

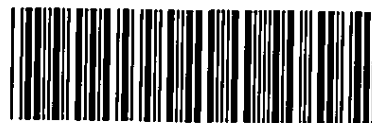
Gosport Ferry Limited

**Directors' report and financial
statements**

Registered number - 02254382

31 March 2007

WEDNESDAY



LS8VWWS0

LD7

30/01/2008

86

COMPANIES HOUSE

Contents

Company information	1
Directors' report	2
Statement of directors' responsibilities in respect of the directors' report and the financial statements	4
Report of the independent auditors to the members of Gosport Ferry Limited	5
Profit and loss account	6
Balance sheet	7
Notes	8

Company information

Directors	JL Foster JB Ivins PJ Fuller
Company Secretary	JB Ivins
Bankers	HSBC plc 18 North Street Bishop's Stortford Hertfordshire CM23 2LP
Auditor	KPMG Audit Plc St Nicholas House Park Row Nottingham NG1 6FQ
Registered office	South Street Gosport Hampshire PO12 1EP
Solicitors	Blake Lapthorn Tarlo Lyons New Court 1 Barnes Wallis Road Segensworth Hampshire PO15 5OA

Directors' report

The directors present their report and financial statements for the year ended 31 March 2007

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

Results

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

During the year, as part of an on-going review of operations, employees of Clarence Marine Engineering Limited and The Portsmouth Harbour Ferry Company Limited were transferred to the Company resulting in an increase in operating charges

The Portsmouth Harbour Ferry Company Limited, the company's immediate parent company, manages its operations on a divisional basis. For this reason, the company's directors believe key performance indicators for the company are not necessary for an understanding of the development, performance or position of the business. The performance of The Portsmouth Harbour Ferry Company Limited group is discussed in the ultimate parent company's directors' report, which does not form part of this report

Donations

The company made charitable donations amounting to £nil (2006 £5,000)

Policy on payment of creditors

The company operates a creditors payment policy designed to settle invoices within six weeks of the suppliers' invoice date

Directors

The directors who served the company during the period were as follows

JL Foster	
JB Ivins	- appointed 27 March 2007
PJ Fuller	- appointed 27 March 2007
C Roberts	- resigned 30 March 2007
M West	- resigned 15 November 2006
PR Bryant	- resigned 14 July 2006

Directors' report *(continued)*


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

Auditors

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditor of the group will be put to the shareholders at the Annual General Meeting of the ultimate parent company

On behalf of the board



JB Lyons

Company Secretary

29 January 2008

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

The directors are responsible for preparing 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).

The financial statements are required by law to 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 judgments 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, 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 keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

KPMG Audit Plc

St Nicholas House
Park Row
Nottingham NG1 6FQ
United Kingdom

Report of the independent auditors to the members of Gosport Ferry Limited

We have audited the financial statements of Gosport Ferry Limited for the year ended 31 March 2007 which comprise the profit and loss account, the balance sheet and the related notes. 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 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.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 4.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.



Chartered Accountants
Registered Auditor

29 January 2008

Profit and loss account
for the year ended 31 March 2007

	<i>Note</i>	2007 £000	2006 £000
Turnover	2	3,388	3,296
Cost of sales		(1,606)	(1,379)
Gross profit		1,782	1,917
Other operating charges	3	(1,495)	(1,034)
Operating profit		287	883
Other interest receivable		64	-
Profit on ordinary activities before taxation	4	351	883
Tax on profit on ordinary activities	7	(110)	(252)
Profit for the financial year	15	241	631

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

There were no recognised gains or losses in either the current year or preceding period other than those disclosed in the profit and loss account

Balance sheet
as at 31 March 2007

	<i>Note</i>	2007	2006
		£000	£000
Fixed assets			
Tangible assets	9	3,130	3,203
Current assets			
Stocks	10	4	4
Debtors	11	94	2,157
Cash at bank and in hand		426	13
		<u>524</u>	<u>2,174</u>
Creditors amounts falling due within one year	12	<u>(2,365)</u>	<u>(1,857)</u>
Net current (liabilities)/assets		<u>(1,841)</u>	<u>317</u>
Total assets less current liabilities		<u>1,289</u>	<u>3,520</u>
Provisions for liabilities	13	<u>(556)</u>	<u>(478)</u>
Net assets		<u><u>733</u></u>	<u><u>3,042</u></u>
Capital and reserves			
Called up share capital	14	60	60
Profit and loss account	15	673	2,982
Shareholder's funds	16	<u><u>733</u></u>	<u><u>3,042</u></u>

