

**Company Registration No. 103287**

**A&P Falmouth Limited**

**Report and Financial Statements**

**15 Months to 31 March 2013**

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COMPANIES HOUSE

# **A&P Falmouth Limited**

## **Report and financial statements 2013**

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# **A&P Falmouth Limited**

## **Report and financial statements 2013**

### **Officers and professional advisers**

#### **Directors**

Atlantic & Peninsula Marine Services Limited  
P H Child

#### **Registered Office**

Wagonway Road  
Hebburn  
Tyne & Wear  
United Kingdom  
NE31 1SP

#### **Bankers**

Santander UK Plc  
298 Deansgate  
Manchester  
M3 4HH

#### **Solicitors**

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

#### **Auditor**

Deloitte LLP  
Chartered Accountants  
Newcastle

# **A&P Falmouth Limited**

## **Directors' report**

The directors present their report and the audited financial statements for the 15 months ended 31 March 2013

On 2 January 2013 the Board approved the change of the Company's accounting reference date from 31 December to 31 March, therefore, the report relates to the period from 1 January 2012 to 31 March 2013

### **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 period are set out on page 8.

### **Future outlook**

The company saw encouraging occupancy levels throughout the period underpinned by contracts for the MoD. The results included a major project on the RFA Lyme Bay which was completed on time and within budget. A further contract on RFA Argus was 50% complete at period end and was progressing according to plan. Defence sector projects have made a significant contribution to the results for the period, however due to the RFA's disposal of Largs Bay in 2011 the company has lost a major RFA refit planned for the current year and will experience a challenging trading period through to April 2015 when the next RFA refit is due. Management will endeavour to fill the anticipated downturn in trading by focusing their efforts on the commercial market but at the same time prepare to take the necessary actions to protect the future of the company and its workforce. The resumption of RFA refits in 2015 will allow the company 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 company measures KPIs on a monthly basis, as part of its internal control processes. They are considered under the following four headings:

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

Given the size, structure and nature of the business, the company's directors are of the opinion that additional disclosures regarding the use of KPIs is not necessary for an understanding of the development, performance 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 (2011 - £nil).

### **Directors**

The directors, who served throughout the period, were as follows:

Atlantic & Peninsula Marine Services Limited  
P H Child

# **A&P Falmouth Limited**

## **Directors' report (continued)**

### **Directors' indemnity**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the period 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.

### **Going Concern**

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

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

### **Principal risks and uncertainties**

The management of the business and the execution of the 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.

## **A&P Falmouth Limited**

### **Directors' report (continued)**

#### *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.

#### *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 disclosure of information to auditors**

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

Deloitte LLP was appointed auditor during the current period following the resignation of PriceWaterhouseCoopers. Deloitte LLP has expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the board



P H Child  
Director

11 December 2013

## **A&P Falmouth Limited**

### **Directors' responsibilities statement**

The directors are responsible for preparing the report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial period. 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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent auditor's report to the members of A&P Falmouth Limited**

We have audited the financial statements of A&P Falmouth Limited for the 15 month period ended 31 March 2013 which comprise the profit and loss account, statement of total recognised gains and losses, the balance sheet and the related notes 1 to 19. 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).

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.

### **Respective responsibilities of directors and auditor**

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

### **Scope of the audit of financial statements**

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

### **Opinion**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 and of its profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on matters prescribed in the Companies Act 2006**

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

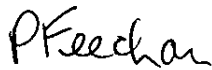


## **Independent auditor's report to the members of A&P Falmouth Limited(continued)**

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

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

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



Paul Feechan (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Newcastle, United Kingdom

11 December 2013

## A&P Falmouth Limited

### Profit and loss account 15 month period ended 31 March 2013

	Notes	15 month period ended 31 March 2013 £	Year ended 31 December 2011 £
Turnover	2	56,695,836	45,036,139
Cost of sales		(48,799,080)	(39,439,690)
Gross profit		7,896,756	5,596,449
Administrative expenses		(3,355,918)	(3,773,133)
Operating profit	3	4,540,838	1,823,316
Interest receivable and similar income	4	28,305	14,226
Interest payable and similar charges	5	(41,243)	(37,070)
Other finance costs	18	(678,000)	(114,000)
Profit on ordinary activities before taxation		3,849,900	1,686,472
Tax on profit on ordinary activities	7	(876,960)	(546,166)
Profit for the financial period	15	2,972,940	1,140,306

