

**CAMMELL LAIRD SHIPREPAIRERS
& SHIPBUILDERS LIMITED**

Annual Report and Financial Statements

For the year ended 31 March 2015

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CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

REPORT AND FINANCIAL STATEMENTS 2015

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CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J R Syvret
J Kennedy
M J Moran
SK Undewood
M Whitworth
HMM McKenzie

SECRETARY

J R Syvret

REGISTERED OFFICE

Cammell Laird Shipyard
Campbeltown Road
Birkenhead
Merseyside
CH41 9BP

BANKERS

Barclays Bank plc
Manchester City Office
Manchester
M60 2AU

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester
United Kingdom

CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

STRATEGIC REPORT

The directors present their strategic report, directors' report and the audited financial statements of the Company for the year ended 31 March 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was the provision of marine services to ship owners and operators.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

This financial year has seen an increase in turnover from £109,404,000 for the year ended 31 March 2014 to £114,708,000 for the year ended 31 March 2015. This is a direct result of the Company's growing reputation for delivering a cost effective quality service to the ship owners and operators in the ship repair, conversion and military market place, with a significant benefit also from the Renewable Energy base fully operational on site. This resulted in a profit for the year after tax of £7,863,000 (year ended 31 March 2014: £8,168,000).

Gross Margin has decreased to 20.6% for the year ended 31 March 2015 (year ended 31 March 2014: 21.5%). The decrease in margin is a result of a change in the mix of the projects performed, and this was within the directors expectations.

Net assets were £28,431,000 at 31 March 2015 (31 March 2014: £20,568,000).

In June 2013, the Company was pleased to sign an extension to its "Through Life Support Contracts" for nine of the Royal Fleet Auxiliary's ("RFA") thirteen vessels, for a further five years to June 2018. This was as a result of delivering continuous improvement, value for money and meeting its contractual KPI's.

Highlights of the year were the successful completion of the major refits of RFA Fort Victoria, Orangeleaf, and Diligence. In February 2015, the Company started a seven month refit on RFA Wave Knight. Within the commercial market, successful major contracts were completed with RWE, Irish Ferries, Seatruck Ferries, Isle of Man Steam Packet Company, P&O, Stena, Caledonian MacBrayne, Northlink Ferries, Svitzer and Smit. In the year the Company also completed its first nuclear project with a decommissioning test module at Sellafield. In addition, work for BAE Systems on the Astute Submarine has been carried out.

Following the successful completion of building sections for the Queen Elizabeth Aircraft Carrier on time and to budget, the Company has also been awarded the project to build units for the Prince of Wales Aircraft Carrier which will take place between June 2013 and September 2015.

During 2014 the offshore Renewable Marine base site was being used to support off-shore windfarm construction. This project completed in November 2014.

The Company has continued to invest in its Apprentice Training scheme, with over 140 employees currently in Training or now fully qualified tradesmen having completed their programme. Investment in infrastructure, IT and Management systems also continues to ensure that we are well positioned to manage the current and future business successfully. The Company intends to continue to develop into the heavy engineering energy sector and will target bespoke offshore, marine, and renewable energy markets. With the Company's highly skilled range of engineers, it is expected that these trades' personnel will be able to migrate across the varying business sectors providing stability whilst de-risking core activities and markets.

Within the year the Company maintained its Health and Safety, Quality and Environmental accreditations.

CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

STRATEGIC REPORT (continued)

KEY PERFORMANCE INDICATORS ("KPIs")

The directors monitor the progress of the overall Group strategy and the individual strategic elements by reference to certain financial and non-financial key performance indicators ("KPIs"):

	2015	2014
Turnover (£'000)	114,708	109,404
Gross profit margin as a percentage of turnover	20.6%	21.5%
Man hours sold (hours)	2,084,553	1,633,098
Supply chain purchases (£'000)	59,819	59,705

Future Trading

The forthcoming year will see turnover decrease following the conclusion of the RFA Fort Victoria and Prince of Wales Aircraft Carrier projects. The main threats to the sales for future years in these sectors include three RFA vessels reaching their "out of service" dates during 2015 and 2016, coupled with a quieter period for refits for the remainder of the fleet. Work is going well on the Astute Submarine programme which will help put the Company in a good position for further work on the Successor Class. The Company is continuing to look at opportunities in the conversion market in addition to the above. During the last year the Company invested in the facility to ensure that workshops are fit for purpose to meet the requirements of the Energy market. The Company is involved in a number of tenders and discussions regarding different projects within this sector. At this point in time there is nothing formal to announce but the Company is optimistic that these will turn into suitable projects that will maximise capacity.

