CALEDONIAN MARITIME ASSETS (CMAL) ANNUAL REPORT & ACCOUNTS 2015

company number: SC001854

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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Chair's Statement

For the year ended 31 March 2015

There is much to reflect on after my first year as Chair of CMAL, but one of the highlights of the year was joining Nicola Sturgeon, newly elected First Minister of Scotland, at the cutting of the steel in Port Glasgow, marking the start of the build of our third roll-on roll-off sea going diesel electric passenger and vehicle hybrid ferry. The new ferry will be able to be used on a number of routes and I look forward to her launch in December 2015.

Over the past eight years, the team at CMAL has been working hard to deliver our mission to provide, safeguard and develop the ferries and harbours under our control. The past year has seen a number of interesting projects start or come to fruition, for example the latest vessels in the CalMac fleet, MV LOCHINVAR, the world's second hybrid ferry and the MV LOCH SEAFORTH entered service following upgrades to the harbours at Tarbert Loch Fyne, Stornoway and Ullapool. In November 2014, we announced the commissioning of two new 100 metre ferries and expect to award the contract in Autumn 2015. The cutting of the steel for the first hull will take place in 2016.

A major effort throughout the year has been our participation in the tripartite Vessel Replacement and Deployment Strategy Group alongside Transport Scotland and Calmac Ferries Ltd. The group has worked closely to develop the practical aspects of the vessel replacement and cascade plans emanating from the Scottish Government's Ferries Plan. It was the output from this group that established the key requirements for the two new 100 metre ferries mentioned above. These are being designed to fit a variety of ports and will initially be deployed to Arran and the Uig Triangle.

We continue to make significant investment in our harbours and are progressing well on our extensive renovation works to the ferry terminal at Brodick and the listed building at Wemyss Bay, with work starting shortly on the harbour and pier at that port.

The Board remains focused on good financial governance and revenues for the year were higher than last year, at £29,850,000, primarily as a result of an increase in the vessel charter fee on MV Loch Seaforth coming in to service and an increase in the harbour access charge raised against the operator, following a recalculation of the charges to better match the operating and maintenance costs of the harbours. Although we continue to report a net loss after taxation, this is mainly caused by the depreciation charges on our vessel fleet, property, plant and equipment. We have also incurred higher staff costs due to a significantly increased contribution towards past deficits on the pension scheme.

The procurement process for the next operator of the Clyde and Hebrides Ferry Service is underway and will be completed in the spring of 2016. In the meantime, we continue to work closely with CalMac Ferries Ltd as the current ferry and harbour operator to improve the vital infrastructure across our network.

Our corporate plan for the next three years outlines an investment of over £107 million that will be needed from 2015 to 2018 to ensure our whole fleet of 32 ferries is less than 20 years old. It also outlines almost £70 million of investment needed so that our harbours continue to be safe, secure and fit for purpose.

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.

The team at CMAL works to very high standards and I thank the management team and all our employees for their continued efforts to deliver our commitments to operators, communities and users in Scotland.

Erik Østergaard
Chair

Aithris a' Chathraiche

Don deireadh-bliadhna 31 Màrt 15

Tha mòran ri mheòrachadh mun chiad bhliadhna agam mar Chathraiche aig CMAL, ach is e aon de bhàrr-phuingean na bliadhna a bhith còmhla ri Nicola Sturgeon, Ciad Mhinistear na h-Alba air ùr-thaghadh, aig gearradh an stàilinn ann am Port Ghlaschu, a' comharrachadh toiseach togail air an trìtheamh aiseag tar-chinealach rolaidh air is dheth, airson carbadan is taistealaichean agus air a cumhachdachadh le dealan dìosail. Bidh an aiseag ùr air a cleachdadh air grunn shlighean agus tha mi a' coimhead air adhart ri a cur-air-bhog san Dùbhlachd 2015.

Thar nan ochd bliadhna a chaidh seachad, tha an sgioba aig CMAL air a bhith ag obair cruaidh gus ar rùn a choileanadh, a thaobh nan aiseagan agus nan calaidhean fo ar smachd a sholarachadh, a dhìon agus a leasachadh. Tha a' bhliadhna a chaidh seachad air àireamh de phròiseactan inntinneach fhaicinn a' tòiseachadh agus a' tighinn gu bith, mar eisimpleir na soithichean mu dheireadh ann an cabhlach CalMac, an MV LOCHINVAR, an dàrna aiseag tar-chinealach san t-saoghal agus thàinig an MV LOCH SEAFORTH a-steach don t-seirbheis an dèidh ath-ùrachadh air na calaidhean aig Tairbeart Loch Fine, Steòrnabhagh agus Ulapul. San t-Samhain 2014, dh'ainmich sinn gun robh sinn a' coimiseanadh dà aiseag 100 meatair agus tha dùil againn an cùmhnant a thoirt seachad as t-Foghar 2015. Bidh gearradh an stàilinn airson na ciad shlige-soithich a' gabhail àite ann an 2016.

Tha ar com-pàirteachadh ann am Buidheann Ro-innleachd Gnìomhachaidh agus Ionadachadh Shoithichean trì-phàirteach air a bhith na phrìomh oidhirp tron bhliadhna, taobh ri taobh le Còmhdhail Alba agus Aiseagan Calmac Earranta. Tha a' bhuidheann air a bhith ag obair gu dlùth gus na taobhan dèanadach den ionadachadh soithich a leasachadh, agus na planaichean easach a' tighinn a-mach à Plana Aiseagan Riaghaltas na h-Alba. B' e a' mhach-chur bhon bhuidheann seo a stèidhich na prìomh riatanasan don dà aiseag ùr 100 meatair, air an tugadh iomradh gu h-àrd. Tha iad sin gan dealbhadh gus freagairt air measgachadh de phuirt agus bidh iad air an cur an gnìomh an toiseach aig Eilean Arainn agus Triantan Ùige.

Tha sinn a' leantainn air adhart a' dèanamh in-sheilbheachd chudromach sna calaidhean againn agus a' dol air adhart gu math leis na h-obraichean mòra ath-nuadhachaidh aig caladh Tràigh a' Chaisteil agus leis an togalach liostaichte aig Bàgh Wemyss, leis an obair a' tòiseachadh a dh'aithghearr air a' chala agus air a' chidhe sa phort sin.

Tha am Bòrd a' fuireach cuimsichte air riaghladh math ionmhasail agus bha teachd-a-steach na bliadhna na b' àirde na bha e an-uiridh, aig £29,850,000, sa chiad àite mar thoradh air a' mheudachadh ann an cìs cairt soithich air an MV Loch Seaforth a' tighinn a-steach don t-seirbheis agus meudachadh ann an cìs inntrigidh caladh air a thogail an aghaidh an neach-obrachaidh, a' leantainn air ath-obrachadh a-mach air na cìsean gus cosgaisean obrachaidh is cumail suas nan calaidhean a mhaidseadh nas fheàrr. Ged a tha sinn a' leantainn air adhart ag aithris call lom an dèidh cìseadh, tha seo sa mhòr-chuid air adhbhrachadh leis na cìsean ìsleachaidh air ar cabhlach shoithichean, seilbh, plannt agus uidheam. Tha sinn cuideachd air cosgaisean nas àirde luchd-obrach a ghineadh mar thoradh air tabhartas a tha meudaichte gu mòr le easbhaidhean a bh' anns an sgeama peinnsein.

