ANNUAL REPORT & ACCOUNTS 2014

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CALEDONIAN MARITIME ASSETS LIMITED OWNS THE FERRIES, PORTS, HARBOURS AND INFRASTRUCTURE NECESSARY FOR VITAL FERRY SERVICES SERVING THE WEST COAST OF SCOTLAND AND THE CLYDE ESTUARY.

We are wholly owned by the Scottish Government with Scottish Ministers the sole shareholders.

The Caledonian Maritime Assets Limited Board have an executive management team and supporting staff at headquarters in Port Glasgow.

We aim to provide efficient, cost-effective and safe ferries, harbours and port infrastructure for operators, communities and users in and around Scotland.

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Chairman's Statement

For the year ended 31 March 2014

Having served on the CMAL Board since it was established, I was very proud when Scottish Ministers asked me to become Chair of the company in April and this is my first statement in that new role. CMAL has been operational for over seven years and we are working harder than ever to deliver our mission to provide, safeguard and develop the ferries and harbours under our control.

This has been another exciting and productive year for the company, with the MV HALLAIG, the world's first roll-on roll-off sea going diesel electric passenger and vehicle hybrid ferry entering service in October on the Sconser to Raasay crossing and her sister ship, the MV LOCHINVAR, entering service six months later between Tarbert and Portavadie. The MV LOCH SEAFORTH was launched in Germany in March and I was delighted when Joan Murray, the eldest daughter of the last captain of the original Loch Seaforth ferry, agreed to launch the ship and be her godmother. MV LOCH SEAFORTH will enter service on the Stornoway to Ullapool route this autumn as the latest vessel in the Caledonian MacBrayne fleet.

We continue to make significant investment in our harbours, completing large scale harbour investment projects, such as the £3.8million works at Kennacraig and tackling ambitious projects like the £18 million redevelopment of the ferry terminal at Brodick, as well as long standing and routine maintenance issues.

The Board remains focused on good financial governance and revenues for the year were higher than last year and came in at £25,002,000. Although we continue to report a net loss after taxation, this is primarily caused by vessel depreciation following our adoption of International Financial Reporting Standards. It does however highlight the need for adjustments to the fleet charter agreements to reflect the depreciation charges necessary to renew the fleet and infrastructure. We also continue to incur significant cost in just maintaining our port estate and we are working closely with Transport Scotland to address both of these issues, since funding for ships and harbours primarily comes from the Scottish Government.

Despite these still being fiscally challenging times for the public sector in Scotland as we come out of recession, our strategic plan for the next ten years outlines an investment of almost £350 million needed to ensure that our whole fleet of 32 ferries is under 20 years old and that our harbours remain safe and secure. We continue to work closely with CalMac Ferries Ltd as the ferry and harbour operator to improve the vital infrastructure across the network. Both our vessel investment programme and our ongoing commitment to maintain and improve our port and harbour infrastructure are fully aligned with the Scottish Government's Ferries Plan.

As we have reported in previous years, the cost of funding pension benefits in the CalMac Pension Scheme, Merchant Navy Officers' Pension Fund and Merchant Navy Ratings' Pension Fund is an increasing burden and we continue to work with scheme trustees and the Scottish Government to find a sustainable and affordable way forward.

We are a growing team at CMAL and everyone works very hard to deliver our vision to be the pre-eminent provider of the most efficient, innovative and cost-effective vessels and port infrastructure for the communities we serve. I would like to especially thank Grenville Johnston for his previous service as Chairman of CMAL and Guy Platten for his seven years as our first CEO. We also bid farewell and say thank you to Ken MacLeod as an outgoing member of the Board and welcome our newest Board member Morag McNeil, who brings a wealth of additional experience and maritime knowledge. And last but not least, I would like to welcome Tom Docherty as our new CEO, whose background and experience are an excellent match to deliver CMAL's vision.

Within CMAL we have strived to create a team that works to high standards and values and they have shown dedication over the past year to deliver our commitments to operators, communities and users in Scotland. I thank the management team and all our employees for their efforts and look forward to working with them over the coming year to ensure we continue to be an effective, productive and responsive organisation.

Erik Østergaard
Chairman

Aithris a' Chathraiche

Airson na bliadhna a' crìochnachadh 31 Màrt 2014

An dèidh a bhith a' frithealadh air Bòrd-stiùiridh CMAL on a chaidh a stèidheachadh, bha mi air leth pròiseil nuair a dh'iarr Ministearan na h-Alba orm a bhith nam Chathraiche air a' chompanaidh sa Ghiblean, agus seo a' chiad aithris agam san dreuchd ùr sin. Tha CMAL air a bhith ag obrachadh airson seachd bliadhna agus tha sinn ag obair nas cruaidhe na bha sinn a-riamh gus ar rùn a choileanadh agus na h-aiseagan 's na calaidhean a tha fo ar smachd a sholarachadh, a dhìon agus a leasachadh.

Is e bliadhna bhrosnachail tharbhach eile a tha air a bhith ann don chompanaidh, leis an MV HALLAIG, a' chiad aiseag mara tar-chinealach dealain is dìosail rolaidh air is dheth airson càraichean is taistealaich, a' tòiseachadh san t-seirbheis san Dàmhair eadar Sgonnsair is Ratharsaigh agus a piuthar an MV LOCHINVAR, a' tòiseachadh san t-seirbheis sia mìosan às dèidh sin eadar An Tairbeart agus Port a' Mhadaidh. Chuireadh an MV LOCH SEAFORTH air bhog sa Ghearmailt sa Mhàrt agus bha mi air leth toilichte nuair a dh'aontaich Seonag Mhoireach, an nighean as sine a bh' aig a' chaiptean mu dheireadh a bha air an t-seann Loch Sìphort, an soitheach a chur air bhog agus a bhith na muime dhi. Bidh an MV LOCH SEAFORTH a' tòiseachadh san t-seirbheis eadar Steòrnabhagh is Ualpul as t-fhoghar am-bliadhna mar an t-soitheach ùr as deireannaich ann an cabhlach Chailleannach Mhic a' Bhruthainn.

Tha sinn a' leantainn air adhart a' cur thasgaidhean cudromach anns na calaidhean againn, a' cur crìoch air pròiseactan tasgaidh chalaidhean air sgèile mhòr, leithid na h-obrach £3.8millean aig Ceann na Creige agus a' dol an sàs ann am pròiseactan glòir-mhiannach mar an ath-leasachadh air a' cheann-uidhe aiseagan luach £18 millean ann am Breadhaig, a thuilleadh air cùisean obair-glèidhidh àbhaisteach is fad-amail.

Tha am Bòrd a' leantainn air adhart a' cuimseachadh air riaghlachas math ionmhasail agus bha teachd-a-steach airson na bliadhna nas àirde na an-uiridh, a' tighinn a-steach aig £25,002,000. Ged a tha sinn a' cumail ag aithris call lom às dèidh cìsean a phàigheadh, tha seo air adhbhrachadh sa chiad àite le crìonadh sna soithichean a' leantainn air dhuinn cumail ri Inbhean Aithriseachd Ionmhasail Eadar-nàiseanta. Ach tha e a' togail air an fheum air atharrachaidhean ann an aontaidhean sgrìobhte na cabhlaich, gus na cosgaisean ìsleachaidh a nochdadh a tha riatanach do dh'ath-urachadh is bun-structar na cabhlaich. Tha sinn cuideachd a' leantainn air cosgais chudromach a tharraing dìreach ann an cumail suas ar n-oighreachd puirt agus tha sinn ag obair gu dlùth le Còmhdhail Alba gus dèiligeadh leis an dà chùis sin, on tha maoineachadh do shoithichean is chalaidhean a' tighinn bho Riaghaltas na h-Alba.

A dh'aindeoin nan amannan seo a bhith dùbhlanach a thaobh ionmhais don earrann phoblach ann an Alba, mar a tha sinn ag èirigh a-mach às a' chrìonadh, tha ar plana ro-innleachdail don ath dheich bliadhna a' mìneachadh tasgadh de suas ri £350 millean, a dh'fheumar gus a dhèanamh cinnteach gu bheil ar làn chabhlach de 32 bàt'-aiseag fo 20 bliadhna a dh'aois agus gu bheil ar calaidhean a' fuireach sàbhailte is tèarainte. Tha sinn a' leantainn ag obair gu dlùth le Aiseagan CalMac Earranta mar an oibriche aiseig is calaidh gus am bun-structar deatamach a leasachadh tarsainn an lìonraidh. Tha an dà chuid am prògram cur an seilbh againn agus ar dealas leantainneach a thaobh cumail-suas is leasachadh air bun-structair ar puirt is calachan a' cumail gu tur ri Plana Aiseagan Riaghaltas na h-Alba.

Mar a tha sinn air aithris sna bliadhnaichean a dh'fhalbh, tha cosgais maoineachaidh shochairean peinnsein ann an Sgeama Peinnsein CalMac, Maoin Peinnsein Oifigearan na Cabhlaich Mharsanta agus Maoin Peinnsein Seòladairean na Cabhlaich Mharsanta na uallach a tha a' sìor fhàs agus tha sinn a' leantainn ag obair le urrasairean na sgeama agus Riaghaltas na h-Alba gus slighe sheasmach air adhart agus a rèir comais airgid a lorg.

Tha an sgioba againn aig CMAL a' fàs agus tha gach neach ag obair glè chruaidh gus ar lèirsinn a liubhairt gu bhith mar an solaraiche barraichte air na soithichean is bun-structar puirt as èifeachdaiche, as ùr-ghnàthaiche is luach airgid a th' ann do na coimhearsnachdan a tha sinn a' frithealadh. Bu mhath leam gu h-àraid taing a thoirt do Grenville Johnston airson a sheirbheis roimhe seo mar Chathraiche CMAL agus Guy Platten airson a sheachd bliadhna mar a' chiad Àrd-Oifigear againn. Tha sinn cuideachd a' fàgail soraidh-slàn agus taing aig Ken MacLeòid mar bhall a' fàgail a' Bhùird agus a' cur fàilte air a' bhall as ùire againn, Mòrag NicNèill, a tha a' toirt leatha saidhbhreas de dh'eòlas a bharrachd is fiosrachadh mararach. Agus mu dheireadh ach chan ann aig an deireadh, bu mhath leam fàilte a chur air Tom Docherty mar an t-Àrd-Oifigear ùr againn, aig a bheil cùl-raon is eòlas a tha gu sàr chomasach air lèirsinn CMAL a liubhairt.

An taobh a-staigh CMAL, tha sinn air a bhith a' strì ri sgioba a chruthachadh a tha ag obair ri inbhean is luachan àrda agus tha iad air dìlseachd a nochdadh thar na bliadhna a dh'fhalbh gus ar dealasan a liubhairt do luchd-obrachaidh, coimhearsnachdan agus luchd-cleachdaidh ann an Alba. Tha mi a' toirt taing don sgioba stiùiridh agus ar cosnaichean uile airson an cuid oidhirpean agus a' coimhead air adhart ri bhith ag obair còmhla riutha thar na bliadhna a tha romhainn, gus a dhèanamh cinnteach gum bi sinn a' cumail air adhart ann a bhith nar buidheann èifeachdach, tarbhach agus freagarrach.