Principal Business Risks and Uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks.

Personnel: There is both a local and national shortage of skilled tradesmen and management. Whilst the Company has been able to manage the growth achieved to date, this is becoming increasingly more difficult. In addition, a large percentage of the white and blue collar workforces are near retirement age and it is becoming increasingly difficult to replace them with people of similar experience and qualifications. The Company has therefore established an apprentice training scheme at the adjacent Maritime & Engineering College North West and intends to train sufficient numbers of apprentices to meet its committed commercial obligations and future business aspirations.

Credit risk: For larger value projects the Company negotiates stage payments to neutralise cash flow. For medium size projects the Company requires payment that at least covers direct costs prior to the departure of the ship. Due to lack of credit insurance, there remains a risk on smaller value projects of bad debts. This is managed via tight credit control procedures plus constant monitoring of the customer base.

Price risk: For commercial repair activity, the Company negotiates prices on a contract by contract basis, and as such continually monitors and reflects changes in labour and material prices. For MoD contracts, prices are agreed on a contract by contract basis with prices subject to annual inflation adjustments.

Liquidity risk: The Company does not have any commercial borrowings and only enters into major contracts which have at least cash neutral payment terms. These are based on agreed payment plans for significant contracts. The Company continually looks at debtor and creditor days to manage working capital. Long term projects are financed via stage payments, with balances paid on completion of contracts.

Interest rate cash flow risk: Due to the net positive cash position, and with no outstanding borrowings, the Company is largely protected from movements of interest rates.

CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

STRATEGIC REPORT (continued)

KEY PERFORMANCE INDICATORS ("KPIs") (continued)

Principal Business Risks and Uncertainties (continued)

Supply base: A significant challenge for the business is for the supply chain base to grow in line with the business, this is mitigated by utilising a broad range of contractors and suppliers.

Market: The Company operates in a competitive market place with nearly all its contracts awarded after commercial tender. The requirements of the tender include price but are also based on management structure, risk management, health and safety and security plans. The directors of the Company continuously focus on all of these aspects in the day to day running of the business.

Health and Safety: The Company remains totally committed to the health and safety of all employees, contractors and visitors and to date has an excellent record in respect of reportable incidents. Our employee liability insurance supplier has assisted the Company with independent advice to identify potential areas of concern in relation to health and safety and facilities to enable the development of mitigating actions.

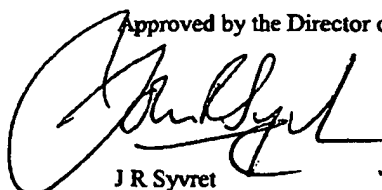
Other: The Company operates from approved International Ship and Port Security (ISPS) yards and is independently accredited by Bureau Veritas (BV) to BS-EN ISO9001-2008 (Quality), BS-EN 14001-2004 (Environmental) and OHSAS 18001-2007 (Safety) Management Systems.

The Company is committed to working with employees for the benefits of both the Company and its workers and to this extent enjoys a partnership with Amicus/Unite and GMBU. In addition the Company is working with Liverpool Chamber of Commerce and Mersey Maritime to improve employee skill levels.

GOING CONCERN

As referred to in note 1 to the financial statements the directors have a reasonable expectation that the Group and Company has adequate resources to continue in operational existence for the foreseeable future and for this reason they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Approved by the Director on 10/7/2015



J R Syvret

Chief Executive Office

CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

DIRECTORS' REPORT

This report contains the statutory information disclosed in addition to that set out in the separate strategic report.

DIVIDENDS

Dividends approved during the year amounted to £4,500,000 (Year ended 31 March 2014: nil). Dividends paid during the year amounted to £nil (10 month period ended 31 March 2014: £3,556,000). For the year ended 31 March 2015 the dividends paid were in respect of amounts approved and recorded during the prior period.

