

Company Registration No. 10333818 (England and Wales)

**WIGHT SHIPYARD COMPANY LIMITED**

**ACCOUNTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

# WIGHT SHIPYARD COMPANY LIMITED

## COMPANY INFORMATION

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**Directors** Mr P Morton  
Mrs J Daly

**Company number** 10333818

**Registered office** Kintyre House  
70 High Street  
Fareham  
Hampshire  
United Kingdom  
PO16 7BB

**Auditor** Alliot Wingham Limited  
Kintyre House  
70 High Street  
Fareham  
Hants  
PO16 7BB

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# **WIGHT SHIPYARD COMPANY LIMITED**

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# **WIGHT SHIPYARD COMPANY LIMITED**

## **STRATEGIC REPORT**

***FOR THE YEAR ENDED 30 SEPTEMBER 2019***

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The directors present the strategic report for the year ended 30 September 2019.

### **Fair review of the business**

The company builds, repairs and refits aluminium vessels for the high speed passenger ferry, tourist boat, windfarm support and luxury yacht markets in the UK and overseas.

The financial statements for the period cover these core activities as well as a significant level of research and development activity. It has been a year affected by some operational challenges (associated with the scaling up of operations), inaccurate pricing for a new type of vessel (heavier slower boats with extensive interiors compared to the earlier lightweight ferry builds) and a significant investment in the development of vessels which incorporate hybrid propulsion technologies.

The shareholders and board have been supportive of senior management plans to realign the company with the intention of reducing operating costs, improving labour efficiencies and increasing the focus on core activities and key markets (with confidence that previous mistakes will not be repeated). The benefits associated with these changes will be realised in subsequent periods.

This focus will provide a more stable and profitable base for future activities.

### **Principal risks and uncertainties**

Company operations are UK based (but address a global market) and are subject to a number of risks, the principle area of risk and uncertainty relating to economic conditions prevailing in the UK and in key economies around the globe.

The company continues to take measures to ensure that it is not overly reliant on any one global region, sector or customer.

The company continues to assess the risks and opportunities arising from the UK's exit from the European Union ('BREXIT') and evaluate the impact this may have on its activity levels, supply chain and cost base. The company is aware that the marine industry as a whole could see changes during the transition period or as part of a future trade deal that could affect the business. In order to mitigate this risk the company continues to review its supply chain arrangements and to actively target adjacent sectors and new customers.

The company has put measures in place to facilitate the ongoing assessment of the impact of COVID-19 (Coronavirus) and will look to mitigate any negative impact to trading activities through changes to its operating procedures and accessing the support available from various government schemes.

Future risks include the postponed changes to IR35 legislation and the possible impact this may have on gross margins although the current assessment is that this would be minimal.

The company is exposed (to a greater or lesser extent) to a variety of financial risks from its operations including price risk, exchange rate risk, credit risk and liquidity risk.

### **Price risk**

The company has some exposure to fluctuations in the cost of bought-in goods and services due to the long term contract nature of a substantial portion of its turnover. Where fixed pricing is agreed with customers for these larger contracts, the company seeks to secure pricing for bought-in goods and services at the outset of the project, enabling it to price appropriately.

# **WIGHT SHIPYARD COMPANY LIMITED**

## **STRATEGIC REPORT (CONTINUED)**

***FOR THE YEAR ENDED 30 SEPTEMBER 2019***

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### **Exchange rate risk**

The company has some exposure to changes in foreign currency exchange rates as some customer contracts are non-Sterling and, whilst labour is UK based, certain bought-in goods and services are non-Sterling purchases. Where the company can achieve a natural hedge between income and costs it will do so and the remaining potential exposure is reviewed and hedged to the extent the senior management team deem appropriate.

### **Credit risk**

The company's credit risk relates primarily to its trade receivables. The company contracts directly with its customers who range from blue chip companies operating government contracts to small and medium sized entities in the commercial sector. The credit terms granted are proportional to risk profile and larger contracts are invoiced on a stage payment basis (before, during and on completion of the projects).

### **Cash flow and liquidity risk**

The current cash position and short-to-medium-term cash flow forecasts are prepared and reviewed on a weekly basis to mitigate cash flow risk and predict any funding requirements. Liquidity risk is managed by matching payments from customers with the cash outflows on projects and support functions, along with the regular review of the overall working capital position.