Erik Østergaard
Cathraiche

CEO's Statement

For the year ended 31 March 2014

I was delighted to be appointed as CEO of CMAL in April at the end of a busy and challenging year for the company. Both of our innovative hybrid ferries are now in service on their routes serving communities with lifeline ferry services. The replacement Stornoway to Ullapool ferry will also enter service this autumn, meaning that CMAL has commissioned, designed and delivered two small and one large ferry over the last three years, representing an investment of around £64 million. This is a significant achievement, especially in light of the cutting edge technology powering our hybrid ferries, which continues to attract world-wide attention.

As part of our commitment to the environment and sustainability, the hybrid ferries have been designed to reduce their CO_2 and particulate emissions compared with equivalent vessels, and lower their fuel consumption by at least 20%. We are already seeing these savings in their first few months in service. In addition, both ferries are operating on battery only mode whenever this is possible. In June 2013, the Hybrid Ferry Project received European recognition when it was one of 25 shortlisted from 224 award submissions in the prestigious 'Sustainable Energy Europe' awards. Whilst we did not go on to pick up the winning title, we are delighted to have been recognised among other highly deserving projects. However, our Hybrid Project has won two awards in 2014 – The Most Innovative Transport Project of the Year and the Electric & Hybrid Propulsion System of the Year, which we were delighted to receive.

As part of our plans for the future, we are working on the design of two new medium class ferries and they will also be sustainable vessels with significantly reduced CO_2 and fuel consumption compared to the vessels they will replace over time. We are also involved with the FP7 European JOULES project, which aims to find innovative ways to reduce emission levels on a number of different types of vessels.

Maintenance work continues at our harbours to keep them fully operational all year round. The second phase of work at Kennacraig, increasing the marshalling area and raising the causeway, is now finished and we are working closely with the local community in Arran on the plans for the redeveloped ferry terminal at Brodick. In addition to looking after our own estate, the harbours team is also closely involved in helping other harbour authorities to deliver vital improvement works. For example, we have worked closely with Ullapool Harbour Trust to deliver the necessary improvements to the shore infrastructure, including a new passenger access system, to accommodate the MV LOCH SEAFORTH. We have also installed electric vehicle charging points at five of our ports via funding from the EV Charging Scheme.

We continue to work with Transport Scotland to deliver the 'Scottish Ferries Plan' as well as concentrating on funding for our vessels and harbour infrastructure, and are also working on issues around, accessibility, performance and the environment.

In addition to myself, a number of new people have joined the CMAL team this year and this will continue over the coming year as the company continues to evolve. I would like to thank all of the CMAL team for their hard work and support and very much look forward to working with them.

Equally, I look forward to working with our stakeholders to ensure we continue to provide vital maritime transport assets for the communities we serve.

In closing, our team can look back with a great deal of pride on what has been achieved in extremely challenging circumstances.

Tom Docherty
Chief Executive

Aithris an Àrd-Oifigeir

Airson na bliadhna a' crìochnachadh 31 Màrt 2014

Bha mi air leth toilichte a bhith air mo chur an dreuchd mar Àrd-Oifigear CMAL sa Ghiblean aig deireadh bliadhna a bha dripeil is dùbhlanach don chompanaidh. Tha an dà aiseag ùr-ghnàthach tar-chinealach againn a-nis ann an seirbheis air an slighean fhèin, a' frithealadh choimhearsnachdan le seirbheisean aiseig a tha deatamach do na coimhearsnachdan sin. Bidh an t-seirbheis ùr eadar Steòrnabhagh is Ulapul a' dol an seirbheis as t-fhoghar am-bliadhna, a' ciallachadh gu bheil CMAL air dà aiseag bheag agus aon aiseag mhòr a choimiseanadh, a dhealbhadh agus a liubhairt thar nan trì bliadhna a dh'fhalbh, a' riochdachadh tasgadh luach mu £64 millean. Is e coileanadh cudromach a tha seo, gu h-àraid a thaobh an teicneòlais ùr-nodha a tha a' cumail cumhachd ri ar n-aiseagan tar-chinealach a tha a' leantainn air adhart a' tarraing aire an t-saoghail.

Mar phàirt de ar dealas a thaobh na h-àrainneachd agus seasmhachd, tha na h-aiseagan tar-chinealach air an dealbh gus an CO_2 a lùghdachadh agus sgaoilidhean àraideachadh an taca ri soithichean coimeasach eile, agus ag ìsleachadh an caitheamh connaidh aca co-dhiù 20%. Tha sinn a' faicinn nan sàbhalaidhean sin mar-thà anns a' chiad beagan mhìosan aca san t-seirbheis. A thuilleadh air an sin, tha an dà aiseag ag obrachadh air modh bataraidh a-mhàin far an gabh sin a dhèanamh. San Ògmhios 2013, fhuair a' Phròiseact Aiseagan Tar-chinealach aithne bhon Roinn Eòrpa nuair a chaidh a cur mar aon a-mach à 25 a bha air an geàrr-liostadh bho 224 tagraidhean duaise ann an duaisean cliùiteach 'Lùth Seasmhach Eòrpach'. Ged nach deach sinn air adhart gu a' chiad duais a thogail, tha sinn fìor thoilichte aithne fhaighinn am measg phròiseactan toillteanach eile. Ach, tha a' Phròiseact Tar-chinealach againn air dà dhuais a chosnadh ann an 2014 – A' Phròiseact Còmhdhail as Ùr-ghnàthaiche den Bhliadhna agus Siostam Lùth Tar-chinealaich is Dealain na Bliadhna, a bha sinn air leth toilichte fhaighinn.

Mar phàirt de ar planaichean airson an ama ri teachd, tha sinn ag obair air dealbhadh dà aiseag ìre mheadhanach agus is e soithichean seasmhach a bhios annta cuideachd le lùghdachadh cudromach ann an CO_2 agus ann an caitheamh connaidh ann an coimeas ris na soithichean a bhios iad a' gabhail an àite thar ùine. Tha sinn cuideachd an sàs ann am pròiseact JOULES Eòrpach FP7, a tha ag amas air dòighean ùr-ghnàthach a lorg airson ìrean sgaoilidh a lùghdachadh air àireamh de dhiofar sheòrsaichean shoithichean.

Tha obair ath-ùrachaidh a' leantainn air adhart anns na calaidhean againn gus an cumail ag obair gu làn-ìre fad na bliadhna. Tha an dàrna cuairt den obair aig Ceann na Creige, a' meudachadh an raoin mharasgail agus ag àrdachadh a' chabhsair, a-nis crìochnaichte agus tha sinn ag obair gu dlùth leis a' choimhearsnachd ionadail ann an Eilean Arainn air na planaichean airson a' chinn-uidhe ath-leasaichte ann am Breadhaig. A thuilleadh air a bhith a' coimhead às dèidh na h-oighreachd againn fhìn, tha sgioba nan calaidhean an sàs gu mòr ann an cuideachadh ùghdarrasan chalaidhean eile le obraichean leasachaidh deatamach a liubhairt. Mar eisimpleir, tha sinn air a bhith ag obair gu dlùth le Urras Caladh Ulapuil gus na leasachaidhean riatanach air a' bhun-structar tìre a liubhairt, a' gabhail a-steach siostam ùr slighe luchd-siubhail airson a bhith freagarrach don MV LOCH SEAFORTH. Tha sinn cuideachd air puingean neartachaidh cumhachd do charbadan dealain a chur an sàs aig a còig de ar puirt le maoineachadh bho Sgeama Neartachaidh EV.

Tha sinn a' leantainn oirnn ag obair le Còmhdhail Alba gus "Plana Aiseagan na h-Alba" a liubhairt a thuilleadh air cuimseachadh air maoineachadh do na soithichean agus bun-structar nan calaidhean againn, agus tha sinn cuideachd ag obair air cùisean mu thimcheall ruigsinneachd, coileanadh agus an àrainneachd.

A bharrachd orm fhìn, tha àireamh de dhaoine ùra air tòiseachadh ann an sgioba CMAL am-bliadhna agus leanaidh seo thar na bliadhna a tha romhainn mar a bhios an companaidh a' cumail air adhart a' gnè-fhàs. Bu mhath leam taing a thoirt do gach neach de sgioba CMAL airson an cuid obrach agus an taic agus tha mi a' coimhead air adhart gu mòr ri bhith ag obair còmhla riutha.

Agus tha mi a' coimhead air adhart ri bhith ag obair còmhla ris an luchd-ùidh againn gus a dhèanamh cinnteach gun lean sinn air aghaidh a' solarachadh so-mhaoinean còmhdhail mara, a tha deatamach do na coimhearsnachdan a tha sinn a' frithealadh.

Mu dheireadh, faodaidh an sgioba againn coimhead air ais le tomhais mhath de phròis a thaobh na thathar air a choileanadh ann an suidheachadh a bha fìor dhùbhlanach.

Tom Docherty
Chief Executive

Review 2013-14

Ambition

This has been an exciting year with both of our hybrid ferries, MV HALLAIG and MV LOCHINVAR, now in service on their respective routes between Sconser and Raasay and Tarbert and Portavadie, with local communities and visitors alike making full use of these innovative vessels.

All of the necessary improvements in the harbour infrastructure needed to accommodate the MV HALLAIG are complete at Raasay Ferry Terminal. At Tarbert Loch Fyne, the electrical infrastructure required to provide overnight charging of the vessel is complete and a temporary berthing arrangement has been constructed that will allow the MV LOCHINVAR to lie at the existing overnight ferry berth until works to construct a 12 metre pier extension are completed at the end of 2014. Significant scour protection works are also required around the end of the slipway and beneath the extended berth at Tarbert Loch Fyne, to withstand thrust from the propeller units fitted to the vessel which causes erosion or "scouring".

The MV LOCH SEAFORTH will be the next major addition to our fleet. She launched in Germany in March and will enter service between Stornoway and Ullapool later this year providing a lifeline service to the communities of the Western Isles and the west coast of Scotland. The replacement ferry has significantly greater capacity and reduced CO2 and fuel consumption than the existing service and she is capable of operating a 24 hours a day service, carrying up to 700 passengers and 143 cars or 20 commercial vehicles.

We are working closely with our colleagues at Transport Scotland to implement a plan to deliver the strategy set out in The Scottish Government's Ferries Plan (2013-2022), which was published at the end of 2012. The review identified £295 million of investment in fifteen new vessels between 2013 and 2022 and we have delivered the first three, worth around £64 million. We are currently in the early stages of design for ferries of approximately 100 metres in length and will work closely with the ferry operator, CalMac Ferries Ltd on this project.

Our replacement vessel programme will meet the existing and future needs of the remote communities of Scotland and all new vessels will have enhanced levels of safety, passenger experience and reliability.

