

**GOSPORT FERRY LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1997

# GOSPORT FERRY LIMITED

## FINANCIAL STATEMENTS

For the year ended 31 December 1997

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Company registration number: 2254382

Registered office: South Street  
Gosport  
Hampshire  
PO12 1EP

Directors: Non executive C J Solen  
M R Wright, ARICS  
M L Bell, LLB, Notary Public

Executive G D Phillips  
C R P Withinshaw

Secretary: M L Bell, LLB, Notary Public  
Administrative Secretary: M Harper, OBE

Bankers: Barclays Bank plc  
43/44 High Street  
Gosport  
Hampshire  
PO12 1DN  
  
National Westminster Bank plc  
PO Box 25  
130 Commercial Road  
Portsmouth  
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  
Portsmouth  
PO1 2RZ

**GOSPORT FERRY LIMITED**

**FINANCIAL STATEMENTS**

For the year ended 31 December 1997

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# **GOSPORT FERRY LIMITED**

## **REPORT OF THE DIRECTORS**

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The directors present their report together with financial statements for the year ended 31 December 1997.

### **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 £106,096 (1996: profit £3,001). The directors recommend the payment of a dividend absorbing £- (1996: £2,500), leaving £106,096 retained (1996: £501 retained).

During the year passenger numbers reduced slightly although the shortfall in revenue was more than offset by a fare increase in the spring. Leisure activities were assisted by good weather in the summer.

### **Directors**

The membership of the Board on 31 December 1997 is set out below. All directors served throughout the year. M R Wright retires by rotation and being eligible offers himself for re-election.

C J Solen  
M R Wright  
M L Bell  
G D Phillips  
C R P Withinshaw (appointed 1/1/97)

None of the directors in office at the year end had any interest in the shares of the company.

The interests of the directors in the shares of the holding company, The Portsmouth Harbour Ferry Company Public Limited Company, are shown in that company's 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
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for 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**

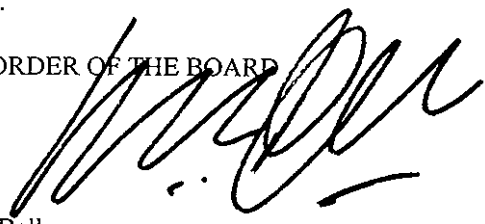
**REPORT OF THE DIRECTORS**

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**Auditors**

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

BY ORDER OF THE BOARD

A large, stylized handwritten signature in black ink, likely belonging to M L Bell, is written over the text 'BY ORDER OF THE BOARD'.

M L Bell  
Secretary  
31 March 1998

**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 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

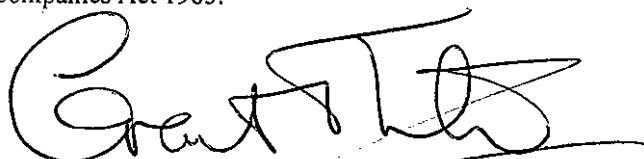
**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

PORTSMOUTH  
31 March 1998

# **GOSPORT FERRY LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **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.

### **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

### **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 benefit scheme**

The pension costs charged against profits are based on actuarial methods and assumptions designed to spread the anticipated pension costs over the service lives of the employees in the scheme, so as to ensure that the regular pension cost represents a substantially level percentage of the current and expected future pensionable payroll. Variations from regular cost are spread over the average remaining service lives of current employees in the scheme.

### **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 1997

	Note	1997 £	1996 £
<b>Turnover</b>			
Cost of sales	1	1,746,095 (965,445)	1,673,834 (1,004,084)
Gross profit		<u>780,650</u>	<u>669,750</u>
Administrative expenses		(678,930)	(649,810)
<b>Exceptional items</b>			
Profit on sale of fixed assets		25,408	-
<b>Profit on ordinary activities before taxation</b>	1	<u>127,128</u>	<u>19,940</u>
Tax on profit on ordinary activities	3	(21,032)	(16,939)
<b>Profit for the financial year</b>	12	<u>106,096</u>	<u>3,001</u>
Dividends			
Equity	4	-	(2,500)
<b>Profit transferred to reserves</b>	11	<u>106,096</u>	<u>501</u>