Tha am pròiseas solair airson an ath ghnìomharaiche air Seirbheis Aiseag Innse Gall is Chluaidh a' dol air adhart, agus bidh e crìochnaichte as t-earrach 2016. San eadar-ama, tha sinn a' leantainn air adhart ag obair gu dlùth le Aiseagan CalMac Earranta mar an gnìomharaiche aiseagan is chalaidhean làithreach, gus am bun-structar deatamach tarsainn ar lìonra a leasachadh.

Tha ar plana corporra don ath thrì bliadhna a' mìneachadh in-sheilbheachd de chòrr agus £107 millean air am bi feum bho 2015 gu 2018 gus a dhèanamh cinnteach gum bi an cabhlach iomlan againn de 32 aiseagan nas lugha na 20 bliadhna a dh'aois. Tha e a' mìneachadh cuideachd faisg air £70 millean de in-sheilbheachd air a bheil feum gus an lean ar calaidhean gu bhith sàbhailte, tèarainte agus freagarrach don adhbhar.

Mar a tha sinn air aithris sna bliadhnaichean a dh'fhalbh, tha cosgais maoineachaidh shochairean peinnsein ann an Sgeama Peinnsein CalMac, Maoin Peinnsein Oifigearan a' Chabhlaich Mharsantaich na eallach a tha a' meudachadh, agus tha sinn a' leantainn ag obair le urrasairean sgeama agus Riaghaltas na h-Alba gus dòigh air adhart a lorg a tha seasmhach agus air prìs reusanta.

Tha an sgioba aig CMAL ag obair gu ìrean glè àrd agus tha mi a' toirt taing don sgioba stiùiridh agus ar luchd-obrach uile airson an oidhirpean leantainneach le ar dealas do ghnìomharaichean, choimhearsnachdan agus luchd-cleachdaidh ann an Alba, a liubhairt

Erik Østergaard
Cathraiche

CEO's Statement

For the year ended 31 March 2015

My first year as CEO has been marked by a number of challenging and rewarding achievements and I am proud to have been working alongside the team at CMAL in this busy year. A number of projects have been successfully concluded and several important new projects have been started. In addition, the past year has reinforced my appreciation and understanding of the importance of lifeline ferry services to the communities they serve.

The key project over the last year has been the safe delivery of the new MV LOCH SEAFORTH to Scotland. Primarily due to issues at the ship builder in Germany, we did not achieve the original date for delivery and entry into service of autumn 2014 and the ship was handed over to CalMac Ferries Ltd in October. Unfortunately, improvement works at the harbour managed by Stornoway Port Authority resulted in a further delay and the ship entered service in January 2015. Since then she has performed well, exceeding the original fuel efficiency predictions.

In parallel to the construction of MV LOCH SEAFORTH, CMAL had a major role in the management of associated harbour improvement works at Ullapool, with the extension of the pier, new fendering and passenger access systems all delivered to schedule. CMAL also managed the installation of a new linkspan to improve the resilience of the Ullapool to Stornoway route and this was also delivered within the agreed timeframe.

We sustained our focus on the environment with the award of a third hybrid ferry contract, worth £12 million, to Ferguson Marine Engineering Limited (FMEL). The award of this third contract reinforces the successful operations of the MV HALLAIG and MV LOCHINVAR and their now proven battery hybrid technology. This allows the vessels to carry up to twice the capacity of their predecessors, burning significantly less fuel and producing fewer CO_2 emissions. The new ferry, to be called MV CATRIONA is being built by many of the team who built her sister ships and her launch is scheduled in Port Glasgow for December 2015.

The two 100 metre ferries we commissioned this year will encompass the latest technology in dual fuelled engine power and will be capable of running on marine gas oil or Liquefied Natural Gas (LNG), further reducing CO_2 and other noxious emissions. They will be built to standards of improved reliability, capacity and efficiency over the vessels currently in service on these routes.

Also in support of sustainable energy, we have undertaken further work on the joint collaborative industry project to design and build a hydrogen powered ferry, as well as our programme to install further electric vehicle charging points at a number of piers.
In February 2015, MV Saturn, the last of the Clyde streakers, which was retired from our fleet in 2011, was sold to Pentland Ferries Ltd after 33 years of service.

On the harbours side, significant improvements have been made to the boat steps at Gourock and we are managing the pier extension works at Tarbert Loch Fyne on behalf of the Harbour Trust. Further preparatory works have been conducted for the new ferry terminal at Brodick, with contractor selection due to take place in summer 2015. Essential repair works on the harbour at Wemyss Bay are due to start in October 2015 and plans are well advanced for improvements at Kerrera and Colintraive Rhubodach slips.

The staffing levels at CMAL have remained stable over the period with no major changes or additions, allowing the team to work efficiently through the raft of projects and responsibilities. These have included involvement in the development and execution of the procurement process for the Clyde and Hebrides Ferry Service that is due to be renewed in October 2016. I would like to take this opportunity to thank them for their support, hard work and diligence.

In closing, the entire team at CMAL can look back on this last year with a great deal of pride over what has been achieved in a challenging and ever changing environment.

Tom Docherty
Chief Executive

Aithris an Àrd-Oifigeir

Don deireadh-bliadhna 31 Màrt 15

Tha a' chiad bhliadhna agam mar CEO air a comharrachadh le àireamh de choileanaidhean dùbhlanach agus buannachdail, agus tha mi moiteil a thaobh a bhith ag obair còmhla ris an sgioba aig CMAL sa bhliadhna dhripeil seo. Tha àireamh de phròiseactan air an toirt gu crìch gu soirbheachail agus tha grunn de phròiseactan ùra cudromach air an tòiseachadh. A thuilleadh air an sin, tha a' bhliadhna a dh'fhalbh air luach is tuigse a dhaingneachadh dhomh do chudromachd seirbheisean aiseig a tha deatamach do na coimhearsnachdan a tha iad a' frithealadh.

Is e a' phrìomh phròiseact thar na bliadhna a chaidh seachad, liubhairt sàbhailte air an MV LOCH SEAFORTH ùr a dh'Alba. Sa mhòr-chuid mar thoradh air cùisean aig an ionad togail-shoithichean sa Ghearmailt, cha do choilean sinn a' chiad cheann-latha a bh' againn den fhoghar 2014 airson liubhairt agus inntrigeadh don t-seirbheis, agus chaidh an t-soitheach a thoirt do Aiseagan CalMac Earranta san Dàmhair. Gu mì-fhortanach, dh'adhbhraich obair leasachaidh aig cala Steòrnabhaigh fo stiùireadh Ùghdarras Cala Steòrnabhaigh, barrachd dàil agus thàinig an t-soitheach a-steach don t-seirbheis san Fhaoilleach 2015. On uair sin, tha i air a bhith a' dèanamh math agus a' barrachadh air na ro-innsean èifeachdais connaidh a bh' ann aig an toiseach.

