SC001854

CMAL

Caledonian Maritime Assets Ltd
Stòras Mara Cailleannach Eta

Annual Report 2011

Contents - Clàr

Chairman's Statement

For the year ended 31 March 2011
The Chairman presents his statement for the year.

This year marked a period of major investment by CMAL, including the construction of a new ferry for the Islay route and upgrades to the port infrastructure at Kennacraig and Port Ellen and the removal of an old barge from Kennacraig Harbour.

These developments and ongoing maintenance of harbour facilities demonstrate CMAL's commitment to maintaining, developing and promoting the assets we control, to help achieve our vision of being acknowledged by key stakeholders as the pre-eminent provider of the most cost effective and innovative vessels and port infrastructure for the communities we serve.

For the first time, CMAL is reporting its financial results in accordance with International Financial Reporting Standards (IFRSs). This requires previous year's results to be re-stated in the new format. The principle impact of reporting under IFRS is that our property, plant and equipment has been revalued and the annual depreciation charge calculated on this revalued amount. This has led to a significant increase in the depreciation charged for the year and this is the principle cause of the loss before tax of £3,599,000. Notwithstanding this change, CMAL has substantial resources available at the year end to meet its commitment in the forthcoming year. Full details of the impact of the change are shown in the annual accounts.

The main highlight of the year was the launch of MV FINLAGGAN in Gdansk, where I joined two lucky competition winners who took part in a contest to name the vessel. They named her FINLAGGAN, a historic island settlement and the centre of the Lordship of the Isles.

We have continued to work closely with the Scottish Government, including advising them on the development of the Scottish Ferries Review consultation document.

As part of this, the board of CMAL put together three potential options for an alternative structural or financing route for the organisation, to help deliver the desired investment programme more efficiently and effectively and in a way that is more affordable to the public purse.

CMAL has expressed a preference for the set up of a Public Interest Company, a non-profit distributing organisation governed by members who represent the Government and the communities served by the lifeline ferry services and are responsible for appointing the Board of Directors. Such a move could allow the company to access external borrowing, meaning more opportunities to access funding for future projects.

The review consultation closed in September 2010 and we look forward to working with the Scottish Government further to develop a comprehensive ferries plan for Scotland.

Grenville S Johnston
Chairman
5 October 2011

Aithris a' Chathraiche

Airson na bliadhna a' crìochnachadh 31 Màrt 2011
Tha an Cathraiche a' toirt dhuinn aithris airson na bliadhna

Anns a' bhliadhna seo chunnaic sinn tasgadh mòr a' tighinn bho CMAL, nam measg aiseag ùr ga togail airson slighe Ìle agus leasachaidhean gan dèanamh air bunstructair nam port ann an Ceann na Creige agus Port Ilein, cho math ri seann bhàirdse ga thoirt air falbh às an acarsaid an Ceann na Creige. Tha na leasachaidhean seo agus an cumail-suas de na goireasan cala a' sealltainn dealas CMAL gus na nithean air a bheil sealbh againn a chumail-suas, an leasachadh agus an inbhe a thogail, leis an dòchas gun coilean sinn ar n-amas gun tèid aithne a thoirt dhuinn le prìomh chom-pàirtichean mar sholaraiche iomraichte de na sothichean agus bunstructair puirt as èifeachdaiche agus as nua-thionnsgach airson na coimhearsnachdan a tha sinn a' seirbheiseachadh.

Airson a' chiad uair, tha CMAL a' toirt cunntas air toraidhean ionmhais a rèir Ìrean Aithris Ionmhais Eadar-nàiseanta (IFRS). Tha seo ag iarraidh gun tèid toraidhean na bliadhn' an-uiridh an toirt seachad a-rithist sa chruth ùr. 'S e a' bhuaidh as motha a thug aithrisean fo IFRS gun deach ar toglaichean, uidheamachd agus goireasan an ath-luachadh agus an lùghdachadh luach bliadhnail obrachadh a-mach air an t-suim ath-luachaidh seo. Tha seo a' ciallachadh gun tàinig àrdachadh mòr air an lùghdachadh luach a chaidh a chur mur coinneimh airson na bliadhna seo agus b' e seo am prìomh adhbhar airson call ro chìs de £3,599,000. A dh'aindeoin an atharrachadh seo, tha stòrasan susbainteach aig CMAL rin cleachdadh aig deireadh na bliadhna airson amasan na bliadhna-sa tighinn a choileanadh. Tha am fiosrachadh gu lèir a thaobh buaidh nan atharrachaidhean ri fhaighinn anns a' chunntas bhliadhnail.

B' e prìomh thachartas na bliadhna an latha a chaidh MV FIONN LAGAN a chur air bhog ann an Gdansk, far an robh mi fhìn còmhla ris an dà neach a bhuannaich farpais airson am bàta ainmeachadh. Thug iad FIONN LAGAN oirre, baile eileanach eachdraidheil agus prìomh sgìre Thighearnas nan Eilean. Tha sinn a' leantainn le bhith ag obair gu dlùth le Riaghaltas na h-Alba, am measg nithean eile gan comhairleachadh mun ullachadh den phàipear co-chomhairleachaidh airson Lèirmheas Aiseagan na h-Alba. Mar phàirt dhen seo, tha bòrd-stiùiridh CMAL air trì roghainnean a dheasachadh a' tabhann dòighean eadar-dhealaichte airson dèiligeadh le structair agus ionmhas na buidhne, gus cuideachadh ann a bhith a' lìbhrigeadh prògram maoineachaidh tasgaidh nas èifeachdaiche agus nas brìgheil agus ann an dòigh nach toir uibhir de bhuaidh air an sporan phoblach.

Tha CMAL air a dhèanamh follaiseach gum b' fheàrr leotha Companaidh Mathais Poblach a stèidheachadh, buidheann neo-phrothaideach air a ruith le buill a tha a' riochdachadh an Riaghaltais agus na coimhearsnachdan a th' air am frithealadh le seirbheisean aiseig dheatamaich agus air am bi an t-uallach Bòrd Stiùiridh a shuidheachadh. Bheireadh leithid de structair cothrom don chompanaidh iasadan fhaighinn bhon taobh a-muigh, a' ciallachadh gum biodh barrachd chothroman ann air maoineachadh airson pròiseactan san àm ri teachd.

Thàinig an co-chomhairleachadh airson an lèirmheas gu crìch san t-Sultain 2010 agus tha sinn a' coimhead air adhart ri tuilleadh obrachadh còmhla ri Riaghaltas na h-Alba airson plana aiseig iomlan a chur air adhart airson Alba.

Grenville S MacIain
Cathraiche
5 An Dàmhair 2011

Chief Executive's Statement

For the year ended 31 March 2011
The CEO presents his statement for the year.

It has been an exciting year for CMAL and a great deal has been achieved. We have continued to strive to deliver our mission to provide, safeguard and develop the ferries and harbours under our control and have made some major investments as part of this commitment.

We have also grown our team and now have a Business Support Accountant on board.

In June 2010, the Scottish Government launched the Scottish Ferries Review consultation. CMAL worked closely with the Government to advise on issues surrounding vessels, ports and harbours and looked at various options for CMAL to access funds, make ports and harbours self funding and the potential to open up the market to greater competition.

Our new vessel MV FINLAGGAN also launched in Gdansk, following a £24M project to construct the ferry and arrived in Scotland in May this year. FINLAGGAN is the first new ship to serve the Kennacraig to Islay route in almost 40 years.

This year we also announced further details of another innovative ferry solution in development, which will bring together existing technologies and expertise to develop the world's first sea going RORO passenger hybrid ferry in Scotland.

