

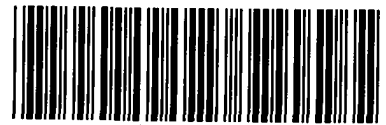
PENDENNIS SHIPYARD (HOLDINGS) LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

Company Registration No. 02281468 (England and Wales)

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COMPANIES HOUSE

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

DIRECTORS AND ADVISERS

Directors

T Mordaunt
MJ Carr
H Wiekens
IL Granville
TJ Allies
AA Hill
CB Robertson
JP Arnold

Company number

02281468

Registered office

The Docks
FALMOUTH
Cornwall
TR11 4NR

Registered auditors

Robinson Reed Layton
Peat House
Newham Road
TRURO
Cornwall
TR1 2DP

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

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PENDENNIS SHIPYARD (HOLDINGS) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their strategic report for the year ended 31 December 2014.

Review of the business

Turnover for the group in the year, of which 90% was UK export, has decreased slightly from £37,157,747 in 2013 to £36,860,690 in the current year. Profitability of the group has decreased this year with operating profit decreasing 5% to £2,340,225 from £2,452,806 in 2013.

The directors are content with these results in the context of the market and the operational restrictions imposed whilst redeveloping the Falmouth site.

The group's policy is long term investment in the Pendennis brand, employee development and yard facilities which will deliver value to our clients and stakeholders.

During 2014 the group invested a further £9.5m in new facilities on the Falmouth site replacing the old main shed and white building with two 90 metre production halls and a 50 metre production hall and support offices bespoke designed for yacht building and yacht repair.

These construction works with partial, then full possession of the new halls part way through the year and the associated yacht basin in construction at year end restricted the marketing and selling opportunity for the group. The increased cost of working and the effect of restrictive marketing and selling opportunity in this period are carried in the reduced operating profit for the year.

As at the 31 December 2014 the group is committed to spend a further £3.4m in completing a 640T fast haul out facility and yacht basin. The total facilities investment for the redevelopment project to completion will be £22.9m. Government grants received to date against this expenditure are £5.6m. We look forward to completion of the yacht basin construction works and being able to offer clients the full facilities and services from the summer onwards.

The group acknowledge and are grateful for the help and support in the delivery of this project from those beyond the immediate stakeholders.

Trading conditions in new build and refit markets remain extremely competitive as yards seek to fill capacity. The group recognises that driving cost value and investment programmes is fundamental to the success of the business and to continue to deliver operational efficiencies.

The significant risks and uncertainties facing the group are increased competition in the new build custom yacht market where there is over capacity at present; exchange rate uncertainty when receiving stage payments and making payments in foreign currencies; and cost exposure of working on fixed price contracts where labour hours and costs may overrun on the initial predictions.

The group addresses these risks by maintaining an international profile through marketing and investment in the Pendennis brand. Material exchange risks are managed by forward contracts. Cost exposures are managed by detailed review of bid packages and strengthening supply chain relationships. The group's process and lean manufacturing techniques are based on cost and quality control.

Due to the size and structure of the business, the group's directors do not consider any additional disclosures necessary regarding the use of KPI's.

On behalf of the board



J.L. Granville

Director

31 March 2015

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and financial statements for the year ended 31 December 2014.

Results and dividends

The consolidated profit and loss account for the year is set out on page 6.

Directors

The following directors have held office since 1 January 2014:

T Mordaunt
MJ Carr
H Wiekens
IL Granville
TJ Allies
AA Hill
CB Robertson
JP Arnold

Donations

The group made charitable donations of £4,605 (2013: £4,456) in the year. Awards are made by a charity committee of members of staff. Staff fund raising events in the year raised £693 (2013: £996) for the nominated charity of the year Clic Sargent (2013: Children's Hospice SW).

Employee involvement

The group's policy is to consult and discuss with employees, staff development forums and at team briefings, matters likely to affect employees' interests.

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

All staff involved in recruitment follow a programme to ensure Equality and Diversity in the workforce.

Disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities. All new construction is built to BREEAM excellence standard including accessibility.

Financial instruments

The group manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the group has sufficient liquid resources to meet the operating needs of the business.

