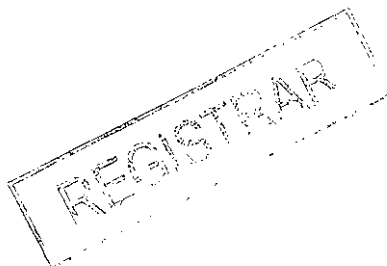


Grant Thornton 

Company Number 1748902



PORTSEA HARBOUR COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1995



PORTSEA HARBOUR COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1995

Company Registration Number: 1748902

Registered Office: South Street
Gosport
Hampshire
PO12 1EP

Directors: M R Wright, ARICS
D R Smith, FCIS
C J Solen, FNAEA, M LAND Inst
G D Phillips

Secretary: D R Smith, FCIS

Solicitors: Churchers
28 High Street
Gosport
Hampshire
PO12 1DQ

Auditors: Grant Thornton
Chartered Accountants
Enterprise House
Isambard Brunel Road
Portsmouth
Hampshire
PO1 2RZ

PORTSEA HARBOUR COMPANY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1995

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PORTSEA HARBOUR COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the financial statements for the year ended 31 December 1995.

Principal activity

During the year the company continued its principal activity of operating the landing stage at Portsea.

General review

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

Results and dividend

The profit for the year after taxation amounted to £90,782 (1994: £84,469). The directors recommend payment of a dividend of £90,000 (1994: £82,000). The remaining profit for the year of £782 (1994: £2,469) has been transferred to reserves.

Directors

The directors in office during and at the end of the year are listed below.

M R Wright
D R Smith
D P Saville (resigned 26 July 1995)
C J Solen
A H Edwards (resigned 26 July 1995)
G D Phillips (appointed 21 August 1995)

No director had a beneficial interest in any shares in the company.

No director had a material interest in any contract with the company during the year.

In accordance with the Articles of Association Mr Solen retires by rotation and being eligible offers himself for re-election. Mr Phillips having been appointed on 21 August 1995 offers himself for re-election.

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.

PORTSEA HARBOUR COMPANY LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

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 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.

Fixed assets

There was no expenditure in respect of fixed assets during the year.

Auditors

Grant Thornton offer themselves for re-appointment as auditors of the company in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



D R Smith
Secretary
28 February 1996

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

We have audited the financial statements on pages 4 to 9 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of 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 at 31 December 1995 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

28 FEBRUARY 1996

PORTSEA HARBOUR COMPANY LIMITED

PRINCIPAL ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 1995

The financial statements have been prepared in accordance with applicable accounting standards 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 in the ordinary course of business for services provided.

Depreciation

Depreciation is calculated to write down the cost of 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
---------------------------	---------------------------------

Deferred taxation

Deferred taxation represents the taxation attributable to timing differences between profits computed for taxation purposes and profit as stated in the financial statements.

Transfers to and from deferred taxation are calculated at the rate of corporation tax in force at the end of the year in which the transfers are made, adjusting for any changes in rate as compared with the preceding year.

PORTSEA HARBOUR COMPANY LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 1995**

	Note	1995 £	1994 £
Turnover		197,396	200,183
Cost of sales		<u>-</u>	<u>-</u>
Gross profit		197,396	200,183
Administrative expenses		<u>78,669</u>	<u>63,956</u>
Operating profit		118,727	136,227
Interest payable to group undertakings	2	<u>59,390</u>	<u>51,758</u>
Profit on ordinary activities before taxation	1	59,337	84,469
Tax on profit on ordinary activities	4	<u>(31,445)</u>	<u>-</u>
Profit on ordinary activities after taxation	14	90,782	84,469
Dividend		<u>90,000</u>	<u>82,000</u>
Profit retained for the financial year		782 =====	2,469 =====
Accumulated profit brought forward		2,712 =====	243 =====
Accumulated profit carried forward		3,494 =====	2,712 =====

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

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

PORTSEA HARBOUR COMPANY LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1995

	Note	1995 £	1994 £
Fixed assets			
Tangible assets	5	646,991	678,991
Current assets			
Debtors	6	16,976	72,301
Cash at bank and in hand		<u>1,267</u>	<u>-</u>
		18,243	72,301
Creditors: amounts falling due within one year	7	<u>104,023</u>	<u>2,053</u>
Net current (liabilities)/assets		<u>(85,780)</u>	<u>70,248</u>
Total assets less current liabilities		561,211	749,239
Creditors: amounts falling due in more than one year	7	500,000	650,000
Deferred taxation	8	<u>31,717</u>	<u>70,527</u>
		<u>29,494</u>	<u>28,712</u>
		=====	=====
Capital and reserves			
Called up share capital	9	1,000	1,000
Profit and loss account	10	3,494	2,712
Revaluation reserve	10	<u>25,000</u>	<u>25,000</u>
Shareholders funds	14	<u>29,494</u>	<u>28,712</u>
		=====	=====

The financial statements were approved by the Board of Directors on 28 February 1996.



