

A&P Falmouth Limited

Annual report and financial statements
for the year ended 31 December 2009

Registered number 103287

THURSDAY



A14

AC9XUN9I

09/09/2010

COMPANIES HOUSE

180

A&P Falmouth Limited

Annual report and financial statements for the year ended 31 December 2009

Contents

Directors' report for the year ended 31 December 2009	1
Independent auditors' report to the members of A&P Falmouth Limited	5
Profit and loss account for the year ended 31 December 2009	6
Statement of total recognised gains and losses for the year ended 31 December 2009	7
Balance sheet as at 31 December 2009	8
Statement of accounting policies	9
Notes to the financial statements for the year ended 31 December 2009	12

A&P Falmouth Limited

Directors' report for the year ended 31 December 2009

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 2009

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 5.

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 RFA Argus which was completed on time and within budget. Defence sector projects have made a significant contribution to the 2009 results and will feature strongly in 2010 and beyond, allowing us to plan with confidence for the future. During the year management made considerable efforts and continue to devote time in support of the "Port of Falmouth Development Initiative", the outcome of which is expected to present the company with significant business opportunities in the medium to long term. In 2010 this will include contacts with local development authorities, to secure any necessary approvals and to identify and secure available public funding for any associated investment. 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. 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 (2008: £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 (appointed 10 August 2009)
A E Griffiths (appointed 10 August 2009)

P E Bailey (appointed 10 August 2009)
A&P GH 2006 Limited
K P Thompson (resigned 10 July 2009)

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, 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.

A&P Falmouth Limited

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.

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

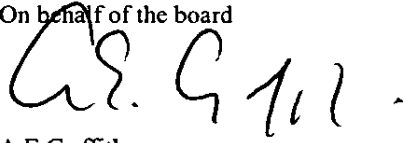
- (1) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware,
- (2) the directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that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

A&P Falmouth Limited

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

A handwritten signature in black ink, appearing to read 'A E Griffiths'.

A E Griffiths

Company secretary

23 March 2010

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 2009 which comprise the profit and loss account, 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 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 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

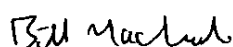
Opinion on other matter prescribed by the Companies Act 2006

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.

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 (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Newcastle upon Tyne

29 March 2010

A&P Falmouth Limited

Profit and loss account for the year ended 31 December 2009

	Note	2009 £	2008 Restated £
Turnover	1	43,380,216	44,544,001
Cost of sales		(37,272,221)	(39,440,129)
Gross profit		6,107,995	5,103,872
Administrative expenses		(4,030,134)	(3,741,666)
Operating profit		2,077,861	1,362,206
Interest payable and similar charges	3	(45,711)	(61,904)
Other finance income/(charges)	19	(352,000)	133,000
Profit on ordinary activities before taxation	2	1,680,150	1,433,302
Tax on profit on ordinary activities	6	(137,651)	66,020
Profit for the financial year	15	1,542,499	1,499,322

All of the activities of the company are continuing

There is no 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 2009

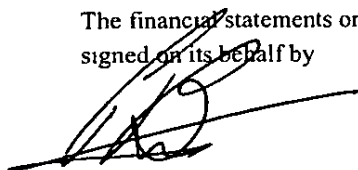
	Note	2009 £	2008 Restated £
Profit for the financial year	15	1,542,499	1,499,322
Actuarial loss on pension scheme	19	(3,310,000)	(911,000)
Movement in deferred tax relating to the pension scheme	6	926,800	255,080
Total recognised gains and losses during the year		(840,701)	843,402

A&P Falmouth Limited

Balance sheet as at 31 December 2009

	Note	2009 £	2008 Restated £
Fixed assets			
Tangible assets	8	5,915,695	5,929,103
Current assets			
Stocks	9	300,169	258,139
Debtors	10	5,473,991	5,586,915
Cash at bank and in hand		7,522,313	7,354,626
		13,296,473	13,199,680
Creditors: amounts falling due within one year	11	(9,781,603)	(11,073,561)
Net current assets		3,514,970	2,126,119
Total assets less current liabilities		9,430,565	8,055,222
Creditors: amounts falling due after more than one year	12	(323,731)	(484,599)
Provisions for liabilities	13	(1,486,071)	(1,216,599)
Net assets excluding pension deficit		7,620,763	6,354,024
Pension deficit	19	(6,434,640)	(4,327,200)
Net assets including pension deficit		1,186,123	2,206,824
Capital and reserves			
Called up share capital	14	4,750,000	4,750,000
Profit and loss account	15	(3,563,877)	(2,723,176)
Total shareholders' funds	16	1,186,123	2,026,824

The financial statements on pages 5 to 24 were approved by the board of directors on 23 March 2010 and were signed on its behalf by



P E Bailey
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

Change in accounting policy

The company policy for calculating pension charges and liabilities was changed during the year to include any costs and future liabilities in respect of those employees who had spent time working on behalf of another group company, the Falmouth Docks and Engineering Company, and who had participated in the Shipbuilding Industries Pension Scheme. The directors consider that the new policy provides a fairer representation of the results and of the financial position of the company because during 2009, the scheme was closed to future accruals and arrangements were made as such that the Falmouth Docks and Engineering Company has no liability in respect of the pension scheme.

