



**PORTSEA HARBOUR COMPANY
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2000

PORTSEA HARBOUR COMPANY LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2000

Company registration number: 1748902

Registered office: South Street
Gosport
Hampshire
PO12 1EP

Directors: Non executive M R Wright, ARICS
J E Macmillan

Executive G D Phillips
C R P Withinshaw

Secretary: J E Macmillan

Bankers: Barclays Bank Plc
43/44 High Street
Gosport
Hampshire
PO12 1DN

National Westminster Bank Plc
PO Box 25
130 Commercial Road
Portsmouth
PO1 1ES

Lloyds Bank Plc
23/29 Albion Place
Maidstone
Kent
ME14 5DY

Solicitors: Churchers
28 High Street
Gosport
Hampshire
P12 1DQ

Auditors: Grant Thornton
Registered auditors
Chartered accountants
Enterprise House
Isambard Brunel Road
Portsmouth
PO1 2RZ

PORTSEA HARBOUR COMPANY LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2000

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PORTSEA HARBOUR COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 December 2000.

Principal activities

The company is principally engaged in operating the landing stage at Portsea.

Business review

There was a loss for the year after taxation amounting to £21,182 (1999: profit £63,056). The directors do not recommend payment of a dividend (1999: £nil).

Directors

The present membership of the Board is set out below. All directors served throughout the year apart from as noted below. In accordance with the Articles of Association, J E Macmillan retires by rotation and being eligible offers himself for re-election.

The interests of the directors and their families in the shares of the company as at 31 December 2000 and 1 January 2000 were as follows:

	Ordinary shares	
	31 December 2000	1 January 2000
M R Wright, ARICS	-	-
G D Phillips	-	-
C R P Withinshaw	-	-
J E Macmillan	-	-

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 for the financial statements

Company law 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 and of the profit or loss of the company for that period. 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; 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 maintaining 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.

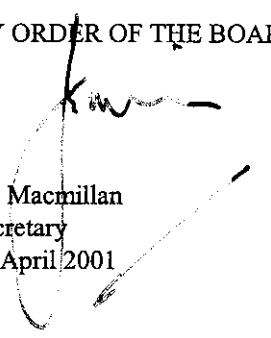
PORTSEA HARBOUR COMPANY LIMITED

REPORT OF THE DIRECTORS

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



J E Macmillan
Secretary
12 April 2001

**REPORT OF THE AUDITORS TO THE MEMBERS OF
PORTSEA HARBOUR COMPANY LIMITED**

We have audited the financial statements on pages 4 to 11 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

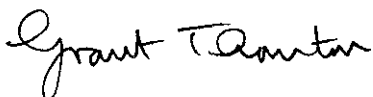
Basis of opinion

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 the company's affairs as at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
12 April 2001**

PORTSEA HARBOUR COMPANY LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention as modified by the revaluation of certain assets.

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

TURNOVER

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

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The periods generally applicable are:

Fixed roadway and pontoon	Periods between 25 and 30 years
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DEFERRED TAXATION

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise.

PORTSEA HARBOUR COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2000

	Note	2000 £	1999 £
Turnover		<u>206,987</u>	<u>204,856</u>
Administrative expenses		<u>(130,089)</u>	<u>(111,215)</u>
Operating profit		<u>76,898</u>	<u>93,641</u>
Interest payable and similar charges	2	<u>(28,800)</u>	<u>(30,321)</u>
Profit on ordinary activities before taxation	1	<u>48,098</u>	<u>63,320</u>
Tax on profit on ordinary activities	4	<u>(69,280)</u>	<u>(264)</u>
(Loss) / profit transferred transferred from reserves	12	<u>(21,182)</u>	<u>63,056</u>

There were no recognised gains or losses other than the loss for the financial year.

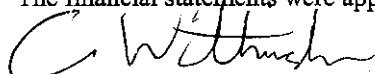
The above relates entirely to continuing activities.

The accompanying accounting policies and notes form an integral part of these financial statements.

