

# **Gosport Ferry Limited**

Financial statements

For the year ended 31 December 2003

Grant Thornton 



**Company No. 2254382**

## Company information

<b>Company registration number</b>	2254382
<b>Registered office</b>	South Street Gosport Hampshire PO12 1EP
<b>Directors</b>	<b>Non Executive</b> M R Wright J E Macmillan  <b>Executive</b> G D Phillips C R P Withinshaw
<b>Secretary</b>	J E Macmillan
<b>Bankers</b>	Barclays Bank plc Gosport
<b>Solicitors</b>	Blake Lapthorn Linnell New Court 1 Barnes Wallis Road Segensworth Hampshire PO15 5OA
<b>Auditors</b>	Grant Thornton Chartered Accountants Registered Auditors Barnes Wallis Road Segensworth Hampshire PO15 5GT

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## Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2003.

### Principal activities and business review

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 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.

The directors have recommended payment of dividends totalling £110,000 (2002: £300,000)..

### Directors

The directors who served the company during the year were as follows:

M R Wright  
J E Macmillan  
G D Phillips  
C R P Withinshaw

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 Portsea Harbour Company Limited, Clarence Marine Engineering Limited and Cobham Travel Services Limited are shown in those companies' financial statements.

### Directors' responsibilities

Company law in the United Kingdom 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 at the end of the year and of the profit or loss for the year then ended. 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
- 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.

### **Auditors**

A resolution to re-appoint Grant Thornton as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'C R P Withinshaw', written in a cursive style.

C R P Withinshaw  
Director  
6 May 2004

# 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 December 2003 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 21. 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 auditors' 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 report of the directors and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

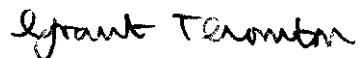
## **Basis of opinion**

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 affairs of the company as at 31 December 2003 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  
SOUTHAMPTON

**6 May 2004**

## Principal accounting policies

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention.

### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year.

### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	- Periods between 5 and 10 years
Motor Vehicles	- 4 Years
Small Harbour Launches & Ferry Vessels	- Periods between 7 and 15 years

### **Stocks**

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

### **Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

### **Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

### **Deferred taxation**

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.



## Profit and loss account

	Note	2003 £	2002 £
Turnover	1	2,837,895	2,768,361
Cost of sales		(1,415,793)	(1,291,861)
Gross profit		<u>1,422,102</u>	<u>1,476,500</u>
Other operating charges	2	(859,388)	(580,079)
<b>Profit on ordinary activities before taxation</b>		<u>562,714</u>	<u>896,421</u>
Tax on profit on ordinary activities	5	(165,629)	(245,676)
<b>Profit on ordinary activities after taxation</b>		<u>397,085</u>	<u>650,745</u>
Dividends	6	(110,000)	(300,000)
<b>Retained profit for the financial year</b>		<u><u>287,085</u></u>	<u><u>350,745</u></u>

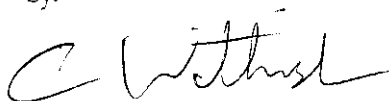
All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

## Balance sheet

	Note	2003 £	2002 £
<b>Fixed assets</b>			
Tangible assets	7	<u>1,357,510</u>	<u>1,446,105</u>
<b>Current assets</b>			
Stocks	8	1,126	3,521
Debtors	9	<u>1,012,464</u>	<u>1,022,078</u>
Cash in hand		750	750
		<u>1,014,464</u>	<u>1,026,349</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>124,639</u>	<u>531,182</u>
<b>Net current assets</b>		<u>889,701</u>	<u>495,167</u>
<b>Total assets less current liabilities</b>		<u>2,247,211</u>	<u>1,941,272</u>
<b>Creditors: amounts falling due after more than one year</b>	11	468	—
		<u>2,246,743</u>	<u>1,941,272</u>
<b>Provisions for liabilities and charges</b>			
Deferred taxation	14	<u>225,366</u>	<u>206,980</u>
		<u>2,021,377</u>	<u>1,734,292</u>
<b>Capital and reserves</b>			
Called-up equity share capital	17	60,000	60,000
Profit and loss account	18	<u>1,961,377</u>	<u>1,674,292</u>
<b>Shareholders' funds</b>	19	<u>2,021,377</u>	<u>1,734,292</u>

These financial statements were approved by the directors on 6 May 2004 and are signed on their behalf by:



C R P Withinshaw  
Director

## Notes to the financial statements

### 1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.  
An analysis of turnover is given below:

	2003	2002
	£	£
United Kingdom	<u>2,837,895</u>	<u>2,768,361</u>

### 2 Other operating income and charges

	2003	2002
	£	£
Administrative expenses	<u>859,388</u>	<u>580,079</u>

### 3 Operating profit

Operating profit is stated after charging:

	2003	2002
	£	£
Depreciation of owned fixed assets	129,470	116,681
Depreciation of assets held under finance leases and hire purchase agreements	<u>2,838</u>	<u>—</u>

Auditors' remuneration of £2,500 (2002: £2,500), which relates to the company, has been charged in The Portsmouth Harbour Ferry Company plc.

### 4 Directors and employees

The average number of staff employed by the company during the financial year amounted to:

	2003	2002
	No	No
Ferry operatives	<u>26</u>	<u>26</u>

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	601,280	543,666
Social security costs	55,702	51,933
Other pension costs	40,746	36,941
	<u>697,728</u>	<u>632,540</u>

The directors did not receive any remuneration in the year (2002: £nil).

