

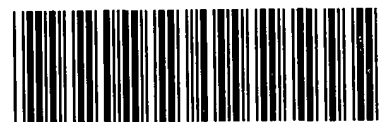
**Company Registration No. 04240505**

**A&P GH 2006 Limited**

**Annual Report and Financial Statements**

**for the year ended 31 March 2016**

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## **A&P GH 2006 Limited**

### **Annual Report and Financial Statements for the year ended 31 March 2016**

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## **A&P GH 2006 Limited**

### **Annual Report and Financial Statements for the year ended 31 March 2016**

#### **Officers and professional advisers**

##### **Directors**

Atlantic & Peninsula Marine Services Limited  
I Carey

##### **Company Secretary**

I Carey

##### **Registered Office**

C/o A&P Tyne Limited  
Wagonway Road  
Hebburn  
Tyne and Wear  
NE31 1SP  
United Kingdom

##### **Bankers**

Santander UK Plc  
298 Deansgate  
Manchester  
M3 4HH  
United Kingdom

##### **Solicitors**

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

##### **Auditor**

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

# **A&P GH 2006 Limited**

## **Strategic report**

### **Principal activities and business review**

The company is an intermediate holding company of A&P Group Limited. The principal activities of the company are that of central management and administration and the management of ad hoc contracts and projects which fall outwith the normal activities carried out in the group's shipyard facilities. The company also carries the cost of funding legacy defined benefit pension schemes.

During the year the company continued to support the Royal Fleet Auxiliary ("RFA") under its cluster contract where we successfully maintain a RFA cluster on a global reach basis.

Turnover in the year amounted to £6,506,581 (2015: £8,880,596). The results for the year record a profit before tax of £2,997,461 (2015: £16,439,919) largely due to a dividend received from subsidiary companies of £2,000,000 (2015: £15,500,000). The net asset position at the year-end was £4,760,856 (2015: £4,188,591).

The directors of the company are satisfied with the results for the year.

### **Key performance indicators**

The company measures KPIs on a monthly basis, as part of its internal control processes. They are considered under the following four headings:

- Safety, quality and the environment;
- People, productivity and facilities;
- Financial performance;
- Customers and markets.

Given the size, structure and nature of the business, the company's directors are of the opinion that additional disclosures regarding the use of KPIs is not necessary for an understanding of the development, performance and position of the business.

### **Going concern**

The directors believe that preparing the financial statements on a going concern basis is appropriate due to the continued financial support of the ultimate parent company A&P Group Limited. The directors have received confirmation that A&P Group Limited intends to support the company for at least one year after these financial statements are signed. Note 3 to the financial statements includes further information in respect of the directors' decision to prepare the financial statements on a going concern basis.

### **Principal risks and uncertainties**

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

The key business risks and uncertainties affecting the company are considered to relate to the competition from other domestic and overseas facilities, the volatile and cyclical nature of the business, and maintaining the current good relationships with employees at all levels within the group. The company also considers its successful relationships with its subcontractor base is a key part of its strategy and will continue to develop these further.

# **A&P GH 2006 Limited**

## **Strategic report (continued)**

### **Financial risk management**

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, foreign exchange risk, credit risk, liquidity risk and interest rate cash flow risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

The company does not use derivative financial instruments to manage interest rate costs and as such, no hedge accounting is applied.

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department.

#### ***Price risk***

The company is exposed to commodity price risk as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no equity investments.

#### ***Foreign exchange risk***

The company has exposure to foreign exchange risk as some contracts are invoiced in foreign currency. Where this is the case, forward contracts may be taken out to mitigate the risk of fluctuating exchange rates

#### ***Credit risk***

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to a counterparty is subject to a case by case assessment by the board. For large projects, the company negotiates payment profiles which are at worst cash neutral.

#### ***Liquidity risk***

The company has sufficient available funds and agreed banking facilities for operations and planned expansions.

#### ***Interest rate cash flow risk***

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances. Interest bearing liabilities are largely limited to agreements which are fixed for the duration of the facility. Where facilities are linked to base rates, the directors will review on a regular basis to ensure that the company's exposure to interest rate movements is limited. The directors will revisit the appropriateness of interest rate risk management policy should the company's operations change in size or nature.