All of the activities of the company are continuing

## **A&P Falmouth Limited**

### **Statement of total recognised gains and losses 15 month period ended 31 March 2013**

		<b>15 month period ended 31 March 2013 £</b>	<b>Year ended 31 December 2011 £</b>
	<b>Notes</b>		
Profit for the financial period	15	2,972,940	1,140,306
Actuarial loss on pension scheme	18	(3,905,000)	(5,561,000)
Movement in deferred tax relating to the pension scheme	7d	516,710	1,097,580
Tax relief on pension contributions taken to the statement of total recognised gains and losses	7b	151,768	162,813
Total gains and losses recognised		<u>(263,582)</u>	<u>(3,160,301)</u>

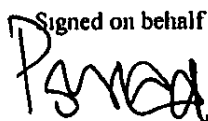
# A&P Falmouth Limited

## Balance sheet 31 March 2013

	Notes	As at 31 March 2013 £	As at 31 December 2011 £
<b>Fixed assets</b>			
Tangible assets	8	5,328,629	6,061,609
<b>Current assets</b>			
Stocks	9	203,292	233,143
Debtors	10	10,401,256	11,423,325
Cash at bank and in hand		8,413,012	5,069,502
		19,017,560	16,725,970
<b>Creditors: amounts falling due within one year</b>	11	(9,926,550)	(10,399,980)
<b>Net current assets</b>		9,091,010	6,325,990
<b>Total assets less current liabilities</b>		14,419,639	12,387,599
<b>Creditors: amounts falling due after more than one year</b>	12	(396,667)	(583,333)
<b>Provisions for liabilities</b>	13	(1,226,400)	(1,510,402)
<b>Net assets excluding pension deficit</b>		12,796,572	10,293,864
<b>Pension deficit</b>	18	(11,705,540)	(8,939,250)
<b>Net assets including pension deficit</b>		1,091,032	1,354,614
<b>Capital and reserves</b>			
Called up share capital	14	4,750,000	4,750,000
Profit and loss account	15	(3,658,968)	(3,395,386)
<b>Total shareholders' funds</b>	16	1,091,032	1,354,614

The financial statements of A&P Falmouth Limited, registered number 103287 were approved by the Board of Directors on 11 December 2013

Signed on behalf of the Board of Directors



P H Child  
Director

# **A&P Falmouth Limited**

## **Notes to the accounts**

### **15 month period ended 31 March 2013**

#### **1. 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, which have been applied consistently throughout the year, are set out below

##### **Going concern**

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' report. The Directors' report also describes that the company is part of a group which has sufficient funds and agreed banking facilities for operations and planned expansions

The Company and the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company and the Group should be able to operate within the level of its current facility

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

##### **Tangible fixed assets and depreciation**

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 original purchase price and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate

##### **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

# **A&P Falmouth Limited**

## **Notes to the accounts**

### **15 month period ended 31 March 2013**

#### **1. Accounting policies (continued)**

##### **Provisions**

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

##### **Turnover**

Turnover comprises the sales value of goods and services supplied in the normal course of business. Turnover includes the value of contracts in progress. This is recognised based on the level of completion of the contracts to ensure that margin is recognised evenly over the contract life. 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 period. Contributions actually paid are shown as either accruals or prepayments in the balance sheet

##### **Cash flow statement**

The company is a wholly owned subsidiary and is exempt under the terms of Financial Reporting Standard Number 1 (revised 1996) 'Cash flow statements' from publishing a cash flow statement

# A&P Falmouth Limited

## Notes to the accounts

### 15 month period ended 31 March 2013

#### 1. Accounting policies (continued)

##### Related parties

The company has taken advantage of the exemptions available under Financial Reporting Standard Number 8 and has not disclosed transactions with companies that are part of the A&P Group Limited group of companies. The ultimate holding company is Tokenhouse Limited, a company incorporated in the Isle of Man which is controlled by the Billown 1997 Settlement Trust.

