

A&P Falmouth Limited

Annual report and financial statements
for the year ended 31 December 2010

Registered number 103287

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A&P Falmouth Limited

Annual report and financial statements for the year ended 31 December 2010

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A&P Falmouth Limited

Directors' report for the year ended 31 December 2010

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2010

Principal activities and business review

The company's principal activities are ship repair and marine engineering. The company operates facilities out of the port of Falmouth in the south-west of England

The results for the year are set out on page 7

Future outlook

Falmouth dry docks saw encouraging occupancy levels for most of the year underpinned by contracts for the MoD. The results included a major conversion project on the Mounts Bay which was completed on time and within budget. Defence sector projects have made a significant contribution to the 2010 results. Whilst 2010 saw the outcome of the Government's Strategic Defence Spending Review, defence sector projects will nevertheless feature strongly in 2011 and beyond, allowing us to plan with confidence for the future. The company is also determined to take advantage of its location which is well placed to secure work as part of the supply chain for and to provide support services to the emerging renewable energy sector and also into the Oil and gas industry. The board are paying close attention to the initiatives in these areas.

Key performance indicators

The group measures key performance indicators on a monthly basis as part of its internal control processes. They are considered under the following four headings:

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

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

The directors believe that, by ensuring all aspects of the business's operations are formally reviewed, the long term interests of all stakeholders of the business will be protected.

Dividends

The directors do not recommend the payment of a dividend (2009: £nil).

Directors

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

P H Child

T J Allard (resigned 25 February 2011)

A E Griffiths (resigned 25 February 2011)

Atlantic & Peninsula Marine Services Limited (appointed 25 February 2011)

P E Bailey (resigned 25 February 2011)

A&P GH 2006 Limited (resigned 25 February 2011)

A&P Falmouth Limited

Directors' indemnity

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this 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 company 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 the various factors affecting the performance of the company. This is achieved through formal and informal 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.

Principal risks and uncertainties

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

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

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

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

Price risk

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

Foreign exchange risk

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

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Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to a counterparty is subject to a case by case assessment by the board. For large projects, the company negotiates payment profiles which are at worst cash neutral.

Liquidity risk

The company is part of a group which has sufficient funds and agreed banking facilities for operations and planned expansions.

Interest rate cash flow risk

The company is part of a group banking facility which has net positive balances, and these are managed at group level. The company's exposure to interest bearing liabilities is limited to finance leases, and as such is largely protected from movements in interest rates.

Statement of directors' responsibilities

The directors are responsible for preparing the directors' 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,
- 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 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.

A&P Falmouth Limited

Statement of disclosure of information to auditors

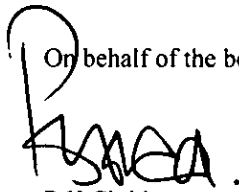
Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware,
- (2) the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

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

The directors' report has been prepared taking advantage of the small companies exemption in accordance with s415A of the Companies Act 2006

On behalf of the board


P H Child
Director

11 May 2011

A&P Falmouth Limited

Independent auditors' report to the members of A&P Falmouth Limited

We have audited the financial statements of A&P Falmouth Limited for the year ended 31 December 2010 which comprise the profit and loss account, statement of total recognised gains and losses, the balance sheet, the statement of accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

A&P Falmouth Limited

Matters on which we are required to report by exception

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

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

Bill MacLeod

Bill MacLeod (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne

11 May 2011

[Date]

A&P Falmouth Limited

Profit and loss account for the year ended 31 December 2010

	Note	2010 £	2009 £
Turnover	1	46,119,604	43 380,216
Cost of sales		(39,863,514)	(37,272,221)
Gross profit		6,256,090	6,107,995
Administrative expenses		(3,052,531)	(4,030,134)
Operating profit	2	3,203,559	2,077,861
Interest payable and similar charges	3	(30,455)	(45,711)
Other finance costs/income	18	(162,000)	(352,000)
Profit on ordinary activities before taxation		3,011,104	1,680,150
Tax on profit on ordinary activities	6	(904,152)	(137,651)
Profit for the financial year	15	2,106,952	1,542,499

