

GOSPORT FERRY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2000

GOSPORT FERRY LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2000

Company registration number: 2254382

Registered office: South Street
Gosport
Hampshire
PO12 1EP

Directors: Non executive M R Wright, ARICS
J E Macmillan

Executive G D Phillips
C R P Withinshaw

Secretary: J E Macmillan

Bankers: Barclays Bank Plc
43/44 High Street
Gosport
Hampshire
PO12 1DN

National Westminster Bank Plc
PO Box 25
130 Commercial Road
PO1 1ES

Lloyds Bank Plc
23/29 Albion Place
Maidstone
Kent
ME14 5DY

Solicitors: Churchers
28 High Street
Gosport
Hampshire
PO12 1DQ

Auditors: Grant Thornton
Registered auditors
Chartered accountants
Enterprise House
Isambard Brunel Road
Enterprise House
Isambard Brunel Road
Portsmouth
PO1 2RZ
PO1 2RZ

GOSPORT FERRY LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2000

INDEX	PAGE
Report of the directors	1 - 2
Report of the auditors	3
Principal accounting policies	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 11

GOSPORT FERRY LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 December 2000.

Principal activities

The company is principally engaged in operating the passenger ferry service between Gosport and Portsmouth and pleasure cruises in the Solent area.

Business review

There was a profit for the year after taxation amounting to £21,943 (1999: profit £229,698). The directors do not recommend the payment of a dividend (1999: £nil).

Directors

The present membership of the Board is set out below. All directors served throughout the year apart from as noted below. In accordance with the Articles of Association, J E Macmillan retires by rotation and being eligible offers himself for re-election.

The interests of the directors and their families in the shares of the company as at 31 December 2000 and 1 January 2000, were as follows:

	Ordinary shares	
	31 December 2000	1 January 2000
M R Wright, ARICS	-	-
G D Phillips	-	-
C R P Withinshaw	-	-
J E Macmillan	-	-

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

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; 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

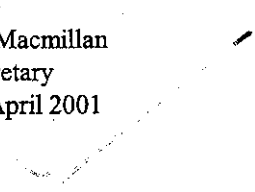

GOSPORT FERRY LIMITED

REPORT OF THE DIRECTORS

Auditors

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

BY ORDER OF THE BOARD



J E Macmillan
Secretary
12 April 2001

**REPORT OF THE AUDITORS TO THE MEMBERS OF
GOSPORT FERRY LIMITED**

We have audited the financial statements on pages 4 to 11 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. 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 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 the company's affairs as at 31 December 2000 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
12 April 2001**

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

TURNOVER

Turnover is the total amount receivable by the company for services provided, excluding VAT.

TANGIBLE FIXED ASSETS AND 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:

Plant and machinery	Periods between 5 and 10 years
Small harbour launches	Periods between 10 and 15 years

Vessels in the course of construction are not depreciated until they are brought into use.

STOCKS

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

DEFERRED TAXATION

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise.

CONTRIBUTIONS TO PENSION FUNDS

Defined contribution scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

LEASED ASSETS

All leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

GOSPORT FERRY LIMITED**PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2000

	Note	2000 £	1999 £
Turnover		2,057,376	2,027,999
Cost of sales		<u>(1,038,983)</u>	<u>(1,049,446)</u>
Gross profit		1,018,393	978,553
Administrative expenses		<u>(972,755)</u>	<u>(692,772)</u>
Profit on ordinary activities before taxation	1	45,638	285,781
Tax on profit on ordinary activities	3	<u>(23,695)</u>	<u>(56,083)</u>
Profit transferred to reserves	11	<u>21,943</u>	<u>229,698</u>

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

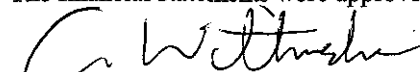
The above relates entirely to continuing activities.

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

GOSPORT FERRY LIMITED**BALANCE SHEET AT 31 DECEMBER 2000**

	Note	2000 £	1999 £
Fixed assets			
Tangible assets	4	40,006	85,869
Current assets			
Stocks	5	4,982	-
Debtors	6	1,023,076	1,498,023
Cash at bank and in hand		610	610
		<u>1,028,668</u>	<u>1,498,633</u>
Creditors: amounts falling due within one year	7	<u>(405,109)</u>	<u>(938,599)</u>
Net current assets		<u>623,559</u>	<u>560,034</u>
Total assets less current liabilities		<u>663,565</u>	<u>645,903</u>
Provisions for liabilities and charges	8	<u>(9,064)</u>	<u>(13,345)</u>
		<u>654,501</u>	<u>632,558</u>
Capital and reserves			
Called up share capital	10	60,000	60,000
Profit and loss account	11	594,501	572,558
Shareholders' funds	12	<u>654,501</u>	<u>632,558</u>

The financial statements were approved by the Board of Directors on 12 April 2001.


