CALMAC FERRIES LIMITED
DIRECTORS' REPORT & FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 March 2016

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CalMac Ferries Limited/Company Number SC302282/31 March 2016

Contents

Strategic Report

CalMac continues to be interwoven into the fabric of the communities we serve. With the successful award of the Clyde and Hebrides Ferry Service contract again to 2024, we look forward to continuing to be part of these communities and building on the award winning standards of customer care that we are committed to.

Over the past year CalMac Ferries Ltd has continued to review its operations and has committed to introducing new innovations to support the services delivered to communities up and down the west coast.

Whether this is through better ticketing options or better quality of service and produce available on board, by putting the customer at the heart of what we do, our goal is to create an experience that passengers will remember for the right reasons.

The last 12 months has seen us progress a transformation programme to create a modern business platform that will bring real customer benefits, such as the introduction of Wi-Fi across all 31 of our fleet and in ports and harbours where we operate.

We have also been working to improve the way customers buy tickets with us, making it a more convenient, more flexible way to travel including the ability to pre-book as a foot passenger for the first time. September 2015 saw Road Equivalent Tariff (RET) rolled out across our whole network. When RET was introduced on selected routes previously, demand increased dramatically, as much as 46% on some routes. We expected similar increases as RET was expanded and put in place vessel deployment and timetable changes to manage capacity issues that have arisen from increased traffic.

Over this accounting period we have continued to collect yet more awards across a number of business areas, notably Best Ferry Company at the inaugural travel awards organised by The Independent newspaper. We were also highly commended at the National Transport Awards and one of our customer care team was voted 'Frontline Employee of the Year' at the Scottish Transport Awards.

Our performance across the network continues to be among the best in the industry with reliability outside weather related cancellations standing at 99.61% and punctuality at 99.74% across 130,000 sailings.

While the Company recorded a loss for the year of £3.8m (2015: loss £0.5m), it operated the CHFS contract profitably. The reported loss was driven by investment in new technology and business development activities.

Ongoing work to make the business more efficient has resulted in a subsidy clawback returned to Transport Scotland of £6.2 million compared to £1.9 million last year. A measure of the great strides we have made in operational excellence over the year.

The safety of our vessels, crew, passengers and port facilities continues to be our number one priority and we consider it essential that there is constant review of all practices impacting on health and safety, environmental and security matters and that there is constant vigilance over all aspects of the safety functions.

A proactive approach is taken and a regime of planned audits and inspections is maintained for ships and ports, the results of which are distributed and actions agreed with the relevant personnel.

Risk assessments and trend identification form the foundation of all safety, environmental and security tasks.

Changing weather patterns continue to be an issue, with Masters reporting significant changes in prevailing conditions which has an impact on our ability to deliver reliable services. This will be taken on board during discussions with partners on future infrastructure improvements and new fleet acquisitions.

While we are acutely aware that our core function is lifeline ferry services to remote communities, our responsibilities are much wider.

CalMac has a crucial role to play in driving economic development on the islands that is much more than simply providing ferry services. Working in partnership with local tourism bodies and visitor attractions we are a primary partner in both encouraging people to the islands and getting them there and back.

We also provide direct financial support in the form of sponsorship to a number of key events held across the network, encouraging people to travel to events on the west coast.

As a frontline sponsor of the Royal National Mod, the Hebridean Celtic Music Festival, the Tiree Music Festival, the Colonsay Book Festival and the Best of the West festival we actively engage as a partner with our communities.

The communities we serve may be remote but they are vibrant and successful. The breadth and scale of the activities we undertake as a company shows that we add much more to the growth and sustainability of these communities above and beyond providing transport links.

On behalf of the Board

M Dorchester
Director
13 October 2016

Directors' Report

Political and charitable donations

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

Financial instruments

The Company enters into no complex financial instruments.

