



to provide, safeguard and develop ferries and harbours
A' tairgse, a' dìon agus a' leasachadh aiseagan agus calaichean

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Ro-àdh a' Chathraiche - Grenville Johnston

Tha mi ro-thoilichte ar n-aithisg bhliadhnail agus cunntasan gu Màrt 31, 2009 fhosgladh le aithris air adhartas seasmhach, a dh'aindeoin gach dùbhlain a bha mar coinneimh. Rinn a' chompanaidh prothaid an dèidh chìsean de £4,142,000 - nas fheàrr na bha sinn a' sùileachadh, a' mhòr-chuid dhen sin air sgàth dàil a chaidh a chur ann an cosgaisean a bha sinn a' dol a ghiùlain a-steach gu 2009/10, agus cuideachd an dèidh teach-a-mach nas buannachdaile na bha sin an dùil bho ar roinn de chall mu choinneimh Stòras Peinnsein Maraichean a' Chabhlaich Marsantaich (MNRPF), an dèidh dhol an sàs ann gu dìcheallach le luchd-fastaidh. A bharrachd air sin, dh'àrdaich ar teachd-a-steach bho chìsean a chaidh a phàigheadh ro-làimh mu choinneamh leasachaidhean bhàtaichean a bha deatamach. Thèid an t-airgead calpa mu choinneamh sin a shealltainn anns na cunntasan an ath bhliadhna. Feumaidh, ged-tà, a' Chompanaidh a bhith a' cruthachadh phrothaidean ma tha sinn gu bhith a' tasgadh ar cuid stòrais mu choinneamh ar dleastanas son toglaichean is eile. Tha an tasgadh sin a' nochdadh mar chnapan an ìre mhath mòr aig amannan neo-chunbhallach agus tha buaidh mhòr aig sin air cùisean ionmhais. Tha e fìor chudromach gum bi stòras againn airson dèiligeadh ri sin ged-tà.

A' coimhead air adhart gu 2009/10, tha sinn an dùil ionmhas cudromach a chur mu choinneimh pròiseactan luachmhor, nam measg crìoch a chur air an leasachadh luach £6 millean aig cidhe ùr an Leargaidh Ghallda, ùrachadh fìor dheatamach aig Brodhaig air thoiseach air ùrachadh nas fharsainne air a phort tràth anns na deich bliadhna romhainn, agus rannsachadh mionaideach air grunn na mara agus obair dealbhachaidh air pròiseactean aig Ceann na Creige agus Port Ilidh ach am bi sinn fhèin ann an suidheachadh cùisean a ghluasad gu h-èifeachdach gu togail is crìch nuair a bhios maoin air a chomharrachadh. A' coimhead ri togail bhaichean, tha dùil ri mòran adhartais a thaobh ìle le sùil gum bi am bàta ùr deiseil agus air bhog anns an t-samhradh 2010, agus i gu bhith 'ga cur an-sàs anns an earrach 2011. Chì sinn cuideachd planaichean son bàtaichean ùra eile gan dealbh. Tha sinn cuideachd a' togail oirnn le rannsachaidhean eile a' measadh feumalachdan còmhhdail ann an grunn àiteachan a bharrachd air a bhith a' gabhail ar làn-phàirt ann an lèirmheas an Riaghaltais air seirbhisean aiseig.

Taobh-staigh ionmhais anns an fharsainneachd, tha mòran air atharrachadh feadh an t-saoghail bhon aithisg mu dheireadh againn. Dh'fhaodadh gu bheil an dùbhlain a tha mar coinneimh a thaobh tasgadh agus adhartas nas duilghe, ach tha sinn daingeann nar beachdan agus rùintean airson ar n-amasan a choileanadh. Tha sinn mothachail gum bi cudrom nas mòtha ga chur air ionmhas poblach anns na bliadhnaichean romhainn agus nach bi na tha sin ri fhaighinn. Le sùil air sin, tha e fìor dheatamach gun rannsaich a' Chompanaidh cothroman sam bith airson maoin a tharraing agus gun tèid gach cnuasachd a tha a dhìth air adhart son tuilleadh fhaighinn.

Feumaidh sinn a bhith cinnteach gu bheil gach tasgadh a tha romhainn èifeachdach a thaobh luach, buannachdail, agus a' tabhann luach an airgid. Far an gabh e dèanamh, bidh sinn a' rannsachadh ciamar a ghabhas co-obrachadh cur air adhart anns an roinn phoblach airson sin a bhuinnig. Tha aon dòigh air a dhearbhadh mar tha, tron dòigh obrach innleachdail a dhealbhadh sinn ann an compàirteachas le riaghaltasan na h-Eireann ann a bhith a' dealbh slighe air adhart airson bàtaichean aiseig beaga. Tha sinn mar tha air £230,000 a bhuinnig de thaic airgid Eòrpach a chumail taic ris a' chompairteachas sin agus tha sinn an dòchas gun tig adhartas eile an sin anns a' bhliadhna air thoiseach.

Tha cosgaisean peinnsein, a tha a' toirt buaidh mhòr air na cunntasan againn, fhathast nan adhbhar dragh. Tha sinn dealasach ann a bhith a' sireadh fuasgladh air na ceistean a thàinig thugainn mar dhìleab agus an call a tha mu choinneimh nan trì stòrais a leasachadh, ach am bi iad seasmhach a' dol air adhart chum maith an luchd obrach agus an fheadhainn a th'air an dreuchdan fhàgail. Ann a bhith a' deisealachadh buidseitean airson 2009/10 bha sinn air innleachdan a dhealbhadh airson dèiligeadh ris "an t-suidheachadh as miosa", mu choinneamh ar dleastanas a-thaobh call MNRPF. Le deagh chuideachadh bho luchd-fastaidh tha an call sin a-nis £26 millean nas lugha agus chaidh an ùine mu choinneimh nan cosgaisean sin a shìneadh. Tha an dòigh anns an deach co-obrachadh eadar luchd-fastaidh an seo a bhuinnig dòchasach a thaobh leithid de dh'fhuasgladh fhaighinn cuideachd air suidheachadh MNOFF.

Dh'fhoillsich ar plana corporra airson na trì bliadhna romhainn agus ar plana ro-innleachdail deich bliadhna. Tha sin a' sealltainn mar a tha sinn an dùil amasan agus lèirsinn CMAL a chur an loidhne le prìomhachasan ro-innleachdail an Riaghaltais an Alba airson a bhith a' cruthachadh dùthaich a tha nas beairtaiche, nas cothromaiche, nas gleusda, sàbhailte, nas uaine agus nas treasa.

Tha a' Chompanaidh ag aithneachadh gu bheil obair chruaidh, deagh dhealbhadh agus stiùireadh làidir, a bharrachd air èifeachdas ionmhais, co-chomairleachadh agus co-obrachadh a dhìth ma tha sinn a' dol a choileanadh ar rùintean. Le bhith ag amas gu cinnteach agus ro-innleachdail air na tha romhainn ged-ta, tha sinn cinnteach gun tèid again air ar n-amasan a libhrigeadh chum maith gach coimhearsnachd a tha sinn a' frithealadh air feadh Alba.

Chairman's Introduction - Grenville Johnston

I am pleased to introduce our annual report and accounts to 31 March 2009, with steady progress being made despite challenging conditions. The Company made a profit after tax of £2,871,000 which is higher than we expected but this is primarily due to the delay of some planned expenditure into 2009/10 as well as a better than hoped for outcome for our share of the forecast Merchant Navy Ratings Pension Fund deficit following concerted efforts by the contributing employers. Additionally income rose due to increased fleet charter fees which were paid in advance of essential vessel upgrades. This necessary capital expenditure will show in next year's accounts. Nonetheless the Company needs to generate profit in order to invest in the infrastructure we have charge over. Our investment tends to be relatively large sums at irregular intervals and this can sometimes distort the picture however it is important that we have the necessary funds to invest when needed.

Looking ahead to 2009/10 we have significant expenditure planned on various high value projects including completion of the £6million refurbished pier at Largs, essential structural repairs at Brodick in advance of a comprehensive port modernisation in the early part of the next decade and detailed ground investigation and detailed design work for projects at Kennacraig and Port Ellen so that we are in a position to advance this project to full construction subject to necessary grant assistance being made available. On the vessel side construction of the new Islay vessel is likely to see significant progress with a launch of the ship scheduled for summer 2010 and delivery planned for spring 2011. We will also see plans for other replacement vessels being prepared. We are also progressing with a number of studies addressing transportation needs in various locations as well as playing a full part in key areas of the Scottish Government ferry review.