### **Events after the balance sheet date**

No relevant events after the balance sheet date were noted.

By order of the board



I Carey  
Director  
10 August 2016

# **A&P GH 2006 Limited**

## **Directors' report**

The directors present their Annual Report and the audited financial statements for the year ended 31 March 2016.

### **Future outlook**

The company's on-going cluster contract to support the Royal Fleet Auxiliary ("RFA") provides a profitable base activity level in the short to medium term. The company also charges management charges to its subsidiary operating companies to off-set group expenses and as such is dependent on the on-going profitability of those subsidiaries. The directors consider that the subsidiary's prospects are satisfactory in the short to medium term.

### **Dividends**

A dividend of £nil has been paid during the year (2015: £1,000,000).

### **Directors**

Atlantic & Peninsula Marine Services Limited  
I Carey

### **Directors' indemnities**

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

### **Disabled employees**

Applications for employment by disabled persons are always 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 that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

### **Employee consultation**

The company places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and regular updates on company notice boards. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

### **Going concern and Financial risk management**

Details of going concern and financial risk management objectives and policies can be found in the Strategic Report on pages 2 to 3 and form part of this report by cross-reference.

### **Approval of reduced disclosures**

The Company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. The Company's shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The Company also intends to take advantage of these exemptions in the financial statements to be issued in the following year.

The Company has taken advantage of the available exemptions to not disclose:

- a) A reconciliation of the number of shares outstanding at the beginning and end of the year;
- b) A statement of cash flows;
- c) Certain financial instrument disclosures on the basis that equivalent disclosures are included in the consolidated financial statements of the group in which the Company is consolidated; and
- d) Key management personnel compensation in total.

## **A&P GH 2006 Limited**

### **Directors' report (continued)**

#### **Statement of disclosure of information to the auditor**

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

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP has expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

By order of the board



I Carey  
Director  
10 August 2016

## **A&P GH 2006 Limited**

### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland." Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



## **Independent auditor's report to the members of A&P GH 2006 Limited**

We have audited the financial statements of A&P GH 2006 Limited for the year ended 31 March 2016 which comprise the profit and loss account, the statement of other comprehensive income, the balance sheet, the statement of changes in equity and the related notes 1 to 17. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

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

### **Scope of the audit of financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the annual report to identify material inconsistencies with the audited financial statements, and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on matters prescribed in the Companies Act 2006**

In our opinion the information in the strategic report and 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 A&P GH 2006 Limited (continued)**

### **Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Anthony Farnworth BA ACA (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Newcastle upon Tyne,  
United Kingdom  
10 August 2016

## A&P GH 2006 Limited

### Profit and loss account for the year ended 31 March 2016

	Notes	2016 £	2015 £
<b>Turnover</b>	5	6,506,581	8,880,596
Cost of sales		(5,371,483)	(7,673,906)
<b>Gross profit</b>		1,135,098	1,206,690
Administrative expenses		(176,241)	(243,685)
<b>Operating profit</b>	6	958,857	963,005
Finance income (net)	7	2,038,604	15,476,914
<b>Profit on ordinary activities before taxation</b>		2,997,461	16,439,919
Tax on profit on ordinary activities	9	-	-
<b>Profit for the financial year</b>		2,997,461	16,439,919

All of the activities of the company are continuing.

## A&P GH 2006 Limited

### Statement of other comprehensive income for the year ended 31 March 2016

	Notes	2016 £	2015 £
<b>Profit for the financial year</b>		2,997,461	16,439,919
<b><i>Other comprehensive income:</i></b>			
Remeasurement of net defined benefit liability	14	(2,585,996)	243,000
Total tax on components of other comprehensive income	9	<u>160,800</u>	<u>(420,600)</u>
<b>Other comprehensive loss for the year, net of tax</b>		<u>(2,425,196)</u>	<u>(177,600)</u>
<b>Total comprehensive income for the year</b>		<u><u>572,265</u></u>	<u><u>16,262,319</u></u>

