

**Company Registration No. 05832836**

**A&P Group Limited**

**Annual Report and Financial Statements**

**for the year ended 31 March 2021**



# **A&P Group Limited**

## **Annual report and financial statements for the year ended 31 March 2021**

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# **A&P Group Limited**

## **Annual report and financial statements for the year ended 31 March 2021**

### **Officers and professional advisers**

#### **Directors**

D T McGinley  
G T Littleddyke

#### **Registered Office**

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

#### **Auditor**

RSM UK Audit LLP  
Statutory Auditor  
1 St James' Gate  
Newcastle upon Tyne  
NE1 4AD

# 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 company's principal activity is that of a holding company.

The consolidated profit and loss account on page 16 reflects the results of the group for the year ended 31<sup>st</sup> March 2021.

### Review of business and future developments

As shown in the Profit and Loss Account, the Group's turnover for the year ended 31<sup>st</sup> March 2021 was £88,476,000 compared with £74,482,000 for the year ended 31<sup>st</sup> March 2020. The Group's operating profit for the year ended 31<sup>st</sup> March 2021 was £4,881,000, compared with £1,633,000 for the year ended 31 March 2020.

The Group's profit for the year amounted to £3,683,000 (2020: £895,000).

The Consolidated Balance Sheet shows that the net assets of the Group were £22,946,000 as at 31<sup>st</sup> March 2021 (2020: £24,549,000). This reflected the impact of the trading results and an actuarial loss (net of deferred tax) relating to the pension scheme of £2,786,000 (2020: gain £979,000).

The year ended 31 March 2021 has seen a return to higher revenue levels owing to a return to normalised military refit programmes through the Royal Fleet Auxiliary (RFA), absent in the prior year. The impact of the foregoing resulted in the increase of some £25m of revenue in the year offset, in part, by a reduction in offsite military work as some large contracts completed prior year, together with lower commercial ship repair revenue as a consequence of both the Covid-19 pandemic and Brexit. The group has concentrated on the groundwork 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 £88.5 million in the year representing a 19% increase over the previous year as explained above. Operating profit, of £4.9m for the year is consequently much improved and reflects pleasing margins coupled with close overhead cost control.

In June 2020 the Group closed its Marine Designs business following a strategic review. The results of this business are shown as a discontinued activity in the profit & loss account.

These results are regarded as pleasing given that they were delivered during the worldwide Covid-19 pandemic and is testament to the hard work and dedication of our employees who have stepped-up in this period.

Key performance improvement has been derived from strong military work despite the inevitable reduction in other sectors caused by the Covid-19 pandemic. The group continues to concentrate on the core larger ticket ship repair and conversion activities and fabrication contracts, whilst improving performance in respect of previously acquired long-term work.

In the North East, overall revenue was lower than prior year. Core ship repair revenue reduced due, largely, to Covid-19 restrictions and vessel owners utilising local yards on the continent, given understandable uncertainty as the pandemic developed. Margins again improved year-on-year reflecting the continued positive impact of the management reorganisation undertaken towards the end of financial year 2019. Fabrication revenue, however, increased as volume on "Future Submarines" showed modest improvement while work on a long-term barge build programme commenced in the year. As we see project profitability improve over both core disciplines, we push hard to increase volume levels in the North East business through both our loyal customer base and new customers. The business continues working on "Future Submarine" work packages which, although have increased in revenue terms, continue to track below expectations. Further packages of submarine work continue to be 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.

While the core market remains competitive, with revenues running below required levels, 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.

# **A&P Group Limited**

## **Strategic report (continued)**

### **Review of business and future developments (continued)**

In the South West businesses, the results from the Ministry of Defence ('MoD') contract for the support of Royal Fleet Auxiliary ('RFA') vessels were much improved following the return of a major refit absent in the prior year. The improvement in Defence sector projects has been the major factor in the increased profitability for the year. Overall, military projects have improved revenue by some £37m over prior year which has compensated for a reduction in commercial ship repair revenue of £6m due to a combination of Covid-19 and Brexit in the first quarter of the financial year. The regular MoD refit programme restarted in April 2020 which is the first to take place under the RFA Cluster Contract which commenced in April 2019 for a ten-year period as noted in last year's report.

Dock occupancy levels throughout the businesses saw mixed results. The North East businesses saw a decrease in occupancy levels in both Tyne and Tees, with both businesses impacted by Covid-19 particularly in the first quarter when the pandemic first struck. Occupancy levels in Falmouth were much improved from the prior year driven largely by the military refit work. Overall, the management and workforce have successfully improved contribution margin on reduced revenues which continues to give confidence for the year ahead.

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 reported stable revenue despite a complete absence of cruise revenue due to the Covid-19 pandemic. The shortfall was compensated by strong berth and towage revenue driven by military project activity in the Falmouth ship repair business. Cruise calls have started to return during the first quarter of 2021/22 which gives encouragement for the year ahead in that sector.

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, National Shipbuilding Strategy, and also into the oil and gas and heavy engineering industry. The Board recognise that activities in the latter sector remains subdued but are paying close attention to the initiatives in that area and are continuing to develop links into the operation and maintenance part of the offshore supply chain.

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 £5.1m (2020: £3.8m) with the group making a one-off exceptional contribution of £1.5m to the deficit in March 2021. 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 2021/22 has been encouraging, with results for quarter one in line with expectations.