These financial statements were approved by the board of directors on 29 January 2008 and were signed on its behalf by


J L Foster
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

These financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention

Under FRS 1 'Cash flow statements (revised 1996)' the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As the company is a wholly owned subsidiary of Falkland Island Holdings plc, the company has taken advantage of the exemption contained in FRS 8 'Related party disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Falkland Island Holdings plc, within which this company is included, can be obtained from the address given in note 21

Depreciation

Depreciation is provided by equal annual instalments to reduce the cost or valuation of fixed assets, other than freehold land on which no depreciation is charged, to residual value over their estimated useful working lives. The principal annual rates are

Plant and machinery	Periods between 5 - 10 years
Fixtures and fittings	Periods between 5 - 10 years
Vessels	Periods between 15 - 30 years

Taxation

The charge for taxation is based on the profit for the financial year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Classification of financial instruments issued by the company

Under FRS 25, financial instruments issued by the company are treated as equity (i.e. forming part of shareholder's funds) 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

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholder's funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholder's funds

Notes (continued)

1 Accounting policies (continued)

Dividends on shares presented within shareholder's funds

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Turnover

Turnover represents the amounts charged to customers in the ordinary course of business for goods and services provided, including fellow subsidiaries of Falkland Islands Holdings plc, exclusive of value added tax.

Post retirement benefits

The company contributes to a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The amounts charged to the profit and loss account represent the contributions payable to the scheme in respect of the accounting period.

Leases

Assets held under finance leases are capitalised and the outstanding future lease obligations are shown in creditors.

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

2 Segmental information

	2007 £000	2006 £000
<i>Geographical analysis of turnover</i>		
United Kingdom	3,388	3 296

3 Other operating charges

	2007 £000	2006 £000
Administrative expenses	1,495	1,034

4 Profit on ordinary activities before taxation

	2007 £000	2006 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation - owned assets	146	117
Operating lease rentals - plant and machinery	1	-
<i>Auditor's remuneration</i>		
- audit of these financial statements	24	-

In the prior year auditor's remuneration relating to this company was charged to The Portsmouth Harbour Ferry Company Limited.

Notes (continued)

5 Employees

	2007 Number	2006 Number
<i>The average number of persons employed by the company during the period, analysed by category, was</i>		
Ferry operatives	26	26
Maintenance	8	-
Management and administrative	8	-
	<hr/> 42	<hr/> 26
	<hr/> £000	<hr/> £000
<i>The aggregate payroll costs of the above were</i>		
Wages and salaries	1,102	735
Social security costs	110	72
Other pension costs	83	48
	<hr/> 1,295	<hr/> 855
	<hr/> £000	<hr/> £000

6 Directors' remuneration

	2007 £000	2006 £000
Emoluments for management services	58	-
Contributions to pension schemes	7	-
	<hr/> 65	<hr/> -
	<hr/> £000	<hr/> £000

The directors did not receive any remuneration for their services to the company in the prior year

Notes (continued)

7 Tax on profit on ordinary activities

(a) Analysis of charge in the financial year

	2007 £000	2006 £000
<i>The taxation charge based on the profit for the financial year comprises</i>		
UK corporation tax at 30% (2006 30%)	25	130
Adjustments in respect of prior financial years	6	(1)
	<hr/>	<hr/>
Total current tax charges	31	129
Deferred taxation (note 13)	79	123
	<hr/>	<hr/>
Tax on profit on ordinary activities	<u>110</u>	<u>252</u>

(b) Factors affecting the tax charge for the current financial year

The current tax charge for the financial year is lower (2006 lower) than the standard rate of corporation tax in the UK of 30% (2006 30%). The differences are explained below

	2007 £000	2006 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	351	883
	<hr/>	<hr/>
Current tax at 30% (2006 30%)	105	265
<i>Effects of</i>		
Expenses not deductible for tax purposes	2	-
Capital allowances in the financial year in excess of depreciation	(80)	(123)
Other short term timing differences	-	(12)
Tax at marginal rate	(2)	-
Adjustments in respect of prior financial years	6	(1)
	<hr/>	<hr/>
Total current tax charge	<u>31</u>	<u>129</u>