Following the Minister's subsequent announcement of funding and recent tender process, we hope that the first of these vessels will be in operation by early 2013 and we will be announcing the successful contractor shortly.

One of the things we are most proud of in 2010/11 was our work with the Department for Regional Development in Northern Ireland and the Department of Community, Equality and Gaeltacht Affairs on the Small Ferries Project, which examined ideas for a common design and procurement strategy for small ferries.

A strategic plan was developed to help influence policy officials when making decisions on the procurement of replacement ferry vessels. We look forward to hearing their feedback.

2011/12 looks set to be another busy year. Capital projects include the rebuilding of Port Ellen pier, completing works at Kennacraig, remedial work at Gourock, plus a plethora of medium/smaller port maintenance and refurbishment projects.

Vessel development will include the building of the hybrid ferries and a replacement vessel/s for the Stornoway Ullapool route. We will also be looking for other business opportunities to bring additional revenue into the company and our investigations into how to realise the vital investment in our assets continues. We look forward to working with all of our stakeholders, to ensure we continue to provide the vital maritime transport assets for the communities we serve.

Guy Platten
CEO
5 October 2011

Aithris an Àrd-oifigeir

Airson na bliadhna a' crìochnachadh 31 Màrt 2011
Tha an t-Àrd-oifigear a' toirt dhuinn aithris airson na bliadhna

'S e bliadhna air leth trang a th' air a bhith ann airson CMAL agus tha sinn air mòran a choileanadh. Tha sinn a' leantainn nar n-iomairt gus na h-aiseagan is calachan a tha fo ar cùraim a dhìon agus a leasachadh agus tha sinn air maoineachadh a thoirt seachad airson seo a thoirt gu buil. Tha sinn cuideachadh air fàs fhaicinn nar sgioba, le Neach-cunntais Taic Gnìomhachais a-nis air bòrd. San Òg-mhios 2010, chuir Riaghaltas na h-Alba air bhog an co-chomhairleachadh air Lèirmheas Aiseagan na h-Alba. Bha CMAL ag obair gu dlùth còmhla ris an Riaghaltas gus comhairle a thoirt air ceistean a thaobh bàtaichean, puirt agus calachan agus bhathar a' coimhead air grunn roghainnean airson 's gum faigheadh CMAL cothrom air maoineachadh, cho math ri puirt agus calachan a dhèanamh fèin-mhaoineachaidh agus gus coimhead ris a' chothroim a' mhargaid fhosgladh a-mach airson barrachd co-fharpais a thàladh. Chaidh an soitheach ùr againn, an FIONN LAGAN, a chur air bhog ann an Gdansk às dèidh pròiseact luach £24M airson an aiseag a thogail agus thàinig i a dh'Alba sa Chèitean am bliadhna. 'S i am FIONN LAGAN a' chaid bhàta ùr a th' air a bhith air an t-slighe eadar Ceann na Creige agus Ìle airson faisg air 40 bliadhna.

Am bliadhna thug sinn cuideachd tuilleadh fiosrachaidh seachad mu leasachadh nua-thionnsgach a tha san amhairc a thaobh aiseagan, a bheir ri chèile teicneòlasan agus sàr-eòlas a thathar a' cur gu feum mar-thà gus a' chiad aiseag RORO dà-chonnaidh air an t-saoghal a thoirt a dh'Alba. Às dèidh fios fhaighinn bhon Mhinisteir a thaobh maoineachadh agus am pròiseas tairgse, tha sinn an dòchas gum bi a' chiad tè de na h-aiseagan seo ann an seirbheis tràth ann an 2013 agus bidh sinn a' sgaoileadh fiosrachaidh mun chùnnradair shoirbheachail a dh'aithghearr.

B' e aon de na nithean anns an do rinn sinn mòran uaill ann an 2010/11 an obair a chaidh a dhèanamh còmhla ris an Roinn Leasachaidh Sgìreil ann an Èireann a Tuath agus an Roinn airson Gnothaichean Coimhearsnachd, Co-ionnannachd agus Gaeltacht air a' Phròiseact Aiseagan Beaga, far an do choimhead sinn air ro-innleachd airson dealbhadh agus sealbhachadh cumanta a thaobh aiseagan beaga. Chaidh plana ro-innleachdach a dhealbh gus cuideam a chur air oifigearan poileasaidh nuair a bhios iad a' co-dhùnadh mu bhith a' faighinn aiseagan ùra. Tha sinn a' coimhead air adhart ri fios-air-ais fhaighinn bhuapa.

Tha a h-uile coltas gum bi 2011/12 trang cuideachd. Tha pròiseactan calpa a' gabhail a-steach ath-thogail de chidhe Phort Ilein, crìochnachadh na h-obrach aig Ceann na Creige, obair càraidh ann an Guireag cho math ri grunn phròiseactan ath-nuadhachaidh agus cumail-suas aig puirt bheaga/meadhanach mòr.

Bidh leasachaidhean shoithichean a' gabhail a-steach togail nam bàtaichean dà-chonnaidh agus aiseag ùr airson an t-slighe eadar Ulapul agus Steòrnabhagh. Bidh sinn cuideachd a' coimhead ri cothroman gnìomhachais eile airson barrachd maoineachaidh a thoirt a-steach dhan chompanaidh agus bidh ar n-oidhirpean gus nas urrainn de dh'airgead fhaighinn às na nithean air a bheil sealbh againn a' leantainn. Tha sinn a' coimhead air adhart ri bhith ag obair còmhla ri ar com-pàirtichean gus dèanamh cinnteach gun cùm sinn oirnn le bhith a' tabhann an siubhal mara deatamach a tha dhìth air na coimhearsnachdan a tha sinn a' seirbheiseachadh.

Guy Platten
Àrd-oifigear
5 An Dàmhair 2011

April 2010
Port Ellen – Kennacraig improvements: Removal of Kennacraig Barge

In April 2010 CMAL announced plans to remove a sunken barge near the entrance to Kennacraig Harbour as part of the upgrade works at Port Ellen and Kennacraig, which were undertaken to deliver improved berthing facilities and infrastructure for the new Islay vessel, MV FINLAGGAN.

The project was managed by consultant engineers Halcrow and marine contractors Herbosch-Kiere were employed to excavate and remove the old Thames barge which sunk in the 1970's. The removal of the barge was vital to allow the new, larger ferry to berth at Kennacraig. Herbosch- Kiere used their large working barge, Waasland to complete the works, which was towed from Antwerp by marine contractors. With no disruption to ferry services, the sunken barge was successfully removed from the seabed adjacent to the linkspan berth in June 2010, using an 85 tonne excavator and a 325 tonne crane. The steel was then broken up and sent for recycling.

The project was completed ahead of schedule and under budget.

Following the removal of the barge, construction began on the development of a new berthing dolphin and general upgrade works, including repairs to the existing sheet piled walls, re-profiling the concrete fixed ramp and upgrading of the fuelling system, the water supply to the pier, the terminal lighting and drainage.

Lorna Spencer:
"We are delighted that the removal of the Kennacraig barge was completed ahead of schedule and under budget. The project was essential to allowing safe berthing of our new, larger ferry, the MV FINLAGGAN."

June 2010
MV FINLAGGAN makes a splash in Gdansk

Following a £24m project to construct a new vessel for the Islay route; on 30 June the MV FINLAGGAN was launched sideways into the waters of Gdansk.

The 90 metre long vessel is a modern Ro-Ro Euro Class B passenger ferry with capacity for 550 passengers and 85 cars, or the equivalent coaches and commercial vehicles. This marks a 22% increase in passenger capacity and an 11% increase in cars compared to the current provision.