Directors and their interests

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

D C McGibbon	
R L Drummond	
M Dorchester	
S Hagan	
S Ure	Resigned 14 August 2015
P J D Stark	Resigned 31 December 2015
J Stirling	
A Tait	
M Easton	Resigned 31 January 2016

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

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

Employees

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

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

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

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

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

Employee consultation

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

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

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

Policy of employment of people with disabilities

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

Directors' Report

Adoption of going concern basis

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

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

M Dorchester
Director
13 October 2016

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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

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

We have audited the financial statements of CalMac Ferries Limited for the year ended 31 March 2016 set out on pages 6 to 16. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

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

13 October 2016

Profit and Loss Account
for the year ended 31 March 2016

	Note	**2016** **£000**	2015 £000
Turnover	2	**187,122**	168,870
Cost of sales		**(166,491)**	(149,924)
Gross profit		**20,631**	18,946
Administrative expenditure		**(24,439)**	(19,454)
Operating (loss)		**(3,808)**	(508)
Interest receivable	3	**37**	41
(Loss) on ordinary activities before taxation	3	**(3,771)**	(467)
Tax on (loss) on ordinary activities	5	**224**	314
(Loss) for the financial year		**(3,547)**	(153)

All results are derived from continuing operations.

There is no other comprehensive income for one year.

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

Balance Sheet
as at 31 March 2016

	Note	2016 £000	2015 £000
Fixed assets			
Tangible assets	6	**26**	44
Investments	7	**-**	-
		26	44
Current assets			
Stocks	8	**960**	1,147
Debtors and prepayments	9	**8,134**	11,091
Cash at bank and in hand		**10,041**	14,318
		19,135	26,556
Creditors			
Amounts falling due within one year	10	**(16,373)**	(20,265)
Net current assets		**2,762**	6,291
Total assets less current liabilities			
Net assets		**2,788**	6,335
Capital and reserves			
Called up share capital	11	**-**	-
Profit and loss account		**2,788**	6,335
Shareholder's funds		**2,788**	6,335

These financial statements were approved by the Board of Directors and signed on 13 October 2016 on its behalf by:

D C McGibbon, Chairman

R L Drummond, Director

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

Statement of changes in equity

	Called Up Share Capital £000	Profit and Loss Account £000	Total Equity £000
Balance at 1 April 2014	-	6,488	6,488
Total comprehensive income for the year			
Loss for the year	-	(153)	(153)
Total comprehensive income for the year	-	(153)	(153)
Balance at 31 March 2015	**-**	**6,335**	**6,335**

	Called Up Share Capital £000	Profit and Loss Account £000	Total Equity £000
Balance at 1 April 2015	-	6,335	6,335
Total comprehensive income for the year			
Loss for the year	-	(3,547)	(3,547)
Total comprehensive income for the year	-	(3,547)	(3,547)
Balance at 31 March 2016	**-**	**2,788**	**2,788**

Notes on the financial statements

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*. The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

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

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

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

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

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

1. Accounting policies

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

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

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

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

Equipment	4 years
Motor Vehicles	3 years

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

(f) Maintenance and repair costs
Routine maintenance and repair costs, as well as vessel overhaul costs, are charged to the profit and loss account in the financial period in which the work is performed. Repairs to meet statutory or classification requirements are met by the vessel owners and recharged to the operator by increased charter hire charges. 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 and an accrual is made for the estimated cost of any such work.

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

(h) Revenue
Government subsidies are recognised in the financial year in which the associated operating expenditure is incurred.

Notes on the financial statements

(i) Taxation

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

(j) Pensions

The Company is a participating employer in the CalMac Pension Fund, which is a defined benefit scheme operated by Caledonian Maritime Assets Ltd. As set out in note 12, for the purposes of FRS 101, pension contributions are accounted for as if the scheme was defined contribution.

(k) Receipts in advance

Receipts for advanced and multi-journey bookings are recognised with reference to time of travel. The deferred element of this income is shown under creditors.

2. Turnover

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

	2016	2015
	£000	£000
Fares	**54,533**	56,081
Other income	**9,301**	8,848
Management fees	**686**	544
Subsidy receivable from the Scottish Government	**128,804**	105,380
Subsidy Clawback	**(6,202)**	(1,983)
	187,122	168,870

Subsidy clawback is a reduction in contracted subsidy payable by Transport Scotland. It represents Transport Scotland's share of efficiencies made by the Company in excess of the allowable operator return.