8 Dividends

	2007 £000	2006 £000
<i>Equity dividends</i>		
Dividends paid in the financial year	<u>2,550</u>	<u>-</u>

Notes (continued)

9 Tangible assets

	Plant and machinery £000	Fixtures and fittings £000	Vessels £000	Total £000
<i>Cost or valuation</i>				
At 1 April 2006	210	-	3 593	3 803
Additions	33	12	28	73
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2007	243	12	3,621	3,876
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Accumulated depreciation</i>				
At 1 April 2006	166	-	434	600
Charge for the year	14	3	129	146
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2007	180	3	563	746
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 March 2007	63	9	3,058	3,130
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2006	44	-	3,159	3,203
	<hr/>	<hr/>	<hr/>	<hr/>

10 Stocks

	2007 £000	2006 £000
Consumable stores	4	4
	<hr/>	<hr/>

11 Debtors

	2007 £000	2006 £000
Trade debtors	15	7
Amounts owed by group undertakings	-	2,150
Other debtors	23	-
Corporation tax	23	-
Prepayments and accrued income	33	-
	<hr/>	<hr/>
	94	2 157
	<hr/>	<hr/>

Notes (continued)

12 Creditors amounts falling due within one year

	2007 £000	2006 £000
Bank loans and overdrafts	-	340
Trade creditors	25	72
Amounts owed to group undertakings	2,202	1,270
Corporation tax	-	130
Other creditors	28	-
Accruals and deferred income	110	45
	<u>2,365</u>	<u>1,857</u>

13 Provisions for liabilities

Deferred taxation

The movement in the deferred taxation account during the year was

	2007 £000	2006 £000
Balance brought forward	478	355
Profit and loss account movement arising during the year (note 7)	79	123
Transfer of assets from a group company	(1)	-
	<u>556</u>	<u>478</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2007 £000	2006 £000
Excess of capital allowances over depreciation on fixed assets	<u>556</u>	<u>478</u>

14 Called up share capital

	2007 £000	2006 £000
<i>Authorised</i>		
60,000 ordinary shares of £1 each	<u>60</u>	<u>60</u>
<i>Allotted, called up and fully paid</i>		
60,000 ordinary shares of £1 each	<u>60</u>	<u>60</u>

Notes (continued)

15 Profit and loss account

	2007 £000	2006 £000
Balance brought forward	2,982	2,351
Profit for the financial year	241	631
Dividends on shares classified in shareholder's funds	(2,550)	-
	<hr/>	<hr/>
Balance carried forward	673	2,982
	<hr/>	<hr/>

16 Reconciliation of movements in shareholder's funds

	2007 £000	2006 £000
Profit for the financial year	241	631
Dividends on shares classified in shareholder's funds	(2,550)	-
	<hr/>	<hr/>
Net (reduction in)/addition to shareholder's funds	(2,309)	631
Opening shareholder's funds	3,042	2,411
	<hr/>	<hr/>
Closing shareholder's funds	733	3,042
	<hr/>	<hr/>

17 Contingent liabilities

There were no contingent liabilities at 31 March 2007 or 2006

18 Capital commitments

As at 31 March 2007 the company had no capital commitments authorised but not contracted for (2006 £nil)

19 Commitments under operating leases

Annual commitments under non-cancellable operating leases are as follows

	2007 £000	2006 £000
<i>Operating leases which expire</i>		
In two to five years	4	-
	<hr/>	<hr/>

20 Pensions

The company contributes to a defined contribution pension scheme. The pension cost charge for the financial year represents contributions payable by the company to the scheme and amounted to £83,000 (2006 £48,393). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Notes *(continued)*

21 Ultimate and immediate parent company

The directors consider that the parent undertaking of this company is The Portsmouth Harbour Ferry Company Limited and that the ultimate parent company is Falkland Islands Holdings plc both companies are incorporated in Great Britain

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

22 Post balance sheet events

A number of changes to the UK corporation tax system were announced in the March 2007 Budget Statement and are expected to be enacted in the 2007 and 2008 Finance Acts. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in the financial statements.

The effect of the changes to be enacted in the Finance Act 2007 would be to decrease the deferred tax provision recognised at 31 March 2007 by £37,000.

This reduction in the deferred tax provision is due to the reduction in the corporation tax rate from 30% to 28% with effect from 1 April 2008.

The other changes to be enacted would have no further effects on the deferred tax provided at 31 March 2007.