The total value of the liabilities transferred from The Falmouth Docks and Engineering Company (net of deferred tax) in the prior year adjustment amounts to £541,440. The change in accounting policy results in the 2008 profit after tax increasing from £1,453,322 to £1,499,322 with net assets decreasing by £541,440.

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.

A&P Falmouth Limited

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.

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.

A&P Falmouth Limited

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.

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.

A&P Falmouth Limited

Notes to the financial statements for the year ended 31 December 2009

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:

	2009	2008
	£	£
United Kingdom	37,759,546	35,891,143
Rest of Europe	4,921,745	8,182,357
North America	207,925	375,501
Rest of World	491,000	95,000
	43,380,216	44,544,001

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2009	2008
	£	£
Depreciation of tangible fixed assets		
- Owned assets	505,591	464,717
- Assets held under finance leases and hire purchase contracts	67,118	67,118
Property rental – land and buildings	1,138,200	1,420,617
Hire of plant and machinery – operating leases	271,710	259,370
Auditors' remuneration		
- Audit fees	18,000	16,400
- Other services – taxation	7,000	6,372

3 Interest payable and similar charges

	2009	2008
	£	£
Hire purchase and finance lease interest	45,711	61,904

A&P Falmouth Limited

4 Staff costs

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

By activity.	2009 Number	2008 Number
Production	352	365
Administrative	36	34
	388	399

	2009 £	2008 £
Staff costs for the above persons		
Wages and salaries	11,202,901	11,369,204
Social security costs	1,022,522	942,132
Other pension costs (note 19)	764,274	945,188
	12,989,697	13,256,524

5 Directors' emoluments

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

	2009 £	2008 £
Aggregate emoluments	133,964	135,351
Company pension contributions to money purchase scheme	52,947	29,385

Company pension contributions are made to a company money purchase scheme for one director (2008 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.

A&P Falmouth Limited

6 Tax on profit on ordinary activities

(a) Analysis of tax charge/(credit) in the year

	2009	2008
	£	£
Current tax:		
UK corporation tax on profits of the year	-	-
Adjustments in respect of prior years	-	(108,885)
Total current tax	-	(108,885)
Deferred tax:		
Origination and reversal of timing differences	159,455	42,865
Adjustments in respect of prior years	(21,804)	-
Total deferred tax	137,651	42,865
Tax on profit on ordinary activities	137,651	(66,020)

(b) Factors affecting tax charge/(credit) for the year

The tax assessed for the year is lower (2008 lower) than the standard rate of corporation tax in the UK. The differences are explained below

	2009	2008
	£	£
Profit on ordinary activities before taxation	1,680,150	1,433,302
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 28% (2008 28.5%)	470,442	408,491
Effects of		
Expenses not deductible for tax purposes	80,648	-
Accelerated capital allowances and other timing differences	(159,452)	(156,950)
Group relief claimed	(391,638)	(245,317)
Movements in respect of assets becoming non qualifying	-	(76,863)
Movement in relation to industrial buildings allowances	-	83,749
Adjustments in respect of prior years	-	(108,885)
Current tax credit for the year	-	(108,885)

A&P Falmouth Limited

(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

	2009	2008
Provision for deferred tax (excluding pension deficit) (note 12)	£	£
Accelerated capital allowances	394,160	379,644
Other timing differences	-	(15,895)
	394,160	363,749

	2009
Deferred tax asset relating to pension deficit	£
At 1 January as previously reported	1,472,240
Prior year adjustment (note 7)	210,560
At 1 January (restated)	1,682,800
Deferred tax charge in profit and loss account	(107,240)
Deferred tax credited to the statement of total recognised gains and losses	926,800
At 31 December	2,502,360

The deferred tax asset of £2,502,360 (2008 £1,472,240) 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

A&P Falmouth Limited

7 Prior year adjustment

The company policy for calculating pension charges and liabilities was changed during the year to include any costs and future liabilities in respect of those employees who had spent time working on behalf of another group company, the Falmouth Docks and Engineering Company, and who had participated in the Shipbuilding Industries Pension Scheme. The directors consider that the new policy provides a fairer representation of the result and of the financial position of the company because during 2009, the scheme was closed to future accruals and arrangements were made as such that the Falmouth Docks and Engineering Company has no liability in respect of the pension scheme.

