Portsea Harbour Company Limited

Directors' report and financial statements

Registered number - 01748902

31 March 2012

Contents

Company information

Directors	JL Foster CM Waters KDW Edwards
Company Secretary	CM Waters JL Foster
Company registration number	01748902
Bankers	HSBC plc 18 North Street Bishop's Stortford Hertfordshire CM23 2LP
Auditor	KPMG Audit Plc St Nicholas House Park Row Nottingham NG1 6FQ
Registered office	South Street Gosport Hampshire PO12 1EP
Solicitors	Blake Lapthorn New Court 1 Barnes Wallis Road Segensworth Hampshire PO15 5OA

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2012

Activities

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

Results

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 £375,000 *(2011 £383,000)* was paid in the year The directors do not recommend the payment of a final dividend *(2011 £nil)*

The Portsmouth Harbour Ferry Company Limited, the company's immediate parent company, 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 Portsmouth Harbour Ferry Company Limited group is discussed in the ultimate parent company's directors' report, which does not form part of this report

Policy on payment of creditors

The company operates a creditors payment policy designed to settle invoices within six weeks of the suppliers' invoice date

Directors

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

JL Foster
CM Waters
KDW Edwards

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 Audit Plc will therefore continue in office

On behalf of the board

CM Waters
Director

Dated 28 September 2012

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

The directors are responsible for preparing 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)

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

KPMG

Report of the independent auditor to the members of Portsea Harbour Company Limited

We have audited the financial statements of Portsea Harbour Company Limited for the year ended 31 March 2012 set out on pages 5 to 12 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 auditors 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 3, 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 (APB'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 APB's web-site at www frc org uk/apb/scope/private cfm.

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 2012 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' 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

Wayne Cox

Wayne Cox *(Senior Statutory Auditor)*

for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

28 September 2012

Profit and loss account
for the year ended 31 March 2012

	Note	**2012**	2011
		£000	£000
Turnover	*2*	**431**	447
Other operating charges	*3*	**(60)**	(54)
Profit on ordinary activities before taxation	*4*	**371**	393
Tax on profit on ordinary activities	*6*	**(95)**	(106)
Retained profit for the financial year	*13*	**276**	287

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 2012

	Note	2012 £000	2012 £000	2011 £000	2011 £000
Fixed assets					
Tangible assets	8		205		225
Current assets					
Debtors	9	2,446		2,183	
Creditors: amounts falling due within one year	10	(2,066)		(1,718)	
Net current assets			380		465
Total assets less current liabilities			585		690
Provisions for liabilities and charges	11		(45)		(51)
Net assets			540		639
Capital and reserves					
Called up share capital	12		1		1
Revaluation reserve	13		25		25
Profit and loss account	13		514		613
Shareholder's funds	14		540		639

These financial statements were approved by the board of directors on 28 September 2012 and were signed on its behalf by

CM Waters
Director

Company registered number 01748902

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 preparation

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

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

As the company is a wholly owned subsidiary of Falkland Island Holdings plc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries 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 17

Going Concern

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 fixed assets, by equal instalments over their estimated useful economic lives

The platform landing stage operated by the company comprises two major components with substantially different useful economic lives From 1 April 2005, each component of the landing stage is accounted for separately for depreciation purposes and depreciated over its individual useful economic life The principal annual rates are

Roadway	- 40 years
Pontoon	- 5 - 10 years
Portacabin	- 10 years

No depreciation is provided on freehold land

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

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 shareholder's 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 shareholder's funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholder's funds

Dividends on shares presented within shareholder's funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements

Turnover

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

2 Analysis of turnover

	2012	2011
	£000	£000
By geographical market		
United Kingdom	**431**	447

3 Other operating charges

	2012	2011
	£000	£000
Administrative expenses	**60**	54

4 Profit on ordinary activities before taxation

	2012	2011
	£000	£000
Profit on ordinary activities before taxation is stated after charging		
Depreciation - owned assets	**22**	21

