

**DAVID MACBRAYNE HR (UK) LIMITED
DIRECTORS' REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 March 2016**

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Directors' Report

The Directors present their Directors' Report and financial statements for the year ended 31 March 2016.

Principal activity and business review

The principal activity of the Company is to provide human resources, payroll and crewing services to the David MacBrayne Group of companies.

The Company made a profit before tax for the year of £31,000 (2015: £27,000). No dividends have been paid or are proposed.

Key areas of the performance and development of the business include best practices in relation to human resources strategy and policy and procedures to ensure compliance with relevant legislation.

The key performance indicator for the company is to achieve a small profit each financial year.

Political and charitable donations

The Company made no political or charitable donations during the year.

Directors and their interests

The Directors who held office during the year and up to the date of this report were as follows:

D C McGibbon
R Drummond
M Dorchester
P Stark

Resigned 31 December 2015

None of the Directors had any disclosable interest in the shares of the Company.

Financial instruments

The Company enters into no complex financial instruments.

Disclosure of information to Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each 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/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

A resolution to re-appoint KPMG LLP as auditor of the Company will be put to the members at the Annual General Meeting.

On behalf of the Board



M Dorchester
Director
13 October 2016

Statement of Directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 period.

In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the members of David MacBrayne HR (UK) Limited

We have audited the financial statements of David MacBrayne HR (UK) Limited for the year ended 31 March 2016 set out on pages 4 to 10. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 101 Reduced Disclosure Framework.

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 set out on page 2, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on 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 UK 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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; or
- the Directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



**Philip Charles (Senior Statutory Auditor)
for and on behalf of KPMG LLP**

Chartered Accountants
391 St Vincent Street
Glasgow
G2 5AS

13 October 2016

**Profit and Loss Account
for the year ended 31 March 2016**

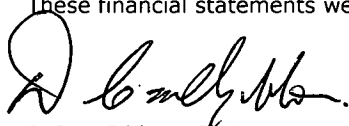
	Note	2016 £000	2015 £000
Turnover	2	2,689	2,698
Cost of sales		(2,227)	(2,404)
Gross profit		462	294
Administrative expenses		(432)	(268)
Operating profit		30	26
Interest receivable	3	1	1
Profit on ordinary activities before taxation	3	31	27
Tax on profit on ordinary activities	5	-	-
Profit on ordinary activities after taxation		31	27


There has been no other comprehensive income for the year.

**Balance Sheet
as at 31 March 2016**

	Note	2016 £000	2015 £000
Current assets			
Debtors	6	375	521
Cash at bank and in hand		323	236
		<u>698</u>	<u>757</u>
Creditors			
Amounts falling due within one year	7	(539)	(629)
		<u>159</u>	<u>128</u>
Net current assets			
		<u>159</u>	<u>128</u>
Total assets less current liabilities			
		<u>159</u>	<u>128</u>
Capital and reserves			
Called up share capital	8	-	-
Profit and loss account		159	128
		<u>159</u>	<u>128</u>
Shareholder's funds			
		<u>159</u>	<u>128</u>

These financial statements were approved by the Board of Directors and signed on 13 October 2016 on its behalf by:


D C McGibbon, Chairman


R L Drummond, Director

Statement of changes in equity

	Called Up Share Capital £000	Share Premium Account £000	Profit and Loss Account £000	Total Equity £000
Balance at 1 April 2014	-	-	101	101
Balance at 1 April 2014			101	101
Total comprehensive income for the period				
Profit			27	27
Total comprehensive income for the period			27	27
Balance at 31 March 2015	-	-	128	128

	Called Up Share Capital £000	Share Premium Account £000	Profit and Loss Account £000	Total Equity £000
Balance at 1 April 2015	-	-	128	128
Total comprehensive income for the period				
Profit	-	-	31	31
Total comprehensive income for the period	-	-	31	31
Balance at 31 March 2016	-	-	159	159

The accompanying notes are an integral part of these financial statements

Notes on the financial statements

1. Accounting policies

David MacBrayne HR (UK) Limited is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:-

- a Cash Flow Statement and related notes
- disclosure in respect of capital management
- the effects of new but not yet effective IFRSs
- an additional balance sheet for the beginning of the earliest comparative period
- disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of David MacBrayne Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:-

- the disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided.

(a) Basis of preparation

These financial statements have been prepared under the historical cost accounting convention and in accordance with applicable accounting standards. A summary of the more important accounting policies, which have been applied consistently, is set out below. The financial statements have been prepared on a going concern basis, which the Directors believe to be appropriate.

(b) Taxation

The charge for taxation is based upon the result for the year end, where appropriate, takes into account tax deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

(c) Pensions

The Company participates in the CalMac Pension Fund which provides benefits based on final pensionable salary.

Accordingly, as required by FRS 101: Retirement Benefits, the Company accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The Company also operates a stakeholder pension scheme for auto enrolment purposes.