## 5 Taxation on ordinary activities

### (a) Analysis of charge in the year

	2003 £	2002 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2002 - 30%)	151,826	204,090
Over/under provision in prior year	(4,583)	—
Total current tax	<u>147,243</u>	<u>204,090</u>
Deferred tax:		
Increase in deferred tax provision	18,386	41,586
Tax on profit on ordinary activities	<u>165,629</u>	<u>245,676</u>

### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2002 - 30%).

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>562,714</u>	<u>896,421</u>
Profit on ordinary activities by rate of tax	168,814	268,926
Expenses not deductible for tax purposes	1,397	—
Capital allowances for the period in excess of depreciation	(18,385)	(47,704)
Group relief	—	(17,132)
Adjustments to tax charge in respect of previous periods	(4,583)	—
Total current tax (note 5(a))	<u>147,243</u>	<u>204,090</u>

## 6 Dividends

	2003 £	2002 £
Equity dividends:		
Proposed dividend on ordinary shares	<u>110,000</u>	<u>300,000</u>

**7 Tangible fixed assets**

	Plant & Machinery £	Motor Vehicles £	Vessels £	Total £
Cost				
At 1 January 2003	167,396	—	1,562,302	1,729,698
Additions	—	11,238	—	11,238
Disposal	—	—	(242,040)	(242,040)
Transfer from group undertaking	—	—	274,515	274,515
At 31 December 2003	<u>167,396</u>	<u>11,238</u>	<u>1,594,777</u>	<u>1,773,411</u>
Depreciation				
At 1 January 2003	155,002	—	128,591	283,593
Charge for the year	4,670	2,838	124,800	132,308
At 31 December 2003	<u>159,672</u>	<u>2,838</u>	<u>253,391</u>	<u>415,901</u>
Net book value				
At 31 December 2003	<u>7,724</u>	<u>8,400</u>	<u>1,341,386</u>	<u>1,357,510</u>
At 31 December 2002	<u>12,394</u>	<u>—</u>	<u>1,433,711</u>	<u>1,446,105</u>

Included within the vessels cost at 1 January 2003 is £242,040 which related to a deposit paid for a new vessel. During the year, this deposit was repaid to the company and has been treated as a disposal.

Included within the net book value of £1,357,510 is £8,400 (2002 - £Nil) relating to motor vehicles held under finance leases and hire purchase agreements. The depreciation charged to the financial statements in the year amounted to £2,838 (2002 - £Nil).

**8 Stocks**

	2003 £	2002 £
Consumable stores	<u>1,126</u>	<u>3,521</u>

**9 Debtors**

	2003 £	2002 £
Trade debtors	5,858	8,599
Amounts owed by group undertakings	957,401	998,255
Corporation tax repayable	37,078	—
Prepayments and accrued income	12,127	15,224
	<u>1,012,464</u>	<u>1,022,078</u>

**10 Creditors: amounts falling due within one year**

	2003	2002
	£	£
Bank loans and overdrafts	2,978	4,497
Trade creditors	9,776	13,005
Amounts owed to group undertakings	89,145	372,438
Corporation tax	—	138,090
Amounts due under finance leases and hire purchase agreements	2,810	—
Other creditors	14,034	1,597
Accruals and deferred income	5,896	1,555
	<u>124,639</u>	<u>531,182</u>

**11 Creditors: amounts falling due after more than one year**

	2003	2002
	£	£
Amounts due under finance leases and hire purchase agreements	<u>468</u>	<u>—</u>

**12 Commitments under finance leases and hire purchase agreements**

Future commitments under finance leases and hire purchase agreements are as follows:

	2003	2002
	£	£
Amounts payable within 1 year	2,810	—
Amounts payable between 1 and 2 years	<u>468</u>	<u>—</u>
	<u>3,278</u>	<u>—</u>

**13 Pensions**

Defined Contribution Scheme

The company operates a defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The pension cost charge for the year was £40,746 (2002: £36,941).

**14 Deferred taxation**

	2003	2002
	£	£
The movement in the deferred taxation provision during the year was:		
Provision brought forward	206,980	165,394
Profit and loss account movement arising during the year	<u>18,386</u>	<u>41,586</u>
Provision carried forward	<u>225,366</u>	<u>206,980</u>

#### 14 Deferred taxation (continued)

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2003	2002
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>225,366</u>	<u>206,980</u>

#### 15 Contingent liabilities

There were no contingent liabilities at 31 December 2003 or 31 December 2002.

#### 16 Related party transactions

As a wholly owned subsidiary of The Portsmouth Harbour Ferry Company plc, the company is exempt from the requirements of FRS8 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. Copies of the group accounts can be obtained from The Portsmouth Harbour Ferry Company plc, South Street, Gosport, Hampshire, PO12 1EP.

#### 17 Share capital

Authorised share capital:

	2003	2002
	£	£
60,000 Ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>

#### 18 Profit and loss account

	2003	2002
	£	£
Balance brought forward	1,674,292	1,323,547
Retained profit for the financial year	287,085	350,745
Balance carried forward	<u>1,961,377</u>	<u>1,674,292</u>

**19 Reconciliation of movements in shareholders' funds**

	2003	2002
	£	£
Profit for the financial year	397,085	650,745
Dividends	(110,000)	(300,000)
	<u>287,085</u>	<u>350,745</u>
Opening shareholders' equity funds	1,734,292	1,383,547
Closing shareholders' equity funds	<u>2,021,377</u>	<u>1,734,292</u>

**20 Capital commitments**

The company had no capital commitments at 31 December 2003 or 31 December 2002.

**21 Ultimate parent company**

The directors consider that the ultimate parent undertaking of this company is The Portsmouth Harbour Ferry Company plc.

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