

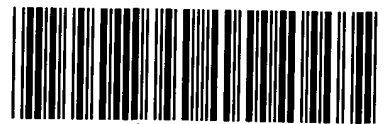
Company Registration No. 00103287

A&P Falmouth Limited

Annual Report and Financial Statements

for the year ended 31 March 2015

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A&P Falmouth Limited

Annual report and financial statements for the year ended 31 March 2015

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A&P Falmouth Limited

Annual report and financial statements for the year ended 31 March 2015

Officers and professional advisers

Directors

Atlantic & Peninsula Marine Services Limited
I Carey
P H Child

Registered Office

Wagonway Road
Hebburn
Tyne & Wear
NE31 1SP
United Kingdom

Bankers

Santander UK Plc
298 Deansgate
Manchester
M3 4HH
United Kingdom

Solicitors

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

Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle upon Tyne
United Kingdom

A&P Falmouth Limited

Strategic report

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 9.

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; and
- customers and markets.

Turnover in the year amounted to £35,334,335 (2014: £40,227,735), resulting in a profit before tax of £5,211,296 (2014: £2,904,204). The net asset position at the year end was £4,296,698 (2014: £3,808,590). The directors consider the results in the year to be satisfactory despite the ongoing difficult trading conditions within commercial sector.

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.

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 notes to the financial statements on page 12.

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 may be taken out to mitigate the risk of fluctuating exchange rates.

A&P Falmouth Limited

Strategic report (continued)

Financial risk management (cont'd)

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 worse 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.

On behalf of the board



I Carey
Director

5 August 2015

A&P Falmouth Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2015.

Future outlook

The company has reported extremely pleasing results for the year despite the decrease in turnover in comparison to the previous year due to absence of a full major RFA refit during the year and the ongoing difficult trading conditions within the commercial sector. The results for the year benefited from the completion of 50% of RFA Mounts Bay refit which has by the end of the financial period progressed on budget and on time. The resumption of RFA refits in 2015 together with the recent award of the RFA UKCATTS contract through to 2018 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.

Dividends

The directors do not recommend the payment of a dividend (2014: £nil).

Directors

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

Atlantic & Peninsula Marine Services Limited

P H Child

I Carey (appointed 28 July 2015)

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.

A&P Falmouth Limited

Directors' report (continued)

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.

Statement of disclosure of information to auditor

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

- so far as 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 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.

On behalf of the board



I Carey
Director

5 August 2015

A&P Falmouth Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 year. 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 year ended 31 March 2015 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, and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2015 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 matters prescribed in the Companies Act 2006

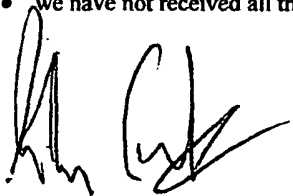
In our opinion the information in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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.



Anthony Farnworth BA ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Newcastle upon Tyne,
United Kingdom
6 August 2015

A&P Falmouth Limited

Profit and loss account for the year ended 31 March 2015

	Notes	31 March 2015 £	31 March 2014 £
Turnover	2	35,334,335	40,227,735
Cost of sales		(28,963,898)	(34,134,091)
Gross profit		6,370,437	6,093,644
Administrative expenses		(943,096)	(2,845,558)
Operating profit	3	5,427,341	3,248,086
Interest receivable and similar income	4	55,545	53,971
Interest payable and similar charges	5	(13,590)	(24,853)
Other finance costs	18	(258,000)	(373,000)
Profit on ordinary activities before taxation		5,211,296	2,904,204
Tax on profit on ordinary activities	7	(785,588)	(710,486)
Profit for the financial year	15,16	4,425,708	2,193,718

All of the activities of the company are continuing.