Auditors

The auditors, Robinson Reed Layton, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 group and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



IL Granville

Director

20 April 2015

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PENDENNIS SHIPYARD (HOLDINGS) LIMITED

We have audited the group and parent company financial statements (the "financial statements") of Pendennis Shipyard (Holdings) Limited for the year ended 31 December 2014 set out on pages 6 to 29. 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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 group's and 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 on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF PENDENNIS SHIPYARD (HOLDINGS) LIMITED

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Stephen Gainey (Senior Statutory Auditor)
for and on behalf of Robinson Reed Layton

Chartered Accountants
Statutory Auditor

20 April 2015

Peat House
Newham Road
TRURO
Cornwall
TR1 2DP

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
Turnover	2	36,860,690	37,157,747
Cost of sales		(27,583,375)	(27,955,931)
Gross profit		9,277,315	9,201,816
Administrative expenses		(6,937,090)	(6,749,010)
Operating profit	3	2,340,225	2,452,806
Other interest receivable and similar income	4	14,050	25,844
Interest payable and similar charges	5	(196,656)	(25,668)
Profit on ordinary activities before taxation		2,157,619	2,452,982
Tax on profit on ordinary activities	6	120,684	70,035
Profit on ordinary activities after taxation		2,278,303	2,523,017

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

There are no recognised gains and losses other than those passing through the profit and loss account.

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

BALANCE SHEETS

AS AT 31 DECEMBER 2014

	Notes	Group 2014 £	2013 £	Company 2014 £	2013 £
Fixed assets					
Intangible assets	9	56,939	66,473	-	-
Tangible assets	10	37,141,201	29,362,925	12,555,026	12,626,331
Investments	11	-	-	198,841	198,841
		<u>37,198,140</u>	<u>29,429,398</u>	<u>12,753,867</u>	<u>12,825,172</u>
Current assets					
Stocks	12	139,956	112,868	-	-
Debtors	13	4,492,699	4,881,623	4,783,852	3,395,984
Cash at bank and in hand		3,587,232	5,656,413	1,019,425	1,941,479
		<u>8,219,887</u>	<u>10,650,904</u>	<u>5,803,277</u>	<u>5,337,463</u>
Creditors: amounts falling due within one year	14	(9,230,083)	(10,392,865)	(370,264)	(524,254)
Net current (liabilities)/assets		<u>(1,010,196)</u>	<u>258,039</u>	<u>5,433,013</u>	<u>4,813,209</u>
Total assets less current liabilities		<u>36,187,944</u>	<u>29,687,437</u>	<u>18,186,880</u>	<u>17,638,381</u>
Creditors: amounts falling due after more than one year	15	(7,247,027)	(4,799,755)	(4,145,505)	(4,177,062)
Provisions for liabilities	16	(709,000)	(656,000)	-	-
Accruals and deferred income	17	(6,462,029)	(4,545,130)	-	-
		<u>21,769,888</u>	<u>19,686,552</u>	<u>14,041,375</u>	<u>13,461,319</u>
Capital and reserves					
Called up share capital	20	4,186,536	4,186,536	4,186,536	4,186,536
Share premium account	21	27,742	27,742	27,742	27,742
Revaluation reserve	21	8,000,000	8,000,000	8,000,000	8,000,000
Other reserves	21	216,811	216,811	216,811	216,811
Profit and loss account	21	9,306,299	7,222,963	1,610,286	1,030,230
Shareholders' funds	23	<u>21,737,388</u>	<u>19,654,052</u>	<u>14,041,375</u>	<u>13,461,319</u>
Minority interests	22	32,500	32,500	-	-
		<u>21,769,888</u>	<u>19,686,552</u>	<u>14,041,375</u>	<u>13,461,319</u>


PENDENNIS SHIPYARD (HOLDINGS) LIMITED

BALANCE SHEETS (CONTINUED)