The effects of the change in accounting policy are summarised below

	2009 £
Profit and loss account	
Cost of sales	29,000
Other finance income	17,000
Increase in profit for the financial year	46,000
Statement of total recognised gains and losses	
Actuarial loss on pension scheme	(112,000)
Movement in deferred tax asset relating to pension scheme	31,360
Decrease in recognised gains and losses during the year	(80,640)
Balance sheet	
Scheme deficit	752,000
Deferred tax asset	(210,560)
Net pension liability	541,440
Decrease in net assets	(541,660)

The total value of the liabilities transferred from The Falmouth Docks and Engineering Company (net of deferred tax) in the prior year adjustment amounts to £541,440. The change in accounting policy results in the 2008 profit after tax increasing from £1,453,322 to £1,499,322 with net assets decreasing by £541,440.

A&P Falmouth Limited

8 Tangible assets

	Leasehold improvements £	Plant and machinery £	Total £
Cost			
At 1 January 2009	1,556,360	12,811,164	14,367,524
Additions	90,722	468,579	559,301
At 31 December 2009	1,647,082	13,279,743	14,926,825
Accumulated depreciation			
At 1 January 2009	518,960	7,919,461	8,438,421
Charge for the year	57,870	514,839	572,709
At 31 December 2009	576,830	8,434,300	9,011,130
Net book amount			
At 31 December 2009	1,070,252	4,845,443	5,915,695
At 31 December 2008	1,037,400	4,891,703	5,929,103

Plant and machinery at 31 December 2009 included leased assets with a net book value of £892,209 (2008 £959,326)

9 Stocks

	2009 £	2008 £
Raw materials and consumables	300,169	258,139

A&P Falmouth Limited

10 Debtors

	2009	2008
	£	£
Trade debtors	910,995	1,959,453
Amounts recoverable on contracts	4,066,241	3,038,741
Amounts owed by related parties	300	-
Amounts owed by group undertakings	148,009	145,438
Other debtors	285,485	306,133
Prepayments	62,961	137,150
	5,473,991	5,586,915

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

11 Creditors: amounts falling due within one year

	2009	2008
	£	£
Trade creditors	4,579,297	7,451,799
Amounts owed to group undertakings	2,406,515	2,043,549
Amounts owed to related parties	137,533	144,646
Obligations under finance leases (note 12)	160,869	150,180
Other taxation and social security	362,186	324,267
Accruals	2,135,203	959,120
	9,781,603	11,073,561

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

A&P Falmouth Limited

12 Creditors: amounts falling due after more than one year

	2009	2008
	£	£
Government grants	50,000	50,000
Obligations under finance leases	273,731	434,599
	323,731	484,599

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

In one year or less (note 11)	160,869	150,180
Between one and two years	161,659	160,869
Between two and five years	112,072	273,730
	434,600	584,779

13 Provision for liabilities

	Deferred tax	Industrial illness provision	Total
	£	£	£
At 1 January 2009	363,749	852,850	1,216,599
Charge for the year	30,411	-	30,411
Increase in provision	-	600,000	600,000
Utilised during the year	-	(360,939)	(360,939)
At 31 December 2009	394,160	1,091,911	1,486,071

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 as at 31 December 2009.

Deferred tax provision

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

A&P Falmouth Limited

14 Called up share capital

	2009	2008
	£	£
Authorised, allotted and fully paid		
4,750,000 (2008 4,750,000) ordinary shares of £1 each	4,750,000	4,750,000

15 Profit and loss account

	£
At 1 January 2009 (as previously stated)	(2,181,736)
Prior year adjustment	(541,440)
At 1 January 2009 (as restated)	(2,723,176)
Profit for the financial year	1,542,499
Actuarial loss relating to the pension scheme (note 19)	(3,310,000)
Movement of deferred tax relating to the pension scheme	926,800
Balance at 31 December 2009	(3,563,877)

16 Reconciliation of movements in shareholders' funds/(deficit)

	2009	2008 Restated
	£	£
Net change to shareholders' funds (as previously reported)	2,568,264	1,690,222
Prior year adjustment	(541,440)	(506,800)
Opening shareholders' funds (as restated)	2,026,824	1,183,422
Profit for the financial year	1,542,499	1,499,322
Actuarial (loss)/gain relating to the pension scheme (note 19)	(3,310,000)	(911,000)
Movement in deferred tax relating to the pension scheme	926,800	255,080
Closing shareholders' funds	1,186,123	2,026,824

17 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 2009 amounted to £nil (2008 £nil)

