

**PORTSEA HARBOUR COMPANY  
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1997

# PORTSEA HARBOUR COMPANY LIMITED

## FINANCIAL STATEMENTS

For the year ended 31 December 1997

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Company registration number: 1748902

Registered office: South Street  
Gosport  
Hampshire  
PO12 1EP

Directors: Non executive C J Solen  
M R Wright, ARICS  
M L Bell, LLB, Notary Public

Executive G D Phillips  
C R P Withinshaw

Secretary: M L Bell, LLB, Notary Public  
Administrative Secretary: M Harper, OBE

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 1997

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# **PORTSEA HARBOUR COMPANY LIMITED**

## **REPORT OF THE DIRECTORS**

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The directors present their report together with financial statements for the year ended 31 December 1997.

### **Principal activities**

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

### **Business review**

There was a profit for the year after taxation amounting to £32,580 (1996: profit £59,063). The directors recommend dividends absorbing £- (1996: £57,000), leaving £32,580 retained (1996: £2,063 retained).

The company continues to seek opportunities for further utilisation of its landing stage.

### **Directors**

The membership of the Board on 31 December 1997 is set out below. All directors served throughout the year.

C J Solen  
M R Wright  
M L Bell  
G D Phillips  
C R P Withinshaw (appointed 1/1/97)

None of the directors in office at the year end had any interest in the shares of the company.

The interests of the directors in the shares of the holding company, The Portsmouth Harbour Ferry Company Public Limited Company, are shown in that company's accounts.

### **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
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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

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**Auditors**

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

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to be 'M L Bell', written over the text 'BY ORDER OF THE BOARD'.

M L Bell  
Secretary  
31 March 1998

**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. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

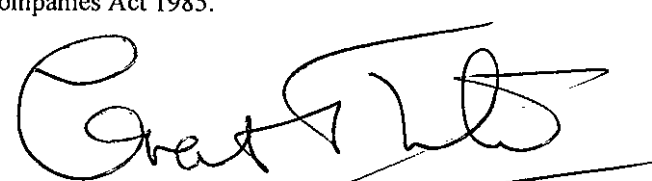
**Basis of opinion**

We conducted our audit in accordance with 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 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

PORTSMOUTH  
31 March 1998

# **PORTSEA HARBOUR COMPANY LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **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.

### **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 1997

	Note	1997 £	1996 £
<b>Turnover</b>	1	<u>187,769</u>	<u>184,929</u>
Administrative expenses		<u>(82,190)</u>	<u>(67,085)</u>
<b>Operating profit</b>		<u>105,579</u>	<u>117,844</u>
Interest payable and similar charges	2	<u>(45,058)</u>	<u>(42,140)</u>
<b>Profit on ordinary activities before taxation</b>	1	<u>60,521</u>	<u>75,704</u>
Tax on profit on ordinary activities	4	<u>(27,941)</u>	<u>(16,641)</u>
<b>Profit for the financial year</b>	14	<u>32,580</u>	<u>59,063</u>
Dividends		-	(57,000)
<b>Profit transferred to reserves</b>	13	<u>32,580</u>	<u>2,063</u>

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

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

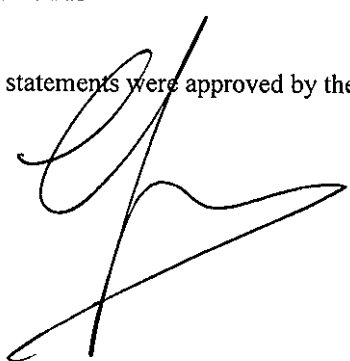
# PORTSEA HARBOUR COMPANY LIMITED

BALANCE SHEET AT 31 DECEMBER 1997

	Note	1997 £	1996 £
<b>Fixed assets</b>			
Tangible assets	6	582,991	614,991
<b>Current assets</b>			
Debtors	7	73,010	78,588
Cash at bank and in hand		5,478	1,290
		<u>78,488</u>	<u>79,878</u>
<b>Creditors: amounts falling due within one year</b>	8	(44,424)	(123,245)
<b>Net current assets</b>		<u>34,064</u>	<u>(43,367)</u>
<b>Total assets less current liabilities</b>		<u>617,055</u>	<u>571,624</u>
<b>Creditors: amounts falling due after more than one year</b>	9	(500,000)	(500,000)
<b>Provisions for liabilities and charges</b>	10	(52,918)	(40,067)
		<u>64,137</u>	<u>31,557</u>
<b>Capital and reserves</b>			
Called up share capital	12	1,000	1,000
Revaluation reserve	13	25,000	25,000
Profit and loss account	13	38,137	5,557
<b>Shareholders' funds</b>	14	<u>64,137</u>	<u>31,557</u>