The project began in 2007 after the contract was awarded to leading European ship yard Remontowa in Gdansk, Poland, as part of CMAL's ongoing commitment to providing modern, sustainable ferries which are reliable and have lower maintenance costs.

The vessel was named FINLAGGAN following a competition launched by CMAL in 2009. Finlaggan, a historic island settlement and the centre of the Lordship of the Isles, was voted the outright winner with 70% of the public vote.

Two lucky winners who took part in the competition, Alison Bell from Inverness and Mary McRae from Islay, travelled to Gdansk for the launch, where a specially labelled version of The Vintage Malt Whisky Company's Finlaggan Islay single malt whisky was smashed against the vessel to officially launch it.

Grenville Johnston:
"It was fantastic to see the MV FINLAGGAN hit the water and it is wonderful that the competition winners who helped name the vessel were able to join us.
"MV Finlaggan is a fantastic new addition to the fleet and will serve one of our island communities for many years to come."

June 2010
Scottish Ferries Review Consultation launched

In June 2010 the Scottish Government published the Scottish Ferries Review Consultation document, to analyse the current lifeline ferry services and network, gather stakeholder views and inform the development of a long term strategy for lifeline ferry services in Scotland.

As part of the review, CMAL worked closely with the Scottish Government to look at various options for securing funding for vessel replacement and infrastructure improvements. Presently, CMAL is only allowed to borrow from the Scottish Government, which is restricted in the amount it can lend to CMAL.
The CMAL board assessed whether an alternative structural or financing route could deliver the desired investment programme more efficiently and effectively and outlined three options for consideration in the consultation:

- A greater use by CMAL of operating leases
- Set up of a Public Interest Company - a non-profit distributing organisation governed by members who represent the communities served by the lifeline ferry services and who are responsible for appointing the Board of Directors
- An alternative non-profit distributing financing model

The consultation closed on 30 September. A Draft Ferries Plan will be published in 2011 and a further period of consultation will follow.

Guy Platten:
"CMAL is looking forward to working with the Scottish Government and stakeholder groups to develop the Draft Ferries Plan, which will help to ensure that communities throughout Scotland have access to the quality ferry services that they rely on."

September 2010
Publication of the Small Ferries Project report

CMAL hosted a reception in Edinburgh in September 2010 attended by the Minister for Transport, Infrastructure and Climate Change, to mark the publication of the Small Ferries Project report. CMAL who led the project, collaborated with the Department for Regional Development in Northern Ireland and the Department of Community, Equality and Gaeltacht Affairs, to examine ideas for a common design and procurement strategy for small ferries.

With many of the vessels now approaching or exceeding their target replacement of 25 years service, the report made a number of recommendations for the development of common vessel designs and a cross-border collaborative approach to procuring replacement ferries and associated harbour infrastructure, for consideration by policy makers.
The report identified a number of options for procurement models, which looked at the most cost effective and efficient approach; including the appointment of CMAL as the lead authority for all procurement. Eight routes were examined. It is anticipated that the project's findings could potentially have wider reach and benefit for other routes in the three regions.

The Small Ferries Project was part financed by the European Union's Regional Development Fund through the INTERREG IVA Cross-border Programme, managed by the Special EU Programmes Body. The report is currently with the partners' respective Governments for consideration.

Andrew Flockhart:
"It is extremely important that we explore opportunities for collaboration to ensure increased buying power. The savings made on administration, the cost of the vessels and shared learning will all help us to develop a more streamlined approach to ferry procurement and operation."

January 2011
MV Juno recycling announced

After consultation with the Scottish Government and CalMac Ferries Ltd, CMAL announced that the MV Juno was to be sent for recycling in accordance with the UK ship recycling strategy.

MV Juno was launched at James Lamont and Company yard, Port Glasgow and entered service on 2 December 1974. The vessel primarily sailed on the Gourock to Dunoon and Wemyss Bay to Rothesay services, but also undertook Clyde Cruises.

She has been laid up at Rosneath since 22 April 2007 after delivery of the new Rothesay ferry MV Argyle in April 2007, which meant she was surplus to requirements.

The vessel is in possession of a "Green Passport" issued by Lloyd's Register of Shipping, which contains an inventory of the materials it is constructed from and has on board. It will be recycled under the DEFRA recycling initiative which applies to all vessels above 500 gross tonnes that are owned by the UK Government and its agencies.

Equipment and spares, including engine and gearbox parts, much of which are difficult to source, will be removed from the vessel prior to recycling for use on the MV Saturn.

A buyer has now been found for the vessel and recycling has commenced.

Andrew Duncan:
"The recycling of MV Juno and the introduction of Green Passports to our ferry fleet demonstrates CMAL's ongoing commitment to safeguarding the environment, as well as compliance with the new Ship Recycling Convention."

February 2011
Hybrid Ferries Project

In 2010 CMAL began work on a new project, which will see the world's first sea-going RORO passenger hybrid ferry operational in Scotland.

In February 2011, CMAL hosted an information day with Scottish Enterprise and Scotland Europa to present an update on the project to interested companies and demonstrate the innovative commercial opportunities it will provide for Scotland.

The ferry will be designed to operate on many of the short crossing routes around the Clyde and Hebrides and will accommodate 150 passengers, 23 cars or 2 HGVs, with a service speed of nine knots. The vessel will be powered by small diesel generator sets, feeding power to a 400 volt switchboard, which will in turn supply power to electric propulsion motors that turn the propellers.

Battery banks will also be installed and will supply a minimum of 20% of the energy consumed on board, reducing CO2 and other emissions. These will be charged up overnight from the national grid whilst the vessel is moored.

The project is also looking at the possibility of using energy from local wind, wave or solar systems to charge the batteries, making the process even more environmentally friendly.

CMAL hope that the first of these vessels will be in operation in early 2013.

Guy Platten:
"This project marks part of CMAL's commitment to building for the future; providing sustainable ferries which are reliable, fuel efficient and have lower maintenance costs, to ensure the provision of quality services for those who rely on them, while helping to contribute to the Scottish Government's targets on cutting climate change emissions."

March 2011
Stornoway-Ullapool route appraisal

Following the announcement that the MUIRNEAG will be withdrawn from service in October 2013, a STAG report (Scottish Transport Appraisal Guidance) of ferry provision on the Stornoway-Ullapool route was conducted to look at potential options for the route, which is currently serviced by two ships.

Following a subsequent technical and financial analysis, CMAL, CalMac Ferries and the Scottish Government held a series of public meetings in March, to present three options for the route to the communities of Lewis and Harris.

While no final decision has yet been made, CMAL and David MacBrayne Limited's preferred option is for one larger 116m long Roll On Roll Off vehicle passenger ferry, capable of operating 24 hours a day. This would have a number of benefits, including improved resilience in bad weather, increased capacity and speed, lower operating costs than a two ship solution and a more fuel efficient hull and machinery.

CMAL estimate the project will cost £45 to £50 million and is currently seeking proposals for funding terms in the form of lease options from banks and other financial institutions.

Further consultation with the local community and key stakeholders will now be carried out, before a final recommendation is sent to the Scottish Government.

Guy Platten:

"CMAL is committed to consulting with local communities about their ferry services. The public meetings have been very positive and have provided CMAL with invaluable feedback which will be fed back to the Scottish Government, to help inform their final decision on ferry provision for the route."

