

CALMAC FERRIES LIMITED SC302282
STRATEGIC REPORT, DIRECTORS' REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2026

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Part A
Strategic Report

A1. Directors Overview

We know that ferry services are not simply a matter of transport. For many, they shape daily life – be that access to work, education, healthcare, family, supplies and opportunity. That is why how well we deliver these services matters, and why we are upfront about progress and challenges in that delivery.

During the year, we were directly awarded a new Clyde and Hebridean Ferry Services Agreement (CHFS3) demonstrating a high level of confidence that we can continue to provide day-to-day operational delivery, alongside Scottish Ministers, who will continue to provide strategic oversight and direction. The CHFS3 suite of documents includes the Shareholders' Agreement, Grant Agreement, Framework Agreement and Memorandum of Understanding, which set out the key service levels, governance, roles and responsibilities.

Starting on 1 October 2025, CHFS3 instructs CalMac to provide ferry services on Scotland's west coast for a ten and a half-year period. One of our goals in the previous year was to secure that contract, but we're clear that securing it does not mark the end of a process – it marks the start of one.

A decade-long award offers stability and allows us to plan with confidence for the years to come and fully focus on optimising service delivery. Our focus is on providing a service that is reliable, resilient, accessible, integrated and safe, whilst we strive to minimise our environmental impact.

Throughout this financial year, our network continued to face challenges, with the most significant being fleet resilience. Ageing vessels, technical faults, overhaul pressures and periods where several vessels were unavailable at once reduced flexibility across the network and made it harder to provide reliable and consistent services. Weather also played a significant role, affecting reliability, punctuality and cancellations, and making journey planning more difficult.

Our focus is to build on what has been delivered while addressing what has not yet improved enough. That means strengthening fleet resilience, improving customer information, continuing to involve communities in service decisions, embedding accessibility and digital improvements, and sustaining progress on environmental performance.

We recognise that CalMac's success is inextricably linked to the success of island economies and societies, and we're delivering the new contract through the lens and in the spirit of community need rather than contractual obligation. We are committed to communicating clearly with our customers and stakeholders – and to do so more openly, and more consistently, which is why, in partnership with Transport Scotland, we have developed our Enhancement and Change Plan. This is designed to improve service delivery and address concerns among our customers and stakeholders..

We are working towards long-term fleet resilience, boosted by MV Isle of Islay, the first of four new major vessels under construction, entering service on Islay in March 2026. Caledonian Maritime Assets Ltd (CMAL) continued to progress the construction on her sister vessels, MV Glen Rosa, which is set to join the fleet in 2027, and seven small vessels, throughout the year and all these vessels should be in service by 2029. We are doing everything within our control to stay ahead of this, including phasing maintenance activities across the network during normal timetables to reduce unplanned outages. All of this will give us a solid foundation on which to provide those reliable services which we recognise are the bedrock of island life.

There are reasons to be optimistic about the future of Clyde and Hebridean ferry services, and the positive impact this will have on the islands and coastal communities these services support. It is against this backdrop that we continue to work towards making services fit for the future, and improving every journey taken on a CalMac ferry.

A2. Background

CalMac Ferries Limited is the UK's largest ferry operator, operating 37 vessels delivering services across 30 routes, to 55 ports and harbours as at 31 March 2026. We provide an everyday lifeline service to west coast communities, and for tourism, we play a critical role in enabling its development, which is hugely important for the area's economy.

A3. Strategic Priorities

During this financial year, we successfully transitioned from CHFS2 to CHFS3, marking the commencement of a new 10.5-year Clyde and Hebridean Ferry Service agreement that will be delivered on behalf of Scottish Ministers. Securing this long-term service arrangement was a core objective for CalMac, and its duration provides the certainty required to support confident planning and the delivery of long-term strategic outcomes.

CHFS3, which commenced on 1 October 2025, introduced a change in the delivery model. Under direction from Scottish Ministers, the service transitioned from the delivery of a commercial contract to a public-service model, with a focus on providing a service which meets user needs rather than being focused on meeting commercial requirements.

The Corporate Plan is fully aligned with key Scottish Government strategies, including the National Islands Plan and the National Transport Strategy, and reflects the ambitions of the Islands Connectivity Plan (ICP). Through delivery of safe, reliable and sustainable ferry services, CalMac supports Scottish Ministers' objectives to improve island connectivity, strengthen communities and economies, and contribute to wider public service outcomes across Scotland's island and remote communities.

This directive has shaped the way we approach service delivery, and how we measure success. We now track and measure performance against four strategic priorities:

- Reliability and Resilience
- Accessibility
- Integration
- Environmental Impact and Low Carbon

A3.1 Reliability and Resilience

Reliability and Resilience is delivered through two key strategic themes: Safe, Reliable and Resilient Service Delivery, which focuses on operational performance and continuity, and Transparency, Trust and Stakeholder

Safe Reliable and Resilient Service Delivery

During 2026, we strengthened long-term fleet resilience with the introduction of MV Isle of Islay in March 2026. Through trials across other port locations, it is evident that she, and her three sister vessels, will benefit all communities through the range of routes they'll be able to operate.

We improved resilience for Arran communities by enhancing the Claonaig-Lochranza service throughout winter, offering an additional travel option during disruption and our annual overhaul season.

Through the roll out of our vessel condition assessment programme, we supported the identification of age-related issues across major and small vessels to support a more proactive approach to maintenance planning. This included the roll-out of a new vibration analysis system which acts as an early warning diagnostic tool to detect faults.

We began work to introduce maintenance time across 80% of the major and 85% of the small vessel fleet. This will create ringfenced time in service for proactive, essential maintenance to reduce unplanned disruption.

Our reliability score (excl weather disruption) was 95.6% (2025: 98.5%) and our punctuality score (excl weather disruption) was 98.9% (2025: 99.3%).

Transparency, Trust and Stakeholder Engagement

We enhanced transparency around information requests by publishing summary details of FOIs on our website.

We strengthened the foundations for improved engagement by launching our Enhanced Engagement Model project. Through this model, we created more local routes for engagement and gave communities and local stakeholders more opportunities to raise issues, share priorities, and provide feedback. This meant that we were increasingly using lived experience to make decisions rather than relying solely on statistics and data.

The information that communities told us was fed directly into service planning. Local feedback led to changes made to timetable proposals, deck space pilots, local service arrangements, and vessel deployment.

There was also an increase in direct engagement between senior leaders and stakeholders, allowing them to hear first-hand about any issues and showing that they are interested in what customers have to say.

An increase in drop-in sessions on topics such as vessel deployment led to a greater understanding of our operational decisions and gave the public the chance to air their views.

We continued to support the Ferries Community Board in the recruitment of a new Chair and developing a standardised Terms of Reference for local ferry committees to support consistent engagement.