2. Turnover

Turnover represents the net value of human resource services invoiced excluding VAT.

3. Profit on ordinary activities before tax

The Profit is stated after charging/(crediting):

		2016 £000	2015 £000
Auditor's remuneration	- audit of these financial statements	8	8
	- other services relating to tax	2	2
	- advisory	179	86
	- all other services	-	-
Agency staff costs		27	163
Interest receivable	- bank	(1)	(1)
		<hr/>	<hr/>

Notes on the financial statements

4. Employee information

Staff costs

The aggregate payroll costs were as follows:

	2016 £000	2015 £000
Wages and salaries	1,075	1,096
Social security costs	99	101
Other pension costs	205	196
	<hr/>	<hr/>
	1,379	1,393
	<hr/>	<hr/>

Employee numbers

The average number of persons employed by the Company during the year was 28 (2015: 28).

5. Taxation

The tax on profit on ordinary activities is made up as follows:

	2016 £000	2015 £000
UK corporation tax on profit for the year	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	-	-
	<hr/>	<hr/>

The tax assessed for the year differs from the application of the standard rate of corporation tax in the UK to the profit on ordinary activities before tax. The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	31	27
	<hr/>	<hr/>
UK corporation tax at 20% (2015:21%)	6	5
	<hr/>	<hr/>
Effects of:		
Group relief	(6)	(5)
Items not allowable for tax purposes	-	-
	<hr/>	<hr/>
Corporation tax for the year	-	-
	<hr/>	<hr/>

6. Debtors and prepayments

	2016 £000	2015 £000
Prepayments	3	-
Other debtors	3	39
Amounts owed by group undertakings	369	482
	<hr/>	<hr/>
	375	521
	<hr/>	<hr/>

Notes on the financial statements

7. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	386	430
Other creditors and accruals	139	155
Amounts owed to group undertakings	14	44
	<hr/>	<hr/>
	539	629
	<hr/>	<hr/>

8. Called up share capital

	2016 £000	2015 £000
Allotted, called up and fully paid		
1 Ordinary Share of £1	-	-
	<hr/>	<hr/>

9. Pension arrangements

A large number of the Company's employees are members of the CalMac Pension Fund which is a multi-employer defined benefit scheme (the 'Scheme' or the 'CalMac Scheme'). The Company is a participating employer in the CalMac Scheme, which is operated by Caledonian Maritime Assets Ltd ('CMAL'), a company also wholly owned by Scottish Ministers. As the Trustees of the CalMac Scheme are unable to identify the Company's share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis, and as CMAL is legally considered to be the sponsoring employer for the Scheme, and is responsible for any deficit repair obligations in relation to the Scheme, the Company is accounting for the Scheme in its financial statements as if the Scheme was a defined contribution scheme.

The latest full triennial actuarial valuation of the CalMac Scheme as at 6 April 2015, carried out by an independent actuary, showed that the Scheme had liabilities of £117.4m, assets of £85.2m and, consequently, a deficit of £32.2m.

The results of the next full actuarial valuation, which will be performed as at 6 April 2015, are not expected to be available until late 2016.

Under the Government's Pension Auto Enrolment legislation, employers must automatically enrol into a 'qualifying pension scheme' all qualifying employees not already in a pension scheme as well as all new starters. The legislation also dictates that those who have opted out must be reviewed and enrolled again every three years.

The Peoples Pension are the provider for a stakeholder pension scheme for auto enrolment purposes. New employees can still choose to opt out of this new scheme and enrol in the existing final salary scheme at appropriate times during the year. Employees can only be in one scheme at any given time.

10. Other financial commitments

Future aggregate minimum rentals payable under non-cancellable operating leases are as follows:

	Motor vehicles		Total	
	2016 £000	2015 £000	2016 £000	2015 £000
Within one year	7	18	7	18
In the second to fifth years	3	11	3	11
	<hr/>	<hr/>	<hr/>	<hr/>
	10	29	10	29
	<hr/>	<hr/>	<hr/>	<hr/>

11. Ultimate parent company

The Company is a wholly owned subsidiary of David MacBrayne Ltd., which is wholly owned by the Scottish Ministers, who are regarded as the ultimate controlling party. The Group in which the Company's results are consolidated is that headed by David MacBrayne Ltd., which is incorporated in the United Kingdom. No other Group financial statements include the Company's results.

The consolidated financial statements are available to the public and copies may be obtained from the parent company's registered office at the Ferry Terminal, Gourock, PA19 1QP and are also available on the parent Company's website.

12. FRS 101 transition

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015.

The transition to FRS 101 has not affected the reported financial position or the financial performance of the Company since the transition date.

Corporate information

Registered office	The Ferry Terminal Gourock PA19 1QP
Auditor	KPMG LLP
Solicitors	Pinsent Masons
Bankers	The Royal Bank of Scotland plc
Principal insurers	The North of England Protecting & Indemnity Association
Website	Parent company: www.david-macbrayne.co.uk