May 2011
MV FINLAGGAN arrives in Scotland

Following her launch and subsequent handover in Gdansk, the MV FINLAGGAN arrived in Scotland in May 2011. To mark the occasion, the operator of the ship, CalMac Ferries Limited held an official naming ceremony in Islay, conducted by Gina McAuslan, Chairman of the Finlaggan Trust Committee, an Islay-based community organisation, which looks after the archaeological site after which the ship has been named. The ferry boasts three passenger decks, an observation lounge, reclining seats and quiet lounge, restaurant, shop, children's play area, two decks of external panoramic seating and two disabled lifts accessing all decks, including the outside upper deck. The order for the ship was placed by CMAL in November 2007 and she is the first new ship to serve the Islay route in almost 40 years, demonstrating CMAL's commitment to the long term improvement of vessels for remote and island communities. To coincide with the naming ceremony, CMAL also produced a commemorative brochure titled "The Sea Route to Islay - The Journey to Finlaggan". Written by CalMac Historian Ian McCrorie, the brochure charts the development of the sea route to Islay from the first paddle steamer in 1825, to the entry into service of the MV Finlaggan in 2011. Following the ceremony, the vessel was put into service, sailing from Kennacraig to Port Askaig initially, while infrastructure works are completed at Port Ellen. In June, a technical issue was reported and she was sent to ship repairers Cammell Laird where the hydraulic cylinders and pumps were sent to a specialist subcontractor to be stripped down, decontaminated and rebuilt. Other small guarantee defects were also addressed by Remontowa shipyard and their suppliers and she returned to service shortly thereafter.

Guy Platten:

"It is wonderful that the project was delivered on time and on budget, which was down to excellent teamwork between CMAL as the owners and project managers, CFL as operator and the shipyard in Gdansk and we are delighted to have the MV FINLAGGAN in service in Scotland."

Annual Reports & Accounts to 31 March 2011 - Aithisgean Bliadhnail agus Cùnntasan gu 31 Màrt 2011

Directors' Report

The Directors have pleasure in submitting their Report and financial statements for the year ended 31 March 2011.

Structure

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

Basis of Preparation of Financial Statements

For the first time, the Company is preparing its accounts in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union, and consequently has applied IFRS1, First-time Adoption of International Financial Reporting Standards. The previously reported financial performance and financial position of the Company has been restated to reflect this change and a summary of the impact of this change is shown at Note 22 to the accounts.

Results

During the year the Company generated revenue of £15,788,000 (2010 : £15,785,000) in line with expectations, which resulted in a net loss after tax of £(4,982,000) (2010 restated : (Loss) £(7,075,000)).

Principal Activity and Business Review

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

Cash resources increased over the year primarily due to a stage payment on the MV Finlaggan shipbuilding contract being postponed until after the financial year end. Resources were being reserved to meet the significant costs of works at Port Ellen and Kennacraig necessary to accommodate the MV Finlaggan when she entered service in May 2011.

The Company continues to make contributions to the funding deficits on the CalMac Pension Scheme, the Merchant Navy Officers Pension Fund and the Merchant Navy Ratings Pension Fund. Payments totalling £2,434,000 were made during the year.

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

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

Political and Charitable Donations

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

Employees

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

Directors and their Interests

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

GS Johnston * xx	- Appointment period to 31 October 2012 (Chairman)
E Østergaard ** x	- Appointment period to 31 October 2012
K MacLeod * x	- Appointment period to 31 October 2012
G S Platten	- Chief Executive
A J Duncan	- Director of Vessels
L E Spencer	- Director of Harbours

M Forrest and A Whyte have been appointed as Non-Executive Directors post year-end, in respect of the appointment period 1 August 2011 to 31 July 2014.

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

Three meetings of the Audit Committee and three meetings of the Remuneration Committee were held during the year. All members of the respective Committees attended the relevant meetings. None of the Directors had any beneficial interest in the share capital of the Company at any time during the year.

The Company is wholly owned by the Scottish Ministers. Under section 251 of the Companies Act 2006, the Scottish Ministers are considered to be a Shadow Director of the Company.

Disclosure of Information to Auditors

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

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

Guy Platten
Director

5 October 2011

Municipal Buildings
Fore Street
Port Glasgow
PA14 5EQ

Report on Corporate Governance

The Company is committed to high standards of corporate governance, business integrity and professionalism in all its activities. Throughout the year ended 31 March 2011, the Company has complied with all the relevant provisions of the Combined Code issued by the Committee on Corporate Governance in June 1998 (notwithstanding that the Company is not a listed company to which the provisions are directed) insofar as these have not been superseded by the provisions of the revised Combined Code. In addition, the Company has complied with the provisions set out in The UK Corporate Governance Code issued by the Financial Reporting Council in June 2010 ("the revised code") with the following exceptions:

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

Board of Directors

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

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

Board Balance and Independence

At 31 March 2011, the Board comprised of three Non-Executive Directors (including the Chairman) plus three Executive Directors (including the Chief Executive). Two further Non-Executive Directors were appointed on 1 August 2011. The Board considers that, based on the criteria set out in the provisions of the revised code, all Non-Executive Directors are independent.

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

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

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

Information, Induction and Professional Development

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

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

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

Performance Evaluation

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

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

Relations with Sole Shareholder

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

Internal Control

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

The Key Elements of the System and Internal Control are as Follows:

Control Environment

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

Audit Committee

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

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

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

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

Identification and Monitoring of Business Risks

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

Major Corporate Information Systems

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

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

Going Concern

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

Statement of Directors' Responsibilities

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

Company law requires Directors to prepare the financial statements for each financial year. Under that law, the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law 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
- 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.

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

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

Report on Remuneration Matters

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

	Salary £'000	Fees £'000	Bonus £'000	Benefits in kind* £'000	Total 2011 £'000	Total 2010 £'000
Non-Executive Directors						
G S Johnston	-	17	-	-	17	17
E Østergaard	-	14	-	-	14	13
K MacLeod	-	7	-	-	7	7
Executive Directors						
G S Platten	93	-	-	6	99	99
A J Duncan	74	-	-	6	80	82
L E Spencer	73	-	-	7	80	82
	240	**38**	**-**	**19**	**297**	**300**

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

G S Platten has waived his entitlement to a performance bonus of up to 10% of salary for 2011.

Performance bonuses for other Executive Directors and staff, which were deemed part of the terms and conditions of employment, were withdrawn for 2011.

E Østergaard's appointment allows for a minimum commitment of two days per month. Fees paid reflect the actual number of days undertaken on Company business.

The Executive Directors are members of the CalMac Pension Fund and their retirement benefits for the year to 31 March 2011 are as follows:

	Accrued Pension		Transfer Value		
	At 31 March 2011 £	Increase in pension £	At 31 March 2011 £	At 31 March 2010 £	Increase, net of members' contributions £
Director					
G S Platten	5,324	1,614	50,102	31,372	13,203
A J Duncan	4,257	1,347	57,698	36,521	16,843
L E Spencer	4,216	1,360	39,705	24,178	11,273

Report of the Independent Auditor to the Members of Caledonian Maritime Assets Ltd

We have audited the financial statements of Caledonian Maritime Assets Ltd for the year ended 31 March 2011 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows, 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 Auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 19, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Statement, the CEO's Statement, the Review 2010 – 2011 and the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements:

- Give a true and fair view of the state of the Company's affairs as at 31 March 2011 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
- 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 Chairman's Statement, the CEO's Statement, the Review 2010 – 2011, the report on remuneration matters and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on Which We Are Required to Report by Exception

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

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

Nick Bennett

Nick Bennett (Senior Statutory Auditor)
For and on behalf of Scott-Moncrieff, Statutory Auditor
Chartered Accountants
25 Bothwell Street
Glasgow
G2 6NL