Ann an co-shìneadh ri togail an MV LOCH SEAFORTH, bha prìomh àite aig CMAL ann an stiùireadh obair leasachaidh co-cheangailte air cala Ulapuil le leudachadh air a' chidhe, dìonadaireachd ùr agus siostaman inntrigidh thaistealach, uile air an liubhairt mar a chaidh a shuidheachadh. Bha CMAL cuideachd a' stiùireadh stàlachadh air alt-aiseig ùr gus fulangas na slighe eadar Ulapul agus Steòrnabhagh a chur am feabhas, agus chaidh seo a liubhairt an taobh a-staigh na h-ùine a chaidh aontachadh.

Chùm sinn suas ar cuimse air an àrainneachd le buileachadh air cunnradh airson na trìtheamh aiseig tar-chinealaich luach £12 millean, gu Ferguson Marine Engineering Earranta (FMEL). Tha buileachadh air an trìtheamh cunnradh seo a' daingneachadh obrachaidhean soirbheachail an MV HALLAIG agus MV LOCHINVAR agus an cuid teicneòlais tar-chinealaich bataraidh a tha a-nis air a dhearbhadh. Tha seo a' ceadachadh do na soithichean suas ri dhà uimhir de thomhas-lìonaidh an fheadhainn a bh' ann roimhe a ghiùlain, a' losgadh mòran nas lugha connaidh agus a' toradh nas lugha sgaoilidhean CO2. Tha an aiseag ùr leis an ainm MV CATRIONA, ga togail le mòran den sgioba a thog a peathraichean agus tha a cur-air-bhog ann am Port Ghlaschu clàraichte airson na Dùbhlachd 2015.

Bidh an dà aiseag 100 meatair a bharantaich sinn am-bliadhna air an uidheamachadh leis an teicneòlais as ùire ann an cumhachd einnsein connadh-dùbailte, comasach air ruith air ola gas mara no Gas Nàdarrach Sruthaichte (LNG), a' lùghdachadh barrachd sgaoilidhean CO2 agus sgaoilidhean puinnseanta eile. Bidh iad air an togail gu ìrean earbsachd, tomhais-lìonaidh agus èifeachdais leasaichte nas àirde na na soithichean a tha ann an seirbheis gu làithreach air na slighean sin.

Cuideachd mar thaic do lùth seasmhach, tha sinn air obair a ghabhail os làimh air co-phròiseact ghnìomhachasail cho-obrachail airson aiseag fo chumhachd haidridsean a dhealbhadh agus a thogail, a thuilleadh air ar prògram a thaobh tuilleadh phuingean cumhachdachaidh charbadan dealain a stàlachadh aig àireamh de chidheachan.

Sa Ghearran 2015, chaidh an MV Saturn, aon de strìcearan mu dheireadh Chluaidh a chaidh a thoirt a-mach à seirbheis bhon chabhlaich againn ann an 2011, a reic ri Aiseagan Pentland Earranta an dèidh a bhith ann an seirbheis fad 33 bliadhna.

Air taobh nan calaidhean, tha leasachaidhean cudromach dèante air ceumannan nam bàta ann an Guireag agus tha sinn a' stiùireadh an obair leudachaidh air a' chidhe aig Tairbeart Loch Fine às leth Urras nan Calaidhean. Tha tuilleadh obair ullachaidh air a choileanadh airson a' phuirt-aiseig ùir ann an Tràigh a' Chaisteil, le taghadh air cunnradair ri bhith a' gabhail àite as t-samhradh 2015. Tha obair càraidh dheatamach air a' chala ann am Bàgh Wemyss ri tòiseachadh san Dàmhair 2015 agus tha planaichean fada air adhart airson leasachaidhean air laimrig Chearrara agus laimrig an Rubha Bhòdaich aig Caol an t-Snàimh.

Tha ìrean sgioba-obrach aig CMAL air fuireach seasmhach thar na h-ùine a chaidh seachad, gun atharrachaidhean mòra sam bith no buill a bharrachd, a' ceadachadh don sgioba a bhith ag obair gu h-èifeachdach tron raon de phròiseactan is uallaichean. Nam measg sin, tha bhith an sàs ann an leasachadh agus gnìomhachadh a' phròiseis solair airson Seirbheis Aiseig Innse Gall is Chluaidh a tha ri ath-ùrachadh san Dàmhair 2016. Bu mhath leam an cothrom seo a ghabhail gus taing a thoirt dhaibh airson an taic, an obair chruaidh agus an dìchill.

San dùnadh, faodaidh an sgioba iomlan aig CMAL coimhead air ais air a' bhliadhna a chaidh seachad le mòran pròis a thaobh na chaidh a choileanadh ann an àrainneachd a tha dùbhlanach agus a' sìor atharrachadh.

Tom Docherty
Àrd-Oifigear

Vessels

This has been an exciting year, with two ferries entering service and three new ferries being commissioned – all three with innovative power technology. The new orders are part of our ambitious fleet renewal plan to ensure our ferries continue to meet the needs of the communities we serve, as well as strengthening our commitment to using cutting edge technology and design to create sustainable and reliable ferries.

Our second hybrid ferry MV LOCHINVAR was officially handed over to its operators, CalMac Ferries Ltd in May 2014. Local communities and people travelling between Tarbert and Portavadie are benefitting from the green technology and quieter operation of the new hybrid ferry. The passenger vehicle roll on-roll off ferry uses a low-emission hybrid diesel electric system, which incorporates lithium ion battery power. Operational experience of our first hybrid ferry, MV HALLAIG, which entered service at the end of 2013, shows that our hybrids are capable of reducing fuel consumption by up to 38% compared to a conventionally powered vessel of the same size. This significant reduction of fuel consumption will result in a decrease in CO^2 emissions in excess of 5,500 tonnes per vessel over their lifetime, with a proportionally similar decrease in both sulphur and nitrogen oxide emissions.

We were delighted that Transport Minister Keith Brown launched the procurement process to build and design to two new Liquefied Natural Gas (LNG) fuelled roll-on roll-off passenger, freight and car ferries, as part of our long term vessel replacement programme. We will announce in the autumn who has been awarded the contract to construct the new gas-powered ferries. The ferries are being designed to provide a fully flexible year-round service for Arran and the Uig Triangle and we look forward to the delivery of our first vessel by the end of 2017 and the second vessel, which will follow some months later.

The innovative green technology of the LNG / diesel dual fuel engines mean the environmental impact of the vessels will be greatly reduced, with a 20% reduction in CO^2 emissions, 85% reduction in nitrogen oxides emissions and 98% reduction in sulphur oxides emissions. Both ferries will be 100 metres in length, with a service speed of 16.5 knots and will regularly operate at 14.5 knots. They will have the capacity to carry 1,000 passengers, approximately 130 cars or 16 heavy goods vehicles, reflecting the growing demand on these routes.