In terms of global finances, the world has seen much change since our last statement. The challenges of implementing our ambitious investment programmes may be greater, but our commitment to achieving these goals remains resolute. We recognise that there are likely to be many calls on public finances over the next few years and availability is likely to be constrained. With this in mind it is vital that the Company explores a variety of funding options and leaves no stone unturned in addressing these challenges.

We must ensure that every investment we make is cost effective, efficient and value for money and where possible we must explore how we can work with others across the public sector to achieve this. An example of an innovative approach to driving best value is the partnership we have with Ireland and Northern Ireland administrations in developing a common small ferry design. Already we have secured £230,000 in EU funding to support this partnership and we are hopeful of more over the next year or so.

Pension costs, which take up a large part of our budgets, continue to be an area of financial concern. We are committed to seeking ways of resolving the funding deficits of the three different pension funds we inherited, to ensure the long term viability of these schemes for the benefit of both retired and present scheme members. In preparing budgets for 2009/10 we had made significant provision for a 'worst case scenario' with regards to our share of the MNRPF deficit however thanks to the concerted action by employers the overall deficit has been reduced by £26million and a longer deficit funding period agreed. The joined up approach shown by employers with regards to the MNRPF does hold out some hope that a similar approach can be sought in tackling the issues surrounding the MNOF.

The publication of our three year corporate plan and ten year strategy plan outlines how we plan to align the vision and objectives of CMAL with the Scottish Government's overall strategic priorities of a wealthier and fairer, smarter, healthier, safer and stronger and greener Scotland.

The Company recognises that to achieve all that we want to will take hard work, planning, robust project management, financial prudence, consultation and teamwork. By ensuring effective strategic focus on all that the company does however we are confident that we will deliver our aims to the benefit of those communities we serve throughout Scotland.

Ro-ràdh an Àrd Stiùiriche - Guy Platten

B'è bliadhna shoirbheachail ach dùbhlainneach eile a bh'ann mar a bha sinn a' coileanadh ar n-amasan airson seirbhisean aiseig agus caladh a libhrigeadh, a dhion agus a leasachadh do choimhearsnachdan iomallach ann am Linne Chluaidh agus air taobh Siar na h-Alba.

Bho ar n-oifisean ann am Port Ghlaschu, sgìre air a bhogadh ann an eachdraidh na mara, tha sinn air a bhith a' cur ris an sgioba bheag agus làidir a th'againn agus tha mi moiteil às an obair a rinn iad agus an dòigh anns am bheil iad a' dèiligeadh ri gach dùbhlain agus suidheachadh romhpa. Tha sinn gu sgiobalta a' togail air ar sgilean agus eòlas.

Anns na mìosan a tha romhainn, bidh sinn a' leantainn le bhith a' co-obrachadh thar raointean poblach agus a' cnuasachd ionmhais bho dhiofar àiteachan leis an aon amas a tha 'gar gluasad, agus 's e sin a' chabhlach a leasachadh le goireasan iomchaidh.

Tha an dòigh anns a bheil sinn air a bhith a' co-obrachadh le riaghaltasan na h-Eireann agus an Alba na fhìor dheagh eiseamplair air an dòigh anns an gabh adhartas dèanamh, airson dealbhachadh aisgean beaga a thoirt air adhart còmhla, le taic airgid Eòrpach. Bu chòir tuilleadh dhen t-seòrsa obrach seo a chur air adhart.

Tha sinn cuideachd gu math mothachail air a' phàirt a th'againn ri ghiùlainn ann an ceistean àrainneachd, agus na dùbhlain a tha mar coinneamh le atharraichean anns an t-side. Tha sinn a' sìor leantainn le obair airson lughdachadh a bhuinnig bhon bhuaidh a th'aig ar stòras air an àrainneachd. A-measg sin tha dòighean ùra air connadh a chumail ri na bàtaichean, agus cuideachd a bhith a' dèanamh cinnteach gu bheil ceistean àrainneachd gu mòr air aire dhaoine nuair a tha sinn a' leasachadh goireasan leithid cidhichean agus calaidhean. 'S e urram air leth a bh'ann "Cairt Siubhail Uaine" (teisteanas airson bhith a' giùlain stuth a tha cunnartach) fhaighinn airson a' bhàta MV Canaigh agus tha sinn an dòchas gun tèid seo a sgaoileadh gu bàtaichean eile. 'S e CMAL a' chiad chompanaidh anns an UK a bhuinnig seo agus tha e a' dearbhadh gun tèid dèiligeadh ri bàta sam bith a tha a' fàgail a' chabhlaich ann an dòigh a tha èifeachdach a thaobh an h-àrainneachd.

Tha a' Chompanaidh air leth moiteil a bhith a' gabhail pàirt cho cudromach anns an lèirmheas a tha an Riaghaltas a' cur air adhart air seirbhisean aiseig na dùthcha. Tha an sgioba againn air obair mhòr a chur ris an lèirmheas a thaobh an dleastanais an lùib bhàtaichean aiseig, calaidhean, cùram is slàinte agus ruigsinneachd. Bidh an obair seo a' sìor dhol air adhart steach gu 2009/10.

Bidh sinn a' togail air ar ceangal ris an oibriche CFL agus a' lorg dhòighean anns an gabh taic nas treasa cumail riutha ann a bhith a' libhrigeadh sheirbhisean. 'S e aon phàirt dhen sin mar a tha sinn an dràsta a' coimhead ri far a bheil an t-uallach airson a bhith a' cumail suas nam bàtaichean a' laighe.

Tha e 'nar rùn fad na h-ùine a bhith an coluadar ri ar choimhearsnachdan agus co-oibrichean anns a' ghnìomhachas a dhol an-sàs ann an ceistean còmh dhail feuch an gabh fuasgladh fhaighinn agus buannachdan buinnig à na ceistean eaconamach a tha mar coinneamh ann an bhith a' frithealadh seirbhsian aiseig bith-beò air feadh Alba.

Foreword by Chief Executive - Guy Platten

Another demanding but rewarding year as we continue with our mission to provide, safeguard and develop ferries and harbours for remote and island communities in the Clyde Estuary and throughout the West Coast of Scotland.

From our base in Port Glasgow, an area steeped in maritime history, we have continued to add to and strengthen our relatively small team and I am proud of their dedication and commitment to the challenges which lie ahead. We are quickly developing experience and expertise in all that we do.

In the coming months we will continue to explore opportunities to work in collaboration with others across the public sector and source finance from alternative avenues with the single aim of fleet replacement and infrastructure improvement.

Our pioneering partnership with government colleagues in the north and south of Ireland as well as Scotland to work together on the development of a common small ferry design, with funding from the European Union, is a great example of the further opportunities which must be sought.

We are very conscious of the part we play in tackling environmental issues and the challenges of climate change and continue to investigate innovative solutions to reduce the impact from our assets. These include looking at alternative fuel sources for new vessels as well as ensuring harbour and pier development firmly keeps the 'green agenda' in the forefront. Of significant achievement was the recent award of a 'Green Passport' (officially termed an Inventory of Hazardous Materials) for the MV CANNA and the planned rollout of this to the rest of the fleet. We were the first shipping company in the UK to achieve the award and it will ensure that, at the end of a ship's life, a safe and environmentally friendly solution is used to decommission any vessel.

The Company is proud to have played and continues to play such a large part in the Scottish Government's review of ferry services in Scotland and the team has put great effort into their roles and responsibilities looking at ferries, ports and harbours, health and safety and accessibility. This vital work is set to continue well into 2009/10.

We will continue to develop our relationship with the current operator CFL and explore ways to support them better in delivering the vital services. An example of this is looking carefully at current split of maintenance responsibilities and where they best lie moving forward.

The Company is committed to reaching out to communities and industry partners to address transportation needs and create sustainable economic benefits to those areas served by lifeline ferry services in Scotland.

Vessels Section

This year has seen us take the lead with a pioneering partnership with the Department for Regional Development in the north of Ireland and the Department of Rural, Community and Gaeltacht Affairs in the south, to examine a common design and procurement strategy for small ferries which could be used by each of the partners. With £230,000 of funding from the EU's INTERREG IVA programme, we are working together to establish how best to design and build a fleet of small ferries to serve remote and island communities off the Scottish and Irish coastlines. At least eight routes will be examined throughout the West Coast of Scotland and Ireland, including the Ballycastle to Rathlin route in Northern Ireland as part of the Small Ferries Project.

Meanwhile the new ferry for Islay continues to take shape and this year has seen CMAL take responsibility for the full project management of the vessel build. CMAL staff will make regular inspections of the work and will have representatives in the yard monitoring the progress and quality. As work progresses we will be attending equipment factory acceptance tests, dock trials and finally sea trials with the ferry scheduled to be completed in the spring of 2011.