5 October 2011

Statement of Comprehensive Income

For the Year Ended 31 March 2011

	Note	2011 £'000	2010 Restated £'000
Revenue	6	15,788	15,785
Cost of sales	7	(13,993)	(11,467)
Gross profit		1,795	4,318
Administrative expenses	7	(3,136)	(10,035)
Operating (loss)		**(1,341)**	**(5,717)**
Interest receivable	7	94	90
Interest payable	7	(1,967)	(1,820)
Other finance costs	7	(385)	(985)
		(2,258)	(2,715)
(Loss) on ordinary activities before taxation		(3,599)	(8,432)
Taxation			
Tax (charge)/Credit for the year	8	(1,383)	1,357
(Loss) for the Financial Year		**(4,982)**	**(7,075)**
Other comprehensive income			
Actuarial gain/(loss) recognised in the pension scheme	19	2,241	(6,214)
Age related rebates recognised in the pension scheme	19	288	1,008
Tax movement relating to the actuarial gain/(loss)	19	(1,389)	965
Other employers' contribution to pension deficit	19	1,265	1,761
Gain on revaluation of property, plant & equipment and investment property	10	8,289	1,036
Other comprehensive income/(expense)for the year, net of tax		**10,694**	**(1,444)**
Total comprehensive income/(expense) for the year		**5,712**	**(8,519)**
Loss attributable to:			
Owners of the Company		**(4,982)**	**(7,075)**
Total comprehensive income/(expense) attributable to:			
Owners of the Company		**5,712**	**(8,519)**

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

Statement of Financial Position

As at 31 March 2011

Assets	**Note**	**2011 £'000**	**2010 Restated £'000**	**2009 Restated £'000**
Non-current assets				
Property, plant & equipment	10	196,412	183,350	180,700
Investment property	10	1,548	1,622	1,808
Investments	11	750	750	750
Total non-current assets		198,710	185,722	183,258
Current assets				
Trade and other receivables	12	4,624	3,079	4,736
Cash at bank and in hand	15	23,011	16,079	12,324
Total current assets		27,635	19,158	17,060
Total assets		**226,345**	**204,880**	**200,318**
Equity and liabilities				
Capital and reserves				
Called up share capital	18	15,000	15,000	15,000
Distributable capital contribution reserve		13,800	13,800	13,800
Revaluation reserve		76,734	68,445	67,409
Retained earnings		(28,190)	(25,613)	(16,058)
Total equity attributable to owners of the Company		77,344	71,632	80,151
Non-current liabilities				
Other payables	14	63,771	56,394	45,608
Capital grants	16	51,017	49,595	48,788
Net pension liability	19	11,838	14,508	11,853
Deferred tax provision	17	5,644	4,355	5,644
Total non-current liabilities		132,270	124,852	111,893
Current liabilities				
Trade and other payables	13	16,731	8,396	8,274
Total liabilities		149,001	133,248	120,167
Total equity and liabilities		**226,345**	**204,880**	**200,318**

These financial statements were authorised for issue by the Board of Directors on 5 October 2011 and were signed on its behalf by:

Grenville S Johnston
Chairman

Statement of Changes in Equity

For the Year Ended 31 March 2011

	Share capital	Distributable Capital Contribution reserve	Retained earnings	Revaluation reserve	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Balance at 31 March 2009	15,000	13,800	(10,414)	-	18,386
Adjustment in respect of deferred tax	-	-	(5,644)	-	(5,644)
Adjustment in respect of asset revaluation	-	-	-	67,409	67,409
Balance as at 1 April 2009 restated	15,000	13,800	(16,058)	67,409	80,151
Loss for the year	-	-	(7,075)	-	(7,075)
Other comprehensive (expense) /income for the year	-	-	(2,480)	1,036	(1,444)
Balance at 31 March 2010	15,000	13,800	(25,613)	68,445	71,632
Loss for the year	-	-	(4,982)	-	(4,982)
Other comprehensive income for the year	-	-	2,405	8,289	10,694
Balance at 31 March 2011	**15,000**	**13,800**	**(28,190)**	**76,734**	**77,344**

The loss for the year and other comprehensive income for the year are wholly attributable to the owners of the Company.

Statement of Cash Flows

For the Year Ended 31 March 2011

	2011 £'000	2010 £'000
Cash Flows From Operating Activities		
Revenue receipts	16,806	15,457
Cash payments for:		
Cost of sales	(4,468)	(2,049)
Pension deficit	(2,434)	(2,464)
Direct pay costs	(863)	(766)
General operating and administrative expenses	(1,606)	(1,210)
	(9,371)	(6,489)
Cash generated by operating activities	7,435	8,968
Interest paid	(2,398)	(1,860)
Net cash generated by operating activities	**5,037**	**7,108**
Cash flows from investing activities		
Interest received	80	91
Cash receipts in respect of capital grants	4,577	2,470
Payments to acquire property, plant and equipment	(9,924)	(11,276)
Net cash (used in) investing activities	**(5,267)**	**(8,715)**
Cash flows from financing activities		
Loans received	9,200	4,400
Loans repaid	(2,038)	(2,038)
Capital contribution received	-	3,000
Net cash generated by financing activities	**7,162**	**5,362**
Net increase in cash and cash equivalents	**6,932**	**3,755**
Cash and cash equivalents at the beginning of the year	**16,079**	**12,324**
Cash and cash equivalents at the end of the year	**23,011**	**16,079**
Comprising:-		
Cash and bank balances	**23,011**	**16,079**

Notes to the Accounts

1. General Infomation

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 14.

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 for the first time and has applied IFRS1. An explanation of how the transition to IFRS affected the previously reported financial positions and financial performance of the Company is provided in Note 22.

4. Summary of Significant Accounting Policies

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

(a) Adoption of New and Revised Standards

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

IAS 1	Presentation of Financial Statements
IAS 7	Statement of Cash Flows
IAS 12	Income Taxes
IAS 16	Property, Plant and Equipment
IAS 17	Leases
IAS 18	Revenue
IAS 32	Financial Instruments: Presentation
IAS 36	Impairment of Assets
IAS 37	Provisions, Contingent Liabilities and Contingent Assets
IAS 39	Financial Instruments: Recognition and Measurement
IFRS 7	Financial Instruments: Disclosures

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 1	Presentation of Financial Statements
IAS 24 (revised)	Related Party Disclosures
IAS 32	Financial Instruments: Presentation
IAS 39	Financial Instruments: Recognition and Measurement
IFRS 7	Financial Instruments: Disclosures
IFRS 9	Financial Instruments
IFRIC 14 – IAS 19	The Limit on a Defined Benefit Asset, Minimun Funding requirements and their interaction

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) Non-Current Assets
Operational Assets

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 on other 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 three years

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

Investment Property

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

Assets under Construction

Ships, piers, linkspans and other assets under construction are carried at cost on the basis of payments to account. No depreciation is charged until the asset comes into use. Caledonian Maritime Assets Ltd borrows funds from Scottish Ministers to finance new vessel construction. The directly attributable costs of financing new vessel builds is capitalised and included in the cost of the vessel.

(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 made under operating leases are credited to the income statement on a straight line basis over the period of the lease. Operating lease incomes relate 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 balance sheet in respect of the CalMac Pension fund is the present value of the defined benefit obligation at the end of the reporting period, less the fair value of the fund assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

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

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

(j) Financial Instruments
The Company classifies its financial assets in the following category. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables:
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

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

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

(m) Trade Receivables
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.

(n) 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.

(o) Share Capital
Ordinary shares are classified as equity.