A&P Falmouth Limited

Statement of total recognised gains and losses for the year ended 31 March 2015

	Notes	31 March 2015 £	31 March 2014 £
Profit for the financial year	15	4,425,708	2,193,718
Actuarial (loss)/gain on pension scheme	18	(4,373,000)	1,225,000
Movement in deferred tax relating to the pension scheme	7d	435,400	(919,060)
Tax relief on pension contributions taken to the statement of total recognised gains and losses		-	217,900
Total gains and losses recognised		<u>488,108</u>	<u>2,717,558</u>

A&P Falmouth Limited

Balance sheet as at 31 March 2015

	Notes	2015 £	2014 £
Fixed assets			
Tangible assets	8	3,974,795	4,343,487
Current assets			
Stocks	9	187,494	279,553
Debtors	10	10,286,083	11,393,617
Cash at bank and in hand		10,249,078	5,638,750
		20,722,655	17,311,920
Creditors: amounts falling due within one year	11	(6,942,718)	(5,790,273)
Net current assets		13,779,937	11,521,647
Total assets less current liabilities		17,754,732	15,865,134
Creditors: amounts falling due after more than one year	12	-	(236,667)
Provisions for liabilities and charges	13	(1,406,262)	(1,509,777)
Net assets excluding pension deficit		16,348,470	14,118,690
Pension deficit	18	(12,051,772)	(10,310,100)
Net assets including pension deficit		4,296,698	3,808,590
Capital and reserves			
Called-up share capital	14	4,750,000	4,750,000
Profit and loss account	15	(453,302)	(941,410)
Total shareholders' funds	16	4,296,698	3,808,590

The financial statements of A&P Falmouth Limited, (registered number 00103287) on pages 9 to 26 were approved by the Board of Directors and authorised for issue on 5 August 2015.

Signed on behalf of the Board of Directors



I Carey
Director

A&P Falmouth Limited

Notes to the financial statements for the year ended 31 March 2015

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.

A&P Falmouth Limited

Notes to the financial statements (continued) for the year ended 31 March 2015

1. Accounting policies (continued)

Contract balances

Amounts recoverable on contracts are shown at valuation, less amounts invoiced or received. Valuation includes the cost of materials and direct labour, together with attributable profit, estimated to be earned to date. Direct labour hours are used to determine the level of completion for routine and normal ship repair contracts. In circumstances where application of the above policy would unduly accelerate or delay the recognition of profits materially, other direct costs are taken into account. Full provision is made for any known or anticipated losses. The excess of payments received over amounts recorded as turnover is classified under creditors within one year as payments on account.

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 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.

A&P Falmouth Limited

Notes to the financial statements (continued) for the year ended 31 March 2015

1. Accounting policies (continued)

The operating cost of providing pensions, as calculated periodically by independent actuaries, is charged to the company's operating profit and loss in the year that those benefits are earned by employees. The financial return expected on the schemes assets is recognised in the year 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. 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.

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.

	31 March 2015 £	31 March 2014 £
United Kingdom	26,903,480	34,570,481
Rest of Europe	6,181,040	4,357,543
Rest of world	2,249,815	1,299,711
	<u>35,334,335</u>	<u>40,227,735</u>

A&P Falmouth Limited

Notes to the financial statements (continued) for the year ended 31 March 2015

3. Operating profit

Operating profit is stated after charging:

	31 March 2015 £	31 March 2014 £
Amortisation of Government grant	50,000	-
Depreciation of tangible fixed assets:		
- owned assets	506,182	883,722
- assets held under finance leases and hire purchase contracts	-	63,338
Defined benefit (FRS17) settlement credit (note 18)	1,295,000	-
Property rental – land and buildings	1,340,571	1,340,571
Hire of plant and machinery – operating leases	222,878	253,993
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	19,400	19,400
	<u> </u>	<u> </u>

4. Interest receivable and similar income

	31 March 2015 £	31 March 2014 £
Bank interest	55,545	53,971
	<u> </u>	<u> </u>

5. Interest payable and similar charges

	31 March 2015 £	31 March 2014 £
Bank interest	13,590	24,853
	<u> </u>	<u> </u>

A&P Falmouth Limited

Notes to the financial statements (continued) for the year ended 31 March 2015

6. Staff costs

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

	31 March 2015 No.	31 March 2014 No.
Average number of persons employed		
Production	251	286
Administration	36	38
	<u>287</u>	<u>324</u>
	£	£
Staff costs during the year (including directors)		
Wages and salaries	9,411,614	10,596,002
Social security costs	978,314	1,098,258
Pension costs	666,502	716,219
	<u>11,056,430</u>	<u>12,410,479</u>
	£	£
Directors' remuneration		
Aggregate emoluments	126,465	135,028
Company pension contributions to money purchase scheme	32,367	17,572
	<u>158,832</u>	<u>152,600</u>

Company pension contributions are made to a company money purchase scheme for one director (2014: one).