The next 12 months will also see further progress with our vision of powering vessels with alternative fuels. For larger vessels, we are looking at the possibilities of using Liquefied Natural Gas, resulting in a large reduction in CO₂, Sulphur Dioxide and Nitrous Dioxide emissions. Although already used on a number of Norwegian ferries, this option does present a number of technical and infrastructure challenges. And for smaller ferries, a hybrid propulsion system is being proposed similar to that being used by a number of car manufacturers. The vessel could either be powered conventionally with its engines or by electric motors supplied by batteries which could be charged from ashore overnight or by the vessels engines when not being used for propelling the vessel. Again, for such a system to be viable a number of technical issues require to be solved and approval for the system would have to be sought from the Maritime and Coastguard Agency and the Classification Society, we will endeavour to meet those challenges.

Director of Vessels – Andrew Duncan – “As environmental issues continue to dominate global concerns for the future, it is vital we work with our industry colleagues to look at comprehensive options for alternative fuel sources and overcome any technical or infrastructure barriers.”

Key Highlights

Prìomh Thachartasan

Ports & Harbours Section

A key highlight of the last 12 months has been the reconstruction of Largs Pier. The £6M project to rebuild the historic pier in the popular Ayrshire seaside town started on site in October 2008, with completion scheduled for September 2009. The new pier provides shelter to the slipway, and overnight berthing for both the MV Loch Shira and MV Loch Riddon - the ferries operating on the route to the Isle of Cumbrae. The new pier also ensures regular visitors such as PS Waverly will continue to call at Largs, and provides improved facilities for local fishermen and other pier users. Ferry services have continued to operate throughout the reconstruction works. Our neighbours and the local community were kept informed by the establishment and regular meetings of the Largs Pier Forum; regular 'Meet the Engineer' surgery sessions for the public; and an exhibition which included a scale model of the new and old piers.

Our plans for the redevelopment of Port Ellen and Kennacraig ferry terminals have also progressed well with the completion of design development, Business Cases and a phasing study. This work confirmed the need and identified priorities for redevelopment, and the associated funding requirements. Findings were presented in public meetings in both Islay and Tarbert. Detailed design for redevelopment at both terminals is now underway.

A new pricing structure for pier and berthing dues at all harbours owned by CMAL throughout the West Coast of Scotland came into effect from April 2009. The changes follow a comprehensive review into the current charging arrangements inherited by CMAL, to ensure fair and open access to its port and harbour facilities as well as consistency across the network. The fees collected are used to contribute towards vital improvements and the maintenance of harbour facilities and infrastructure owned by CMAL in Scotland. A new online payment system was also launched on our website to coincide with the introduction of the new charges.

Our work with the independent trust ports has continued through the Grant Management Group. The group was formed in 2008 following the Scottish Government request of CMAL to develop strategic port infrastructure improvement plans and to prioritise the grant in aid funding associated with realising these plans. The group comprises of representatives from the independent ports and is currently chaired by CMAL.

Throughout the next twelve months, the Harbours and Piers team will progress plans for Port Ellen and Kennacraig terminals, including extensive ground investigation; as well as move into the design development phase for infrastructure works at Brodick. We will continue to press ahead with planned harbour improvements, maintenance and capital works at a variety of locations around the network. And we will progress a programme of harbour revision orders at our piers and harbours to enable us to take responsibility and be accountable for the safe operation, maintenance and future improvement of facilities as required. In addition the team continues to contribute to the Scottish Government Ferry review and its associated outcomes.

Director of Harbours & Piers – Lorna Spencer – “Like many publicly funded bodies we now face greater economic challenges than previously. However we must continue to prioritise and plan for the longer term in the hope of influencing future spending priorities.”

Corporate

In December 2008, CMAL unveiled its strategy for the future with the publication of its 3 yr Corporate Plan 2009-12 and 10 yr Strategic Plan 2009-19. Our strategy is aligned with the Scottish Government's economic strategy and its five overarching strategic objectives to focus government and public services on creating a more successful country, with opportunities for all of Scotland to flourish through sustainable economic growth.

Our corporate plan demonstrates our contribution to the achievements of these Government goals by aligning our activities and spending plans with the national and local priorities.

Meanwhile we will also be publishing the CMAL Gaelic Language Plan before the end of 2009, designed to promote and increase the use of Gaelic in everyday life, as an essential part of Scotland's traditional and modern culture. The Gaelic Language (Scotland) Act 2005 requires public authorities to produce Gaelic Plans which make clear commitments about enhancing their use of Gaelic, as well as detailing the circumstances in which they will offer their services through Gaelic. Along with a Gaelic version of our logo and the launch of a Gaelic edition of our website, new bi-lingual signs have been erected at all CMAL owned properties, including our ports and harbours, throughout the country.

A three year pay deal has been accepted by staff and a new HR performance management system has been launched which will aid with staff appraisals as well as help identify any areas of staff development or training requirements.

We will be continuing to develop the new Access Dimension accounting and management information system adopted by CMAL. The system is now live and will allow for more efficient processing of transactions and production of the information and reports necessary for the effective management of the company.

As well as our eco-friendly e-newsletters, this is our first annual report to be truly green. Rather than publish printed copies of this year's annual report and accounts, we have decided to issue an electronic version only on the web with an option for users to print a text only edition straight from the web. A cost-efficient way to help the planet.

A Vision for the Future

Lèirsinn

At CMAL, our goal is to provide, safeguard and develop ferries and harbours for the communities we serve. Our vision is to be acknowledged by stakeholders within Scotland and the wider maritime community as the pre-eminent provider of the most cost-effective and innovative vessels and port infrastructure for the benefit of those who rely on lifeline ferry services.

CMAL will continue to work closely with the ferry operator and key stakeholders as well as consult with local communities to ensure that our strategic aims are in line with the policy objectives of the Scottish Government:

Wealthier and Fairer – by helping get people to work and goods to market, we can play our part in enabling businesses and people to increase their wealth and more people to share fairly in that wealth. Modern and efficient harbours and ferries will enhance and improve connectivity for business and freight, supporting an increase in sustainable economic growth

Smarter – by providing first class ferries and harbours which enable the operator to run efficient and timely services, we can increase accessibility to further education and employment opportunities which enable people to remain living in more remote communities

Healthier – by improving the infrastructure vital for lifeline ferry services, we can help provide better, local and faster access to healthcare

Safer and stronger – through port development, we can help local communities to flourish, becoming safer and stronger places to live, offering improved opportunities and a better quality of life

Greener – by minimising emissions and consumptions of resources and energy, as well as promoting quality public transport, we can make our contribution towards a greener Scotland.

A Vision for the Future

Lèirsinn

As CMAL, we aim to:

- provide modern, sustainable ferries which are reliable, fuel efficient and have lower maintenance costs making public transport more accessible and a viable alternative to car use
- work with communities to develop and improve their ferry services and harbour and pier facilities to promote economic and social growth
- improve the planning and decision making processes for major infrastructure projects which will see more projects delivered on time and within budget
- work with the operator, local councils and Government to explore ways in which new methods of working and organisational procedures, sharing best practice, will further improve services, reduce costs and increase revenues, delivering value for money to the public purse
- continue to administer the Harbours Grant in Aid fund to the benefit of the communities we serve

We will measure our success by:

Ensuring the average age of our ferries is under 20 years old

Through closer stakeholder involvement, delivering our projects on time and to budget

Proactive planning and through efficient procurement

Ensuring that we reduce our impact on the environment

Annual Report & Accounts to 31 March 2009

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Directors' Report

The Directors have pleasure in submitting their Report and financial statements for the year ended 31 March 2009.

Structure

Caledonian Maritime Assets Limited operates as a single company. The company owns 50% of the equity of Northlink Orkney and Shetland Ferries Limited which ceased operations on 6th July 2006. It also holds 100% of the share capital of Caledonian MacBrayne Limited a dormant company incorporated in Scotland.

Results

During the year the Company generated a turnover of £14,156,000 (2008:£12,465,000) in line with expectations, which resulted in a net profit after tax of £2,871,000 (2008:£641,000), after providing £688,000 in respect of contributions to past deficits on the Merchant Navy Ratings Pension Scheme.

Principal Activity and Business Review

The principal activity of the Company is the provision, safeguarding and development of ferries and harbours for use by the Operator, currently CalMac Ferries Ltd, in the provision of lifeline ferry services in both the Clyde and Western Isles areas.

