CALMAC FERRIES LIMITED
STRATEGIC REPORT, DIRECTORS' REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Contents

Strategic Report

Passenger numbers continue on upward curve
Carrying figures continue to grow. We operated 148,001 of 148,637 scheduled sailings with service reliability of 96.6% and punctuality also running at 99.6%. Passenger numbers continue to grow with carrying figures of 5,366,058, vehicle numbers of 1,439,628 and shipped metres of commercial traffic at 931,293. This compares to last year's figures of 5,264,816 and 1,429,504 cars and 941,496 of shipped freight metres.

Protecting our sailing environmental
As part of our environmental commitments, we are on course to cut our carbon emissions by 5% this year. This relative reduction equates to 208 cars never reaching the road.

We have now published our Environmental strategy, which outlines detailed steps the Company is taking to better protect the environment it sails in.

As well as carbon reduction, other targets include reduction in water consumption by 10% by 2020 based on 2016 baseline, the delivery of action led biodiversity plans at half of our sites by 2020 and an increase in recycling rates by a minimum of 15% by 2020 based on a 2017 benchmark.

The significant reduction in carbon produced is mainly down to the use of fuel monitoring systems, increasing operational efficiency and by working with industry academics to deliver energy efficient vessels.

Our Marine Awareness Programme continues to be a success and raising the profile of the biodiversity of wildlife across the west coast. We are now working with 14 partners to develop the programme including Marine Scotland and Scottish Natural Heritage, helping passengers get the most from the environment they are travelling through.

Increasing opportunities for young people
We remain fully committed to creating opportunities for young people within the Company with the number of Modern Apprentices (MA's) employed doubling over the past two years.

The Company now employs 23 MA's across Deck, Engineering, Retail and Port Operation roles, delivering on our promises to help facilitate sustainable economic growth across our area of operations.

The majority of the increase has come from new MAs the Company has set up to help improve the flow of skilled workers for the future.

The Retail MA is a UK first and was designed in partnership with City of Glasgow College to ensure a steady supply of trained crew able carry out the variety of stewarding tasks on board. Also, the first of its kind in the country, the Port Operations qualification is being delivered by one of the UK's leading harbour operators, Forth Ports, the first time they have partnered up to deliver a bespoke qualification for another company.

The College link up won this year's Association of Colleges' (AoC) Beacon Award in the 'City & Guilds College Engagement with Employers' category.

The Beacon assessors consider this an 'outstanding project' - offering meaningful employment to young people in remote island communities.

Expanding harbour operation to the east coast
As part of our ambitious expansion plans last summer, we took over the management of Perth Port on behalf of Perth and Kinross Council.

It became the 27th harbour we manage in Scotland and our first on the east coast.

Our plans are to significantly increase usage of the port to develop it as a valuable asset for the town. Since the take-over, we have overseen the movement of the largest cargos from the port in more than a decade.

Increasing community support
One of the biggest commitments we made as part of 2016 bid to run the Clyde and Hebrides Ferry Service contract was to increase levels of Corporate Social Responsibility across the areas we support.

I am delighted to see significant progress in this area over the past year. We have now launched a Community Fund which offers £5,000 to help support groups working with young people in our area of operation and we have also significantly increased support to charities and events going on in the network.

A barrier to putting in place the type of customer communications channels we would like is our current ticketing system. While we endeavour to respond swiftly and accurately to customer demands, the nature of the legacy systems we operate means that we are not always able to communicate as quickly as we would like.

Having a new, modern ticket system would enable us to significantly improve the way we can communicate with customers across a range of digital channels.

Strategic Report

Ticketing improvements
Over the year we have improved the functionality of our online reservations system.

Our web booking system now allows customers to save payment details and make changes to reservations online.

As part of other improvements to our ticketing system, and in response to customer feedback, passengers can now print multiple tickets on one page, significantly cutting down on paper use; we have also taken colour off the tickets to further reduce environmental impact.

We will continue to explore options for moving to a completely paperless ticket system as technology allows.

Meeting challenges
We continue to manage the challenges of operating with an aging fleet. Over the course of the year, several major technical breakdowns impacted on service.

Increased passenger volumes, combined with the higher number of sailings that we have been tasked with carrying out, is placing more and more pressure on our services.

The consequence of both of these factors has reduced our options to manage disruptions when we have a breakdown.

As a business, we are working hard on short and medium term measures to improve the technical resilience of our fleet. These measures include in-service maintenance teams, preventative maintenance regimes and targeted investment to help keep vessels in service.