A&P Falmouth Limited

Notes to the financial statements (continued) for the year ended 31 March 2015

7. Tax on profit on ordinary activities

a) Analysis of tax charge in the year:

	31 March 2015 £	31 March 2014 £
United Kingdom corporation tax at 21% (2014: 23%) based on the profit for the year	777,268	450,760
Adjustments in respect of prior years	51,515	189,619
Total current tax	828,783	640,379
Deferred tax:		
Origination and reversal of timing differences	(27,865)	139,561
Adjustments in respect of prior years	(16,657)	(11,860)
Effect of changes in tax rates	1,327	(57,594)
Total deferred tax (note 13)	(43,195)	70,107
Tax on profit on ordinary activities	785,588	710,486

b) Factors affecting tax charge for the year:

The tax assessed for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:

	31 March 2015 £	31 March 2014 £
Profit on ordinary activities before tax	5,211,296	2,904,204
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 21% (2014: 23%)	1,094,372	667,967
Effects of:		
Expenses not deductible for tax purposes	19,984	17,498
Income not taxable	(271,950)	(45,006)
Accelerated capital allowances and other timing differences	(161,345)	14,372
Adjustments in respect of prior years	51,515	189,619
Relief on pension contributions taken to the statement of total recognised gains and losses	-	(217,900)
Transfer pricing	96,207	-
Other items	-	63,848
Group relief claimed at nil consideration	-	(50,019)
Current tax charge for the year	828,783	640,379

A&P Falmouth Limited

Notes to the financial statements (continued) for the year ended 31 March 2015

7. Tax on profit on ordinary activities (continued)

c) Factors affecting future tax charges

A reduction in the rate of UK corporation tax from 21% to 20% with effect from 1 April 2015 was enacted in 2013. The deferred tax balances as at 31 March 2015 have been calculated at a rate of 20% (2014: 20%).

d) Deferred tax

	2015 £	2014 £
Provision for deferred tax (excluding pension deficit (note 13))		
Accelerated capital allowances	166,934	165,589
Other timing differences	(44,072)	468
	<u>122,862</u>	<u>166,057</u>
	2015 £	2014 £
Deferred tax asset relating to pension deficit		
At start of year	2,577,400	3,496,460
Deferred tax (charged)/credited to the statement of total recognised gains and losses	435,400	(919,060)
At year end (note 18)	<u>3,012,800</u>	<u>2,577,400</u>

The deferred tax asset of £3,012,800 (2014: £2,577,400) 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 year end.

A&P Falmouth Limited

Notes to the financial statements (continued) for the year ended 31 March 2015

8. Tangible fixed assets

	Leasehold improvements £	Plant and machinery £	Total £
Cost			
At 1 April 2014	1,154,119	9,337,781	10,491,900
Additions	-	137,490	137,490
Disposals	-	(481,203)	(481,203)
At 31 March 2015	1,154,119	8,994,068	10,148,187
Accumulated depreciation			
At 1 April 2014	456,570	5,691,843	6,148,413
Charge for the year	48,601	457,581	506,182
Eliminated in respect of disposals	-	(481,203)	(481,203)
At 31 March 2015	505,171	5,668,221	6,173,392
Net book value			
At 31 March 2015	648,948	3,325,847	3,974,795
At 31 March 2014	697,549	3,645,938	4,343,487

Plant and machinery at 31 March 2015 included leased assets with a net book value of £1,102,304 (2014: £1,165,642). The depreciation charge in respect of such assets was £63,338 (2014: £80,258).