After making contributions towards past deficits on the CalMac Pension Fund and Merchant Navy Officers Pension Fund, cash resources increased over the year due to delays in commissioning major maintenance works on piers and harbours. Triennial valuations are due to be carried out on the merchant navy industry pension schemes and the CalMac Pension Fund. The results of these valuations are likely to place demands on the Company for increased contributions to deficits arising on these schemes.

The Board continue to carefully manage its resources in order to meet these significant future expenditures.

The Board continues to examine carefully existing practices in order to find more efficient and cost effective ways of improving and maintaining its fleet of vessels and other assets.

In the opinion of the Directors, the state of affairs of the Company is satisfactory.

Political and Charitable Donations

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

Employees

The Company has a policy of equal opportunities and non-discrimination in all aspects of employment.

Directors and their Interests

The Directors who served during the year, and where appropriate, their respective terms of office are as follows:

GS Johnston * xx	- Appointment period to 31 October 2009 (Chairman)
E Østergaard ** x	- Appointment period to 31 October 2009
K MacLeod * x	- Appointment period to 31 October 2009
G S Platten	- Chief Executive
A J Duncan	- Director of Vessels
L E Spencer	- Director of Harbours & Piers

* - Member of Audit Committee

** - Chairman of Audit Committee

x - Member of Remuneration Committee

xx - Chairman of remuneration Committee

4 meetings of the Audit Committee and 2 meetings of the Remuneration Committee were held during the year. All members of the respective Committees attended the relevant meetings.

None of the Directors had any beneficial interest in the share capital of the Company at any time during the year.

The Company is wholly owned by the Scottish Ministers. Under section 741 of the Companies Act 1985, the Scottish Ministers are considered to be a Shadow Director of the Company.

Disclosure of information to auditors

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 auditors are 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 auditors are aware of that information.

Auditors

A resolution to appoint Scott-Moncrieff Chartered Accountants, as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'Guy Platten', written in a cursive style.

Guy Platten
Chief Executive
24th September 2009

Municipal Buildings
Fore Street
Port Glasgow
PA14 5EQ

Report on Corporate Governance

The Company is committed to high standards of corporate governance, business integrity and professionalism in all its activities. Throughout the year ended 31 March 2009, the Company has complied with all the relevant provisions of the Combined Code issued by the Committee on Corporate Governance in June 1998 (notwithstanding that the Company is not a listed company to which the provisions are directed) insofar as these have not been superseded by the provisions of the revised Combined Code. In addition, the Company has complied with the provisions set out in the revised Combined Code issued by the Financial Reporting Council in July 2003 ("the revised code") with the following exceptions:

- there is no Board Nominations Committee as all Board appointments, including their roles and terms and conditions of employment, are determined by the Company's sole shareholder, the Scottish Ministers
- in view of the Company's responsibilities to take account of public sector guidelines, compliance with the provision that performance-related elements of remuneration should form a significant proportion of Executive Directors' total pay package is not appropriate
- the Board does not have delegated responsibility for setting remuneration levels as its recommendations require the approval of Scottish Ministers
- the overall parameters for pay awards for senior management below Board level are approved by both the Board and the Scottish Ministers and detailed implementation is the responsibility of the Directors
- in view of the nature of the Company's status, compliance with those provisions that relate to share options, long term incentive schemes, dialogue with institutional investors and the conduct of the Annual General Meeting is not appropriate.

Board of Directors

The Board is the principal decision-making forum for the Company. It has overall responsibility for leading and controlling the Company and is accountable to the Company's sole shareholder, the Scottish Ministers, for financial and operational performance. The Board approves Company strategy and monitors performance. The Board has adopted a formal schedule of matters specifically reserved for its decision, which is reviewed on an annual basis.

The Board meets on a regular basis, at least ten times a year. Board Meetings are structured to allow open discussion and all Directors participate in discussing the Company's strategic aims and performance and financial and risk management. The Board is supplied with comprehensive information in advance of each Board Meeting, including financial and operational reports covering the Company's business activities. Members of the senior management of the Company regularly attend and make presentations at Board Meetings. A representative of the Company's sole shareholder attends each Board Meeting.

Board Balance and Independence

At 31 March 2009, the Board comprises of three Non-Executive Directors (including the Chairman) plus three Executive Directors (including the Chief Executive). The Board considers that, based on the criteria set out in the provisions of the revised Code, all Non-Executive Directors are independent.

The Board functions effectively and efficiently and is considered to be of an appropriate size in relation to the Company's level of business and associated responsibilities. The Board has a mix of relevant skills and experience such that no undue reliance is placed on any one individual.

The Non-Executive Directors combine broad business and commercial experience with independent and objective judgement and constructively challenge and assist development of strategic matters.

The balance between Non-Executive and Executive Directors enables the Board to provide clear and effective leadership and maintain the highest standards of integrity and professionalism across the Company's business activities.

Information, Induction and Professional Development

The Chairman ensures that all Directors receive clear, accurate and timely information on all relevant matters. Any requests for further information or clarification are dealt with or co-ordinated by the Company Secretary.

The Company Secretary is responsible for advising the Board, through the Chairman, on all governance matters. All Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed. All Directors are entitled to obtain independent professional advice at the Company's expense.

During their term of office, Directors undertake such professional development as is considered necessary in assisting them to carry out their duties as Directors.

Performance Evaluation

The performance of Non-Executive Directors is assessed by the Chairman. The Chairman's performance is assessed by the Scottish Government. The Chief Executive's performance is assessed by the Chairman; the performances of the other Executive Directors are assessed by the Managing Director.

The Remuneration Committee is appointed by the Board and comprises the Chairman and non-executive directors. The purpose of the committee is to advise the Board and Scottish Government on appropriate compensation arrangements for the company's full time directors and staff

Relations with Sole Shareholder

As disclosed in the Report of the Directors, the Company's sole shareholder, the Scottish Ministers, is considered to be a Shadow Director of the Company. The Scottish Ministers' appointed Assessor attends all Board Meetings.

Internal Control

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness in order to safeguard the Shareholder's investment and the Company's assets. The system is designed to provide reasonable but not absolute assurance against material mis-statement or loss. In accordance with guidance issued in the document "Internal Control: Guidance for Directors on the Combined Code" which was published in September 1999 (the Turnbull guidance) procedures are in place to ensure that there is an ongoing process for identifying, evaluating and managing the significant risks faced by the Company, which is subject to regular review by the Board. These procedures have been in place throughout this financial year and up to the date of approval of the Annual Report and Financial Statements.

The key elements of the system of internal control are as follows:

Control Environment

The Company's control environment is the responsibility of the Directors. The Company's organisational structure has clear lines of responsibility and effective communication channels which ensures that best practice in managing risks and controls is consistently applied.

Audit Committee

The Audit Committee is appointed by the Board from amongst the independent Non-Executive Directors of Caledonian Maritime Assets Ltd and a representative from the Scottish Government Sponsor Department. The Chairman of the Audit Committee is appointed by the Board and will not normally be the Board Chairman. It is expected that at least one member of the Committee should have significant, recent, and relevant financial experience.

The Audit Committee take delegated responsibility on behalf of the Board ensuring that there is a framework for accountability; for examining and reviewing all systems and methods of control both financial and otherwise including risk analysis and risk management; and for ensuring the Company is complying with all aspects of law, relevant regulations and good practice.

The Company does not operate a separate Internal Audit function. The Board have assessed that given the structure, size and other control procedures operated by the Company that a separate internal audit function is not required.

The Company's external auditors present reports to the Audit Committee which include any significant internal control matters which they have identified.

Identification and Monitoring of Business Risks

The Company has adopted a risk-based approach to internal control through evaluating the likelihood and impact of risks, and resting responsibility for risk management and internal control in a designated owner. Procedures include an ongoing process of identifying, evaluating and managing the Company's key risks and, where appropriate, enhancing the systems which manage these risks. Regular review of the risks and risk register is undertaken by the Audit Committee.

Major Corporate Information Systems

Throughout the year the Company operated a comprehensive budgeting and financial reporting system. The system provides monthly comparison of actual results with budget, regularly revised forecasts, balance sheet, cash flow and variance statements and key performance indicators, all of which are regularly reviewed by the Board.

Standard financial control procedures operate throughout the Company to provide assurance on the integrity of the Company's finances, including established procedures for *inter alia* the authorisation of capital expenditure. The Board has considered the non-audit services provided by the auditors and are of the view that these are such that the independent status of the auditors is not breached.

Going Concern

On the basis of the information available to them, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Directors consider it appropriate to continue to adopt the going concern basis in preparing the financial statement

Statement of Directors' Responsibilities

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 financial statements in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice).

Financial statements are required by law to 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. 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.