## A&P GH 2006 Limited

### Balance sheet as at 31 March 2016

	Notes	2016 £	2015 £
<b>Fixed assets</b>			
Tangible assets	10	-	-
Investments	11	1,797,321	1,797,321
		<u>1,797,321</u>	<u>1,797,321</u>
<b>Current assets</b>			
Debtors	12	8,821,161	8,390,739
Cash at bank and in hand		6,850,376	5,952,320
		<u>15,671,537</u>	<u>14,343,059</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>(11,051,002)</u>	<u>(11,265,789)</u>
<b>Net current assets</b>		<u>4,620,535</u>	<u>3,077,270</u>
<b>Total assets less current liabilities</b>		<u>6,417,856</u>	<u>4,874,591</u>
<b>Post-employment benefits</b>	14	<u>(1,657,000)</u>	<u>(686,000)</u>
<b>Net assets</b>		<u><u>4,760,856</u></u>	<u><u>4,188,591</u></u>
<b>Capital and reserves</b>			
Called-up share capital	15	1,000	1,000
Profit and loss account		4,759,856	4,187,591
		<u>4,760,856</u>	<u>4,188,591</u>
<b>Total shareholder's funds</b>		<u><u>4,760,856</u></u>	<u><u>4,188,591</u></u>

The financial statements of A&P GH 2006 Limited, registered number 04240505, were approved and authorised for issue by the Board of Directors on 10 August 2016.

Signed on behalf of the Board of Directors



I Carey  
Director

## A&P GH 2006 Limited

### Statement of changes in equity for the year ended 31 March 2016

	Notes	Called-up share capital £	Profit and loss account £	Total £
Balance as at 1 April 2014 as previously stated		1,000	(8,843,528)	(8,842,528)
Changes on transition to FRS 102 (note 19)	17	-	(2,231,200)	(2,231,200)
Balance as at 1 April 2014 as restated		1,000	(11,074,728)	(11,073,728)
Profit for the financial year		-	16,439,919	16,439,919
Other comprehensive income		-	(177,600)	(177,600)
Total comprehensive income for the year		-	16,262,319	16,262,319
Dividends paid on equity shares	15	-	(1,000,000)	(1,000,000)
Balance as at 31 March 2015		1,000	4,187,591	4,188,591
Profit for the financial year		-	2,997,461	2,997,461
Other comprehensive loss		-	(2,425,196)	(2,425,196)
Total comprehensive income for the year		-	572,265	572,265
<b>Balance as at 31 March 2016</b>		<b>1,000</b>	<b>4,759,856</b>	<b>4,760,856</b>

## **A&P GH 2006 Limited**

### **Notes to the financial statements for the year ended 31 March 2016**

#### **1. General information**

The Company is a private limited company limited by shares and is incorporated in England. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The functional currency of A&P GH 2006 Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

#### **2. Statement of compliance**

The financial statements of A&P GH 2006 Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard FRS 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102"), and the Companies Act 2006.

#### **3. Summary of significant accounting policies**

A summary of the principal accounting policies, which have been applied consistently throughout the current and prior financial years, is set out below. Details of the transition to FRS 102 are disclosed in note 19.

##### **Basis of preparation**

The financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

##### **Going concern**

The validity of the going concern basis depends upon the continuing support of the parent company and the ability of the company to trade profitably through its principal activity. The ultimate parent company, A&P Group Limited, has expressed its willingness to continue to support the company.

The directors, having considered the company's forecast for the foreseeable future and having assessed the responses of the directors of A&P Group Limited to their enquiries have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of A&P Group Limited and A&P GH 2006 Limited to continue as a going concern, and on this basis the directors consider it appropriate to prepare the company's financial statements on a going concern basis.

##### **Consolidation**

The company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006. The company and its subsidiaries are consolidated in the financial statements of its immediate parent undertaking A&P Group Limited. Consolidated Financial Statements of A&P Group Limited are available at its registered office, Wagonway Road, Hebburn, Tyne & Wear, NE31 1SP.

##### **Revenue recognition**

Turnover comprises the sales value of goods and services supplied in the normal course of business. Turnover includes the value of contracts in progress. This is recognised based on the level of completion of the contracts to ensure the margin is recognised evenly over the contract life. All sales are shown exclusive of value added tax.

Interest income is recognised when the right to receive payment is established.

