

**The Portsmouth Harbour Ferry Company Limited**

**Directors' report, strategic report and  
financial statements**

Registered number 00018751

31 March 2015

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## **Company information**

<b>Directors</b>	EL Rowland JL Foster KDW Edwards CM Waters
<b>Company Secretary</b>	CM Waters
<b>Company registration number</b>	00018751
<b>Bankers</b>	HSBC plc 18 North Street Bishop's Stortford Hertfordshire CM23 2LP
<b>Auditor</b>	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ
<b>Registered office</b>	South Street Gosport Hampshire PO12 1EP
<b>Solicitors</b>	Blake Morgan LLP New Kings Court Tollgate Chandlers Ford Eastleigh Hampshire SO53 3LG

## **Directors' report**

The directors present their report and the audited financial statements for the year ended 31 March 2015.

### **Activity**

The principal activity of the company during the year was the provision of management services to subsidiary companies.

### **Directors**

The directors who served the company during the year and to the date of this report are as follows:

EL Rowland	(appointed 9 February 2015)
MS Killingley	(resigned 13 April 2015)
DL Hudd	(resigned 9 February 2015)
JL Foster	
KDW Edwards	
CM Waters	

### **Directors' indemnity**

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



**JL Foster**  
*Director*

Dated: 23 September 2015

## **Strategic report**

### **Business review**

Falkland Islands Holdings plc manages its operations on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary for an understanding of the development, performance or position of the business. The performance of The Portsmouth Harbour Ferry Company Group is discussed in the ultimate parent company's Strategic report, which does not form part of this report.

### **Results and dividends**

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The Portsmouth Harbour Ferry Company Limited manages its operations on a divisional basis. For this reason, the company's directors believe key performance indicators for the company are not necessary for an understanding of the development, performance or position of the business. The performance of the company is discussed in the parent company's directors' report, which does not form part of this report.

The company has paid a dividend in respect of the current financial year of £443,000 (2014: £468,000).

On behalf of the board

**JL Foster**  
Director



Dated: 23 September 2015

## **Statement of directors' responsibilities in respect of the directors' report, the strategic report and the financial statements**

The directors are responsible for preparing the directors' report, the strategic 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).

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.



## **Report of the independent auditor to the members of The Portsmouth Harbour Ferry Company Limited**

We have audited the financial statements of The Portsmouth Harbour Ferry Company Limited for the year ended 31 March 2015 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 auditor**

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](http://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 2015 and of its profit 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 Directors' and Strategic Reports 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.

*Wayne Cox*

**Wayne Cox** (Senior Statutory Auditor)

*for and on behalf of LLP, Statutory Auditor*  
Chartered Accountants  
St Nicholas House  
Park Row  
Nottingham  
NG1 6FQ

**25** September 2015

**Profit and loss account**  
*for the year ended 31 March 2015*

	<i>Note</i>	<b>2015</b> <b>£000</b>	2014 £000
<b>Turnover</b>		-	-
Other operating charges	2	<b>(145)</b>	(152)
Other operating income	3	<b>300</b>	300
		<hr/>	<hr/>
<b>Operating profit</b>		<b>155</b>	148
Dividends received from subsidiary undertakings	4	<b>402</b>	406
Interest payable and similar charges	5	<b>(7)</b>	(13)
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>550</b>	541
Tax on profit on ordinary activities	7	<b>(33)</b>	43
		<hr/>	<hr/>
<b>Profit for the financial year</b>	18	<b>517</b>	584
		<hr/> <hr/>	<hr/> <hr/>

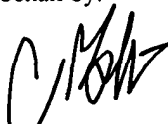
In both the current year and preceding period, the company made no material acquisitions and had no discontinued operations.

There were no recognised gains or losses in either the current year or preceding period other than those disclosed in the profit and loss account.

**Balance sheet**  
*as at 31 March 2015*

	Note	2015 £000	2014 £000
<b>Fixed assets</b>			
Tangible assets	10	5,377	4,146
Investments	11	63	63
		<u>5,440</u>	<u>4,209</u>
<b>Current assets</b>			
Debtors	12	2,020	1,792
Cash at bank and in hand		309	10
		<u>2,329</u>	<u>1,802</u>
<b>Creditors: amounts falling due within one year</b>	13	(5,488)	(4,543)
<b>Net current liabilities</b>		<u>(3,159)</u>	<u>(2,741)</u>
<b>Total assets less current liabilities</b>		<u>2,281</u>	<u>1,468</u>
<b>Creditors: amounts falling due after more than one year</b>	14	(598)	(34)
<b>Provisions for liabilities and charges</b>	16	(548)	(373)
<b>Net assets</b>		<u><u>1,135</u></u>	<u><u>1,061</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	230	230
Share premium account	18	4	4
Revaluation reserve	18	20	20
Profit and loss account	18	881	807
<b>Shareholders' funds</b>	19	<u><u>1,135</u></u>	<u><u>1,061</u></u>

These financial statements were approved by the board of directors on 23 September 2015 and were signed on its behalf by:

  
**J.L. Foster**  
Director

Company registered number : 00018751

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***Basis of accounting***

These financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

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.