A&P Falmouth Limited

18 Financial commitments

At 31 December 2009 the company had annual commitments under non-cancellable operating leases expiring as follows

	Land and buildings		Plant and machinery	
	2009	2008	2009	2008
	£	£	£	£
Within one year	-	-	10,890	11,244
Within two to five years	-	-	279,836	214,467
After five years	1,138,200	1,138,200	-	-
	1,138,200	1,138,200	290,726	225,707

19 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 £337,274 (2008 £121,918)

(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. Contributions during the year were £126,000 (2008 £250,270)

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	2009	2008
Price inflation	3.50%	3.00%
Pension increase rate		
- Pre July 2006 LPI increases	3.00%	3.00%
- Post July 2006 LPI increases (capped at 2.5% p a)	2.5%	2.50%
Salary increase rate	N/A	3.00%
Return on assets	6.43%	6.43%
Discount rate	6.40%	6.40%

A&P Falmouth Limited

The amounts recognised in the balance sheet are as follows

	Value at 31 December 2009 £'000	Long term expected rate of return at 31 December 2009 %	Value at 31 December 2008 £'000	Long term expected rate of return at 31 December 2008 %
Equities	22,990	7.95	20,638	7.1
Corporate bonds	1,770	5.8	1,796	4.7
Bonds	2,989	4.4	3,096	3.9
Property	2,098	5.7	256	4.9
Cash	902	2.0	542	2.0
Insured liabilities	100	5.8	108	6.4
Total market value of assets	30,849		26,436	
Present value of liabilities	(39,786)		(32,445)	
Deficit in scheme	(8,937)		(6,009)	
Deferred tax asset	2,502		1,682	
Net pension deficit	(6,435)		(4,327)	

The mortality assumptions used were as follows

	2009 Years	2008 Years
Longevity at age 65 for current pensioners		
- Men	20.3	20.3
- Women	23.1	23.0
Longevity at age 65 for future pensioners		
- Men	21.6	21.9
- Women	24.5	24.6

A&P Falmouth Limited

Amounts recognised in profit and loss account are as follows

	2009	2008
	£'000	£'000
Included within operating profit		
Current service cost	301	573
Included within other finance income		
Expected return on pension scheme assets	1,694	2,338
Interest on pension scheme liabilities	(2,046)	(2,206)
Total	(653)	(441)

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

	2009	2008
	£'000	£'000
Actual return less expected return on pension scheme assets	2,934	(8,327)
Experience gains and losses arising on scheme liabilities	(6,244)	7,417
Actuarial (loss)/gain recognised in the statement of total recognised gains and losses	(3,310)	(910)

Reconciliation of fair value of plan assets

	2009	2008
	£'000	£'000
Opening fair value of scheme assets	26,436	32,910
Expected return on assets	1,694	2,338
Contributions by scheme participants	343	410
Contributions by the employer	1,036	829
Actuarial gains/(losses)	2,934	(8,327)
Benefits paid	(1,594)	(1,724)
Closing fair value of scheme assets	30,849	26,436

A&P Falmouth Limited

Reconciliation of defined benefit obligation

	2009	2008
	£'000	£'000
Opening defined benefit obligation	32,445	38,397
Current service cost	301	573
Interest cost	2,046	2,206
Contributions by plan participants	344	410
Actuarial losses/(gains)	6,244	(7,417)
Benefits paid	(1,594)	(1,724)
Closing defined benefit obligation	39,786	32,445

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £2,150,000 (2008 £1,160,000 gains)

The group to which the company belongs is required to have and has an agreed deficit recovery plan in respect of all its defined benefit schemes. The group has complied with and will continue to adhere to the plan in order to satisfy the respective trustees of the pensions schemes.

Details of experience gains and losses for the year to 31 December 2009

	2009	2008	2007	2006	2005
	£'000	£'000	£'000	£'000	£'000
Fair value of plan assets	30,849	26,436	32,910	32,050	28,773
Present value of defined benefit obligation	(39,786)	(32,445)	(38,397)	(42,166)	(40,051)
Deficit	(8,937)	(6,009)	(5,487)	(10,116)	(11,278)
Experience adjustment on scheme assets					
Amount	2,934	(8,327)	(1,347)	1,285	2,829
Experience adjustment on scheme liabilities					
Amount	(6,244)	7,417	5,617	(289)	(4,161)

A&P Falmouth Limited

20 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

	2009		2008	
	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	137,533	1,420,617	144,646

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 period.

21 Parent company and ultimate controlling party

The company's immediate parent undertaking is A&P Ship Repairers Limited. The ultimate parent undertaking and controlling party is A&P Group Limited, a company registered in England and Wales. A&P Group Limited is 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