C.R.P. Withinshaw

Director

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

GOSPORT FERRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

1 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated after:

	2000 £	1999 £
Depreciation:		
Tangible fixed assets, owned	18,082	17,784
Hire of plant and equipment	6,055	4,332

Auditors' remuneration of £2,500 (1999:£2,500), which relates to this company, has been charged in The Portsmouth Harbour Ferry Company plc.

2 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2000 £	1999 £
Wages and salaries	514,683	533,602
Social security costs	48,752	47,196
Other pension costs	46,208	42,020
	<u>609,643</u>	<u>622,818</u>

The average number of employees of the company during the year, by category was as follows:

	2000 Number	1999 Number
Ferry operatives	29	30
	<u>29</u>	<u>30</u>

The directors did not receive any remuneration (1999: £nil).

3 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	2000 £	1999 £
UK Corporation tax at 20% (1999: 20%)	12,000	60,740
Deferred taxation	(4,281)	(4,657)
Adjustments in respect of prior periods:		
UK Corporation tax	15,976	-
	<u>23,695</u>	<u>56,083</u>

GOSPORT FERRY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2000

4 TANGIBLE FIXED ASSETS

	Plant and machinery £	Vessels £	Total £
Cost			
At 1 January 2000	154,879	30,500	185,379
Additions	2,719	-	2,719
At 31 December 2000	157,598	30,500	188,098
Transfer to other group company	-	(30,500)	(30,500)
At 31 December 2000	157,598	-	157,598
Depreciation			
At 1 January 2000	99,510	-	99,510
Provided in the year	18,082	-	18,082
At 31 December 2000	117,592	-	117,592
Net book amount at 31 December 2000	40,006	-	40,006
Net book amount at 31 December 1999	55,369	30,500	85,869

5 STOCKS

	2000 £	1999 £
Consumable stores	4,982	-

6 DEBTORS

	2000 £	1999 £
Trade debtors	1,978	2,014
Amounts owed by group	1,007,792	1,481,650
Other debtors	238	716
Prepayments and accrued income	13,068	13,643
	1,023,076	1,498,023

Included above are the following amounts which are due after more than one year:

Amounts owed by group undertakings	500,000	-
	500,000	-

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Bank loans and overdraft	5,706	4,125
Trade creditors	14,262	7,861
Amounts owed to group undertakings	369,623	846,633
Corporation tax	12,000	64,193
Other creditors	918	3,287
Accruals and deferred income	2,600	12,500
	<u>405,109</u>	<u>938,599</u>

8 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 January 2000	13,345
Provided during the year	(4,281)
At 31 December 2000	<u>9,064</u>

9 DEFERRED TAXATION

Deferred taxation provided for in the financial statements is set out below.

	Amount provided	
	2000 £	1999 £
Accelerated capital allowances	<u>9,064</u>	<u>13,345</u>

10 SHARE CAPITAL

	2000 £	1999 £
Authorised 60,000 ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>
Allotted, called up and fully paid 60,000 ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

11 RESERVES

	Profit and loss account £
At 1 January 2000	572,558
Retained profit for the year	21,943
At 31 December 2000	<u><u>594,501</u></u>

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year	<u>21,943</u>	229,698
Net increase in shareholders' funds	<u>21,943</u>	229,698
Shareholders' funds at 1 January	<u>632,558</u>	402,860
Shareholders' funds at 31 December	<u><u>654,501</u></u>	<u><u>632,558</u></u>

13 LEASING COMMITMENTS

Operating lease payments amounting to £nil (1999: £2,711) are due within one year. The leases to which these amounts relate expire as follows:

	2000 Other £	1999 Other £
In one year or less	<u>-</u>	<u>2,711</u>

14 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.

15 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2000 or 31 December 1999.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

16 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2000 or 31 December 1999.

17 RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary of The Portsmouth Harbour Ferry Company plc, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group.

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 which is registered in England and Wales. Copies of the group accounts can be obtained from The Portsmouth Harbour Ferry Company plc, South Street, Gosport, Hampshire PO12 1EP.

18 ULTIMATE PARENT UNDERTAKING

The directors consider that the ultimate parent undertaking of this company is The Portsmouth Harbour Ferry Company plc, registered in England and Wales.

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