Our Corporate Plan, Annual Plan and Delivery Plans are published in English and Gaelic, improving ease of access. Our Corporate Plan was published in Easy Read, and we intend to roll this out further to other plans in future.

A3.2 Accessibility

Customer-Led Service Delivery and Accessible Travel

We established an Accessibility Advisory Board to strengthen inclusive service design. The Board will provide structured input from disabled passengers and advocacy groups, helping ensure accessibility improvements are shaped by lived experience.

We implemented changes to our block booking terms and conditions for commercial customers, designed to reduce last-minute cancellations and no-shows, ensuring better use of vehicle deck space. We also evaluated mechanisms to better understand unmet demand to identify gaps between service provision and customer need, supporting better-informed planning.

Efforts to evaluate and expand deck space pilots in response to local community needs continued, including evaluation of pilots on Coll, Tiree and Mull and new pilots launching on the Sounds of Barra and Harris following community requests.

Finally, work began to make concessionary travel simpler and more accessible digitally.

Our customer trust score was 71%, on target.

A3.3 Integration

Community-Centred Service Delivery and Local Value Creation

Our area management teams continued to embed themselves within their local networks, working with communities to shape future timetable design, including significant engagement on Islay and Little Minch services where new vessels are arriving. Our aim is to enhance the community voice so that they can influence decisions that affect them and this work has helped to create more structured, inclusive and consistent engagement with communities and stakeholders.

At the end of 2025, CalMac and Scotrail signed a new partnership agreement aimed at creating a more integrated, customer-focused transport network for their customers. Building on existing work, the partnership will strengthen joint working across areas including timetabling, integrated ticketing such as Rail & Sail, communications, and disruption management.

A shared focus on improving the customer experience will see both organisations work together to reduce barriers to travel, improve connections, and encourage greater use of public transport.

Priority areas include customer insight, coordinated timetables, enhanced ticketing, joint promotion, and improved responses to disruption and major events.

We began implementing our Workforce Equalities Plan, supporting our commitment to diversity, inclusion and equal opportunity across CalMac. We established a new Women's Network, bringing together female and male colleagues from across the organisation.

We continued to strengthen support for local suppliers, including through our onboard offering on vessels and established a retail strategy. Finally, we prepared for the reinstatement of our Community Fund to support delivery of social and economic value in future years.

A3.4 Environmental Impact and Low Carbon

Environmental Responsibility and Sustainability

High on our list of strategic priorities is supporting the Scottish Government's commitment to a net zero Scotland by 2045. Our Environmental Plan outlines actions that teams across our organisation are undertaking to protect the natural environment in the communities we serve.

We will minimise impact on the marine and terrestrial environments in which we operate and, wherever possible, enhance biodiversity and the quality of Scotland's natural environment for future generations to enjoy.

We are subject to both terrestrial and marine environmental legislation and strive to go beyond minimum compliance wherever possible.

We improved the foundations for better fuel monitoring across the fleet to inform future sustainability decisions and began implementing our Low Carbon plan. This sets out the actions we need to take to reduce the environmental impact of our operations and supports national Net Zero ambitions.

We continued to support CMAL on the small vessel replacement programme, which will help reduce emissions and noise on routes served when vessels begin entering service in 2027.

64% of our waste was recycled (target: >60%) and only 15% of our waste went to landfill (target: <25%)

A4. CHFS Contract Performance

CHFS Service Statics

Our performance is measured in two ways: contractual reliability and actual reliability.

The contractual statistics we report are based on the agreed timetable issued 21 days prior to the sailing day but excludes weather-related disruption, in line with how performance is assessed under our service agreement. However, we know that for the communities we serve, and the customers who rely on us, it's not just about what counts contractually - it's about the full picture.

That's why we also track and report actual reliability, which includes the impact of weather and technical factors. Presenting both measures provides a more rounded and transparent view of performance, helping to reflect the realities of operating across the west coast of Scotland.

The table below outlines contractual and actual reliability, along with the number of sailings operated over the past three years.

Fiscal Year Name	Contractual Reliability %	Actual Reliability %	Contractual Punctuality %	Actual Punctuality %	Operated Sailings
2024	98.0%	92.6%	99.4%	96.2%	165,786
2025	98.5%	92.7%	99.3%	95.4%	161,013
2026	95.6%	90.3%	98.9%	95.6%	157,029

We operated 157,029 sailings during 2026 - meaning we achieved contractual reliability of 95.6% and punctuality levels of 98.9%, while our actual reliability was 90.3% and punctuality 95.6%.

CHFS Carryings

Overall carryings were broadly stable compared with the prior year, with a slight increase in passenger and car volumes offset by a decrease in commercial traffic and coaches, as summarised below.

Fiscal Year	Passengers	Cars	Commercial	Coaches
2024	5,117,761	1,464,755	79,551	7,737
2025	5,016,458	1,440,179	81,995	7,566
2026	5,044,934	1,475,555	81,606	7,131
Prior Year Growth/(Decline)	0.6%	2.5%	(0.5%)	(5.7%)

In summary, while we have continued to deliver strong contractual performance against agreed benchmarks, these measures do not fully reflect the operating realities experienced by our customers and communities. Increasing weather- and technical-related disruption has had a visible impact on actual reliability and punctuality, contributing to a gradual decline over the period despite our continued focus on operational delivery. This reinforces the importance of fleet resilience and operational flexibility, with committed investment in new vessels expected to support a reduction in technical disruption and improved reliability trends over time.

A5. Financial Performance

The Company recorded a profit before tax of £2.1m (2025: £5.7m), principally from operating the Clyde and Hebrides Ferry Service contract.

The Company paid no dividend to the Shareholder during this financial year (2025: nil).

Financial Performance Key Performance Indicators

Income Statement	2026	2025
Farebox Revenue Growth	10%	8.9%
Gross Profit %	12.7%	11.0%
Operating Profit %	2.7%	1.7%
Balance Sheet		
Current Ratio	1.20	1.17
Quick Ratio	1.08	1.01
Days Payable Outstanding	23	22
% Suppliers paid within 30 days	93.7%	94.6%

A6. CHFS 3 Looking Ahead

Strengthening fleet resilience to improve service resilience and reliability remains the priority. We'll work with CMAL and partners on vessels entering service, asset management, fleet flexibility and critical spares, protected maintenance time and relief cover with the aim of reducing disruption and building confidence.

We will continue to improve how we engage with communities and stakeholders, publishing clearer performance information, strengthening feedback loops with communities and making sure local insight shapes service design where possible.

For customers, we will focus on simpler, more accessible and better-connected journeys. This includes progressing digital services, telephony improvements, accessibility work, wayfinding, unmet demand analysis and more inclusive service design.

Through our Corporate Plan 2025-2031, we will remain fully aligned with key Scottish Government strategies, including the National Islands Plan and the National Transport Strategy, and reflect the ambitions of the Islands Connectivity Plan (ICP). By delivering resilient and sustainable ferry services, we will contribute to the improved connectivity, accessibility and economic wellbeing outcomes sought by Scottish Ministers and the wider transport policy framework.