9. Stocks

	2015 £	2014 £
Raw materials and consumables	187,494	279,553

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

A&P Falmouth Limited

Notes to the financial statements (continued) for the year ended 31 March 2015

10. Debtors

	2015 £	2014 £
Trade debtors	2,158,815	1,555,113
Amounts recoverable on contracts	1,286,674	2,735,253
Amounts owed by group undertakings	6,173,575	6,648,320
Other debtors	542,684	283,132
Prepayments and accrued income	124,335	171,799
	<u>10,286,083</u>	<u>11,393,617</u>

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

11. Creditors: amounts falling due within one year

	2015 £	2014 £
Term loans	-	160,000
Trade creditors	4,734,313	2,724,549
Amounts owed to related parties	111,714	133,982
Corporation tax payable	57,268	450,760
Taxation and social security	249,955	249,428
Accruals and deferred income	1,789,468	2,071,554
	<u>6,942,718</u>	<u>5,790,273</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 £nil (2014:£nil).

A&P Falmouth Limited

Notes to the financial statements (continued) for the year ended 31 March 2015

12. Creditors: amounts falling due after more than one year

	2015 £	2014 £
Government grants	-	50,000
Term loans	-	186,667
	<u>-</u>	<u>236,667</u>

The term loans to which the company is committed are:

	2015 £	2014 £
In one year or less (note 11)	-	160,000
Between one and two years	-	186,667
Between two and five years	-	-
	<u>-</u>	<u>346,667</u>

13. Provisions for liabilities and charges

	Deferred tax £	Industrial illness provision £	Total £
At 1 April 2014	166,057	1,343,720	1,509,777
Utilised during the year	-	(60,320)	(60,320)
Credited during the year	(43,195)	-	(43,195)
At 31 March 2015	<u>122,862</u>	<u>1,283,400</u>	<u>1,406,262</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.

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Notes to the financial statements (continued) for the year ended 31 March 2015

14. Called-up share capital

	2015 £	2014 £
Allotted, called-up and fully paid		
4,750,000 (2014: 4,750,000) ordinary shares of £1 each	4,750,000	4,750,000

15. Profit and loss account

	£
At 1 April 2014	(941,410)
Profit for the financial year	4,425,708
Actuarial loss relating to the pension scheme (note 18)	(4,373,000)
Movement in deferred tax relating to the pension scheme	435,400
At 31 March 2015	(453,302)

16. Reconciliation of movements in shareholders' funds

	2015 £	2014 £
Opening shareholder's funds	3,808,590	1,091,032
Profit for the financial year	4,425,708	2,193,718
Actuarial (loss)/gain relating to the pension scheme (note 18)	(4,373,000)	1,225,000
Movement in deferred tax relating to the pension scheme	435,400	(701,160)
Closing shareholder's funds	4,296,698	3,808,590

A&P Falmouth Limited

Notes to the financial statements (continued) for the year ended 31 March 2015

17. Financial commitments

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

	Land and buildings		Plant and machinery	
	2015	2014	2015	2014
	£	£	£	£
Within one year	-	-	3,190	46,474
Within two to five years	-	-	184,360	162,675
After five years	1,340,571	1,340,571	-	-
	<u>1,340,571</u>	<u>1,340,571</u>	<u>187,550</u>	<u>209,149</u>

18. Pension arrangements

Defined benefit arrangements

During the year the company merged its defined benefit scheme into the A&P Group Pension Scheme with the assets and liabilities being held separately in a section of the scheme. As a result of the merger a settlement credit of £1,295,000 (2014: £nil) has been recorded in the profit and loss account. The A&P Falmouth section is closed to future accrual.

Contributions to the scheme for the year were £1,158,928 and the agreed contributions for the next 7 years are £9,896,660.

An updated valuation of the scheme at 31 March 2015 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.