As part of our commitment to a Greener Scotland, we are involved in the JOULES project, which is a €3million FP7 trans-European project that aims to reduce emission levels on board a number of different types of vessels, including ferries. In addition, we continue to investigate ways to make our harbours more sustainable by harvesting local renewable energy and to ensure our facilities are environmentally efficient.

Innovation

When she entered service in November 2013, MV HALLAIG, became the world's first sea-going diesel electric hybrid ferry and she is the first passenger and vehicle ro-ro ferry to incorporate a low-carbon hybrid system of diesel electric and lithium ion battery power.

Our two hybrid ferries use the most innovative new 'green' technology, including battery banks supplying a minimum of 20% of the energy consumed on board. Benefits include reduced fuel consumption, CO2 emissions and other pollutants, as well as better noise reduction and lower maintenance requirements. MV HALLAIG and MV LOCHINVAR are 43.5 metres long and can accommodate 150 passengers and 23 cars or two HGVs, with a service speed of nine knots. On quieter days they operate on battery only mode thereby reducing emissions to zero.

The Hybrid Ferry Project has been nominated for several awards over the past year. The project was shortlisted for the prestigious Sustainable Energy Europe Awards, which were part of the European Union Sustainable Energy Week. Our nomination was in the transport section of the awards and winners were announced at a ceremony in Brussels hosted by EU Commissioner for Energy, Günther H. Oettinger. While we didn't win, the project was one of 25 to be shortlisted from a total of 224 awards submissions and a real indication of the innovation and quality of work involved in the project.

In June we were delighted that MV HALLAIG, won two major awards. First was the 'Electric and Hybrid Propulsion System of the Year' award in the inaugural Electric and Hybrid Award 2014. The award was presented in Amsterdam during the Electric and Hybrid Marine World Expo 2014, an event dedicated to showcasing the very latest and next generation electric and hybrid marine propulsion technologies, components and solutions. We also won the 'Most Innovative Transport Project of Year' for MV HALLAIG at the annual Scottish Transport Awards, where the best of Scotland's transport industry were honoured at an event recognising excellence, innovation and progress across all areas of transport in Scotland.

We were delighted to be awarded £260,000 from Scottish Enterprise for HySeas11, an exciting £1million project that received private match funding and additional support form Transport Canada. The project seeks to undertake a measure of technical development, including design and planning activities required to deliver the world's first hydrogen-propelled vessel. Running from December 2013 to December 2014, HySeas11 is an international partnership consisting of Ballard Power Systems, BAE Systems Controls Inc, Logan Energy Ltd, St Andrews University and Imtech Marine Ltd. The route for the hydrogen-propelled ferry is still to be confirmed and the decision will be based on a number of issues, such as the ability to produce 'Green Hydrogen' locally from renewable sources, for example wind and hydropower.

As part of our environmental commitment, we are researching alternative power sources to charge the hybrid ferries while they are moored. It is hoped that in the future, energy from local wind, wave or solar systems will be used to charge the batteries, making the process even more environmentally friendly.

We worked with Transport Scotland and CalMac Ferries Ltd to install electric vehicle charging points at five of CMAL's ports; Port Ellen, Brodick, Kennacraig, Tarbert Harris and Oban. Funding of £237,000 was provided under the EV Charging Scheme, administered by Energy Saving Trust Scotland.

Review 2013-14

continued

Sustaining

The Scottish Government's Ferries Services Plan for the decade to 2022 outlined infrastructure work at ports and harbours worth £73 million. Last year we were able to secure funding for the second phase of works at Kennacraig from the Scottish Government's 'shovel ready' funds.

These works are now complete and have cost approximately £3.8 million. We have increased the marshalling area, raised and widened the causeway, installed a new 'through road' and resurfaced the existing marshalling area. We have also installed new underground electrical services, thus removing the overhead cables, installed four new Fenders and provided a new weighbridge.

We continue to consult with the local communities that our services affect. An important example of this is the £18 million redevelopment work at Brodick Ferry Terminal. Over the past year our engineering team has continued to progress this important project and the design development phase was completed in August 2013, culminating in the production of a redevelopment masterplan. The team undertook a number of public meetings, initially to obtain feedback on initial options presented and suggestions made that informed the final masterplan, and then to present the masterplan, as well as meeting many of the key stakeholders on the island.

The detailed design of the project got underway in September 2013 and is progressing well. We are working with the architects to design a terminal building that will be efficient and functional, to operate within the new terminal redevelopment. However the replacement building will also be architecturally sympathetic to the surrounding area and be clad in the typical red sandstone style. From conception, the building has been designed with the BREEAM, Building Research Establishment Environmental Assessment Methodology, environmental standards in mind which sets the standard for best practice in sustainable design for buildings and large scale developments with the main aims of minimising the impact on the environment and reducing day to day running costs.

Working closely with Ullapool Harbour Trust, we have assisted in the delivery of £10 million upgrades to the pier infrastructure that will provide appropriate facilities to accommodate the MV LOCH SEAFORTH when she enters service. The work included installing a new fendering system, upgrading the existing fenders and berth extension, as well as dredging, scour protection, blasting and painting of the steel work. We also upgraded the water supply and electrical services and installed a new passenger access system.

In March 2013, we appointed an in-house chartered surveyor to review and manage our building and property assets around the CMAL network. Following the initial review, progress has been made on a number of projects, which range from general repairs and maintenance, including door repairs and window replacements, to major refurbishments at Colonsay and Wemyss Bay harbours, all with a view to upgrading and improving existing facilities. In addition, our engineering team is managing delivery of short term repairs and long term solutions to the slipway access to the Island of Kerrera and berth extension improvements at Tarbert Loch Fyne. We have also completed electrical upgrades at Castlebay and Cumbrae, extensive drainage and water mains works at Oban and resurfacing at Largs, Oban, Wemyss Bay and Colonsay.

The Harbours Team is undertaking an exercise to review and improve our current operations management system. The system, which is built on a Sharepoint platform, supports a myriad of day to day business processes for the team such as operational and safety management, port operations, civil engineering projects and contracts management. The findings will allow us to capture opportunities for further efficiency and growth.

Fostering

Working together with stakeholders, our focus is on the long-term development and improvement of our assets, both ferries and harbours. We currently own 32 ferries and 24 harbour facilities throughout the west coast of Scotland and Clyde Estuary.

In addition, we lease land and properties at a number of other ports and harbours, making these assets available for ferry operators who deliver the lifeline services to communities.

We work closely with ferry operators and key stakeholders, as well as consulting with local communities to ensure strategic goals are in line with their needs and the objectives of the Scottish Government.

As a harbour authority, we have a duty to find, mark and monitor the best navigable channels in the harbour and a statement of the measures adopted must be included in the published policies and plans and effective arrangements to publish appropriate hydrographic information (charts, warnings about recent navigational hazards) must also be in place. During 2013, we completed a comprehensive hydrographic survey project encompassing all ports, harbours and other geographical areas where we have responsibilities throughout the Clyde and west coast. We have provided The UK Hydrographic Office, which is responsible for compiling and publishing charts for all tidal waters around the UK, with the results of our surveys.

We have worked closely with Transport Scotland on a number of projects, including the management of Grant In Aid for port infrastructure projects, including Kerrera slipway repairs and replacement, Ullapool project, Stornoway harbour works, Tarbert Loch Fyne works and Kennacraig works. We also worked with Marine Scotland on the "Engineering Review of Fisheries Grants".

As part of the design of MV LOCH SEAFORTH, our vessel team met with wheelchair users and people with impaired mobility in Stornoway to ensure that the new vessel is fully accessible to everyone. The improvements they suggested included larger lifts and toilets, as well as more space between seats so that wheelchairs can be manoeuvred more easily. These suggestions have been incorporated on the ship and we will consider these elements in all future vessels we design.

Strategic Report

The Directors have pleasure in submitting their Strategic Report and Financial Statements for the year ended 31 March 2014.

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

Principal Activity
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.

Caledonian Maritime Assets Ltd generates the majority of its revenues from the operator of the Clyde and Hebrides Ferry Services. Operating costs are funded from these revenues.

Scottish Ministers provide 100% loans to fund capital expenditure on vessels. The company makes applications to Scottish Ministers for Grant in Aid funding of up to 75% towards the costs of harbour infrastructure projects with the balance of funding being found from its own resources.

Business Review
During the year the Company generated revenue of £25,002,000 (2013: £20,232,000) which resulted in a net loss after tax of (£6,764,000) (2013: (Loss) (£6,535,000)).

Further payments totalling £6,112,000 were made during the year towards construction of two small "hybrid" ferries being built at Fergusons Shipbuilders Ltd. The first of the vessels, MV HALLAIG, launched in December 2012 was delivered in October 2013. The second vessel, MV LOCHINVAR, was launched in May 2013 and was delivered in May 2014. MV LOCH SEAFORTH, being built at Flensburger Schiffbau-Gesellschaft in Germany, was launched in March 2014 and is expected to be delivered in the autumn of 2014. MV LOCH SEAFORTH will serve the Ullapool to Stornoway route.

Phase 2 developments at Kennacraig, which gave improved access and marshalling facilities, were completed at a cost of £3,859,000, £3,610,000 of which were incurred up to 31 March 2014. Significant costs continue to be incurred on essential harbour maintenance works.

The Company makes contributions to fund the deficits on the CalMac Pension Scheme, the Merchant Navy Officers' Pension Fund and the Merchant Navy Ratings' Pension Fund. Payments totalling £4,933,000 were made to these schemes during the year.

Future Developments
Future business priorities include working along with the operator on the design of two new medium sized vessels with greater fuel efficiencies and emissions reduction, and formulating and implementing the detailed plans for the redevelopment of Brodick ferry terminal.

Maintenance of harbour infrastructure is a high priority and a number of major maintenance projects will be delivered over the coming year to ensure that the harbours are fully operational for the communities served.

Business Environment, and Principal Risks and Uncertainties
Constraint on public finance available to fund capital investment is an area of uncertainty for the company. As well as investigating potential for other means of financing projects, the company strives to achieve greater value for money by implementing robust procurement processes across its purchasing activities.

Failure to recruit and retain highly skilled professional staff would have an adverse impact on the company's ability to deliver its goals. Having appropriate reward and support packages in place, assists in the attraction and retention of staff.

Achieving the goals of providing efficient, cost effective and safe vessels, harbours and associated port infrastructure for operators, communities and users in and around Scotland, the company contributes significantly to the Scottish Government Strategic Priorities of a Wealthier and Fairer, Smarter, Healthier, Safer and Stronger and Greener Scotland.

Strategy
The strategy for the Company is detailed within the Chair's Statement, the CEO's Statement and in the Annual Report 2013/14.

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.

By order of the Board

Tom Docherty	Municipal Buildings
Director	Fore Street,
	Port Glasgow
27 August 2014	PA14 5EQ

Directors' Report

The Directors have pleasure in submitting their Report and financial statements for the year ended 31 March 2014.