All of the activities of the company are continuing

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

A&P Falmouth Limited

Statement of total recognised gains and losses for the year ended 31 December 2010

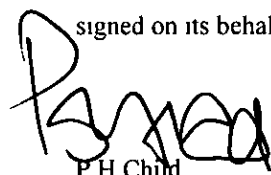
	Note	2010 £	2009 £
Profit for the financial year	15	2,106,952	1,542,499
Actuarial gain/(loss) on pension scheme	18	1,674,000	(3,310,000)
Movement in deferred tax relating to the pension scheme	6	(452,160)	926,800
Total recognised gains and losses during the year		3,328,792	(840,701)

A&P Falmouth Limited

Balance sheet as at 31 December 2010

	Note	2010 £	2009 £
Fixed assets			
Tangible assets	7	5,524,033	5,915,695
Current assets			
Stocks	8	235,163	300,169
Debtors	9	4,510,698	5,473,991
Cash at bank and in hand		9,751,819	7,522,313
		14,497,680	13,296,473
Creditors' amounts falling due within one year	10	(8,861,050)	(9,781,603)
Net current assets		5,636,630	3,514,970
Total assets less current liabilities		11,160,663	9,430,565
Creditors: amounts falling due after more than one year	11	(162,072)	(323,731)
Provisions for liabilities	12	(1,393,459)	(1,486,071)
Net assets excluding pension deficit		9,605,132	7,620,763
Pension deficit	18	(5,090,217)	(6,434,640)
Net assets including pension deficit		4,514,915	1,186,123
Capital and reserves			
Called up share capital	13	4,750,000	4,750,000
Profit and loss account	14	(235,085)	(3,563,877)
Total shareholders' funds	15	4,514,915	1,186,123

The financial statements on pages 7 to 25 were approved by the board of directors on 11 May 2011 and were signed on its behalf by



P H Child

Director

A&P Falmouth Limited

Registered number 103287

A&P Falmouth Limited

Statement of accounting policies

Basis of accounting

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

The principal accounting policies are set out below

Tangible fixed assets

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

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

Leasehold improvements	2% - 10%
Plant and machinery	2½% - 33⅓%

Operating and finance lease agreements

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

Stocks

Stocks are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

Contract balances

The costs on long-term contracts not yet taken to the profit and loss account less related foreseeable losses and payments on account are shown in stocks as long-term contract balances. Amounts recoverable on contracts are shown at valuation, less amounts invoiced or received. Valuation includes the cost of materials and direct labour, together with attributable profit, estimated to be earned to date. Direct labour hours are used to determine the level of completion for routine and normal ship repair contracts. In circumstances where application of the above policy would unduly accelerate or delay the recognition of profits materially, other direct costs are taken into account. 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.

Government grants

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related asset's useful life.

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Provisions

Provisions are recognised when the company has a present obligation as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation

Turnover

Turnover comprises the sales value of goods and services supplied in the normal course of business. Turnover also includes the values of contracts in progress based on the level of completion of the contracts. All sales are shown exclusive of value added tax

Deferred taxation

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

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

Deferred tax is measured on an undiscounted basis

Pension scheme arrangements

The company participates in a defined benefit pension scheme for the benefit of the majority of its employees, the assets of which are held separately from those of the company in independently administered funds. Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The company contributions are made in accordance with periodic calculations by professionally qualified actuaries

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

The company also participates in the A&P Pension Scheme, a group defined benefit pension scheme. As the company is unable to identify its share of the assets and liabilities of the group scheme, it accounts for contributions as if they were to a defined contribution pension scheme. Contributions are charged to the profit and loss account in the year to which they relate

The company also participates in a group wide defined contribution scheme in respect of pension costs and post retirement benefits. The amount charged to the profit and loss account is the contributions payable in the year end. Contributions actually paid are shown as either accruals and prepayments in the balance sheet

A&P Falmouth Limited

6 Tax on profit on ordinary activities (continued)

(d) Factors affecting future tax charges

Deferred tax

The amount of deferred tax provided for in the financial statements at the year end was as follows