AS AT 31 DECEMBER 2014

20 April 2015

Approved by the Board and authorised for issue on



.....
MJ Carr
Director



TJ Allies
Director

Company Registration No. 02281468

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
£	£	£
Net cash inflow from operating activities	2,235,671	3,502,704
Returns on investments and servicing of finance		
Interest received	14,050	25,844
Interest paid	(196,656)	(25,668)
Issue of shares in subsidiary	-	32,500
Net cash (outflow)/inflow for returns on investments and servicing of finance	(182,606)	32,676
Taxation	18,799	(173,865)
Capital expenditure		
Payments to acquire tangible assets	(8,498,670)	(10,295,969)
Receipts from sales of tangible assets	612,832	826
Net cash outflow for capital expenditure	(7,885,838)	(10,295,143)
Equity dividends paid	(194,967)	(194,067)
Net cash outflow before management of liquid resources and financing	(6,008,941)	(7,127,695)
Financing		
Issue of ordinary share capital	-	745,944
Purchase of own shares	-	(216,203)
Issue of shares	-	529,741
Government grant received	2,493,958	3,148,370
Increase/(decrease) in loan capital	1,794,907	4,246,883
Capital element of hire purchase contracts	(349,105)	(163,036)
Decrease in debt	3,939,760	7,232,217
Net cash inflow from financing	3,939,760	7,761,958
(Decrease)/increase in cash in the year	(2,069,181)	634,263

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2014

1	Reconciliation of operating profit to net cash inflow from operating activities	2014	2013
		£	£
	Operating profit	2,340,225	2,452,806
	Depreciation of tangible assets	1,124,577	738,377
	Amortisation of intangible assets	9,534	9,534
	Profit on disposal of tangible assets	(29,156)	-
	(Increase)/decrease in stocks	(27,088)	54,465
	Decrease in debtors	543,560	155,638
	(Decrease)/Increase in creditors within one year	(1,148,922)	189,763
	Movement on grant provision	(210,000)	-
	Movement in deferred contract income	(367,059)	(97,879)
	Net cash inflow from operating activities	2,235,671	3,502,704

2	Analysis of net (debt)/funds	1 January 2014	Cash flow	Other non-cash changes	31 December 2014
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	5,656,413	(2,069,181)	-	3,587,232
	Finance leases	(386,114)	349,105	(987,859)	(1,024,868)
	Debts falling due within one year	(218,939)	(9,125)	-	(228,064)
	Debts falling due after one year	(4,591,559)	(1,785,782)	-	(6,377,341)
		(5,196,612)	(1,445,802)	(987,859)	(7,630,273)
	Net funds/(debt)	459,801	(3,514,983)	(987,859)	(4,043,041)

3	Reconciliation of net cash flow to movement in net (debt)/funds	2014	2013
		£	£
	(Decrease)/increase in cash in the year	(2,069,181)	634,263
	Cash inflow from increase in debt	(1,445,802)	(4,171,404)
	Change in net debt resulting from cash flows	(3,514,983)	(3,537,141)
	New finance lease	(987,859)	-
	Movement in net (debt)/funds in the year	(4,502,842)	(3,537,141)
	Opening net funds	459,801	3,996,942
	Closing net (debt)/funds	(4,043,041)	459,801

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of the dry dock basin.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2014. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

Turnover represents net invoiced sales of goods and services provided during the year excluding value added tax.

Turnover represents in the case of long term contracts the proportion of contract value applicable to the activity in the year, ascertained by reference to the state of completion of each contract. The related costs are matched with this turnover, resulting in the reporting of attributable profit proportionate to the contract activity. Where the outcome of a contract cannot be foreseen with reasonable certainty but no loss is expected, turnover and costs are recorded as activity progresses using a zero estimate of profit.

Estimates of total contract costs and revenues are reviewed periodically, and the cumulative effects of changes are recognised in the period in which they are identified. All known or anticipated losses are provided for in full as soon as they are foreseen.

Net costs incurred in excess of amounts transferred to cost of sales are classified as long-term contract balances. Revenue recognised in excess of amounts billed are classified as amounts recoverable on contracts and included in debtors. Amounts billed in excess of revenues recognised to date are deducted from related long term contract balances with any residual balance being classified as long term contract payments on account and included in creditors. Long term contract balances are stated at contract cost incurred less amounts transferred to cost of sales, foreseeable losses and payments on account.