We have learned a lot from our experiences over the summer about how we can better respond to disruptions in the future, especially with regard to communications.

In the event of a major issue, we now have a detailed disruptions communications strategy that ensures a consistent message is issued regularly to customers through the contact centre and port staff, on the website and through social media and to the press and other stakeholders through regular updates and briefings.

We have put in place a variety of processes and procedures to improve the flow of information both within the Company and to customers and stakeholders.

One of the outcomes of this has been the formation of a new Integrated Operational Control Centre (IOCC), which will quickly and accurately be able to disseminate information to customers and stakeholders in an accurate, consistent and timely way.

UK ferry operator of the year award
Last year we were named 'Ferry Operator of the Year 2018' at the National Transport Awards.

Entries needed to demonstrate how they have improved services and facilities over the year. This included results that have been achieved across performance and reliability, passenger growth and customer satisfaction.

The award was huge recognition that our staff can continue to provide a first class customer experience in the face of booming numbers travelling with us.

On behalf of the Board

R Drummond
Director
25 September 2019

Directors' Report

Political and charitable donations

The Company made no political or charitable donations during the year. However, the Company supports a range of local organisations through travel-related sponsorship and continues to be the main commercial supporter of the Royal National Mod.

Directors and their interests

The Directors who held office during the year and up to the date of this report were as follows:

D C McGibbon	
R L Drummond	
D Mackison	Appointed 24 April 2019
S Hagan	
S Browell	
M Comerford	
J Stirling	
A Tait	

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

The Company's sole Shareholder is David MacBrayne Limited, which is wholly owned by the Scottish Ministers.

Employees

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

The Company is committed to equality of opportunity for all its employees and customers, and to treating every member of staff and every customer with dignity and respect.

It is the Company's policy to ensure that all staff are able to work in an environment free from discrimination, harassment and bullying.

As a Company owned by the Scottish Ministers of the Scottish Government, we fully subscribe to the Government's Race Equality Scheme, Disability Scheme and the Gender Equality Scheme. As a Company, we continue to develop structures and systems to ensure that equal opportunities becomes an integral part of our thinking and behaviour.

All of these measures are kept under regular review with a view to identifying where improvements can be made.

Employee consultation

The Company is committed to effective employee communications, which it maintains through all staff notices, the staff newsletter and briefing sessions.

The Company also provides further engagement through active participation with our Trade Unions. The majority of employees are formally represented by Trade Unions recognised for collective bargaining purposes. A system of consultative committees is well established.

Through either the formal negotiating or consultative process, or a combination of both, employees at all levels, directly or through their representatives, are provided with information on matters concerning them and are encouraged to be involved in the activities of the Group.

Policy of employment of people with disabilities

It is the Company's policy to consider applications for employment from people with disabilities on the same basis as other potential employees subject to the nature and extent of disability and the degree of physical fitness demanded of the position. Ability and aptitude are the determining factors in the selection, training, career development and promotion of all employees with disabilities. If any employee becomes disabled during his/her period of employment, the Company will, where possible, retain the employee for duties commensurate with the employee's abilities following the disablement.

Adoption of going concern basis

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 adopt the going concern basis in preparing the financial statements.

Directors' Report

Disclosure of information to Auditor

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

Auditor

A resolution to re-appoint KPMG LLP as auditor of the Company will be put to the members at the Annual General Meeting.

On behalf of the Board

R Drummond
Director
25 September 2019

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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.

Independent Auditor's Report to the members of CalMac Ferries Limited

Opinion

We have audited the financial statements of CalMac Ferries limited ("the company") for the year ended 31 March 2019 which comprise the Profit and Loss Account, Balance Sheet, Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as recoverability of trade receivables and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Philip Charles (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
319 St Vincent Street
Glasgow
G2 5AS

02 October 2019

Profit and Loss Account
for the year ended 31 March 2019

	Note	**2019 £000**	2018 £000
Turnover	2	**208,138**	206,952
Cost of sales		**(180,103)**	(179,464)
Gross profit		**28,035**	27,488
Administrative expenditure		**(23,154)**	(22,883)
Operating Profit		**4,881**	4,605
Interest receivable	3	**39**	11
Interest payable	3	-	(31)
Profit before taxation	3	**4,920**	4,585
Tax on Profit	5	**23**	(343)
Profit for the financial year		**4,943**	4,242

All results are derived from continuing operations.