	2010	2009
	£	£
Provision for deferred tax (excluding pension deficit) (note 12)		
Accelerated capital allowances	382,018	394,160
Other timing differences	(15,681)	-
	366,337	394,160

	2010
	£
Deferred tax asset relating to pension deficit	
At 1 January	2,502,080
Deferred tax charge in profit and loss account	(167,750)
Deferred tax debited to the statement of total recognised gains and losses	(452,160)
At 31 December	1,882,170

The deferred tax asset of £1,882,170 (2009 £2,502,080) has been deducted in arriving at the net pension deficit on the balance sheet

There are no deferred tax assets unprovided for in the financial statements at the year end

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Cash flow statement

The company is a wholly owned subsidiary and is exempt under the terms of Financial Reporting Standard No 1 'Cash flow statements' (revised 1996) from publishing a cash flow statement

Related parties

The company has taken advantage of the exemptions available under Financial Reporting Standard No 8 and has not disclosed transactions with companies that are part of the A&P Group Limited group of companies

Transactions denominated in foreign currencies

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

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Notes to the financial statements for the year ended 31 December 2010

1 Turnover

The company's activities comprise the provision of ship repair and marine engineering services. The geographical analysis of the company's turnover by destination is as follows:

	2010	2009
	£	£
United Kingdom	41,203,450	37,759,546
Rest of Europe	3,987,611	4,921,745
North America	736,424	207,925
Rest of World	192,119	491,000
	46,119,604	43,380,216

2 Operating profit

Operating profit is stated after charging:

	2010	2009
	£	£
Depreciation of tangible fixed assets		
- Owned assets	524,770	505,591
- Assets held under finance leases and hire purchase contracts	67,118	67,118
Property rental – land and buildings	1,138,200	1,138,200
Hire of plant and machinery – operating leases	302,260	271,710
Auditors' remuneration		
- Audit fees	18,000	18,000
- Other services – taxation	7,000	7,000

3 Interest payable and similar charges

	2010	2009
	£	£
Hire purchase and finance lease interest	30,455	45,711

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4 Staff costs

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

	2010	2009
By activity:	Number	Number
Production	342	352
Administrative	38	36
	380	388

	2010	2009
	£	£
Staff costs for the above persons		
Wages and salaries	11,026,734	11,202,901
Social security costs	1,084,868	1,022,522
Other pension costs (note 18)	731,299	764,274
	12,842,901	12,989,697

5 Directors' emoluments

Directors' remuneration (including payments made by other group companies) was paid in respect of directors of the company as follows

	2010	2009
	£	£
Aggregate emoluments	152,141	133,964
Company pension contributions to money purchase scheme	31,280	52,947

Company pension contributions are made to a company money purchase scheme for one director (2009 one)

The emoluments of certain directors, who are also directors of a number of group companies, are borne in full by the principal employing company. No recharge is made as these directors provide services primarily to the principal employer. These directors' emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the principal employer.

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6 Tax on profit on ordinary activities

(a) Analysis of tax charge in the year

	2010	2009
	£	£
Current tax		
UK corporation tax on profits of the year	764,225	-
Total current tax	764,225	-
Deferred tax:		
Origination and reversal of timing differences	99,772	159,455
Adjustments in respect of prior years	(36,429)	(21,804)
Effect of changes in tax rates	76,584	-
Total deferred tax	139,927	137,651
Tax on profit on ordinary activities	904,152	137,651

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2009 lower) than the standard rate of corporation tax in the UK. The differences are explained below

	2010	2009
	£	£
Profit on ordinary activities before taxation	3,011,104	1,680,150
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 28% (2009 28%)	843,109	470,442
Effects of		
Expenses not deductible for tax purposes	24,583	80,648
Accelerated capital allowances and other timing differences	(103,467)	(159,452)
Group relief claimed	-	(391,638)
Current tax charge for the year	764,225	-

Factors affecting future tax charges

The standard rate of corporation tax in the UK changed to 26% with effect from 1 April 2011 and further annual reductions have been announced to 2014. A rate of 27% had been enacted at the balance sheet date and has therefore been included in these financial statements. The remaining changes had not been enacted at the balance sheet date and therefore not included.