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 Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of the Company as a whole.

DIRECTORS

The directors who held office during the year and up to the date of signing the financial statements are disclosed on page 1.

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

	Interests in ordinary A shares of 1p each	
	2015	2014
J R Syvret	5,066	5,066
J Kennedy	791	791
M J Moran	791	791

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.

CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

DIRECTORS' REPORT (continued)

AUDITOR

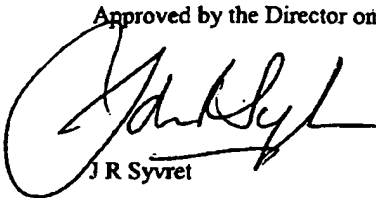
Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- each director has taken all the steps that he ought to have taken as a director in order to make himself 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 have expressed their willingness to be reappointed as auditor. A resolution to re-appoint Deloitte LLP as the Company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Director on 10/7/2015



J R Syvret

Chief Executive Office

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 Group and Parent company and of the profit or loss of the group for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

We have audited the Group and Parent Company financial statements (the "financial statements") of Cammell Laird Shiprepairers & Shipbuilders Limited for the year ended 31 March 2015 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets, the Group Cash Flow Statement, the Group Reconciliation of Operating Profit to the Cash Inflow from Operating Activities, the Statement of Accounting Policies and the related notes 1 to 20. 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 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 and Parent 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 the Parent Company's affairs as at 31 March 2015 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

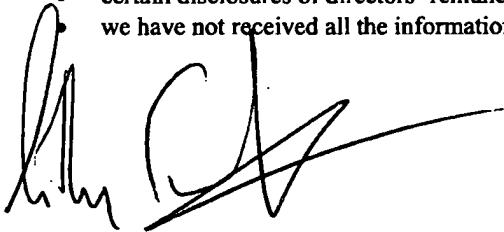
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CAMMELL LAIRD
SHIPREPAIRERS & SHIPBUILDERS 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 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.



Anthony Farnworth BA ACA (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Manchester, United Kingdom

03/09/2015

CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT Year ended 31 March 2015

		2015 £'000	2014 £'000
	Note		
TURNOVER	1	114,708	109,404
Cost of sales		(91,039)	(85,881)
GROSS PROFIT		23,669	23,523
Administrative expenses		(13,718)	(12,963)
OPERATING PROFIT		9,951	10,560
Interest receivable and similar income	5	124	225
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	10,075	10,785
Tax charge on profit on ordinary activities	6	(2,212)	(2,617)
PROFIT FOR THE FINANCIAL YEAR	16,17	7,863	8,168

The profit on ordinary activities before taxation derives entirely from continuing activities.

The Group has no recognised gains and losses other than those included in the profits above, and therefore no separate consolidated Statement of Total Recognised Gains and Losses has been presented.

The Company profit for the year ended 31 March 2015 was £8,031,000 (Year ended 31 March 2014: £8,168,000).

The Company has elected to take the exemption under section 408 of the Companies Act 2006 to not present the Parent Company profit and loss account.

The accounting policies and accompanying notes are an integral part of these financial statements.

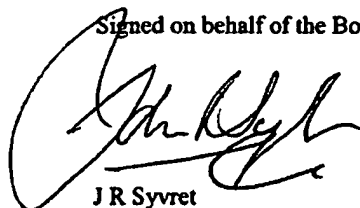
CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

CONSOLIDATED BALANCE SHEET As at 31 March 2015

	Note	2015 £'000	2014 £'000
FIXED ASSETS			
Tangible assets	8	5,499	4,801
CURRENT ASSETS			
Stock	9	360	198
Debtors amounts falling due within one year	10	33,302	30,142
Debtors amounts falling due after more than one year	11	-	1,900
Cash at bank and in hand	12	13,128	10,437
CREDITORS: amounts falling due within one year	13	46,790 (23,646)	42,677 (26,741)
NET CURRENT ASSETS		23,144	15,936
TOTAL ASSETS LESS CURRENT LIABILITIES		28,643	20,737
PROVISIONS FOR LIABILITIES	14	(212)	(169)
NET ASSETS		28,431	20,568
CAPITAL AND RESERVES			
Called up share capital	15	-	-
Share premium account	16	450	450
Profit and loss account	16	27,981	20,118
TOTAL SHAREHOLDERS' FUNDS	18	28,431	20,568

These financial statements of Cammell Laird Shiprepairers & Shipbuilders Limited, registered number 4211637, were approved by the Board of Directors and authorised for issue on 10/7/2015.