Statement of Comprehensive Income
for the year ended 31 March 2019

		2019 £000	2018 £000
Profit for the year		**4,943**	4,242
Other comprehensive income, net of tax			
Change in value of cash flow hedge recognised	13	**2,227**	2,385
Change in Tax relating to cash flow hedge	5	**(379)**	(405)
Total comprehensive income attributable to equity holders of the parent		**6,791**	6,222

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

Balance Sheet
as at 31 March 2019

	Note	2019 £000	2018 £000
Fixed assets			
Tangible assets	6	**105**	-
Investments	8	**-**	-
Other financial assets	7	**4,612**	2,385
		4,717	2,385
Current assets			
Stocks	9	**1,264**	1,049
Contract assets	2	**15,240**	16,479
Debtors and prepayments	10	**10,151**	8,357
Cash at bank and in hand		**10,963**	7,024
		37,618	32,909
Creditors			
Contract liabilities	2	**(5,358)**	(4,359)
Amounts falling due within one year	11	**(15,860)**	(16,543)
Net current assets		**16,400**	12,007
Net assets		**21,117**	14,392
Capital and reserves			
Called up share capital	12	**-**	-
Hedge reserve	13	**3,828**	1,980
Profit and loss account		**17,289**	12,412
Shareholder's funds		**21,117**	14,392

These financial statements were approved by the Board of Directors and signed on 25 September 2019 on its behalf by:

D C McGibbon, Chairman

R L Drummond, Director

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

Statement of changes in equity

	Called Up Share Capital £000	Hedge Reserve £000	Profit and Loss Account £000	Total Equity £000
Balance at 1 April 2017	-	-	8,170	8,170
Total comprehensive income for the year				
Profit for the year	-	-	4,242	4,242
Other comprehensive income	-	1,980	-	1,980
Total comprehensive income for the year	-	1,980	4,242	6,222
Balance at 31 March 2018	**-**	**1,980**	**12,412**	**14,392**

	Called Up Share Capital £000	Hedge Reserve £000	Profit and Loss Account £000	Total Equity £000
Balance at 1 April 2018	-	1,980	12,412	14,392
Total comprehensive income for the year				
Impact of transition to IFRS 9	-	-	(66)	(66)
Profit for the year	-	-	4,943	4,943
Other comprehensive income	-	1,848	-	1,848
Total comprehensive income for the year	-	1,848	4,877	6,725
Balance at 31 March 2019	**-**	**3,828**	**17,289**	**21,117**

Notes on the financial statements

1. Accounting policies

CalMac Ferries Limited is a company incorporated and domiciled in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101".*

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:-

- a Cash Flow Statement and related notes
- comparative period reconciliations for tangible fixed assets
- disclosures in respect of transactions with wholly owned subsidiaries
- disclosure in respect of capital management
- the effects of new but not yet effective IFRSs
- an additional balance sheet for the beginning of the earliest comparative period
- disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of David MacBrayne Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:-

- the disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided.

The Company has adopted IFRS 9 with a date of initial application of 1 April 2018. The requirements of IFRS 9 represent a significant change from IAS 39 *Financial instruments: Recognition and Measurement.*

Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- Comparative periods have not been restated. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 April 2018. Accordingly, the information presented for 31 March 2018 does not reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 1 April 2018 under IFRS 9.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

    - The determination of the business model within which a financial asset is held.

    - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

- Changes to hedge accounting policies have been applied prospectively.

- All hedging relationships designated under IAS 39 at 31 March 2018 met the criteria for hedge accounting under IFRS 9 at 1 April 2018 and are therefore regarded as continuing hedging relationships.

Notes on the financial statements

1. Accounting policies (continued)

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 April 2018.

	Note	Original classification under IAS 39 £000	New classification under IFRS 9 £000	Original carrying amount under IAS 39 £000	Original carrying amount under IFRS 9 £000
Financial assets					
Trade and other receivables		2,879	2,813	2,879	2,813
Cash flow hedge		4,612	4,612	4,612	4,612
Contract asset		15,748	15,748	15,748	15,748
Total financial assets		**23,239**	**23,173**	**23,239**	**23,173**
Financial liabilities					
Trade and other payables		5,349	5,349	5,349	5,349
Total financial liabilities		**5,349**	**5,349**	**5,349**	**5,349**

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 April 2018.