A Scottish Government requirement is the preparation of a Corporate Governance Statement by the Directors as if the Company were required to comply with the Listing Rules of the Financial Services Authority in relation to those matters.

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

Report on Remuneration Matters

Directors' Remuneration					Total		Pension	
	Salary	Fees	Bonus	Benefits	2009	2008 ^ø	Transfer values	
	£000	£000	£000	in kind *	£000	£000	2009	2008
	£000	£000	£000	£000	£000	£000	£000	£000
Non-Executive Directors								
G S Johnston	-	16	-	-	16	17	-	-
E Ostergaard	-	7	-	-	7	8	-	-
K MacLeod	-	7	-	-	7	8	-	-
Executive Directors								
G S Platten	81	-	7	5	93	61	17	5
A J Duncan	64	-	5	5	74	54	21	5
L E Spencer	64	-	5	7	76	46	14	4
	209	30	17	17	273	194	52	14

* The principal benefit in kind relates to the provision of a car

^ø Values are calculated from the dates of appointment and can be for periods of less than one year

Independent Auditors' Report to the members of Caledonian Maritime Assets Limited

We have audited the financial statements of Caledonian Maritime Assets Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 20.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

In addition to our audit of the financial statements, the Directors have engaged us to review their Corporate Governance Statement as if the company were required to comply with the Listing Rules of the Financial Services Authority in relation to those matters. We review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the 2003 Combined Code specified for our review by those rules, and we report if it does not. We are not required by the terms of our engagement to consider whether the board's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

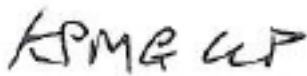
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

**KPMG LLP**

*Chartered Accountants
Registered Auditor*

191 West George Street
GLASGOW
G2 2LJ
24th September 2009

Profit & Loss Account

For the year ended 31 March 2009

	Note	2009 £'000	2008 £'000
Turnover	2	14,156	12,465
Cost of Sales	3	(5,688)	(4,544)
Gross Profit		<u>8,468</u>	<u>7,921</u>
Administrative Expenses	3	(2,514)	(5,937)
Operating Profit		<u>5,954</u>	<u>1,984</u>
Interest Receivable	3	385	334
Interest Payable	3	(1,932)	(1,999)
Other Finance Costs	3	(275)	219
		<u>(1,822)</u>	<u>(1,446)</u>
Profit on Ordinary Activities before Taxation		4,132	538
Taxation			
Tax (Charge)/Credit for the year	4	(1,261)	103
Profit for the Financial Year		<u>2,871</u>	<u>641</u>

Statement of Total Recognised Gains and Losses

For the year ended 31 March 2009

	Note	2009 £'000	2008 £'000
Profit for the Financial Year		2,871	641
Actuarial (Loss)/Gain recognised in the pension scheme	15 & 16	(11,237)	1,703
Age related rebates recognised in the pension scheme	15	301	155
Tax movement relating to the actuarial Loss/(Gain)	15	2,581	(1,224)
Current tax movement relating to capital contribution	15	4,800	-
Other Employers' contribution to pension deficit	15	1,715	1,707
Total Recognised gains since last financial statements		<u>1,031</u>	<u>2,982</u>

Balance Sheet

As at 31 March 2009

	Note	2009 £'000	2008 £'000
Fixed Assets			
Tangible Assets	6	115,099	113,664
Investments	7	750	750
		<u>115,849</u>	<u>114,414</u>
Current Assets			
Debtors & Prepayments	8	4,736	4,927
Cash at Bank and in Hand		12,324	6,688
		<u>17,060</u>	<u>11,615</u>
Creditors			
Amounts falling due within one year	9	(8,274)	(10,110)
		<u>8,786</u>	<u>1,505</u>
Net Current Assets			
		124,635	115,919
Total Assets Less Current Liabilities			
Creditors			
Amounts Falling due after more than one year	10	(45,608)	(44,847)
Accruals and Deferred Income			
Capital Grants	12	(48,788)	(49,296)
Net Pension Liability			
	16	(11,853)	(5,551)
Provision for Liabilities and Charges			
	13	(3,443)	(2,313)
Net Assets			
		<u>14,943</u>	<u>13,912</u>
Capital and Reserves			
Called up Share Capital	14	15,000	15,000
Distributable Capital Contribution reserve	15	13,800	9,000
Profit and Loss Account	15	(13,857)	(10,088)
Shareholder Funds			
	15	<u>14,943</u>	<u>13,912</u>

These financial statements were approved by the board of directors on 24th September 2009 and were signed on its behalf by:



Grenville Johnston (Chairman)

Cash Flow Statement

For the year ended 31 March 2009

	Note	2009 £'000	2008 £'000
Net Cash inflow from Operating Activities	18(a)	<u>8,061</u>	<u>7,175</u>
Returns on Investments and Servicing of Finance			
Interest Received		434	272
Interest Paid		<u>(2,800)</u>	<u>(1,323)</u>
Net Cash outflow from returns on investments and Servicing of Finance		<u>(2,366)</u>	<u>(1,051)</u>
Taxation		<u>(140)</u>	<u>-</u>
Capital Expenditure & Financial Investments			
Payments to acquire tangible fixed assets		(6,447)	(11,228)
Capital grants received		3,315	2,250
Grant in Aid to be disbursed		<u>1,384</u>	<u>-</u>
Net cash outflow from Capital Expenditure		<u>(1,748)</u>	<u>(8,978)</u>
Net cash inflow/(outflow) before Financing		<u>3,807</u>	<u>(2,854)</u>
Financing			
Loans received		3,560	3,636
Loans repaid		<u>(1,731)</u>	<u>(1,432)</u>
Net cash inflow from financing		<u>1,829</u>	<u>2,204</u>
Increase/(Decrease) in cash	18(b)	<u>5,636</u>	<u>(650)</u>
Reconciliation of net cash flow to movement in Net Debt			
		2009 £'000	2008 £'000
Increase/(Decrease) in cash		5,636	(650)
Net movement on loans		<u>(1,829)</u>	<u>(2,204)</u>
Movement in net debt in the period		3,807	(2,854)
Net debt at 1 April		<u>(34,767)</u>	<u>(31,913)</u>
Net debt at 31 March	18(b)	<u>(30,960)</u>	<u>(34,767)</u>

Notes to the Accounts

1. Accounting Policies

(a) Basis of Preparation

These accounts have been prepared under the historical cost accounting convention and in accordance with applicable accounting standards. A summary of the principal accounting policies, which have been applied consistently, is set out below.

(b) Tangible Assets

Gross book values of all tangible assets are stated at cost. Ships and other assets including linkspans under construction are recorded at cost on the basis of payments to account. No depreciation is charged until the asset comes into use.

Vessel upgrades and modifications undertaken by the operator and funded by the Company and which give rise to an increase in the fleet charter fee are included in tangible assets at cost less accumulated depreciation.

Caledonian Maritime Assets Limited borrows funds from Scottish Ministers to finance new vessel construction. From April 2007 the directly attributable costs of financing new vessel builds is capitalised and included in the cost of the vessel.

Information technology systems equipment is expensed in the year of purchase.

(c) Investments

Fixed asset investments are carried at cost.

(d) Depreciation

No depreciation is provided on freehold land. Depreciation is provided on other tangible assets by equal annual instalments calculated to write off the cost (taking account of anticipated residual values) over their estimated useful lives as follows:

Buildings (Freehold)		40 years
Buildings (Leasehold)	The shorter of the term of the lease and 40 years	
Piers Slipways and Linkspan facilities		40 years
Ships		25 years
Plant and Equipment		Between 3 and 10 years

Cost of vessel upgrades and modifications which give rise to an increase in the fleet charter fee are written off over the period during which an increased fee arises.

(e) Capital Grants

Capital grants are deferred and taken to the Profit and Loss Account over the anticipated lives of the relevant assets.

(f) Operating Lease Income

Operating lease incomes relating to vessels and harbours are credited to the Profit & Loss Account in the year to which they relate

(g) Taxation

The charge for taxation is based upon the result for the year and takes into account tax deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. The Directors have chosen not to discount the Company's deferred tax liability, as permitted by FRS 19.

(h) Pensions

The Company operates a defined benefit scheme and participates in certain other defined benefit pension schemes. The assets of each Scheme are held separately from those of the Company.

The company is deemed to be the principal employer for the CalMac Pension Fund and is responsible for funding the scheme deficit. The company applies FRS 17: Retirement Benefits. The effect of this is that the Company's defined benefit pension scheme assets are measured using market value whilst pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the Company's defined benefit pension schemes expected to arise from employee service in the year is charged to operating profit. The expected return on scheme assets and the increase during the year in the present value of the scheme liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Pension scheme surpluses, to the extent that they are considered recoverable, or deficits, are recognised in full and presented on the face of the balance sheet net of the related deferred tax.