#### 2. 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:

	15 month period ended 31 March 2013 £	Year ended 31 December 2011 £
United Kingdom	49,050,948	38,682,714
Rest of Europe	6,066,527	4,954,405
Rest of world	1,578,361	1,399,020
	<u>56,695,836</u>	<u>45,036,139</u>

#### 3. Operating profit

Operating profit is stated after charging:

	15 month period ended 31 March 2013 £	Year ended 31 December 2011 £
Depreciation of tangible fixed assets		
- owned assets	664,997	483,178
- assets held under finance leases and hire purchase contracts	80,258	87,975
Property rental – land and buildings	1,675,714	1,216,867
Hire of plant and machinery – operating leases	368,624	304,346
Auditor's remuneration		
- audit fees	24,250	18,500
- other services – taxation	9,500	7,250
	<u>2,723,343</u>	<u>1,897,716</u>

#### 4. Interest receivable and similar income

	15 month period ended 31 March 2013 £	Year ended 31 December 2011 £
Bank interest	<u>28,305</u>	<u>14,226</u>

# A&P Falmouth Limited

## Notes to the accounts

### 15 month period ended 31 March 2013

#### 5. Interest payable and similar charges

	15 month period ended 31 March 2013 £	Yearended 31 December 2011 £
Bank interest	38,540	21,181
Hire purchase and finance lease interest	2,703	15,889
	<u>41,243</u>	<u>37,070</u>

#### 6. Staff costs

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

	15 month period ended 31 March 2013 No.	Year ended 31 December 2011 No.
Average number of persons employed		
Production	316	331
Administration	40	39
	<u>356</u>	<u>370</u>

	£	£
Staff costs during the year (including directors)		
Wages and salaries	14,169,964	11,224,497
Social security costs	1,493,083	1,170,598
Pension costs	983,114	773,217
	<u>16,649,161</u>	<u>13,168,312</u>

	£	£
Directors' remuneration		
Aggregate emoluments	157,676	134,802
Company pension contributions to money purchase scheme	40,459	31,391
	<u>198,135</u>	<u>166,193</u>

Company pension contributions are made to a company money purchase scheme for one director (2011 one)



# A&P Falmouth Limited

## Notes to the accounts

### 15 month period ended 31 March 2013

#### 7. Tax on profit on ordinary activities

##### a) Analysis of tax charge in the period

	15 month period ended 31 March 2013 £	Year ended 31 December 2011 £
United Kingdom corporation tax at 24.4% (2011 26.5%) based on the profit for the period	884,436	267,686
Adjustments in respect of prior years	90,561	232,930
<b>Total current tax</b>	<b>974,997</b>	<b>500,616</b>
Deferred tax		
Origination and reversal of timing differences	5,147	5,394
Adjustments in respect of prior years	(75,992)	13,020
Effect of changes in tax rates	(27,192)	27,136
<b>Total deferred tax (note 13)</b>	<b>(98,037)</b>	<b>45,550</b>
<b>Tax on profit on ordinary activities</b>	<b>876,960</b>	<b>546,166</b>

##### b) Factors affecting tax charge for the period

The tax assessed for the period is higher (2011 higher) than the standard rate of corporation tax in the UK of 24.4% (2011 26.5%). The differences are explained below

	15 month period ended 31 March 2013 £	Year ended 31 December 2011 £
Profit on ordinary activities before tax	3,849,900	1,686,472
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 24.4% (2011 26.5%)	939,376	446,915
Effects of		
Expenses not deductible for tax purposes	72,721	38,063
Accelerated capital allowances and other timing differences	(154,508)	(226,655)
Adjustments in respect of prior years	90,561	232,930
Relief on pension contributions taken to the statement of total recognised gains and losses	151,768	162,813
Other items	(4,191)	-
Group relief claimed at nil consideration	(120,730)	(153,450)
<b>Current tax charge for the period</b>	<b>974,997</b>	<b>500,616</b>

## A&P Falmouth Limited

### Notes to the accounts

#### 15 month period ended 31 March 2013

#### 7. Tax on profit on ordinary activities (continued)

##### c) Factors affecting future tax charges

The main rate of corporation tax in the UK reduced from 26% to 24% with effect from 1 April 2012. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 was included in the Finance Act 2012 and this was substantively enacted on 3 July 2012. Accordingly, the Company's profits for this accounting period are taxed at an effective rate of 24.4% and deferred taxation has been calculated based on a rate of 23%.