We will strengthen partnerships with ScotRail, Citylink and other transport operators to support seamless customer journeys. Building on the formal working agreement with ScotRail, this will include better aligned timetables, improved interchange at key hubs such as Oban, continued development of Rail & Sail ticketing, and more collaborative real-time operational problem solving.

Further implementation of our Low Carbon Plan will enable us to build on progress in environmental performance.

Our focus will be on strengthening service delivery, with practical improvements that customers and communities can see and experience.

A7. Principal Risks

The Company's Risk Management Strategy is based on an enterprise risk management approach, ensuring that risks affecting the achievement of the organisation's strategic objectives are identified, assessed and managed.

During the year, the Company strengthened its framework, including revising its Board-approved risk appetite to reflect the transition from a commercial to a public service model under the new CHFS contract and updated strategic priorities and objectives.

A proactive approach to risk management was maintained, including the introduction of a Global Risk Horizon Scanning workshop involving senior leadership. This identified emerging risks and enhanced the Company's risk identification processes, ensuring risks are effectively captured, monitored and managed through the risk register.

The Corporate Risk Register records principal risks at an organisational level. Risks are assessed using defined probability and impact metrics and evaluated against the Company's risk appetite to determine appropriate mitigation actions. Regular reports on key risks are reviewed by the Executive Team and Board to support decision-making.

The Company maintains a dedicated Risk Management function to support the consistent identification, assessment, mitigation and monitoring of risks across the organisation.

The principal risks managed by the Company are set out below.

Reference	Risk	Key Mitigations
CHFS Funding Levels	There is a risk that Transport Scotland's future budget allocation for ferry services is lower than required to deliver CHFS3.	Annual budgets are prepared in advance of each financial year along with 5-year long term financial forecasts to deliver CHFS3. These financial forecasts include scenario planning to reflect potential risks and opportunities. We pro-actively engage with Transport Scotland to share this information which informs Scottish Government's future ferries budgeting and financial planning. CalMac work collaboratively with Transport Scotland to ensure sufficient funding for CHFS3 ferry services. Management continually review the CHFS3 cost base to identify efficiencies and improved value for money opportunities.
Fleet Reliability	The age, condition and complexity of the fleet increase the risk of vessel unavailability, which could impact the Company's ability to deliver a reliable service. This remains a principal risk of the Company pending the introduction of new vessels.	The Company is working with CMAL and Transport Scotland to improve fleet resilience through vessel replacement, disposal of higher-risk vessels, and targeted upgrade programmes. This is supported by plans to charter additional capacity where required and contribute to long-term fleet strategy development. Operationally, a structured programme of reliability improvements is in place, including enhanced maintenance planning, preventative maintenance and condition monitoring, alongside the systematic application of lessons learned from technical incidents. The Company maintains a dedicated disruption management team to coordinate response activities and support affected customers during technical disruption. Real-time information is provided through enhanced service status pages and a disruption dashboard, while disruption events are actively monitored to maintain operational oversight.

Supply Chain Disruption	Global geopolitical and economic instability may disrupt supply chains, leading to increased fuel and commodity costs and impacting operational delivery. Heightened tensions affecting key shipping routes, including oil and gas transit, could exacerbate these pressures.	The Company maintains close engagement with key suppliers and monitors the supply chain pipeline to manage availability and cost pressures. Actions include forward purchasing of critical parts and materials, evaluation of fuel hedging options. The Company also engages with Transport Scotland on "blue light" measures to support continuity of supply.
Cyber Attack	A cyber-attack could result in the loss or compromise of systems and data, impacting the Company's ability to meet operational, contractual and legal obligations, and potentially disrupting services and exposing customer information.	The Company is progressing Cyber Essentials Plus accreditation and undertakes regular security testing to identify and address vulnerabilities. It works closely with IT supply chain partners to maintain robust controls, supported by mandatory staff training to strengthen cyber awareness. Cyber risk is embedded within business continuity planning, with scenarios regularly tested to ensure resilience.
Dangerous Goods (DG) Exemption changes	Changes to MCA policy on dangerous goods exemptions for new vessels may restrict the Company's ability to maintain current service levels, with a potential risk of future extension to existing vessels.	The Company is working with Transport Scotland, CMAL and the MCA to support service planning and ensure risks are understood. Operational measures include adjusting passenger capacity, introducing dedicated dangerous goods sailings, and developing alternative vessel deployment plans. Customer and stakeholder communications are being actively managed to support these changes.

A8. Section 172 Statement

In line with the requirements of S172 of the Companies Act 2006, the Directors present details of their duty to promote the success of the Company for the benefit of stakeholders. We have identified our key stakeholders, the issues that matter most to them and the engagement activities conducted during the year, with a summary of key discussions and decisions taken by the Board where stakeholder views were taken into consideration.

Stakeholder: Customers	
Key Issues:	
Regular and reliable ferry service with minimal disruption to improve customer experience and support island residents, and customers' business and leisure travel expectations.	
Communities having the opportunity to contribute directly on priority issues relating to service provision.	
Engagement Activities:	
Customer Steering Group We hold regular Customer Steering Group meetings, bringing together colleagues and customers to collaborate on key customer-focused issues and identify opportunities for service improvement. These meetings focus on core operational matters and their impacts, providing a forum to seek feedback and explore practical ways to enhance the customer experience. In 2026, the Company's remit expanded to include wider representation from communities across our network, ensuring better coverage and engagement with a broader range of demographic groups. Customer Communication We continually review our customer communications and regularly assess their effectiveness to identify opportunities for improvement. Our primary focus this year has been to proactively communicate with customers to better prepare them for their journeys. Through cross-departmental collaboration and actions driven by customer insight, our teams aim to provide timely, accurate and high-quality information that meets the needs of both customers and colleagues. We have placed a deeper focus on communications during periods of disruption, with the aim of improving consistency and accuracy across all channels. In addition, we have expanded our methods of engagement, including the introduction of digital screens at ports across the network to provide real-time travel updates, further enhancing the accessibility and responsiveness of our communications. Community Engagement We have continued to grow our consultations with communities, holding face-to-face community drop-in sessions, insight monitoring and attending key community forums. Inviting our customers to contribute directly on priority	

issues has allowed for more meaningful engagement and understanding of the challenges our customers face, utilising data-based decision making for improvements to the customer experience.

Stakeholder: Client (Transport Scotland)

Key Issues:

Transport Scotland's vision is that Scotland's ferry services, supported by other transport services, will be safe, reliable, affordable and inclusive for residents, businesses and visitors enabling connectivity, sustainability and growth of island and peninsula communities and populations. The key issues in relation to the CHFS agreements are;

Service Resilience and Performance
Community Engagement
Affordability
Long term infrastructure strategy for vessels and ports

Engagement Activities:

Monthly Contract Meetings

We engage regularly with Transport Scotland through formal CHFS3 governance arrangements. These arrangements provide structured oversight of contractual delivery, service performance, risk, financial stewardship and change control. Performance reporting includes key operational and customer measures, supporting a transparent view of service reliability, resilience and delivery against the commitments set out in the Annual Plan.