The information regarding the principal activity, review of business, business environment, strategy, and risk and mitigation is shown in the Strategic Report and not the Directors' Report.

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	- Retired 30 April 2014 (former Chair)
E Østergaard x	- Appointment period to 30 April 2017 (Chair from 1 May 2014)
K MacLeod x	- Retired 30 April 2014
M Forrest **x	- Appointment period to 31 July 2017
A Whyte*x	- Appointment period to 31 July 2017
G S Platten	- Chief Executive (resigned 28 February 2014)
A J Duncan	- Director of Vessels
L E Spencer	- Director of Harbours
G M Bruton	- Director of Finance (appointed 23 May 2013)

T J Docherty was appointed Chief Executive Officer on 23rd April 2014
M McNeill was appointed as Non-Executive director on 1 May 2014

* - Member of Audit Committee
** - Chairman of Audit Committee
x – Member of Remuneration Committee
xx – Chairman of Remuneration Committee

Four meetings of the Audit Committee and a number of 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 251 of the Companies Act 2006, the Scottish Ministers are considered to be a Shadow Director of the Company.

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

Disclosure of information to the auditor
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each Director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

By order of the Board

Tom Docherty	Municipal Buildings
Director	Fore Street,
	Port Glasgow
27 August 2014	PA14 5EQ

Statement on Internal Control

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 2014, the Board comprised of five Non-Executive Directors (including the Chairman) plus three Executive Directors.

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 Chief Executive.

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 is entitled to attend, but not vote, at any meeting of the company.

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. Procedures are in place to ensure that there is an on-going 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 risk, and resting responsibility for risk management and control in a designated owner. Procedures include an on-going 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 the 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, statement of financial position, 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 statements.

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 directors to prepare the financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare 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.

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

Remuneration of Directors who served during the year, is as follows:-

	Salary £'000	Fees £'000	Bonus £'000	Benefits in kind * £'000	Total 2014 £'000	Total 2013 £'000
Non-Executive Directors						
G S Johnston – retired 30/4/2014	-	17	-	-	17	17
E Østergaard	-	11	-	-	11	11
K MacLeod – retired 30/4/2014	-	7	-	-	7	7
M Forrest	-	7	-	-	7	7
A Whyte	-	7	-	-	7	7
Executive Directors						
G S Platten – resigned 28/2/2014	78	-	-	6	84	100
A J Duncan	78	-	-	7	85	83
L E Spencer	78	-	-	7	85	83
G M Bruton – appointed 23/5/2013	66	-	-	-	66	-
	300	**49**	**-**	**20**	**369**	**315**

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

In line with policy applying throughout public sector employers, bonus arrangements for the Chief executive were withdrawn. Performance bonuses for other executive Directors and staff, which were deemed part of the terms and conditions of employment, were withdrawn for 2014. E Østergaard's appointment allows for a minimum commitment of two days per month. Fees paid reflect the actual number of days undertaken on Company business. The Executive Directors are members of the CalMac Pension Fund and their retirement benefits for the year to 31 March 2014 are as follows:

	Accrued Pension		Transfer Value		
	At 31 March 2014 (£)	Increase in Pension (£)	At 31 March 2014(£)	At 31 March 2013 (£)	Increase, net of members' contributions (£)
Director					
G S Platten	9,869	1,428	130,339	123,977	1,219
A J Duncan	8,519	1,670	148,512	127,469	16,491
L E Spencer	8,519	1,670	110,247	100,068	5,627
G M Bruton	547	547	10,444	-	8,476

	2014	2013
Band of Highest Paid Directors' Total	£85,000 to £90,000	£100,000 to £105,000
Remuneration		
Median total	46,487	£55,577
Ratio	1.83	1.80

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest paid director in the year was £85,000 - £90,000 (2013: £100,000 - £105,000). This was 1.83 times (2013: 1.80 times) the median remuneration of the workforce, which was £46,487 (2013: £55,577). In 2014, no employees received remuneration in excess of the highest paid director (2013: nil).

The remuneration figures above have been audited.

Report of the Independent Auditor 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 2014 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cashflows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs), as adopted by the European Union.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 22, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Chair's Statement, the CEO's Statement, the Annual Report 2013/14, the Strategic Report, the Directors' Report, the Statement on Internal Control and the Statement of Directors' Responsibilities for the financial year for which the financial statements are prepared is consistent with the financial statements. In our opinion, the part of the remuneration report to be audited has been properly prepared in accordance with the regulations under Section 421 of the Companies Act 2006.

Matters on which we are required to report by exception

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

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

Nick Bennett (Senior Statutory Auditor)
for and on behalf of Scott-Moncrieff, Statutory Auditor

27 August 2014

Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

Statement of Comprehensive Income

For the year ended 31 March 2014

	Note	2014 (£'000)	2013 (£'000) restated
Revenue	6	25,002	20,232
Cost of sales		(19,110)	(18,568)
Gross profit		5,892	1,664
Administrative expenses		(2,363)	(4,201)
Other gains and losses	7	(612)	(424)
Operating gain/(loss)		2,917	(2,961)
Interest receivable	7	37	53
Interest payable	7	(3,123)	(3,138)
Other finance costs	7	(1,025)	(1,416)
		(4,111)	(4,501)
Loss on ordinary activities before taxation		(1,194)	(7,462)
Taxation			
Tax (charge)/credit for the year	8	(5,570)	927
Loss for the financial year		(6,764)	(6,535)
Other comprehensive income			
Actuarial (loss)/gain recognised in the pension scheme	21	(2,454)	6,733
Age related rebates recognised in the pension scheme		71	700
Tax movement relating to the actuarial (loss)/gain		275	(1,637)
Other employers' contribution to pension deficit		(1,128)	(526)
Gain/(loss) on revaluation of property, plant & equipment and investment property	10	20,871	(69)
Other comprehensive income for the year, net of tax		**17,635**	**5,201**
Total comprehensive income/(expense) for the year		**10,871**	**(1,334)**
Loss attributable to:			
Owners of the company		**(6,764)**	**(6,535)**
Total comprehensive income/(expense) attributable to:			
Owners of the company		**10,871**	**(1,334)**

None of the Company's activities were acquired or discontinued during the above two financial years.

Statement of Financial Position
As at 31 March 2014

Assets	Note	**2014 (£'000)**	**2013 (£'000)** restated	**2012 (£'000)** restated
Non-current assets				
Property, plant & equipment	10	215,934	201,292	203,321
Investment property	10	1,378	1,482	1,551
Investments	11	750	750	750
Other financial assets	12	-	2,093	-
Total non-current assets		218,062	205,617	205,622
Current assets				
Trade and other receivables	13	2,490	1,033	962
Cash at bank and in hand	17	21,561	16,999	17,943
Other financial assets	12	721	-	-
Total current assets		24,772	18,032	18,905
Total assets		**242,834**	**223,649**	**224,527**
Equity and liabilities				
Capital and reserves				
Called up share capital	20	15,000	15,000	15,000
Distributable capital contribution reserve		13,800	13,800	13,800
Revaluation reserve		71,229	59,307	67,721
Retained earnings		(19,760)	(18,709)	(25,789)
Total equity attributable to owners of the company		80,269	69,398	70,732
Non-current liabilities				
Other payables	16	76,691	75,195	66,897
Other financial liabilities	14	-	2,517	-
Capital grants	18	45,065	44,485	47,625
Net pension liability	21	18,897	17,807	22,283
Deferred tax provision	19	10,316	5,355	6,404
Total non-current liabilities		150,969	145,359	143,209
Current liabilities				
Trade and other payables	15	10,287	8,892	10,586
Other financial liabilities	14	1,309	-	-
Total current liabilities		11,596	8,892	10,586
Total liabilities		162,565	154,251	153,795
Total equity and liabilities		**242,834**	**223,649**	**224,527**

These financial statements were authorised for issue by the
Board of Directors on 27 August 2014 and were signed on its behalf by;

Erik Østergaard
Chairman

Statement of Changes in Equity

For the year ended 31 March 2014

	Share capital £'000	Distributable capital contribution reserve £'000	Retained earnings restated £'000	Revaluation reserve restated £'000	Total Restated £'000
Balance at 31 March 2012	15,000	13,800	(42,656)	84,588	70,732
Excess of depreciation on revaluation	-	-	16,867	(16,867)	-
Balance at 1 April 2012 restated	15,000	13,800	(25,789)	67,721	70,732
Revaluation deficit transferred to retained earnings on disposal of asset	-	-	(122)	122	-
Loss for the year	-	-	(6,535)	-	(6,535)
Other comprehensive income/ (expense) for the year	-	-	5,270	(69)	5,201
Excess of depreciation on revaluation	-	-	8,467	(8,467)	-
Balance at 31 March 2013 restated	15,000	13,800	(18,709)	59,307	69,398
Loss for the year	-	-	(6,764)	-	(6,764)
Other comprehensive (expense)/income for the year	-	-	(3,236)	20,871	17,635
Excess of depreciation on revaluation	-	-	8,949	(8,949)	-
Balance at 31 March 2014	**15,000**	**13,800**	**(19,760)**	**71,229**	**80,269**

The loss for the year and other comprehensive income for the year is wholly attributable to the owners of the company.

Statement of Cash Flows
As at 31 March 2014

Cash flows from operating activities	**2014 £'000**	**2013 £'000**
Revenue receipts	22,984	19,694
Cash payments for:		
Cost of sales	(4,153)	(5,578)
Pension deficit	(4,933)	(1,867)
Direct pay costs	(1,344)	(1,144)
General operating and administrative expenses	(784)	(926)
	(11,214)	(9,515)
Cash generated by operating activities	11,770	10,179
Interest paid	(3,043)	(3,058)
Tax paid	(42)	-
	(3,085)	(3,058)
Net cash generated by operating activities	8,685	7,121
Cash flows from investing activities		
Interest received	37	53
Cash receipts in respect of capital grants	3,763	207
Cash receipts from sale of assets	-	-
Payments to acquire property, plant and equipment	(11,306)	(15,907)
Net cash (used in) investing activities	(7,506)	(15,647)
Cash flows from financing activities		
Loans received	6,400	10,600
Loans repaid	(3,017)	(3,018)
Capital contribution received	-	-
Net cash generated by financing activities	3,383	7,582
Net increase/(decrease) in cash and cash equivalents	4,562	(944)
Cash and cash equivalents at the beginning of the year	16,999	17,943
Cash and cash equivalents at the end of the year	**21,561**	**16,999**
Comprising:-		
Cash and bank balances	21,561	16,999

Notes to the Accounts

1. General information
Caledonian Maritime Assets Limited is a limited company incorporated in Scotland. Its ultimate controlling party is Scottish Ministers. Its registered office and principal place of business is Municipal Buildings, Fore Street, Port Glasgow PA14 5EQ. The principal activities of the Company are shown on page 16.

2. Statement of compliance
The Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board, International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union and the Companies Act 2006 where applicable to companies reporting under IFRSs.