1.5 Goodwill

Goodwill represents the excess arising from the fair value of the consideration given over the fair value of the separable net assets acquired. Fair values are attributed to the identifiable assets and liabilities that existed at the date of acquisition reflecting their condition at that date. Adjustments are also made to bring the accounting policies of acquired businesses into alignment with those of the group, where considered appropriate. The costs of integrating and reorganising acquired businesses are charged to the post-acquisition profit and loss account.

Goodwill is amortised through the profit and loss account on a straight line basis over a period of 10 years, which is considered by management to be a fair reflection of useful economic life of the underlying assets acquired.

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies

(Continued)

1.6 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Freehold property	2% per annum
Long term leasehold property	2 - 20% per annum
Plant and machinery	10 - 33% per annum
Fixtures and fittings	10 - 50% per annum
Assets in the course of construction	no depreciation is charged

No depreciation is charged on freehold land or leasehold land.

1.7 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.9 Stock

Stock is valued at the lower of cost and net realisable value.

1.10 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

1.11 Pensions

The Group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable in accordance with FRS17.

1.12 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.13 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.14 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred. Where it is not possible to split the grant between capital and revenue expenditure it is released over the project term.

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

1 Accounting policies

(Continued)

1.15 Derivative instruments

The group uses derivative financial instruments to reduce exposure to foreign exchange risk. The group does not hold or issue derivative financial instruments for speculative purposes.

For a forward exchange contract to be treated as a hedge the instrument must be related to actual foreign currency assets or liabilities or to a probable commitment. It must involve the same currency or currencies as the hedged item and must also reduce the risk of foreign exchange movements on the group's operations. Gains and losses arising on these contracts are recognised in the profit and loss account.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity.

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2014	2013
	£	£
Geographical segment		
United Kingdom	3,301,781	1,650,167
Rest of world	33,558,909	35,507,580
	<u>36,860,690</u>	<u>37,157,747</u>

3 Operating profit

Operating profit is stated after charging:

	2014	2013
	£	£
Amortisation of intangible assets	9,534	9,534
Depreciation of tangible assets	1,124,577	738,377
Loss on foreign exchange transactions	-	8,480
Operating lease rentals	99,883	144,385
Auditor's remuneration - Audit services	15,000	15,000
Auditor's remuneration - Taxation compliance	3,500	10,500
Auditor's remuneration - Other services	7,320	3,220

and after crediting:

Grant released	210,000	-
Profit on disposal of tangible assets	29,156	-
Profit on foreign exchange transactions	53,422	-
	<u>292,578</u>	<u>-</u>

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

4	Investment income	2014	2013
		£	£
	Bank interest	13,864	25,844
	Other interest	186	-
		<u>14,050</u>	<u>25,844</u>
5 Interest payable		2014	2013
		£	£
	On bank loans and overdrafts	28,512	14,723
	Hire purchase interest	22,925	10,945
	Other interest	145,219	-
		<u>196,656</u>	<u>25,668</u>

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

6	Taxation	2014 £	2013 £
	Domestic current year tax		
	Adjustment for prior years	(173,684)	365
	Total current tax	(173,684)	365
	Deferred tax		
	Deferred tax charge /(credit)	53,000	(70,400)
		53,000	(70,400)
		(120,684)	(70,035)
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	2,157,619	2,452,982
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.76% (2013 - 23.25%)	447,922	570,318
	Effects of:		
	Non deductible expenses	(6,549)	(517,473)
	Depreciation add back	218,228	170,871
	Capital allowances	(402,999)	(245,984)
	Tax losses utilised	3,393	31,850
	Adjustments to previous periods	(173,684)	365
	Other tax adjustments	(259,995)	(9,582)
		(621,606)	(569,953)
	Current tax charge for the year	(173,684)	365

7 Profit for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	2014 £	2013 £
Holding company's profit for the financial year	775,023	866,809

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

8	Dividends	2014	2013
		£	£
	Ordinary final paid	194,967	194,067
		<u> </u>	<u> </u>
9	Intangible fixed assets		
	Group		Goodwill
			£
	Cost		
	At 1 January 2014 & at 31 December 2014		95,341
			<u> </u>
	Amortisation		
	At 1 January 2014		28,868
	Charge for the year		9,534
			<u> </u>
	At 31 December 2014		38,402
			<u> </u>
	Net book value		
	At 31 December 2014		56,939
			<u> </u>
	At 31 December 2013		66,473
			<u> </u>