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 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.

# A&P Group Limited

## Strategic report (continued)

### Section 172 statement

Section 172 ('S172') of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, with respect to A&P Group Limited, S172 requires a director to have regard, among other matters, to the:

- likely consequences of any decisions in the long term;
- interests of the Group's employees;
- need to foster the Group's business relationships with suppliers, customers and other stakeholders;
- impact of the Group's operations on the community and environment;
- desirability of the Group maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the Group.

In discharging its S172 duties, the Board has had regard to the factors set out above, although at times some factors may have been given greater weighting than others.

Appropriate regard was also given to other factors considered relevant to the decision being made, for example our relationship with regulators, industry bodies and other business relationships. We acknowledge that every decision the Board has made will not necessarily result in a positive outcome for all of our stakeholders and the Board frequently has to make difficult decisions based on competing priorities. However, by giving consideration to key stakeholder groups and aligning our activities with our strategic plan, as well as the Group's culture and values, we aim to balance those different perspectives in the best interests of the Group over the long term.

We identify our key stakeholders as employees, defined benefit pension schemes, customers, suppliers, communities, the environment, government and shareholders.

The Board considers information from across the organisation to help it understand the impact of the Group's operations, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance, as well as information covering areas such as key risks, and legal and regulatory compliance.

We consider the principal decisions to be those decisions taken by the Board directly, which should not be delegated to either management or a committee of the Board, and which may have a potentially material impact on the Group's strategy, a stakeholder group or the long-term value creation of the Group. We have grouped the Board's principal decisions into the following categories:

- financial results (the full and half year results);
- capital allocation (the approval of the annual budget and dividend policy);
- tax strategy;
- material supplier contracts;
- strategy review (the review of the Group's five year business plan); and
- Group statements (the approval of the Group's modern slavery statement and gender pay report).

Details of the Group's key stakeholders and how we engage with them are set out below.

#### *Employees*

Our employees are key to our success and we want them to be safe, well trained and successful, individually and as a team. We engage with our employees in a number of ways, including face-to-face briefings, newsletters, social media and through engagement with unions.

Key areas of focus include health and well-being, development opportunities, job security, pay and benefits.

Examples of ways in which the Group has responded to the expectations of employees include our response to Covid-19, with the emphasis on safe working practices, having continuous improvement of health and safety practices at the core of everything we do, publication of gender pay reports and development opportunities such as apprenticeship programmes.

# A&P Group Limited

## Strategic report (continued)

### Section 172 statement (continued)

#### *Defined benefit pension schemes*

The Group is party to the A&P Group defined benefit pension scheme. We take seriously our commitment to this pension scheme, which serves to provide benefits for current and former employees of the Group. We engage with the pension scheme on a regular basis through trustee meetings twice a year and by way of update meetings to discuss matters arising between trustee meetings. Key areas of focus include the funding of the pension schemes and the covenant strength of the companies that provide this funding.

The Group continues to fulfil its funding commitments and, through focusing on the growth and financial strength of the business, continues to maintain and build its covenant strength.

#### *Customers and suppliers*

We aim to deliver a high level of service to our customers. We build strong lasting relationships and spend time with them to understand their needs and listen to how we can improve our offer and service to them. We use this knowledge to inform our decision-making, for example to tailor our proposition to suit customer demands.

The Group's procurement function is engaged with building strong relationships with our suppliers to develop mutually beneficial and lasting partnerships. Engagement with suppliers is primarily through a series of interactions and formal reviews. Key areas of focus include building long-term partnerships, fair terms and conditions and health and safety. The Board recognises that relationships with key suppliers are important to the Group's long-term success.

Twice yearly in-scope group companies report on payment practices and terms, with payments within agreed terms an important objective for the group. The Group also works with suppliers on ensuring compliance with the Modern Slavery Act, the Group's statement on which can be found on its website.

#### *Communities*

We engage with the communities in which we operate to build trust and understand the local issues that are important to them. Key areas of focus include how we can support and resolve any concerns that local communities may have with regard to the operation of our businesses, create opportunities to recruit local people and help to look after the environment.

Our businesses employ a significant number of people from the communities in which they are based. We engage constructively with local community groups and individuals where they may have concerns regarding our operations, so we can be a good neighbour to those who live near our various operations. We also support local charities and community projects.

#### *Environment*

The environment has been considered to be strongly related to communities and they are often considered together, although we are ever more conscious that the environment also impacts our customers and suppliers and is of increasing importance to our employees as well. The Group is committed to developing its business to meet the needs of its customers in a sustainable way, with initiatives such as reducing our carbon footprint through better energy management and recycling schemes. The Group also engages with key environmental stakeholders such as the Environmental Agency, the Department for Environment, Food and Rural Affairs and the Marine Management Organisation. Engaging with these stakeholders is important to ensure that planning and licenses are granted and that we are able to meet legislative requirements.

#### *Shareholders*

As owners of our Group we rely on the support of shareholders and their opinions are important to us. Our shareholders appoint representatives to sit on the Board and matters relevant to the Group are discussed in meetings of that Board. Discussions with shareholders cover a wide range of topics including environment, health and safety ('EHS'), financial performance, strategy, outlook and governance.