This approach reflects the strategic engagement framework developed for CHFS3, which seeks to provide Transport Scotland with a single, coherent view of contractual, organisational and shareholder performance, while giving the Board and executive team the authority and accountability to deliver within the agreed policy and planning framework.

Financial Monitoring & Planning Meetings

We lead a monthly meeting with Transport Scotland to discuss both financial performance monitoring, forecasting and long-term strategic financial planning aligned with the delivery of CHFS3, including the programme of new vessels to the fleet.

Enhancement & Change plan

During the year, we moved to a planning framework based on the Corporate Plan 2025–2031, Annual Plan and supporting Delivery Plans. The Corporate Plan sets out the long-term direction for CHFS3, including the ambition to deliver a ferry service that is reliable, sustainable, integrated, safe and accessible, and that supports the economic and cultural prosperity of the communities served.

The Annual Plan translates this long-term direction into year-specific commitments and measures, providing a clear line of sight between Scottish Government policy priorities, contractual obligations, organisational delivery and front-line service outcomes. Progress against the Annual Plan is monitored through performance reporting and governance arrangements with Transport Scotland, supporting transparency, accountability and continuous improvement.

Tripartite Network Planning Forum

We continue to participate in strategic network planning and development forums with Transport Scotland, CMAL and wider partners. These forums support coordinated planning across vessels, ports, infrastructure, service changes and long-term network development.

Network Strategy Group/Project Steering Committees

We continued to participate in strategic network planning and development forums with Transport Scotland, CMAL and wider partners. These forums support coordinated planning across vessels, ports, infrastructure, service changes and long-term network development.

This engagement helps ensure that operational planning is aligned with Scottish Government priorities, including the National Transport Strategy, Islands Connectivity Plan, National Planning Framework and the wider objectives of public service reform. It also supports a clearer route for considering network development, prioritisation of projects, future vessel deployment and the long-term infrastructure needs of the CHFS network.

Through these arrangements, we contribute operational insight, customer and community feedback, performance evidence and deliverability advice to support strategic decision-making across the ferry system.

Stakeholder: Suppliers

Key Issues:

International Conflicts

We continue to work closely with our key suppliers to determine the impact of any on-going conflicts on our supply chain. We engage regularly and risks have been highlighted, including price increases and potential continuity of supply issues which we have been effectively managing.

Prompt Payment

Suppliers expect to be paid promptly after goods or services have been provided. We adopt processes in line with the Scottish Government Prompt Payment policy. Engagement Activities: Supplier relationship Management (SRM) We continue to develop and improve our SRM programme. Processes and procedures have been continuously improved to enable this work stream, which supports the delivery of high-quality goods and services. Supplier Score-carding All critical suppliers are scored across essential criteria for quality, cost, sustainability, and service. This continues to be an established part of our business-as-usual processes, with buy in from our internal stakeholders and supply chain. Routes to Market Where appropriate, we would apply Open, Restricted and Competitive Procedure with Negotiation (CPN) as our main routes to market. In our regulated procurement environment, this continues to support engagement with suppliers during the procurement process to enable the award of robust, commercially viable contracts that have delivered high quality goods and services.
Stakeholder: Employees Key Issues: Career Development & Training Employee Diversity & Inclusion Employee Voice & Trust Competitive, Market Aligned Pay and Reward Engagement Activities: Talent Management & Succession Planning, Statutory Training, Safety at Work During the year, we continued to invest in the development of our staff, supporting training and career development plans across the organisation. This is in addition to our core statutory training programmes, ensuring employees maintain essential safety standards and professional certifications to support service delivery and long-term capability. Occupational Health and Wellbeing We maintained a strong focus on employee wellbeing, supported through our Occupational Health provider, Employee Assistance Programme and dedicated Absence Reporting Helpline. During the year, we continued to provide access to Mental Health First Aiders across the organisation, ensuring colleagues had appropriate support available when needed. Women's Network and Inclusion As part of our continued commitment to diversity and inclusion, we remained signatories to the Maritime UK Diversity Pledge. During the year, we relaunched our Women's Network on 6 August 2025 and established a refreshed action group. Through this, we provided training in assertive communication, personal branding, confidence and mentoring, supporting employee development and inclusion. Employee Voice We continued to engage constructively with our recognised trade unions — Nautilus International, RMT, Unite and TSSA — on all matters affecting our employees, supporting effective two-way communication and consultation. Employee Surveys During 2026, we partnered with Great Place to Work to conduct the Great Place to Work Index Survey. The survey provided valuable insights into employee engagement and organisational culture, supporting the identification of priority actions. These findings are informing initiatives to strengthen employee engagement and enhance our overall employee value proposition. Stakeholder: Communities Key Issues: Service Reliability and Fleet Availability Fleet deployment across many communities, to maintain a breadth of essential ferry services across the network during periods of disruption. Engagement Activities: Community Group Meetings Caledonian MacBrayne continued to attend and support over 25 community group meetings across the network, including local ferry committees, providing opportunities for communities to raise issues, discuss local priorities and receive clearer information on operational matters. Ferry Stakeholder Group Meetings The organisation participates in twice-yearly ferry stakeholder group meetings with Transport Scotland, CMAL, HITRANS and relevant local authorities, supporting structured discussion on regional issues and future service planning. Ferry Communities Board

The Ferries Community Board continued to provide an important network-wide forum for community insight, challenge and discussion. During the year, Caledonian MacBrayne supported recruitment of a Chair, refreshed the Board's Terms of Reference and supported development of its workplan.

Enhanced Engagement Model

Community engagement remained central to delivery and future planning under CHFS3. Caledonian MacBrayne continued to embed its Enhanced Engagement Model through the area manager network, providing structured routes for communities, ferry committees, local authorities and stakeholders to raise issues, share priorities and contribute to service planning.

This engagement also supported the strategic development of the CHFS network. Local insight gathered through area managers helped inform discussions on timetable development, deck space pilots, vessel deployment, harbour impacts and wider network planning with Transport Scotland, CMAL and other partners. This ensured that strategic decisions were shaped not only by policy, operational data and infrastructure considerations, but also by the lived experience of the communities who rely on the service.

Stakeholder: Scottish Ministers (Ultimate Controlling Party)

Key Issues:

Group Financial Performance, including the strength of our Balance Sheet.
Understanding and supporting delivery of our Group strategy and operations.
Strong relationships, with open communication channels to the Board.

