

Registered Number 4211637

Northwestern Shiprepairers and
Shipbuilders Limited
Report and accounts
for the year ended 31 May 2005



Northwestern Shiprepairers and Shipbuilders Limited

Report and accounts for the year ended 31 May 2005

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Northwestern Shiprepairers and Shipbuilders Limited

Directors and Advisers for the year ended 31 May 2005

Directors

J R Syvret
J Kennedy
M J Moran
P A Jones

Secretary

J R Syvret

Registered Office

Bidston Drydock
Beaufort Road
Birkenhead
Merseyside
CH41 1HG

Auditors

PricewaterhouseCoopers LLP
8 Princes Parade
St. Nicholas Place
Liverpool
L3 1QJ

Bankers

Barclays
Manchester City Office
Manchester
M60 2AU

Northwestern Shiprepairers and Shipbuilders Limited

Directors' report for the year ended 31 May 2005

The directors present their report and the audited financial statements of the company for the year ended 31 May 2005.

Principal activities

The principal activity of the company during the year was ship repair.

Review of business and future developments

On 29th May 2005, two days prior to the year end, the company acquired the whole of the issued share capital of A&P Birkenhead Limited. Over time, this acquisition will increase capacity, provide stability and enhance market share.

This past year has seen turnover increase by over £1,456,000 million, and operational pre tax profit grow to £1,235,000 million before the write off arising out of the acquisition of A&P Birkenhead Limited.

Results and dividends

The company's profit for the financial year before the write off of an intercompany loan and taxation is £1,235,000 (2004: £921,000). The company's loss after taxation is £358,000 (2004: £633,000 profit). The directors recommend the payment of a dividend of £641,000. The retained deficit for the financial year of £999,000 will be transferred to reserves.

Directors and their interests

The directors who held office during the year are given below:

J R Syvret	Managing Director	
J Kennedy	Director	
M J Moran	Director	
P A Jones	Non-executive	
A Findlay	Non-executive	(resigned 31 December 2005)

The interests of the directors of the company in the shares of the company were:

	Interests in ordinary A shares of 1 pence each (2004 £1)	
	31 May 2005	31 May 2004
J R Syvret	9,600	96
J Kennedy	1,500	15
M J Moran	1,500	15
P A Jones	-	-

There are no outstanding share options at 31 May 2005

Statement of directors' responsibilities

Company law requires the directors to prepare the financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:-

Northwestern Shiprepairers and Shipbuilders Limited

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable 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 Company will continue in business


The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with Companies Act 1985. 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.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

By order of the Board



J R Syvret
Secretary
5 April 2006

Northwestern Shiprepairers and Shipbuilders Limited

Independent auditors' report to the members of Northwestern Shiprepairers and Shipbuilders Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses, the related notes and the accounting policies set out in the statement of accounting policies.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the financial statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 May 2005 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Liverpool

5 April 2006

Northwestern Shiprepairers and Shipbuilders Limited

Profit and loss account for the year ended 31 May 2005

	Note	2005 £'000	2004 £'000
Turnover	1	21,506	20,050
Cost of sales	4	(17,508)	(16,388)
Gross profit		3,998	3,662
Write off in relation to acquisition of A& P Birkenhead		(1,213)	-
Other administrative expenses		(2,814)	(2,770)
Total administration expenses	4	4,027	(2,770)
Operating (loss)/profit		(29)	892
Net interest receivable	5	51	29
Profit on ordinary activities before taxation	6	22	921
Tax charge on profit on ordinary activities	7	(380)	(288)
(Loss)/profit on ordinary activities after taxation		(358)	633
Dividends payable	8	(641)	(475)
Retained (loss)/profit for the financial period	18	(999)	158

Statement of recognised gains and losses

	2005 £'000	2004 £'000
Balance at 1 June 2004	769	611
(Loss)/profit for the year	(358)	633
Dividends payable	(641)	(475)
Proceeds on issue of share capital	1,130	-
Balance at 31 May 2005	900	769

All items dealt with in arriving at operating profit above relate to continuing operations.