The latest addition to our fleet MV LOCH SEAFORTH was handed over to CalMac Ferries Ltd at the end of October 2014 and, following major upgrades at her home ports, set sail on her maiden voyage in February 2015 on her route between Stornoway and Ullapool. This followed an open day when over three thousand people from the local community and beyond came to visit this impressive new ferry, which at 116 metres long is the largest ferry in our fleet, carrying up to 142 cars and 700 passengers.

Following the successful introduction of our first two hybrid ferries, MV HALLAIG and MV LOCHINVAR, we were thrilled to announce that we have commissioned a third hybrid ferry from Ferguson Marine Engineering Ltd (FMEL) and construction is progressing well. During a visit to FMEL on the River Clyde in December 2014, the First Minister of Scotland, Nicola Sturgeon, marked the start of the build on the hull by pressing the button on the computer-guided laser to cut the first piece of steel. Work on the £12.6 million project has secured around 80 jobs for people in the Port Glasgow and Inverclyde area. As many of the employees worked for Ferguson Shipbuilders, who built a number of the ferries in our fleet, including the first two hybrid ferries, we have an experienced team on board and look forward to her launch at the end of 2015.

The new ferry will be named MV CATRIONA by popular demand following a public vote on our website. Similar to our first two hybrid ferries, she will use a low carbon hybrid system that combines traditional diesel power with electric battery power.

In February 2015, we announced the sale of MV SATURN to Pentland Ferries Ltd for freight work and working with the renewable energy sector around Orkney and the Pentland Firth. The last of the Clyde Streakers, nicknamed with MV JUPITER and MV JUNO for the speed with which they could berth and depart from terminals, she spent most of her time on the Wemyss Bay to Rothesay service. MV SATURN was retired from our fleet in September 2011 and during her 33 years' service, she was capable of speeds of up to 13 knots and could carry 531 passengers and 38 cars. We are pleased she is to be refurbished and able to carry on sailing in the north of Scotland. We wish her many years of continued service.

Harbours

We are committed to maintaining and developing our harbours to promote and facilitate modern harbour and ferry operations in the Firth of Clyde and around the Hebrides and to ensure that lifeline ferry services run smoothly for communities and users in and around Scotland.

We were delighted to announce that The Brodick Harbour Redevelopment Group had secured the funds estimated to be needed to undertake the extensive redevelopment works at Brodick Ferry Terminal as a single phased project, due to be completed in 2017. The Group, established in 2013, includes CMAL, Transport Scotland, North Ayrshire Council, Strathclyde Partnership for Transport, Visit Arran and the Highlands and Islands Enterprise. The Group worked in close partnership to secure the funding which includes a contribution from the Coastal Communities Funds.

This exciting project will see the harbour completely transformed, with the new pier allowing a wider range of vessels to berth at the port, whilst the new terminal building will improve the passenger experience, with new facilities, parking and bus stances.

Ground investigation works were completed in August 2014, which allowed the foundation design for the terminal and pier to progress and the Harbour Revision Order to be granted. We anticipate that the construction contract will be awarded in late summer.

We were honoured when the new ticket office at Scalasaig Pier in Colonsay was officially opened by Lord Strathconna in June 2014. The ticket office was fully refurbished inside and we created a double entrance door, larger waiting area with new seating and a new window to the pier.

The major development of Wemyss Bay harbour to ensure a safe, efficient and reliable service for commuters travelling to and from Rothesay will be undertaken in 2015 / 16. The project includes repairs to the pier structure, refurbishment of the linkspan, replacement of the berth fenders and dredging works. In addition to this essential work, following discussions with Inverclyde Council and Historic Scotland, we are also undertaking extensive works to refurbish and redecorate the Grade A listed pier walkway at Wemyss Bay. This includes the removal and replacement of all decayed wood and treatment of the corroded steelwork, replacement and redecoration of all timber cladding and windows and internal refurbishment of the ticket office.

Unfortunately due to technical issues with the new fendering system, we postponed the planned 16 week closure of the pier at Wemyss Bay Ferry Terminal until October 2015. We held a number of public meetings, in Inverkip and Rothesay, where we presented information and answered questions on the postponement of construction works, alongside our operator, CalMac Ferries Ltd.

In early April, we completed major shore-side improvement works at Gourock Ferry Terminal to build a new small vessel berth (boat steps) as the existing Kilcreggan Steps were at the end of their serviceable life. The new berth can now accommodate the passenger-only services that were operating from other berths at the terminal and the design of the new structure means it is easily accessible by ferries in all states of tide. As part of this project we also improved the existing passenger routes and waiting areas, including building a passenger shelter to accommodate vehicle traffic, when ferry services are transferred from Wemyss Bay to Gourock when the terminal is closed temporarily for repairs over the winter of 2015.

We were appointed by the Ullapool Harbour Trust (UHT) to project manage the critical harbour infrastructure upgrades required for the arrival of the MV LOCH SEAFORTH at Ullapool to ensure operational flexibility and surety of service. Our role was to assist UHT, by providing technical assistance gained from experience of our own ports and to collaborate with the ferry operator, engineering consultant, contractors and suppliers to ensure the project was delivered on time and on budget.

The infrastructure upgrades included extending the pier by 36 metres to accommodate the new, larger ferry, upgrading the pier fendering, replacing the passenger access system and the installing of a new linkspan. We completed all of these works without a single cancellation to the lifeline ferry service, although there was a four week period when vehicles were unable to travel the route whilst the new linkspan was installed.

We have also been undertaking the design of major improvement works at Kerrera, which includes the construction of a new breakwater and extension of the Kerrera and Gallanach slipways. This Transport Scotland investment, which we are delivering, will improve the resilience of the ferry service to inclement weather and remove current tidal restrictions placed on vehicular traffic, therefore improving the flow of vessels to and from Kerrera. Following our consultation with the local community in January 2015, we are expecting to be completed in winter 2015.

We have continued with our programme of electrical and lighting upgrades around the network, including the installation of LED lighting and hinged columns to the piers and external areas at Armadale, Tarbert (Harris), Lochboisdale, Castlebay, Coll, Tiree, Oban and Cumbrae. Partial LED lighting has also been installed at Kennacraig and Port Ellen. Routine maintenance work was also undertaken to the sea wall at Lochranza, Castlebay's marshalling area and the Tobermory revetment. We also worked with Tarbert Harbour Authority to facilitate the work needed to introduce the MV LOCHINVAR on the Tarbert Loch Fyne to Portavadie route. The existing shore power supply had to be increased in capacity to allow overnight charging of the batteries for the hybrid propulsion system and the overnight ferry berth had to be extended by 12 metres to permit safe berthing of the new, larger ferry.

Strategic Report

The Directors have pleasure in submitting their Strategic Report and Financial Statements for the year ended 31 March 2015.

Structure
Caledonian Maritime Assets Limited operates as a single company. It 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 £29,850,000 (2014: £25,002,000), which resulted in a net loss after tax of (£9,023,000) (2014: (Loss) (£6,764,000)).