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

10 Tangible fixed assets

Group

	Freehold property	Long term leasehold property	Plant and machinery	Fixtures and fittings	Assets in the course of construction	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 January 2014	574,102	13,926,633	10,258,793	968,446	10,129,350	35,857,324
Transfers	22,591,590	(13,430,666)	1,341,868	-	(10,502,792)	-
Additions	6,188	-	176,651	264,967	9,038,723	9,486,529
Disposals	-	(29,479)	(1,286,725)	(5,970)	-	(1,322,174)
At 31 December 2014	23,171,880	466,488	10,490,587	1,227,443	8,665,281	44,021,679
Depreciation						
At 1 January 2014	-	1,045,402	4,659,142	789,855	-	6,494,399
Transfers	1,213,979	(1,213,979)	-	-	-	-
On disposals	-	(5,914)	(726,614)	(5,970)	-	(738,498)
Charge for the year	180,413	205,321	625,835	113,008	-	1,124,577
At 31 December 2014	1,394,392	30,830	4,558,363	896,893	-	6,880,478
Net book value						
At 31 December 2014	21,777,488	435,658	5,932,224	330,550	8,665,281	37,141,201
At 31 December 2013	574,102	12,881,231	5,599,651	178,591	10,129,350	29,362,925

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

10 Tangible fixed assets

(Continued)

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery	Fixtures and fittings	Assets in the course of construction	Total
	£	£	£	£
Net book values				
At 31 December 2014	1,393,600	-	-	1,393,600
At 31 December 2013	670,892	-	-	670,892
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation charge for the year				
31 December 2014	100,074	-	-	100,074
31 December 2013	73,409	-	-	73,409
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Freehold property includes land at cost of £1,661,866 (2013: £1,661,866 in long term leasehold property) on which no depreciation is charged.

Freehold property includes land at cost of £200,000 (2013: £200,000) on which no depreciation is charged.

Assets in the course of construction includes interest capitalised of £84,950 (2013: £60,492).

Property Revaluation: The Dry Dock basin included in long term leasehold property was professionally valued in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors by a qualified valuer in accordance with Financial Reporting Standard 15 "Tangible Assets" on 27 March 2013. The valuation basis for this specialist asset is on a depreciated replacement value. The directors are not aware of any material change in value.

If revalued assets were sold at their carrying value a tax liability of £1,600,000 (2013: £1,800,000) would arise.

On a historical cost basis the revalued assets would have been included at:

Freehold property - cost £106,253 (2013: £106,253 in leasehold property)

Freehold property - accumulated depreciation £Nil (2013: £Nil)

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

10 Tangible fixed assets

(Continued)

Tangible fixed assets

Company

	Freehold property	Long term leasehold property	Plant and machinery	Total
	£	£	£	£
Cost or valuation				
At 1 January 2014	574,102	12,668,915	214,917	13,457,934
Transfers	12,668,915	(12,668,915)	-	-
Additions	6,188	-	-	6,188
At 31 December 2014	13,249,205	-	214,917	13,464,122
Depreciation				
At 1 January 2014	-	815,795	15,808	831,603
Transfers	877,480	(877,480)	-	-
Charge for the year	-	61,685	15,808	77,493
At 31 December 2014	877,480	-	31,616	909,096
Net book value				
At 31 December 2014	12,371,725	-	183,301	12,555,026
At 31 December 2013	574,102	11,853,120	199,109	12,626,331

Freehold property includes land at cost of £1,661,866 (2013: £1,661,866 in Long Term Leasehold property) on which no depreciation is charged.

Freehold property includes land at cost of £200,000 (2013: £200,000) on which no depreciation is charged.

Property Revaluation: The Dry Dock basin included in long term leasehold property was professionally valued in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors by a qualified valuer in accordance with Financial Reporting Standard 15 "Tangible Assets" on 27 March 2013. The valuation basis for this specialist asset is on a depreciated replacement value. The directors are not aware of any material change in value.