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6 Tax on profit on ordinary activities (continued)

(c) Factors affecting future tax charges

Deferred tax

The amount of deferred tax provided for in the financial statements at the year end was as follows

	2010	2009
	£	£
Provision for deferred tax (excluding pension deficit) (note 12)		
Accelerated capital allowances	382,018	394,160
Other timing differences	(15,681)	-
	366,337	394,160

	2010
	£
Deferred tax asset relating to pension deficit	
At 1 January	2,502,080
Deferred tax charge in profit and loss account	(167,750)
Deferred tax debited to the statement of total recognised gains and losses	(452,160)
At 31 December	1,882,170

The deferred tax asset of £1,882,170 (2009 £2,502,080) has been deducted in arriving at the net pension deficit on the balance sheet

There are no deferred tax assets unprovided for in the financial statements at the year end

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7 Tangible assets

	Leasehold improvements £	Plant and machinery £	Total £
Cost			
At 1 January 2010	1,647,082	13,279,743	14,926,825
Additions	46,168	154,058	200,226
Disposals	-	(15,940)	(15,940)
At 31 December 2010	1,693,250	13,417,861	15,111,111
Accumulated depreciation			
At 1 January 2010	576,830	8,434,300	9,011,130
Charge for the year	79,505	512,383	591,888
Disposals	-	(15,940)	(15,940)
At 31 December 2010	656,335	8,930,743	9,587,078
Net book amount			
At 31 December 2010	1,036,915	4,487,118	5,524,033
At 31 December 2009	1,070,252	4,845,443	5,915,695

Plant and machinery at 31 December 2010 included leased assets with a net book value of £825,091 (2009 £892,209)

8 Stocks

	2010 £	2009 £
Raw materials and consumables	235,163	300,169

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9 Debtors

	2010	2009
	£	£
Trade debtors	662,730	910,995
Amounts recoverable on contracts	3,156,501	4,066,241
Amounts owed by related parties	-	300
Amounts owed by group undertakings	334,418	148,009
Other debtors	268,353	285,485
Prepayments	88,696	62,961
	4,510,698	5,473,991

Amounts owed by group undertakings are unsecured, interest free and repayable on demand

10 Creditors: amounts falling due within one year

	2010	2009
	£	£
Trade creditors	6,029,533	4,579,297
Amounts owed to group undertakings	441,892	2,406,515
Group relief payable	752,387	-
Amounts owed to related parties	94,850	137,533
Obligations under finance leases (note 11)	161,659	160,869
Corporation tax payable	11,838	-
Taxation and social security	355,876	362,186
Accruals	1,013,015	2,135,203
	8,861,050	9,781,603

Amounts owed to group undertakings are unsecured, interest free and repayable on demand

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11 Creditors: amounts falling due after more than one year

	2010	2009
	£	£
Government grants	50,000	50,000
Obligations under finance leases	112,072	273,731
	162,072	323,731

The net finance lease obligations to which the company is committed are

	2010	2009
	£	£
In one year or less (note 10)	161,659	160,869
Between one and two years	112,072	161,659
Between two and five years	-	112,072
	273,731	434,600

12 Provisions for liabilities

	Deferred tax	Industrial illness provision	Total
	£	£	£
At 1 January 2010	394,160	1,091,911	1,486,071
Movement during the year	(27,823)	(64,789)	(92,612)
At 31 December 2010	366,337	1,027,122	1,393,459

Deferred tax provision

See note 6 for details of the deferred tax provided for in the financial statements at the year end

Industrial illness provision

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 is based upon commissioning independent actuaries to review and provide an estimate of the company's unpaid and uninsured UK industrial illness claims. The directors obtained an actuarial review as at 31 December 2009 and consider that there have been no significant changes in the legal and regulatory environment during 2010 which would impact the valuation of the company's liability as at 31 December 2010.