In addition to the changes in the rates of corporation tax disclosed above, further changes to the UK corporation tax rates were announced in the 2012 Autumn Statement and the March 2013 Budget. These include further reductions to the main rate to 21% from 1 April 2014 and 20% from 1 April 2015. These changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

##### d) Deferred tax

	As at 31 March 2013 £	As at 31 December 2011 £
Provision for deferred tax (excluding pension deficit (note 13))		
Accelerated capital allowances	326,059	427,866
Other timing differences	(2,209)	(15,979)
	<u>313,850</u>	<u>411,887</u>
	As at 31 March 2013 £	As at 31 December 2011 £
Deferred tax asset relating to pension deficit		
At start of period	2,979,750	1,882,170
Deferred tax credited to the statement of total recognised gains and losses	516,710	1,097,580
At period end (note 18)	<u>3,496,460</u>	<u>2,979,750</u>

The deferred tax asset of £3,496,460 (2011: £2,979,750) has been deducted in arriving at the net pension deficit on the balance sheet.

There are no unrecognised deferred tax assets in the financial statements at the period end.

## A&P Falmouth Limited

### Notes to the accounts

#### 15 month period ended 31 March 2013

#### 8. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Total £
<b>Cost</b>			
At 1 January 2012	1,437,247	9,760,454	11,197,701
Additions	-	12,275	12,275
Disposals	(17,186)	(374,286)	(391,472)
At 31 March 2013	1,420,061	9,398,443	10,818,504
<b>Accumulated depreciation</b>			
At 1 January 2012	530,098	4,605,994	5,136,092
Charge for the period	97,749	647,506	745,255
Eliminated in respect of disposals	(17,186)	(374,286)	(391,472)
At 31 March 2013	610,661	4,879,214	5,489,875
<b>Net book value</b>			
At 31 March 2013	809,400	4,519,229	5,328,629
At 31 December 2011	907,149	5,154,460	6,061,609

Plant and machinery at 31 March 2013 included leased assets with a net book value of £1,165,642 (2011 £2,028,870) The depreciation charge in respect of such assets was £80,258 (2011 £907,253)

#### 9 Stocks

	As at 31 March 2013 £	As at 31 December 2011 £
Raw materials and consumables	203,292	233,143

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

## A&P Falmouth Limited

### Notes to the accounts

#### 15 month period ended 31 March 2013

##### 10. Debtors

	As at 31 March 2013 £	As at 31 December 2011 £
Trade debtors	424,113	1,170,653
Amounts recoverable on contracts	1,622,126	3,005,064
Amounts owed by group undertakings	7,196,737	6,546,028
Other debtors	983,321	471,897
Prepayments and accrued income	174,959	229,683
	<u>10,401,256</u>	<u>11,423,325</u>

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

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

	As at 31 March 2013 £	As at 31 December 2011 £
Term loans	160,000	160,000
Trade creditors	6,990,355	8,606,386
Amounts owed to related parties	111,714	111,714
Obligations under finance leases (note 12)	-	112,072
Corporation tax payable	157,668	34,873
Taxation and social security	340,624	347,406
Accruals and deferred income	2,166,189	1,027,529
	<u>9,926,550</u>	<u>10,399,980</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand. The term loan is unsecured. Included in accruals and deferred income are payments on account of £476k, (2011 £nil)

## A&P Falmouth Limited

### Notes to the accounts

#### 15 month period ended 31 March 2013

#### 12. Creditors, amounts falling due after more than one year

	As at 31 March 2013 £	As at 31 December 2011 £
Government grants	50,000	50,000
Term loans	346,667	533,333
	<u>396,667</u>	<u>583,333</u>