### **Key performance indicators**

The ongoing financial performance and financial position of the company are closely monitored through a series of key performance indicators which focus on project performance, turnover, gross profit and net cash balances. All of these are monitored and were reviewed by the senior management team during the year under review. On turnover of £19.8m the gross margin was £0.3m, 1.3% (2018 6.9%) and at the year-end there was a cash balance of £0.4m and a loan balance of £3.3m.

On behalf of the board

Mr P Morton

**Director**

30 September 2020

# **WIGHT SHIPYARD COMPANY LIMITED**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 30 SEPTEMBER 2019***

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The directors present their annual report and financial statements for the year ended 30 September 2019.

### **Principal activities**

The principal activity of the company continued to be that of the building of ships and floating structures.

### **Directors**

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

Mr P Morton

Mrs J Daly

### **Results and dividends**

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

### **Auditor**

Alliott Wingham Limited were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### **Statement of disclosure to auditor**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

Mr P Morton

**Director**

30 September 2020

## **WIGHT SHIPYARD COMPANY LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 30 SEPTEMBER 2019***

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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). 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# WIGHT SHIPYARD COMPANY LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF WIGHT SHIPYARD COMPANY LIMITED

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#### Opinion

We have audited the financial statements of Wight Shipyard Company Limited (the 'company') for the year ended 30 September 2019 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of 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 company's affairs as at 30 September 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

#### Other information

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

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

We have nothing to report in this regard.

#### Opinions on other matters prescribed by the Companies Act 2006

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



# **WIGHT SHIPYARD COMPANY LIMITED**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF WIGHT SHIPYARD COMPANY LIMITED**

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

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

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

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

#### **Responsibilities of directors**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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

#### **Other matters which we are required to address**

In the previous accounting period the directors of the company took advantage of audit exemption under s477 of the Companies Act. Therefore the prior period financial statements were not subject to audit.

## **WIGHT SHIPYARD COMPANY LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBERS OF WIGHT SHIPYARD COMPANY LIMITED**

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##### **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.

**Mark Nolan FCA (Senior Statutory Auditor)**  
**for and on behalf of Alliot Wingham Limited**

30 September 2020

**Chartered Accountants**  
**Statutory Auditor**

Kintyre House  
70 High Street  
Fareham  
Hants  
PO16 7BB

# WIGHT SHIPYARD COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	2019 £	2018 £
<b>Turnover</b>	<b>3</b>	19,807,853	18,473,344
Cost of sales		(19,550,504)	(17,192,400)
<b>Gross profit</b>		257,349	1,280,944
Administrative expenses		(1,967,488)	(902,778)
<b>Operating (loss)/profit</b>	<b>4</b>	(1,710,139)	378,166
Interest receivable and similar income	<b>8</b>	48,315	240,030
Interest payable and similar expenses	<b>9</b>	(28,094)	(56,281)
<b>(Loss)/profit before taxation</b>		(1,689,918)	561,915
Tax on (loss)/profit	<b>10</b>	363,481	(61,164)
<b>(Loss)/profit for the financial year</b>		(1,326,437)	500,751

The profit and loss account has been prepared on the basis that all operations are continuing operations.

# **WIGHT SHIPYARD COMPANY LIMITED**

## **STATEMENT OF COMPREHENSIVE INCOME** ***FOR THE YEAR ENDED 30 SEPTEMBER 2019***

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	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
(Loss)/profit for the year	(1,326,437)	500,751
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<u>(1,326,437)</u>	<u>500,751</u>

# WIGHT SHIPYARD COMPANY LIMITED

## BALANCE SHEET

AS AT 30 SEPTEMBER 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	11	647,608		250,109	
Investments	12	502,500		502,500	
		<u>1,150,108</u>		<u>752,609</u>	
<b>Current assets</b>					
Stocks	15	455,298		118,492	
Debtors	16	4,306,771		4,322,404	
Cash at bank and in hand		402,463		649,875	
		<u>5,164,532</u>		<u>5,090,771</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(6,729,527)</u>		<u>(4,945,630)</u>	
<b>Net current (liabilities)/assets</b>			<u>(1,564,995)</u>		<u>145,141</u>
<b>Total assets less current liabilities</b>			<u>(414,887)</u>		<u>897,750</u>
<b>Provisions for liabilities</b>	19		<u>(55,040)</u>		<u>(41,240)</u>
<b>Net (liabilities)/assets</b>			<u><u>(469,927)</u></u>		<u><u>856,510</u></u>
<b>Capital and reserves</b>					
Called up share capital	22	100		100	
Profit and loss reserves		<u>(470,027)</u>		<u>856,410</u>	
<b>Total equity</b>			<u><u>(469,927)</u></u>		<u><u>856,510</u></u>