3. (Loss) on ordinary activities before tax

The (Loss) is stated after charging/(crediting):		**2016**	2015
		£000	£000
Auditor's remuneration	- audit of these financial statements	**27**	27
	- other services relating to taxation	**8**	17
	- corporate finance – bid support	**484**	88
	- all other services	**1**	3
Depreciation of tangible fixed assets		**18**	11
Agency staff costs		**61,856**	53,605
Operating lease costs	- land and buildings	**12,231**	11,637
	- ships and motor vehicles	**17,956**	16,825
Interest receivable	- bank	**(37)**	(41)

Notes on the financial statements

4. Employee information

Staff costs (including Directors)

	2016	2015
	£000	£000
Wages and salaries	**14,344**	13,016
Social security costs	**1,184**	1,079
Other pension costs	**2,362**	2,077
	17,890	16,172

Directors' remuneration

	2016	2015
	£000	£000
Directors' emoluments, including performance payments and benefits in kind	**39**	115
Company contributions to a defined benefit pension scheme	**8**	23

All of the Directors at 31 March 2016 are also Directors of the parent company, David MacBrayne Limited, and are remunerated by that Company. Details can be obtained as described in these financial statements.

Employee numbers

The average number of people employed by the Company, including Directors, during the year was 519 (2015: 482).

Category	**2016**	2015
	£000	£000
Head Office	**212**	189
Port	**301**	287
Vessel	**6**	6
	519	482

5. Taxation

The tax on (loss) on ordinary activities is made up as follows:

	2016	2015
	£000	£000
UK corporation tax on profit for the year	**6**	6
Adjustments in respect of prior year	**-**	-
	6	6
Deferred tax:		
Impact of rate change	**30**	-
Adjustments in respect of prior year	**(223)**	(283)
Origination of temporary differences	**(37)**	(37)
	(230)	(320)
Tax on loss on ordinary activities	**(224)**	(314)

Notes on the financial statements

5. Taxation (continued)

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

	2016	2015
	£000	£000
The (loss) on ordinary activities before tax	**(3,771)**	(467)
UK corporation tax at 20% (2015: 21%)	**(754)**	(98)
Effects of:		
Tonnage tax	**(294)**	(303)
Items not allowed for tax purposes	**106**	105
Adjustment in respect of prior year	**(37)**	(283)
Loss carry forward	**725**	265
Rate change for deferred tax	**30**	-
Tax credit for the year	**(224)**	(314)

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

As a result of the activities which do not relate to tonnage tax, the Company has gross tax losses to carry forward of £5,147,000 (2015: £1,817,000). No deferred tax asset has been recognised in relation to these losses, as the *Directors do not consider that there is certainty that future suitable taxable profits will arise.*

The Company has a deferred tax asset of £529,000 (2015: asset of £299,000).

Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		**Net**	
	2016	2015	**2016**	2015
	£000	£000	**£000**	£000
Tangible fixed assets	**528**	299	**528**	299
Other	**1**	-	**1**	-
Net tax assets	**529**	299	**529**	299

Notes on the financial statements

5. Taxation (continued)

Deferred tax assets and liabilities *(continued)*

Movement in deferred tax during the year

	1 April 2015 £000	Recognised in income £000	**31 March 2016 £000**
Tangible fixed assets	294	229	**523**
Other	5	1	**6**
	299	230	**529**

Movement in deferred tax during the prior year

	1 April 2014 £000	Recognised in income £000	31 March 2015 £000
Tangible fixed assets	(29)	323	294
Other	8	(3)	5
	(21)	320	299

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax asset at 31 March 2016 has been calculated based on these rates.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the Company's future current tax charge accordingly and reduce the deferred tax asset at 31 March 2016 by £29,000.

6. Tangible assets

	Equipment £000	**Total £000**
Cost		
At 1 April 2015 and 31 March 2016	55	55
Depreciation		
At 1 April 2015	11	11
Charge during year	18	18
At 31 March 2016	**29**	**29**
Net book value at 31 March 2016	**26**	**26**
Net book value at 31 March 2015	44	44

7. Investments

	£000
At beginning and end of year	**-**

The Company owns the whole of the issued share capital of Caledonian MacBrayne Crewing (Guernsey) Ltd., which is registered in Guernsey, and undertakes the Company's offshore crewing arrangements.

