

**CAMMELL LAIRD SHIPREPAIRERS  
& SHIPBUILDERS LIMITED**

**Annual Report and Financial Statements**

**For the year ended 31 March 2014**

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# **CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2014**

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# **CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **DIRECTORS**

J R Syvret  
J Kennedy  
M J Moran  
S Underwood  
M Whitworth  
H MM Mackenzie

### **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 Group for the year ended 31 March 2014.

### **PRINCIPAL ACTIVITIES**

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

### **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

This financial period has seen a reduction in turnover from £115,932,000 for the 10 month period ended 31 March 2013 to £109,404,000 for the year ended 31 March 2014 due to timings of contracts. Despite this decline, profit after tax has increased to £8,168,000 compared to £7,858,000 for the 10 month period ended 31 March 2013. This is a direct result of the change in gross margin described below and the Group'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.

Gross margin has increased to 21.7% for the year ended 31 March 2014 compared to 17.2% for the 10 month period ended 31 March 2013. The increase 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 £20,568,000 at 31 March 2014 (2013: £12,400,000).

In June 2013, Cammell Laird 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 Wave Ruler, Fort Rosalie, and Gold Rover. In January 2014, the company started an 11 month refit on RFA Fort Victoria. Within the commercial market, successful major contracts were completed with RWE, Irish Ferries, Seatruck Ferries, Isle of Man Steam Packet Company, Caledonian MacBrayne, Northlink Ferries, Svitser and Smit. We also completed building two new vessels for Western Ferries. In the year the Cammell Laird also started 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 Cammell Laird 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 2013 the offshore renewable marine base site was being used to support off-shore windfarm construction.

The Group has continued to invest in its Apprentice Training scheme, with over 120 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 Group intends to continue to develop into the heavy engineering energy sector and will target bespoke offshore, marine, and renewable energy markets. With the Group'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 Group renewed 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”):

	Year ended 31 March 2014	10 month period ended 31 March 2013
Turnover (£'000)	109,404	115,932
Gross profit margin as a percentage of turnover	21.5%	17.2%
Man hours sold (hours)	1,633,098	1,463,768
Supply chain purchases (£'000)	59,705	72,040

### Future Trading

The forthcoming year should see turnover increase with the majority of these sales staying in the traditional core marine market sectors. 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, the tender process for the replacement ships (MARS UK-CAATS) and the completion of the Aircraft Carrier.

Work is progressing well on the Astute Submarine programme which will help put Cammell Laird in a good position for further work on the Successor Class.

The Group is continuing to look at opportunities in the conversion market in addition to the above. During the last year the Group invested in the facility to ensure that workshops are fit for purpose to meet the requirements of the energy market. The Group 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 Group is optimistic that these will turn into suitable projects that will maximise capacity. The project with RWE will come to an end in the last quarter of 2014 and the Group are looking at a number of options to replace this work.

### 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 Group 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 at near retirement age and it is becoming increasingly difficult to replace them with people of similar experience and qualifications. The Group 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 Group negotiates stage payments to neutralise cash flow. For medium size projects the Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group 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 Group with independent advice to identify potential areas of concern in relation to health and safety and facilities to enable the development of mitigating actions.

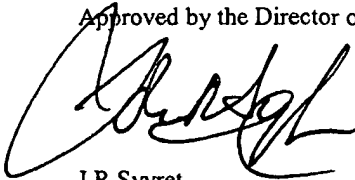
**Other:** Cammell Laird operates from approved International Ship and Port Security (ISPS) yards and is independently accredited by Bureau Veritas (BV) to BS-EN ISO9001-2008 (Quality), BS-EN 14001-2004 (Environmental) and OHSAS 18001-2007 (Safety) Management Systems.

The Group is committed to working with employees for the benefits of both the group and its workers and to this extent enjoys a partnership with Amicus/Unite and GMBU. In addition the Group 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 11/07/2014



J R Syvret

Chief Executive Office

## **DIRECTOR'S REPORT**

This report contains the statutory information disclosed in addition to that set out in the separate strategic report. Information which would otherwise be included in the Directors' Report, is included in the Strategic Report.

### **DIVIDENDS**

Dividends approved during the year amounted to £nil (10 month period ended 31 March 2013: £10,686,000). Dividends paid during the year amounted to £3,556,000 (10 month period ended 31 March 2013: £6,775,000). For the year ended 31 March 2014 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	
	Year ended 31 March 2014	10 month period ended 2013
	£	£
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.