#### ***Going concern***

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £3,159,000 (2014: £2,741,000) which the directors believe to be appropriate for the following reasons.

The directors believe that the company will be able to maintain current trading volume without significant increase in the cost of so doing in the coming year. As a consequence and in conjunction with the company's existing financial resources the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and therefore continue to prepare annual financial statements on the going concern basis of accounts preparation.

#### ***Depreciation***

Depreciation is provided to write off the cost or valuation, less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	Periods between 25 and 50 years
Plant and equipment	Periods between 5 and 10 years
Vessels	30 years

No depreciation is provided on freehold land or assets under construction.

#### ***Investments***

Investments are stated at cost less provisions made for impairment in the carrying value.

#### ***Taxation***

The charge for taxation is based on the profit for the financial year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

#### ***Turnover***

Turnover represents the amounts invoiced to customers in the ordinary course of business for goods and services provided, including fellow subsidiaries of Falkland Islands Holdings plc, exclusive of value added tax.

#### ***Cash flow statement***

Under FRS 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent company undertaking includes the company in its own published consolidated financial statements.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Classification of financial instruments issued by the company*

Following the adoption of FRS 25, financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) 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.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

#### *Dividends on shares presented within shareholders' funds*

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### *Leases*

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### *Related party transactions*

As the company is a wholly owned subsidiary of Falkland Islands Holdings plc the company has taken advantage of the exemption in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Falkland Islands Holdings plc, within which this company is included, can be obtained from the address given in note 22.

### 2 Other operating charges

	2015 £000	2014 £000
Administrative expenses	145	152

**Notes (continued)**

**3 Other operating income**

	<b>2015</b>	2014
	<b>£000</b>	£000
Rent receivable	<b>300</b>	300
	<u>          </u>	<u>          </u>

**4 Income from shares in group undertakings**

	<b>2015</b>	2014
	<b>£000</b>	£000
Income from group undertakings	<b>402</b>	406
	<u>          </u>	<u>          </u>

**5 Interest payable and similar charges**

	<b>2015</b>	2014
	<b>£000</b>	£000
Interest payable on bank borrowings	<b>7</b>	13
	<u>          </u>	<u>          </u>
	<b>7</b>	13
	<u>          </u>	<u>          </u>

**6 Profit on ordinary activities before taxation**

	<b>2015</b>	2014
	<b>£000</b>	£000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation on owned fixed assets	<b>147</b>	144
	<u>          </u>	<u>          </u>

Auditor remuneration relating to this company has been charged to Gosport Ferry Limited.

## Notes (continued)

### 7 Taxation

#### *Analysis of charge in the financial year*

	2015 £000	2014 £000
<i>UK corporation tax (credit) / charge at 21% (2014: 23%)</i>	(150)	41
Adjustments in respect of prior years	8	-
	<hr/>	<hr/>
Total current tax charges	(142)	41
<i>Deferred taxation (note 16)</i>		
Current year	175	(84)
	<hr/>	<hr/>
Total deferred tax	175	(84)
	<hr/>	<hr/>
Tax on profit on ordinary activities	33	(43)
	<hr/>	<hr/>

#### *Factors affecting the tax charge for the current financial year*

The current tax charge for the year is lower (2014: lower) the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:

	2015 £000	2014 £000
<i>Current tax reconciliation:</i>		
Profit on ordinary activities before tax	550	541
	<hr/>	<hr/>
Current tax at 21% (2014: 23%)	116	124
	<hr/>	<hr/>
<i>Effects of:</i>		
Depreciation in the year in excess of capital allowances	(182)	18
Non taxable income	(84)	(93)
Group relief provided to subsidiaries, and fellow subsidiaries of the Group	-	(8)
Adjustments in respect of prior years	8	-
	<hr/>	<hr/>
Total current tax (credit) / charge	(142)	41
	<hr/>	<hr/>

#### *Factors that may affect future tax charges*

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. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 March 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

## Notes (continued)

### 8 Staff numbers and costs

The company had no employees other than the directors in either the current or the preceding year. The directors received no remuneration in the form of emoluments and fees during the year (2014: £nil). In both the current and prior year the remuneration and fees of directors have been paid by Gosport Ferry Limited.

