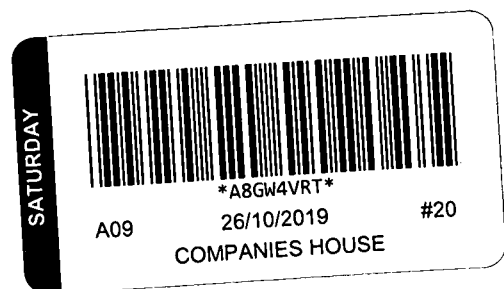


Portsea Harbour Company Limited

**Annual report and financial
statements**

Registered number 01748902

31 March 2019



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Company information

Directors

JL Foster
CA Lane
AJ Brown

Company Secretary

AJ Brown

Bankers

HSBC plc
18 North Street
Bishop's Stortford
Hertfordshire
CM23 2LP

Auditor

KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Registered office

South Street
Gosport
Hampshire
PO12 1EP

Solicitors

Blake Morgan LLP
New Kings Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3LG

Strategic report

Business review

The principal activity of the company during the year was operating the landing stage at Portsea.

Principal Risks and Uncertainties

The principal risks and uncertainties of the company are dependent on the activity of its fellow subsidiary, Gosport Ferry Limited, as the rental income of the landing stage at Portsea is nearly all receivable from Gosport Ferry Limited.

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.

An interim dividend of £128,000 (2018: £95,000) was paid in the year. The directors do not recommend the payment of a final dividend (2018: £nil).

On behalf of the board



AJ Brown
Director

Dated: 10 October 2019

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2019.

Activities

The principal activity of the company during the year was operating the landing stage at Portsea.

Directors

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

JL Foster
AJ Brown *(Appointed 1 June 2019)*
CA Lane
CM Waters *(Resigned 31 May 2019)*

Directors' indemnity

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

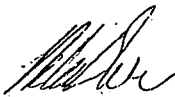
Disclosure of information to auditor

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 auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



AJ Brown
Director

Dated: 10 October 2019

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

The directors are responsible for preparing the 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), including FRS 101 Reduced Disclosure Framework.

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

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

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



Independent auditor's report to the members of Portsea Harbour Company Limited

Opinion

We have audited the financial statements of Portsea Harbour Company Limited ("the company") for the year ended 31 March 2019 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

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

Basis for opinion

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

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

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

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

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the group and 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 their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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

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



Independent auditor's report to the members of Portsea Harbour Company Limited

(continued)

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 4, 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 Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.



Independent auditor's report to the members of Portsea Harbour Company Limited

(continued)

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.

A handwritten signature in black ink, appearing to read 'C. Parkin'.

Craig Parkin (*Senior Statutory Auditor*)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

St Nicholas House

Park Row

Nottingham

NG1 6FQ

Dated: 11 October 2019

Profit and loss account
for the year ended 31 March 2019

	<i>Note</i>	2019 £000	2018 £000
Turnover	2	324	462
Administrative expenses		(125)	(234)
Profit before taxation	3	199	228
Tax on profit	5	(41)	(45)
Profit for the financial year		158	183

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

There were no recognised gains or losses in either the current period or prior year other than the result shown above. Accordingly, no statement of other comprehensive income is presented.

The accompanying notes form part of these Financial Statements.

Balance sheet
at 31 March 2019

	<i>Note</i>	2019 £000	2018 £000
Fixed assets			
Tangible assets	6	357	367
Current assets			
Debtors	7	1,276	966
Cash at bank and in hand		12	18
		<u>1,288</u>	<u>984</u>
Creditors: amounts falling due within one year	8	(321)	(63)
		<u>967</u>	<u>921</u>
Net current assets		967	921
Total assets less current liabilities		<u>1,324</u>	<u>1,288</u>
Provisions for liabilities			
Deferred tax liabilities	9	(33)	(27)
Net assets		<u>1,291</u>	<u>1,261</u>
Capital and reserves			
Called up share capital	10	1	1
Profit and loss account		1,290	1,260
Shareholders' funds		<u>1,291</u>	<u>1,261</u>

These financial statements, of which the accompanying notes form part, were approved by the board of directors on 10 October 2019 and were signed on its behalf by:



AJ Brown
Director

Company registered number: 01748902

Statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2017	1	1,172	1,173
Total comprehensive income for the year			
Profit for the year	-	183	183
Transactions with owners, recorded directly in equity			
Dividends	-	(95)	(95)
Balance at 31 March 2018	1	1,260	1,261
	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2018	1	1,260	1,261
Total comprehensive income for the year			
Profit for the year	-	158	158
Transactions with owners, recorded directly in equity			
Dividends	-	(128)	(128)
Balance at 31 March 2019	1	1,290	1,291

The profit and loss reserve includes the £25,000 (2018: £25,000) historical revaluation of the fixed roadway landing at Portsea, which is not distributable.

The accompanying notes form part of these Financial Statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Portsea Harbour Company Limited (the “Company”) is a company limited by shares and incorporated and domiciled in England, UK. The registered number is 01748902 and the registered address is South Street, Gosport, Hampshire, PO12 1EP.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”). The amendments to FRS 101 (2014/15 Cycle) issued in July 2018 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.

The Company’s ultimate parent undertaking, FIH group plc includes the Company in its consolidated financial statements. The consolidated financial statements of FIH group plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from FIH group plc, Kenburgh Court, 133-137 South Street, Bishops Stortford, Hertfordshire, CM23 3HX.

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;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

The company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

1.2. Going concern

The directors believe that the company will be able to maintain current trading volume without a 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 financial statements preparation.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3. Classification of financial instruments issued by the Company

Following the adoption of IAS 32, 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.

1.4. Non-derivative financial instruments

Non-derivative financial instruments comprise cash and cash equivalents, and intragroup loans.

