Minister for Energy, Connectivity & the Islands
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Edward Mountain MSP
Rural Economy and Connectivity Committee
Room T3.40
The Scottish Parliament
Edinburgh
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Dear Edward,

Thank you for your letter dated 11th December regarding the absence of any contingent liability within the recently published Caledonian Maritime Assets Limited (CMAL) statutory accounts for 2017-18 in respect of the recent claim by Ferguson Marine Engineering Limited (FMEL).

CMAL are required to prepare their statutory accounts under International Reporting Standards (IFRS), whereby a contingent liability is defined as:

- A possible obligation depending on whether some uncertain future event occurs, or;
- A present obligation but payment is not probable or the amount cannot be measured reliably.

During the completion of the statutory accounts, CMAL sought legal and independent external technical advice with regards to the validity of any claim. Both pieces of advice were provided to CMAL’s external auditors, Scott Moncrieff, as part of their audit of CMAL Accounts.

At the time of signing the statutory accounts, no legal action had been taken by FMEL. Based on the evidence provided the auditors concluded that sufficient evidence had been provided to determine that the matter did not meet either of the two definitions of a contingent liability referred to above. It was therefore agreed that no contingent liability was required to be disclosed in the accounts.

I trust that this explanation clarifies the position.

Kind regards

Paul Wheelhouse

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