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

Notes *(continued)*

5 Staff numbers and costs

The company has no paid employees *(2011 nil)* The directors received no remuneration in the form of emoluments and fees during the year (*2011 £nil)* In both the current and prior year the remuneration and fees of directors have been paid by Gosport Ferry Limited*)*

6 Taxation

Analysis of charge in the period

	2012 £000	2011 £000
UK corporation tax at 26% (2011 28%)	**101**	114
Total current tax	**101**	114
Deferred taxation (note 11)	**(6)**	(8)
	95	106

Factors affecting the tax charge for the current period

The current tax charge for the year is higher *(2011 higher)* than the standard rate of corporation tax in the UK of 26% *(2011 28%)* The differences are explained below

	2012 £000	2011 £000
Current tax reconciliation		
Profit on ordinary activities before tax	**371**	393
Current tax at 26% *(2011 28%)*	**96**	110
Effects of		
Depreciation in the financial year in excess of capital allowances	**5**	4
Total current tax charge	**101**	114

Factors that may affect future tax charges

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014 A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 17 July 2012 respectively

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax assets and liabilities accordingly

Notes *(continued)*

7 Dividends

	2012 £000	2011 £000
Equity dividends		
Dividend paid in the financial year	**375**	383

8 Tangible assets

	Plant and equipment £000
Cost or valuation	
At beginning of year	989
Additions	2
At end of year	991
Accumulated depreciation	
At beginning of year	764
Charge for the year	22
At end of year	786
Net book value	
At 31 March 2012	**205**
At 31 March 2011	225

The fixed roadway landing at Portsea was valued during 1985 at £25,000 on the basis of its continued 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 valuation because, in the opinion of the directors, this asset is unlikely to be disposed of in the foreseeable future

9 Debtors

	2012 £000	2011 £000
Trade debtors	**2**	2
Amounts owed by group undertakings	**2,422**	2,162
Prepayments and accrued income	**22**	19
	2,446	2,183

Notes *(continued)*

10 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	21	17
Bank loans and overdraft	1,849	1,500
Amounts owed to group undertakings	121	121
Corporation tax	50	55
Accruals and deferred income	25	25
	2,066	1,718

11 Provisions for liabilities and charges

Deferred taxation

The movement in the deferred taxation account during the year was

	2012 £000	2011 £000
Balance brought forward	51	59
Profit and loss account movement arising during the year (note 6)	(6)	(8)
Balance carried forward	45	51

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

	2012 £000	2011 £000
Excess of taxation allowances over depreciation on fixed assets	45	51

12 Called up share capital

	2012 £000	2011 £000
Allotted, called up and fully paid:		
1,000 ordinary shares of £1 each	1	1

13 Reserves

	Revaluation reserve £000	Profit and loss account £000	Total £000
At beginning of year	25	613	638
Profit for the year	-	276	276
Dividend paid	-	(375)	(375)
At end of year	25	514	539

Notes *(continued)*

14 Reconciliation of movements in shareholder's funds

	2012 £000	2011 £000
Profit for the year	**276**	287
Dividend paid	**(375)**	(383)
Net reduction in shareholder's funds	**(99)**	(96)
Opening shareholder's funds	**639**	735
Closing shareholder's funds	**540**	639

15 Contingent liabilities

The company is party to a cross guarantee of the secured bank loans of the Falkland Islands Holdings plc group along with other group companies The total amount guaranteed within the group at the year end was £25,000 *(2011 £1,683,000)* which includes net bank loans and overdrafts of £1,849,000 *(2011 £1,500,000)* in relation to the company

16 Commitments

As at 31 March 2012 the company had no capital commitments authorised but not contracted for *(2011 £nil)*

17 Related party disclosures

The directors consider that the parent undertaking of this company is The Portsmouth Harbour Ferry Company Limited, and that the ultimate parent company is Falkland Islands Holdings plc Both companies are incorporated in Great Britain

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