	IAS 39 carrying amount at 31 March 2018 £000	Remeasurement £000	IFRS9 carrying amount at 1 April 2018 £000
Financial assets			
Amortised cost			
Trade and other receivables	2,879	66	2,813
Total amortised cost	**2,879**	**66**	**2,813**

Notes on the financial statements

1. Accounting policies (continued)

(a) Basis of preparation
These financial statements have been prepared under the historical cost accounting convention and in accordance with applicable accounting standards. A summary of the more important accounting policies, which have been applied consistently, is set out below.

(b) Tangible assets
Gross book values of all tangible assets are stated at cost. No depreciation is charged until the asset comes into use.

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

(d) Depreciation
Depreciation is provided on tangible assets by equal annual instalments calculated to write off the cost (taking account of anticipated residual values) over their estimated useful lives as follows:

Equipment	4 years
Motor Vehicles	3 years

(e) Financial instruments – prior to 1 April 2018

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value then at amortised cost, less any impairment losses. The criteria which the Group uses to determine that there is objective evidence of an impairment loss includes:

- significant financial difficulty of the debtor
- a breach of contract, such as a default or delinquency in interest or principal payments
- the probability that the debtor will enter bankruptcy or other financial reorganisation

Trade and other payables

Trade and other payables are obligations to pay for goods or services which have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits which have a maturity of three months or less from the date of acquisition.

Derivative financial instruments

IAS 39 'Financial instruments: Recognition and Measurement' requires all derivatives to be recognised on the balance sheet at fair value. Unrealised gains or losses on remeasurement of derivatives are reported in the income statement except when hedge accounting is applied (see below).

Hedge accounting is applied when certain conditions required by IAS 39 are met. Hedge accounting for the Company falls into the following category:

Cash flow hedges

The portion of gain or loss of the hedging instrument that was determined to be an effective hedge is recognised directly in equity and forms part of the hedge reserve. The ineffective portion of the change in fair value of the hedging instruments is recognised in the income statement within cost of sales. For cash flow hedges that relate to an underlying transaction which results in recognition of a financial asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects the income statement.

Hedge effectiveness

Hedge effectiveness is measured and respective entries recorded in the balance sheet, reserves and income statement on a yearly basis in respect of commodity hedging relationships. Hedge effectiveness is achieved where the correlation between the changes in value of the hedging instrument and the hedged item is between 80% and 125%.

Notes to the consolidated financial statements

1. Accounting policies (continued)

Discontinuing hedge accounting

The Company discontinues prospectively hedge accounting when the hedge instrument expires or is sold, terminated or exercised, when the hedge relationship no longer qualifies for hedge accounting or when the designation is revoked. In the case of cash flow hedging, any gain or loss that has been recognised in equity until that time remains separately recognised in equity until the forecast transaction occurs. If the transaction is no longer expected to occur, related cumulative gains and losses which have been previously deferred in equity are recognised in the income statement.

Valuation of financial instruments

In those circumstances where IAS 39 requires financial instruments to be recognised in the balance sheet at fair value, the Company's valuation strategies for derivative and other financial instruments utilise as far as possible quoted prices in an active trading market.

Financial instruments – from 1 April 2018

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Investments in joint ventures and subsidiaries are [carried at cost less impairment. [accounted for using the equity method.]

Cash and cash equivalents

Cash and cash equivalents comprise cash balances held with the bank.

(b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Notes to the consolidated financial statements

1. Accounting policies (continued)

Financial assets at amortised cost - these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Derivative financial instruments and hedging

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see below).

Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

When the forecast transaction subsequently results in the recognition of a non-financial item (including a non-financial item that becomes a firm commitment for which fair value hedge accounting is applied - see below), the associated cumulative gain or loss is removed from the hedging reserve and is included in the initial carrying amount of the non-financial asset or liability.

For all other hedged forecast transactions, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged expected future cash flows affects profit or loss.

When the hedging instrument is sold, expires, is terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss in equity is recognised in the income statement immediately.

Fair value hedges

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in the income statement. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves).

Notes to the consolidated financial statements

1. Accounting policies (continued)

On the discontinuance of hedge accounting, any adjustment made to the carrying amount of the hedged item as a consequence of the fair value hedge relationship, is recognised in the income statement over the remaining life of the hedged item.

(iv) Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as twelve-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

Twelve-month ECLs are the portion of ECLs that result from default events that are possible within the twelve months after the reporting date, or a shorter period if the expected life of the instrument is less than twelve months.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive.) ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

(f) Inventories

Retail inventories are stated at the lower of cost and net realisable value. Inventories in relation to fuels, lubricants and consumable stores are stated at cost. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the relevant stock and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

(g) Maintenance and repair costs

Routine maintenance and repair costs, as well as vessel overhaul costs, are charged to the profit and loss account in the financial period in which the work is performed. Where the Company provides ferry services under a fixed-term contract, at contract end, independent vessel surveys are carried out to establish any work required.