Payments totalling £6,196,000 were made during the year towards construction of the third small hybrid ferry being built at Fergusons Marine Engineering Ltd. The first of the vessels, MV HALLAIG, was delivered in October 2013. The second vessel, MV LOCHINVAR, was launched in May 2013 and was delivered in May 2014. The third vessel is scheduled for launch in December 2015 and delivery in Spring 2016. MV LOCH SEAFORTH, built at Flensburger Schiffbau-Gesellschaft in Germany, was delivered in October 2014 and is in service on the Ullapool to Stornoway route.

New boat steps at Gourock, to facilitate the Gourock / Dunoon and Gourock / Kilcreggan passenger services were completed at a cost of £1,777,000. Initial design costs and ground investigations works have been undertaken to progress the redevelopment of Brodick harbour with construction on this major development due to start later in 2015.

Improvements to the electrical and lighting infrastructure at a number of our harbours were undertaken during the year and 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 £6,753,000 were made to these schemes during the year.

Future Developments

Future business priorities include ensuring delivery of two new 100 metre vessels, with greater fuel efficiencies and emissions reduction, 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.

The Company continues to work with Scottish Government officials to provide support for the re-tender of the public service contract for lifeline ferry services in the Clyde and Hebrides and looks forward to working with the successful bidder in further developing the vessels and infrastructure necessary for these vital services.

Business Environment and Principal Risks and Uncertainties

As pressures on public finances continue, the Company strives to achieve greater value for money by further developing 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 Objectives 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 2014 / 15.

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
	PA14 5EQ
	25 August 2015

Directors' Report

The Directors have pleasure in submitting their Report and Financial Statements for the year ended 31 March 2015.

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 up to the date of approval of the Financial Statements and where appropriate, their respective terms of office are as follows:

GS Johnston	-	Retired 30 April 2014 (Former Chair)
E Østergaardxx	-	Appointment period to 30 April 2017 (Chair from 1 May 2014)
K MacLeod	-	Retired 30 April 2014
M Forrest **x	-	Appointment period to 31 July 2017
A Whyte*x	-	Appointment period to 31 July 2017
M McNeill*x	-	Appointment period to 30 April 2017 (Appointed 1 May 2014)
TJ Docherty	-	Chief Executive, (Appointed 23 April 2014)
A J Duncan	-	Director of Vessels
L E Spencer	-	Director of Harbours
G M Bruton	-	Director of Finance

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

Two meetings of the Audit Committee and a meeting 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.

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 Director	Municipal Buildings Fore Street, Port Glasgow PA14 5EQ 25 August 2015

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 2015, the Board comprised of four Non-Executive Directors (including the Chairman), plus four 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 Chair.man The Chairman's performance is assessed by the Scottish Government. The Chief Executive Officer's performance is assessed by the Chairman; the performances of the other Executive Directors are assessed by the Chief Executive. Officer 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
The Company's sole shareholder is the Scottish Ministers. 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 has 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 Strategic Report, 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 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.

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.

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 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 2015, 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 24 the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Opinion on Financial Statements
In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2015 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 2014 / 15, 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.

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

Chartered Accountants
25 Bothwell Street
Glasgow G2 6NL

25 August 2015

Statement of Comprehensive Income

For the year ended 31 March 2015

	Note	2015 (£'000)	2014 (£'000)
Revenue	6	29,850	25,002
Cost of sales		(28,872)	(19,110)
Gross profit		978	5,892
Administrative expenses		(3,577)	(2,363)
Other gains and (losses)	7	446	(612)
Operating (loss)/gain		(2,153)	2,917
Interest receivable	7	36	37
Interest payable	7	(3,566)	(3,123)
Other finance costs	7	(984)	(1,025)
		(4,514)	(4,111)
Loss on ordinary activities before taxation		(6,667)	(1,194)
Taxation			
Tax (charge) for the year	8	(2,356)	(5,570)
Loss for the financial year		(9,023)	(6,764)
Other comprehensive (expense)/income			
Actuarial (loss) recognised in the pension scheme	21	(34,269)	(2,454)
Age related rebates recognised in the pension scheme		-	71
Tax movement relating to the actuarial (loss)		6,545	275
Other employers' contribution to pension deficit		350	(1,128)
Gain on revaluation of property, plant & equipment and investment property	10	13,247	20,871
Other comprehensive (expense)/income for the year, net of tax		**(14,127)**	**17,635**
Total comprehensive (expense)/income for the year		**(23,150)**	**10,871**
Loss attributable to:			
Owners of the company		**(9,023)**	**(6,764)**
Total comprehensive (expense)/income attributable to:			
Owners of the company		**(23,150)**	**10,871**

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

Statement of Financial Position

As at 31 March 2015

Assets	Note	**2015 (£'000)**	**2014 (£'000)**
Non-current assets			
Property, plant & equipment	10	221,564	215,934
Investment property	10	1,435	1,378
Investments	11	-	750
Total non-current assets		222,999	218,062
Current assets			
Trade and other receivables	13	2,695	2,490
Cash at bank and in hand	17	15,845	21,561
Other financial assets	12	-	721
Total current assets		18,540	24,772
Total assets		**241,539**	**242,834**
Equity and liabilities			
Capital and reserves			
Called up share capital	20	15,000	15,000
Distributable capital contribution reserve		13,800	13,800
Revaluation reserve		72,282	71,229
Retained earnings		(43,963)	(19,760)
Total equity attributable to owners of the Company		57,119	80,269
Non-current liabilities			
Other payables	16	72,240	76,691
Capital grants	18	45,613	45,065
Net pension liability	21	44,034	18,897
Deferred tax provision	19	12,073	10,316
Total non-current liabilities		173,960	150,969
Current liabilities			
Trade and other payables	15	10,460	10,287
Other financial liabilities	14	-	1,309
Total current liabilities		10,460	11,596
Total liabilities		184,420	162,565
Total equity and liabilities		**241,539**	**242,834**

These financial statements were authorised for issue by the Board of Directors on 25 August 2015 and were signed on its behalf by;

Erik Østergaard, Chairman

Statement of Changes in Equity

For the year ended 31 March 2015

	Share capital £'000	Distributable capital contribution reserve £'000	Retained earnings £'000	Revaluation reserve £'000	Total £'000
Balance at 31 March 2013	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
Loss for the year	-	-	(9,023)	-	(9,023)
Other comprehensive (expense)/income for the year	-	-	(27,374)	13,247	(14,127)
Excess of depreciation on revaluation	-	-	12,194	(12,194)	-
Balance at 31 March 2015	**15,000**	**13,800**	**(43,963)**	**72,282**	**57,119**

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

Statement of Cash Flows

For the year ended 31 March 2015

Cash flows from operating activities	2015 £'000	2014 £'000
Revenue receipts	31,355	22,984
Cash payments for:		
Cost of sales	(9,966)	(4,153)
Pension deficit	(6,753)	(4,933)
Direct pay costs	(1,415)	(1,344)
General operating and administrative expenses	(996)	(784)
	(19,130)	(11,214)
Cash generated by operating activities	12,225	11,770
Interest paid	(4,565)	(3,043)
Tax paid	(39)	(42)
	(4,604)	(3,085)
Net cash generated by operating activities	7,621	8,685
Cash flows from investing activities		
Interest received	36	37
Cash receipts in respect of capital grants	1,689	3,763
Cash receipts from sale of assets	1,151	-
Payments to acquire property, plant and equipment	(13,955)	(11,306)
Net cash (used in) investing activities	(11,079)	(7,506)
Cash flows from financing activities		
Loans received	3,680	6,400
Loans repaid	(5,938)	(3,017)
Capital contribution received	-	-
Net cash (expended)/generated by financing activities	(2,258)	3,383
Net (decrease)/increase in cash and cash equivalents	(5,716)	4,562
Cash and cash equivalents at the beginning of the year	21,561	16,999
Cash and cash equivalents at the end of the year	**15,845**	**21,561**
Comprising:		
Cash and bank balances	15,845	21,561

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 18.