Dividend income is recognised when the right to receive payment is established.

## A&P GH 2006 Limited

### Notes to the financial statements (continued) for the year ended 31 March 2016

#### 3. Summary of significant accounting policies (continued)

##### Employee benefits

The Company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined contribution pension plans.

##### *(i) Short-term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is rendered.

##### *(ii) Defined contribution pension plans*

Employees are eligible to join a Stakeholder Pension Plan. Pension costs are charged to the profit and loss account as they fall due. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. The assets of the plan are held separately from the Company in independently administered funds.

##### *(iii) Defined benefit pension plans*

The Company operates a defined benefit pension plan for certain employees. A defined benefit pension plan defines the pension benefit that the employee will receive on retirement, usually dependent on several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) The increase in pension liability arising from employee service during the period; and
- b) The cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Finance expense'.



## **A&P GH 2006 Limited**

### **Notes to the financial statements (continued) for the year ended 31 March 2016**

#### **3. Summary of significant accounting policies (continued)**

##### **Taxation**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period.

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 taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. This is with the exception of deferred taxation assets, which are recognised if it is considered more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is measured on an undiscounted basis.

##### **Tangible fixed assets**

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Plant and machinery	2½% - 33⅓%
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No depreciation is charged on assets in the course of construction until they are fully complete and brought into use at which point they are transferred into the relevant asset category.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

##### **Fixed asset investments**

Fixed asset investments are stated at cost less provisions made for impairment in value.

##### **Leased assets**

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

## A&P GH 2006 Limited

### Notes to the financial statements (continued) for the year ended 31 March 2016

#### 3. Summary of significant accounting policies (continued)

##### **Financial instruments**

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

##### *(i) Financial assets*

Basic financial assets are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### *(ii) Financial liabilities*

Basic financial liabilities are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, there are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Preference shares, which result in fixed returns to the holder or are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the profit and loss account as interest expense.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

##### **Contract balances**

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

## **A&P GH 2006 Limited**

### **Notes to the financial statements (continued) for the year ended 31 March 2016**

#### **3. Summary of significant accounting policies (continued)**

##### **Share capital**

Ordinary shares are classified as equity.

##### **Distributions to equity holders**

Dividends and other distributions to company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

##### **Related party transactions**

The Company discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the Company's financial statements. The ultimate holding company is Tokenhouse Limited, a company incorporated in the Isle of Man which is controlled by the Billown 1997 Settlement Trust.

#### **4. Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### *(i) Critical judgements in applying the Company's accounting policies*

The directors do not consider there to be any critical accounting judgements that must be applied.

##### *(ii) Key accounting estimates and assumptions*

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

##### *Revenue recognition.*

Turnover includes the value of contracts in progress. This is recognised based on the level of completion of the contracts to ensure that margin is recognised evenly over the contract life. Management considers the overall expected margin from each contract based on available information and past performance.

##### *Defined benefit pension scheme*

The Company has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

#### **5. Turnover**

The company's turnover, all of which originated in the UK, is derived from one class of business being ship repair and marine engineering to customers in the UK.

## A&P GH 2006 Limited

### Notes to the financial statements (continued) for the year ended 31 March 2016

#### 6. Operating profit

Operating profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets – owned assets	-	4,331
Defined benefit pension settlement credit (note 14)	-	(381,000)
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	32,000	31,704
	<u>32,000</u>	<u>31,704</u>

#### 7. Finance income (net)

	2016 £	2015 £
Investment income	2,035,604	15,565,914
Other finance income (costs)	3,000	(89,000)
	<u>2,038,604</u>	<u>15,476,914</u>

##### Investment income

	2016 £	2015 £
Dividends received from subsidiary undertakings	2,000,000	15,500,000
Interest receivable and similar income	35,604	65,914
	<u>2,035,604</u>	<u>15,565,914</u>

##### Other finance income (costs)

	2016 £	2015 £
Net interest on defined benefit liability (see note 14)	3,000	(89,000)
	<u>3,000</u>	<u>(89,000)</u>

## A&P GH 2006 Limited

### Notes to the financial statements (continued) for the year ended 31 March 2016

#### 8. Staff costs

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

Average number of persons employed	2016 No.	2015 No.
Administration	6	7
<b>Staff costs during the year</b>	<b>£</b>	<b>£</b>
Wages and salaries	698,280	716,519
Social security costs	89,039	91,355
Pension costs (note 14)	88,034	85,426
	<u>875,353</u>	<u>893,300</u>

Staff costs recharged by other group companies in relation to work on the company's contracts are included within cost of sales and are not included in the figures above.