3. Basis of preparation
The accounts have been prepared under the historical cost convention modified to account for land and buildings, plant and equipment, and vessels at their fair value.

The Company is preparing its accounts in accordance with International Financial Reporting Standards, as adopted by the European Union.

4. Summary of significant accounting policies
The accounting policies adopted in the preparation of these financial statements are set out below.

(a) Adoption of new and revised standards
The following standards, amendments and interpretations became effective during the year and have been adopted in these financial statements. Their adoption has not had any impact on the amounts reported in these financial statements:

IAS 1 Presentation of financial statements
IAS 12 Income taxes
IAS 16 Property, plant and equipment
IAS 19 Employee benefits
IAS 32 Financial instruments: presentation
IFRS 7 Financial instruments: disclosures
IFRS 13 Fair value measurement

At the year-end the following standards, amendments and interpretations, which have not been applied in these financial statements, were in issue, but not yet effective:

IAS 28 Investments in associates and joint ventures
IAS 32 Financial instruments: presentation
IAS 36 Impairment of assets
IAS 39 Financial instruments: recognition and measurement

IFRS 12 Disclosure of interests in other entities

The Directors have not yet had an opportunity to consider the potential impact of the adoption of these amendments. At the year-end there were further standards, amendments and interpretations in issue, but not yet effective, which are not expected to be relevant to the company's operations and are therefore not disclosed separately.

Notes to the Accounts
continued

(b) Property, plant and equipment and investment property

Land

Land is held at fair value and is valued in accordance with the Valuation Standards issued by The Royal Institution of Chartered Surveyors on the basis of existing condition.

Increases in the carrying amount arising on revaluation are credited to other comprehensive income. Decreases that offset previous increases on the same asset are charged against other comprehensive income; all other decreases are charged to the income statement. Increases on the same asset that offset previous decreases charged to the income statement, are credited to the income statement to the extent of previous decreases and subsequently to other comprehensive income. When land assets are sold, any amounts included in other comprehensive income in respect of previously recognised surpluses are transferred to net earnings.

Property

Property used in support of lifeline ferry services is held on a fair value basis and is valued in accordance with the Valuation Standards issued by The Royal Institution of Chartered Surveyors on the basis of their existing condition.

Increases in the carrying amount arising on revaluation of buildings are credited to other comprehensive income, with the exception of increases on the same asset that offset previous decreases charged to the income statement, which are credited to the income statement to the extent of previous decreases and subsequently to other comprehensive income. Decreases that offset previous increases on the same asset are charged against other comprehensive income. When revalued assets are sold the amounts included in other comprehensive income are transferred to net earnings.

Plant and equipment

Harbour infrastructure including piers, slipways, linkspans and associated works are held on a depreciated replacement cost basis. Increases in the replacement cost over the historic cost of the asset, is credited to other comprehensive income. Increases in the aggregate depreciation calculated on the replacement cost value is charged to other comprehensive income. Increases that offset previous decreases on the same asset charged to the income statement are credited to the income statement to the extent of previous decreases and subsequently to other comprehensive income.

Vessels

Vessels are held on an open market value basis.

Increases in the carrying amount arising on revaluation of vessels are credited to other comprehensive income, with the exception of increases that offset previous decreases on the same asset charged to the income statement, which are credited to the income statement to the extent of previous decreases and subsequently to other comprehensive income. Decreases that offset previous increases on the same asset are charged against other comprehensive income. When revalued assets are sold the amounts included in other comprehensive income are transferred to net earnings.

Depreciation

Depreciation on assets is calculated using the straight line method, to allocate their cost or revalued amounts to their residual values over their expected useful lives as follows:

Land - not depreciated
Property, freehold - over their expected useful life up to a maximum of 35 years
Property, leasehold – over the remaining period of the lease
Piers & slipways - over their expected useful life up to a maximum of 60 years
Linkspans - over their expected useful life up to a maximum of 60 years
Vessels - over their expected useful life up to a maximum of 25 years
Office equipment – over 3 years
Vehicles – over 3 years

The asset residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting period. Gains or losses on disposal are determined by comparing the proceeds from the asset with its carrying amount and are recognised in the income statement.

Investment property
Property which is surplus to requirement for supporting lifeline ferry services is held as investment property and is carried at fair value and valued in accordance with the Valuation Standards issued by The Royal Institution of Chartered Surveyors on the basis of their existing condition. Increases in the carrying amount arising on revaluation are credited to other comprehensive income. Decreases that offset previous increases on the same asset are charged against other comprehensive income relating to that asset; all other decreases are charged to the income statement. Increases that offset previous decreases charged to the income statement on the same asset are credited to the income statement to the extent of previous decreases and subsequently to other comprehensive income. When assets are sold, any amounts included in other comprehensive income in respect of previously recognised surpluses are transferred to net earnings.

Assets under construction
Ships, piers, linkspans and other assets under construction are carried at cost on the basis of payments to account. No depreciation is charged until the asset comes into use. Caledonian Maritime Assets Ltd borrows funds from Scottish Ministers to finance new vessel construction. The directly attributable costs of financing new vessel builds is capitalised and included in the cost of the vessel. The directors reconsidered the carrying value of an asset under construction as at 31 March 2014 and determined there was an impairment in respect of asset value. The impairment is recognised immediately in the Statement of Comprehensive Income within the depreciation and impairment charge for the year.

(c) Investments
Fixed asset investments are carried at cost.

(d) Capital grants
Capital grants are deferred and taken to the income statement over the anticipated lives of the relevant assets.

(e) Operating lease income
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments received under operating leases are credited to the income statement on a straight line basis over the period of the lease. Operating lease income relates to vessels and investment property.

(f) Revenue
Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the company's activities. Revenue is shown net of value added tax, returns, rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the company and when specific criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(g) Interest income
Interest income is recognised using the effective interest method.

Notes to the Accounts
continued

(h) Current and deferred tax
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is recognised using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

(i) 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 liability recognised in the balance sheet in respect of the CalMac Pension fund is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of the fund assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight line basis over the vesting period.

Actuarial gains and losses are recognised in other comprehensive income. Pension scheme surpluses, to the extent that they are considered recoverable, or deficits, are recognised in full and presented on the face of the statement of financial position net of the related deferred tax.

(j) Financial assets
The Company classifies its financial assets in the following categories. The classification depends on the purpose for which the financial assets were acquired. All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transactions costs, except for those financial assets classified as at fair value through profit or loss (FVTPL), which are initially measured at fair value.

Loans and receivables:
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market.

The Company's loans and receivables comprise trade and other receivables in the statement of financial position.

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets.

Financial assets at FVTPL:
Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss, and is included in the "other gains and losses" line in the Statement of Comprehensive Income/Income Statement.

Derecognition of financial assets:
The Company derecognises a financial asset only when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

(k) Financial liabilities
Financial liabilities are classified as either financial liabilities "at FVTPL" or "other financial liabilities".

Other financial liabilities:

Trade payables:
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal cycle of business if longer). If not, they are presented as non-current liabilities.

Borrowings:
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost.

Financial liabilities at FVTPL:
A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if it forms part of a contract containing one or more embedded derivatives.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss, and is included in the "other gains and losses" line in the Statement of Comprehensive Income/Income Statement.

Derecognition of financial liabilities:
The Company derecognises a financial liability, when, and only when, the Company's obligations are discharged, cancelled or they expire.

(l) Derivative financial instruments
Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument.

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

Notes to the Accounts
continued

Embedded derivatives:
Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and it is not expected to be realised or settled within 12 months.

(m) Cash and cash equivalents
In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

(n) Share capital
Ordinary shares are classified as equity.

(o) Operating lease expenditure
Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits of the leased assets are consumed.

(p) 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 statements.

(q) Revaluation surplus release
International Accounting Standard 16 (IAS16) allows for an element of the revaluation surplus included in equity in respect of an item of property, plant and equipment to be transferred directly to retained earnings as the asset is used by an entity. The amount of the surplus transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Transfers from revaluation surplus to retained earnings are not made through profit or loss, but through reserves.

The Directors have chosen to apply this accounting treatment as it better reflects the impact of the asset revaluations and avoids the revaluation reserve being maintained indefinitely.

Previously reported results have been adjusted to reflect this change in policy and the effect of the adjustment is shown in note 25.

5. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements under IFRS requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. If, in the future, should such estimates and assumptions deviate from actual circumstances, the original estimates and assumptions would be modified as appropriate in the year in which circumstances change.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Defined benefit scheme

The company has a defined benefit scheme. The present value of the scheme's liabilities recognised at the balance sheet date has been calculated based on key assumptions and estimates of future events as set out in note 21.

6. Revenue

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

	2014 (£'000)	2013 (£'000)
Vessel charter fee	14,241	16,923
Harbour access charge raised against operator	6,590	1,919
Property & equipment licence fee from operator	176	186
Revenue from harbour dues	162	152
Rental income from properties not required for harbour operations	183	183
Revenue grants received	3,346	722
Other cost recoveries and contributions	304	147
	25,002	**20,232**

All revenue in the year was derived from the principal activity of the company and originated entirely within the United Kingdom.

Following the extension to the Public Service Contract for lifeline ferry services in the Clyde and Western Isles, the harbour access charges and vessel charter fees were re-calculated for the extension period at values which better matched the costs of operating and maintaining the harbours and the costs of providing the vessels. Overall the total charges remain in line with the original contract values with annual increases over the three year extension.

Notes to the Accounts
continued

7. Loss on ordinary activities before tax

The loss is stated after charging/(crediting):	2014 (£'000)	2013 (£'000) restated
Auditors' remuneration		
- Audit of these financial statements	26	37
- Other services relating to accounting and taxation	9	6
Depreciation of property, plant and equipment (Note 10)	18,090	16,293
Staff Costs (Note 9)	1,694	3,473
Interest payable – Loans	2,510	2,519
Interest on MNOPF deficit contribution	613	619
	3,123	3,128
Interest received on bank balances	(37)	(53)
Operating lease costs - land & buildings	344	381
Release of capital grants (Note 18)	(3,050)	(3,479)
Loss on disposal of assets	355	696
Other finance costs - expected return on pension scheme assets (Note 21)	(4,961)	(4,327)
- interest on pension scheme liabilities (Note 21)	5,986	5,743
	1,025	**1,416**

	2014 (£'000)	2013 (£'000)
Other gains and losses	-	
(loss)/gain on remeasurement of other financial assets (Note 12)	(1,372)	2,093
gain/(loss) on remeasurement of other financial liabilities (Note 14)	1,208	(2,517)
MNOPF VAT repayments written off	(92)	-
Hybrid infrastructure costs written off	(72)	-
Port Askaig platform written off	(284)	-
	(612)	**(424)**

8. Taxation

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

	2014 (£'000)	2013 (£'000)
Corporation Tax		
UK corporation tax on loss for the year at 20% (2013: 20%)	39	42
Deferred Tax		
Increase/(decrease) in deferred tax provision (note 19)	4,961	(1,049)
Deferred tax in relation to pensions	570	80
Total deferred tax charge/(credit)	5,531	(969)
Tax charge/(credit) on loss on ordinary activities	**5,570**	**(927)**

The tax assessed for the period differs from the standard rate of corporation tax of 23% (2013: 24%)
The differences are explained below:

Loss on ordinary activities before tax	(1,194)	(6,402)
UK corporation tax at 23% (2013: 24%)	(275)	(1,537)
Effects of:		
Expenses not allowable for tax purposes	2,644	2,345
Movement in deferred tax in relation to pensions	(570)	(80)
Movement in deferred tax on losses recognised	(3,781)	(1,463)
Effect of change in tax rate	2,021	777
	39	**42**

9. Employee Information

Staff Costs (including Directors)	2014 (£'000)	2013 (£'000)
Wages & salaries	1,110	892
Social security costs	104	99
On-going pension contributions	160	153
Pension contributions towards past deficits – other schemes (see below)	29	2,167
Staff related costs	371	237
	1,774	3,548
Employee costs included above allocated to capital projects	80	75

Pension contributions towards past deficits – other schemes

This represents provisions and payments made towards past deficits in industry-wide schemes as described in Note 21.