# A&P Group Limited

## 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:

	2021	2020
Turnover (£'000s)	88,476	74,482
Gross profit margin as a percentage of turnover	11.1%	11.7%
Pre-tax profit margin as a percentage of turnover	5.4%	2.1%

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

### Going Concern

At 31 March 2021, the group has net assets of £22,946,000 (2020: £24,549,000) and a cash balance of £22,199,000 (2020: £21,015,000). The group’s forecasted profitability, and cash balances, over the next twelve months are positive and expected to remain so for the foreseeable future. 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 report and financial statements.

Further details regarding the adoption of the going concern basis can be found in the accounting policies (note 3) in the financial statements.

### Principal risks and uncertainties

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

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

### Financial risk management

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

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



# A&P Group Limited

## 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 counterparty is subject to a case by case assessment by the board. For large projects, the group negotiates payment profiles from its customers that maintain a positive cash flow.

#### *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.

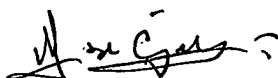
#### **Brexit**

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

#### **Covid-19**

Covid-19 presents financial and operational risks within the business due to the challenges which may be faced by commercial customers. The key risks relate to any changes in demand caused by the pandemic. Having considered the results after the year-end, existing pipelines and future forecasts, the directors do not expect that Covid-19 will have a material impact on the group's ability continue to trade successfully under its current business model. Further details on how the pandemic has affected the group are presented in the directors' report on page 10.

Approved by the Board and signed on its behalf by:



D T McGinley  
Chief Executive Officer

26 November 2021

# **A&P Group Limited**

## **Directors' report**

The directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2021.

### **Dividends**

A final dividend of £2,500,000 was proposed and paid for the year (2020: £nil).

### **Directors**

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

Atlantic & Peninsula Marine Services Limited (resigned 22 December 2020)

D T McGinley

G T Littledyke (appointed 22 December 2020)

### **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 £2,000 (2020: £7,000) during the year to charities associated with the maritime industry and charities local to the trading subsidiaries.

### **Going concern, future developments and financial risk management**

Details of going concern, future developments and financial risk management objectives and policies can be found in the Strategic Report on pages 2 to 7 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.

### **Strategic report**

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

# A&P Group Limited

## Directors' report (continued)

### Streamlined Energy and Carbon Reporting ('SECR')

The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2018 require the disclosure of annual UK energy consumption and greenhouse gas emissions from SECR regulated sources.

Information relevant to the emissions generated throughout the UK operations of the Group are set out below:

	2021	2020
	kWh	kWh
Energy used to calculate emissions	14,279,964	12,211,512
	tCO2e	KGC02e
Greenhouse gas emissions from:		
- combustion of gas	19,214	172,263
- combustion of fuel for transport purposes	560,260	568,357
- combustion of fuel in mobile and static plant	549,430	156,413
- purchased electricity	2,220,553	2,080,461
Total emissions	3,349,457	2,977,494
	2021	2020
	KGC02e per thousand tonnes	KGC02e per thousand tonnes
Intensity ratio <sup>1</sup>	0.672	0.597

### Methodology

The calculation of the SECR greenhouse gas emissions requires the application of a choice of methodology and the use of estimations, which is explained further below.

Greenhouse gas emissions have been calculated using conversion factors published by DEFRA in 2019 and 2020. Additionally, electricity emissions calculations also use supplier-specific fuel-mix disclosures in gCO<sub>2</sub>/kWh, accounting for the contractual arrangements in place. Electricity and natural gas calculations use metered kWh consumption taken from supplier invoices where possible. Transport emissions have been calculated using purchased fuel where available.

### Energy efficiency actions

Within the Tyne facility, a lighting upgrade program that commenced during 2019/20 continues and involves changing 450 Watt lamps in an operational facility to 54 Watt LED corn lights. This saves an approximate 1067 kWh per day, equivalent to approximately 390,000 kWh per annum. All exterior lighting in the facility are being swapped for LED.

Installation of a new variable speed drive compressor in the fabrication hall replacing two fixed speed compressors capable of supplying full demand at half of the cost, offering an energy saving of 50% or £11,000 per annum.

<sup>1</sup> The intensity ratio is the total emissions of 3,349,456 KGC02e (2020: 2,977,494 KGC02e) divided by core UK operational area (4,983,841 sqft).

# A&P Group Limited

## Directors' report (continued)

### Streamlined Energy and Carbon Reporting ('SECR') (continued)

Within the Falmouth facility we continue to roll out of LED replacement lighting across the site and are working with our waste disposal contractor towards 100% diversion from landfill for our waste streams. Covid-19 has meant that we have had to open additional facilities across the site to allow social distancing to keep our workforce safe. This has contributed to an increase in electricity consumption.

The electricity contract now in place utilises 100% renewable energy.

### Covid-19

The global Covid-19 pandemic has brought about a period of unprecedented uncertainty and disrupted global economies and supply chains in ways not seen before. The Group has continued to trade during the pandemic ensuring that crucial customer seaborne assets have remained available to transport goods into and from the United Kingdom.