Certain staff costs which are borne by the company are recharged to its subsidiaries.

Directors' remuneration	2016 £	2015 £
Aggregate emoluments	195,940	215,474
Sums paid to related parties in respect of directors' services (note 16)	400,000	400,000
Company contributions to money purchase pension schemes	30,750	24,000
	<u>626,690</u>	<u>639,474</u>

The company participates in a group wide defined contribution scheme. Contributions are charged to the profit and loss account in the year in which the liability arises. Contributions during the year were £88,034 (2015: £85,426). As at 31 March 2016, contributions of £17,016 (2015: £21,043) due in respect of the current reporting year had not been paid out to the scheme and are included within accruals.

Emoluments payable to the highest paid director are as follows:	2016 £	2015 £
Emoluments payable to the highest paid director are as follows:		
Aggregate emoluments	195,940	215,474
Company pension contributions to money purchase schemes	30,750	24,000
	<u>226,690</u>	<u>239,474</u>

Company pension contributions are made to a company money purchase scheme for one director (2015: one).

## A&P GH 2006 Limited

### Notes to the financial statements (continued) for the year ended 31 March 2016

#### 9. Tax on profit on ordinary activities

##### a) Analysis of tax charge in the year

	2016 £	2015 £
Current tax:		
UK corporation tax	-	-
Adjustment in respect of previous years	-	-
Total current tax	-	-
Tax charge on profit on ordinary activities	-	-

##### b) Factors affecting tax charge for the year

The tax assessed for the year is lower (2015: lower) than the standard rate of corporation tax in the UK of 20% (2015: 21%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	2,997,461	16,439,919
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 20% (2015: 21%)	599,492	3,452,383
Effects of:		
Expenses not deductible for tax purposes	-	23,580
Income not assessable to taxation	(400,000)	(3,335,010)
Group relief surrendered at nil consideration	198,124	341,886
Relief on pension contributions	(323,000)	(329,280)
Transfer pricing	(67,220)	(124,722)
Unrecognised deferred tax	(7,396)	(28,837)
Total tax charge for the year	-	-

##### c) Factors affecting future tax charges

The Government has announced that it intends to reduce the rate of corporation tax to 17% with effect from 1 April 2020. As this legislation had not been substantively enacted at the year end the impact of the anticipated rate change is not reflected in the tax provisions reported in these financial statements. Finance Act 2015 (No.2), which was substantively enacted in October 2015, included provisions to reduce the rate of corporation tax to 19% with effect from 1 April 2017 and 18% from 1 April 2020. Accordingly, deferred tax balances have been restated to the lower rate of 18% (2015: 20%) in these financial statements.

## A&P GH 2006 Limited

### Notes to the financial statements (continued) for the year ended 31 March 2016

#### 9. Tax on profit on ordinary activities (continued)

##### d) Deferred tax

The net deferred tax asset at 31 March is as follows:

	2016 £	2015 £
Post-employment benefits	298,000	137,200

##### Reconciliation of movement in deferred tax asset

	Asset £	Provision £	Total £
At 1 April 2015	803,800	(666,600)	137,200
Movements dealt with in other comprehensive income	67,200	93,600	160,800
At 31 March 2016	871,000	(573,000)	298,000

The deferred tax asset is recorded in debtors (see note 12).

The amounts of deferred tax asset unrecognised in the financial statements at the year end were as follows:

	2016 £	2015 £
Accelerated depreciation	30,041	40,142
Other timing differences	22,863	24,209
Losses	4,664	6,934
Loan relationship deficit	-	70,764
	57,568	142,049

The assets have not been recognised since, in the opinion of the directors, it is more likely than not that they will be irrecoverable in the short term.