Employee numbers	2014 No.	2013 No.
Average number of employees, including Directors		
Administrative	26	21

Notes to the Accounts
continued

10. Property, plant and equipment and investment property

	Investment property (£'000)	Other property (£'000)	Piers, slipways & linkspan facilities (£'000)	Vessels (£'000)	Office equipment & vehicles (£'000)	Payments on account and assets in construction (£'000)	TOTAL (£'000)
Cost Or Valuation							
Balance as at 1 April 2012	1,551	4,525	155,843	120,800	26	11,363	294,108
Additions	-	-	(245)	810	39	14,356	14,960
Transfers	-	-	6,241	-	-	(6,241)	-
Disposals	-	-	(3,500)	-	-	(696)	(4,196)
Revaluation increase / (decrease)	(69)	-	-	-	-	-	(69)
Balance as at 1 April 2013	1,482	4,525	158,339	121,610	65	18,782	304,803
Additions	-	-	(77)	1,869	-	10,320	12,112
Transfers	-	1,667	592	12,239	-	(14,498)	-
Disposals	-	-	(643)	-	-	(72)	(715)
Revaluation increase / (decrease)	(104)	(424)	19,946	(6,516)	-	-	12,902
Balance as at 31 March 2014	1,378	5,768	178,157	129,202	65	14,532	329,102
Accumulated Depreciation and Impairment							
Balance as at 1 April 2012	-	266	88,945	-	25	-	89,236
Transfers	-	-	-	-	-	-	-
Disposals	-	-	(3,500)	-	-	-	(3,500)
Depreciation expense	-	81	2,498	13,705	9	-	16,293
Revaluation adjustment	-	-	-	-	-	-	-
Balance at 1 April 2013	-	347	87,943	13,705	34	-	102,029
Transfers	-	2	(2)	-	-	-	-
Disposals	-	-	(360)	-	-	-	(360)
Depreciation expense/ impairment	-	69	2,537	14,740	12	732	18,090
Revaluation adjustment	-	(418)	20,894	(28,445)	-	-	(7,969)
Balance as at 31 March 2014	-	-	111,012	-	46	732	111,790
Carrying Amounts							
Balance as at 31 March 2013	1,482	4,178	70,396	107,905	31	18,782	202,774
Balance as at 31 March 2014	1,378	5,768	67,145	129,202	19	13,800	217,312
Carrying amount under cost model							
Balance as at 31 March 2013	-	4,255	36,996	83,140	31	18,782	143,204
Balance as at 31 March 2014	-	5,781	35,752	90,469	19	13,870	145,891

Included in the cost of Assets in Construction is £412,291 (2013: £362,137) of interest arising on the financing of a new vessel. Interest has been calculated at rates ranging from 3.13% to 4.09% (2013: 3.13% to 3.82%).

Investment property assets were valued at 31 March 2014 by Graham & Sibbald, Chartered Surveyors, on a fair value basis as defined by the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors and cost/valuation is as follows:

Investment properties	**2014 (£'000)**	**2013 (£'000)**
Land	630	647
Buildings	748	835
	1,378	1,482

Other property assets were valued at 31 March 2014 by Graham & Sibbald, Chartered Surveyors, on a fair value basis as defined by the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors and cost/valuation is as follows:

Other property assets	**2014 (£'000)**	**2013 (£'000)**
Land	3,570	2,525
Buildings - freehold	2,119	1,963
Buildings - leasehold	79	37
	5,768	4,525

Piers, slipways and linkspan facilities were valued at 31 March 2014 by CH2MHill Ltd, Consulting Engineers, on a depreciated replacement cost basis and cost/valuation is as follows:

	2014 (£'000)	**2013 (£'000)**
Piers and slipways	129,244	116,809
Linkspan facilities	48,913	41,530
	178,157	158,339

Ships were valued at 31 March 2014 by Simsonship AB, shipbrokers of Stockholm, Sweden on a market value basis and cost/valuation is as follows:

	2014 (£'000)	**2013 (£'000)**
Vessels	129,202	121,610

Capital commitments	**2014 (£'000)**	**2013 (£'000)**
No provision has been made in these accounts for:		
Outstanding capital commitments contracted for amounting to:	1,237	8,127
Capital Grants receivable in respect of these commitments amounting to:	1,465	244

Notes to the Accounts
continued

11. Investments

The Company beneficially owns 50% of the £1.5m equity share capital of Northlink Orkney & Shetland Ferries Ltd, a company incorporated in Scotland, which under contract with the Scottish Government, operated until 6 July 2006, ferry services between the Scottish mainland and Orkney and Shetland.

Northlink Orkney & Shetland Ferries Ltd prepared its latest accounts to 6 July 2012; the following summary financial statements extracted from the audited accounts for the year to 6 July 2012 and from unaudited management accounts for the period to 10 July 2013, the date of appointment of liquidator, (see below) show the Company's proportionate share of the results for those periods and the balance sheet at these dates:

Profit & Loss Account	**Period to 10/07/2013 (£'000)**	**Year to 06/07/2012 (£'000)**
Turnover	-	-
Operating expenditure	(25)	(12)
Gross loss	(25)	(12)
Exceptional other operating income	25	12
Operating profit	-	-
Interest receivable	3	2
Profit on ordinary activities before taxation	3	2
Taxation	(1)	-
Profit for the financial period/ year	**2**	**2**

Balance Sheet	**Period to 10/07/2013 (£'000)**	**Year to 06/07/2012 (£'000)**
Current Assets		
Debtors and Prepayments	1	6
Cash and Bank	1,094	1,040
	1,095	1,046
Creditors		
Amounts falling due within one year	(53)	(6)
Net assets attributable to the company	1,042	1,040

Represented by		
Share capital	750	750
Profit & loss account	292	290
Shareholders' funds attributable to the company	**1,042**	**1,040**

On 10 July 2013, a written resolution was passed by the Directors of Northlink Orkney & Shetland Ferries Limited to effect a solvent winding up of the company and Blair Carnegie Nimmo was appointed liquidator. 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.

Caledonian Maritime Assets Ltd holds 100% of the issued capital of Caledonian MacBrayne Ltd, a dormant company incorporated in Scotland. The aggregate capital and reserves of the company as at 31 March 2014 is £2.

12. Other financial assets

Financial assets carried at fair value through profit or loss (FVTPL)	2014 (£'000)	2013 (£'000)
Foreign exchange swap	721	2,093

The Company does not speculate in derivative transactions. In 2012 the Company entered into an operating lease to procure a new vessel for delivery in 2014. This exposes the Company to a foreign currency risk and the directors have taken appropriate measures to minimise this risk by entering into the above foreign exchange swap. The above asset is categorised within level 2 in the fair value hierarchy. The fair values of foreign currency forward contracts are measured using quoted forward exchange rates matching maturities on the related contract.

The gain or loss arising on re-measurement is recognised in profit or loss, and is included in the "other gains and losses" line in the Statement of Comprehensive Income/Income Statement.

13. Trade and other receivables

	2014 (£'000)	2013 (£'000)
Trade receivables	2,070	407
Prepayments and accrued income	420	626
	2,490	**1,033**

All of the trade and other receivables above were receivable under normal commercial terms, generally seven to 30 days. The Directors consider that the carrying value of trade and other receivables approximates to their fair value. A bad debt provision of £6,850 (2013: £6,850) was held against receivables.

14. Other financial liabilities

Financial liabilities carried at fair value through profit or loss (FVTPL)	2014 (£'000)	2013 (£'000)
Embedded derivative	826	2,517
Fixed interest rate swap	483	-
	1,309	**2,517**

In 2012 the Company entered into an operating lease to procure a new vessel for delivery in 2014. The lessor is making payments in respect of the vessel build in Euros. On inception of the operating lease the rent is subject to change as the lease charge has been based on a budgeted rate of €1.20 :£. There is a clause within the operating lease which states that the definition of contract price sterling equivalent (CPSE) (used to calculate the rent) will be determined at delivery and therefore most likely to change for foreign currency movements, if not other items. The definition of CPSE contains an embedded derivative as the vessel price will be fixed based on foreign exchange movements as well as other build related items. The fact the contract is subject to foreign exchange movements, results in that characteristic meeting the definition of an embedded derivative, and hence the above liability is being recognised.

As the CPSE permits the use of a sterling rate at delivery (the spot rate) or a contracted rate, the derivative is valued based on the expected contract price (currently estimated to be €53.3m) (2013: €52.3m) compared with the spot rate and the contracted rate. The embedded derivative value is derived from comparing the forward spot rate 1.1855 and the 1.22 in the contract which is the lowest rate that can be applied in the swap. The embedded derivative liability totalling £825,630 (2013: £2,516,913) is categorised within level 2 in the fair value hierarchy.

Notes to the Accounts
continued

To gain certainty on payments under the lease and to protect against future increases in interest rates, the company has entered into a fixed forward interest rate swap. In the event that these arrangements have to be unwound the company would face a liability which at 31 March 2014 has been valued at £483,034.

The losses arising on remeasurement are recognised in profit or loss, and are included in the "other gains and losses" line in the Statement of Comprehensive Income/Income Statement.

15. Trade and other payables

	2014 (£'000)	2013 (£'000)
Loans (note 16)	3,958	3,018
Trade payables	511	115
Other creditors and accruals	5,818	5,759
	10,287	**8,892**

Trade purchases are made under normal commercial terms, generally 30 days, however where practicable, the Company follows the Scottish Government guidelines of paying suppliers within 10 working days of receipt of valid invoice. The Directors consider that the carrying value of trade and other payables approximates to their fair value.