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 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

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 16 Property, plant and equipment
IAS 19 Employee benefits
IAS 24 Related party disclosures
IAS 40 Investment property
IFRS 13 Fair value measurement

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.

(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

Notes to the Accounts
continued

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. Gains or losses arising from changes in the fair value of investment properties are included in the income statement in the year in which they arise..

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.

(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.

(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 Statement of Financial Position 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.

The Company participates in two multi-employer pension schemes. It is not possible in the normal course of events for the independent actuary to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the schemes, and in line with IAS 19, the schemes are accounted for as a defined contribution scheme, the cost of which is written off to the Statement of Comprehensive Income on an accruals basis. The assets of the schemes are held separately from those of the Company in independently administered funds.

(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 are included in the "other gains and losses" line in the Statement of Comprehensive Income.

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. Trade payables 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 are included in the "other gains and losses" line in the Statement of Comprehensive Income.

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.

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.

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:

	2015 (£'000)	2014 (£'000)
Vessel charter fee	14,321	14,241
Harbour access charge raised against operator	11,413	6,590
Property & equipment licence fee from operator	156	176
Revenue from harbour dues	215	162
Rental income from properties not required for harbour operations	204	183
Revenue grants received	3,000	3,346
Other cost recoveries and contributions	541	304
	29,850	**25,002**

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.

7. Loss on ordinary activities before tax

The loss is stated after charging/(crediting):	2015 (£'000)	2014 (£'000)
Auditors' remuneration		
- Audit of these financial statements	26	26
- Other services relating to accounting and taxation	4	9
Depreciation of property, plant and equipment (Note 10)	21,896	18,090
Staff Costs (Note 9)	3,024	1,694
Interest payable – Loans	3,001	2,510
Interest on MNOPF deficit contribution	565	613
	3,566	3,123
Interest received on bank balances	(36)	(37)
Operating lease costs - land & buildings	363	344
Release of capital grants (Note 18)	(2,841)	(3,050)
(Gain)/loss on disposal of fixed asset investments	(240)	355
Other finance costs - interest on pension scheme assets (Note 21)	(5,422)	(4,961)
- interest on pension scheme liabilities (Note 21)	6,406	5,986
	984	**1,025**

	2015 (£'000)	2014 (£'000)
Other gains and (losses):		
- (loss) on crystalisation of other financial assets (Note 12)	(721)	-
- gain on crystalisation of other financial liabilities (Note 14)	1,309	-
- (loss) on remeasurement of other financial assets (Note 12)	-	(1,372)
- gain on remeasurement of other financial liabilities (Note 14)	-	1,208
- Wemyss Bay abortive costs written off	(142)	-
- MNOPF VAT repayments written off	-	(92)
- Hybrid infrastructure costs written off	-	(72)
- Port Askaig platform written off	-	(284)
	446	**(612)**

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8. Taxation

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

	2015 (£'000)	2014 (£'000)
Corporation Tax		
UK corporation tax on loss for the year at 20% (2014: 20%)	46	39
Overprovision in previous year	(6)	-
Total corporation tax charge	40	39
Deferred Tax		
Increase in deferred tax provision (Note 19)	1,757	4,961
Deferred tax in relation to pensions	559	570
Total deferred tax charge	2,316	5,531
Tax charge on loss on ordinary activities	**2,356**	**5,570**

The tax assessed for the period differs from the standard rate of corporation tax of 21% (2014: 23%)
The differences are explained below:

Loss on ordinary activities before tax	(6,667)	(1,194)
UK corporation tax at 21% (2014: 23%)	(1,400)	(275)
Effects of:		
Expenses not allowable for tax purposes	1,722	2,644
Movement in deferred tax in relation to pensions	(559)	(570)
Movement in deferred tax on losses recognised	(469)	(3,781)
Effect of change in tax rate	752	2,021
	46	**39**

9. Employee Information

Staff Costs (including Directors)	2015 (£'000)	2014 (£'000)
Wages & salaries	1,163	1,110
Social security costs	126	104
On-going pension contributions	161	160
Pension contributions towards past deficits – other schemes (see below)	1,360	29
Staff related costs	244	371
	3,054	1,774
Employee costs included above allocated to capital projects	30	80

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	2015 No.	2014 No.
Average number of employees, including Directors		
Administrative	27	26

Directors' remuneration	**2015 (£'000)**	**2014 (£'000)**
Non-executive directors' emoluments	50	49
Non-executive directors' pension costs	-	-
Executive directors' emoluments	366	320
Executive directors' pension costs	69	67
	485	**436**

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 employments, were withdrawn for 2015.

Non-Executive Directors' appointments allow for minimum time commitments per month. Fees paid reflect the actual number of days undertaken on Company business.

Four directors are members of defined benefit pension schemes (2014: 4 directors).

The emoluments of the highest paid director were £102,980 (2014: £85,181). £11,314 (2014: £18,360) was paid into the pension scheme of the highest paid director during the year.

Notes to the Accounts
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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 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 1 April 2014	1,378	5,768	178,157	129,202	65	14,532	329,102
Additions	-	-	-	2,499	-	12,140	14,639
Transfers	-	2,485	799	12,245	-	(15,529)	-
Disposals	-	-	-	(225)	(15)	(142)	(382)
Revaluation increase /(decrease)	57	-	-	(6,033)	-	-	(5,976)
Balance as at 31 March 2015	1,435	8,253	178,956	137,688	50	11,001	337,383
Accumulated Depreciation and Impairment							
Balance as 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 at 1 April 2014	-	-	111,012	-	46	732	111,790
Transfers	-	-	-	732	-	(732)	-
Disposals	-	-	-	(74)	(5)	-	(79)
Depreciation expense/ impairment	-	88	3,234	18,565	9	-	21,896
Revaluation adjustment	-	-	-	(19,223)	-	-	(19,223)
Balance as at 31 March 2015	-	88	114,246	-	50	-	114,384
Carrying Amounts							
Balance as at 31 March 2014	1,378	5,768	67,145	129,202	19	13,800	217,312
Balance as at 31 March 2015	1,435	8,165	64,710	137,688	-	11,001	222,999
Carrying amount under cost model							
Balance as at 31 March 2014	-	5,781	35,752	90,469	19	13,870	145,891
Balance as at 31 March 2015	-	8,118	35,033	96,452	-	11,000	150,603

Included in the cost of Assets in Construction is £30,978 (2014: £412,291) of interest arising on the financing of a new vessel. Interest has been calculated at rates ranging from 3.03% to 3.08% (2014: 3.13% to 4.09%).