If revalued assets were sold at their carrying value a tax liability of £1,600,000 (2013: £1,800,000) would arise.

On a historical cost basis the revalued assets would have been included at:
Freehold property - cost £106,253 (2013: £106,253 in leasehold property)
Freehold property - accumulated depreciation £Nil (2013: £Nil)

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

11 Fixed asset investments

Company

Shares in group undertakings

£

Cost or valuation

At 1 January 2014 & at 31 December 2014

198,841

Net book value

At 31 December 2014

198,841

At 31 December 2013

198,841

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Pendennis Shipyard Limited	UK	Ordinary	100.00
Pendennis Plus Limited	UK	Ordinary	100.00
Pendennis Palma Mallorca SL	Spain	Ordinary	100.00
Pendennis Brokerage Limited	UK	Ordinary	100.00
Pendennis Superyachts Limited	UK	Ordinary	100.00

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Pendennis Shipyard Limited	Design, manufacture and refitting out of luxury yachts
Pendennis Plus Limited	Yacht design and construction
Pendennis Palma Mallorca SL	Refitting out of luxury yachts
Pendennis Brokerage Limited	Dormant
Pendennis Superyachts Limited	Dormant

12 Stocks

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Raw materials and consumables	139,956	112,868	-	-

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

13 Debtors

	Group 2014 £	2013 £	Company 2014 £	2013 £
Trade debtors	1,943,725	2,200,439	4,503	-
Amounts recoverable on long term contracts	1,806,457	467,345	-	-
Amounts owed by group undertakings	-	-	4,623,898	3,202,493
Corporation tax	154,636	-	-	-
Other debtors	288,782	1,126,215	16,357	758
Prepayments and accrued income	299,099	1,087,624	8,094	10,733
Deferred tax asset (see note 16)	-	-	131,000	182,000
	<u>4,492,699</u>	<u>4,881,623</u>	<u>4,783,852</u>	<u>3,395,984</u>

Amounts falling due after more than one year and included in the debtors above are:

	2014 £	2013 £	2014 £	2013 £
Amounts owed by group undertakings	<u>-</u>	<u>-</u>	<u>4,000,000</u>	<u>3,000,000</u>

14 Creditors : amounts falling due within one year

	Group 2014 £	2013 £	Company 2014 £	2013 £
Bank loans	228,064	218,939	39,819	44,532
Payments received on account	4,092,498	5,082,007	-	-
Net obligations under finance lease and hire purchase contracts	155,182	177,918	-	-
Trade creditors	3,199,358	3,049,086	-	-
Corporation tax	-	249	-	249
Taxes and social security costs	251,058	455,641	17,177	18,137
Other creditors	403,076	224,098	(1,887)	45,967
Accruals and deferred income	900,847	1,184,927	315,155	415,369
	<u>9,230,083</u>	<u>10,392,865</u>	<u>370,264</u>	<u>524,254</u>

The bank loans are secured by a charge over all assets of the group.

Net obligations under lease and hire purchase agreements are secured on the assets to which they relate.

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

15 Creditors : amounts falling due after more than one year

	Group 2014 £	2013 £	Company 2014 £	2013 £
Bank loans	6,377,341	4,591,559	4,145,505	4,177,062
Net obligations under finance leases and hire purchase agreements	869,686	208,196	-	-
	<u>7,247,027</u>	<u>4,799,755</u>	<u>4,145,505</u>	<u>4,177,062</u>
Analysis of loans				
Wholly repayable within five years	6,605,405	4,810,498	4,185,324	4,221,594
Included in current liabilities	(228,064)	(218,939)	(39,819)	(44,532)
	<u>6,377,341</u>	<u>4,591,559</u>	<u>4,145,505</u>	<u>4,177,062</u>
Loan maturity analysis				
In more than one year but not more than two years	1,387,738	208,350	1,039,819	44,532
In more than two years but not more than five years	4,989,603	4,383,209	3,105,686	4,132,530
	<u>6,377,341</u>	<u>4,591,559</u>	<u>4,145,505</u>	<u>4,177,062</u>
Net obligations under finance leases and hire purchase contracts				
Repayable within one year	155,182	177,918	-	-
Repayable between one and five years	869,686	208,196	-	-
	<u>1,024,868</u>	<u>386,114</u>	<u>-</u>	<u>-</u>
Included in liabilities falling due within one year	(155,182)	(177,918)	-	-
	<u>869,686</u>	<u>208,196</u>	<u>-</u>	<u>-</u>