A&P Falmouth Pension Scheme Assumptions as at:

	2015	2014
Price inflation	3.05%	3.40%
Pension increase rate		
- pre-July 2006 LPI increases	3.00%	3.30%
- post July 2006 LPI increases (capped at 2.5% pa)	2.15%	2.25%
Return on assets	4.37%	5.48%
Discount rate	<u>3.20%</u>	<u>4.50%</u>

A&P Falmouth Limited

Notes to the financial statements (continued) for the year ended 31 March 2015

18. Pension arrangements (continued)

The amounts recognised in the balance sheet are as follows:

	Value at 2015 £'000	Long term expected rate of return at 2015 %	Value at 2014 £'000	Long term expected rate of return at 2014 %
Equities	16,090	5.75	13,193	6.95
Diversified growth assets	7,827	5.25	7,246	6.45
Corporate bonds	12,946	3.00	11,085	4.15
Bonds	4,502	2.25	3,592	3.45
Cash	421	0.50	2,277	0.50
Total market value of assets	41,786		37,393	
Present value of liabilities	(56,850)		(50,280)	
Deficit in scheme	(15,064)		(12,887)	
Deferred tax asset (note 7d)	3,013		2,577	
Net pension deficit	(12,051)		(10,310)	

Mortality assumptions used were as follows:

	2015 Years	2014 Years
Longevity at age 65 for current pensioners:		
- Men	21.8	21.8
- Women	23.8	24.1
Longevity at age 65 for future pensioners:		
- Men	22.4	22.3
- Women	24.5	24.9

Amounts recognised in profit and loss account are as follows:

	31 March 2015 £'000	31 March 2014 £'000
Included within other finance costs:		
Expected return on pension scheme assets	1,942	1,787
Interest on pension scheme liabilities	(2,200)	(2,160)
	258	(373)
Included within administrative expenses		
Settlement gain	1,295	-

A&P Falmouth Limited

Notes to the financial statements (continued) for the year ended 31 March 2015

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:

	31 March 2015 £'000	31 March 2014 £'000
Actual return less expected return on pension scheme assets	4,101	(451)
Experience (losses)/gains arising on scheme liabilities	(9,474)	1,676
	<u> </u>	<u> </u>
Actuarial (losses)/gains recognised in the statement of total recognised gains and losses	<u>(4,373)</u>	<u>1,225</u>

Reconciliation of fair value of plan assets:

	31 March 2015 £'000	31 March 2014 £'000
Opening fair value of scheme assets	37,393	36,453
Expected return on assets	1,942	1,787
Contributions by the employer	1,159	1,463
Actuarial gain / (loss)	4,101	(451)
Benefits paid	(1,939)	(1,859)
Settlements	(870)	-
	<u> </u>	<u> </u>
Closing fair value of scheme assets	<u>41,786</u>	<u>37,393</u>

Reconciliation of defined benefit obligation:

	31 March 2015 £'000	31 March 2014 £'000
Opening defined benefit obligation	50,280	51,655
Interest cost	2,200	2,160
Actuarial losses / (gains)	8,474	(1,676)
Benefits paid	(1,939)	(1,859)
Settlements	(2,165)	-
	<u> </u>	<u> </u>
Closing defined benefit obligation	<u>56,850</u>	<u>50,280</u>

A&P Falmouth Limited

Notes to the financial statements (continued) for the year ended 31 March 2015

18. Pension arrangements (continued)

The cumulative amount of actuarial losses recognised in the statement of recognised gains and losses is £20,371,000 (2014: losses of £15,998,000).

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 year to 31 March 2015:

	2015 £'000	2014 £'000	2012 £'000	2011 £'000	2010 £'000
Fair value of plan assets	41,786	37,393	36,453	32,726	32,389
Present value of defined benefit obligation	(56,850)	(50,280)	(51,655)	(44,645)	(39,361)
Deficit	(15,064)	(12,887)	(15,202)	(11,919)	(6,972)
Experience adjustment on scheme assets Amount	(4,101)	(451)	2,847	(828)	925
Experience adjustment on scheme liabilities Amount	8,474	1,676	(6,752)	(4,733)	749

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 £716,219 (2014: £716,219). Amounts owed to the scheme at the year end were £47,657 (2014: £47,657) and are included within accruals.

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

	2015		2014	
	Value of transaction £	Payable at the year end £	Value of transaction £	Payable at the year end £
Transactions with A&PA Property Limited:				
Rental payments	1,340,571	111,714	1,340,571	111,714