1.5. Tangible fixed assets

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses.

Certain items of tangible fixed assets that had been revalued to fair value on or prior to 1 April 2014, the date of transition to FRS 101, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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 components of the pontoon at Portsea are depreciated over estimated useful lives of 5-20 years.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.6. Impairment

The carrying amounts of the Company's fixed assets, other than, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

1.7. Turnover

Turnover represents the amounts invoiced to customers in the ordinary course of business for goods and services provided, including to fellow subsidiaries of FIH group plc, exclusive of value added tax. Turnover is recognised, net of discounts and VAT when the risks and rewards of the stock or service are transferred to the fellow subsidiary of FIH group plc. The implementation of IFRS15 has not had an impact on the recognition of revenue.

Notes (continued)

1.8. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2 Turnover

	2019 £000	2018 £000
<i>By activity:</i>		
Rendering of services	324	462
	<hr/>	<hr/>
<i>By geographical market:</i>		
United Kingdom	324	462
	<hr/>	<hr/>

3 Expenses and auditor's remuneration

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

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, FIH group plc.

4 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 (2018: £nil). In both the current and prior year the remuneration and fees of directors have been paid by Gosport Ferry Limited where their services are primarily directed.

Notes (continued)

5 Taxation

Recognised in the profit and loss account

	2019		2018
	£000	£000	£000
<i>UK corporation tax</i>			
Current tax on income for the period	35		57
	<hr/>		<hr/>
Total current tax		35	57
<i>Deferred tax (note 9)</i>			
Origination and reversal of temporary differences	6		(12)
	<hr/>		<hr/>
Total deferred tax		6	(12)
		<hr/>	<hr/>
Tax on profit		41	45
		<hr/>	<hr/>

Reconciliation of effective tax rate

	2019	2018
	£000	£000
Profit for the year	158	183
Total tax expense	41	45
	<hr/>	<hr/>
Profit excluding taxation	199	228
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19% (2018: 19%)	38	43
	<hr/>	<hr/>
Disallowable expenses	3	2
	<hr/>	<hr/>
Total tax expense	41	45
	<hr/>	<hr/>

Reductions in the UK corporation tax rate from 20% to 19% on 1 April 2017 and to 17% on 1 April 2020 were substantively enacted on 18 November 2015 and 15 October 2016 respectively. This will reduce the Company's future current tax charge accordingly. The deferred tax assets and liabilities at 31 March 2018 and 2019 have been calculated based on the rates substantively enacted at the balance sheet date. Deferred tax has been provided at 17%.

Notes *(continued)*

6 Tangible fixed assets

	Plant and equipment £000
Cost	
Balance at 1 April 2017	1,282
Additions	110
	<hr/>
Balance at 31 March 2018	1,392
Additions	12
	<hr/>
Balance at 31 March 2019	1,404
	<hr/>
Depreciation	
Balance at 1 April 2017	869
Depreciation charge for the year	156
	<hr/>
Balance at 31 March 2018	1,025
Depreciation charge for the year	22
	<hr/>
Balance at 31 March 2019	1,047
	<hr/>
Net book value	
At 1 April 2017	413
	<hr/>
At 1 April 2018	367
	<hr/>
At 31 March 2019	357
	<hr/>

7 Debtors

	2019 £000	2018 £000
Trade debtors	1	3
Amounts owed by group undertakings	1,275	963
	<hr/>	<hr/>
Total debtors due within one year	1,276	966
	<hr/>	<hr/>

Amounts owed by group undertakings are interest free and repayable on demand.

Notes *(continued)*

8 Creditors: amounts falling due within one year

	2019 £000	2018 £000
Corporation tax	18	56
Amounts owed to group undertakings	295	-
Accruals and deferred income	8	7
	<u>321</u>	<u>63</u>

9 Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	Liabilities	
	2019 £000	2018 £000
Tangible fixed assets	<u>33</u>	<u>27</u>

Movement in deferred tax during the year

	1 April 2018 £000	Recognised in income £000	31 March 2019 £000
Tangible fixed assets	<u>27</u>	<u>6</u>	<u>33</u>

Movement in deferred tax during the prior year

	1 April 2017 £000	Recognised in income £000	31 March 2018 £000
Tangible fixed assets	<u>39</u>	<u>(12)</u>	<u>27</u>

Notes (continued)

10 Capital and reserves

Share capital

	2019 £000	2018 £000
<i>Allotted, called up and fully paid</i>		
1,000 ordinary shares of £1 each	1	1

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends

The following dividends were recognised during the year:

	2019 £000	2018 £000
Interim dividend paid	128	95

The directors do not recommend a final dividend (2018: £nil).

11 Contingent liabilities

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

On 28 June 2019, FIH group plc, refinanced the short-term temporary bank facility of £10 million which had been drawn down to fund the £19.6 million purchase of the art storage warehouses in Leyton in December 2018, with a £13.9 million loan to be repaid over twenty years, which under the terms of the cross guarantee with HSBC, the Group's bank, has been secured against the assets of FIH group plc and all its subsidiaries. No provision has been made in these accounts in respect of this loan.

12 Accounting estimates and judgements

In order to prepare the financial statements, management and the Board make various judgments and estimates that can affect the amounts recognized in the financial statements. The main judgment deemed to be most important for an understanding of the financial statements is the depreciation of the fixed asset, the Portsea Pontoon which was built many years ago, and all expenditure incurred on the pontoon prior to March 2012 has now been fully depreciated. Costs incurred subsequent to this, incurred on the recent major restructuring are depreciated over twenty years.

13 Ultimate parent company and parent company of larger group

The immediate and ultimate parent company is FIH group plc, a company incorporated in Great Britain.

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