Engagement Activities:

Annual Report
The Annual report provides details of Group financial performance, as well as progress against key priorities, with clear and transparent messaging.
DML Board meetings are held throughout the year with our Sponsor (Shareholder representative) in attendance. Meetings take place between the Shareholder and the Chairman as required during the year.

Board discussions and decisions taken during 2025-26, where stakeholder views were considered and informed the decision.

CHFS3 Agreements

During 2025, the Board undertook detailed consideration of CHFS3 arrangements, culminating in the approval & signing of the CHFS3 Agreements which commenced on 1 October 2025. The Board's deliberations were informed by a broad range of stakeholder perspectives and aligned with its duties under section 172 of the Companies Act.

The Board scrutinised and approved a suite of interrelated agreements forming the CHFS3 framework which included:

- Grant-in-Aid Letter and Grant Agreement (including the CHFS Service Specification)
- Fleet Bareboat Charter
- Operating Agreements including Harbour Operating Agreement and Trademark Licence
- Memorandum of Understanding with Transport Scotland and Caledonian Maritime Assets Ltd (CMAL)
- Shareholders Agreement and Framework Agreement with the Scottish Ministers

The Board's focus was to ensure that these arrangements collectively provided a robust, transparent and sustainable contractual framework to deliver ferry services, while clearly defining roles, responsibilities and accountabilities across all parties and setting out a coherent governance and operational structure to support ferry service delivery across Scotland's west coast network.

The Board acknowledged that the CHFS3 agreements would be subject to significant public and stakeholder scrutiny. In reaching its decisions the Board carefully considered the impact on key stakeholders such as employees, customers, communities and suppliers before approving the CHFS3 framework which commenced on 1 October 2025.

CHFS3 has established a clear and durable foundation for the delivery of ferry services over the arrangement period. The Board also considered the implications of the revised governance and funding arrangements arising from CHFS3, including a derogation from the application of the Government Financial Reporting Manual (FReM). This derogation is intended to support the transition to the new contractual and funding framework, with full application of the relevant FReM requirements expected from 1 April 2027. The Board will continue to oversee the implementation of these arrangements and monitor the impact of future reporting and governance requirements as they are introduced.

Financial Planning

Financial Planning, funding allocation and dividend policy decisions. In line with our agreed policies this year's plan was recommended by the Board and approved by the Shareholder following a comprehensive review of our strategic priorities and risks. We regularly review how we are performing against plan and report monthly and year to date financial results compared with the approved plan. This is in addition to reviewing the financial forecast outlook for the year. There is a process in place to assess this performance and the opportunity to take decisions to ensure that funding is allocated appropriately and to address any emerging financial risks.

During the annual planning process and as part of our regular strategy reviews, we review funding requirements. This ensures that our financial planning supports delivery of our strategy and meet shareholder expectations.

A handwritten signature in black ink, appearing to read 'Duncan Mackison'.

Duncan Mackison
Chief Executive Officer
DML Group
1 September 2026

On behalf of the Board

A handwritten signature in blue ink, appearing to read 'E Østergaard'.

E Østergaard
Chairman
18 September 2026

Part B
Governance

B1. Directors' Report

Directors and their interests

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

E Østergaard	
D Mackison	
T Ingram	
G Macrae	
D Beaton	
K Ryan	
L Conway	Appointed 3 November 2025
J Nolan	Appointed 3 November 2025

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

The Company's immediate parent undertaking and 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 can 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, Gender Equality Scheme and the Modern Slavery Statement. As an organisation, we continue to develop structures and systems to ensure that equal opportunities become an integral part of our thinking and behaviour. Our Modern Slavery Statement is reviewed annually by the Board and published on our website.

Our policy for pay and conditions for our employees is to continue to provide a fair and appropriate employment package to all employees regardless of age, hours of work or type of employment contract. We are an accredited living wage employer and do not use zero hours contracts. Our salary packages are enhanced by wider pay and benefits which exceed statutory minimums, including generous pension schemes, maternity and sickness pay, and holiday entitlement. This provides our workforce with an overall employment package that helps to ensure a good work-life balance, supports the Scottish Government's social drivers, enables us to recruit and retain staff in a competitive labour market and supports the welfare of our people.

We publish our Gender Pay Gap annually and work proactively to encourage increased diversity in what is traditionally a very male dominated workforce. For the fifth consecutive year, we are pleased to report a Gender Pay Gap favourable to women within our shore-based workforce.

All 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 engagement communications, which it maintains through all staff notices, staff newsletters, and briefing sessions.

The Company also provides further engagement through active participation with our Trade Unions. Most 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 Company.

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.

Employment Recruitment

Recruitment campaigns undertaken by the Company were carried out based on fair and open competition and selection on merit. The Company's recruitment/selection records are subject to regular scrutiny by internal auditors.

Investing in Developing Our People

We are committed to continually developing our people to ensure they have the skills they need to be effective in their current and future roles. Our training portfolio delivers mandatory training to all staff as required, as well as developmental training. In addition to our officer cadet sponsorship programme, we continue to be a leading employer of maritime modern apprenticeships in deck and engine.

Our embedded Centre of Excellence (CoE) supports operational excellence by enhancing efficiency, streamlining processes, and improving both customer and employee experience. In 2026, colleagues participated in development programmes delivered across Oban, Stornoway and Gourock. These programmes provide flexible, high-quality operational and customer-focused training, supporting capability development across regional locations.

Whilst we have always prioritised Health, Safety, Compliance and technical learning and development for our staff, we have continued this year to place a particular focus on wellbeing, leadership and management, sexual harassment, unconscious bias and mental health training. In partnership with RMT and Scottish Union Learning, we have introduced the newly formed Women's Network and continued to support Seagoing Apprentice Induction and Wellbeing groups. We have also accelerated our commitment to fostering an inclusive culture by launching Equality, Diversity, and Inclusion (EDI) training across the organisation.

Performance Management

Our performance management framework consists of a cycle of objective setting, personal development planning, mid-year reviews and end of year appraisals. Objectives are set to support achievement of our business plan. A key part of the process is to discuss behaviours and ensure that our staff are operating in accordance with our core competencies and values. Managers are trained in how to manage performance effectively as part of our Management and Leadership Academy Framework, with further support provided through online guidance notes, toolkits and coaching.

Adoption of going concern basis

CalMac Ferries Limited has Grant and other agreements with Transport Scotland ("TS") to operate the Clyde and Hebrides Ferry Services ("CHFS"), which run through to 31 March 2036. The Directors are not aware of any planned changes to these funding and support arrangements that would impact the Company's ability to continue as a going concern. The Company's Business Plan and Financial Forecasts are used to project funding and cash requirements over the period and indicate that sufficient resources are available. The directors have also assessed the impact of significant financial risks on the forecast and are satisfied that if these materialise individually or collectively, they could be appropriately managed.