16. Other payables

	2014 (£'000)	2013 (£'000)
Unsecured vessel loans not wholly repayable within five years, repayable in half-yearly instalments	72,795	69,412
Less repayable within twelve months (note 15)	(3,958)	(3,018)
	68,837	66,394
Other creditors	7,854	8,801
	76,691	75,195
Instalments on the loans included above are repayable as follows:		
between one and two years	3,863	3,702
between two and five years	11,120	10,591
after five years	53,854	52,101
	68,837	66,394

Unless authorised by Scottish Ministers, the Company can borrow only from Scottish Ministers. At 31 March 2014 the Company had 12 loans outstanding (2013: 12) all repayable to Scottish Ministers at interest rates ranging from 3.65% to 8.57%. Loans are repayable by half yearly equal instalments of principal, over periods of 20 or 25 years from the first scheduled repayment date after finalisation of loan drawdown.

17. Financial risk management
Financial risk factors
The Company's activities expose it to the financial risks of interest rate risk, liquidity risk and credit risk.

(a) Interest rate risk profile
The interest rate profile of the Company's financial liabilities is as follows:

							Weighted Average			
Currency	**Total**		**Floating rates**		**Fixed rates**		**Interest rate**		**Period until maturity**	
Sterling	**2014** (£'000)	**2013** (£'000)	**2014** (£'000)	**2013** (£'000)	**2014** (£'000)	**2013** (£'000)	**2014** (%)	**2013** (%)	**2014** (Years)	**2013** (Years)
Loans	72,795	69,412	-	-	72,795	69,412	4	4	21	21
Cash	(21,561)	(16,999)	-	-	-	-	-	-	-	-
Net Borrowing	**51,234**	**52,413**	**-**	**-**	**72,795**	**69,412**	**4**	**4**	**21**	**21**

All the Company's borrowings are at fixed rates of interest. The fair value of these loans at 31 March 2014 ascertained through discounting the future cash flows at the National Loans Fund rate was £73,865,000 (2013: £75,435,000).

(b) Liquidity risk
Cash flow forecasting is performed in the operation of the Company. The Company monitors rolling forecasts of the company's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance and if applicable, external or regulatory legal requirements.

The Company invests surplus cash in interest bearing current accounts, time deposits and money market deposits choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above mentioned forecasts. At the reporting date the Company held money market funds of £Nil (2013: £Nil) and other liquid assets of £ 21,561,000 (2013: £16,999,000).

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period to maturity at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year (£'000)	**Between 1-2 years** (£'000)	**Between 2-5 years** (£'000)	**Over 5 years** (£'000)
At 31 March 2014				
Borrowings	3,958	3,863	11,120	53,854
Trade & other payables	5,201	-	-	-
At 31 March 2013				
Borrowings	3,018	4,044	10,591	51,759
Trade & other payables	4,445	-	-	-

Notes to the Accounts
continued

(c) Credit risk
Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a financial loss to the company and arises principally from the company's receivables and cash deposits.

At the year-end no receivables were past due or considered impaired. Cash and cash equivalents are held with Financial Institutions of high credit rating. Credit risk as assessed by the directors is considered low.

(d) Capital risk management
The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide benefits for all its stakeholders. The Company has no externally imposed capital requirements. The Directors monitor the Company's capital requirements on an on-going basis within the confines of the public sector funding regime.

The Company does not have any significant foreign currency exposure, nor does it speculate in derivative transactions. In 2012 the Company entered into an operating lease to procure a new vessel for delivery in 2014. This exposes the Company to a foreign currency and interest rate risk and the directors have taken appropriate measures to minimise this risk (note 12 and 14 respectively). Apart from this operating lease it is anticipated that future capital expenditure on vessels will be funded by fixed rate unsecured loans from Scottish Ministers.

The Company charters its vessels to the operator of the Clyde & Hebrides lifeline ferry services, currently CalMac Ferries Ltd who have a public service contract with Scottish Ministers. This contract was due to expire on 30 September 2013 and has been extended by Scottish Ministers for three years until 30 September 2016 at which time it will be re-tendered.

18. Capital grants

	2014 (£'000)	2013 (£'000)
Balance at 1 April	44,485	47,625
Grants received and receivable	3,630	339
Less: released to statement of comprehensive income	(3,050)	(3,479)
Balance at 31 March	**45,065**	**44,485**

19. Provisions for liabilities and charges

Deferred tax	2014 (£'000)	2013 (£'000)
The main components of deferred tax at 21% (2013: 23%) are:		
Accelerated capital allowances	14,122	13,676
Other timing differences	(1,017)	(1,750)
Trading losses	(2,789)	(6,571)
Balance at 31 March	**10,316**	**5,355**

20. Share capital

	2014 (£'000)	2013 (£'000)
Authorised, allotted, issued and fully paid – 1.5million ordinary shares of £10 each	**15,000**	**15,000**

Fully paid ordinary shares, which have a par value of £10, carry one vote per share and carry a right to dividends.

21. Pension arrangements

The amount charged to the statement of comprehensive income in respect of employer contributions to pension schemes is:

	2014 (£'000)	2013 (£'000)
On-going contributions		
Company scheme	150	143
Other schemes	10	10
Contributions towards past deficits		
Other schemes	29	2,167
	189	**2,320**

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 2012. Assumptions which have the most significant effect on the results of the valuation are those relating to;

a) RPI Inflation – 3.60%; CPI Inflation – 2.90%
b) rate of return on investments
   4.80% pre-retirement funds: 4.80% retirement funds
c) rate of increase in salaries and pensions
   increase for current employees – 4.25% for 2 years, RPI +1% per annum thereafter
   increase for retired members:-
   - on pre 2005 non GMP benefits - 3.6%;
   - on post 2005 non GMP benefits – RPI capped at 3%;
   - on post 1988 GMP benefits – CPI capped at 3.0%;
   - on pre 1988 GMP benefits – 0%

   increase for former employees – 3.6%
d) Improvements in life expectancy since the last actuarial valuation have resulted in approximately a 2% increase in liabilities.

The valuation showed the market value of the schemes assets as £85,189,000 and that the actuarial value of those assets represented 72.6% of the benefits accrued to members. The 2012 actuarial valuation identified a shortfall in funding of £32m.

The Trustees and Caledonian Maritime Assets Limited and participating employers (the employers) have agreed that the employers will pay total contributions of 24.2% of pensionable salaries. In addition the Board is committed to an annual payment of £3,700,000. The members contribute at a rate of 6.0% of pensionable earnings. The funding plan is expected to achieve 100% of funding level over 12 years from the valuation date with 70% probability.

Notes to the Accounts
continued

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 IAS19 Employee Benefits, the latest actuarial valuation carried out at 6 April 2012 was updated to 31 March 2014 by a qualified independent actuary.

The amounts recognised in the statement of financial position are as follows:

	2014 (£'000)	2013 (£'000)
Present value of funded liabilities	(139,512)	(124,350)
Fair value of scheme assets	115,592	101,225
Deficit	(23,920)	(23,125)
Related deferred tax asset	5,023	5,318
Net liability	**(18,897)**	**(17,807)**

The amounts recognised in the statement of comprehensive income are as follows:

	2014 (£'000)	2013 (£'000)
Current service cost	150	143
Net financing cost	1,025	1,416
	1,175	**1,559**

The expense is recognised in the following line items in the statement of comprehensive income:

Staff costs	150	143
Other finance costs	1,025	1,416
	1,175	**1,559**

Actual return on scheme assets	5,597	9,493

Changes in the amounts recognised in the statement of recognised income/(expense) are as follows:

	2014 (£'000)	2013 (£'000)
Opening cumulative statement of recognised income/(expense)	(36,285)	(43,017)
Remeasurements:		
- actuarial gains/(losses) – asset remeasurement	636	5,165
- actuarial gains/(losses) arising from changes in demographic assumptions	-	-
- actuarial gains/(losses) arising from changes in financial assumptions	(5,897)	207
- actuarial gains/(losses) arising from experience	2,807	1,360
Closing cumulative statement of recognised income/(expense)	(38,739)	(36,285)

Changes in the present value of the defined benefit liabilities

	2014 (£'000)	2013 (£'000) Re-calculated
At 1 April	124,350	114,298
Current service cost – Caledonian Maritime Assets Ltd	150	143
Current service cost - Others	8,127	7,238
Employee contributions	1,780	1,699
Interest cost	5,986	5,743
Actuarial losses/(gains) arising from changes in financial assumptions	5,897	(208)
Actuarial (gains) arising from experience	(2,807)	(1,360)
Benefits paid	(3,971)	(3,203)
At 31 March	**139,512**	**124,350**

Changes in the fair value of the scheme assets

At 1 April	101,225	84,979
Interest income on assets	4,961	4,327
Re-measurement gains	636	5,165
Employer contributions	10,961	8,258
Employee contributions	1,780	1,699
Benefits paid	(3,971)	(3,203)
At 31 March	**115,592**	**101,225**

The fair value of scheme assets as a percentage of total scheme assets and the return on those assets were:	2014 (%)	2013 (%)
Equities	58.6	61.9
LDI	20.0	-
Bonds	8.8	17.4
Property	6.1	6.4
Other	6.5	14.3

An amended IAS19 was issued on 16 June 2011. The change to the standard means that in the year of adoption of the revised standard the expected return on assets will be calculated at the discount rate instead of at an expected return rate based on actual plan assets held. The company has adopted this change this financial year and as a consequence the prior year's figures have been re-calculated on this amended basis. The impact of this change on prior year's figures is shown at note 25.

Notes to the Accounts
continued

Principal actuarial assumptions at the year-end were:	**2014 (%)**	**2013 (%)**
Discount rate at 31 March	4.50	4.70
Inflation	3.50	3.50
Future salary increases – 2013/14	-	0.50
Future salary increases – 2014/15	0.50	0.50
Future salary increases – 2015/16	1.00	1.00
Future salary increases – 2016/17	1.00	-

Future pension increases	Derived from RPI assumptions	Derived from RPI assumptions

Post retirement morality assumptions are as follows:-

2014	**2013**
SAP "All lives" tables with scaling factor of 130% for females and 115% for males with improvements in the near future in line with CMI_2011 with a 1.25% underpin	SAP "All lives" tables with scaling factor of 130% for females and 115% for males with improvements in the near future in line with CMI_2011 with a 1.25% underpin

Historical pension scheme information

Sensitivity	**Impact on defined benefit liability**
Discount rate + 0.25%	Decreases the liability by – 5.54%
RPI inflation +0.25%	Increases the liability by + 4.48%
Decrease life expectancy by 1 year	Decreases the liability by – 2.75%

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

	2014 (£'000)	**2013 (£'000)**	**2012 (£'000)**	**2011 (£'000)**	**2010 (£'000)**
Present value of defined benefit liabilities	(139,512)	(124,350)	(114,298)	(91,980)	(84,625)
Fair value of scheme assets	115,592	101,225	84,979	75,983	64,475
Deficit	**(23,920)**	**(23,125)**	**(29,319)**	**(15,997)**	**(20,150)**
Experience adjustment on scheme liabilities	2,807	1,360	499	(406)	(4,108)
Re-measurement gains/ (losses)	636	5,165	(3,039)	1,041	11,076

The Company expects to contribute approximately £3,973,000 to this defined benefit plan in the next financial year.