Notes to the consolidated financial statements

1. Accounting policies (continued)

(h) Leases
The Company leases ships, shore terminal infrastructure and office accommodation. All of these leases are considered to be operating leases since a significant portion of the risks and rewards of ownership of the leased assets are retained by the lessor. Lease charges incurred under these operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(i) Revenue
The accounting policy for revenue is described in note 2.

(j) Taxation
The Company is included within a Group election into tonnage tax effective from commencement of trading. However, certain activities within the Company are liable to corporation tax. Accordingly, the charge for taxation is based partly on ship tonnage and partly on the result for the period and, where appropriate, takes into account tax deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

(k) Pensions
The Company is a participating employer in the CalMac Pension Fund, which is a defined benefit scheme operated by Caledonian Maritime Assets Limited. As set out in note 14, for the purposes of FRS 101, pension contributions are accounted for as if the scheme was defined contribution.

2. Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a product or service to a customer.

Nature of goods and services

The following is a description of principal activities from which the Company generates its revenues.

Revenue from passengers comprises ticket sales for individuals, and vehicle ferry passage and associated retail operation.

The Company operates the Clyde and Hebrides ferry service contract on behalf of the Scottish Government, for which it receives subsidy revenue. The CHFS 2 contract was awarded to the Group with a start date of 1 October 2016 and runs for eight years. CalMac Ferries Limited will continue to operate Clyde and Hebrides ferry services. The contract provides the Company with revenue to subsidise the life-line services provided.

Products and Services	Nature, timing of satisfaction of performance obligations and significant payment terms.
Fares	The Company recognises revenue when the sailing associated with the ticket sold occurs. The amount is equal to the value of the ticket price. Receipts for advanced tickets are recognised with reference to the time of travel with the deferred element maintained on the balance sheet within contract liabilities.
Contracts with Government	The CHFS 2 contract is paid on a straight line basis, monthly in arrears over the contract year. The Company recognises revenue as the services under the contract are provided. This is deemed to be over time over the length of each contact year and is based on a cost plus method. If the Company has recognised revenue for which payment has not been received, the entitlement to consideration is recognised as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional. Where there is variable consideration, and other constraints to the assessment of the transaction price, the total forecast value is restricted to that amount to which a subsequent reversal is not highly probable. This includes performance deductions and profit sharing arrangements.

Disaggregation of revenue

In the following table, revenue is disaggregated by service line and timing of revenue recognition.

	2019	2018
	£000	£000
Fares and other associated services	**73,367**	69,375
Government – transferred over time	**134,123**	136,820
Inter Group – management fees	**648**	757
Total	**208,138**	206,952

Notes to the consolidated financial statements

2. Revenue (continued)

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2019 £000	2018 £000
Contract assets	**15,240**	16,479
Contract liabilities	**(5,358)**	(4,359)
Trade receivables	**2,813**	2,496

The contract assets primarily relate to the Company's rights to consideration for services delivered but not billed at 31 March on the CHFS 2 contract. The contract liabilities primarily relate to the revenue associated with advance tickets purchased by customers for future sailings.

Significant changes in the contract assets and contract liabilities balances during the year are as follows

	2019 Contract assets £000	2018 Contract assets £000	2019 Contract liabilities £000	2018 Contract liabilities £000
Revenue recognised that was included in the contract liability balance at the beginning of the year	-	-	**4,359**	4,318
Increases due to cash received, excluding amounts recognised as revenue during the period	-	-	**(5,358)**	(4,359)
Increases as a result of changes in the measure of progress	**15,240**	16,479	-	-

Transaction price allocated to the remaining performance obligations

The Company applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

3. Profit before tax

The profit is stated after charging/(crediting):		2019 £000	2018 £000
Auditor's remuneration	- audit of these financial statements	**42**	38
	- other services relating to taxation	**9**	64
	- all other services	**41**	20
Depreciation of tangible fixed assets		**(90)**	8
Harbour access charges	- Caledonian Maritime Assets Limited	**17,309**	17,997
	- other	**14,813**	14,254
Agency staff costs		**66,379**	65,891
Operating lease costs	- land and buildings	**380**	318
	- ships and motor vehicles	**17,552**	17,186
Interest receivable	- bank	**39**	(11)
Bank facility	- bank	**93**	31

