

Portsea Harbour Company Limited

Financial statements

For the year ended 31 December 2003

Grant Thornton 



Company No. 1748902

Company information

Company registration number

1748902

Registered office

South Street
Gosport
Hampshire
PO12 1EP

Directors

Non Executive

M R Wright
J E Macmillan

Executive

G D Phillips
C R P Withinshaw

Secretary

J E Macmillan

Bankers

Barclays Bank plc
Gosport

Solicitors

Blake Lapthorn Linnell
New Court
1 Barnes Wallis Road
Segensworth
Hampshire
PO15 5OA

Auditors

Grant Thornton
Chartered Accountants
Registered Auditors
Barnes Wallis Road
Segensworth
Hampshire
PO15 5GT

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2003.

Principal activities and business review

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

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 directors have not recommended a dividend.

Directors

The directors who served the company during the year were as follows:

M R Wright
J E Macmillan
G D Phillips
C R P Withinshaw

The interests of the directors in the shares of the holding company, The Portsmouth Harbour Ferry Company plc, and of other subsidiaries of the holding company, namely Clarence Marine Engineering Limited, Gosport Ferry Limited and Cobham Travel Services Limited are shown in those companies' financial statements.

Directors' responsibilities

Company law in the United Kingdom requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended. In preparing those 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
- 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 proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to re-appoint Grant Thornton as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



C R P Withinshaw
Director

.....
6 May 2004

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

We have audited the financial statements of Portsea Harbour Company Limited for the year ended 31 December 2003 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

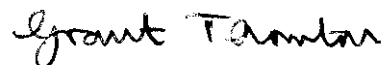
Basis of opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read "Grant Thornton", is written over the printed name of the firm.

GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
SOUTHAMPTON

6 May 2004

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixed roadway and pontoon - Periods between 25 and 30 years

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Profit and loss account

| | Note | 2003 £ | 2002 £ |
|--|------|---------------|----------------|
| Turnover | 1 | 257,723 | 255,570 |
| Other operating charges | 2 | 222,418 | 105,705 |
| Profit on ordinary activities before taxation | | 35,305 | 149,865 |
| Tax on profit on ordinary activities | 5 | 7,350 | (36,003) |
| Retained profit for the financial year | | 27,955 | 185,868 |


All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

Balance sheet

| | Note | 2003 £ | 2002 £ |
|---|------|----------------|-----------------|
| Fixed assets | | | |
| Tangible assets | 6 | <u>438,958</u> | <u>472,958</u> |
| Current assets | | | |
| Debtors | 7 | <u>121,849</u> | <u>144,037</u> |
| Cash at bank | | <u>19,785</u> | <u>19,507</u> |
| | | <u>141,634</u> | <u>163,544</u> |
| Creditors: amounts falling due within one year | 8 | <u>136,003</u> | <u>215,818</u> |
| Net current assets/(liabilities) | | <u>5,631</u> | <u>(52,274)</u> |
| Total assets less current liabilities | | <u>444,589</u> | <u>420,684</u> |
| Provisions for liabilities and charges | | | |
| Deferred taxation | 9 | <u>78,098</u> | <u>82,148</u> |
| | | <u>366,491</u> | <u>338,536</u> |
| Capital and reserves | | | |
| Called-up equity share capital | 12 | <u>1,000</u> | <u>1,000</u> |
| Revaluation reserve | 13 | <u>25,000</u> | <u>25,000</u> |
| Profit and loss account | 13 | <u>340,491</u> | <u>312,536</u> |
| Shareholders' funds | 14 | <u>366,491</u> | <u>338,536</u> |

These financial statements were approved by the directors on 6 May 2004 and are signed on their behalf by:



C R P Withinshaw
Director

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.
An analysis of turnover is given below:

| | 2003 | 2002 |
|----------------|----------------|----------------|
| | £ | £ |
| United Kingdom | <u>257,723</u> | <u>255,570</u> |

2 Other operating income and charges

| | 2003 | 2002 |
|-------------------------|----------------|----------------|
| | £ | £ |
| Administrative expenses | <u>222,418</u> | <u>105,705</u> |

3 Operating profit

Operating profit is stated after charging:

| | 2003 | 2002 |
|------------------------------------|---------------|---------------|
| | £ | £ |
| Depreciation of owned fixed assets | <u>34,000</u> | <u>34,000</u> |

Auditors' remuneration of £1,000 (2002: £1,000), which relates to this company, has been charged in The Portsmouth Harbour Ferry Company plc.

4 Directors and employees

The company has no paid employees (2002: nil). The directors did not receive any remuneration in the year (2002: £nil).