As CalMac transitions to a Non-Departmental Public Body, management will adopt a revised approach to cash flow management and forecasting, providing enhanced monitoring of cash requirements and funding needs. This revised process supports the timely identification of any additional funding requirements and enables effective engagement with Transport Scotland regarding future cash drawdown requirements. The Company has received a Letter of Continuing Financial Support from Transport Scotland confirming that, where additional cash drawdown is required to support the delivery of the Clyde and Hebrides Ferry Services, funding will be made available in accordance with agreed processes. As with any company placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

In making this assessment, the Directors considered:

- the direct award of the Clyde and Hebrides Ferry Services contract through to 31 March 2036;
- approved funding arrangements with TS;
- the transition to Executive Non-Departmental Public Body status from 1 October 2025;
- detailed cash flow forecasts and liquidity projections; and
- plausible downside scenarios, including increased fuel costs, vessel delays, reduced revenue and additional maintenance expenditure.

Furthermore, CalMac Ferries Limited is ultimately wholly owned by the Scottish Ministers, acting through TS, and benefits from the financial support of the Scottish Government.

After making all necessary enquiries, including those detailed above, the Directors are satisfied that the Company remains a going concern, as it has adequate resources and the necessary agreements in place to deliver the Clyde and Hebrides Ferry Services for at least the next 12 months. This conclusion is supported by the Company's enhanced cash flow forecasting arrangements and the continuing commitment of Transport Scotland to provide funding, including any additional cash drawdown requirements identified through the forecasting process.

Financial Instruments

The Company's financial instruments comprise cash and cash equivalents, trade receivables, trade payables and long-term lease arrangements. The main risks arising from these financial instruments are credit risk and liquidity risk. The Directors review these risks regularly and consider that appropriate measures are in place to manage them.

Engagement with suppliers, customers and others in a business relationship with the Company

Engagement with stakeholders is presented in the S172 Section of this report Page 7.

Research and Development

The Company does not undertake research and development activities directly. We do work with universities and other supplier parties to support ongoing future innovation.

Political Contributions

The Company has not made any political donations or incurred any political expenditure during the year.

Proposed Dividend

The directors do not recommend the payment of a dividend.

Other Information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report from page 1 to 11.

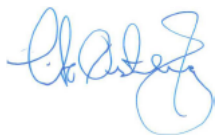
Disclosure of information to Auditor

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



E Østergaard
Chairman
18 September 2026

B2. 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, relevant and reliable;
- 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.

Part C
Financial Statements

C1. 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 2026 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 2026 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.

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").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

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 above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, as to the Company's high-level policies and procedures to prevent and detect fraud, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet profit targets, our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that company management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates. On this audit we do not believe there is a fraud risk related to revenue recognition because, with the exception of CFHS3 revenue, the Company's revenues consist entirely of routine, non-complex transactions which are subject to systematic processing and do not require significant judgements.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unrelated accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or loss of legal ability to operate. We identified the following areas as those most likely to have such an effect: health and safety and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

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 16, 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.



Michael Wilkie (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

319 St Vincent Street
Glasgow
G2 5AS

21 September 2026

C2. Income Statement for the year ended 31 March 2026

	Note	2026 £000	2025 £000
Revenue	2	365,128	329,401
Cost of sales		(318,618)	(293,205)
Gross profit		46,510	36,196
Administrative expenditure		(36,669)	(30,737)
Operating Profit		9,841	5,459
Interest receivable	3	1,013	608
Interest payable	3	(8,700)	(677)
Investment Income		-	350
Profit before taxation	3	2,154	5,740
Tax on profit	5	(703)	(561)
Profit for the financial year		1,451	5,179

All results are derived from continuing operations.

Statement of Comprehensive Income for the year ended 31 March 2026

	2026 £000	2025 £000
Profit for the year	1,451	5,179
Other comprehensive income, net of tax	-	-
Total comprehensive income attributable to equity holders of the company	1,451	5,179

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

C3. Statement of Financial Position as at 31 March 2026

	Note	2026 £000	2025 £000
Non-current assets			
Property, plant and equipment	6	232,041	10,833
Deferred Tax	8	334	586
		<u>232,375</u>	<u>11,419</u>
Current assets			
Inventory	9	9,566	9,230
Contract assets	2	-	1,515
Debtors and prepayments	10	20,548	18,621
Cash at bank and in hand		67,430	39,488
		<u>97,544</u>	<u>68,854</u>
Liabilities			
Contract liabilities	2	(9,915)	(9,473)
Trade & other payables	11	(42,455)	(33,572)
Short term lease liability	12	(11,928)	(15,923)
Deferred Income	13	(16,868)	-
		<u>16,378</u>	<u>9,886</u>
Net current assets			
		<u>16,378</u>	<u>9,886</u>
Non-current liabilities			
Long term lease liability	12	(226,608)	(611)
		<u>22,145</u>	<u>20,694</u>
Net assets			
		<u>22,145</u>	<u>20,694</u>
Capital and reserves			
Called up share capital	14	-	-
Retained Earnings		20,694	15,515
Profit for the year		1,451	5,179
		<u>22,145</u>	<u>20,694</u>
Shareholder's funds			
		<u>22,145</u>	<u>20,694</u>

These financial statements were approved by the Board of Directors on 1 September and signed on 18 September 2026 on its behalf by:



E Østergaard, Chairman



D J Mackison, Chief Executive Officer

C4. Statement of changes in equity

	Called Up Share Capital £000	Income Statement £000	Total Equity £000
Balance at 1 April 2024	-	15,515	15,515
Total comprehensive income for the year			
Profit for the year	-	5,179	5,179
Total comprehensive income for the year	-	5,179	5,179
Balance at 31 March 2025	-	20,694	20,694

	Called Up Share Capital £000	Income Statement £000	Total Equity £000
Balance at 1 April 2025	-	20,694	20,694
Total comprehensive income for the year			
Profit for the year	-	1,451	1,451
Total comprehensive income for the year	-	1,451	1,451
Balance at 31 March 2026	-	22,145	22,145

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

C5. Notes on the financial statements

1. Accounting policies

CalMac Ferries Limited is a company incorporated and domiciled in the UK, with a registered address of The Ferry Terminal, Gourrock, PA19 1QP.

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 IFRS") 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 non-current assets
- Disclosures in respect of transactions with wholly owned subsidiaries of David MacBrayne Limited
- Disclosure in respect of capital management
- The effects of new but not yet effective IFRS
- 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.

(a) Basis of preparation

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 accounting standards in conformity with the requirements of the Companies Act 2006 ["Adopted IFRS"] 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.

Going concern

The basis on which the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis is described in the Going Concern section of the Directors Report and should be read in conjunction with this note.