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 statement of comprehensive income 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 other comprehensive income. 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 other comprehensive income.

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

The MNOPF Post 1978 Section (the New Section) is closed to new members and the latest valuation was carried out as at 31 March 2012. The valuation showed that the Section had a gross deficit of £492m at the valuation date and that the market value of the assets of £2,169m covered 68% of the value of the Section liabilities. Deficit contributions from the 2003, 2006 and 2009 valuations still to be paid over the period to September 2020 had a present value of £340m, producing a net deficit of £152m. The Trustee has made some allowance for future additional investment returns resulting in the net deficit to be collected from employers being reduced to £120m.

The Trustee decided that the employers will meet the deficit by paying additional contributions either in one payment in September 2013, or by instalments from September 2013 to September 2023. Full provision was made in the 2013 accounts for £2,291,419 representing the Company's share of the deficit inclusive of interest to 31 March 2013 at 6.3%. The Company is paying its share of the deficit via half yearly instalments over a 10 year period commencing in September 2013. This payment arrangement has still to be confirmed and accepted by the Trustee. With effect from 1 October 2013 the joint contribution rate required to fund future benefits for Active Members increased from 25% to 32.2% of Post 2000 pensionable salaries. The employers' contribution increased from 15.5% to 20.0% and Active Members' contribution increased from 9.5% to 12.2% of Post 2000 pensionable salaries. In addition a one off payment by participating employers of 7.2% of pensionable salaries for the period 1 April 2012 to 30 September 2013 was paid on 30 September 2013.

The MNRPF is a closed scheme and the latest full triennial actuarial valuation as at 31 March 2011, carried out by the Fund actuary, showed that the scheme was in deficit by £212m. The valuation showed that the market value of assets was 76% of the value of benefits accruing to members allowing for future increases (2008 valuation, deficit of £175m, 78% funding level).

In July 2010 the High Court decided that the Rules of the Fund can be amended to widen the group of companies who can be required to pay deficit repair contributions to include Former Employers (who are not currently making such contributions) as well as Current Employers (who are currently doing so). The High Court's ruling was upheld by the Court of Appeal in May 2011. Then in November 2011 the Supreme Court declined to grant permission for a further appeal to be brought on behalf of the Former Employers.
This means that the Trustee is now in a position to apply the guidance given by the Court regarding the scope of its power to amend the Rules. The Trustee, working with its professional advisers, has considered the terms of a new employer contribution rule and what consequential amendments to the Rules might be appropriate.

Notes to the Accounts
continued

In essence, the legal advice received by the Trustee is that:

- The Trustee has the power to widen the pool of Participating Employers which can be required to pay deficit contributions.
- The Trustee has the power (but is not obliged) to introduce a new deficit contribution regime which takes into account deficit contributions already paid.
- An important matter for the Trustee to consider as part of its decision making process in relation to the new regime is the impact on the strength of the overall employer covenant.

The Trustee has proposed a new deficit contribution regime (the Proposed New Regime) and has asked the Court to approve the introduction of the Proposed New Regime before it is implemented. Collection of contributions under the existing Recovery Plan in respect of the 2008 actuarial valuation have been suspended until the Court judgement on the Proposed New Regime is received. The hearing of the Court application has been fixed to start during the week commencing 3 November 2014. The Court has recently extended the time available for the hearing, so it now seems likely that the judgement will be issued in early 2015 rather than by the end of 2014 as originally anticipated.

The Trustee has been working on the identification of the Participating Employers and their current status, and the Fund administrators have re-calculated indicative percentage liability shares for the widened pool of Participating Employers. Indications are that after taking into account the deficit contributions already made by the Company towards the 2008 deficit, the Company will have effectively overpaid its share of the liability calculated in line with the Proposed New Regime. As a consequence no provision has been made in the current financial year for further payments to the deficit.

In accordance with International Accounting Standard 37: Provisions, contingent liabilities and contingent assets, as a reliable estimate of the Company's future obligation cannot currently be derived, no provision has been made in the financial statements for deficit repair contributions in respect of the 2008 or 2011 actuarial valuations. As noted previously 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 on the basis of the consultation in progress, potentially widening the group of employers held liable to past deficits, the Company's share of the deficit is likely, based on correspondence from the Fund Trustee, to reduce therefore introducing the element of unpredictability in assessing a reliable estimate of the company's exposure (see note 24).

The Trustee of the MNOPF and MNRPF cannot identify the underlying assets held in the funds in respect of the Company's liabilities. Accordingly, for IAS19 purposes, the Company is accounting for contributions and payments to the MNOPF 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.

22. Other financial commitments

The total of future minimum lease payments under non-cancellable operating leases which fall due are as noted in the table below.

Land and buildings	2014 (£'000) Land	2014 (£'000) Buildings	2013 (£'000) Land	2013 (£'000) Buildings
Payable within one year	132	187	137	211
After one year but less than five	502	731	513	822
After more than five years	1,117	1,132	1,404	1,406
	1,751	**2,050**	**2,054**	**2,439**

Other	2014 (£'000)	2013 (£'000)
Payable within one year	39	33
After one year but not more than five	36	13
	75	**46**

In providing harbour and pier facilities in support of lifeline ferry services, the Company leases land and buildings at various locations throughout the West of Scotland. Other leases are in respect of vehicles and office equipment. The Company does not have the option to purchase the leased assets at the expiry of the lease terms.

During the year, the Company entered into an operating lease arrangement to procure a new vessel. The lease agreement will be for a period of eight years from the delivery of the vessel scheduled for autumn 2014. The actual lease cost is dependent on a number of factors, such as currency exchange rates and interest rates, which will vary over the intervening period. The Company is examining ways in which to minimise any risks arising from these fluctuations.

As lessor, the Company has minimum lease revenues under non-cancellable operating leases which fall due as noted below:

Property, plant and equipment	2014 (£'000) Investment property	2014 (£'000) Vessels	2013 (£'000) Investment property	2013 (£'000) Vessels
Receivable within one year	189	8,670	126	11,532
After one year but less than five	441	13,439	261	19,183
After more than five years	575	-	601	-
	1,205	**22,109**	**988**	**30,715**

Notes to the Accounts
continued

23. Related party transactions
The Scottish Ministers are the Company's sole shareholder. The results of the Company are consolidated within Whole of Government Accounts, which are publicly available. Details of transactions with the Scottish Ministers are as follows:

	2014 (%)	2013 (%)
Capital grants received and receivable	3,466	133
Grant in aid received and receivable	3,346	722
Loans received and receivable	6,400	10,600
Staff secondment charges	45	-
Loans repaid	3,017	3,018
Interest paid and payable	2,510	2,519
Interest on vessel new build	490	354
Balance of loans due at 31 March	72,795	69,412

The respective amounts due to and from NorthLink Orkney & Shetland Ferries Ltd at 31 March 2014 was £Nil (2013: £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) David MacBrayne Group		Owed by /(owed to) David MacBrayne Group	
	2014 (£'000)	2013 (£'000)	2014 (£'000)	2013 (£'000)
Vessel leasing charges	14,208	16,893	1,794	-
Harbour access charges	6,590	1,919	16	-
Property & equipment licence	176	186	93	-
Rent	98	98	-	-
Provision of staff	81	81	-	8
Vessel green passport costs	30	72	36	-
Repair & other costs recoveries	26	414	104	410
Vessel upgrades & modifications	(1,869)	(810)	(1,350)	(920)
Ferry travel costs	(10)	(11)	-	(1)
New vessel build project supervision & costs	(224)	(45)	(63)	(30)
Pier operations	(251)	(187)	(47)	-

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.

The Company's Finance Director also serves as Finance Director for Highlands & Islands Airports Ltd (HIAL) which is owned by Scottish Ministers. Charges for services during the year and the balance outstanding at 31 March are as follows:

	Charge in year 2014 (£'000)	Owed by HIAL 2014 (£'000)
Services of Finance Director	42	4

24. Contingent liability
Further to the information disclosed within note 21 to these financial statements, in accordance with International Accounting Standard 37: Provisions, contingent liabilities and contingent assets, as a reliable estimate of the company's future obligations arising from the MNRPF 2008 and 2011 actuarial valuations cannot currently be derived, no provision has been made in these financial statements.

As detailed in note 21 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. The Trustee has proposed a new deficit contribution regime (the Proposed New Regime) and has asked the Court to approve the introduction of the Proposed New Regime before it is implemented. Collection of contributions has been suspended until the Court Judgement is received in 2014. On the basis of the consultation in progress, potentially widening the group of employers held liable to past deficits, the Company's share of the deficit is likely, based on correspondence from the Fund Trustee, to reduce therefore introducing the element of unpredictability in assessing a reliable estimate of the Company's exposure.

25. Prior year adjustments

IAS19 – Employee Benefits
An amended IAS19 was issued on 16 June 2011. The change to the standard means that in the year of adoption of the revised standard the expected return on assets will be calculated at the discount rate instead of at an expected return rate based on actual plan assets held. The Company has adopted this change this financial year and as a consequence the prior year's figures have been re-stated on this amended basis. The impact of this change on prior year's figures is shown below:

Statement of comprehensive income	**Loss for the financial year (£'000)**	**Other comprehensive income (£'000)**	**Total comprehensive expense for the year (£'000)**
Reported at 31 March 2013	(5,475)	4,141	(1,334)
Re-classification of expected return on assets	(1,060)	1,060	-
	(6,535)	**5,201**	**(1,334)**

Notes to the Accounts
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In relation to the restated loss for the financial year the adjustment for £1,060,000 impacted other finance costs reported at 31 March 2013 of £(356,000), now restated as £(1,416,000).

In relation to the restated other comprehensive income for the financial year the adjustment for £1,060,000 impacted actuarial gains recognised in the pension scheme at 31 March 2013 of £5,673,000, now restated as £6,733,000.

Revaluation reserve release
Revaluation surpluses arising on asset revaluation are transferred to retained earnings as the asset is used by the Company. The amount transferred is the difference between depreciation based on the asset revalued carrying amount and depreciation based on the asset original cost. Previous years' figures have been restated to show this change in policy.

The impact of this change on prior years' reported figures are as follows:-

	Retained Earnings (£'000)	Revaluation Reserve (£'000)
Reported at 31 March 2012	(42,656)	84,588
Excess depreciation to 31 March 2012	16,867	(16,867)
Restated at 31 March 2012	(25,789)	67,721
Reported at 31 March 2013	(44,043)	84,641
Excess depreciation to 31 March 2012	16,867	(16,867)
Excess depreciation to 31 March 2013	8,467	(8,467)
Restated at 31 March 2013	(18,709)	59,307

Company Number	SC001854
Registered Office	Municipal Buildings Fore Street Port Glasgow PA14 5EQ
Auditors	Scott-Moncrieff
Solicitors	DWF Biggart Baillie CMS HBJ Gateley Morton Fraser
Bankers	Royal Bank of Scotland Lloyds TSB Bank plc

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