PORTSEA HARBOUR COMPANY LIMITED**BALANCE SHEET AT 31 DECEMBER 2000**

	Note	2000 £	1999 £
Fixed assets			
Tangible assets	5	540,958	574,918
Current assets			
Debtors	6	155,655	169,252
Cash at bank and in hand		10,181	5,369
		<u>165,836</u>	<u>174,621</u>
Creditors: amounts falling due within one year	7	<u>(104,018)</u>	<u>(182,861)</u>
Net current assets/(liabilities)		<u>61,818</u>	<u>(8,240)</u>
Total assets less current liabilities		<u>602,776</u>	<u>566,678</u>
Creditors: amounts falling due after more than one year	8	<u>(350,000)</u>	<u>(350,000)</u>
Provisions for liabilities and charges	9	<u>(94,958)</u>	<u>(37,678)</u>
		<u>157,818</u>	<u>179,000</u>
Capital and reserves			
Called up share capital	11	1,000	1,000
Revaluation reserve	12	25,000	25,000
Profit and loss account	12	131,818	153,000
Shareholders' funds	13	<u>157,818</u>	<u>179,000</u>

The financial statements were approved by the Board of Directors on 12 April 2001


C P R Withinshaw

Director

The accompanying accounting policies and notes form an integral part of these financial statements.

PORTSEA HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

1 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated before:

	2000 £	1999 £
Depreciation:		
Tangible fixed assets, owned	33,960	33,250

Auditors' remuneration £1,000 (1999:£1,000), which relates to this company, has been charged in The Portsmouth Harbour Ferry Company plc.

2 INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
Interest payable to group undertakings	28,800	30,321

3 DIRECTORS AND EMPLOYEES

The company has no paid employees (1999: nil). The directors did not receive any remuneration in the year (1999: £nil).

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	2000 £	1999 £
UK Corporation tax at 20% (1999:20%)	12,000	12,148
Deferred taxation	57,280	(11,884)
	69,280	264

PORTSEA HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

5 TANGIBLE FIXED ASSETS

	Plant and equipment £
Cost or valuation	
At 1 January 2000 and 31 December 2000	924,954
Depreciation	
At 1 January 2000	350,036
Provided in the year	33,960
At 31 December 2000	383,996
Net book amount at 31 December 2000	<u>540,958</u>
Net book amount at 31 December 1999	<u>574,918</u>

The fixed roadway landing stage at Portsea was valued during 1985 at £25,000 on the basis of its continued existing use. In the opinion of the directors the remaining fixed roadway continues to represent the value ascribed to the whole in 1985. No provision has been made in the deferred taxation account for the estimated corporation tax which would be payable if the asset was disposed of at its valuation because in the opinion of the directors the asset is unlikely to be disposed of in the foreseeable future.

6 DEBTORS

	2000 £	1999 £
Trade debtors	-	2,000
Amounts owed by group undertakings	154,267	166,005
Prepayments and accrued income	1,388	1,247
	<u>155,655</u>	<u>169,252</u>

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Amounts owed to group undertakings	91,578	170,663
Corporation tax	12,000	12,148
Accruals and deferred income	440	50
	<u>104,018</u>	<u>182,861</u>

PORTSEA HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

8 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £	1999 £
Amounts owed to group undertakings	<u>350,000</u>	<u>350,000</u>

The loan is repayable fully in 2002. Interest is charged at 2 1/2% above the Barclays Bank base rate.

9 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 January 2000	37,678
Provided during the year	<u>57,280</u>
At 31 December 2000	<u>94,958</u>

10 DEFERRED TAXATION

Deferred taxation provided for and not provided for in the financial statements is set out below.

	Amount provided		Amount unprovided	
	2000 £	1999 £	2000 £	1999 £
Accelerated capital allowances	<u>94,958</u>	<u>37,678</u>	<u>-</u>	<u>59,658</u>

11 SHARE CAPITAL

	2000 £	1999 £
Authorised 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

PORTSEA HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

12 RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 January 2000	25,000	153,000
Retained loss for the year	-	(21,182)
At 31 December 2000	<u>25,000</u>	<u>131,818</u>

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

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
(Loss) / profit for the financial year	(21,182)	63,056
Net (decrease) / increase in shareholders' funds	(21,182)	63,056
Shareholders' funds at 1 January	<u>179,000</u>	<u>115,944</u>
Shareholders' funds at 31 December	<u>157,818</u>	<u>179,000</u>

14 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2000 or 31 December 1999.

15 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2000 or 31 December 1999.

16 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 which is registered in England and Wales. Copies of the group accounts can be obtained from The Portsmouth Harbour Ferry Company plc, South Street, Gosport, Hampshire PO12 1EP.

PORTSEA HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

17 ULTIMATE PARENT UNDERTAKING

The directors consider that the ultimate parent undertaking of this company is The Portsmouth Harbour Ferry Company plc, registered in England and Wales.

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