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

16 Provisions for liabilities

Group

Deferred
taxation
£

Balance at 1 January 2014	656,000
Profit and loss account	53,000
Balance at 31 December 2014	709,000

Company

Balance at 1 January 2014	(182,000)
Profit and loss account	51,000
Balance at 31 December 2014	(131,000)

The deferred tax liability is made up as follows:

	Group 2014 £	2013 £	Company 2014 £	2013 £
Accelerated capital allowances	849,000	776,000	6,000	(65,000)
Other timing differences	(3,000)	(3,000)	-	-
Tax losses available	(137,000)	(117,000)	(137,000)	(117,000)
	709,000	656,000	(131,000)	(182,000)

17 Accruals and deferred income

Group

Deferred
contract
income
£

Government
grants
£

Total
£

Balance at 1 January 2014	1,396,760	3,148,370	4,545,130
Grants received during the year	-	2,493,958	2,493,958
Movement in the year	(367,059)	(210,000)	(577,059)
Balance at 31 December 2014	1,029,701	5,432,328	6,462,029

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

18 Retirement Benefits

Defined contribution scheme

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

The company is an Independent Participating Employer with its own section of The Shipbuilding Industries Pension Scheme ('SIPS'). This scheme is in the process of being wound up and the members have been transferred to the Standard Life Master Trust. The pension cost charge represents contributions payable by the company to the fund.

The company has complied with the requirements of compulsory enrolment for employees.

	2014 £	2013 £
Contributions payable by the group for the year	141,178	140,689
Contributions payable to the fund at the year end and included in creditors	(481)	(581)

19 Derivative instruments

The group had derivatives which are not included at fair value in the accounts. The derivatives comprise of forward exchange contracts which are used by the group to hedge its exposure to movements in foreign currency exchange rates. The principal sums and fair values at the balance sheet date were as follows;

US dollars

Principal \$Nil (2013: \$241,047)

Fair value £Nil (2013: £150,840)

Euros

Principal €Nil (2013: €609,700)

Fair value £Nil (2013: £519,823)

20 Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
4,186,536 Ordinary shares of £1 each	4,186,536	4,186,536

During the previous year 501,999 shares were issued for £745,944 and the company also purchased 196,811 shares for £216,203.

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

21 Statement of movements on reserves

Group

	Share premium account £	Revaluation reserve £	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2014	27,742	8,000,000	216,811	7,222,963
Profit for the year	-	-	-	2,278,303
Dividends paid	-	-	-	(194,967)
Balance at 31 December 2014	<u>27,742</u>	<u>8,000,000</u>	<u>216,811</u>	<u>9,306,299</u>

Other reserves

Capital redemption reserve

Balance at 1 January 2014 & at 31 December 2014	<u>216,811</u>
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Company

	Share premium account £	Revaluation reserve £	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2014	27,742	8,000,000	216,811	1,030,230
Profit for the year	-	-	-	775,023
Dividends paid	-	-	-	(194,967)
Balance at 31 December 2014	<u>27,742</u>	<u>8,000,000</u>	<u>216,811</u>	<u>1,610,286</u>

Other reserves

Capital redemption reserve

Balance at 1 January 2014 & at 31 December 2014	<u>216,811</u>
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22 Minority interests

	2014 £	2013 £
Minority interests' share of net assets and liabilities in subsidiary undertakings	<u>32,500</u>	<u>32,500</u>