On-going contributions are made to the scheme by companies which are independent of Caledonian Maritime Assets Ltd. These on-going contributions are in respect of employees who transferred from CMAL to the David MacBrayne group following the corporate restructuring in 2006. These on-going contributions made by other companies are credited to the profit and loss account to the extent necessary to reduce the total current service cost calculated by the scheme actuary, to the current service cost directly attributable to CMAL employees. Contributions in excess of this amount which relate to past deficits, are accounted for through the statement of total recognised gains and losses. Additional contributions are received into the fund in the form of age related rebates. These, and any additional contributions from outside the company, are accounted for through the statement of total recognised gains and losses. The financial impact of this accounting policy is set out in Note 16.

(i) Derivatives and financial instruments

The Company has adopted FRS 13: Derivatives and other financial instruments. The Company's financial instruments comprise borrowings, cash and other liquid resources and various items such as trade debtors and creditors that arise directly from operations. All of the Company's borrowings are fixed rate liabilities. The Company's policy is not to trade or speculate in financial instruments but to utilise them to finance operations.

2. Turnover

Turnover represents gross revenue stated net of value added tax and is made up as follows:

	2009	2008
	£'000	£'000
Vessel Charter Fee	11,607	10,278
Harbour Access Charge raised against Operator	1,961	1,814
Property & Equipment Licence fee from Operator	165	193
Revenue from Harbour Dues	182	61
Rental income from properties not required for Harbour operations	163	119
Other cost recoveries and contributions	78	-
	<u>14,156</u>	<u>12,465</u>

3. Profit on Ordinary Activities before Tax

The Profit is stated after charging/(crediting):

	2009	2008
	£'000	£'000
Auditors' remuneration		
- Audit of these financial statements	26	35
- Other services relating to taxation	11	12
- Services relating to corporate finance transaction entered into or proposed to be entered into by or on behalf of the Company	9	-
Depreciation of Tangible Fixed Assets	6,782	5,368
Staff Costs (Note 5)	1,488	4,918
Interest payable – Loans	1,932	1,986
Interest payable – Corporation Tax	-	13
Interest Received on Bank Balances	(385)	(334)
Operating Lease Costs - Land & Buildings	355	252
Release of capital grants	(3,155)	(2,775)
Net loss on disposal of tangible assets	-	21
Other finance costs - expected return on pension scheme assets	(3,807)	(3,596)
- interest on pension scheme liabilities	4,082	3,377
	<u>275</u>	<u>(219)</u>

4. Taxation

The tax charge for the year is made up as follows:

	2009	2008
	£'000	£'000
Corporation Tax		
UK corporation tax on profit for the period at 28% (2008:30%)	-	-
Deferred Tax		
Originating and reversal of timing difference	2,054	3,195
Adjustments in respect of prior years	(924)	(4,814)
Impact of long funded leases	-	462
Impact of cessation of Industrial Buildings Allowances	-	946
Impact of change of rate	-	(165)
Increases/(Decrease) in deferred tax provision (note 13)	1,130	(376)
Deferred tax in relation to pensions	131	273
Total deferred tax charge/(credit)	1,261	(103)
Tax charge/(credit) on profit on ordinary activities	1,261	(103)
The tax assessed for the period differs from the standard rate of corporation tax of 28% (2008: 30%)		

The differences are explained below:

Profit on ordinary activities before tax	4,132	538
UK corporation tax at 28% (2008:30%)	1,157	161
Effects of:		
Income/Expenses not allowable for tax purposes	(210)	(15)
Deferred tax charge	(2,054)	(3,195)
Movement in deferred tax in relation to pensions	(131)	(273)
Deferred tax on losses not recognised	1,238	3,307
Other	-	15
Tax charge/(credit) on profit on ordinary activities	-	-

5. Employee Information

	2009	2008
	£'000	£'000
Staff Costs (including Directors)		
Wages & Salaries	535	262
Social Security Costs	58	28
Ongoing Pension Contributions	53	46
Pension contributions towards past deficits – other schemes (see below)	688	4,385
Staff related costs	154	197
	1,488	4,918

Pension contributions towards past deficits – other schemes

This represents payment made towards past deficits in industry-wide schemes as described in Note 16.

	2009	2008
	No.	No.
Employee numbers		
Average number of employees, including Directors		
Administrative	12	5

6. Tangible Assets

	Land and buildings	Ships	Plant and Equipment	Payments on account and assets in construction	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April	38,949	146,704	2,444	8,097	196,194
Additions	480	1,487	(3)	6,253	8,217
Transfers	5,526	-	-	(5,526)	-
At 31 March	44,955	148,191	2,441	8,824	204,411
Depreciation					
At 1 April	15,601	65,751	1,178	-	82,530
Charge for year	1,109	5,122	551	-	6,782
At 31 March	16,710	70,873	1,729	-	89,312
Net book value					
At 31 March 2009	28,245	77,318	712	8,824	115,099
At 31 March 2008	23,348	80,953	1,266	8,097	113,664

(a) Land and Buildings is made up as follows:

	Land	Freehold	Long Lease	Short Lease	Piers Slipways & Linkspan Facilities	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April	532	5,924	139	792	31,562	38,949
Additions	-	-	-	-	480	480
Transfers	-	-	-	-	5,526	5,526
At 31 March	532	5,924	139	792	37,568	44,955
Depreciation						
At 1 April	-	1,560	67	766	13,208	15,601
Charge for year	-	145	3	9	952	1,109
At 31 March	-	1,705	70	775	14,160	16,710
Net book value						
At 31 March 2009	532	4,219	69	17	23,408	28,245
At 31 March 2008	532	4,364	72	26	18,354	23,348

(b) Capital Commitments

	2009	2008
	£'000	£'000
No provision has been made in these accounts for:		
Outstanding capital commitments contracted for amounting to:	21,973	25,303
Capital Grants receivable in respect of these commitments amounting to:	2,472	4,296
Loan funding is available for capital commitments which are not eligible for Capital Grant		

7. Investments

The Company beneficially owns 50% of the £1.5 million equity share capital of NorthLink Orkney & Shetland Ferries Ltd. which, under contract with the Scottish Government, operated, until 6 July 2006, ferry services between the Scottish mainland and Orkney and Shetland. In accordance with the associated joint venture agreement, the equity shares are held by the Royal Bank of Scotland plc.

NorthLink Orkney & Shetland Ferries Limited prepared its latest accounts to 6 July 2008; the following summary financial statements extracted from the audited accounts for the year to 6 July 2008 and from unaudited management accounts for the period to 31 March 2009, show the Company's proportionate share of the results for those periods, and the balance sheet at these dates.:

Profit & Loss Account	Period to 31/03/09 £000	Year to 06/07/08 £000
Turnover	-	-
Operating Expenditure	(13)	(68)
Gross Loss	(13)	(68)
Exceptional other operating income	12	73
Operating (Loss)/Profit	(1)	5
Interest receivable	16	41
Profit on ordinary activities before taxation	15	46
Taxation	-	(2)
Profit for the financial year / period	15	44
	At 31 March 2009 £000	At 6 July 2008 £000
Balance sheet		
Current Assets		
Debtors and Prepayments	5	56
Cash and Bank	1,034	993
	1,039	1,049
Creditors		
Amounts falling due within one year	(5)	(30)
Net assets attributable to the Company	1,034	1,019
Represented by		
Share capital	750	750
Profit & loss account	284	269
Shareholders' Funds attributable to the Company	1,034	1,019

It is the intention of the directors of NorthLink Orkney & Shetland Ferries Ltd to effect a solvent winding up of the company as soon as possible, and on the basis of all the information available to them, the Directors of Caledonian Maritime Assets Ltd are of the opinion that the investment should be held at £750,000. (Note 17)
Caledonian Maritime Assets Limited holds 100% of the issued capital of Caledonian MacBrayne Limited, a dormant company incorporated in Scotland.

8. Debtors and prepayments

	2009 £'000	2008 £'000
Trade Debtors	44	82
Prepayments and accrued income	376	744
Capital Grants receivable	1,316	1,101
Capital Contribution	3,000	3,000
	4,736	4,927

9. Creditors: amounts falling due within one year

	2009	2008
	£'000	£'000
Loans (note 10)	2,038	1,731
Trade Creditors	1,525	260
Corporation Tax	-	4,930
Other Creditors and accruals	4,711	3,189
	8,274	10,110

10. Creditors: amounts falling due after more than one year

	2009	2008
	£'000	£'000
Unsecured Vessel Loans not wholly repayable within five years, repayable in half-yearly instalments	43,284	41,455
Less Repayable within twelve months (note 9)	(2,038)	(1,731)
	41,246	39,724
Other Creditors	4,362	5,123
	45,608	44,847
Instalments on the loans included above are repayable as follows:		
between one and two years	3,842	2,031
between two and five years	5,412	6,094
after five years	31,992	31,599
	41,246	39,724

11. Derivatives and Financial Instruments*(a) Short term debtors and creditors*

As permitted by FRS 13, short term debtors and creditors have been excluded from all of the following disclosures.