### **CHARITABLE AND POLITICAL CONTRIBUTIONS**

During the financial year, the Company made contributions for charitable purposes of £112,000 (2013: £80,000) to local projects along with investing time and resource to schools and colleges in the area. The Company made no political contributions during the financial year (2013: £nil).

**DIRECTORS' REPORT (continued)**

**AUDITOR**

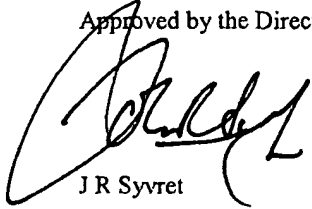
Each of the persons who is a director at the date of approval of this report confirms that:

- 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 11/07/2014



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 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; 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 2014 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheet, the Consolidated Cash Flow Statement, the Reconciliation of Operating Profit to the Cash Inflow from Operating Activities, the Statement of Accounting Policies and the related notes 1 to 21. 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's and the 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 2014 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

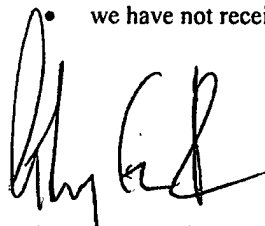
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**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

11/07/2014

# CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 March 2014

	Note	Year ended 31 March 2014 £'000	10 month period ended 31 March 2013 £'000
<b>TURNOVER</b>	1	109,404	115,932
Cost of sales		(85,881)	(95,966)
<b>GROSS PROFIT</b>		23,523	19,966
Administrative expenses		(12,963)	(9,887)
<b>OPERATING PROFIT</b>		10,560	10,079
Interest receivable and similar income	5	225	370
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	10,785	10,449
Tax charge on profit on ordinary activities	6	(2,617)	(2,591)
<b>Profit for the financial year/period</b>	17,19	8,168	7,858

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 Statement of Total Recognised Gains and Losses has been presented.

The Company profit for the year ended 31 March 2014 was £8,168,000 (10 month period ended 31 March 2013: £7,858,000). 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.

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

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

# CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

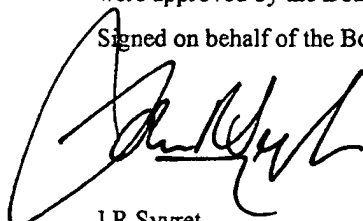
## CONSOLIDATED BALANCE SHEET

As at 31 March 2014

	Note	2014 £'000	2013 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	<u>4,801</u>	<u>4,189</u>
<b>CURRENT ASSETS</b>			
Stock	10	198	225
Debtors amounts falling due within one year	11	30,142	28,232
Debtors amounts falling due after more than one year	12	1,900	4,690
Cash at bank and in hand	13	<u>10,437</u>	<u>9,908</u>
		42,677	43,055
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(26,741)</u>	<u>(34,676)</u>
<b>NET CURRENT ASSETS</b>		<u>15,936</u>	<u>8,379</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>20,737</u>	<u>12,568</u>
<b>PROVISIONS FOR LIABILITIES</b>	15	(169)	(168)
<b>NET ASSETS</b>		<u>20,568</u>	<u>12,400</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	-	-
Share premium account	17	450	450
Profit and loss account	17	<u>20,118</u>	<u>11,950</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	19	<u>20,568</u>	<u>12,400</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 11/07/2014.

Signed on behalf of the Board of Directors by:



J R Syvret

Chief Executive Officer

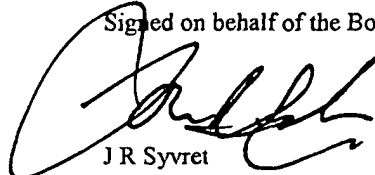
# CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

## COMPANY BALANCE SHEET As at 31 March 2014

	Note	2014 £'000	2013 £'000
<b>FIXED ASSETS</b>			
Tangible assets	9	<u>4,801</u>	<u>4,189</u>
<b>CURRENT ASSETS</b>			
Stock	10	198	225
Debtors amounts falling due within one year	11	30,463	28,608
Debtors amounts falling due after more than one year	12	1,900	4,690
Cash at bank and in hand	13	<u>10,139</u>	<u>9,524</u>
		42,700	43,047
<b>CREDITORS: amounts falling due within one year</b>	14	<u>(26,764)</u>	<u>(34,668)</u>
<b>NET CURRENT ASSETS</b>		<u>15,936</u>	<u>8,379</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>20,737</u>	<u>12,568</u>
<b>PROVISIONS FOR LIABILITIES</b>	15	(169)	(168)
<b>NET ASSETS</b>		<u>20,568</u>	<u>12,400</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	-	-
Share premium account	17	450	450
Profit and loss account	17	<u>20,118</u>	<u>11,950</u>
<b>TOTAL SHAREHOLDERS' FUNDS</b>	19	<u>20,568</u>	<u>12,400</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 11/07/2014.