Investment property assets were valued at 31 March 2014 and 31 March 2015 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 valuation is as follows:

Investment properties	2015 (£'000)	2014 (£'000)
Land	658	630
Buildings	777	748
	1,435	1,378

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	2015 (£'000)	2014 (£'000)
Land	6,055	3,570
Buildings - freehold	2,119	2,119
Buildings - leasehold	79	79
	8,253	5,768

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:

	2015 (£'000)	2014 (£'000)
Piers and slipways	130,043	129,244
Linkspan facilities	48,913	48,913
	178,956	178,157

Ships were valued at 31 March 2014 and 31 March 2015 by Simsonship AB, shipbrokers of Stockholm, Sweden on a market value basis and cost/valuation is as follows:

	2015 (£'000)	2014 (£'000)
Vessels	137,688	129,202

Capital commitments	2015 (£'000)	2014 (£'000)
No provision has been made in these accounts for:		
Outstanding capital commitments contracted for amounting to:	6,765	1,237
Capital Grants receivable in respect of these commitments amounting to:	14	1,465

11. Investments

The Company beneficially owned 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. 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.

A first and final distribution was made by the liquidator on 30 September 2014 and £1,044,764 was received by the Company. The resulting gain on disposal is recognised in the income statement.

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 2015 is £2.

12. Other financial assets

Financial assets carried at fair value through profit or loss (FVTPL)	**2015 (£'000)**	**2014 (£'000)**
Foreign exchange swap	-	721

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 exposed the Company to a foreign currency risk and the Directors had taken appropriate measures to minimise this risk by entering into the above foreign exchange swap. The above asset was 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 lease costs were fixed on delivery of the vessel in October 2014 and the foreign exchange swap crystalised at that time. The loss arising is recognised in profit or loss, and is included in the "other gains and losses" line in the Statement of Comprehensive Income.

13. Trade and other receivables

	2015 (£'000)	**2014 (£'000)**
Trade receivables	83	2,070
Prepayments and accrued income	2,612	420
	2,695	**2,490**

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 (2014: £6,850) was held against receivables.

14. Other financial liabilities

Financial liabilities carried at fair value through profit or loss (FVTPL)	2015 (£'000)	2014 (£'000)
Embedded derivative	-	826
Fixed interest rate swap	-	483
	-	**1,309**

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

The lease costs were fixed on delivery of the vessel in October 2014 and the liabilities calculated on the embedded derivative and interest rate swap crystalised at that time. The gain arising is recognised in profit or loss, and is included in the "other gains and losses" line in the Statement of Comprehensive Income.

As the CPSE permitted the use of a sterling rate at delivery (the spot rate) or a contracted rate, in 2014 the derivative was valued based on the expected contract price then estimated to be €53.3m compared with the spot rate and the contracted rate. The embedded derivative value was derived from comparing the then forward spot rate 1.1855 and the 1.22 in the contract which was the lowest rate that could be applied in the swap. The 2014 embedded derivative liability totalling £825,630 was categorised within level 2 in the fair value hierarchy.

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

Notes to the Accounts
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15. Trade and other payables

	2015 (£'000)	2013 (£'000)
Loans (Note 16)	3,767	3,958
Trade payables	2,039	511
Other creditors and accruals	4,654	5,818
	10,460	**10,287**

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

	2015 (£'000)	2014 (£'000)
Unsecured vessel loans not wholly repayable within five years, repayable in half-yearly instalments	70,537	72,795
Less repayable within twelve months (Note 15)	(3,767)	(3,958)
	66,770	68,837
Other creditors	5,470	7,854
	72,240	**76,691**
Instalments on the loans included above are repayable as follows:		
between one and two years	3,901	3,863
between two and five years	11,218	11,120
after five years	51,651	53,854
	66,770	**68,837**

Unless authorised by Scottish Ministers, the Company can borrow only from Scottish Ministers. At 31 March 2015 the Company had 12 loans outstanding (2014: 12) all repayable to Scottish Ministers at interest rates ranging from 3.03% to 8.42%. 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:

Currency	Total		Floating rates		Fixed rates		Weighted Average Interest rate		Weighted Average Period until maturity	
Sterling	2015 (£'000)	2014 (£'000)	2015 (£'000)	2014 (£'000)	2015 (£'000)	2014 (£'000)	2015 (%)	2014 (%)	2015 (Years)	2014 (Years)
Loans	70,537	72,795	-	-	70,537	72,795	4	4	20	21
Cash	(15,845)	(21,561)	-	-	-	-	-	-	-	-
Net Borrowing	**54,692**	**51,234**	**-**	**-**	**70,537**	**72,795**	**4**	**4**	**20**	**21**

All the Company's borrowings are at fixed rates of interest. The fair value of these loans at 31 March 2015 ascertained through discounting the future cash flows at the National Loans Fund rate was £78,059,000 (2014: £73,865,000).

(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 (2014: £Nil) and other liquid assets of £15,845,000 (2014: £21,561,000).

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 2015				
Borrowings	3,767	3,901	11,218	51,651
Trade & other payables	4,918	-	-	-
At 31 March 2014				
Borrowings	3,958	3,863	11,120	53,854
Trade & other payables	5,201	-	-	-

(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 exposed the Company to a foreign currency and interest rate risk and the Directors took 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-let.

18. Capital grants

	2015 (£'000)	2014 (£'000)
Balance at 1 April	45,065	44,485
Grants received and receivable	3,389	3,630
Less: released to statement of comprehensive income	(2,841)	(3,050)
Balance at 31 March	**45,613**	**45,065**

19. Provisions for liabilities and charges

Deferred tax	2015 (£'000)	2014 (£'000)
The main components of deferred tax at 20% (2014: 21%) are:		
Accelerated capital allowances	14,180	14,122
Other timing differences	213	(1,017)
Trading losses	(2,320)	(2,789)
Balance at 31 March	**12,073**	**10,316**

20. Share capital

	2015 (£'000)	2014 (£'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:

	2015 (£'000)	2014 (£'000)
On-going contributions		
Company scheme	146	136
Other schemes	10	10
Contributions towards past deficits		
Other schemes	1,360	29
	1,516	**175**

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 £32million.

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.

An actuarial valuation exercise was undertaken on 6 April 2015, the results of which were not finalised at the date of approval of these financial statements

Notes to the Accounts
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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 2015 by a qualified independent actuary.