The health and wellbeing of our employees is at the forefront of our decision making. In order to continue to operate as close to normal as possible, while maintaining our core focus on health and safety, extensive cleaning and availability of hand sanitiser was initiated quickly. Signage was installed reminding employees and visitors to wash hands regularly and to maintain suitable social distancing measures. Visitors to our facilities and non-essential travel by employees was discouraged. Formal policies regarding the reporting of potential symptoms and the requirement to self-isolate were introduced and regular reporting of potential cases to the Executive Board allowed for this to be monitored. As lockdown measures were introduced, employees were encouraged to work from home where practicable and appropriate support was put in place for employees who were considered to be vulnerable. Regular communications have kept employees and third parties up to date as to how the Group is responding to the situation as it develops and as guidance is issued by the UK Government and regulatory authorities.

Continuing to operate as close to normal as possible during the pandemic has necessitated the Group deploying many of its business continuity procedures and has shown the value of investment in technology, including that required to allow employees to work remotely where required.

Commercial opportunities will still present themselves, and the Group is engaging proactivity with customers and potential customers alike to identify ways in which we can provide Group-wide solutions for those companies looking to optimise their supply chains.

### Statement of disclosure of information to auditor

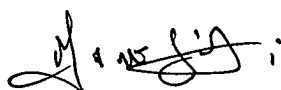
Each of the persons who is a director at the date of approval of this report confirms that:

- 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.

RSM UK Audit LLP were appointed on 13 April 2021 and have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:



D T McGinley  
Chief Executive Officer  
26 November 2021

# **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 period. 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 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.

# **A&P Group Limited**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A&P GROUP LIMITED**

### **Opinion**

We have audited the financial statements of A&P Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise Consolidated profit and loss account, Consolidated statement of comprehensive income, Consolidated balance sheet, Company balance sheet, Consolidated statement of changes in equity, Company statement of changes in equity, Consolidated cash flow statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **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 parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

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

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

# **A&P Group Limited**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A&P GROUP LIMITED**

### **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.

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

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you 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; or

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 10, 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's and the 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 the 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.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

## **A&P Group Limited**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A&P GROUP LIMITED**

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with local tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety, including the port marine safety code. We performed audit procedures to inquire of management, including the Health & Safety Director whether the company is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied in the valuation of the defined benefit pension scheme valuations and challenging judgements applied in the recognition of revenue.

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



## A&P Group Limited

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF A&P GROUP LIMITED

#### 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.

*Alastair Nuttall*

ALASTAIR JOHN RICHARD NUTTALL (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

1 St James' Gate

Newcastle upon Tyne

NE1 4AD

Date 26/11/21

## A&P Group Limited

### Consolidated profit and loss account for the year ended 31 March 2021

	Notes	2021 £'000	2021 £'000	2021 £'000	2020 £'000	2020 £'000	2020 £'000
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Turnover	5	88,588	(112)	88,476	73,783	699	74,482
Cost of sales		(78,467)	(208)	(78,675)	(65,014)	(757)	(65,771)
Gross profit		10,121	(320)	9,801	8,769	(58)	8,711
Administrative expenses		(4,859)	(61)	(4,920)	(7,143)	65	(7,078)
Operating profit	6	5,262	(381)	4,881	1,626	7	1,633
Finance costs (net)	8	(80)	1	(79)	(64)	2	(62)
Profit before taxation		5,182	(380)	4,802	1,562	9	1,571
Tax on profit	10	(1,124)	5	(1,119)	(670)	(6)	(676)
Profit for the financial year		4,058	(375)	3,683	892	3	895

## A&P Group Limited

### Consolidated statement of comprehensive income for the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Profit for the financial year		3,683	895
<i>Other comprehensive (expense) / income:</i>			
Remeasurement of net defined benefit liability	21	(3,333)	942
Total tax on components of other comprehensive income	10	547	37
<b>Other comprehensive (expense) / income for the year, net of tax</b>		<b>(2,786)</b>	<b>979</b>
<b>Total comprehensive income for the year</b>		<b>897</b>	<b>1,874</b>

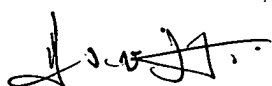
# A&P Group Limited

## Consolidated balance sheet as at 31 March 2021

	Notes	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Intangible assets	12	2,681	3,181
Tangible assets	13	11,334	12,019
Investments	14	200	200
		<u>14,215</u>	<u>15,400</u>
<b>Current assets</b>			
Stocks	15	758	552
Debtors	16	14,268	17,118
Cash at bank and in hand		22,199	21,015
		<u>37,225</u>	<u>38,685</u>
<b>Creditors: amounts falling due within one year</b>	17	<u>(20,148)</u>	<u>(19,871)</u>
<b>Net current assets</b>		<u>17,077</u>	<u>18,814</u>
<b>Total assets less current liabilities</b>		31,292	34,214
<b>Creditors: amounts falling due after more than one year</b>	18	(1,186)	(1,339)
<b>Post-employment pension liability</b>	21	(5,803)	(6,964)
<b>Provisions for liabilities</b>	22	<u>(1,357)</u>	<u>(1,362)</u>
<b>Net assets</b>		<u>22,946</u>	<u>24,549</u>
<b>Capital and reserves</b>			
Called-up share capital	24	1	1
Profit and loss account		<u>22,945</u>	<u>24,548</u>
<b>Total shareholder's funds</b>		<u>22,946</u>	<u>24,549</u>

The financial statements of A&P Group Limited, registered number 05832836, were approved by the Board of Directors and authorised for issue on 26 November 2021.

