

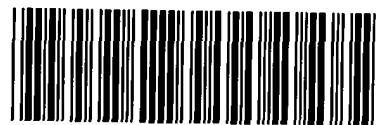
Gosport Ferry Limited

**Annual report and financial
statements**

Registered number 02254382

31 March 2018

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Company information

Directors

JL Foster
CA Lane
CM Waters

Company Secretary

CM Waters

Bankers

HSBC plc
18 North Street
Bishop's Stortford
Hertfordshire
CM23 2LP

Auditor

KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Registered office

South Street
Gosport
Hampshire
PO12 1EP

Solicitors

Blake Morgan LLP
New Kings Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3LG

Strategic report

Business review

Gosport Ferry Limited provides a ferry service linking Gosport to the larger City of Portsmouth, which is approximately half a mile across the harbour by sea, with a ferry journey taking around 5 minutes. The alternative is 14 miles by road which in today's congested traffic can take up to an hour.

Ferry services run for 18 and a half hours a day from 5.30am until midnight, operating 364 days a year. The ferry is renowned for its reliability and the friendly and efficient service of its crew, many of whom come from families who have worked as watermen in the harbour for generations.

At 31 March 2018, Gosport Ferry operates three vessels on its ferry service which each carry up to 300 passengers.

Principal risks and uncertainties

The principal risks faced by the company are a fall in passenger numbers, a maritime accident, or the risk of any of the vessels being unavailable for use. The company has insurance policies in place for maritime accidents and for interruption of business.

The key performance indicators reviewed by the management of the company are as follows:

Key Performance Indicators and Operational Drivers

Year ended 31 March	2014	2015	2016	2017	2018
Staff Numbers (FTE at 31 March)	37	39	38	38	38
Ferry Reliability (on time departures)	99.7%	99.8%	99.8%	99.9%	99.8%
Number of weekday passengers '000	2,169	2,123	2,046	1,967	1,878
% change on prior year	-2.7%	-2.1%	-3.6%	-3.9	-4.5%
Number of weekend passengers '000	817	800	780	744	734
% change on prior year	1.8%	-2.1%	-2.5%	-4.6	-1.3%
Total number of passengers '000's	2,986	2,923	2,826	2,710	2,612
% change on prior year	-1.6%	-2.1%	-3.3%	-4.1%	-3.6%
Revenue growth %	1.2%	4.3%	-1.3%	1.0%	1.5%
Average yield per passenger journey*	£1.32	£1.41	£1.45	£1.52	£1.58

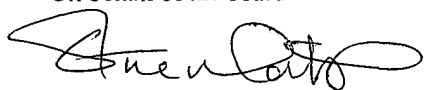
*Total ferry fares divided by the total number of passengers

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.

An interim dividend of £220,000 (2017: £169,000) was paid in the year. The directors do not recommend the payment of a final dividend (2017: £nil).

On behalf of the board



CM Waters
Director

Dated: 27th September 2018

Directors' report

The directors present their report and financial statements for the year ended 31 March 2018.

Activities

The principal activity of the company during the year was the operation of the passenger ferry service between Gosport and Portsmouth and pleasure cruises in the Solent area.

Donations

The company made charitable donations amounting to £1,000 during the year (2017: £2,000).

Directors

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

JL Foster
CM Waters
CA Lane

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 he ought to have taken as a director to make himself 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 auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board



CM Waters
Director

Dated: 27th September 2018

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

The directors are responsible for preparing the Strategic Report, 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), including FRS 101 Reduced Disclosure Framework.

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 judgements 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.



Independent auditor's report to the members of Gosport Ferry Limited

Opinion

We have audited the financial statements of Gosport Ferry Limited ("the company") for the year ended 31 March 2018 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.



Independent auditor's report to the members of Gosport Ferry Limited (continued)

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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 auditor's 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.

Craig Parkin (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

St Nicholas House
Park Row
Nottingham
NG1 6FQ

Dated: *2nd October 2018*

Profit and loss account
for the year ended 31 March 2018

	<i>Note</i>	2018 £000	2017 £000
Turnover	2	4,323	4,262
Cost of sales		(2,033)	(2,062)
Gross profit		2,290	2,200
Administrative expenses		(1,614)	(1,530)
Operating profit	3	676	670
Gain on sale of fixed assets		21	-
Other interest receivable and similar income	6	11	4
Interest payable and similar expenses	7	(227)	(229)
Profit before taxation		481	445
Tax on profit	8	(91)	(77)
Profit for the financial year		390	368

In both the current period and prior year, the company made no material acquisitions and had no discontinued operations.