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Note of historical cost profits and losses

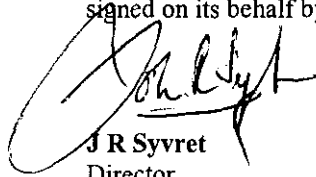
	2005	2004
	£'000	£'000
Profit on ordinary activities before taxation	22	921
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	37	19
Historical cost profit on ordinary activities before taxation	59	940
Historical cost (loss)/profit for the year after taxation and dividends	(962)	177

Northwestern Shiprepairers and Shipbuilders Limited

Balance sheet as at 31 May 2005

	Note	2005 £'000	2004 £'000
Fixed assets			
Tangible assets	10	714	769
		714	769
Current assets			
Stocks	11	718	1,106
Debtors	12	2,571	1,483
Cash at bank and in hand		2,593	989
		5,882	3,578
Creditors: amounts falling due within one year	13	(4,991)	(2,854)
Net current assets		891	724
Total assets less current liabilities		1,605	1,493
Creditors: amounts falling due after more than one year	14	(1)	(5)
Provisions	15	(34)	(49)
Net assets		1,570	1,439
Capital and reserves			
Called up share capital	17	-	-
Share premium	18	450	450
Merger reserve	18	-	-
Revaluation reserve	18	220	220
Profit and loss account	18	900	769
Total shareholders' funds	20	1,570	1,439

The financial statements on pages 5 to 20 were approved by the board of directors 5 April 2006 and were signed on its behalf by:



J R Syvret
Director

Northwestern Shiprepairers and Shipbuilders Limited

Cash flow statement for the year ended 31 May 2005

	2005 £'000	2004 £'000
Cash flow statement		
Net cash inflow/(outflow) from operating activities	1,247	(1,042)
Returns on investments and servicing of finance		
- Interest received	71	46
- Interest paid	(20)	(17)
Net cash inflow from returns on investments and servicing of finance	51	29
Taxation	(237)	20
Capital expenditure		
Purchase of tangible fixed assets	(119)	(207)
Disposal of tangible fixed assets	9	-
Net cash outflow for capital expenditure	(110)	(207)
Equity dividends paid	(475)	-
Net cash inflow/(outflow) before financing	476	(1,200)
Financing		
Proceeds from issue of share capital	1,130	-
Capital element of hire purchase repayments	(2)	(2)
Net cash outflow from financing	(2)	(2)
Increase/(decrease) in cash	1,604	(1,202)

Reconciliation of operating (loss)/profit to cash inflow/(outflow) from operating activities

Operating (loss)/profit	(29)	892
Depreciation charges	165	147
Decrease/(increase) in stocks	388	(605)
(Increase)/decrease in debtors	(1,088)	1,087
Increase/(decrease) in creditors	1,811	(2,563)
Net cash inflow/(outflow) from operating activities	1,247	(1,042)

Northwestern Shiprepairers and Shipbuilders Limited

Accounting policies

The financial statements have been prepared in accordance with the historical cost convention modified by the revaluation of certain tangible fixed assets and in accordance with applicable accounting standards. A summary of the more important accounting policies that have been consistently applied have been set out below.

Turnover

Turnover represents income earned from ship repair provided to third parties, excluding VAT and completed prior to the year end. Turnover also includes the proportion of the sales value of long-term contracts based on their state of completion at the balance sheet date. Turnover is recognised on long term contracts as the project progresses, on short term contracts revenue is recognised when the contract is completed.

Tangible fixed assets

Tangible fixed assets are stated at cost or at valuation, less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Certain tangible fixed assets are included at director's valuation. External valuations are to be carried out every five years and interim valuations are to be carried out in the third year following an external valuation.

Depreciation

Depreciation is calculated to write-off original cost or valuation, less the expected residual value of the assets, over their estimated useful lives on a straight line basis.

The economic lives of the various assets are considered to be:

	Years
Plant and equipment	3 – 20
Leasehold improvements	3 – 20
Fixtures and fittings	3 – 5
Motor vehicles	5

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value on a first in first out basis. Cost includes all direct expenditure and appropriate overhead expenditure incurred in bringing goods to their current state under normal operating conditions. Net realisable value is based on anticipated selling price less the cost of selling such goods. Profit on long-term contracts, principally in relation to the repair of ships, is recognised once the project's outcome can be assessed on the reasonable certainty. The profit is calculated by applying the percentage completion at the balance sheet date to the expected contract profit. Any losses envisaged on long-term contracts are provided as soon as they are foreseen regardless of the extent of completion.

Finance leases

Assets held under finance leases are included in tangible assets at cost and are depreciated over the shorter of the lease term or their useful life. Obligations relating to finance leases, net of finance charges in respect of future periods are included as appropriate under creditors due within or after one year. Finance charges are allocated to accounting periods over the lease term to reflect a constant rate of interest on the remaining balance of the obligation.

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Operating leases

Rentals under operating leases are charged to the profit and loss account as incurred.

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.