4. Employee information

Staff costs (including Directors)

	2019 £000	2018 £000
Wages and salaries	**20,145**	18,424
Social security costs	**2,068**	1,873
Other pension costs	**3,847**	3,297
	26,060	23,594

Notes to the consolidated financial statements

4. Employee information (continued)

Directors' remuneration

	2019 £000	2018 £000
Directors' remuneration	**180**	339
Company contributions to a defined benefit pension scheme	**38**	77

The aggregate of remuneration of the highest paid Director was £165,000 (2018: £181,000). He is a member of a defined benefit scheme, under which his accrued pension at the year end was £13,368 (2018: £11,236).

Number of Directors

	2019	2018
Retirement benefits are accruing to the following number of Directors under:		
Defined benefit schemes	1	2

Employee numbers

The average number of people employed by the Company, including Directors, during the year was 636 (2018: 605).

Category	2019 £000	2018 £000
Head Office	**266**	246
Port	**360**	349
Vessel	**10**	10
	636	605

Notes on the financial statements

5. Taxation

The tax on profit is made up as follows:

	2019 £000	2018 £000
UK corporation tax on profit for the year	**6**	6
Consortium relief	**-**	-
	6	6
Deferred tax:		
Impact of rate change	**-**	-
Adjustments in respect of prior year	**(39)**	328
Origination and reversal of temporary differences	**10**	9
	(29)	337
Tax on profit	**(23)**	343

Income tax recognised in other comprehensive income

	2019 £000	2018 £000
Tax relating to cash flow hedges	**379**	405

Notes to the consolidated financial statements

5. Taxation (continued)

The tax charge for the year differs from the application of the standard rate of corporation tax in the UK to the profit on ordinary activities before tax. The differences are explained below:

	2019 £000	2018 £000
The profit on ordinary activities before tax	**4,920**	4,585
UK corporation tax at 19%	**935**	871
Effects of:		
Tonnage tax	**(1,201)**	(1,194)
Items not allowed for tax purposes	**54**	61
Adjustment in respect of prior year	**(39)**	328
Loss carry forward	**201**	316
Non-deductible expenses	**405**	302
Capital items expensed	**-**	64
Other	**1**	-
Tax charge/(credit) for the year	**356**	748

The Company is included within a Group election into tonnage tax. However, certain activities within the Company are liable to corporation tax. Tonnage tax is levied wholly on the net tonnage of certain vessels operated by the Company. Accordingly, the amount of tonnage tax payable is not affected by the amount of accounting profits or losses related to the associated activities.

As a result of the activities which do not relate to tonnage tax, the Company has gross tax losses to carry forward of £4.3m (2018: £2.4m). No deferred tax asset has been recognised in relation to these losses, as the Directors do not consider that there is certainty that future suitable taxable profits will arise.

The Company has a deferred tax liability of £134,000 (2018: assets of £216,000).

Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2019 £000	Liabilities 2019 £000	Assets 2018 £000	Liabilities 2018 £000	Net 2019 £000	Net 2018 £000
Tangible fixed assets	**634**	**-**	575	-	**634**	575
Financial assets	**-**	**(784)**	-	(405)	**(784)**	(405)
Other	**16**	**-**	46	-	**16**	46
	650	**(784)**	621	(405)	**(134)**	216

Movement in deferred tax during the year

	1 April 2018 £000	Recognised in income £000	31 March 2019 £000
Tangible fixed assets	575	59	**634**
Financial assets	(405)	(379)	**(784)**
Other	46	(30)	**16**
	216	(350)	**(134)**

Notes to the consolidated financial statements

5. Taxation (continued)

Movement in deferred tax during the prior year

	1 April 2017 £000	Recognised in income £000	31 March 2018 £000
Tangible fixed assets	952	(377)	575
Financial assets	-	(405)	(405)
Other	7	39	46
	959	(743)	216

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) was substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future tax charge accordingly. The deferred tax asset/liability at 31 March 2019 has been calculated based on these rates.