The financial statements were approved by the Board of Directors on 31 March 1998

C J Solen



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 1997

### 1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated after:

	1997 £	1996 £
Auditors' remuneration	-	1,000
Depreciation: Tangible fixed assets, owned	32,000	32,000

Auditors' remuneration of £1,000 has been charged in The Portsmouth Harbour Ferry Company PLC which relates to this company.

### 2 INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £	1996 £
Interest payable to group undertakings	45,058	42,140

### 3 DIRECTORS AND EMPLOYEES

The company has no paid employees. The directors did not receive any remuneration in the year.

### 4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and represents:

	1997 £	1996 £
UK Corporation tax at 21% (1996: 33%)	12,500	12,000
Charge / (release) of deferred tax provision	12,851	8,350
	25,351	20,350
Adjustments in respect of prior periods:		
UK Corporation tax	2,590	(3,709)
	27,941	16,641

# PORTSEA HARBOUR COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1997

### 5 DIVIDENDS

	1997 £	1996 £
Ordinary shares	-	57,000

### 6 TANGIBLE FIXED ASSETS

	Plant and equipment £
Cost or valuation At 1 January 1997 and at 31 December 1997	867,777
Depreciation At 1 January 1997 Provided in the year	252,786 32,000
At 31 December 1997	284,786
Net book amount at 31 December 1997	582,991
Net book amount at 31 December 1996	614,991

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.

### 7 DEBTORS

	1997 £	1996 £
Trade debtors	34	1,567
Amounts owed by group undertakings	71,808	75,750
Prepayments and accrued income	1,168	1,271
	73,010	78,588

**PORTSEA HARBOUR COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 1997

**8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1997 £	1996 £
Amounts owed to group undertakings	31,674	54,105
Corporation tax	12,500	12,000
Proposed dividends	-	57,000
Accruals and deferred income	250	140
	<u>44,424</u>	<u>123,245</u>

**9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	1997 £	1996 £
Amounts owed to group undertakings	<u>500,000</u>	<u>500,000</u>

The loan is repayable otherwise than by instalments in more than 5 years time. Interest is charged at 2 1/2% above the Barclays Bank base rate.

**10 PROVISIONS FOR LIABILITIES AND CHARGES**

	Deferred taxation £
At 1 January 1997	40,067
Provided during the year	12,851
At 31 December 1997	<u>52,918</u>

**11 DEFERRED TAXATION**

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

	Amount provided		Amount unprovided	
	1997 £	1996 £	1997 £	1996 £
Accelerated capital allowances	52,918	40,067	80,160	69,387
	<u>52,918</u>	<u>40,067</u>	<u>80,160</u>	<u>69,387</u>

# PORTSEA HARBOUR COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1997

### 12 SHARE CAPITAL

	1997 £	1996 £
Authorised 1,000 ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid 1,000 ordinary shares of £1 each	1,000	1,000

### 13 RESERVES

	Revaluation reserve £	Profit and loss account £
At 1 January 1997	25,000	5,557
Retained profit for the year	-	32,580
At 31 December 1997	25,000	38,137

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

### 14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the financial year	32,580	59,063
Dividends	-	(57,000)
	32,580	2,063
Net increase in shareholders' funds	32,580	2,063
Shareholders' funds at 1 January 1997	31,557	29,494
Shareholders' funds at 31 December 1997	64,137	31,557

### 15 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 1997 or 31 December 1996.

**PORTSEA HARBOUR COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 1997

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**16 CONTINGENT LIABILITIES**

The company has a contingent liability, together with other group companies, in respect of, a balance of account guarantee given to Barclays Bank plc in respect of the overdraft on the ultimate parent undertaking. At 31 December 1997 overdrafts of the ultimate parent undertaking totalled £15,597 (1996 : £43,853).

**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.

**18 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.