Signed on behalf of the Board of Directors by:



J R Syvret

Chief Executive Officer

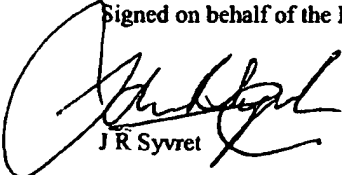
CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

COMPANY BALANCE SHEET As at 31 March 2015

	Note	2015 £'000	2014 £'000
FIXED ASSETS			
Tangible assets	8	5,499	4,801
CURRENT ASSETS			
Stock	9	346	198
Debtors amounts falling due within one year	10	33,787	30,463
Debtors amounts falling due after more than one year	11	-	1,900
Cash at bank and in hand	12	12,820	10,139
		<u>46,953</u>	<u>42,700</u>
CREDITORS: Amounts falling due within one year	13	(23,641)	(26,764)
NET CURRENT ASSETS		<u>23,312</u>	<u>15,936</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>28,811</u>	<u>20,737</u>
PROVISIONS FOR LIABILITIES	14	(212)	(169)
NET ASSETS		<u>28,599</u>	<u>20,568</u>
CAPITAL AND RESERVES			
Called up share capital	15	-	-
Share premium account	16	450	450
Profit and loss account	16	28,149	20,118
TOTAL SHAREHOLDERS' FUNDS	18	<u>28,599</u>	<u>20,568</u>

These financial statements of Cammell Laird Shiprepairers & Shipbuilders Limited, registered number 4211637, were approved by the Board of Directors and authorised for issue on 10 / 7 / 2015.

Signed on behalf of the Board of Directors by:


J R Syvret
Chief Executive Officer

CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

GROUP CASH FLOW STATEMENT Year ended 31 March 2015

	2015 £'000	2014 £'000
Net cash inflow from operating activities	6,331	6,031
Returns on investments and servicing of finance		
Interest received	124	225
Taxation		
UK corporation tax paid	(2,403)	(951)
Capital expenditure		
Purchase of tangible fixed assets	(1,361)	(1,220)
Equity dividends paid	-	(3,556)
	<u>2,691</u>	<u>529</u>
Increase in cash		
Reconciliation to net cash		
Cash at bank and in hand	10,437	9,908
Net increase in net cash	<u>2,691</u>	<u>529</u>
	<u>13,128</u>	<u>10,437</u>
Net cash at 31 March		

GROUP RECONCILIATION OF OPERATING PROFIT TO CASH INFLOW FROM OPERATING ACTIVITIES Year ended 31 March 2015

	2015 £'000	2014 £'000
Operating profit	9,951	10,560
Depreciation charges	663	608
(Increase)/decrease in stocks	(162)	27
(Increase)/decrease in debtors	(1,260)	880
(Decrease) in creditors	(2,861)	(6,044)
	<u>6,331</u>	<u>6,031</u>
Net cash inflow from operating activities		

CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

STATEMENT OF ACCOUNTING POLICIES

Year ended 31 March 2015

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. A summary of the principal Group accounting policies, which have been applied consistently throughout the current year and prior financial year, is set out below.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all of its subsidiary undertakings drawn up to 31 March 2015. The results of businesses acquired or disposed of are accounted for from or to the effective date of acquisition or disposal.

Going concern

In considering the appropriateness of the going concern basis of preparation, the directors have considered forecasts for the next twelve months from the date of signing the 2015 financial statements, which include detailed cash flow forecasts and working capital availability. After taking account of reasonably possible sensitivities for changes in trading performance, these forecasts still show that sufficient resources remain available to the business for the next twelve months.