6. Tangible assets

	Equipment and Total £000
Cost	
At 1 April 2018	**95**
Additions in the year	**105**
Disposal in the year	**(90)**
At 31 March 2019	**110**
Depreciation	
At 1 April 2018	**95**
Disposal in the year	**(90)**
At 31 March 2019	**5**
Net book value at 31 March 2019	**105**
Net book value at 31 March 2018	-

7. Derivative financial Instruments

	2019				2018			
	Assets		**Liabilities**		Assets		Liabilities	
	Current £m	**Non-Current £m**	**Current £m**	**Non-Current £m**	Current £m	Non-Current £m	Current £m	Non-Current £m
Hedging derivatives								
Cash flow hedge								
Fuel hedge	-	**4,612**	-	-	-	2,385	-	-

8. Investments

	£000
At 1 April 2018 and 31 March 2019	-

The Company owns the whole of the issued share capital of Caledonian MacBrayne Crewing (Guernsey) Limited, which is registered in Guernsey, and undertakes the Company's offshore crewing arrangements. Registered office address: PO Box 287, 4th Floor, West Wing, Trafalgar Court, Admiral Park, St. Peter Port, Guernsey, GY1 3RL.

Notes to the consolidated financial statements

9. Stock

	2019 £000	2018 £000
Fuels and lubricants	**475**	465
Consumable inventories	**535**	364
Retail inventories	**254**	220
	1,264	1,049

Charge to profit and loss £20.9m (2018: £20.5m)

10. Debtors and prepayments

	2019 £000	2018 £000
Trade debtors	**2,811**	2,497
Other debtors	**1,810**	872
Prepayments and accrued income	**5,014**	4,630
Amounts due by group undertakings	**516**	142
Deferred tax asset (see note 5)	**-**	216
	10,151	8,357

11. Creditors: amounts falling due within one year

	2019 £000	2018 £000
Trade creditors	**5,349**	3,742
Other creditors and accruals	**9,974**	12,326
Corporation tax	**-**	6
Amounts owed to group undertakings	**403**	469
Deferred tax liability (see note 5)	**134**	-
	15,860	16,543

Terms and debt repayment schedule

	Currency	**Nominal Interest Rate**	**Year of Maturity**	**Face Value 2019 £000**	**Carrying Amount 2019 £000**	Face Value 2018 £000	Carrying Amount 2018 £000
Loan from bank	GBP	Libor + 1.5%	31 Oct. 2022	-	-	-	-

This is a revolving credit facility with no fixed repayment prior to maturity.

The Company has granted a floating charge over its assets to the lender.

12. Share capital

	2019 £000	2018 £000
Allotted issued and fully paid		
1 Ordinary Share of £1 each	**-**	-

Notes to the consolidated financial statements

13. Analysis of movements in equity attributable to equity holders of CalMac Ferries Limited

	Commodity derivatives £000	Tax effect £000	2019 £000
Cash flow hedges			
At 1 April 2017 and 31 March 2018	**2,385**	**(405)**	**1,980**
Effective portion of changes in fair value of cash flow hedges	**5,718**	-	**5,718**
Tax relating to cash flow hedge	-	**(379)**	**(379)**
Net change in fair value of cash flow hedges reclassified to profit or loss	**(3,491)**	-	**(3,491)**
At 31 March 2019	**4,612**	**(784)**	**3,828**

14. Pension arrangements

A large number of the Company's employees are members of the CalMac Pension Fund which is a multi-employer defined benefit scheme (the 'Scheme' or the 'CalMac Scheme'). The Company is a participating employer in the CalMac Scheme, which is operated by Caledonian Maritime Assets Limited ('CMAL'), a company also wholly owned by Scottish Ministers. As the Trustees of the CalMac Scheme are unable to identify the Company's share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis, and as CMAL is legally considered to be the sponsoring employer for the Scheme, and is responsible for any deficit repair obligations in relation to the Scheme, the Company is accounting for the Scheme in its financial statements as if the Scheme was a defined contribution scheme.

The latest full triennial actuarial valuation of the CalMac Scheme as at 6 April 2018, carried out by an independent actuary, showed that the scheme had liabilities of £224.7m, assets of £196.6m and, consequently, a deficit of £28.1m.

A number of the Company's employees participate in one of the Merchant Navy Pension Funds which are industry-wide defined contribution schemes. Contributions to these schemes are therefore accounted for on a defined contribution basis.

The Merchant Navy Officers' Pension Fund (MNOPF) is closed to new members and the actuarial valuation carried out at 31 March 2018 showed a gross deficit of £73m at the valuation date and that the market value of the assets of £3,278m covered 98% of the value of the liabilities. The Company could still be required to make contributions against any deficit.

As the Trustees of the MNOPF are unable to identify the Company's share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis, the Company, which is a participating employer in the MNOPF, is accounting for the Scheme in its financial statements as if the Scheme was a defined contributions scheme. Future contributions are expected to continue at a rate of 20%.