Taking these factors into consideration the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

(b) Government Grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account on a systematic basis over the estimated useful economic lives of the assets to which they relate or over the periods in which the related costs for which the grants are intended to compensate are recognised as expenses. Amounts recognised in the profit and loss are presented under the heading "Revenue"

(c) Property, Plant and equipment

Tangible fixed assets are stated at [cost / deemed cost] less accumulated depreciation and accumulated impairment losses. Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful live are as follows:

Vehicles & Equipment	3 years
Leasehold Improvements	Term of lease

(d) Leases as a lessee

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease

payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;

Variable lease payments that depend on an index or interest rate are initially measured using the index or rate in effect at the lease commencement date. The lease liability also includes amounts expected to be payable relating to optional renewal periods where the Company is reasonably certain to exercise an extension option, and penalties for early termination unless the Company is reasonably certain not to terminate the lease.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimated amount payable under a residual value guarantee, a reassessment of whether the Company is reasonably certain to exercise a purchase, extension or termination option, or a revision to an in-substance fixed lease payment. Where lease payments are linked to an index or rate, the lease liability is remeasured using the revised index or rate at the date the change in cash flows takes effect.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset has been reduced to nil, any further adjustment arising from the remeasurement is recognised immediately in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the Statement of Financial Position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(e) Investments

Fixed asset investments are carried at cost.

(f) Financial instruments

(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.

Financial assets

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.

Classification and subsequent measurement

(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 subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances held with the bank and cash floats held by ports and vessels.

(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.

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.

(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.

(g) 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 inventory 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.

(h) Maintenance and repair costs

Routine maintenance and repair costs, as well as vessel overhaul costs, are charged to the income statement 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.

(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, considers 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 15, for the purposes of FRS 101, pension contributions are accounted for as if the scheme was defined contribution.

(l) Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

(m) Finance Income and Finance Costs

Interest payable and similar expenses comprise interest payable, finance expenses on lease liabilities recognised using the effective interest method, the unwinding of discounts on provisions, and net foreign exchange losses recognised in the profit and loss account.

Borrowing costs that are directly attributable to the acquisition of a qualifying asset that necessarily takes a substantial period of time to prepare for its intended use are capitalised as part of the cost of that asset. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Interest income and interest expense are recognised in profit or loss as they accrue using the effective interest method.

Dividend income is recognised in the profit and loss account when the Company's right to receive payment is established.

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, vehicle ferry passage and associated retail operation.

The Company operates the Clyde and Hebrides ferry service arrangement on behalf of the Scottish Government and receives grant-in-aid revenue in respect of these services. The CHFS2 contract commenced on 1 October 2016 and expired on 30 September 2025.

Following a direct award by the Scottish Ministers, the Company will continue to operate the Clyde and Hebrides ferry services under a new 10.5-year arrangement commencing on 1 October 2025. This arrangement provides the Company with revenue to subsidise the delivery of lifeline ferry services.

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 statement of financial position within contract liabilities. Our customers can request a refund for any advanced tickets up to and including the date of travel.
Contracts with Government	Revenue from government contracts is recognised over time as the ferry services are delivered. - Under the CHFS2 contract (to 30 September 2025), funding was received monthly in arrears over the contract year. - Under the CHFS3 service agreement (from 1 October 2025), funding is received through phased drawdowns aligned to expected operating costs. In both cases, revenue is measured using a cost-based input method, reflecting the costs incurred in delivering the services. Where revenue recognised exceeds the expense incurred, the excess is recorded as deferred income and reclassified to receivables when the right to payment becomes unconditional. Variable consideration is constrained to the amount that is highly probable not to result in a significant reversal.

Disaggregation of revenue

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

	2026 £000	2025 £000
Fares and other associated services	92,675	88,276
Government contract – transferred over time	105,597	240,532
Government grant – transferred over time	166,053	-
Intra Group – management fees	803	593
Total	365,128	329,401

Contract balances

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

	2026 £000	2025 £000
Contract assets	-	1,515
Contract liabilities	(9,915)	(9,473)
Trade receivables	3,982	1,864

The contract liabilities relate to 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

	2026 Contract assets £000	2025 Contract assets £000	2026 Contract liabilities £000	2025 Contract liabilities £000
Revenue recognised that was included in the contract liability balance at the beginning of the year	-	-	9,473	7,737
Increases due to cash received, excluding amounts recognised as revenue during the period	-	-	(9,915)	(9,473)
Increases as a result of changes in the measure of progress	-	1,515	-	-

Transaction price allocated to the remaining performance obligations.

3. Profit before tax

The profit is stated after charging/(crediting):	2026 £000	2025 £000
Auditor's remuneration - audit of these financial statements	113	110
- other services relating to taxation	-	18
- all other services	5	-
Depreciation of tangible non-current assets	21,060	18,483
Harbour access charges - Caledonian Maritime Assets Limited	20,646	17,501
- Other	19,695	22,826
Agency staff costs	106,700	98,813
Finance lease costs - land and buildings	497	781
- ships and motor vehicles	21,459	19,218
Gain on disposal of Non-current Asset	-	-
Interest receivable - bank	(1,013)	(608)
Interest payable - bank	-	-
- Finance interest expense	8,700	677

4. Employee information

Staff costs (including Directors)	2026 £000	2025 £000
Wages and salaries	35,962	31,367
Social security costs	5,878	4,420
Other pension costs	7,665	6,855
	49,505	42,642

Directors' remuneration	2026 £000	2025 £000
Directors' Remuneration	355	420
Employer's Pension Contribution	-	31

The aggregated remuneration of the highest paid Director was £278,000 (2025: £222,000). All Directors had their remuneration paid by another company within the David MacBrayne Limited group in both the current and prior year.

Number of Directors	2026	2025
Retirement benefits are accruing to the following number of Directors under:		
Defined benefit schemes	-	-

Employee numbers

The average number of people employed by the Company, including Directors, during the year was 858 (2025: 799).

Category	2026	2025
Fleet Management	64	-
Customer Operations	601	-
Support services	193	-
Head Office	-	371
Port	-	427
Vessel	-	1
	858	799

5. Taxation

Current tax	2026 £000	2025 £000
UK corporation tax profit for the year	531	607
Adjustments in respect of prior year	(80)	(7)
	451	600
Deferred tax		
Adjustment in respect of prior year	358	3
Origination and reversal of temporary differences	(106)	(42)
	252	(39)
Total deferred tax charge	252	(39)
Total tax charge	703	561

The tax charge on profit for the year varied from the standard rate of UK corporation tax as follows:

	2026 £000	2025 £000
Profit for the period before tax	2,154	5,740
UK corporation tax rate of 25% (2025: 25%)	539	1,435
Tonnage tax	(249)	(903)
Capital Items Expensed	(48)	21
Adjustments in respect of prior year	(80)	(7)
Adjustments in respect of prior year – deferred tax	358	3
Non-deductible expenses	-	3
Group relief surrendered	183	-
Other differences	-	9
	703	561