(b) Interest rate risk profile and financial liabilities and assets

The interest rate profile of the Company's financial liabilities was as follows:

Currency	Total		Floating Rates		Fixed Rates		Weighted Average			
	2009	2008	2009	2008	2009	2008	Interest rate	period until maturity		
Sterling	£'000	£'000	£'000	£'000	£'000	£'000	2009	2008	2009	2008
							%	%	Years	Years
Loans	43,284	41,455	-	-	43,284	41,455	5	5	22	22
Cash	(12,324)	(6,688)	-	-	-	-	-	-	-	-
Net Borrowing	30,960	34,767	-	-	43,284	41,455	5	5	22	22

All the Company's borrowings are at fixed rates of interest. The fair value of these loans at 31 March 2009, ascertained through discounting the future cash flows at the National Loans Fund rate was £47,165,000 (2008: £42,439,000)

(c) Liquidity risk

The maturity profile of the Company's financial liabilities, excluding short term creditors and the undrawn facilities available to the Company in respect of which all conditions precedent had been met, are as follows:

	Drawn	Undrawn	Total
	£'000	£'000	Facilities
			£'000
Expiring within one year or less	2,038	-	2,038
Expiring between one and two years	3,842	-	3,842
Expiring in more than two years	37,404	-	37,404
	43,284	-	43,284

For all debt, short term assets and liabilities, the book values and fair values are the same except for fixed rate borrowings where the fair value is detailed above.

The Company does not have any significant foreign currency exposure, nor does it speculate in derivative transactions. Future capital expenditure on vessels will be funded by fixed rate unsecured loans from Scottish Ministers. These loans will be repayable over 25 years from the first scheduled half yearly payment date after finalisation of loan drawdown.

12. Capital Grants

	2009	2008
	£'000	£'000
Balance at 1 April	49,296	50,084
Grants Received and receivable	2,647	2,036
Less: released to profit and loss account	(3,155)	(2,775)
Less: eliminated on disposal of assets	-	(49)
Balance at 31 March	<u>48,788</u>	<u>49,296</u>

13. Provisions for liabilities and charges

Deferred Tax

The movement on the deferred tax balance during the year is as follows;

	2009	2008
	£'000	£'000
Balance at 1 April	2,313	2,689
Charge in the year	2,054	3,195
Adjustment in respect of prior years	(924)	(4,814)
Impact of long funded leased assets	-	462
Impact of end of industrial building allowances	-	946
Impact of change in rate	-	(165)
Balance at 31 March	<u>3,443</u>	<u>2,313</u>
The main components of deferred tax at 28% (2008: 30%) are:		
Accelerated capital allowances	4,886	3,871
Other timing differences	(1,443)	(1,558)
Balance at 31 March	<u>3,443</u>	<u>2,313</u>

The Company has unrelieved tax trading losses of £23,153,000 (2008:£18,620,000). This tax asset has not been recognised in these accounts as the directors are of the view that these losses are unlikely to be utilised in the foreseeable future.

14. Share Capital

	2009	2008
	£'000	£'000
Authorised allotted issued and fully paid – 1.5 million ordinary shares of £10 each	<u>15,000</u>	<u>15,000</u>

15. Reconciliation of movement in Shareholders' Funds

	Share Capital	Distributable Capital Contribution Reserve	Profit and Loss Account	Total Shareholders' Funds
	£'000	£'000	£'000	£'000
Balance at beginning of year	15,000	9,000	(10,088)	13,912
Profit for financial year	-	-	2,871	2,871
Actuarial (loss) in year	-	-	(11,237)	(11,237)
Tax movement in relation to the actuarial loss	-	-	2,581	2,581
Age related rebates received in pension scheme	-	-	301	301
Other employers' contribution to pension deficit	-	-	1,715	1,715
Current tax movement re capital contribution	-	4,800	-	4,800
Balance at end of year	<u>15,000</u>	<u>13,800</u>	<u>(13,857)</u>	<u>14,943</u>
Profit and loss Account - excluding pension deficit			(2,004)	
Pension deficit			<u>(11,853)</u>	
			<u>(13,857)</u>	

16. Pension Arrangements

The amount charged to profit and loss account in respect of employer contributions to Pension Schemes is:

	2009	2008
	£'000	£'000
Ongoing Contributions		
Company Scheme	47	46
Other Schemes	6	-
Contributions towards past deficits		
Other Schemes	688	4,385
	741	4,431

Company defined benefit scheme

The Company operates a contributory defined benefit pension scheme, the CalMac Pension Fund, providing benefits based upon final pensionable salary. The assets of the scheme are held in a separate trustee-administered fund.

The company is the principal employer in the fund and has guaranteed to the Trustees, the funding obligations of the other employers, all of whom are members of the David MacBrayne Group.

A full actuarial valuation was undertaken at 6 April 2006. Assumptions which have the most significant effect on the results of the valuation are those relating to;

- a) rate of return on investments
 - 6.5% pre retirement funds
 - 4.5% retirement funds
- b) rate of increase in salaries and pensions.
 - 4.5% increase for current employers
 - 3.0% increase for retired members and former employees
- c) Improvements in life expectancy
 - 13% increase in benefits payable.

The valuation showed the market value of the schemes assets as £44,227,000 and that the actuarial value of those assets represented 49% of the benefits accrued to members.

The 2006 actuarial valuation identified a shortfall in funding of £49million.

With effect from 1 July 2007 the employer's contribution increased from 14.5% to 24.2% of pensionable earnings. In addition the Board is committed to an annual payment of £700,000. The member contribution rate increased from 5.25% to 6.00% of pensionable earnings from 1 October 2007. The funding plan is expected to achieve 100% of funding level over 10 years from the valuation date with 75% probability.

Financial Statement

The information disclosed below is in respect of the CalMac Pension Fund for which the Company is the sponsoring employer. For the purposes of accounting disclosure requirements of FRS 17 Retirement Benefits, the latest actuarial valuation carried out at 6 April 2006 was updated to 31 March 2009 by a qualified independent actuary.

The amounts recognised in the balance sheet are as follows

	2009	2008
	£'000	£'000
Present Value of funded liabilities	(61,052)	(58,188)
Fair value of scheme assets	44,590	50,478
Deficit	(16,462)	(7,710)
Related deferred tax asset	4,609	2,159
Net liability	(11,853)	(5,551)

Changes in the present value of the defined benefit liabilities

	2009	2008
	£'000	£'000
At 1 April	58,188	61,053
Current service cost – Caledonian Maritime Assets Ltd	47	46
Current service cost - Others	2,845	3,175
Employee contributions	1,148	1,022
Interest cost	4,082	3,377
Actuarial (gains)	(3,151)	(9,218)
Benefits paid	(2,107)	(1,267)
At 31 March	<u>61,052</u>	<u>58,188</u>

Changes in the present value of the scheme assets

	2009	2008
	£'000	£'000
At 1 April	50,478	48,168
Expected return	3,807	3,596
Actuarial (losses)	(14,388)	(7,515)
Employer contributions	5,652	6,474
Employee contributions	1,148	1,022
Benefits paid	(2,107)	(1,267)
At 31 March	<u>44,590</u>	<u>50,478</u>

Amounts recognised in the profit and loss account

	2009	2008
	£'000	£'000
Current service cost	47	46
Interest cost	4,082	3,377
Expected return on pension scheme assets	(3,807)	(3,596)
Total	<u>322</u>	<u>(173)</u>

The expense is recognised in the following line items in the profit and loss account

	2009	2008
	£'000	£'000
Staff costs	47	46
Other finance costs	275	(219)

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and (losses) is £(11,237,000); (2008 £1,703,000).

Cumulative actuarial (losses) reported in the statement of total recognised gains and losses are £(22,423,000); (2008 £(11,186,000)).