There were no recognised gains or losses in either the current period or prior year other than the result shown above. Accordingly, no statement of other comprehensive income is presented.

Balance sheet
at 31 March 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible assets	9	4,425	4,551
Current assets			
Stocks	10	44	39
Debtors	11	4,700	3,195
Cash at bank and in hand		368	1,432
		<u>5,112</u>	<u>4,666</u>
Creditors: amounts falling due within one year	12	<u>(1,784)</u>	<u>(1,622)</u>
Net current assets		3,328	3,044
Total assets less current liabilities		7,753	7,595
Creditors: amounts falling due after more than one year	13	(4,730)	(4,764)
Provisions for liabilities			
Deferred tax liabilities	15	(231)	(209)
Net assets		<u>2,792</u>	<u>2,622</u>
Capital and reserves			
Called up share capital	17	60	60
Profit and loss account		2,732	2,562
Shareholders' funds		<u>2,792</u>	<u>2,622</u>

These financial statements were approved by the board of directors on 27th September 2018 and were signed on its behalf by:



CM Waters
Director

Company registered number: 02254382

Statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2016	60	2,363	2,423
Total comprehensive income for the year			
Profit for the year	-	368	368
Transactions with owners, recorded directly in equity			
Dividends	-	(169)	(169)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2017	60	2,562	2,622
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2017	60	2,562	2,622
Total comprehensive income for the year			
Profit for the year	-	390	390
Transactions with owners, recorded directly in equity			
Dividends	-	(220)	(220)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2018	60	2,732	2,792
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

Gosport Ferry Limited (the “Company”) is a company limited by shares and incorporated and domiciled in England, UK. The registered number is 02254382 and the registered address is South Street, Gosport, Hampshire, PO12 1EP.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* (“FRS 101”). The amendments to FRS 101 (2014/15 Cycle) issued in July 2017 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company’s ultimate parent undertaking, FIH group plc includes the Company in its consolidated financial statements. The consolidated financial statements of FIH group plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from FIH group plc, Kenburgh Court, 133-137 South Street, Bishops Stortford, Hertfordshire, CM23 3HX.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures.

- a Cash Flow Statement and related notes;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of FIH group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 *Share Based Payments* in respect of group settled share based payments
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 20.

1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

Notes (continued)

1 Accounting policies (continued)

1.2. 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.

1.3. Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity 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.

1.4. Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Plant and machinery	Periods between 5 – 10 years
Office equipment	Periods between 3 – 10 years
Long leasehold property	50 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.6. Stocks

Stocks are stated at the lower of cost and net realisable value.

1.7. Impairment excluding stocks, and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Notes *(continued)*

1 Accounting policies *(continued)*

1.8. Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Share-based payment transactions

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Company.

The grant date fair value of share-based payments awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards. The fair value of the awards granted is measured using an option valuation model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment transactions in which the Company receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Company's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to employees is recognised as an expense, with a corresponding increase in liabilities, over the period in which the employees become unconditionally entitled to payment. The liability is remeasured at each balance sheet date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expense in profit or loss.

1.9. Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.10. Turnover

Turnover represents the amounts invoiced to customers in the ordinary course of business for goods and services provided, including to fellow subsidiaries of FIH group plc, exclusive of value added tax.

1.11. Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Notes (continued)

1 Accounting policies (continued)

1.11. Expenses (continued)

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.12. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

2 Turnover

	2018 £000	2017 £000
<i>By activity:</i>		
Rendering of services	4,323	4,262
	<hr/>	<hr/>
<i>By geographical market:</i>		
United Kingdom	4,323	4,262
	<hr/>	<hr/>

Notes (continued)

3 Expenses and auditor's remuneration

Included in profit/loss are the following:

	2018 £000	2017 £000
<i>Auditor's remuneration:</i>		
Audit of these financial statements	29	29
	<u>29</u>	<u>29</u>

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, FIH group plc.