Timing differences between the company's taxable profits and its accounting profits arising from gains and losses in the tax assessments in periods different from those which they are recognised in the financial statements. The deferred tax assets and liabilities are not discounted.

Consolidation

The company acquired A&P Birkenhead Limited on 29 May 2005. The company has taken the exemption from the need to prepare consolidated financial statements in accordance with section 248 of the Companies Act 1985.

Related Party Transactions

The company has taken advantage of the exemption allowed under FRS 8, "Related party disclosures", not to disclose related party transactions with members of the group.

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Notes to the financial statements for the year ended 31 May 2005

1 Turnover

Turnover consists entirely of sales made in the United Kingdom.

2 Directors' emoluments

	2005	2004
	£'000	£'000
Remuneration	192	196

	2005	2004
	£'000	£'000
Highest paid director		
Aggregate emoluments	88	85

3 Employee information

The average number of persons (including executive directors) employed during the year was:

	2005	2004
	No	No
Operations	191	182
Administration	6	6
	197	188

	£'000	£'000
Staff costs		
Wages	5,536	5,226
Social security costs	598	566
Total employee costs	6,134	5,792

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4 Operating costs

	2005	2004
	£'000	£'000
Cost of sales	17,508	16,388
Write off in relation to acquisition of A& P Birkenhead Limited	1,213	-
Administrative expenses	2,814	2,770
Total operating costs	21,535	19,158

5 Net interest receivable

	2005	2004
	£'000	£'000
Interest receivable on short-term deposits and other investments	71	46
Interest payable on finance leases	-	(1)
Interest payable on bank loans, overdrafts and other loans	(20)	(16)
	51	29

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	2005	2004
	£'000	£'000
Depreciation for the year – owned assets	165	145
Depreciation for the year – assets under finance lease	-	2
Operating leases – other	540	525
Machinery and equipment hire	667	661
Write off of intercompany debt	1,130	-
Costs associated with the acquisition of A&P Birkenhead Limited	83	-
Auditors remuneration – audit fees	15	15

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7 Taxation

	2005	2004
	£'000	£'000
Current tax		
UK corporation tax charge	392	285
Adjustments in respect of prior years	3	(17)
	395	268
Deferred tax		
Origination of timing differences	(15)	(3)
Adjustments in respect of prior years	-	23
	380	288

The tax charge for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2005	2004
	£'000	£'000
Profit on ordinary activities before taxation	22	921
Profit on ordinary activities, multiplied by standard rate of corporation tax in the UK of 30% (2004:30%)	7	276
Effects of:		
Expenses not deductible for tax purposes	6	6
Exceptional item not deductible for tax purposes	364	-
Depreciation in excess of capital allowances	15	3
Adjustments in respect of prior periods	3	(17)
Current tax charge for the year	395	268

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8 Dividends

	2005	2004
	£'000	£'000
Dividends payable £21.32 per 1p share (2004:£1,583.33 per £1 share)	641	475

The holders of 1,667 ordinary A shares and of 1,667 ordinary B shares have waived their right to receive a dividend.

9 Investments

	2005	2004
	£'000	£'000
1 June 2004	-	-
Additions in year	83	-
Provision for diminution in value	(83)	-
At 31 May 2005	-	-

The company had the following investment at 31 May 2005:

Name of investment	Class of share capital held	Proportion held	Nature of business
A&P Birkenhead Limited	Ordinary	100%	Ship repair and marine engineering

The above undertaking is registered in England and Wales.

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10 Tangible assets

	Plant and equipment	Leasehold improvements	Fixtures and fittings	Motor vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 June 2004	404	491	74	75	1,044
Additions	41	38	6	34	119
Disposals	(5)	-	-	(14)	(19)
At 31 May 2005	440	529	80	95	1,144
Accumulated depreciation					
At 1 June 2004	115	103	37	20	275
Charge for the year	69	62	17	17	165
Disposals	(2)	-	-	(8)	(10)
At 31 May 2005	182	165	54	29	430
Net book value					
At 31 May 2005	258	364	26	66	714
At 31 May 2004	289	388	37	55	769

The net book value of tangible fixed assets includes an amount of £nil (2004: £5,684) in respect of assets held under finance leases by the company.

At 31 May 2005 (2004: £nil) there were no capital commitments contracted but not provided for in the accounts.

Certain fixed assets were revalued at 31 May 2002 and are included in the balance sheet at a net book value of £107,660. The cost at 31 May 2005, under historical costs rules, would be £162,672 (2004: £43,672) and the net book amount would be £28,751 (2004: £33,118).