The fair value of scheme assets as a percentage of total scheme assets and the return on those assets were

	2009	2008
	%	%
Equities	55.1	62.2
Bonds	23.0	15.9
Property	3.0	8.3
Other	18.8	13.6
	£,000	£'000
Actual return on scheme assets	(10,581)	(3,919)

The expected return on assets is derived from assumptions of long term expected returns on each asset class. These are as follows

	2009	2008
	%	%
Equities	8.00	7.75
Bonds	6.70	6.90
Property	8.00	7.75
Other	2.00	4.75

Principal actuarial assumptions at the year end were

	2009	2008
	%	%
Discount rate at 31 March	6.70	6.90
Expected return on scheme assets at 31 March	6.57	7.21
Future salary increases	4.25	4.75
Future pension increases	3.25	3.75

	2009	2008
Post retirement mortality	SAPS tables with 1.0% underpin rated up by 2 years with long cohort birth year projections	PXA00 tables with 1.5% / 1.0% underpin rated up by 2 years with long cohort birth year projections

The history of the scheme for the current and prior periods is as follows

	2009	2008	2007	2006	2005
	£'000	£'000	£'000	£'000	£'000
Present value of scheme liabilities	(61,052)	(58,188)	(61,053)	(59,147)	(43,488)
Fair value of scheme assets	44,590	50,478	48,168	43,085	32,781
Surplus / (deficit)	(16,462)	(7,710)	(12,885)	(16,062)	(10,707)
Experience adjustment on scheme liabilities	(1,911)	259	(806)	(291)	(178)
Experience adjustment on scheme assets	(14,388)	(7,515)	(69)	5,700	1,316

The Company expects to contribute approximately £816,000 to this defined benefit plan in the next financial year.

Other Pension Schemes

On corporate restructuring, 30 September 2006, the Company retained responsibility for shortfall in funding in the Merchant Navy Officers' Pension Fund (MNOFP) and in the Merchant Navy Ratings' Pension Fund (MNRPF). Both MNOFP and MNRPF are industry-wide defined benefit pension schemes.

The MNOFP is closed to new members and the latest valuation was carried out as at 31 March 2006. The valuation showed that the market value of assets was 93% of the value of the scheme liabilities. The contribution rate of 19.2% (being 11.9% from employer and 7.3% from member) will continue until reviewed at the next actuarial valuation due in March 2009. A Recovery Plan to eliminate this deficit was agreed of which the Company's share amounted to £3,697,384 due on September 2007 and payable by eight annual instalments until 2014. Full provision was made for this contribution in the year to 31 March 2008.

The MNRPF is a closed scheme and the latest full triennial actuarial valuation as at 31 March 2005, carried out by the Fund actuary, showed that the scheme had exceeded its minimum funding requirement at that date, but was still in deficit on an ongoing basis. The valuation showed that the market value of assets was 86% of the value of benefits accruing to members allowing for future increases. As a result of this valuation, annual contributions towards the deficit are required from participating employers for the period to 2014. The amounts payable by the Company during the current and previous financial years are shown earlier in this note under 'Other schemes – contributions towards past deficits'. The amounts payable by the Company in respect of past deficits are determined, to some extent, by the level of contributions made by other participating employers and may therefore fluctuate from year to year.

The Trustee of the MNOFP and MNRPF cannot identify the underlying assets held in the funds in respect of the Company's liabilities. Accordingly, for FRS 17 purposes, the Company is accounting for contributions and payments to the MNOFP and MNRPF as if they were defined contribution schemes.

The overall funding deficits and the full implications for participating employers in relation to the Merchant Navy schemes have still to be confirmed.

17. Other Financial Commitments

The Company has a number of operating leases in respect of land and buildings and the period of the lease unexpired in most cases is in excess of 5 years; where less than 5 years remains, the Company will negotiate a renewal of the lease at expiry date. The annual commitment in respect of these leases is £360,000 (2008: £317,000).

The Board is aware of the European Commission investigation into the financing of lifeline ferry services in Scotland and has consulted with its shareholder, the Scottish Ministers, in this regard. The Scottish Ministers have advised that they have no reason to suspect that the Commission's investigation will lead to any liability befalling the Company and accordingly, the Board consider that no provision is necessary within these financial statements.

Following the transfer of seagoing staff from a subsidiary of Northlink Orkney and Shetland Ferries Ltd, the Merchant Navy Officers Pension Fund has indicated that this transfer may have triggered a statutory debt in respect of the fund. The actual amount cannot be estimated at this time and the legal justification for this debt is being challenged. Any initial liability resides with Northlink Orkney and Shetland Ferries Ltd however under the terms of a Minute of Amendment and a Minute of Further Amendment the liability ultimately falls to the Scottish Government.

18. Notes to the Cash Flow Statement

(a) Reconciliation of operating profit to net cash flow from operating activities	2009	2008
	£'000	£'000
Operating Profit	5,954	1,984
Depreciation Charge (net of capital grants)	3,627	2,593
Loss on disposal of tangible assets	-	21
Decrease in Debtors & Prepayments	357	1,560
(Decrease)/ Increase in Creditors	(1,133)	1,708
Difference between pension charge and cash contributions	(744)	(691)
Net Cash inflow from operating activities	8,061	7,175

(b) Analysis of Net Debt	As at 31 March 2008	Cash Flow	Non Cash Movements	As at 31 March 2009
	£'000	£'000	£'000	£'000
Cash at bank and on hand	6,688	5,636	-	12,324
Loans:				
Due within one year	(1,731)	1,731	(2,038)	(2,038)
Due after one year	(39,724)	(3,560)	2,038	(41,246)
	(41,455)	(1,829)	-	(43,284)
Total	(34,767)	3,807	-	(30,960)

19. Related party transactions

The Scottish Ministers are the Company's sole shareholder. Details of transactions with the Scottish Ministers are as follows:

	2009	2008
	£'000	£'000
Capital Grants received and receivable	2,647	2,036
Grant in Aid received and receivable	2,267	-
Loans received	3,560	3,636
Loans repaid	1,731	1,432
Interest paid and payable	1,932	1,986
Interest on vessel new build	162	50
Balance of loans due at 31 March	43,284	41,455

The respective amounts due to and from NorthLink Orkney & Shetland Ferries Ltd at 31 March 2009 was nil. (2008: £nil)

A significant element of the Company's turnover is generated from our relationship with the Clyde and Hebridean Ferry Services Operator, CalMac Ferries Limited, and other companies within the David MacBrayne Group which is owned by Scottish Ministers. Transactions entered into during the year, and balances outstanding at 31 March, with the David MacBrayne Group are as follows:

	Sold to /(purchased from)		Owed by /(owed to)	
	David MacBrayne Group		David MacBrayne Group	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Vessel Leasing Charges	11,587	10,278	-	-
Harbour Access Charges / Property Licence	1,954	1,676	-	-
Provision of Staff	69	260	24	-
Harbour Management Fee	(1,455)	(1,404)	-	-
Vessel Upgrades & Modifications	(1,497)	(1,500)	(1,462)	(191)
Ferry Travel Costs	(5)	-	(1)	-

During the year the David MacBrayne Group acted as agent for the company in relation to certain elements of new vessel builds. The David MacBrayne Group paid the associated funds to third parties and were reimbursed by the Company.

Corporate Information

Fiosrachadh Corporra

Registered Office	Municipal Buildings, Fore Street, Port Glasgow, PA14 5EQ
Company Number	SC001854
Auditors	KPMG LLP, 191 West George Street, Glasgow G2 2LJ
Solicitors	Biggart Baillie, Dalmore House, 310 St Vincent Street, Glasgow, G2 5QR
Bankers	The Royal Bank of Scotland, 10 Gordon Street, Glasgow G1 3PL

Contact Details

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The CMAL team can be contacted by emailing info@cmassets.co.uk or contacting the general information number on 01475 749920 between the hours 0830-1700 Monday to Friday.

Or write to us at:

Caledonian Maritime Assets Ltd
Municipal Buildings
Fore Street
Port Glasgow PA14 5EQ

On 1 October 2006 Caledonian MacBrayne Ltd was split into two companies:

- an asset-owning company, Caledonian Maritime Assets Ltd (CMAL).
- and a new operating company, CalMac Ferries Ltd (CFL).

This was done by Caledonian MacBrayne Ltd transferring its operations - but not its assets - to CFL.

Caledonian MacBrayne Ltd, now CMAL, continues to own all vessels and land-based assets (ports, harbours, etc) and makes them available to an operator through an open tendering process.

For six years starting 01 October 2007 CalMac Ferries Limited continues to operate the services having won the tendering process with their bid. Under the terms of the tender CFL is bound to use the vessels of CMAL.

Caledonian Maritime Assets Limited is a publicly owned company with Scottish Ministers as the sole shareholder. The Caledonian Maritime Assets Limited Board has appointed an executive management team and supporting staff at its headquarters in Port Glasgow.