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2018	2017
Ferry operatives	26	27
Maintenance	5	6
Management and administrative	6	6
	<u>37</u>	<u>39</u>

The aggregate payroll costs of these persons were as follows:

	2018 £000	2017 £000
Wages and salaries	1,230	1,260
Social security costs	115	117
Contributions to defined contribution plans	119	120
	<u>1,464</u>	<u>1,497</u>

Notes *(continued)*

5 Directors' remuneration

	2018	2017
	£000	£000
Directors' remuneration	132	111
Company contributions to money purchase pension plans	26	32
	<u><u> </u></u>	<u><u> </u></u>

Number of directors
2018 2017

Retirement benefits are accruing to the following number of directors under:

Money purchase schemes	2	2
	<u><u> </u></u>	<u><u> </u></u>

JL Foster is also a director of FIH group plc and is remunerated at a group level, where his services are primarily directed.

6 Other interest receivable and similar income

	2018	2017
	£000	£000
Bank interest receivable	11	4
	<u><u> </u></u>	<u><u> </u></u>

7 Interest payable and similar expenses

	2018	2017
	£000	£000
Finance charges in respect of finance leases	227	229
	<u><u> </u></u>	<u><u> </u></u>

Notes (continued)

8 Taxation

Recognised in the profit and loss account

	2018	2017
£000	£000	£000
<i>UK corporation tax</i>		
Current tax on income for the period	69	62
Adjustments in respect of prior periods	-	(7)
	<hr/>	<hr/>
Total current tax	69	55
<i>Deferred tax (note 15)</i>		
Origination and reversal of temporary differences	22	30
Reduction in tax rate	-	(10)
Adjustments in respect of prior periods	-	2
	<hr/>	<hr/>
Total deferred tax	22	22
	<hr/>	<hr/>
Tax on profit	91	77
	<hr/>	<hr/>

Reconciliation of effective tax rate

	2018	2017
	£000	£000
Profit for the year	390	368
Total tax expense	91	77
	<hr/>	<hr/>
Profit excluding taxation	481	445
	<hr/>	<hr/>
Tax using the UK corporation tax rate of 19% (2017: 20%)	91	89
Depreciation in excess of capital allowances	-	3
Reduction in tax rate	-	(10)
Adjustments to tax charge in respect of prior periods	-	(5)
	<hr/>	<hr/>
Total tax expense	91	77
	<hr/>	<hr/>

Reductions in the UK corporation tax rate from 19% to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was announced in the Budget on 16 March 2016 and substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly.

The deferred tax liability at 31 March 2018 and 2017 has been calculated based on the rates substantively enacted at the balance sheet date.

Notes (continued)

9 Tangible fixed assets

	Long leasehold property £000	Plant and machinery £000	Office equipment £000	Total £000
Cost				
Balance at 1 April 2016	5,089	410	123	5,622
Additions	-	20	-	20
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2017	5,089	430	123	5,642
Additions	-	4	-	4
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2018	5,089	434	123	5,646
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
Balance at 1 April 2015	597	255	104	956
Charge for the year	107	24	4	135
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2017	704	279	108	1,091
Charge for the year	102	25	3	130
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2018	806	304	111	1,221
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2015	4,492	155	19	4,666
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	4,385	151	15	4,551
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	4,283	130	12	4,425
	<hr/>	<hr/>	<hr/>	<hr/>

Leased plant and machinery

At 31 March 2018 the net carrying amount of the Gosport Pontoon, which is leased from Gosport Borough Council, on a finance lease ending in 2061, was £4,283,000 (2017: £4,385,000).

10 Stocks

	2018 £000	2017 £000
Raw materials and consumables	44	39
	<hr/>	<hr/>

Raw materials and consumables stocks consist of fuel held for the vessels. Raw materials and consumables recognised as cost of sales in the year amounted to £123,000 (2017: £98,000).

Notes (continued)

11 Debtors

	2018 £000	2017 £000
Trade debtors	29	25
Amounts owed by group undertakings	4,535	3,072
Other debtors	33	26
Prepayments and accrued income	103	72
	<hr/>	<hr/>
Debtors due within one year	4,700	3,195
	<hr/>	<hr/>

Amounts owed by group undertakings are interest free and repayable on demand.