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13 Called up share capital

	2010	2009
	£	£
Authorised, allotted and fully paid		
4,750,000 (2009 4,750,000) ordinary shares of £1 each	4,750,000	4,750,000

14 Profit and loss account

	£
At 1 January 2010	(3,563,877)
Profit for the financial year	2,106,952
Actuarial gain relating to the pension scheme (note 18)	1,674,000
Movement in deferred tax relating to the pension scheme	(452,160)
Balance at 31 December 2010	(235,085)

15 Reconciliation of movements in shareholders' funds

	2010	2009
	£	£
Opening shareholders' funds	1,186,123	2,026,824
Profit for the financial year	2,106,952	1,542,499
Actuarial gain/(loss) relating to the pension scheme (note 18)	1,674,000	(3,310,000)
Movement in deferred tax relating to the pension scheme	(452,160)	926,800
Closing shareholders' funds	4,514,915	1,186,123

16 Contingent liabilities

The company has entered into cross guarantees in favour of Royal Bank of Scotland plc regarding bank overdrafts held by other A&P Group Limited group companies which at 31 December 2010 amounted to £nil (2009 £nil)

A&P Falmouth Limited

17 Financial commitments

At 31 December 2010 the company had annual commitments under non-cancellable operating leases expiring as follows

	Land and buildings		Plant and machinery	
	2010	2009	2010	2009
	£	£	£	£
Within one year	-	-	39,570	10,890
Within two to five years	-	-	242,891	279,836
After five years	1,138,200	1,138,200	-	-
	1,138,200	1,138,200	282,461	290,726

18 Pension arrangements

(a) Defined contribution arrangements

The company 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 £731,299 (2009 £337,274)

(b) Defined benefit arrangements

The company also makes contributions for certain employees to the A&P Pension Scheme. As the company is unable to identify its share of the assets and liabilities of the group scheme, it accounts for contributions as if they were to a defined contribution pension scheme. Contributions are charged to the profit and loss account in the year to which they relate. The scheme was closed to future accrual in 2009. Contributions during the year were £Nil (2009 £126,000)

The company participates in the Shipbuilding Industries Pension Schemes (SIPS), a defined benefit pension scheme which is administered by trustees, providing benefits based on final pensionable pay

Assumptions as at	2010	2009
Price inflation	3.45%	3.50%
Pension increase rate		
- Pre July 2006 LPI increases	3.40%	3.00%
- Post July 2006 LPI increases (capped at 2.5% p a)	2.30%	2.5%
Salary increase rate	N/A	N/A
Return on assets	6.72%	6.43%
Discount rate	5.70%	6.40%

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18 Pension arrangements (continued)

The amounts recognised in the balance sheet are as follows

	Value at 31 December 2010 £'000	Long term expected rate of return at 31 December 2010 %	Value at 31 December 2009 £'000	Long term expected rate of return at 31 December 2009 %
Equities	24,864	7.30	22,990	7.95
Corporate bonds	2,223	5.10	1,770	5.8
Bonds	2,361	4.0	2,989	4.4
Property	2,810	5.3	2,098	5.7
Cash	131	4.4	902	2.0
Insured liabilities	-	-	100	5.8
Total market value of assets	32,389		30,849	
Present value of liabilities	(39,361)		(39,786)	
Deficit in scheme	(6,972)		(8,937)	
Deferred tax asset	1,882		2,502	
Net pension deficit	(5,090)		(6,435)	

The mortality assumptions used were as follows

	2010 Years	2009 Years
Longevity at age 65 for current pensioners		
- Men	20.3	20.3
- Women	23.1	23.1
Longevity at age 65 for future pensioners		
- Men	21.6	21.6
- Women	24.5	24.5

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18 Pension arrangements (continued)

Amounts recognised in profit and loss account are as follows

	2010	2009
	£'000	£'000
Included within operating profit		
Current service cost	-	301
Included within other finance income		
Expected return on pension scheme assets	2,090	1,694
Interest on pension scheme liabilities	(2,252)	(2,046)
Total	(162)	(51)

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

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

	2010	2009
	£'000	£'000
Actual return less expected return on pension scheme assets	925	2,934
Experience gains and losses arising on scheme liabilities	749	(6,244)
Actuarial gain / (loss) recognised in the statement of total recognised gains and losses	1,674	(3,310)