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 2014

	Year ended 31 March 2014 £'000	10 month period ended 31 March 2013 £'000
Net cash inflow from operating activities	6,031	10,297
<b>Returns on investments and servicing of finance</b>		
Interest received	225	370
<b>Taxation</b>		
UK corporation tax paid	(951)	(3,838)
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(1,220)	(521)
Equity dividends paid	(3,556)	(6,775)
<b>Increase/(decrease) in cash</b>	529	(467)
<b>Reconciliation to net cash</b>		
Net cash at 1 April	9,908	10,375
<b>Increase/(decrease) in net cash</b>	529	(467)
<b>Net cash at 31 March</b>	10,437	9,908

## Reconciliation of Operating Profit to Cash Inflow from Operating Activities Year ended 31 March 2014

	Year Ended 31 March 2014 £'000	10 month period ended 31 March 2013 £'000
Operating profit	10,560	10,079
Depreciation charges	608	470
Decrease / (increase) in stocks	27	(117)
Decrease / (increase) in debtors	880	(2,617)
(Decrease) / increase in creditors	(6,044)	2,482
<b>Net cash inflow from operating activities</b>	6,031	10,297

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2014**

**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 period, 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. 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 2014 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 making enquiries, 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.



# **CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2014**

### **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.

### **Pension**

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

### **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.

### **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.

# CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 March 2014

### 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:

	Year ended 31 March 2014 £'000	10 month period ended 31 March 2013 £'000
Wages	28,414	24,204
Social security costs	3,293	2,708
Pension costs	28	-
<b>Staff costs</b>	<b>31,734</b>	<b>26,912</b>
Depreciation of tangible fixed assets - owned	608	470
Operating leases – other	3,553	3,032
Machinery and equipment hire	2,233	1,951
<b>auditors' remuneration</b>		
auditors' remuneration – audit fees	50	46
Non audit fees	0	0
	<u>          </u>	<u>          </u>

### 3. DIRECTORS' REMUNERATION

	Year ended 31 March 2014 £'000	10 month period ended 31 March 2013 £'000
Emoluments	488	411
	<u>          </u>	<u>          </u>

There are no directors with benefits accruing under a company pension scheme. The highest paid director received emoluments of £278,752 for the year ended 31 March 2014 (10 month period ended 2013 - £234,000).

### 4. EMPLOYEE INFORMATION

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

	Year ended 31 March 2014 Number	10 month period ended 31 March 2013 Number
Operations	761	742
Administration	41	39
	<u>          </u>	<u>          </u>
	<u>802</u>	<u>781</u>

# CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2014

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 March 2014 £'000	10 month period ended 31 March 2013 £'000
Interest receivable on bank deposits and other investments	225	370

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Year ended 31 March 2014 £'000	10 month period ended 31 March 2013 £'000
<b>Current tax</b>		
UK corporation tax on profits of the year/period	-	2,588
Group relief payable	2,531	-
Adjustments in respect of previous years	85	-
<b>Total current tax charge</b>	<b>2,616</b>	<b>2,588</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(26)	(1)
Adjustments in respect of previous years	27	4
<b>Total deferred tax charge (note 15)</b>	<b>1</b>	<b>3</b>
<b>Tax on profit on ordinary activities</b>	<b>2,617</b>	<b>2,591</b>

The tax charge for the year is higher (10 month period ended 31 March 2013: higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	2014 £'000	2013 £'000
<b>Profit on ordinary activities before taxation</b>	<b>10,785</b>	<b>10,449</b>
Profit on ordinary activities, multiplied by standard rate of corporation tax in the UK of 23% (2013: 24%)	2,481	2,531
Effects of:		
Expenses not deductible for tax purposes	73	56
Other short term timing differences	(23)	1
Adjustments in respect of previous years	85	-
<b>Current tax charge for the year/period</b>	<b>2,616</b>	<b>2,588</b>

On 20 March 2013, the UK government announced its intention to reduce the rate of corporation tax to 21% from 1 April 2014 with a further reductions to 20% from 1 April 2015. These reductions were enacted on 17 July 2013. The deferred tax balances as at 31 March 2014 have been calculated at a rate of 20%.

# CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2014

### 7. DIVIDENDS

Amounts recognised as distributions to equity holders in the period:

	Year ended 31 March 2014 £'000	10 month period ended 31 March 2013 £'000
<b>Equity – ordinary</b>		
Final dividend paid for the year ended 31 May 2012 accounts £171.86 per share	-	5,729
Interim dividend for the period ended 31 March 2013 of £42.03 per share	-	1,401
Final dividend for the period ended 31 March 2013 of £106.68 per share	-	3,556
Total dividend paid	-	10,686

### 8. FIXED ASSET INVESTMENTS

The Company had the following investments all registered in England and Wales at 31 March 2014:

Name of investment	Class of share capital held	Proportion held	Nature of business
Scott Lithgow Limited	Ordinary	100%	Dormant
Birkenhead Shiprepair Yard 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 2014

### 9. TANGIBLE FIXED ASSETS

#### Group

	Plant and equipment £'000	Leasehold improve- ments	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
At 1 April 2013	2,464	4,187	223	210	7,084
Additions	384	776	19	41	1,220
At 31 March 2014	2,848	4,963	242	251	8,304
<b>Accumulated depreciation</b>					
At 1 April 2013	(1,225)	(1,275)	(214)	(181)	(2,895)
Charge for the year	(219)	(368)	(10)	(11)	(608)
At 31 March 2014	(1,444)	(1,643)	(224)	(192)	(3,503)
<b>Net book value</b>					
At 31 March 2014	1,404	3,320	18	59	4,801
At 31 March 2013	1,239	2,912	9	29	4,189

#### Company

	Plant and equipment £'000	Leasehold improve- ments	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>					
At 1 April 2013	2,464	4,187	223	210	7,084
Additions	384	776	19	41	1,220
At 31 March 2014	2,848	4,963	242	251	8,304
<b>Accumulated depreciation</b>					
At 1 April 2013	(1,225)	(1,275)	(214)	(181)	(2,895)
Charge for the year	(219)	(368)	(10)	(11)	(608)
At 31 March 2014	(1,444)	(1,643)	(224)	(192)	(3,503)
<b>Net book value</b>					
At 31 March 2014	1,404	3,320	18	59	4,801
At 31 March 2013	1,239	2,912	9	29	4,189

At 31 March 2014 (2013: £nil) there were no capital commitments contracted but not provided for in the financial statements.

### 10. STOCK

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Raw materials and consumables	198	225	198	225
Total stocks	198	225	198	225

# CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 March 2014

### 11. DEBTORS: Amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Trade debtors	10,923	7,530	10,736	7,308
Amounts recoverable on contracts	14,940	17,354	14,940	17,310
Amounts owed by Group undertakings	-	-	449	526
Amounts owed by related party	529	1,497	518	1,488
Prepayments and accrued income	1,678	1,433	1,678	1,434
Other taxation and social security	2,072	418	2,142	542
<b>Total debtors</b>	<b>30,142</b>	<b>28,232</b>	<b>30,463</b>	<b>28,608</b>

### 12. DEBTORS: Amounts falling due after one year

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Amounts owed by related party	1,900	4,690	1,900	4,690
<b>Total debtors due after one year</b>	<b>1,900</b>	<b>4,690</b>	<b>1,900</b>	<b>4,690</b>

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 and Shipbuilders Limited. Interest is charged at 6% with the loan being repayable at the 5 year anniversary point.

### 13. CASH AT BANK AND IN HAND

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Cash at bank	10,437	9,908	10,319	9,524

At 31 March 2014 £nil (2013: £350,000) of the cash at bank and in hand balance was held on deposit and is not immediately available.

# CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2014

### 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Payment on account	3,568	2,948	3,568	2,948
Trade creditors	15,053	16,826	14,876	16,738
Amounts owed to Group undertakings	-	-	249	137
Amounts owed to related parties	75	1,399	56	1,399
Corporation tax	805	1,671	805	1,671
Group relief	2,531	-	2,531	-
Other taxation and social security payable	1,086	1,392	1,066	1,335
Accruals and deferred income	3,623	6,884	3,613	6,884
Equity dividends payable	-	3,556	-	3,556
<b>Total creditors falling due within one year</b>	<b>26,761</b>	<b>34,676</b>	<b>26,764</b>	<b>34,668</b>