The business activities, together with the factors likely to affect its future development, performance and positions are set out in the Strategic Report on pages 2 to 4.

After reviewing forecasts, considering reasonably possible uncertainties and making such other enquiries as were necessary, the directors have formed a judgment, at the time of approving the financial statements, that there is a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Turnover

Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value. Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value.

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 less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation and any provision for impairment. 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.

Depreciation

Depreciation is calculated to write-off original cost 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:

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

Residual value is calculated on prices prevailing at the date of acquisition.

STATEMENT OF ACCOUNTING POLICIES
Year ended 31 March 2015

Stocks

Stocks are stated at the lower of cost and net realisable value. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Operating leases

Rentals under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pension costs

The company provides pensions to certain directors through money purchase pension schemes and a stakeholder scheme is available to all employees. The amount charged to the profit and loss account represents the contributions payable in the period.

Related party transactions

The Company has taken advantage of the exemption in paragraph 3(c) of FRS 8, "Related Party Disclosures", not to disclose related party transactions with members of the Group. This exemption only applies to transactions with the Company's direct subsidiaries. The ultimate holding Company is Tokenhouse Limited, a Company incorporated in the Isle of Man which is controlled by the Billown 1997 Settlement trust.

Government grants

Government grants are credited to the profit and loss account so as to match the purpose for which the grant was provided, the provision of capital, with the cost incurred in reaching that objective.

Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk (see note 17). The Company does not hold or issue derivative instruments for speculative purposes and does not adopt FRS 26.

CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

STATEMENT OF ACCOUNTING POLICIES

Year ended 31 March 2015

1. TURNOVER

The directors consider there is only one class of business and all turnover was generated in the UK.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	2015 £'000	2014 £'000
Wages	32,259	28,414
Social security costs	3,865	3,293
Pension costs	323	28
	<hr/>	<hr/>
Staff costs	36,447	31,735
Depreciation of tangible fixed assets - owned	663	608
Operating leases – other	3,248	3,553
Machinery and equipment hire	672	2,233
	<hr/>	<hr/>
Auditor's remuneration		
Auditor's remuneration – audit fees	51	50
Non audit fees	0	0
	<hr/>	<hr/>

3. DIRECTORS' REMUNERATION

	2015 £'000	2014 £'000
Emoluments	509	488
	<hr/>	<hr/>

There are no directors with benefits accruing under a Company pension scheme. The highest paid director received emoluments of £292,000 for the year ended 31 March 2015 (Year ended 2014 - £278,752).

4. EMPLOYEE INFORMATION

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

	2015 Number	2014 Number
Operations	828	761
Administration	42	41
	<hr/>	<hr/>
	870	802
	<hr/>	<hr/>

CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2015

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £'000	2014 £'000
Interest receivable on bank deposits and other investments	124	225

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2015 £'000	2014 £'000
Current tax		
UK corporation tax on profits of the year	-	-
Group relief payable	2,169	2,531
Adjustments in respect of previous years	-	85
Total current tax charge	2,169	2,616
Deferred tax		
Origination and reversal of timing differences	12	(26)
Adjustments in respect of previous years	31	27
Total deferred tax charge (note 14)	43	1
Tax on profit on ordinary activities	2,212	2,617

The tax charge for the year is higher (Year ended 31 March 2014: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2015 £'000	2014 £'000
Profit on ordinary activities before taxation	10,075	10,785
Profit on ordinary activities, multiplied by standard rate of corporation tax in the UK of 21% (2014: 23%)	2,116	2,481
Effects of:		
Expenses not deductible for tax purposes	76	73
Other short term timing differences	(23)	(23)
Adjustments in respect of previous years	-	85
Current tax charge for the year	2,169	2,616

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%).

CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2015

7. FIXED ASSET INVESTMENTS

	2015 £	2014 £
Shares in group undertakings	4	4
		£
Cost		
At 1 April 2014 and 31 March 2015		4
Net book value		
At 31 March 2015		4
At 31 March 2014		4

The Company had the following investments all registered in England and Wales at 31 March 2015:

Name of investment	Class of share capital held	Proportion held	Nature of business
Scott Lithgow Shiprepairers Limited	Ordinary	100%	Dormant
IPG-UK Nuclear Alliance Limited	Ordinary	100%	Dormant
Neway Industrial and Environmental Services Limited	Ordinary	100%	Industrial Cleaning
Atlantic Engineering & Laboratories Limited	Ordinary	100%	Engineering

CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2015

8. TANGIBLE FIXED ASSETS

Group

	Plant and equipment £'000	Leasehold improve- ments	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2014	2,848	4,963	242	251	8,304
Additions	134	1,172	46	9	1,361
At 31 March 2015	2,982	6,135	288	260	9,665
Accumulated depreciation					
At 1 April 2014	(1,444)	(1,643)	(224)	(192)	(3,503)
Charge for the year	(244)	(393)	(10)	(16)	(663)
At 31 March 2015	(1,688)	(2,036)	(234)	(208)	(4,166)
Net book value					
At 31 March 2015	1,294	4,099	54	52	5,499
At 31 March 2014	1,404	3,320	18	59	4,801

Company

	Plant and equipment £'000	Leasehold improve- ments	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2014	2,848	4,963	242	251	8,304
Additions	134	1,172	46	9	1,361
At 31 March 2015	2,982	6,135	288	260	9,665
Accumulated depreciation					
At 1 April 2014	(1,444)	(1,643)	(224)	(192)	(3,503)
Charge for the year	(244)	(393)	(10)	(16)	(663)
At 31 March 2015	(1,688)	(2,036)	(234)	(208)	(4,166)
Net book value					
At 31 March 2015	1,294	4,099	54	52	5,499
At 31 March 2014	1,404	3,320	18	59	4,801

At 31 March 2015 (2014: £nil) there were no capital commitments contracted but not provided for in the financial statements.

9. STOCK

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Raw materials and consumables	360	198	346	198

CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2015

10. DEBTORS: Amounts falling due within one year

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Trade debtors	9,187	10,923	8,706	10,736
Amounts recoverable on contracts	21,035	14,940	20,996	14,940
Amounts owed by Group undertakings	-	-	938	449
Amounts owed by related party	604	529	575	518
Prepayments and accrued income	1,703	1,678	1,681	1,678
Other taxation and social security	773	2,072	891	2,142
Total debtors	<u>33,302</u>	<u>30,142</u>	<u>33,787</u>	<u>30,463</u>

11. DEBTORS: Amounts falling due after one year

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Amounts owed by related party	<u>-</u>	<u>1,900</u>	<u>-</u>	<u>1,900</u>

The amounts falling due after one year relate entirely to Atlantic & Peninsular Marine Services Limited. This Company is a related party by virtue of it having common shareholders and directors with Cammell Laird Shiprepairers & Shipbuilders Limited. Interest is charged at 6% with the loan being repayable at the 5 year anniversary point.

CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2015

12. CASH AT BANK AND IN HAND

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Cash at bank	13,128	10,437	12,820	10,319

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Payment on account	-	3,568	-	3,568
Trade creditors	12,941	15,053	12,759	14,876
Amounts owed to Group undertakings	-	-	232	249
Amounts owed to related parties	1,520	75	1,520	56
Corporation tax	-	805	-	805
Group relief	3,102	2,531	3,102	2,531
Other taxation and social security payable	1,518	1,086	1,478	1,066
Accruals and deferred income	4,565	3,623	4,549	3,613
Total creditors falling due within one year	23,646	26,741	23,641	26,764

14. PROVISIONS FOR LIABILITIES

Deferred taxation

	Group		Company	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
At 1 April	(169)	(168)	(169)	(168)
Charged to profit and loss account	(43)	(1)	(43)	(1)
At 31 March	(212)	(169)	(212)	(169)
The balance relates to:				
Accelerated capital allowances	(242)	(200)	(242)	(200)
Short term timing differences	30	31	30	31
	(212)	(169)	(212)	(169)

CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2015

15. CALLED UP SHARE CAPITAL

	Group		Company	
	2015	2014	2015	2014
	£	£	£	£
Allotted, called up and fully paid				
24,585 Ordinary A shares of 1p each	246	246	246	246
8,749 Ordinary B shares of 1p each	88	88	88	88
	<u>334</u>	<u>334</u>	<u>334</u>	<u>334</u>

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.