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

	2015 (£'000)	2014 (£'000)
Present value of funded liabilities	(190,694)	(139,512)
Fair value of scheme assets	135,651	115,592
Deficit	(55,043)	(23,920)
Related deferred tax asset	11,009	5,023
Net liability	**(44,034)**	**(18,897)**

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

	2015 (£'000)	2014 (£'000)
Current service cost	146	150
Net financing cost	984	1,025
	1,130	**1,175**

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

Staff costs	146	150
Other finance costs	984	1,025
	1,130	**1,175**
Actual return on scheme assets	10,164	5,597

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

	2015 (£'000)	2014 (£'000)
Opening cumulative statement of recognised (expense)/income	(38,739)	(36,285)
Remeasurements:		
- actuarial gains – asset remeasurement	4,743	636
- actuarial (losses) arising from changes in financial assumptions	(40,478)	(5,897)
- actuarial gains arising from experience	1,466	2,807
Closing cumulative statement of recognised (expense)/income	(73,008)	(38,739)

Changes in the present value of the defined benefit liabilities

	2015 (£'000)	2014 (£'000)
At 1 April	139,512	124,350
Current service cost – Caledonian Maritime Assets Ltd	146	150
Current service cost - Others	7,556	8,127
Employee contributions	2,011	1,780
Interest cost	6,406	5,986
Actuarial losses arising from changes in financial assumptions	40,478	5,897
Actuarial (gains) arising from experience	(1,466)	(2,807)
Benefits paid	(3,949)	(3,971)
At 31 March	**190,694**	**139,512**

Changes in the fair value of the scheme assets

At 1 April	115,592	101,225
Interest income on assets	5,422	4,961
Re-measurement gains	4,743	636
Employer contributions	11,832	10,961
Employee contributions	2,011	1,780
Benefits paid	(3,949)	(3,971)
At 31 March	**135,651**	**115,592**

The fair value of scheme assets as a percentage of total scheme assets and the return on those assets were:	2015 (%)	2014 (%)
Equities	55.2	58.6
LDI	22.7	20.0
Bonds	9.2	8.8
Property	7.9	6.1
Other	5.0	6.5

Principal actuarial assumptions at the year-end were:	2015 (%)	2014 (%)
Discount rate at 31 March	3.30	4.50
RPI Inflation	3.20	3.50
Future salary increases – 2014/15	-	0.50
Future salary increases – 2015/16	1.00	1.00
Future salary increases – 2016/17	1.00	1.00
Future salary increases – 2017/18	1.00	-
Future pension increases	Derived from RPI assumptions	Derived from RPI assumptions

Post retirement mortality assumptions are as follows:-

2015	2014
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

Sensitivity	Impact on defined benefit liability
Discount rate +0.25%	Decreases the liability by -5.90%
RPI inflation +0.25%	Increases the liability by +4.80%
Decrease life expectancy by 1 year	Decreases the liability by -3.10%

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

	2015 (£'000)	2014 (£'000)	2013 (£'000)	2012 (£'000)	2011 (£'000)
Present value of defined benefit liabilities	(190,694)	(139,512)	(124,350)	(114,298)	(91,980)
Fair value of scheme assets	135,651	115,592	101,225	84,979	75,983
Deficit	**(55,043)**	**(23,920)**	**(23,125)**	**(29,319)**	**(15,997)**
Experience adjustment on scheme liabilities	1,466	2,807	1,360	499	(406)
Re-measurement gains/ (losses) on scheme assets	4,743	636	5,165	(3,039)	1,041

The Company expects to contribute approximately £3,983,000 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. Up until March 2014, additional contributions were 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 finalised 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. An actuarial valuation exercise was undertaken on 31 March 2015, the results of which were not finalised at the date of approval of these financial statements.

The Trustee decided that the employers will meet the 2012 valuation 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 was paying its share of the deficit via half yearly instalments over a 10 year period commencing in September 2013. This payment arrangement was not accepted by the Trustee and the Company settled the outstanding deficit in March 2015. 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 £212 million. 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 £175 million, 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.

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 had proposed a new deficit contribution regime (the Proposed New Regime) and had 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 had been suspended until the Court judgement on the Proposed New Regime was received. The Court judgement approving the introduction of the new regime was handed down in February 2015 and a formal Order was subsequently made by the Court confirming that the Trustee has the authorisation of the Court to introduce the New Regime. The Trustee has therefore begun preparatory work for the formal introduction of the new regime. The Trustee anticipates that the deficit contributions arising under the new regime will be based upon the deficit resulting from the March 2014 actuarial valuation.

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 a further liability in respect of its share of the deficit calculated in line with the Proposed New Regime. As a consequence a provision of £1,350,000 has been made in the current financial year for further payments towards the deficit.

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

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 a vessel, vehicles and office equipment. The Company entered into an operating lease arrangement to procure a new vessel. The lease agreement is for a period of eight years from the delivery of the vessel in October 2014. The Company does not have the option to purchase the leased assets at the expiry of the lease terms.

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	**2015 (£'000) Land**	**2015 (£'000) Buildings**	**2014 (£'000) Land**	**2014 (£'000) Buildings**
Payable within one year	190	187	132	187
After one year but less than five	700	704	502	731
After more than five years	1,247	910	1,117	1,132
	2,137	**1,801**	**1,751**	**2,050**

Other	**2015 (£'000)**	**2014 (£'000)**
Payable within one year	4,925	39
After one year but, not more than five	19,535	36
After more than five years	12,189	-
	36,649	**75**

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

Property, plant and equipment	**2015 (£'000) Investment property**	**2015 (£'000) Vessels**	**2014 (£'000) Investment property**	**2014 (£'000) Vessels**
Receivable within one year	179	16,370	189	8,670
After one year but, less than five	337	7,748	441	13,439
After more than five years	537	-	575	-
	1,053	**24,118**	**1,205**	**22,109**

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:

	2015 (£'000)	**2014 (£'000)**
Capital grants received and receivable	3,389	3,466
Capital grants due at 31 March	1,700	-
Grant in aid received and receivable	3,000	3,346
Loans received and receivable	3,680	6,400
Staff secondment charges	-	45
Marine licence fees	10	4
Marine licence fees payable at 31 March	4	-
Loans repaid	5,938	3,017
Interest paid and payable	3,001	2,510
Interest on vessel new build	83	490
Balance of loans due at 31 March	70,537	72,795

The respective amounts due to and from NorthLink Orkney & Shetland Ferries Ltd at 31 March 2015 was £Nil (2014: £Nil). On 30 September a first and final distribution of £1,044,764 was received from the liquidator of Northlink Orkney & Shetland Ferries Ltd. The investment in this company has been fully disposed of in the year.

Notes to the Accounts

continued

A significant element of the Company's turnover is generated from our relationship with the Clyde and Hebrides 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	
	2015 (£'000)	2014 (£'000)	2015 (£'000)	2014 (£'000)
Vessel leasing charges	14,288	14,208	322	1,794
Harbour access charges	11,413	6,590	17	16
Property & equipment licence	155	176	-	93
Rent	98	98	-	-
Provision of staff	-	81	-	-
Vessel green passport costs	-	30	-	36
Repair & other costs recoveries	(50)	26	34	104
Vessel upgrades & modifications	(2,499)	(1,869)	(2,068)	(1,350)
Ferry travel costs	(10)	(10)	-	-
New vessel build project supervision & costs	(1,543)	(224)	-	(63)
Pier operations	(209)	(251)	-	(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 was 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		Owed by HIAL	
	2015 (£'000)	2014 (£'000)	2015 (£'000)	2014 (£'000)
Services of Finance Director	39	42	12	4

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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