Reconciliation of fair value of plan assets

	2010	2009
	£'000	£'000
Opening fair value of scheme assets	30,849	26,436
Expected return on assets	2,090	1,694
Contributions by scheme participants	-	343
Contributions by the employer	452	1,036
Actuarial gains	925	2,934
Benefits paid	(1,927)	(1,594)
Closing fair value of scheme assets	32,389	30,849

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18 Pension arrangements (continued)

Reconciliation of defined benefit obligation

	2010	2009
	£'000	£'000
Opening defined benefit obligation	39,786	32,445
Current service cost	-	301
Interest cost	2,252	2,046
Contributions by plan participants	-	344
Actuarial losses/(gains)	(749)	6,244
Benefits paid	(1,928)	(1,594)
Closing defined benefit obligation	39,361	39,786

The cumulative amount of actuarial gains recognised in the statement of recognised gains and losses is £1,870,000 (2009 £196,000 gains)

The company is required to have and has an agreed deficit recovery plan in respect of its defined benefit scheme. The company has complied with and will continue to adhere to the plan in order to satisfy the trustee of the pensions scheme.

Details of experience gains and losses for the year to 31 December 2010

	2010	2009	2008	2007	2006
	£'000	£'000	£'000	£'000	£'000
Fair value of plan assets	32,389	30,849	26,436	32,910	32,050
Present value of defined benefit obligation	(39,361)	(39,786)	(32,445)	(38,397)	(42,166)
Deficit	(6,972)	(8,937)	(6,009)	(5,487)	(10,116)
Experience adjustment on scheme assets					
Amount	925	2,934	(8,327)	(1,347)	1,285
Experience adjustment on scheme liabilities					
Amount	749	(6,244)	7,417	5,617	(289)

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19 Related party transactions

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

	2010		2009	
	Value of transactions	Payable at the year end	Value of transactions	Payable at the year end
	£	£	£	£
Transactions with A&PA Property Limited:				
Rental payments payable	1,138,200	94,850	1,138,200	137,533

A&PA Property Limited is a subsidiary of A&P Ports & Properties Limited. This group is considered to be a related party of the A&P Group Limited group by virtue of common influence and control of the two groups during the year.

20 Parent company and ultimate controlling party

The company's immediate parent undertaking is A&P Ship Repairers Limited. In the period to 25 February 2011 the ultimate parent undertaking and controlling party was A&P Group Limited, a company registered in England and Wales. A&P Group Limited was the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements.

Copies of the group financial statements may be obtained from the company secretary at

A&P Group Limited
Wagonway Road
Hebburn
Tyne & Wear
NE31 1SP

From 25 February 2011 the ultimate parent undertaking is Atlantic & Peninsula Marine Services Limited (note 21)

21 Post balance sheet events

On 25 February 2011, the entire share capital of A&P Group Limited was acquired by Atlantic & Peninsula Marine Services Limited, a company incorporated in England and Wales.

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6 Tax on profit on ordinary activities

(a) Analysis of tax charge in the year

	2010	2009
	£	£
Current tax:		
UK corporation tax on profits of the year	764,225	-
Total current tax	764,225	-
Deferred tax:		
Origination and reversal of timing differences	99,772	159,455
Adjustments in respect of prior years	(36,429)	(21,804)
Effect of changes in tax rates	76,584	-
Total deferred tax	139,927	137,651
Tax on profit on ordinary activities	904,152	137,651

(b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2009 lower) than the standard rate of corporation tax in the UK. The differences are explained below

	2010	2009
	£	£
Profit on ordinary activities before taxation	3,011,104	1,680,150
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 28% (2009 28%)	843,109	470,442
Effects of		
Expenses not deductible for tax purposes	24,583	80,648
Accelerated capital allowances and other timing differences	(103,467)	(159,452)
Group relief claimed	-	(391,638)
Current tax charge for the year	764,225	-

Factors affecting future tax charges

The standard rate of corporation tax in the UK changed to 26% with effect from 1 April 2011 and further annual reductions have been announced to 2014. A rate of 27% had been enacted at the balance sheet date and has therefore been included in these financial statements. The remaining changes had not been enacted at the balance sheet date and therefore not included.