In March 2016, the MNOPF Scheme closed to future accrual. Employees who were members of the scheme transferred to the Ensign Retirement Plan, an industry-wide defined contribution scheme.

The Directors also consider that any liability the Company has in relation to MNOPF will ultimately be funded by Scottish Ministers.

Under the Government's Pension Auto Enrolment legislation, employers must automatically enrol into a 'qualifying pension scheme' all qualifying employees not already in a pension scheme as well as all new starters. The legislation also dictates that those who have opted out must be reviewed and enrolled again every three years.

The Peoples Pension is the provider for a stakeholder pension scheme for auto enrolment purposes. New employees can still choose to opt out of this new scheme and enrol in the existing final salary scheme at appropriate times during the year. Employees can only be in one scheme at any given time.

The amounts charged to the income statement in respect of employer contributions to Pension Schemes are:

	2019 £000	2018 £000
CalMac Pension Fund	**3,589**	3,057
Ensign	**11**	11
Other schemes	**247**	229
	3,847	3,297
Contributions to be paid to pension schemes included in creditors	**396**	355

Notes on the financial statements

15. Other financial commitments

Future aggregate minimum rentals payable under non-cancellable operating leases are as follows:

	Ships & motor vehicles		Buildings/ Harbour Access		Total	
	2019	2018	**2019**	2018	**2019**	2018
	£000	£000	**£000**	£000	**£000**	£000
Within one year	**17,897**	17,407	**374**	340	**18,271**	17,747
In the second to fifth years	**56,351**	54,776	**1,364**	1,019	**57,715**	55,795
Plus fifth year	**29,672**	48,767	**166**	850	**29,838**	49,617
	103,920	120,950	**1,904**	2,209	**105,824**	123,159

16. Related party transactions

Under FRS 101, the Company is exempt from the requirement to disclose related party transactions with Group undertakings as it is a wholly owned subsidiary of a parent undertaking which prepares and publishes consolidated financial statements.

Details of transactions with other related parties are as follows:

	2019	2018
	£000	£000
Transactions during the year – receivable/(payable):		
Scottish Ministers		
- subsidy	**134,123**	136,820
- recharge of consultancy agreements	**1,277**	-
Caledonian Maritime Assets Limited		
- vessel leasing charges	**17,418**	(17,005)
- harbour services	**17,427**	(18,013)
- vessel new build, modification and other costs	**204**	1,619
- staff costs	**(14)**	14
- ferry travel costs	**13**	8
Solent Gateway Limited		
- management recharge	**310**	236
Amounts due at end of year – receivable/(payable):		
Scottish Ministers		
- subsidy	**15,240**	16,479
- recharge of consultancy agreements	**1,277**	-
Caledonian Maritime Assets Limited		
- vessel new build, modification and other costs	**204**	988
- harbour services	**(473)**	(801)
- staff costs	**-**	14
- vessel leasing charges payable	**(322)**	(322)
- ferry travel costs	**-**	1
Solent Gateway Limited		
- management recharge	**1,796**	1,796

During the year, the Company acted as agent for Caledonian Maritime Assets Limited in relation to certain elements of new vessel builds. The associated funds were paid to third parties and recovered from Caledonian Maritime Assets Limited.

Solent Gateway Limited is a joint venture company between David MacBrayne Limited and GBA (Holdings) Limited. It is owned and controlled 50% by David MacBrayne Limited and 50% by GBA (Holdings) Limited.

Notes on the financial statements

17. Ultimate parent company and related undertakings

The Company is a wholly owned subsidiary of David MacBrayne Limited, which is wholly owned by the Scottish Ministers, who are regarded as the ultimate controlling party. The Group in which the Company's results are consolidated is that headed by David MacBrayne Limited, which is incorporated in the United Kingdom. No other Group financial statements include the Company's results.

The Company's other related undertaking is its subsidiary as disclosed in note 8.

The consolidated financial statements are available to the public and copies may be obtained from the parent company's registered office at the Ferry Terminal, Gourock, PA19 1QP and are also available on the parent company's website.

Corporate information

Registered office	The Ferry Terminal Gourock PA19 1QP
Auditor	KPMG LLP
Solicitors	Pinsent Masons
Bankers	The Royal Bank of Scotland plc Santander UK plc
Principal insurers	The North of England Protecting & Indemnity Association
Website	Parent company: www.david-macbrayne.co.uk Company: www.calmac.co.uk