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

23 Reconciliation of movements in shareholders' funds	2014	2013
Group	£	£
Profit for the financial year	2,278,303	2,523,017
Dividends	(194,967)	(194,067)
	<u>2,083,336</u>	<u>2,328,950</u>
Proceeds from issue of shares	-	745,944
Cost of share issue written off to share premium account	-	(216,203)
	<u>2,083,336</u>	<u>2,858,691</u>
Net addition to shareholders' funds	19,654,052	16,795,361
Opening shareholders' funds	<u>21,737,388</u>	<u>19,654,052</u>
Closing shareholders' funds	<u>21,737,388</u>	<u>19,654,052</u>
	2014	2013
Company	£	£
Profit for the financial year	775,023	866,809
Dividends	(194,967)	(194,067)
	<u>580,056</u>	<u>672,742</u>
Proceeds from issue of shares	-	745,944
Cost of share issue written off to share premium account	-	(216,203)
	<u>580,056</u>	<u>1,202,483</u>
Net addition to shareholders' funds	13,461,319	12,258,836
Opening shareholders' funds	<u>14,041,375</u>	<u>13,461,319</u>
Closing shareholders' funds	<u>14,041,375</u>	<u>13,461,319</u>

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

24 Contingent liabilities

Group

A debenture is held by National Westminster Bank Plc over all the assets of the company and the group to secure the current and future amounts due to them.

Fixed and floating charges dated May 2013 are held by Cornwall Council over all assets of the company and the group to secure a debt owed by the holding company to The Growing Places Fund administered by Cornwall Council.

Pendennis Shipyards Limited a group company has issued long term incentive shares which are subject to certain performance criteria for the company being met in the future. The shares were issued in 2013 and the directors feel it is too early to quantify any benefits that may have accrued to date, therefore, no provision has been made in the accounts.

Company

There is a cross guarantee with the parent undertaking and its subsidiaries in respect of all borrowings. The amounts outstanding at the year end was £6,605,000 (2013: £4,810,498) and the highest balance during the year was £6,638,000 (2013: £4,810,498).

The company is part of a group VAT registration with the parent undertaking and its subsidiaries and as such is jointly liable for any outstanding liability. At the year end the amount of VAT owed by the parent company and its subsidiaries was £48,289 (2013: £Nil).

25 Financial commitments

At 31 December 2014 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2014	2013	2014	2013
	£	£	£	£
Expiry date:				
Within one year	-	-	630	24,170
Between two and five years	-	-	63,028	14,953
In over five years	78,325	78,235	-	-
	<u>78,325</u>	<u>78,235</u>	<u>63,658</u>	<u>39,123</u>

26 Capital commitments

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Contracted for but not provided in the financial statements	3,463,000	4,432,000	-	-
	<u>3,463,000</u>	<u>4,432,000</u>	<u>-</u>	<u>-</u>

Funding has been secured for the committed expenditure.

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

27 Directors' remuneration

	2014 £	2013 £
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Remuneration for qualifying services	782,027	786,338
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Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	221,573	188,874
Company pension contributions to defined contribution schemes	44,649	49,146

Pension contributions were paid to defined contribution schemes on behalf of 4 directors (2013: 4).

28 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2014 Number	2013 Number
Production	276	257
Administration	85	82
	361	339

Employment costs

	2014 £	2013 £
Wages and salaries	9,659,343	9,942,497
Social security costs	933,597	897,433
Other pension costs	240,098	164,693
	10,833,038	11,004,623

29 Control

There is no individual who has ultimate control.

30 Related party relationships and transactions

PENDENNIS SHIPYARD (HOLDINGS) LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2014

30 Related party relationships and transactions

(Continued)

Group

Included in turnover is work carried out on normal commercial terms for the following directors/shareholders: Mr T Mordaunt £49,497 (2013: £99,720), Mr G Lindemann £614,586 (2013: £169,754) and Sir T Sainsbury £Nil (2013: £775,614). The group also made sales to the directors, totalling £68,278 (2013: £82,068). The balance due from the directors to the group at 31 December 2014 was £Nil (2013: £Nil).

Included in purchases are amounts for goods and services provided on normal commercial terms by Mrs M Wiekens, wife of Mr H Wiekens (director/shareholder) of £1,680 (2013: £2,880); by Trago Mills (Falmouth) Limited, a company of which Mr B Robertson (director/shareholder) is a director, £14,961 (2013: £28,504) and by SMS Business Limited, a company of which Mr M Walters (shareholder) is a director, £34,689 (2013: £59,210).