## A&P GH 2006 Limited

### Notes to the financial statements (continued) for the year ended 31 March 2016

#### 10. Tangible fixed assets

	<b>Plant and Machinery £</b>
<b>Cost</b>	
At 1 April 2015 and 31 March 2016	607,179
<b>Accumulated depreciation</b>	
At 1 April 2015 and 31 March 2016	607,179
<b>Net book value</b>	
At 31 March 2016 and 31 March 2015	-

#### 11. Fixed asset investments

	<b>Interests in subsidiary undertakings</b>
<b>Cost and net book value</b>	
At 1 April 2015 and 31 March 2016	1,797,321

The subsidiaries, all of whom are registered in England and Wales, in which the Company holds 100% of the equity share capital (which in each case is represented by ordinary £1 shares), are as follows:

<b>Undertaking</b>	<b>Principal activity</b>
A&P Falmouth Limited*	Ship repair and general engineering services
A&P Tyne Limited*	Ship repair and general engineering services
A&P Tees Limited*	Ship repair and general engineering services
Marine Designs Limited**	Marine Design and fabrication
The Falmouth Docks and Engineering Company (formed under the Falmouth Docks Act 1959)	Owner and manager of wharves and dry docks; cargo handling and services
A&P Ship Repairers Limited	Intermediate holding company
A&P Shipbuilders Limited*	Property ownership
A&P Wallsend Limited	Dormant
Hydropower Services Limited	Dormant
A&P Birkenhead Properties Limited	Dormant
A&P Southampton Limited	Dormant
A&P Defence Limited	Dormant

\* Investment held directly by A&P Ship Repairers Limited

\*\* Investment held directly by The Falmouth Docks and Engineering Company

The directors believe that the carrying value of the investments is supported by their underlying net assets.



## A&P GH 2006 Limited

### Notes to the financial statements (continued) for the year ended 31 March 2016

#### 12. Debtors

	2016 £	2015 £
Trade debtors	-	940,582
Amounts recoverable on contracts	822,495	1,185,460
Amounts owed by group undertakings	7,668,446	6,050,017
Deferred tax asset (note 9)	298,000	137,200
Other debtors	11,815	65,329
Prepayments	20,405	12,151
	<u>8,821,161</u>	<u>8,390,739</u>

The deferred tax asset of £298,000 (2015: £137,200) relates to the post-retirement benefits liability (see note 15). As the liability is expected to reverse over a long period, the deferred tax asset is considered to fall due after more than one year.

#### 13. Creditors: amounts falling due within one year

	2016 £	2015 £
Trade creditors	1,178,964	1,833,129
Amounts owed to group undertakings	8,947,543	8,473,074
Taxation and social security	74,766	98,814
Accruals	849,729	860,772
	<u>11,051,002</u>	<u>11,265,789</u>

#### 14. Post-retirement benefits

The Company operates two defined benefit pension sections of the sectionalised A&P Group Pension Scheme, the A&P Section and the Ship Repairers Section (together the “defined benefit pension schemes”, or the “Schemes”), and a defined contribution scheme. The defined benefit pension schemes are closed to future accruals.

Amounts recognised in profit and loss account are as follows:

	2016 £	2015 £
Defined benefit schemes		
- Settlement gain (note 14(a))	-	(381,000)
Defined contribution scheme (note 14(b))	88,034	85,426
Total charge/(credit) in operating profit	<u>88,034</u>	<u>(295,574)</u>
Defined benefit schemes		
- Net interest (credit)/expense (note 14(a))	(3,000)	89,000
Total charge/(credit)	<u>85,034</u>	<u>(206,574)</u>

## A&P GH 2006 Limited

### Notes to the financial statements (continued) for the year ended 31 March 2016

#### 14. Post-retirement benefits (continued)

Amounts recognised in the balance sheet in respect of the defined benefit pension schemes are as follows:

	2016 £	2015 £
Post-retirement benefits – asset (Ship Repairers Section)	3,181,000	3,333,000
Post-retirement benefits – deficit (A&P Section)	(4,838,000)	(4,019,000)
Post-retirement benefits – net position	<u>(1,657,000)</u>	<u>(686,000)</u>

##### a) Defined benefit schemes

The assets of the Company's defined benefit pension schemes are held in a separately administered fund. The Schemes provide retirement benefits on the basis of members' final salary. The A&P Group Pension Scheme, in respect of which the Schemes are sections, is administered by an independent trustee who is responsible for ensuring that the plan is sufficiently funded to meet current and future obligations. The Company has agreed a funding plan with the trustee in order to reduce the funding deficit where necessary.