12 Creditors: amounts falling due within one year

	2018 £000	2017 £000
Obligations under finance leases (note 14)	34	33
Trade creditors	259	98
Amounts owed to group undertakings	1,058	886
Corporation tax	70	137
Other creditors	32	27
Accruals and deferred income	331	441
	<hr/>	<hr/>
	1,784	1,622
	<hr/>	<hr/>

Amounts owed to group undertakings are interest free and repayable on demand.

13 Creditors: amounts falling after more than one year

	2018 £000	2017 £000
Obligations under finance leases (note 14)	4,730	4,764
	<hr/>	<hr/>

14 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2018 £000	2017 £000
Creditors falling due within less than one year		
Finance lease liabilities	34	33
	<hr/>	<hr/>
Creditors falling due in more than one year		
Finance lease liabilities	4,730	4,764
	<hr/>	<hr/>

The Gosport Pontoon finance lease liability, is repayable by quarterly instalments of £65,000 until 2061. £4,575,000 is repayable after five years.

Notes (continued)

14 Interest bearing loans and borrowings (continued)

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	Face value 2018 £000	Carrying amount 2018 £000	Face value 2017 £000	Carrying amount 2017 £000
Finance lease liabilities	GBP	4.75%	2061	4,957	4,764	4,957	4,797

Finance lease liabilities

The Gosport Pontoon finance lease liability is payable as follows:

	Minimum lease payments 2018 £000	Interest 2018 £000	Principal 2018 £000	Minimum lease payments 2017 £000	Interest 2017 £000	Principal 2017 £000
Less than one year	260	226	34	260	227	33
Between one and five years	1,040	885	155	1,040	892	148
More than five years	9,945	5,370	4,575	10,205	5,589	4,616
	11,245	6,481	4,764	11,505	6,708	4,797

15 Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	2018 £000	2017 £000
Tangible fixed assets	231	209
	231	209

Movement in deferred tax during the year

	1 April 2017 £000	Recognised in income £000	31 March 2018 £000
Tangible fixed assets	209	22	231

Notes (continued)

16 Deferred tax liabilities (continued)

Movement in deferred tax during the prior year

	1 April 2016 £000	Recognised in income £000	31 March 2017 £000
Tangible fixed assets	189	20	209
Other	(2)	2	-
	<u>187</u>	<u>22</u>	<u>209</u>

16 Employee benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £119,000 (2017: £120,000).

17 Capital and reserves

	2018 £000	2017 £000
<i>Allotted, called up and fully paid</i>		
60,000 ordinary shares of £1 each	<u>60</u>	<u>60</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends

The following dividends were recognised during the year:

	2018 £000	2017 £000
Interim dividend paid	<u>220</u>	<u>169</u>

The directors do not recommend a final dividend (2017: £nil).

18 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018 £000	2017 £000
Less than one year	5	6
Between one and five years	-	2
	<u>5</u>	<u>8</u>

The Company leases the offices in Gosport, and a photocopier. During the year £9,000 was recognised as an expense in the profit and loss account in respect of operating leases (2017: £9,000).

Notes *(continued)*

19 Ultimate parent company and parent company of larger group

The immediate and ultimate parent company is FIH group plc, a company incorporated in Great Britain.

A copy of the financial statements of FIH group plc, in which the results of Gosport Ferry Limited are consolidated, can be obtained from FIH group plc, Kenburgh Court, 133-137 South Street, Bishop's Stortford, Hertfordshire CM23 3HX.

20 Accounting estimates and judgements

In order to prepare the financial statements, management and the Board make various judgments and estimates that can affect the amounts recognized in the financial statements for assets, liabilities, revenues and expenses as well as information in general, including issues with regard to contingent liabilities. The judgments and estimates discussed in this section are those deemed to be most important for an understanding of the financial statements, considering the level of significant estimations and uncertainty.

The Gosport Ferry Limited balance sheet consists of fixed assets, including the Gosport Pontoon which is leased from Gosport Borough Council on a finance lease until 2061, this pontoon is being depreciated over the lease term until 2061. The Finance lease is repayable at a fixed £65,000 quarterly, at an effective interest rate of 4.75%. These known assets and liabilities are the most significant items on the balance sheet.