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

	As at 31 March 2013 £	As at 31 December 2011 £
In one year or less (note 11)	160,000	272,072
Between one and two years	160,000	160,000
Between two and five years	186,667	373,333
	<u>506,667</u>	<u>805,405</u>

#### 13 Provisions for liabilities and charges

	Deferred tax £	Industrial illness provision £	Total £
At 1 January 2012	411,887	1,098,515	1,510,402
Movement during the year	(98,037)	(185,965)	(284,002)
At 31 March 2013	<u>313,850</u>	<u>912,550</u>	<u>1,226,400</u>

##### Deferred tax provision

See note 7d 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 arising as a result of past events. The directors' assessment of the cost of current and future claims includes consideration of an independent actuary's review which provides an estimate of the Group's unpaid and uninsured UK industrial illness claims. The claims are expected to be settled over a 10 year period.

# A&P Falmouth Limited

## Notes to the accounts

### 15 month period ended 31 March 2013

#### 14. Called up share capital

	As at 31 March 2013 £	As at 31 December 2011 £
<b>Authorised, allotted and fully paid</b>		
4,750,000 (2011 4,750,000) ordinary shares of £1 each	4,750,000	4,750,000

#### 15. Profit and loss account

	£
At 1 January 2012	(3,395,386)
Profit for the financial period	2,972,940
Actuarial loss relating to the pension scheme (note 18)	(3,905,000)
Movement in deferred tax relating to the pension scheme	668,478
At 31 March 2013	(3,658,968)

#### 16. Reconciliation of movements in shareholders' funds

	As at 31 March 2013 £	As at 31 December 2011 £
Opening shareholders' funds	1,354,614	4,514,915
Profit for the financial period	2,972,940	1,140,306
Actuarial loss relating to the pension scheme (note 18)	(3,905,000)	(5,561,000)
Movement in deferred tax relating to the pension scheme	668,478	1,260,393
Closing shareholders' funds	1,091,032	1,354,614

# A&P Falmouth Limited

## Notes to the accounts

### 15 month period ended 31 March 2013

#### 17. Financial commitments

At the period ends the company had annual commitments under non-cancellable operating leases expiring as follows

	Land and buildings		Plant and machinery	
	2013	2011	2013	2011
	£	£	£	£
Within one year	-	-	32,058	39,590
Within two to five years	-	-	196,563	247,810
After five years	1,340,571	1,340,571	-	-
	<u>1,340,571</u>	<u>1,340,571</u>	<u>228,621</u>	<u>287,400</u>

#### 18. Pension arrangements

##### Defined contribution arrangements

The company participates in a group wide defined contribution scheme. Contributions are charged to the profit and loss account in the period in which the liability arises. Contributions during the period were £983,114 (2011 £773,217). Amounts owed to the scheme at the period end were £59,604 (2011 £63,917) and are included within accruals.

##### Defined benefit arrangements

The company participates in the A&P Pension Scheme, a group defined benefit scheme closed to future accrual. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the group. The company is unable to identify its share of the underlying assets and liabilities of the scheme as a significant number of pensioners and deferred pensioners within the scheme relate to businesses which are no longer part of the group following their disposal and accordingly accounts for the scheme as if it were a defined contribution scheme.

Contributions to the scheme for the period were £1,300,000 and the agreed contributions for the next 9 years are £15,051,260.

An updated valuation of the scheme at 31 March 2013 carried out by Capita, Fellow of the Institute and Faculty of Actuaries using the projected unit method indicated that the scheme was 73 per cent funded.

The company participated in the Shipbuilding Industries Pension Schemes (SIPS), a defined benefit pension scheme which is administered by trustees, providing benefits based on final pensionable pay. On 30<sup>th</sup> September 2012 the company withdrew from the SIPS scheme and the assets and liabilities of the scheme were transferred to the newly formed A&P Falmouth Pension Scheme, a scheme closed to new members and future accruals.