Signed on behalf of the Board of Directors



D T McGinley  
Chief Executive Officer

## A&P Group Limited

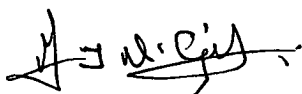
### Company balance sheet as at 31 March 2021

	Notes	2021 £'000	2020 £'000
<b>Fixed assets</b>			
Investments	14	2,162	2,162
Debtors	16	3,825	3,825
Creditors: amounts falling due within one year	17	(2,544)	(2,544)
<b>Net current assets</b>		<u>1,281</u>	<u>1,281</u>
<b>Total assets less current liabilities</b>		<u>3,443</u>	<u>3,443</u>
<b>Net assets</b>		<u>3,443</u>	<u>3,443</u>
<b>Capital and reserves</b>			
Called-up share capital	24	1	1
Profit and loss account		<u>3,442</u>	<u>3,442</u>
<b>Total shareholder's funds</b>		<u>3,443</u>	<u>3,443</u>

Of the profit attributable to shareholders for the financial year, a profit of £2,500,000 (2020: £nil) 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 26 November 2021.

Signed on behalf of the Board of Directors



D T McGinley  
Chief Executive Officer

# A&P Group Limited

## Consolidated statement of changes in equity for the year ended 31 March 2021

	Notes	Called-up share capital £'000	Profit and loss account £'000	Total £'000
Balance as at 1 April 2019		1	22,674	22,675
Profit for the financial year		-	895	895
Remeasurement of net defined benefit liability		-	942	942
Tax relating to items of other comprehensive income		-	37	37
Total comprehensive income for the year		-	1,874	1,874
Balance as at 31 March 2020		1	24,548	24,549
Profit for the financial year		-	3,683	3,683
Remeasurement of net defined benefit liability	21	-	(3,333)	(3,333)
Tax relating to items of other comprehensive income	10	-	547	547
Total comprehensive income for the year		-	897	897
Dividends paid		-	(2,500)	(2,500)
Total transactions with owners recognised directly in equity		-	(2,500)	(2,500)
<b>Balance as at 31 March 2021</b>		<b>1</b>	<b>22,945</b>	<b>22,946</b>

## A&P Group Limited

### Company statement of changes in equity for the year ended 31 March 2021

	Called-up share capital £'000	Profit and loss account £'000	Total £'000
Balance as at 1 April 2019	1	3,442	3,443
Profit for the financial year and total comprehensive income	-	-	-
Balance as at 31 March 2020	1	3,442	3,443
Profit for the financial year and total comprehensive income	-	2,500	2,500
Dividends paid	-	(2,500)	(2,500)
Total transactions with owners recognised directly in equity	-	(2,500)	(2,500)
<b>Balance as at 31 March 2021</b>	<b>1</b>	<b>3,442</b>	<b>3,443</b>

## A&P Group Limited

### Consolidated cash flow statement for the year ended 31 March 2021

	Note	2021 £'000	2020 £'000
Net cash from operating activities	19	4,136	(607)
Taxation paid		(520)	(262)
Net cash generated from operating activities		<u>3,616</u>	<u>(869)</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets	13	(1,451)	(801)
Proceeds from disposal of tangible fixed assets		1,489	130
Interest received	8	30	157
Net cash flows used investing activities		<u>68</u>	<u>(514)</u>
<b>Cash flows from financing activities</b>			
Dividends paid		(2,500)	-
Net cash flows used financing activities		<u>(2,500)</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents		1,184	(1,383)
Cash and cash equivalents at the beginning of the year		<u>21,015</u>	<u>22,398</u>
Cash and cash equivalents at the end of the year		<u><u>22,199</u></u>	<u><u>21,015</u></u>
<b>Cash and cash equivalents consist of:</b>			
Cash at bank and in hand		<u>22,199</u>	<u>21,015</u>
Cash and cash equivalents		<u><u>22,199</u></u>	<u><u>21,015</u></u>

#### Analysis of net cash

	As at 1 April 2020 £'000	Cash Flow £'000	Other non-cash changes £'000	As at 31 March 2021 £'000
Cash at bank and in hand	21,015	1,184	-	22,199
Net cash	<u><u>21,015</u></u>	<u><u>1,184</u></u>	<u><u>-</u></u>	<u><u>22,199</u></u>



# **A&P Group Limited**

## **Notes to the financial statements for the year ended 31 March 2021**

### **1. General information**

The Company is a private 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 7.

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 Limited 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, remuneration of key management personnel and disclosure of related party transactions with other group entities which are wholly owned subsidiaries within the Group. Consolidated financial statements for A&P Group Limited are available at its registered office, Wagonway Road, Hebburn, Tyne and Wear, NE31 1SP.

#### **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, including potential impacts from Covid-19, 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 2021

### 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 2021

### 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.

# A&P Group Limited

## Notes to the financial statements (continued) for the year ended 31 March 2021

### 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.

#### **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 2021

### 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.

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 2021

### 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. See note 15 for amounts recoverable on contracts at the balance sheet date.