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11 Stocks

	2005 £'000	2004 £'000
Raw materials and consumables	30	29
Work in progress	688	1,077
Total stocks	718	1,106

12 Debtors

	2005 £'000	2004 £'000
Amounts falling due within one year:		
Trade debtors	2,069	886
Amounts owed by related party	181	279
Prepayments and accrued income	111	241
Other debtors	210	77
Total debtors	2,571	1,483

13 Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Trade creditors	3,244	1,642
Amounts owed to related party	151	129
Corporation tax	407	250
Other taxation and social security payable	194	134
Other creditors	3	3
Finance leases	-	2
Accruals and deferred income	351	219
Dividends payable	641	475
Total creditors falling due within one year	4,991	2,854

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14 Creditors: amounts falling due after more than one year

	2005 £'000	2004 £'000
Other creditors	1	5
Total creditors falling due after more than one year	1	5

15 Provisions

Deferred taxation	2005 £'000	2004 £'000
At 1 June	49	29
(Credited)/charged to profit and loss account	(15)	20
At 31 May	34	49
The balance relates to:		
Accelerated capital allowances	34	49
Total deferred tax liability	34	49

16 Loans and other borrowings

	2005 £'000	2004 £'000
Finance leases		
Future minimum payments under finance leases are as follows:		
Within one year	-	2
In more than one year, but not more than five years	-	-
	-	2

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17 Called-up share capital

	2005	2004
	£	£
Authorised:		
Ordinary A shares of 1 penny each	167	150
Ordinary B shares of 1 penny each	167	150
Allotted, called-up and fully paid:		
Ordinary A shares of 1 penny each	167	150
Ordinary B shares of 1 penny each	167	150
Total	334	300

On 27 May 2005, the company subdivided its existing issued ordinary A and B shares of £1 each into ordinary A and B shares of 1 penny each, increased the authorised share capital by the creation of an additional 1,667 ordinary A shares of 1 penny each and 1,667 ordinary B shares of 1 penny each.

On 27 May 2005, the company issued 1,667 ordinary A shares and 1,667 ordinary B shares in consideration of the acquisition of A&P Birkenhead Limited. The surplus on the issue of ordinary B shares of £1,129,984 was transferred to a merger reserve in accordance with s131 Companies Act 1985.

Dividends – Unless the holders of the majority of A ordinary shares and the holders of a majority of B ordinary shares agree an amount equal to 75% of the company's profit available for distribution in respect of each financial year shall be distributed by the company to the shareholders by way of a dividend.

Voting rights – A & B shares have equal voting rights. The holders of the majority of A ordinary shares and the holders of the majority of B ordinary shares must have voted in favour for a resolution to be passed.

Rights in winding up – the shareholders shall prove to the maximum extent permitted by law for all sums due or to fall due to them respectively from the Company and shall exercise all rights of set-off.

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18 Reserves

	Merger Reserve	Share premium account	Revaluation reserve	Profit and loss account
	£'000	£'000	£'000	£'000
At 1 June 2004	-	450	220	769
Acquisition of subsidiary	1,130	-	-	-
Loss for the year	-	-	-	(999)
Transfer to profit and loss reserve	(1,130)	-	-	1,130
At 31 May 2005	-	450	220	900

The merger reserve was created on the acquisition of a subsidiary undertaking. Amounts are transferred to the profit and loss account as they are considered to be realised.

19 Financial commitments

At 31 May 2005 the company had annual commitments under operating leases expiring as follows:

	2005	2004
	£'000	£'000
Land and buildings		
Within 2 – 5 years	540	525
	540	525

20 Reconciliation in equity shareholders funds

	2005	2004
	£'000	£'000
(Loss)/profit for the year	(999)	158
Merger reserve arising on acquisition of subsidiary	1,130	-
Equity shareholders' funds at 1 June	1,439	1,281
Equity shareholders' funds at 31 May	1,570	1,439

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21 Analysis of net cash

	At 1 June 2004	Cash flow	Other non-cash changes	At 31 May 2005
	£'000	£'000	£'000	£'000
Cash in hand and at bank	989	1,604	-	2,593
Finance lease	(2)	2	-	-
	987	1,606	-	2,593

22 Related Party Transactions

The company is a joint venture between the directors and The Mersey Docks and Harbour Company

	2005 £'000	2004 £'000
Purchases from Mersey Docks (excluding VAT)	811	641
Sales to Mersey Docks (excluding VAT)	1,008	855
Debtor 31 May	181	279
Creditor 31 May	151	129