5 Taxation on ordinary activities

(a) Analysis of charge in the year

| | 2003 | 2002 |
|--|----------------|-----------------|
| | £ | £ |
| Current tax: | | |
| In respect of the year: | | |
| UK Corporation tax based on the results for the year | <u>11,400</u> | <u>11,548</u> |
| Total current tax | <u>11,400</u> | <u>11,548</u> |
| Deferred tax: | | |
| Decrease in deferred tax provision | <u>(4,050)</u> | <u>(47,551)</u> |
| Tax on profit on ordinary activities | <u>7,350</u> | <u>(36,003)</u> |

5 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19% (2002 - 19.25%).

| | 2003 | 2002 |
|---|---------------|----------------|
| | £ | £ |
| Profit on ordinary activities before taxation | <u>35,305</u> | <u>149,865</u> |
| Profit on ordinary activities by rate of tax | 6,708 | 28,849 |
| Capital allowances for the period in excess of depreciation | 4,692 | 4,155 |
| Group relief | - | (21,456) |
| Total current tax (note 5(a)) | <u>11,400</u> | <u>11,548</u> |

6 Tangible fixed assets

| | Plant & Equipment £ |
|--|------------------------|
| Cost or valuation | |
| At 1 January 2003 and 31 December 2003 | <u>924,954</u> |
| Depreciation | |
| At 1 January 2003 | 451,996 |
| Charge for the year | 34,000 |
| At 31 December 2003 | <u>485,996</u> |
| Net book value | |
| At 31 December 2003 | <u>438,958</u> |
| At 31 December 2002 | <u>472,958</u> |

The fixed roadway landing stage 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 prior to revaluation was nil. The transitional arrangements under FRS 15 have been followed and the valuations have not been updated.

No provision has been made in the deferred taxation account for the estimated corporation tax that would be payable on disposal at this valuation, because, in the opinion of the directors, this asset is unlikely to be disposed of in the foreseeable future.

7 Debtors

| | 2003 | 2002 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Amounts owed by group undertakings | 120,368 | 142,578 |
| Prepayments and accrued income | 1,481 | 1,459 |
| | <u>121,849</u> | <u>144,037</u> |

8 Creditors: amounts falling due within one year

| | 2003 | 2002 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Amounts owed to group undertakings | 124,503 | 203,870 |
| Corporation tax | 11,400 | 11,548 |
| Accruals and deferred income | 100 | 400 |
| | <u>136,003</u> | <u>215,818</u> |

9 Deferred taxation

| | 2003 | 2002 |
|--|---------------|---------------|
| | £ | £ |
| The movement in the deferred taxation provision during the year was: | | |
| Provision brought forward | 82,148 | 129,699 |
| Profit and loss account movement arising during the year | (4,050) | (47,551) |
| Provision carried forward | <u>78,098</u> | <u>82,148</u> |

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

| | 2003 | 2002 |
|---|---------------|---------------|
| | £ | £ |
| Excess of taxation allowances over depreciation on fixed assets | <u>78,098</u> | <u>82,148</u> |

10 Contingent liabilities

There were no contingent liabilities at 31 December 2003 or 31 December 2002.

11 Related party transactions

As a wholly owned subsidiary of The Portsmouth Harbour Ferry Company plc, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by The Portsmouth Harbour Ferry Company plc. Copies of the group accounts can be obtained from The Portsmouth Harbour Ferry Company plc, South Street, Gosport, Hampshire PO12 1EP.

12 Share capital

Authorised share capital:

| | 2003 | 2002 |
|----------------------------------|--------------|--------------|
| | £ | £ |
| 1,000 Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |

Allotted, called up and fully paid:

| | 2003 | | 2002 | |
|----------------------------|--------------|--------------|--------------|--------------|
| | No | £ | No | £ |
| Ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> | <u>1,000</u> |

13 Reserves

| | Revaluation reserve | Profit and loss account |
|------------------------------|------------------------|----------------------------|
| | £ | £ |
| At 1 January 2003 | 25,000 | 312,536 |
| Retained profit for the year | — | 27,955 |
| At 31 December 2003 | <u>25,000</u> | <u>340,491</u> |

The balance on the revaluation reserve is not distributable under the Companies Act 1985.

14 Reconciliation of movements in shareholders' funds

| | 2003 | 2002 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Profit for the financial year | 27,955 | 185,868 |
| Opening shareholders' equity funds | 338,536 | 152,668 |
| Closing shareholders' equity funds | <u>366,491</u> | <u>338,536</u> |

15 Capital commitments

The company had no capital commitments at 31 December 2003 or 31 December 2002.

16 Ultimate parent company

The directors consider that the ultimate parent undertaking of this company is The Portsmouth Harbour Ferry Company plc.

The Portsmouth Harbour Ferry Company plc is the company's controlling party and ultimate controlling related party by virtue of owning 100% of the issued share capital of the company.