6. Property, Plant & Equipment

	Buildings £000	Leasehold Improvements £000	Vessels £000	Vehicles & Equipment £000	Total £000
Cost					
At 1 April 2025	3,195	1,330	109,841	1,519	115,885
Additions in the year	3,239	-	239,013	16	242,268
Disposal	(2,392)	-	(109,809)	(1,019)	(113,220)
At 31 March 2026	4,042	1,330	239,045	516	244,933
Depreciation and impairment					
At 1 April 2025	2,845	491	100,340	1,376	105,052
Items re-classified during year	(300)	314	-	(14)	-
Charge for the year	461	343	20,166	90	21,060
Disposals in the year	(2,392)	-	(109,809)	(1,019)	(113,220)
At 31 March 2026	614	1,148	10,697	433	12,892
Net book value at 31 March 2026	3,428	182	228,348	83	232,041
Net book value at 31 March 2025	350	839	9,501	143	10,833

Property, plant and equipment includes right-of-use assets with carrying amounts as follows:

Right of use assets

	Buildings £000	Vessels £000	Vehicles & Equipment £000	Total £000
Cost				
At 1 April 2025	3,195	109,841	1,244	114,280
Additions in the year	3,239	239,013	16	242,268
Lease modification during year	(2,392)	(109,809)	(1,014)	(113,215)
At 31 March 2026	4,042	239,045	246	243,333
Depreciation and impairment				
At 1 April 2025	2,845	100,340	1,100	104,285
Items re-classified during year	(300)	-	(14)	(314)
Charge for the year	461	20,166	91	20,718
Disposals in the year	(2,392)	(109,809)	(1,014)	(113,215)
At 31 March 2026	614	10,697	163	11,474
Net book value at 31 March 2026	3,428	228,348	83	231,859
Net book value at 31 March 2025	350	9,501	144	9,995

The lease additions arose from the commencement of a 10.5-year lease for vessels and harbour assets following the award of CHFS3.

7. Investments

£000

At 1 April 2025 and 31 March 2026

-

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 112, St Martins House, Le Bordage, St Peter Port, Guernsey, GY1 4EA

8. Deferred tax assets and liabilities

The main components of deferred tax at 25% (2025: 25%) are:

	Assets 2026 £000	Liabilities 2026 £000	Assets 2025 £000	Liabilities 2025 £000	Net 2026 £000	Net 2025 £000
Tangible assets	277	-	529	-	277	529
Other	57	-	57	-	57	57
	334	-	586	-	334	586

Movement in deferred tax during the year

	1 April 2026 £000	Recognised in income £000	31 March 2026 £000
Tangible assets	529	(252)	277
Other	57	-	57
	586	(252)	334

Movement in deferred tax during the previous year

	1 April 2024 £000	Recognised in income £000	31 March 2025 £000
Tangible assets	495	34	529
Other	53	4	57
	548	38	586

9. Inventory

	2026 £000	2025 £000
Fuels and lubricants	1,220	781
Consumable inventories	8,078	8,234
Retail inventories	268	215
	9,566	9,230

Fuels and lubricants, consumable inventories and retail inventories recognised in Cost of Sales £28.7m (2025: £27.4m).

Non-retail inventories are held for the operating requirements of the Company and not for resale. Of the retail inventories held, £nil was expected to be recovered after more than twelve months in both this and the previous year.

10. Debtors and prepayments

	2026 £000	2025 £000
Trade receivables	3,982	1,864
Other receivables	6,840	9,676
Prepayments and accrued income	4,620	7,081
Corporation tax	210	-
Amounts due to group undertakings	4,896	-
	20,548	18,621

11. Liabilities: Trade & other payables

	2026 £000	2025 £000
Trade payables	15,245	8,375
Other payables and accruals	27,210	23,922
Corporation tax	-	288
Amounts due to group undertakings	-	987
	42,455	33,572

12. Leases

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 6).

The following amounts have been recognised in Income Statement for which the Group is a lessee.

	2026 £000	2025 £000
Interest expense on lease liabilities	8,700	677

No short-term leases were recognised in the Income Statement in the year.

Amounts recognised in statement of cash flows

	2026 £000	2026 £000
Total cash outflow for leases	19,210	17,019

	Vessels £000	Property £000	Vehicles & plant £000	Total £000
IFRS16 – lease liability				
Within 1 year	11,522	358	48	11,928
1 - 2 years	14,201	386	21	14,608
2 - 3 years	16,749	543	23	17,315
3 - 4 years	19,287	286	-	19,573
4 - 5 years	21,991	303	-	22,294
5+ years	151,031	1,787	-	152,818
	234,781	3,663	92	238,536

13. Deferred Income

	2026 £000	2025 £000
Government Grant – CHFS 3	16,868	-

14. Share capital

	2026	2025
	£000	£000
Allotted issued and fully paid		
1 Ordinary Share of £1 each	-	-

The authorised share issue of the company is 100 Ordinary shares of £1 each

15. 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 2024, carried out by an independent actuary, showed that the scheme had liabilities of £252.9m, assets of £290.6m and, consequently, a deficit of £37.7m.

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 accounted for on a defined contribution basis.

The Merchant Navy Officers' Pension Fund (MNOF) is closed to new members and the actuarial valuation carried out at 31 March 2024 showed a gross deficit of £11m at the valuation date and that the market value of the assets of £1,956m covered 99% of the value of the liabilities. The Company could still be required to make contributions against any deficit.

As the Trustees of the MNOF 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 MNOF, 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 MNOF 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 MNOF 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:

	2026	2025
	£000	£000
CalMac Pension Fund	7,282	6,502
Ensign	13	13
Other schemes	370	340
	7,665	6,855
Contributions to be paid to pension schemes included in liabilities	773	566

16. Related party transactions

Under FRS 101, the Company is exempt from the requirement to disclose related party transactions with Group undertakings with David MacBrayne Limited 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:

	2026 £000	2025 £000
Transactions during the year – receivable/(payable):		
Scottish Ministers		
- Revenue Subsidy	263,519	229,780
- Other Subsidy/Grants	8,130	10,752
- Consultancy Services	-	393
 Caledonian Maritime Assets Limited		
- Vessel Leasing	(23,578)	(19,144)
- Harbour Operating Agreement	(11,890)	(11,176)
- Vessel new build, modifications and other costs	-	10,419
- Vessel New Build/Retiral Support	3,129	-
- Vessel Upgrade Programme	3,544	-
- Ferry Travel	8	13
 Amounts due at end of year – receivable/(payable):	2026 £000	2026 £000
Scottish Ministers		
- Revenue Subsidy	(16,517)	1,515
- Other Subsidy/Grants	-	9
 Caledonian Maritime Assets Limited		
- Harbour Operating Agreement	(1,214)	(236)
- Vessel new build, modifications and other costs	-	1,406
- Vessel New Build/Retiral Support	228	-
- Vessel Upgrade Programme	500	-

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.

17. Secured Liabilities

The banking facilities of the Company are secured by a fixed and floating charge over the assets.

18. 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 7.

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.

C6. Corporate information

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