Notes on the financial statements

8. Stock

	2016 £000	2015 £000
Fuels and lubricants	**338**	518
Consumable inventories	**391**	394
Retail inventories	**231**	235
	960	1,147

9. Debtors and prepayments

	2016 £000	2015 £000
Trade debtors	**2,720**	2,734
Other debtors	**2,068**	1,512
Prepayments and accrued income	**2,748**	6,150
Amounts due by group undertakings	**69**	396
Deferred tax asset (see note 5)	**529**	299
	8,134	11,091

10. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	**4,983**	4,303
Other creditors and accruals	**7,740**	12,128
Deferred income	**2,972**	3,425
Corporation tax	**6**	6
Amounts owed to group undertakings	**672**	403
	16,373	20,265

11. *Share capital*

	2016 £000	2015 £000
Allotted issued and fully paid		
1 Ordinary Share of £1 each	-	-

12. 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 Ltd ('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 2012, carried out by an independent actuary, showed that the scheme had liabilities of £117.4m, assets of £85.2m and, consequently, a deficit of £32.2m.

The results of the next full actuarial valuation, which will be performed as at 6 April 2015, are not expected to be available until late 2016.

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

12. Pension arrangements(continued)

The Merchant Navy Officers' Pension Fund (MNOPF) is closed to new members and the actuarial valuation carried out at 31 March 2015 showed a gross deficit of £329m at the valuation date and that the market value of the assets of £2,898m covered 90% of the value of the liabilities.

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

From March 2016, the MNOPF Scheme will close to future accrual. Employees who are members of the scheme will transfer to the Ensign Retirement Plan, an industry-wide defined contribution scheme.

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

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

The Peoples Pension are 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 is:

	2016	2015
	£000	£000
CalMac Pension Fund	**2,180**	1,908
MNOPF	**10**	25
Other schemes	**172**	144
	2,362	2,077
Contributions to be paid to pension schemes included in creditors	**248**	225

13. Other financial commitments

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

	Ships & motor vehicles		**Buildings/ Harbour Access**		**Total**	
	2016	2015	**2016**	2015	**2016**	2015
	£000	£000	**£000**	£000	**£000**	£000
Within one year	**8,899**	17,919	**6,836**	12,196	**15,735**	30,115
In the second to fifth years	**117**	8,928	**-**	6,234	**117**	15,162
	9,016	26,847	**6,836**	18,430	**15,852**	45,277

Notes on the financial statements

14. Related party transactions

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

Details of transactions with other related parties are as follows:

	2016 £000	2015 £000
Transactions during the year – receivable/(payable):		
Scottish Ministers		
- subsidy	**122,602**	103,397
Caledonian Maritime Assets Ltd.		
- vessel leasing charges	**(17,361)**	(14,489)
- harbour services	**(11,773)**	(11,539)
- vessel new build, modification and other costs	**994**	2,362
- staff costs	**5**	-
- ferry travel costs	**8**	10
Solent Gateway Ltd.		
- management recharge	**1,076**	-
Other		
- strategic costs	**(317)**	-
Amounts due at end of year – receivable/(payable):		
Scottish Ministers		
- subsidy	**218**	(3,265)
Caledonian Maritime Assets Ltd.		
- vessel new build, modification and other costs	**1,652**	1,929
- harbour services	**(100)**	(26)
- staff costs	**5**	-
- vessel leasing charges payable	**(607)**	(479)
Solent Gateway Ltd.		
- management recharge	**1,076**	-
Other		
- strategic costs	**(20)**	-

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

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

15. Ultimate parent company and related undertakings

The Company is a wholly owned subsidiary of David MacBrayne Ltd., 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 Ltd., 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.

16. Transition to FRS 101

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015.

The transition to FRS 101 has not affected the reported financial position or the financial performance of the Company since the transition date.

Corporate information

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