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 19.

6. Revenue

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

	2011 £'000	2010 £'000
Vessel charter fee	12,905	13,068
Harbour access charge raised against operator	2,157	2,057
Property & equipment licence fee from operator	196	190
Revenue from harbour dues	159	131
Rental income from properties not required for harbour operations	164	173
Other cost recoveries and contributions	207	166
	15,788	**15,785**

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

7. Loss on Ordinary Activities before Tax

The loss is stated after charging/(crediting):

		2011 £'000	2010 £'000 Restated
Auditors' remuneration			
- Audit of these financial statements		24	23
- Other services relating to accounting and taxation		2	3
- Services relating to corporate finance transaction entered into or proposed to be entered into by or on behalf of the Company		-	4
Depreciation of property, plant and equipment		12,378	11,615
Staff costs (Note 9)		1,732	8,921
Interest payable – loans		1,967	1,820
Interest received on bank balances		(94)	(90)
Operating lease costs - land & buildings		332	374
Release of capital grants		(2,893)	(2,876)
Other finance costs	- expected return on pension scheme assets	(4,542)	(3,220)
	- interest on pension scheme liabilities	4,927	4,205
		385	985

8. Taxation

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

	2011 £'000	2010 £'000 Restated
Corporation tax		
UK corporation tax on loss for the year at 26% (2010 : 28%)	-	-
Deferred tax		
Increase/(decrease) in deferred tax provision (Note 17)	1,289	(1,289)
Deferred tax in relation to pensions	94	(68)
Total deferred tax charge/(credit)	1,383	(1,357)
Tax charge/(credit) on loss on ordinary activities	1,383	(1,357)

The tax assessed for the period differs from the standard rate of corporation tax of 26% (2010 : 28%)

	2011	2010
The differences are explained below:		
(Loss) on ordinary activities before tax	(3,599)	(8,432)
UK corporation tax at 26% (2010 : 28%)	(936)	(2,361)
Effects of:		
(Income)/expenses not allowable for tax purposes	(362)	1,307
Movement in deferred tax in relation to pensions	(94)	68
Movement in deferred tax on losses recognised	871	986
Effect of change in tax rate	521	-
	-	-

9. Employee Information

Staff Costs (including Directors)

	2011 £'000	2010 £'000
Wages & salaries	714	647
Social security costs	71	77
Ongoing pension contributions	99	80
Pension contributions towards past deficits – other schemes (see below)	783	8,030
Staff related costs	134	144
	1,801	8,978
Employee costs included above allocated to capital projects	69	57

Pension contributions towards past deficits – other schemes
This represents provisions and payments made towards past deficits in industry-wide schemes as described in Note 19.

Employee numbers	2011 No.	2010 No.
Average number of employees, including Directors		
Administrative	17	15

10. Property, Plant and Equipment and Investment Property

	Investment Property	Other Property	Piers, Slipways & Linkspan Facilities	Vessels	Office Equipment	Payments on account and assets in construction	TOTAL
Cost or valuation							
Balance at 1 April 2008	-	7,387	33,980	146,704	26	8,097	196,194
Additions	-	-	480	1,487	(3)	6,253	8,217
Transfers	-	-	5,526	-	-	(5,526)	-
Revaluation increase / (decrease)	1,808	(2,356)	103,847	(43,689)	-	-	59,610
Balance as at 1 April 2009 restated	1,808	5,031	143,833	104,502	23	8,824	264,021
Additions	-	-	86	900	-	12,057	13,043
Transfers	-	-	6,012	-	-	(6,012)	-
Revaluation increase / (decrease)	(186)	(319)	(98)	1,639	-	-	1,036
Balance as at 31 March 2010 restated	1,622	4,712	149,833	107,041	23	14,869	278,100
Additions	-	-	17	1,307	3	15,750	17,077
Revaluation increase / (decrease)	(74)	(113)	(17)	8,493	-	-	8,289
Balance as at 31 March 2011	1,548	4,599	149,833	116,841	26	30,619	303,466
Accumulated depreciation and impairment							
Balance at 1 April 2008	-	2,393	14,382	65,751	4	-	82,530
Eliminated on revaluation	-	(2,550)	(15,878)	(70,873)	-	-	(89,301)
Revaluation increase	-	-	81,502	-	-	-	81,502
Depreciation expense	-	157	1,496	5,122	7	-	6,782
Balance as at 1 April 2009 restated	-	-	81,502	-	11	-	81,513
Depreciation expense	-	92	2,479	9,036	8	-	11,615
Balance as at 31 March 2010 restated	-	92	83,981	9,036	19	-	93,128
Depreciation expense	-	94	2,479	9,800	5	-	12,378
Balance as at 31 March 2011	-	186	86,460	18,836	24	-	105,506
Carrying amounts							
Balance as at 31 March 2009	1,808	5,031	62,331	104,502	12	8,824	182,508
Balance as at 31 March 2010	1,622	4,620	65,852	98,005	4	14,869	184,972
Balance as at 31 March 2011	**1,548**	**4,413**	**63,373**	**98,005**	**2**	**30,619**	**197,960**
Carrying amount under cost model							
Balance as at 31 March 2009	-	4,837	24,108	77,318	12	8,824	115,099
Balance as at 31 March 2010	-	4,684	29,084	72,256	4	14,869	120,897
Balance as at 31 March 2011	-	4,538	27,902	68,326	2	30,619	131,387

Included in the cost of Assets in Construction is £1,156,400 of interest arising on the financing of a new vessel. Interest has been calculated at rates ranging from 3.90% to 5.02%.

Property assets were valued at 31 March 2009, 2010 and 2011 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:

	2011 £'000	2010 £'000	2009 £'000
Investment properties			
Land	562	584	639
Buildings	986	1,038	1,169
	1,548	**1,622**	**1,808**
Other property assets			
Land	2,547	2,586	2,706
Buildings - freehold	2,015	2,082	2,275
Buildings - leasehold	37	44	50
	4,599	**4,712**	**5,031**

Piers, slipways and linkspan facilities were valued at 31 March 2009, 2010 and 2011 by Halcrow Group Ltd, Consulting Engineers, on a depreciated replacement cost basis and cost/valuation is as follows:

	2011 £'000	2010 £'000	2009 £'000
Piers and slipways	108,303	108,303	102,303
Linkspan facilities	41,530	41,530	41,530
	149,833	**149,833**	**143,833**

Ships were valued at 31 March 2009, 2010 and 2011 by Simsonship AB, shipbrokers of Stockholm, Sweden on a market value basis and had a total value of:

	2011 £'000	2010 £'000	2009 £'000
Vessels	**98,005**	**98,005**	**104,502**

Capital commitments	2011 £'000	2010 £'000
No provision has been made in these accounts for:		
Outstanding capital commitments contracted for amounting to:	6,028	12,202
Capital grants receivable in respect of these commitments amounting to:	-	-

11. Investments

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

Northlink Orkney & Shetland Ferries Ltd prepared its latest accounts to 6 July 2010; the following summary financial statements extracted from the audited accounts for the year to 6 July 2010 and from unaudited management accounts for the period to 31 March 2011, show the Company's proportionate share of the results for those periods and the balance sheet at these dates:

Profit & loss account	**Period to 31/03/2011 £'000**	**Year to 06/07/2010 £'000**
Turnover	-	-
Operating expenditure	(10)	(14)
Gross loss	(10)	(14)
Exceptional other operating income	10	17
Operating profit	-	3
Interest receivable	1	1
Profit on ordinary activities before taxation	1	4
Taxation	-	-
Profit for the financial period/ year	**1**	**4**

Balance sheet	**At 31 March 2011 £'000**	**At 6 July 2010 £'000**
Current assets		
Debtors and prepayments	7	8
Cash and bank	1,037	1,037
	1,044	1,045
Creditors		
Amounts falling due within one year	(7)	(9)
Net assets attributable to the Company	**1,037**	**1,036**
Represented by		
Share capital	750	750
Profit & loss account	287	286
Shareholders' funds attributable to the company	**1,037**	**1,036**

It is the intention of the Directors of Northlink Orkney & Shetland Ferries Ltd to effect a solvent winding up of the Company as soon as possible, and on the basis of all the information available to them, the Directors of Caledonian Maritime Assets Ltd are of the opinion that the investment should be held at £750,000 (Note 20).