M R Wright

Director

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

PORTSMOUTH HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1995

1 Profit on ordinary activities before taxation

The profit on ordinary activities is arrived at after charging:

	1995 £	1994 £
Depreciation - owned fixed assets	32,000 =====	32,066 =====
Auditors remuneration	1,000 =====	1,000 =====
Auditors - non audit services	- =====	290 =====

2 Interest payable

	1995 £	1994 £
On bank loans, overdraft and other loans		
- repayable wholly or partly in more than 5 years	59,390 =====	51,758 =====

3 Employees

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

4 Taxation

The taxation charge based on the profit for the year is as follows:

	1995 £	1994 £
United Kingdom Corporation tax 25% (1994: 25%)	7,365	-
Release of deferred tax provision	(38,810)	-
	31,445 =====	- =====

5 Tangible fixed assets

	Plant and equipment £
Cost or valuation at 1 January 1995	867,777
Additions	-
At 31 December 1995	867,777
Depreciation	
At 1 January 1995	188,786
Provided in year	32,000
At 31 December 1995	220,786
Net book value	
At 31 December 1995	646,991 =====
At 31 December 1994	678,991 =====

PORTSEA HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1995

5 Tangible fixed assets (continued)

The landing stage at Portsea, comprising the fixed roadway, hinged brow floating pontoon and dolphins 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

	1995	1994
	£	£
Trade debtors	120	3,424
Amounts due from group undertakings	15,849	67,981
Prepayments	<u>1,007</u>	<u>896</u>
	16,976	72,301
	=====	=====

There are no amounts falling due after more than one year.

7 Creditors: amounts falling due within one year

	1995	1994
	£	£
Bank overdraft	-	315
Amounts due to group undertakings	95,506	558
Corporation tax	7,365	-
Accruals and deferred income	<u>1,152</u>	<u>1,180</u>
	104,023	2,053
	=====	=====

Creditors: amounts falling due after more than one year

Loan from parent undertaking	500,000	650,000
	=====	=====

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

8 Deferred taxation

	Deferred taxation £
At 1 January 1995	70,527
Released during the year	<u>(38,810)</u>
At 31 December 1995	31,717
	=====

Provision has been made for deferred taxation, at 25%. The amounts provided are set out below.

	1995	1994
	£	£
Accelerated capital allowances	36,205	75,015
Other timing differences	<u>(4,488)</u>	<u>(4,488)</u>
	31,717	70,527
	=====	=====

PORTSEA HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 1995

9 Called up share capital

**1995 and 1994
£**

Authorised, allotted, issued and fully paid
1,000 ordinary shares of £1 each

1,000
=====

10 Reserves

	Total	Profit and loss account	Revaluation reserve
	£	£	£
At 1 January 1995	27,712	2,712	25,000
Retained profit for the financial year	<u>782</u>	<u>782</u>	<u>-</u>
At 31 December 1995	28,494	3,494	25,000
	=====	=====	=====

11 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 1995 overdrafts of the ultimate parent undertaking totalled £75,355. (1994 -£39,614)

The company is also party to a cross-guarantee and debenture given to Barclays Bank plc in respect of all bank liabilities, together with other group companies.

12 Capital commitments

The company had no capital commitments as at 31 December 1995. (1994 - Nil)

13 Ultimate parent undertaking

The ultimate parent undertaking is The Portsmouth Harbour Ferry Company Public Limited Company, a company incorporated in England, which owns all of the issued share capital. Group accounts are available for inspection at the company's registered office.

14 Reconciliation of movements in shareholders' funds

	1995 £	1994 £
Profit for the financial year	90,782	84,469
Dividend	<u>90,000</u>	<u>82,000</u>
Net increase in shareholders funds	782	2,469
Shareholders' funds at 1 January 1995	<u>28,712</u>	<u>26,243</u>
Shareholders' funds at 31 December 1995	29,494	28,712
	=====	=====