)	496	112	-	-
Corporation tax	388	-	-	-
Other taxation and social security	472	446	-	-
Other creditors	2,022	1,906	-	-
Accruals and deferred income	6,573	6,998	2,544	2,544
	<u>21,974</u>	<u>17,210</u>	<u>2,544</u>	<u>2,544</u>

Amounts owed to related parties 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		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Accruals and deferred income	<u>1,645</u>	<u>1,798</u>	<u>-</u>	<u>-</u>

A&P Group Limited

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

18. Notes to the cash flow statement

	2018 £'000	2017 £'000
Profit / (loss) for the financial year	2,040	(22)
<i>Adjustments for:</i>		
Tax on profit / (loss) on ordinary activities	325	(105)
Dividend receivable	-	(295)
Interest receivable and similar income	(61)	(77)
Other finance costs	475	546
Operating profit	2,779	47
Amortisation of goodwill	500	500
Post-employment benefits less payments	(3,000)	(3,000)
Depreciation of tangible fixed assets	984	1,065
Decrease in provisions	(161)	(1)
<i>Working capital movements</i>		
(Increase) / decrease in stocks	(57)	44
Increase in trade debtors and amounts recoverable on long term contracts	(3,823)	(1,196)
Increase in amounts due by related parties	(1,044)	(103)
Increase in other debtors	(281)	(581)
Decrease / (increase) in prepayments	231	(85)
Increase / (decrease) in trade creditors	4,275	(2,739)
Increase / (decrease) in other taxation and social security creditors	26	(16)
Increase in amounts due to related parties	384	-
Increase in other creditors	116	1,906
(Decrease) / increase in accruals and deferred income	(578)	352
Net cash inflow from operating activities	351	(3,807)

Analysis of changes in net debt

	2018 £'000	2017 £'000
Decrease in cash during the year	(56)	(3,579)
Change in net debt resulting in cash flows	(56)	(3,579)
As at start of year	15,991	19,570
As at end of year	15,935	15,991

A&P Group Limited

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

19. Financial commitments

At 31 March 2018, the company had the following minimum lease payments under non-cancellable operating leases for each of the following periods:

	2018 £'000	2017 £'000
Within one year	3,315	3,320
Within two to five years	12,717	12,573
After five years	33,315	36,269
	<u>49,347</u>	<u>52,162</u>

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:

	2018 £'000	2017 £'000
Defined benefit schemes		
Scheme administrative expenses (note 20 a))	-	-
Defined contribution scheme (note 20 b))	1,108	1,115
	<u>1,108</u>	<u>1,115</u>
Total charge in operating profit	1,108	1,115
	<u>1,108</u>	<u>1,115</u>
Defined benefit schemes		
- net interest expense (note 20 a))	475	546
	<u>475</u>	<u>546</u>
Total charge	1,583	1,661
	<u>1,583</u>	<u>1,661</u>

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

	2018 £'000	2017 £'000
Post-employment benefits – asset (Ship Repairers Section)	4,616	3,497
Post-employment benefits – deficit (A&P and Falmouth Sections)	(17,340)	(24,059)
	<u>(12,724)</u>	<u>(20,562)</u>
Post-employment benefits – net position	(12,724)	(20,562)
	<u>(12,724)</u>	<u>(20,562)</u>

The Company does not have any balances in respect of post-employment benefits (2017: £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 independent trustees who are responsible for ensuring that the plan is sufficiently funded to meet current and future obligations.

A&P Group Limited

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

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.

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:

	2018 %	2017 %
Price inflation – RPI	3.15	3.35
Price inflation – CPI	2.15	2.35
Pension increase rate	1.95 - 3.15	2.10 - 3.35
Salary increase rate	n/a	n/a
Discount rate	2.55	2.50

The mortality assumptions used were as follows:

	2018 Years	2017 Years
Longevity at age 65 for current pensioners:		
- Men	21.9 - 23.1	22.0 - 23.1
- Women	23.8 - 24.1	24.0 - 24.2
Longevity at age 65 for future pensioners:		
- Men	23.1 - 24.1	23.3 - 24.2
- Women	25.0 - 25.3	25.5 - 25.7

Reconciliation of scheme assets and liabilities:

	Assets £'000	Liabilities £'000	Total £'000
At 1 April 2017	101,570	(122,132)	(20,562)
Benefits paid	(4,311)	4,311	-
Employer contributions	3,000	-	3,000
Interest income / (expense)	2,524	(2,999)	(475)
Remeasurement gains / (losses)			
- Actuarial gains	-	6,005	6,005
- Return on plan assets excluding interest income	(692)	-	(692)
At 31 March 2018	102,091	(114,815)	(12,724)

A&P Group Limited

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

20. Post-employment benefits (continued)

a) Defined benefit schemes (continued)

Total cost recognised as an expense:

	2018 £'000	2017 £'000
Scheme administrative expenses	-	-
Interest cost	475	546
	<u>475</u>	<u>546</u>

No amounts (2017: £nil) were included in the cost of assets.

The fair value of the plan assets were:

	2018 £'000	2017 £'000
Equities	29,944	32,927
Diversified growth assets	17,522	16,720
Liability driven investments	2,089	-
Corporate bonds	34,264	36,641
Gilts	12,634	12,104
Insured liabilities	2,399	2,617
Cash	3,239	561
Total	<u>102,091</u>	<u>101,570</u>

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

The return on the plan assets was:

	2018 £'000	2017 £'000
Interest income	2,524	2,969
Return on plan assets less interest income	(692)	10,816
Total gains	<u>1,832</u>	<u>13,785</u>

b) Defined contribution scheme

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

	2018 £'000	2017 £'000
Current year contributions (Note 8)	<u>1,108</u>	<u>1,115</u>

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 £1,108,000 (2017: £1,115,000). As at 31 March 2018, contributions of £107,000 (2017: £105,000) due in respect of the current reporting year had not been paid out to the scheme and are included within accruals.

A&P Group Limited

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

21. Provisions for liabilities and charges

Group	Industrial illness provision £'000
At 1 April 2017	1,586
Utilised in the year	(161)
At 31 March 2018	<u>1,425</u>

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 2018 (2017: £nil).

22. Financial instruments

Group

The Group has the following financial instruments:

	2018 £'000	2017 £'000
<i>Financial assets that are measured at amortised cost</i>		
Trade debtors	6,234	5,315
Amounts owed by related parties	1,597	553
Other debtors	1,472	1,191
	<u>9,303</u>	<u>7,059</u>
<i>Financial liabilities that are measured at amortised cost</i>		
Trade creditors	12,023	7,748
Amounts owed to related parties	112	112
Other creditors	2,022	1,906
Accruals and deferred income	6,573	6,998
	<u>20,730</u>	<u>16,764</u>

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 2018 the outstanding contracts all mature within 4 months (2017: no contracts outstanding) of the year-end. The Group is committed to buy US \$2,062,503 and pay a fixed sterling amount (2017: 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. The fair value of the forward-foreign currency contracts is not material to these accounts (2017: not applicable).

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

22. Financial instruments (continued)

Company

The Company has the following financial instruments:

	2018 £'000	2017 £'000
<i>Financial assets that are measured at amortised cost</i>		
Amounts owed by group undertakings	3,825	3,825
<i>Financial liabilities that are measured at amortised cost</i>		
Accruals	2,545	2,545

23. Called-up share capital and reserves

Group and company

	2018 £'000	2017 £'000
Allotted, called-up and fully paid		
8,000 ordinary shares of £0.10 each	1	1

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 2018 or the year ended 31 March 2017.

Equity dividends

	2018 £'000	2017 £'000
Final dividend for the year ended 31 March 2018 of £nil (2017: £nil) per share.	-	-

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

24. Related party transactions

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

	2018		2017	
	Value of transaction £'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 subsidiaries	2,953	(496)	2,953	(112)
Transactions with Atlantic & Peninsula Marine Services Limited:				
Management charges payable by A&P Group Limited subsidiaries	400	-	400	-
Fees receivable by A&P Group Limited subsidiaries in respect of directors' services	110	-	92	-
Transactions with Atlantic & Peninsula Australia Pty Limited:				
Management charges payable by A&P Group Limited subsidiaries	334	-	449	-
Loan account	-	85	-	185
Transactions with Cammell Laird Shiprepairers & Shipbuilders Limited:				
Fabrication services supplied by A&P Group Limited subsidiaries	2,188	1,054	442	368
Transactions with Peel Ports Limited				
Pontoon fabrication and installation services supplied by A&P Group Limited subsidiaries	458	458	-	-