#### *Useful economic lives of tangible assets*

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, economic utilisation and the physical condition of the assets. See note 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 2021

### 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.

	2021 £'000	2020 £'000
<b>Continuing operations</b>		
United Kingdom	82,039	67,144
Continental Europe	5,189	4,755
North America	1,339	1,475
Rest of world	21	409
	<u>88,588</u>	<u>73,783</u>
<b>Discontinued operations</b>		
United Kingdom	(112)	699
	<u>88,476</u>	<u>74,482</u>

### 6. Operating profit

Operating profit is stated after charging:

	2021 £'000	2020 £'000
Depreciation of tangible fixed assets - owned assets	1,000	899
(Gain) / loss on disposal of tangible fixed assets	(353)	(130)
Amortisation of goodwill	500	500
Operating leases charges	3,060	3,387
Fees payable to the company's auditor for:		
- the audit of the Company's annual financial statements	110	125
(company: £nil (2020: £nil))		
- taxation compliance services	25	32
	<u>25</u>	<u>32</u>

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

### 7. Discontinued operations

In June 2020 the Board made the decision to cease the trading activities of one of its subsidiary companies, Marine Designs Limited. The Board considered that in the context of the markets in which that Company operates, the business, whilst able to generate small profits, would not realise the returns required adequately supplement other operations within the Group.

# A&P Group Limited

## Notes to the financial statements (continued) for the year ended 31 March 2021

### 8. Finance costs (net)

	2021 £'000	2020 £'000
Investment income	(30)	(157)
Interest payable and similar expenses	109	219
	<u>79</u>	<u>62</u>
<b>Investment income</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Other interest receivable and similar income	<u>30</u>	<u>157</u>
<b>Interest payable and similar expenses</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Net interest on defined benefit liability (note 21)	<u>109</u>	<u>219</u>



# A&P Group Limited

## Notes to the financial statements (continued) for the year ended 31 March 2021

### 9. Staff costs

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

	2021 No.	2020 No.
<b>By activity:</b>		
Production	486	434
Administration	91	90
	<u>577</u>	<u>524</u>

Staff costs for the above persons	2021 £'000	2020 £'000
Wages and salaries	19,981	17,274
Social security costs	1,770	1,743
Company contributions to money purchase pension scheme (note 21(b))	1,293	1,268
	<u>23,044</u>	<u>20,285</u>

There are no individuals employed by the parent company (2020: none)

Directors Remuneration	2021 £'000	2020 £'000
Aggregate emoluments	237	245
Company contributions to money purchase pension scheme	8	-
	<u>245</u>	<u>245</u>

One director accrued retirement benefits through group operated defined contribution schemes (2020: none).  
Emoluments payable to the highest paid director are as follows:

	2021 £'000	2020 £'000
Aggregate emoluments	199	245
Company contributions to money purchase pension scheme	-	-
	<u>199</u>	<u>245</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:

	2021 £'000	2020 £'000
Salaries and other short-term benefits	442	455
Company contributions to money purchase pension scheme	31	26
	<u>473</u>	<u>481</u>

# A&P Group Limited

## Notes to the financial statements (continued) for the year ended 31 March 2021

### 10. Tax on profit

#### a) Analysis of tax charge in the year:

Group	2021 £'000	2020 £'000
Current tax:		
United Kingdom corporation tax	326	(34)
Adjustments in respect of prior years	84	(23)
Total current tax	410	(57)
Deferred tax:		
Origination and reversal of timing differences	709	704
Adjustments in respect of prior years	-	15
Effect of changes in tax rates	-	14
Total deferred tax (note 10(d))	709	733
Tax on profit	1,119	676

#### b) Factors affecting tax charge for the year:

The tax assessed for the year is higher (2020: higher) than the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £'000	2020 £'000
Profit before tax	4,802	1,571
Profit multiplied by standard rate of corporation tax in the UK 19% (2020: 19%)	912	298
Effects of:		
Expenses not deductible for tax purposes	120	155
Relief on pension contributions taken to statement of other comprehensive income	(666)	-
Other permanent differences	63	-
Adjustment in respect of prior years	84	(23)
Gains / rollover relief	-	(11)
Income not subject to tax	(54)	(4)
Deferred tax credited directly to statement of other comprehensive income	547	-
Deferred tax not recognised	(235)	-
Group relief / other reliefs	340	230
Transfer pricing	8	2
Re-measurement of deferred tax		
- Change in UK tax rate	-	14
- Adjustments in respect of prior years	-	15
Total tax charge for the year	1,119	676

# A&P Group Limited

## Notes to the financial statements (continued) for the year ended 31 March 2021

### 10. Tax on profit (continued)

#### c) Factors affecting future tax charges

In the UK budget on 11 March 2020, it was announced that the previously enacted reduction in the standard rate of corporation tax in the UK to 17% from 1 April 2020 would be cancelled and would remain at 19%. The corporation tax rate is now confirmed to increase to 25% from April 2023 which was announced on 3 March 2021.

#### d) Deferred tax

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

	2021 £'000	2020 £'000
Post-employment benefits	1,103	1,323
Accelerated capital allowances	(219)	(206)
Other timing differences	89	18
	<u>973</u>	<u>1,135</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 2021 (2020: £nil).

#### *Movements in deferred tax*

	Asset £'000
At 1 April 2020	1,135
Deferred tax charge in profit & loss account	(709)
Credited to other comprehensive income	547
	<u>973</u>
At 31 March 2021	<u>973</u>

# A&P Group Limited

## Notes to the financial statements (continued) for the year ended 31 March 2021

### 11. 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. A profit of £2,500,000 (2020: £nil) is recorded in the financial statements of the company.