The financial statements were approved by the board of directors and authorised for issue on 30 September 2020 and are signed on its behalf by:

Mr P Morton  
Director

Company Registration No. 10333818

# WIGHT SHIPYARD COMPANY LIMITED

## STATEMENT OF CHANGES IN EQUITY

*FOR THE YEAR ENDED 30 SEPTEMBER 2019*

	Share capital	Profit and loss reserves	Total
	£	£	£
<b>Balance at 1 October 2017</b>	100	355,659	355,759
<b>Period ended 30 September 2018:</b>			
Profit and total comprehensive income for the period	-	500,751	500,751
<b>Balance at 30 September 2018</b>	100	856,410	856,510
<b>Year ended 30 September 2019:</b>			
Loss and total comprehensive income for the year	-	(1,326,437)	(1,326,437)
<b>Balance at 30 September 2019</b>	100	(470,027)	(469,927)

# WIGHT SHIPYARD COMPANY LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Notes	2019 £	£	2018 £	£
<b>Cash flows from operating activities</b>					
Cash (absorbed by)/generated from operations	25		(3,076,776)		56,458
Interest paid			(28,094)		(56,281)
Income taxes paid			-		(75,453)
<b>Net cash outflow from operating activities</b>			<b>(3,104,870)</b>		<b>(75,276)</b>
<b>Investing activities</b>					
Purchase of tangible fixed assets		(440,857)		(240,312)	
Interest received		715		30	
Dividends received		47,600		240,000	
<b>Net cash used in investing activities</b>			<b>(392,542)</b>		<b>(282)</b>
<b>Financing activities</b>					
Proceeds of borrowings		3,250,000		-	
<b>Net cash generated from/(used in) financing activities</b>			<b>3,250,000</b>		<b>-</b>
<b>Net decrease in cash and cash equivalents</b>			<b>(247,412)</b>		<b>(75,558)</b>
Cash and cash equivalents at beginning of year			649,875		725,433
<b>Cash and cash equivalents at end of year</b>			<b>402,463</b>		<b>649,875</b>

# WIGHT SHIPYARD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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### **1 Accounting policies**

#### **Company information**

Wight Shipyard Company Limited is a private company limited by shares incorporated in England and Wales. The registered office is Kintyre House, 70 High Street, Fareham, Hampshire, United Kingdom, PO16 7BB.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### **1.2 Going concern**

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Management have determined that with the measures being put into place following the financial loss in the year and to address the impact of COVID-19 (Coronavirus), no material uncertainties exist that would need to be disclosed within the financial statements. The company is in the process of realigning its cost base to improve processes and efficiencies (to meet the challenges of COVID-19 and other identified risks) and at the time of approving the financial statements there continues to be demand from the various business sectors in which it operates.

#### **1.3 Turnover**

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business of boat building, refit and maintenance, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

Investment income is recognised when it is probable that the economic benefits will flow to the company and the amount can be measured reliably.



# WIGHT SHIPYARD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

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### 1 Accounting policies

(Continued)

#### 1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

#### 1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant and equipment	15% reducing balance
Fixtures and fittings	15% reducing balance
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### 1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

#### 1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

# WIGHT SHIPYARD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

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### 1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 1.8 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of replacement cost and cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

#### 1.9 Cash and cash equivalents

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

#### 1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method 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. Financial assets classified as receivable within one year are not amortised.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

# WIGHT SHIPYARD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

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### 1 Accounting policies

(Continued)

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. 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.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Other financial liabilities**

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

# WIGHT SHIPYARD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

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### 1 Accounting policies

(Continued)

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

#### **1.11 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### **1.12 Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### ***Current tax***

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

##### ***Deferred tax***

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

#### **1.13 Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **1.14 Retirement benefits**

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

# WIGHT SHIPYARD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

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### 1 Accounting policies

(Continued)

#### 1.15 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### 1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### **Work in progress**

Calculation of ongoing project work at the year end relies upon judgement as to when the profit will be realised, based on the stage of completion of each project.

#### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### **Property, plant and equipment**

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

#### **Provision for onerous contracts**

Provisions for onerous contracts are calculated by estimating the costs of certain projects based on the works still to be carried out under obligation of the contract and offset against the benefits due to be derived from those contracts.