A&P Falmouth Pension Scheme Assumptions as at

	As at 31 March 2013	As at 31 December 2011
Price inflation	3.30%	3.00%
Pension increase rate		
- pre-July 2006 LPI increases	3.20%	2.90%
- post July 2006 LPI increases (capped at 2.5% pa)	2.25%	2.30%
Return on assets	5.31%	5.06%
Discount rate	<u>4.25%</u>	<u>4.90%</u>

# A&P Falmouth Limited

## Notes to the accounts

### 15 month period ended 31 March 2013

#### 18. Pension arrangements (continued)

The amounts recognised in the balance sheet are as follows

	Value at 31 March 2013 £'000	Long term expected rate of return at 31 March 2013 %	Value at 31 December 2011 £'000	Long term expected rate of return at 31 December 2011 %
Equities	22,200	6.40	18,609	6.10
Corporate bonds	10,316	4.00	4,300	4.90
Bonds	3,427	2.90	6,625	2.63
Property	-	-	3,384	4.20
Cash	510	0.50	(192)	3.20
Total market value of assets	36,453		32,726	
Present value of liabilities	(51,655)		(44,645)	
Deficit in scheme	(15,202)		(11,919)	
Deferred tax asset (note 7d)	3,496		2,980	
Net pension deficit	<u>(11,706)</u>		<u>(8,939)</u>	

Mortality assumptions used were as follows

	2013 Years	2011 Years
Longevity at age 65 for current pensioners		
- Men	22.0	21.9
- Women	25.0	24.7
Longevity at age 65 for future pensioners		
- Men	23.3	23.2
- Women	<u>26.3</u>	<u>26.1</u>

Amounts recognised in profit and loss account are as follows

	15 month period ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
Included within other finance costs		
Expected return on pension scheme assets	2,006	2,083
Interest on pension scheme liabilities	<u>(2,684)</u>	<u>(2,197)</u>
	<u>(678)</u>	<u>(114)</u>



# A&P Falmouth Limited

## Notes to the accounts

### 15 month period ended 31 March 2013

#### 18. Pension arrangements (continued)

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

	15 month Period ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
Actual return less expected return on pension scheme assets	2,847	(828)
Experience losses arising on scheme liabilities	(6,752)	(4,733)
Actuarial loss recognised in the statement of total recognised gains and losses	<u>(3,905)</u>	<u>(5,561)</u>

Reconciliation of fair value of plan assets

	15 month Period ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
Opening fair value of scheme assets	32,726	32,389
Expected return on assets	2,006	2,083
Contributions by the employer	1,300	728
Actuarial gain/ (loss)	2,847	(828)
Benefits paid	(2,426)	(1,646)
Closing fair value of scheme assets	<u>36,453</u>	<u>32,726</u>

Reconciliation of defined benefit obligation

	15 month Period ended 31 March 2013 £'000	Year ended 31 December 2011 £'000
Opening defined benefit obligation	44,645	39,361
Interest cost	2,684	2,197
Actuarial losses	6,752	4,733
Benefits paid	(2,426)	(1,646)
Closing defined benefit obligation	<u>51,655</u>	<u>44,645</u>

# A&P Falmouth Limited

## Notes to the accounts

### 15 month period ended 31 March 2013

#### 18. Pension arrangements (continued)

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £17,223,000 (2011 losses of £13,318,000)

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 pension scheme.

Details of experience gains and losses for the period to 31 March 2013

	2013 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Fair value of plan assets	36,453	32,726	32,389	30,849	26,436
Present value of defined benefit obligation	(51,655)	(44,645)	(39,361)	(39,786)	(32,445)
Deficit	(15,202)	(11,919)	(6,972)	(8,937)	(6,009)
Experience adjustment on scheme assets Amount	2,847	(828)	925	2,934	(8,327)
Experience adjustment on scheme liabilities Amount	(6,752)	(4,733)	749	(6,244)	7,417

#### 19. Related party transactions

During the period 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.

	2013		2011	
	Value of transaction £	Payable at the year end £	Value of transaction £	Payable at the year end £
Transactions with A&PA Property Limited				
Rental payments	1,675,714	111,714	1,216,867	111,714