### 12. Intangible assets

#### Group

	<b>Goodwill £'000</b>
<b>Cost</b>	
At 1 April 2020 and 31 March 2021	10,049
<b>Accumulated amortisation</b>	
At 1 April 2020	6,868
Charge for the year	500
At 31 March 2021	7,368
<b>Net book amount</b>	
At 31 March 2021	2,681
At 31 March 2020	3,181

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 2021 (2020: £nil).

# A&P Group Limited

## Notes to the financial statements (continued) for the year ended 31 March 2021

### 13. Tangible fixed assets

Group	Freehold land £'000	Short Leasehold land and buildings £'000	Plant and machinery £'000	Total £'000
<b>Cost</b>				
At 1 April 2020	1,099	10,968	19,743	31,810
Additions	-	36	1,415	1,451
Eliminated on disposals	(1,099)	(97)	(2,543)	(3,739)
At 31 March 2021	-	10,907	18,615	29,522
<b>Accumulated depreciation</b>				
At 1 April 2020	-	5,353	14,438	19,791
Charge for the year	-	352	648	1,000
Eliminated on disposals	-	(97)	(2,506)	(2,603)
At 31 March 2021	-	5,608	12,580	18,188
<b>Net book value</b>				
At 31 March 2021	-	5,299	6,035	11,334
At 31 March 2020	1,099	5,615	5,305	12,019

#### Company

The Company had no tangible assets at 31 March 2021 (2020: £nil).

### 14. Fixed asset investments

<b>Group</b>	£'000
<b>Cost and net book value</b>	
At 1 April 2020 and 31 March 2021	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.	
<b>Company</b>	£'000
<b>Cost and net book value</b>	
At 1 April 2020 and 31 March 2021	2,162

# A&P Group Limited

## Notes to the financial statements (continued) for the year ended 31 March 2021

### 14. 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: Wagonway 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 Services Limited	Dormant
A&P Southampton Limited	Dormant
A&P Defence Limited	Dormant

\*Directly held

\*\* Ceased trading in June 2020.

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

### 15. Stocks

	Group	
	2021	2020
	£'000	£'000
Raw materials and consumables	758	552

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 2021

### 16. Debtors

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade debtors	2,437	7,014	-	-
Amounts recoverable on contracts	8,987	7,249	-	-
Amounts owed by related parties (note 25)	239	96	-	-
Amounts owed by parent company and fellow subsidiaries	67	134	3,825	3,825
Deferred tax asset (note 10(d))	973	1,135	-	-
Other debtors	920	989	-	-
Prepayments and accrued income	645	501	-	-
	<u>14,268</u>	<u>17,118</u>	<u>3,825</u>	<u>3,825</u>

All amounts are considered to fall due within one year with the exception of the deferred tax asset of £973,000 (2020: £1,135,000) which is considered to fall due after more than one year.

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

Amounts owed by related parties, parent company and subsidiary undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

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

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Trade creditors	10,216	9,379	-	-
Amounts owed to related parties (note 25)	112	578	-	-
Corporation tax	326	236	-	-
Other taxation and social security	462	489	-	-
Other creditors	1,630	1,225	-	-
Accruals and deferred income	7,402	7,964	2,544	2,544
	<u>20,148</u>	<u>19,871</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.

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

	Group		Company	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Accruals and deferred income	<u>1,186</u>	<u>1,339</u>	<u>-</u>	<u>-</u>

# A&P Group Limited

## Notes to the financial statements (continued) for the year ended 31 March 2021

### 19. Notes to the cash flow statement

	2021 £'000	2020 £'000
Profit for the financial year	3,683	895
<i>Adjustment for:</i>		
Tax on profit	1,119	676
Finance costs (net)	79	62
Operating profit	4,881	1,633
<i>Adjustments for:</i>		
Amortisation of goodwill	500	500
Depreciation of tangible fixed assets (note 13)	1,000	899
Profit on disposal of tangible fixed assets	(353)	(130)
Decrease in provisions (note 21)	(5)	(45)
(Increase) / decrease in stocks	(206)	52
Decrease in trade debtors and other receivables	2,546	8,598
Increase / (decrease) in trade creditors and other payables	376	(8,949)
Cash from operations	8,739	2,558
Employer pension deficit contributions (note 21)	(4,667)	(3,165)
Fees paid by pension scheme	64	-
Net cash flows from operating activities	4,136	(607)

### 20. Financial commitments

At 31 March 2021, the Group had the following minimum lease payments under non-cancellable operating leases for each of the following periods:

	2021 £'000	2020 £'000
Within one year	3,294	3,348
Between two and five years	12,704	12,982
After five years	24,220	27,187
	40,218	43,518



## A&P Group Limited

### Notes to the financial statements (continued) for the year ended 31 March 2021

#### 21. 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:

	2021 £'000	2020 £'000
Defined contribution scheme (note 21 b))	1,293	1,268
Total charge in operating profit	1,293	1,268
Defined benefit schemes		
- net interest expense (note 21 a))	109	219
- scheme administration expenses	26	-
- past service costs	38	-
Total charge	1,466	1,487