### 9 Dividends

	2015 £000	2014 £000
<i>Equity dividends:</i>		
Dividend paid in the financial year	443	468

### 10 Tangible assets

	Freehold land and buildings £000	Vessels, plant and equipment £000	Assets under construction £000	Total £000
<i>Cost or valuation:</i>				
At beginning of year	21	3,233	1,873	5,127
Additions	-	33	1,345	1,378
Transfers	-	3,218	(3,218)	-
At end of year	21	6,484	3,218	6,505
<i>Accumulated depreciation:</i>				
At beginning of year	1	980	-	981
Charge for the year	-	147	-	147
At end of year	1	1,127	-	1,128
<i>Net book value:</i>				
<b>At 31 March 2015</b>	<b>20</b>	<b>5,357</b>	<b>-</b>	<b>5,377</b>
At 31 March 2014	20	2,253	1,873	4,146

The ticket office at Gosport was valued during 1985 at £20,000, the valuation being based upon its continuing existing use. This valuation is included in the fixed assets of the company at the balance sheet date. The cost and net book value of this asset prior to revaluation was £nil. The transitional arrangements under FRS 15 have been followed and this valuation has not been updated. No provision has been made in the deferred tax account for the estimated corporation tax that would be payable on disposal of this asset because, in the opinion of the directors, this asset is unlikely to be disposed of in the foreseeable future.

Included within freehold land and buildings is £20,000 (2014: £20,000) of non-depreciable land.

## Notes (continued)

### 11 Investments

	Shares in subsidiary undertakings £000
<i>Cost:</i>	
As at 1 April 2014 and 31 March 2015	63

The company owns all the ordinary share capital and voting rights of the following subsidiaries which comprise £1 ordinary shares.

Name of subsidiary	Principal activity
Portsea Harbour Company Limited	Statutory harbour authority
Clarence Marine Engineering Limited	Marine and engineering maintenance
Gosport Ferry Limited	Passenger vessel operators
Portsmouth Harbour Waterbus Company Limited	Dormant

### 12 Debtors

	2015 £000	2014 £000
Amounts owed by group undertakings	2,019	1,792
Corporation Tax	1	-
	<u>2,020</u>	<u>1,792</u>

### 13 Creditors: amounts falling due within one year

	2015 £000	2014 £000
Bank loans	137	200
Amounts owed to group undertakings	5,338	4,293
Accruals and deferred income	13	18
Corporation tax	-	32
	<u>5,488</u>	<u>4,543</u>

### 14 Creditors: amounts falling due after more than one year

	2015 £000	2014 £000
Bank loans	598	34

## Notes (continued)

### 15 Borrowings and other financial instruments

Creditors include finance capital which is due for repayment as follows:

	2015 £000	2014 £000
<i>Amounts repayable:</i>		
In one year or less or on demand	137	200
In more than one year but not more than two years	598	34
	<u>735</u>	<u>234</u>

### 16 Provisions for liabilities and charges

	2015 £000	2014 £000
Deferred taxation	548	373
	<u>548</u>	<u>373</u>

#### *Deferred taxation*

The movement in the deferred taxation account during the year was:

	2015 £000	2014 £000
Balance brought forward	373	457
Profit and loss account movement arising during the year (note 7)	175	(84)
	<u>548</u>	<u>373</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2015 £000	2014 £000
Excess of capital allowances over depreciation on fixed assets	548	373
	<u>548</u>	<u>373</u>

### 17 Called up share capital

	2015 £000	2014 £000
<i>Allotted, called up and fully paid:</i>		
230,000 ordinary shares of £1 each	230	230
	<u>230</u>	<u>230</u>

## Notes (continued)

### 18 Reserves

	Share premium account £000	Revaluation reserve £000	Profit and loss account £000	Total £000
At beginning of year	4	20	807	831
Profit for the year	-	-	517	517
Dividend paid	-	-	(443)	(443)
<b>At end of year</b>	<b>4</b>	<b>20</b>	<b>881</b>	<b>905</b>

### 19 Reconciliation of movements in shareholders' funds

	2015 £000	2014 £000
Profit for the year	517	584
Dividends on shares classified in shareholders' funds	(443)	(468)
Net movement in shareholders' funds	74	116
Opening shareholders' funds	1,061	945
<b>Closing shareholders' funds</b>	<b>1,135</b>	<b>1,061</b>

During March 2015, Portsmouth Harbour Ferry Company Limited drew down a £735,000 loan to be repaid over five years. This loan has been secured against the two vessels, the Spirit of Portsmouth and Spirit of Gosport.

### 20 Post Balance sheet events

In April 2015, Portsmouth Harbour Ferry Company Limited drew down a £2,390,000 loan to be repaid over ten years, which has been secured against Harbour Spirit, the new vessel delivered in March 2015.

On 30 June 2015, Portsmouth Harbour Ferry Company Limited drew down a £500,000 loan to be repaid over five years. This loan has been secured against the net assets of Falkland Islands Holdings plc and the net assets of all its UK subsidiaries, including Portsmouth Harbour Ferry Company Limited.

### 21 Capital commitments

At 31 March 2014 the company had a capital commitment of £837,000 due to the boat yard for the new vessel, there were no capital commitments at 31 March 2015.

### 22 Related party disclosures

The immediate and ultimate parent company is Falkland Islands Holdings plc, a company incorporated in Great Britain.

A copy of the financial statements of Falkland Islands Holdings plc, in which the results of The Portsmouth Harbour Ferry Company Limited are consolidated, can be obtained from Falkland Islands Holdings plc, Kenburgh Court, 133-137 South Street, Bishop's Stortford, Hertfordshire, CM23 3HX.