The Company's defined benefit pension schemes became sections of the A&P Group Pension Scheme in the year ended 31 March 2015. A settlement gain of £381,000 was recorded in that year as a result.

The agreed contributions for the next six years are £6,156,000.

A comprehensive actuarial valuation of the defined benefit pension schemes, using the projected unit method, was carried out at 31 March 2015 by Capita Employee Benefits, independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	2016 %	2015 %
Price inflation – RPI	3.10	2.88
Price inflation – CPI	2.10	1.98
Pension increase rate	1.85 - 3.00	1.80 - 3.00
Salary increase rate	n/a	n/a
Discount rate	<u>3.35</u>	<u>3.15</u>

The mortality assumptions used were as follows:

	2016 Years	2015 Years
Longevity at age 65 for current pensioners:		
- Men	22.2-23.3	22.2-23.6
- Women	24.2-24.5	23.8-24.5
Longevity at age 65 for future pensioners:		
- Men	23.5-24.6	24.4-24.9
- Women	<u>25.7-25.9</u>	<u>25.8-26.4</u>

## A&P GH 2006 Limited

### Notes to the financial statements (continued) for the year ended 31 March 2016

#### 14. Post-retirement benefits (continued)

##### a) Defined benefit schemes (continued)

Reconciliation of scheme assets and liabilities:

	Assets £	Liabilities £	Total £
At 1 April 2015	49,570,000	(50,256,000)	(686,000)
Benefits paid	(1,913,000)	1,913,000	-
Employer contributions	1,611,996	-	1,611,996
Interest income/(expense)	1,545,000	(1,542,000)	3,000
Remeasurement gains/(losses)			
- Actuarial losses	-	(741,000)	(741,000)
- Return on plan assets excluding interest income	(1,844,996)	-	(1,844,996)
At 31 March 2016	<u>48,969,000</u>	<u>(50,626,000)</u>	<u>(1,657,000)</u>

Total cost recognised as an expense:

	2016 £	2015 £
Interest (credit)/cost	<u>(3,000)</u>	<u>89,000</u>

No amounts (2015: £nil) were included in the cost of assets.

The fair value of the plan assets were:

	2016 £	2015 £
Equities	10,899,000	11,611,000
Diversified growth assets	7,108,000	7,258,000
Corporate bonds	20,832,000	20,925,000
Gilts	7,143,000	7,005,000
Insured liabilities	2,566,000	2,533,000
Cash	421,000	238,000
Total	<u>48,969,000</u>	<u>49,570,000</u>

The plan assets do not include any of the Company's (or Group's) financial instruments.

The return on the plan assets was:

	2016 £	2015 £
Interest income	1,545,000	1,893,000
Return on plan assets less interest income	<u>(1,844,996)</u>	<u>5,449,000</u>
Total (losses)/gains	<u>(299,996)</u>	<u>7,342,000</u>

## A&P GH 2006 Limited

### Notes to the financial statements (continued) for the year ended 31 March 2016

#### 14. Post-retirement benefits (continued)

##### b) Defined contribution scheme

The Company provides a defined contribution scheme for its employees.

The amount recognised as an expense for the defined contribution scheme was:

	2016 £	2015 £
Current period contributions (note 8)	88,034	85,426

#### 15. Called-up share capital and reserves

	2016 £	2015 £
<b>Authorised</b>		
100,000 ordinary shares of £0.01 each	1,000	1,000
<b>Allotted and fully paid up:</b>		
100,000 ordinary shares of £0.01 each	1,000	1,000

The profit and loss reserve represents cumulative profits or losses net of dividends paid and other adjustments.

There are no restrictions on the distribution of dividends and the repayment of capital.