### 15. PROVISIONS FOR LIABILITIES

#### Deferred taxation

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
At 1 April	(168)	(165)	(168)	(165)
Charged to profit and loss account	(1)	(3)	(1)	(3)
<b>At 31 March</b>	<b>(169)</b>	<b>(168)</b>	<b>(169)</b>	<b>(168)</b>
<b>The balance relates to:</b>				
Accelerated capital allowances	(200)	(212)	(200)	(212)
Short term timing differences	31	44	31	44
	<b>(169)</b>	<b>(168)</b>	<b>(169)</b>	<b>(168)</b>

### 16. CALLED UP SHARE CAPITAL

	Group		Company	
	2014	2013	2014	2013
	£	£'000	£	£'000
<b>Allotted, called up and fully paid</b>				
24,585 Ordinary A shares of 1p each	246	246	246	246
8,749 Ordinary B shares of 1p each	88	88	88	88
	<b>334</b>	<b>334</b>	<b>334</b>	<b>334</b>

**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.

# CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Year ended 31 March 2014

#### 17. RESERVES

Group	Share premium account £'000	Profit and loss account £'000
At 1 April 2013	450	11,950
Retained profit for the financial year	-	8,168
At 31 March 2014	450	20,118

Company	Share premium account £'000	Profit and loss account £'000
At 1 April 2013	450	11,950
Retained profit for the financial year	-	8,168
At 31 March 2014	450	20,118

#### 18. FINANCIAL COMMITMENTS

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

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Land and buildings				
Within 2-5 years	1,989	1,989	1,989	1,989
Greater than 5 years	1,500	1,500	1,500	1,500
At 31 March	3,489	3,489	3,489	3,489

#### 19. RECONCILIATION IN TOTAL SHAREHOLDERS' FUNDS

	Group		Company	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Profit for the year/period	8,168	7,858	8,168	7,858
Dividends paid	-	(10,686)	-	(10,686)
Retained profit/(loss) for the financial year/period	8,168	(2,828)	8,168	(2,828)
Equity shareholders' funds at 1 April	12,400	15,228	12,400	15,228
Equity shareholders' funds at 31 March	20,568	12,400	20,568	12,400



# CAMMELL LAIRD SHIPREPAIRERS & SHIPBUILDERS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 March 2014

### 20. ANALYSIS OF NET CASH

	At 31 March 2013 £'000	Cash flow £'000	At 31 March 2014 £'000
Cash in hand and at bank	9,908	529	10,437

### 21. 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	
	10 month period		10 month period		31 March		31 March	
	Year ended 31 March	Year ended 31 March	Year ended 31 March	Year ended 31 March	31 March	31 March	31 March	31 March
	2014	2013	2014	2013	2014	2013	2014	2013
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
The Mersey Docks and Harbour Company	4,226	2,207	539	391	504	1,221	52	60
The Manchester Ship Canal Company Limited	26	115	-	3,092	-	-	19	-
Peel Utilities Limited	-	-	2	21	-	-	-	20
Reddington Finance Limited	-	-	3,410	3,209	-	-	-	963
Atlantic & Peninsula Marine Services Limited	232	209	-	-	1,900	4,690	-	356
A&P Tyne Properties Limited	165	-	35	358	-	-	4	-
Marine Designs Limited	47	552	-	-	25	276	-	-
	<u>4,696</u>	<u>3,083</u>	<u>3,986</u>	<u>7,072</u>	<u>2,429</u>	<u>6,187</u>	<u>75</u>	<u>1,399</u>

Company	Sales of goods or services		Purchases of goods or services		Amounts owed by related parties		Amounts owed to related parties	
	10 month period		10 month period		31 March		31 March	
	Year ended 31 March	Year ended 31 March	Year ended 31 March	Year ended 31 March	31 March	31 March	31 March	31 March
	2014	2013	2013	2013	2014	2013	2014	2013
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
The Mersey Docks and Harbour Company	4,022	2,101	198	391	493	1,212	52	60
The Manchester Ship Canal Company Limited	-	94	-	3,092	-	-	-	-
Peel Utilities Limited	-	-	2	21	-	-	-	20
Reddington Finance Limited	-	-	3,410	3,209	-	-	-	963
Atlantic & Peninsula Marine Services Limited	232	209	-	-	1,900	4,690	-	356
A&P Tyne Properties Limited	165	-	35	358	-	-	4	-
Marine Designs Limited	47	552	-	-	25	276	-	-
Heysham Ports Limited	850	-	-	-	-	-	-	-
	<u>5,316</u>	<u>2,956</u>	<u>3,645</u>	<u>7,071</u>	<u>2,418</u>	<u>6,178</u>	<u>56</u>	<u>1,399</u>

Related party transactions with directors are set out in the Directors' Report