Caledonian Maritime Assets Ltd holds 100% of the issued capital of Caledonian MacBrayne Ltd, a dormant company incorporated in Scotland.

12. Trade and Other Receivables

	2011 £'000	2010 £'000
Trade receivables	65	80
Prepayments and accrued income	559	482
Capital grants receivable	-	262
Loan drawdown on vessel new build	4,000	2,255
	4,624	**3,079**

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 (2010 : £12,800) was held against receivables.

13. Trade and Other Payables

	2011 £'000	2010 £'000
Loans (Note 14)	2,507	2,038
Trade payables	851	1,033
Other creditors and accruals	13,373	5,325
	16,731	**8,396**

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.

14. Other Payables

	2011 £'000	2010 £'000
Unsecured vessel loans not wholly repayable within five years, repayable in half-yearly instalments	56,808	47,901
Less repayable within twelve months (Note13)	(2,507)	(2,038)
	54,301	45,863
Other Creditors	9,470	10,531
	63,771	**56,394**
Instalments on the loans included above are repayable as follows:		
Between one and two years	2,976	2,038
Between two and five years	8,832	7,614
After five years	42,493	36,211
	54,301	**45,863**

Unless authorised by Scottish Ministers, the company can borrow only from Scottish Ministers. At 31 March 2011 the Company had 11 loans outstanding (2010 : 11) all repayable to Scottish Ministers at interest rates ranging from 3.90% to 8.57%. Loans are repayable by half yearly equal instalments of principal, over periods of 20 or 25 years from the first scheduled repayment date after finalisation of loan drawdown.

15. Financial Risk Management

Financial risk factors

The Company's activities expose it to the financial risks of interest rate risk and liquidity risk.

(a) Interest rate risk profile and financial liabilities and assets.

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	2011 £'000	2010 £'000	2011 £'000	2010 £'000	2011 £'000	2010 £'000	2011 %	2010 %	2011 Years	2010 Years
Loans	56,808	47,901	-	-	56,808	47,901	5	5	21	22
Cash	(23,011)	(16,079)	-	-	-	-	-	-	-	-
Net borrowing	**33,797**	**31,822**	**-**	**-**	**56,808**	**47,901**	**5**	**5**	**21**	**22**

All the Company's borrowings are at fixed rates of interest. The fair value of these loans at 31 March 2011 ascertained through discounting the future cash flows at the National Loans Fund rate was £54,770,000 (2010 : £49,439,000).

(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 £3,000,000 (2010 : £3,000,000) and other liquid assets of £20,011,000 (2010 : £13,079,000).

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 2011				
Borrowings	2,507	2,976	8,832	42,493
Trade & other payables	13,252	496	-	-
At 31 March 2010				
Borrowings	2,038	2,038	7,604	36,211
Trade & other payables	5,480	-	-	-

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 ongoing 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. 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 expires on 30 September 2013 and will be re-tendered. As a condition of the new contract, the operator will be required to charter the vessels from the company. It is envisaged the new contract will run for a period of six years.

16. Capital Grants

	2011 £'000	2010 £'000
Balance at 1 April	49,595	48,788
Grants received and receivable	4,315	3,683
Less: released to statement of comprehensive income	(2,893)	(2,876)
Balance at 31 March	**51,017**	**49,595**

17. Provisions for Liabilities and Charges

Deferred tax The main components of deferred tax at 26% (2010 : 28%) are:	2011 £'000	2010 £'000 Restated
Accelerated capital allowances	16,113	14,617
Other timing differences	(2,322)	(2,986)
Trading losses	(8,147)	(7,276)
Balance at 31 March	**5,644**	**4,355**

18. Share Capital

	2011 £'000	2010 £'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.

19. Pension Arrangements

The amount charged to the statement of comprehensive income in respect of employer contributions to Pension Schemes is:

	2011 £'000	2010 £'000
Ongoing contributions		
Company scheme	91	74
Other schemes	8	6
Contributions towards past deficits		
Other schemes	783	8,030
	882	**8,110**

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 2009. Assumptions which have the most significant effect on the results of the valuation are those relating to:

a) rate of return on investments
   6.75% pre retirement funds
   5.25% retirement funds
b) rate of increase in salaries and pensions.
   increase for current employees – 4.0% for 3 years, 4.5% thereafter
   increase for retired members – 3.5% on pre 2005 non GMP benefits; 2.8% on post 2005 non GMP benefits and post 1988 GMP benefits, 0% on pre 1988 GMP benefits
   increase for former employees – 3.5%
c) 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 £44,591,000 and that the actuarial value of those assets represented 61.5% of the benefits accrued to members.

The 2009 actuarial valuation identified a shortfall in funding of £28million.

The Trustees and Caledonian Maritime Assets Ltd 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 £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 15 years from the valuation date with 70% probability.

Financial Statement

The information disclosed below is in respect of the CalMac Pension Fund for which the Company is the sponsoring employer. For the purposes of accounting disclosure requirements of IAS19 Employee Benefits, the latest actuarial valuation carried out at 6 April 2009 was updated to 31 March 2011 by a qualified independent actuary.

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

	2011 £'000	2010 £'000
Present value of funded liabilities	(91,980)	(84,625)
Fair value of scheme assets	75,983	64,475
Deficit	(15,997)	(20,150)
Related deferred tax asset	4,159	5,642
Net liability	**(11,838)**	**(14,508)**

Changes in the present value of the defined benefit liabilities:

	2011	2010
At 1 April	84,625	61,052
Current service cost – Caledonian Maritime Assets Ltd	91	74
Current service cost - Others	4,641	3,656
Employee contributions	1,493	1,366
Interest cost	4,927	4,205
Actuarial (gains)/losses	(1,200)	17,290
Benefits paid	(2,597)	(3,018)
At 31 March	**91,980**	**84,625**

Changes in the fair value of the scheme assets:

	2011	2010
At 1 April	64,475	44,590
Expected return	4,542	3,220
Actuarial gains	1,041	11,076
Employer contributions	7,029	7,241
Employee contributions	1,493	1,366
Benefits paid	(2,597)	(3,018)
At 31 March	**75,983**	**64,475**

Amounts recognised in the statement of comprehensive income:

	2011	2010
Current service cost	91	74
Interest cost	4,927	4,205
Expected return on pension scheme assets	(4,542)	(3,220)
Total	**476**	**1,059**

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

	2011	2010
Staff costs	91	74
Other finance costs	385	985

The total amount recognised in the statement of comprehensive income in respect of actuarial gains and (losses) is £2,241,000; (2010 : £(6,214,000)).

Cumulative actuarial (losses) reported in the statement of comprehensive income are (£26,396,000); (2010 : £(28,637,000)).