# WIGHT SHIPYARD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 3 Turnover and other revenue

	2019 £	2018 £
<b>Turnover analysed by class of business</b>		
Building, repairs and refits of aluminium vessels	19,807,853	18,473,344
	<u>19,807,853</u>	<u>18,473,344</u>
	2019 £	2018 £
<b>Other significant revenue</b>		
Interest income	715	30
Dividends received	47,600	240,000
	<u>47,600</u>	<u>240,000</u>
	2019 £	2018 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	3,518,205	12,962,085
Europe	7,565,377	3,797,878
Rest of the World	8,724,271	1,713,381
	<u>19,807,853</u>	<u>18,473,344</u>

### 4 Operating (loss)/profit

	2019 £	2018 £
Operating (loss)/profit for the year is stated after charging:		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	255,882	151,570
Research and development costs	447,884	-
Fees payable to the company's auditor for the audit of the company's financial statements	6,250	-
Depreciation of owned tangible fixed assets	43,358	45,812
Cost of stocks recognised as an expense	9,090,219	9,801,547
Operating lease charges	313,195	252,430
	<u>9,856,788</u>	<u>10,251,359</u>

### 5 Auditor's remuneration

	2019 £	2018 £
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	6,250	-
	<u>6,250</u>	<u>-</u>

# WIGHT SHIPYARD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 6 Employees

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

	2019 Number	2018 Number
Administration and manufacturing	34	28

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	1,118,165	758,665
Social security costs	93,483	93,802
Pension costs	54,055	17,408
	1,265,703	869,875

### 7 Directors' remuneration

	2019 £	2018 £
Remuneration for qualifying services	128,124	57,502
Company pension contributions to defined contribution schemes	4,646	700
	132,770	58,202

### 8 Interest receivable and similar income

	2019 £	2018 £
<b>Interest income</b>		
Interest on bank deposits	715	30
<b>Income from fixed asset investments</b>		
Income from shares in group undertakings	47,600	240,000
Total income	48,315	240,030
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	715	30

# WIGHT SHIPYARD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 9 Interest payable and similar expenses

	2019 £	2018 £
<b>Other finance costs:</b>		
Other interest	28,094	56,281
	<u>28,094</u>	<u>56,281</u>

### 10 Taxation

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	30,489
Adjustments in respect of prior periods	(35,885)	-
	<u>(35,885)</u>	<u>30,489</u>
Total current tax	<u>(35,885)</u>	<u>30,489</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(327,596)	30,675
	<u>(327,596)</u>	<u>30,675</u>
Total tax (credit)/charge	<u>(363,481)</u>	<u>61,164</u>

The actual (credit)/charge for the year can be reconciled to the expected (credit)/charge for the year based on the profit or loss and the standard rate of tax as follows:

	2019 £	2018 £
(Loss)/profit before taxation	<u>(1,689,918)</u>	<u>561,915</u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(321,084)	106,764
Tax effect of expenses that are not deductible in determining taxable profit	2,532	-
Under/(over) provided in prior years	(35,885)	-
Dividend income	(9,044)	(45,600)
	<u>(363,481)</u>	<u>61,164</u>
Taxation (credit)/charge for the year	<u>(363,481)</u>	<u>61,164</u>



# WIGHT SHIPYARD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 11 Tangible fixed assets

	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 October 2018	286,968	4,527	14,240	305,735
Additions	399,030	5,992	35,835	440,857
At 30 September 2019	685,998	10,519	50,075	746,592
<b>Depreciation and impairment</b>				
At 1 October 2018	50,871	1,195	3,560	55,626
Depreciation charged in the year	36,143	756	6,459	43,358
At 30 September 2019	87,014	1,951	10,019	98,984
<b>Carrying amount</b>				
At 30 September 2019	598,984	8,568	40,056	647,608
At 30 September 2018	236,097	3,332	10,680	250,109

### 12 Fixed asset investments

	Notes	2019 £	2018 £
Investments in joint ventures	13	502,500	502,500

#### Movements in fixed asset investments

	Shares in group undertakings and participating interests £
<b>Cost or valuation</b>	
At 1 October 2018 & 30 September 2019	502,500
<b>Carrying amount</b>	
At 30 September 2019	502,500
At 30 September 2018	502,500

# WIGHT SHIPYARD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 13 Joint ventures

Details of the company's joint ventures at 30 September 2019 are as follows:

Name of undertaking	Registered office	Interest held	% Held Direct
Aluminium Marine Consultants Limited	United Kingdom	Ordinary shares	50.00