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

	2021 £'000	2020 £'000
Post-employment benefits – asset (A&P and Ship Repairers Section)	1,603	3,799
Post-employment benefits – deficit (Falmouth Section)	(7,406)	(10,763)
Post-employment benefits – net position	(5,803)	(6,964)

The Company does not have any balances in respect of post-employment benefits (2020: £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 2021

### 21. 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 7 years within the respective Section of the A&P Group Pension Scheme. 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 2018 by Capita Employee Benefits, independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	2021 %	2020 %
Price inflation – RPI	3.35	2.65
Price inflation – CPI	2.55	1.65
Pension increase rate	1.60 – 2.65	1.60 – 2.65
Salary increase rate	n/a	n/a
Discount rate	2.00	2.35

The mortality assumptions used were as follows:

	2021 Years	2020 Years
Longevity at age 65 for current pensioners:		
- Men	21.4 – 22.6	21.4 – 22.6
- Women	23.4 – 23.7	23.4 – 23.6
Longevity at age 65 for future pensioners:		
- Men	22.4 – 23.5	22.4 – 23.5
- Women	24.7 – 24.9	24.6 – 24.9

Reconciliation of scheme assets and liabilities:

	Assets £'000	Liabilities £'000	Total £'000
At 1 April 2020	105,034	(111,998)	(6,964)
Benefits paid	(4,140)	4,140	-
Employer contributions	4,667	-	4,667
Interest income / (expense)	2,474	(2,583)	(109)
Remeasurement gains / (losses)			
- Actuarial losses	-	(11,985)	(11,985)
- Experience gains		1,334	1,334
- Return on plan assets excluding interest income	7,318	-	7,318
Past service costs	-	(38)	(38)
Scheme administration expenses	(26)	-	(26)
At 31 March 2021	115,327	(121,130)	(5,803)

# A&P Group Limited

## Notes to the financial statements (continued) for the year ended 31 March 2021

### 21. Post-employment benefits (continued)

#### a) Defined benefit schemes (continued)

Total cost recognised as an expense:

	2021 £'000	2020 £'000
Scheme administration expenses	26	-
Past service cost	38	-
Interest cost	109	219
	<u>173</u>	<u>219</u>

No amounts (2020: £nil) were included in the cost of assets.

The fair value of the plan assets were:

	2021 £'000	2020 £'000
Equities	16,814	16,090
Diversified growth assets	24,161	15,689
Liability driven investments	17,827	23,571
Corporate bonds	10,306	15,821
Gilts	16,814	6,318
Insured liabilities	24,001	23,464
Cash	5,404	4,081
Total	<u>115,327</u>	<u>105,034</u>

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

On 8 August 2019, the Trustees of the pension scheme effected a buy-in of the Ship Repairers section by way of a bulk annuity purchase with a leading insurer. The costs of the annuity was met entirely by the section's assets and is included in the value of insured liabilities.

	2021 £'000	2020 £'000
The return on the plan assets was:		
Interest income	2,474	2,483
Return on plan assets less interest income	7,318	(1,940)
Total gains	<u>9,792</u>	<u>543</u>

#### b) Defined contribution scheme

	2021 £'000	2020 £'000
The amount recognised as an expense for the defined contribution scheme was:		
Current year contributions (Note 9)	<u>1,293</u>	<u>1,268</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 £1,293,000 (2020: £1,268,000). As at 31 March 2021, contributions of £123,000 (2020: £117,000) 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 2021

### 22. Provisions for liabilities

Group	Industrial illness provision £'000
At 1 April 2020	1,362
Utilised in the year	(5)
At 31 March 2021	<u>1,357</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. The claims are expected to be settled over a ten-year period.

#### Company

The Company does not have any provisions for liabilities and charges as at 31 March 2021 (2020: £nil).

### 23. Financial instruments

#### 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 2021 the outstanding contracts all mature within five months (2020: all mature within five months) of the year-end. The Group is committed to buy Euro €2,238,000 and pay a fixed sterling amount (2020: buy Euro €2,563,000 and US \$156,000 and pay a fixed sterling amount).

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. A fair value loss in respect of the forward foreign currency contracts of £153,000 is recognised as an expense at 31 March 2021 (2020: loss of £58,000).

### 24. Called-up share capital and reserves

#### Group and company

	2021 £'000	2020 £'000
Allotted, called-up and fully paid		
8,000 ordinary shares of £0.10 each	<u>1</u>	<u>1</u>

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 2021 or the year ended 31 March 2020.

# A&P Group Limited

## Notes to the financial statements (continued) for the year ended 31 March 2021

### 25. 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:

	2021		2020	
	Value of transaction £'000	Receivable (payable) at the year end £'000	Value of transaction £'000	Receivable (payable) at the year end £'000
<b>Transactions with The Mersey Docks &amp; Harbour Company Limited:</b>				
Rental payments and services payable by A&P Group Limited subsidiaries	2,953	(112)	2,953	(112)
<b>Transactions with Cammell Laird Shiprepairers &amp; Shipbuilders Limited:</b>				
Supply of material and services by A&P Group Limited subsidiaries	331	239	-	-
<b>Transactions with Peel Ports Investments Limited:</b>				
Supply of services	104	-	104	(125)
<b>Transactions with Peel Ports Limited</b>				
Pontoon fabrication and installation services supplied by A&P Group Limited subsidiaries	(80)	-	-	96