##### Equity dividends

	2016 £	2015 £
Final dividend for the year ended 31 March 2016 of nil (2015: £1,000) per share	-	1,000,000

## A&P GH 2006 Limited

### Notes to the financial statements (continued) for the year ended 31 March 2016

#### 16. Related party transactions

During the year the company carried out a number of transactions with related parties in the normal course of business. The names of the related parties, nature of these transactions and their total value is shown below

	2016		2015	
	Value of transaction £	Payable at the year end £	Value of transaction £	Payable at the year end £
<b>Transactions with Atlantic &amp; Peninsula Marine Services Limited:</b>				
Management charges paid	400,000	-	400,000	-
Fees receivable in respect of director's services	113,961	-	89,979	-

Atlantic & Peninsula Marine Services Limited is considered to be a related party of the A&P Group Limited by virtue of common influence and control of the two groups during the year.

#### 17. Transition to FRS 102

This is the first year that the Company has presented its results under FRS 102. The last financial statements under the previous UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014.

Set out below are the changes in accounting policies which reconcile profit for the financial year ended 31 March 2015 and the total equity as at 1 April 2014 and 31 March 2015 between UK GAAP as previously reported and FRS 102.

##### Net assets

	Notes	At 1 April 2014 £	At 31 March 2015 £
Capital and reserves (as previously stated)		(8,842,528)	4,737,391
Post-retirement benefits – defined benefit pension liability	(i)	(4,311,000)	(4,019,000)
Post-retirement benefits – defined benefit pension asset	(i)	1,522,000	3,333,000
Deferred tax asset on defined benefit pension liability	(i)	862,200	803,800
Deferred tax provision on defined benefit pension liability	(i)	(304,400)	(666,600)
Capital and reserves (as restated)		<u>(11,073,728)</u>	<u>4,188,591</u>

##### Profit and loss account

		Year ended 31 March 2015 £
Profit for the year (as previously stated)		14,579,919
Post-retirement benefits – defined benefit pension	(i)	<u>1,860,000</u>
Profit for the year (as restated)		<u><u>16,439,919</u></u>

## A&P GH 2006 Limited

### Notes to the financial statements (continued) for the year ended 31 March 2016

#### 17. Transition to FRS 102 (continued)

##### Statement of other comprehensive income

	Notes	Year ended 31 March 2015 £
Comprehensive income for the year (as previously stated)		14,579,919
Profit for the year (see above)	(i)	1,860,000
Other comprehensive income – post-retirement benefits	(i)	243,000
Deferred tax on items in other comprehensive income	(i)	(420,600)
Comprehensive income for the year (as restated)		<u>16,262,319</u>

##### Notes

##### (i) Post-retirement benefits

Under previous UK GAAP the Company accounted for its participation in two sections of the A&P Group Pension Scheme (“the A&P Scheme”) on a defined contribution basis. Under FRS 102, the Company has recorded these on a defined benefit pension scheme accounting basis. This means that, on transition, the Company recognised an asset of £1,522,000 for the Shiprepairers section of the A&P Scheme and a liability of £4,311,000 for the A&P section of the A&P Scheme. In addition, in respect of these sections, the Company also recorded a deferred tax provision of £862,200 and a deferred tax asset of £304,400 respectively. Under FRS 102 the post-retirement benefit balances are presented gross on the balance sheet, with the associated deferred tax asset and provision being recorded within debtors and provision for liabilities respectively.

Under FRS 102, the Company has then recorded in the profit and loss account for the year ended 31 March 2015 a settlement gain of £381,000, arising from the merging of the sections of the A&P Scheme in that year, and a net interest cost of £89,000. The contributions to the pension plan in the year ended 31 March 2015, totalling £1,568,000, were recorded as a pension charge under previous UK GAAP. Under FRS 102 these payments are reflected as a movement in the post-retirement benefits plan balance, and not as a charge to the profit and loss account.

In other comprehensive income, the Company also recorded a £243,000 gain from the remeasurement of the net post-retirement benefit and a £420,600 charge from the movement in the deferred tax arising on the post-retirement benefits balances.

As at 31 March 2015, the Company had recorded a post-retirement benefits asset of £3,333,000 for the Shiprepairers section and a post-retirement benefits liability of £4,019,000 for the A&P section. In addition, the Company recorded an associated deferred tax liability of £666,600 and deferred tax asset of £803,800 respectively.