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.

16. RESERVES

Group	Share premium account £'000	Profit and loss account £'000
At 1 April 2014	450	20,118
Retained profit for the financial year	-	7,863
At 31 March 2015	<u>450</u>	<u>27,981</u>

Company	Share premium account £'000	Profit and loss account £'000
At 1 April 2014	450	20,118
Retained profit for the financial year	-	8,031
At 31 March 2015	<u>450</u>	<u>28,149</u>

CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2015

17. FINANCIAL COMMITMENTS

At 31 March the Group and Company had annual commitments under non-cancellable operating leases as follows:

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Land and buildings				
Within 2-5 years	1,452	1,989	1,452	1,989
Greater than 5 years	1,756	1,500	1,756	1,500
At 31 March	<u>3,208</u>	<u>3,489</u>	<u>3,208</u>	<u>3,489</u>

At the balance sheet date the Company had open derivative contracts with a fair value of £371,223 liability (2014: £nil).

18. RECONCILIATION OF TOTAL SHAREHOLDERS' FUNDS

	Group		Company	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Profit for the year	7,863	8,168	8,031	8,168
Retained profit for the financial year	7,863	8,168	8,031	8,168
Equity shareholders' funds at 1 April 2014	20,568	12,400	20,568	12,400
Equity shareholders' funds at 31 March 2015	<u>28,431</u>	<u>20,568</u>	<u>28,599</u>	<u>20,568</u>

19. ANALYSIS OF NET CASH

	At 31 March 2014 £'000	Cash flow £'000	At 31 March 2015 £'000
Cash in hand and at bank	<u>10,437</u>	<u>2,691</u>	<u>13,128</u>

CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2015

20. RELATED PARTY TRANSACTIONS

During the year, the following transactions were entered into in the ordinary course of business with parties, related due to common control:

Group	Sales of goods or services		Purchases of goods or services		Amounts owed by related parties		Amounts owed to related parties	
	Year	Year	Year	Year	31	31	31	31
	ended 31	ended 31	ended 31	ended 31	March	March	March	March
	2015	2014	2015	2014	2015	2014	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
The Mersey Docks & Harbour	2,227	4,226	308	539	597	504	68	52
The Manchester Ship Canal	6	26	-	26	-	-	-	19
Peel Utilities Limited	-	-	3	2	-	-	-	-
Clydeport	-	-	100	-	-	-	120	-
Reddington Finance Limited	-	-	3,743	3,410	-	-	1,007	-
Atlantic & Peninsula Marine	97	232	-	-	-	1,900	-	-
A&P Tyne Properties Limited	-	165	640	35	-	-	325	4
Marine Designs Limited	47	47	-	-	7	25	-	-
Heysham Ports	6	1	-	-	-	-	-	-
	<u>2,383</u>	<u>4,697</u>	<u>4,794</u>	<u>4,012</u>	<u>604</u>	<u>2,429</u>	<u>1,520</u>	<u>75</u>

Company	Sales of goods or services		Purchases of goods or services		Amounts owed by related parties		Amounts owed to related parties	
	Year	Year	Year	Year	31	31	31	31
	ended 31	ended 31	ended 31	ended 31	March	March	March	March
	2015	2014	2015	2014	2015	2014	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
The Mersey Docks & Harbour	2,164	4,022	308	198	575	493	68	52
The Manchester Ship Canal	-	-	-	-	-	-	-	-
Peel Utilities Limited	-	-	3	2	-	-	-	-
Clydeport	-	-	100	-	-	-	120	-
Reddington Finance Limited	-	-	3,743	3,410	-	-	1,007	-
Atlantic & Peninsula Marine	97	232	-	-	-	1,900	-	-
A&P Tyne Properties Limited	-	165	640	35	-	-	325	4
Marine Designs Limited	-	47	-	-	-	25	-	-
Heysham Ports Limited	-	850	-	-	-	-	-	-
	<u>2,261</u>	<u>5,316</u>	<u>4,794</u>	<u>3,645</u>	<u>575</u>	<u>2,418</u>	<u>1,520</u>	<u>56</u>