The fair value of scheme assets as a percentage of total scheme assets and the return on those assets were:	**2011**	**2010**
	%	**%**
Equities	62.7	71.4
Bonds	17.6	19.5
Property	8.4	4.3
Other	11.3	4.8
	£'000	**£'000**
Actual return on scheme assets	5,872	14,296

The expected return on assets is derived from assumptions of long term expected returns on each asset class. These are as follows:	**2011**	**2010**
	%	**%**
Equities	7.50	7.50
Bonds	5.00	5.00
Property	6.50	7.50
Other	1.50	2.00

Principal actuarial assumptions at the year end were:	**2011**	**2010**
	%	**%**
Discount rate at 31 March	5.70	5.70
Expected return on scheme assets at 31 March	6.75	6.75
Future salary increases – 2011/12	3.60	-
Future salary increases – 2010/11 and 2011/12	-	3.70
Future salary increases – 2012/13 and thereafter	4.60	4.70
Future pension increases	3.60	3.70

	2011	**2010**
Post retirement mortality	SAPS tables with 1.0% underpin rated up by 2 years with long cohort birth year projections	SAPS tables with 1.0% underpin rated up by 2 years with long cohort birth year projections

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

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Defined benefit liability	(91,980)	(84,625)	(61,052)	(58,188)	(61,053)
Scheme assets	75,983	64,475	44,590	50,478	48,168
Deficit	**(15,997)**	**(20,150)**	**(16,462)**	**(7,710)**	**(12,885)**
Experience adjustment on scheme liabilities	(406)	(4,108)	(1,911)	259	(806)
Experience adjustment on scheme assets	1,041	11,076	(14,388)	(7,515)	(69)

The Company expects to contribute approximately £850,000 to this defined benefit plan in the next financial year.

Ongoing contributions are made to the scheme by companies which are independent of Caledonian Maritime Assets Ltd. These ongoing contributions are in respect of employees who transferred from CMAL to the David MacBrayne group following the corporate restructuring in 2006. These ongoing contributions made by other companies are credited to the statement of comprehensive income to the extent necessary to reduce the total current service cost calculated by the scheme actuary, to the current service cost directly attributable to CMAL employees. Contributions in excess of this amount which relate to past deficits, are accounted for through the statement of other comprehensive income. Additional contributions are received into the fund in the form of age related rebates. These, and any additional contributions from outside the company, are accounted for through the statement of other comprehensive income.

Other Pension Schemes

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

The MNOPF Post 1978 Section (the New Section) is closed to new members and the latest valuation was carried out as at 31 March 2009. The valuation showed that the Section had a gross deficit of £740m at the valuation date and that the market value of the assets of £1,547m covered 68% of the value of the Section liabilities. Deficit contributions from the 2003 and 2006 valuations still to be paid over the period to September 2014 had a present value of £183m, producing a net deficit to be met of £557m.

The Trustee decided that the employers will meet the deficit by paying additional contributions from September 2010 to September 2020. The Trustee has decided the payment terms for each employer in accordance with the Trustee's Contribution Collection policy. Full provision was made in the 2010 accounts for £7,237,000 representing the Company's share of the deficit. This deficit is being repaid by half yearly instalments until September 2020. The joint contribution rate required to fund future benefits for Active Members is 25% of Post 2000 Pensionable Salaries. This rate came into effect from 1 October 2010, with employers paying 15.5% and Active Members paying 9.5% of Post 2000 Pensionable Salaries.

The MNRPF is a closed scheme and the latest full triennial actuarial valuation as at 31 March 2008, carried out by the Fund actuary, showed that the scheme was in deficit on an ongoing basis. The valuation showed that the market value of assets was 78% of the value of benefits accruing to members allowing for future increases. As a result of this valuation, annual contributions towards the deficit are required from participating employers for the period to 2021. The amounts payable by the Company during the current and previous financial years are shown earlier in this note under 'Other schemes – contributions towards past deficits'. The amounts payable by the Company in respect of past deficits are determined, to some extent, by the level of contributions made by other participating employers and may therefore fluctuate from year to year.

The Trustee of the 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.

20. Other Financial Commitments

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

Land and buildings	**2011 £'000 Land**	**2011 £'000 Buildings**	**2010 £'000 Land**	**2010 £'000 Buildings**
Payable within one year	153	182	153	182
After one year but less than five	642	751	644	751
After more than five years	2,064	2,408	2,188	2,541
	2,859	**3,341**	**2,985**	**3,474**

Other	**2011 £'000**	**2010 £'000**
Payable within one year	34	18
After one year but not more than five	52	-
	86	**18**

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

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

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

Property, Plant and Equipment	**2011 £'000 Investment property**	**2011 £'000 Vessels**	**2010 £'000 Investment property**	**2010 £'000 Vessels**
Receivable within one year	158	11,781	170	11,194
After one year but less than five	333	19,507	445	31,289
After more than five years	617	-	663	-
	1,108	**31,288**	**1,278**	**42,483**

21. Related Party Transactions

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

	2011 £'000	2010 £'000
Capital grants received and receivable	4,315	-
Grant in aid received and receivable	-	1,465
Loans received and receivable	13,200	6,655
Loans repaid	2,038	2,038
Interest paid and payable	1,699	1,820
Interest on vessel new build	614	542
Balance of loans due at 31 March	56,808	47,901

The respective amounts due to and from NorthLink Orkney & Shetland Ferries Ltd at 31 March 2011 was nil. (2010 : £nil)

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

		Sold to/ (purchased from) David MacBrayne Group		Owed by/ (owed to) David MacBrayne Group
	2011 £'000	2011 £'000	2010 £'000	2010 £'000
Vessel leasing charges	12,877	13,041	-	-
Harbour access charges / property licence	2,157	2,058	-	-
Property & equipment licence	196	190	-	-
Rent	98	98	-	-
Provision of staff	74	69	6	6
Vessel green passport costs	47	44	47	44
Harbour management & maintenance	-	(1,035)	-	(29)
Vessel upgrades & modifications	(1,300)	(900)	(1, 200)	(900)
Ferry travel costs	(6)	(8)	-	-

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

22. First Time Adoption of IFRS

The Company is preparing its accounts in accordance with IFRS for the first time and consequently has applied IFRS1. This note explains how the transition to IFRSs has affected the reported financial position and financial performance of the Company.

Financial Position:	Retained earnings £'000	Revaluation Reserve £'000	Share Capital & Capital Reserve £'000	Total Equity £'000
Retained earnings at 31 March 2009	(10,414)	-	28,800	18,386
IAS16 property, plant & equipment	-	67,409	-	67,409
Deferred tax adjustment	(5,644)	-	-	(5,644)
Retained earnings at 1 April 2009	**(16,058)**	**67,409**	**28,800**	**80,151**
Retained earnings at 31 March 2010	(16,888)	-	28,800	11,912
IAS16 property, plant & equipment	(4,370)	68,445	-	64,075
Deferred tax adjustments	(4,355)	-	-	(4,355)
Retained earnings at 1 April 2010	**(25,613)**	**68,445**	**28,800**	**71,632**

Financial Performance:	£'000
Total recognised (losses) for year to 31 march 2010 – UK GAAP	(6,474)
IAS16 property, plant & equipment	
Increase in depreciation charge	(4,370)
Revaluation adjustment	1,036
Deferred tax	1,289
Total recognised (losses) for year to 31 March 2010 – IFRS	**(8,519)**

The adjustments are explained below:

IAS16 Property, Plant & Equipment

Non-current property assets are being carried at fair value instead of depreciated historic cost. This has given rise to increases in carrying values reflected in the revaluation reserve and an increase in the depreciation charge in the year. Deferred tax has been adjusted as a consequence of these changes.

Municipal Buildings
Fore Street
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