### 14 Financial instruments

	2019 £	2018 £
<b>Carrying amount of financial assets</b>		
Debt instruments measured at amortised cost	3,072,571	3,490,126
<b>Carrying amount of financial liabilities</b>		
Measured at amortised cost	6,668,198	3,451,153

### 15 Stocks

	2019 £	2018 £
Work in progress	455,298	118,492

### 16 Debtors

	2019 £	2018 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,012,619	1,974,856
Corporation tax recoverable	5,396	-
Other debtors	1,485,901	790,913
Prepayments and accrued income	1,461,459	1,556,635
	3,965,375	4,322,404
<b>Amounts falling due after more than one year:</b>		
Deferred tax asset (note 20)	341,396	-
<b>Total debtors</b>	4,306,771	4,322,404

# WIGHT SHIPYARD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

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

	Notes	2019 £	2018 £
Other borrowings	18	3,250,000	-
Trade creditors		2,760,246	2,812,636
Corporation tax		-	30,489
Other taxation and social security		30,874	28,239
Deferred income		30,455	1,435,749
Other creditors		58,928	470,607
Accruals and deferred income		599,024	167,910
		<u>6,729,527</u>	<u>4,945,630</u>

### 18 Loans and overdrafts

	2019 £	2018 £
Other loans	3,250,000	-
	<u>3,250,000</u>	<u>-</u>
Payable within one year	3,250,000	-
	<u>3,250,000</u>	<u>-</u>

### 19 Provisions for liabilities

	Notes	2019 £	2018 £
Deferred tax liabilities	20	55,040	41,240
		<u>55,040</u>	<u>41,240</u>

### 20 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2019 £	Liabilities 2018 £	Assets 2019 £	Assets 2018 £
<b>Balances:</b>				
Accelerated capital allowances	55,040	41,240	-	-
Tax losses	-	-	341,396	-
	<u>55,040</u>	<u>41,240</u>	<u>341,396</u>	<u>-</u>

## WIGHT SHIPYARD COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

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<b>20</b>	<b>Deferred taxation</b>	<b>(Continued)</b>
		<b>2019</b>
	<b>Movements in the year:</b>	<b>£</b>
	Liability at 1 October 2018	41,240
	Credit to profit or loss	(327,596)
		<hr/>
	Asset at 30 September 2019	(286,356)
		<hr/> <hr/>

The deferred tax asset set out above is only expected to partially reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period. Likewise the deferred tax liability set out above is only expected to partially reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

<b>21</b>	<b>Retirement benefit schemes</b>	<b>2019</b>	<b>2018</b>
	<b>Defined contribution schemes</b>	<b>£</b>	<b>£</b>
	Charge to profit or loss in respect of defined contribution schemes	54,055	17,408
		<hr/> <hr/>	<hr/> <hr/>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

# WIGHT SHIPYARD COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

### 22 Share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
100 Ordinary £1 shares of £1 each	100	100
	<u>100</u>	<u>100</u>

### 23 Control

There is no ultimate controlling party.

### 24 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2019 £	2018 £
Aggregate compensation	128,124	57,502
	<u>128,124</u>	<u>57,502</u>

Key management personnel are deemed to be the directors of the company as they have authority and responsibility for planning, directing and controlling the activities of the entity

#### Transactions with related parties

During the year the company entered into the following transactions with related parties:

	<b>Purchases</b> 2019 £	2018 £
Entities over which the entity has control, joint control or significant influence	601,901	1,475,009
	<u>601,901</u>	<u>1,475,009</u>

The following amounts were outstanding at the reporting end date:

	2019 £	2018 £
<b>Amounts due to related parties</b>		
Entities over which the entity has control, joint control or significant influence	-	115,750
	<u>-</u>	<u>115,750</u>

## WIGHT SHIPYARD COMPANY LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2019

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<b>25 Cash (absorbed by)/generated from operations</b>	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
(Loss)/profit for the year after tax	(1,326,437)	500,751
<b>Adjustments for:</b>		
Taxation (credited)/charged	(363,481)	61,164
Finance costs	28,094	56,281
Investment income	(48,315)	(240,030)
Depreciation and impairment of tangible fixed assets	43,358	45,812
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(336,806)	369,508
Decrease/(increase) in debtors	362,425	(3,789,684)
(Decrease)/increase in creditors	(30,320)	1,616,907
(Decrease)/increase in deferred income	(1,405,294)	1,435,749
<b>Cash (absorbed by)/generated from operations</b>	<b>(3,076,776)</b>	<b>56,458</b>

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This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.