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

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

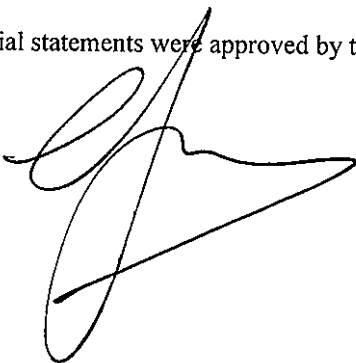


**GOSPORT FERRY LIMITED****BALANCE SHEET AT 31 DECEMBER 1997**

	Note	1997 £	1996 £
<b>Fixed assets</b>			
Tangible assets	5	77,942	99,356
<b>Current assets</b>			
Stocks		4,301	5,231
Debtors	6	308,053	233,710
Cash at bank and in hand		210	260
		<u>312,564</u>	<u>239,201</u>
<b>Creditors: amounts falling due within one year</b>	7	(203,273)	(261,002)
<b>Net current assets</b>		<u>109,291</u>	<u>(21,801)</u>
<b>Total assets less current liabilities</b>		<u>187,233</u>	<u>77,555</u>
<b>Provisions for liabilities and charges</b>	8	(12,959)	(9,378)
		<u>174,274</u>	<u>68,177</u>
<b>Capital and reserves</b>			
Called up share capital	10	60,000	60,000
Profit and loss account	11	114,274	8,177
<b>Shareholders' funds</b>	12	<u>174,274</u>	<u>68,177</u>

The financial statements were approved by the Board of Directors on 31 March 1998

C J Solen



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 1997

### 1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated after:

	1997 £	1996 £
Auditors' remuneration	-	2,200
Depreciation:		
Tangible fixed assets, owned	16,415	17,702
Hire of plant and equipment	4,531	3,472

Auditors' remuneration of £2,200 has been charged in The Portsmouth Harbour Ferry Company plc which relates to this company.

### 2 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	1997 £	1996 £
Wages and salaries	551,454	520,721
Social security costs	39,409	40,801
Other pension costs	47,097	45,676
	<u>637,960</u>	<u>607,198</u>

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

	1997 Number	1996 Number
Ferry operatives	31	32
Management	1	2
	<u>32</u>	<u>34</u>

The directors did not receive any remuneration.

### 3 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and represents:

	1997 £	1996 £
UK Corporation tax at 21% (1996: 24%)	20,534	7,500
Deferred taxation	3,581	701
Adjustments in respect of prior periods:		
UK Corporation tax	(3,083)	8,738
	<u>21,032</u>	<u>16,939</u>

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

For the year ended 31 December 1997

**4 DIVIDENDS**

	1997 £	1996 £
Ordinary shares	-	2,500

**5 TANGIBLE FIXED ASSETS**

	Plant and machinery £	Vessels £	Total £
Cost			
At 1 January 1997	120,969	90,630	211,599
Additions	19,593	-	19,593
At 31 December 1996	140,562	90,630	231,192
Disposals	-	(50,889)	(50,889)
At 31 December 1997	140,562	39,741	180,303
Depreciation			
At 1 January 1997	47,054	65,189	112,243
Provided in the year	15,567	848	16,415
At 31 December 1996	62,621	66,037	128,658
Eliminated on disposals	-	(26,297)	(26,297)
At 31 December 1997	62,621	39,740	102,361
Net book amount at 31 December 1997	77,941	1	77,942
Net book amount at 31 December 1996	73,915	25,441	99,356

**6 DEBTORS**

	1997 £	1996 £
Trade debtors	4,206	7,065
Amounts owed by parent undertaking	278,492	200,458
Amounts owed by undertakings in which the company has a participating interest	-	59
Other debtors	19,327	23,190
Prepayments and accrued income	6,028	2,938
	308,053	233,710

# GOSPORT FERRY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1997

### 7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £	1996 £
Bank loans and overdraft	7,050	4,932
Trade creditors	7,741	17,882
Amounts owed to group undertakings	161,604	203,052
Corporation tax	16,117	22,500
Proposed dividends	-	2,500
Other creditors	1,591	1,786
Accruals and deferred income	9,170	8,350
	<u>203,273</u>	<u>261,002</u>

### 8 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 January 1997	9,378
Provided during the year	3,581
At 31 December 1997	<u>12,959</u>

### 9 DEFERRED TAXATION

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

	Amount provided	
	1997 £	1996 £
Accelerated capital allowances	<u>12,959</u>	<u>9,378</u>

### 10 SHARE CAPITAL

	1997 £	1996 £
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>

# GOSPORT FERRY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1997

### 11 RESERVES

	Profit and loss account £
At 1 January 1997	8,178
Retained profit for the year	106,096
At 31 December 1997	<u>114,274</u>

### 12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the financial year	106,096	3,001
Dividends	-	(2,500)
Net increase in shareholders' funds	<u>106,096</u>	<u>501</u>
Shareholders' funds at 1 January 1997	68,178	67,676
Shareholders' funds at 31 December 1997	<u>174,274</u>	<u>68,177</u>

### 13 LEASING COMMITMENTS

Operating lease payments amounting to £3,120 (1996: £3,120) are due within one year. The leases to which these amounts relate expire as follows:

	1997 Other £	1996 Other £
Between one and five years	<u>3,120</u>	<u>3,120</u>

### 14 PENSIONS

#### Defined Benefit Scheme

The company operates a defined benefit pension scheme through its holding company. The scheme is funded as stated in the accounting policies and was valued by an independent actuary as at 31 July 1996. The cost charged in the profit and loss account for the year amounted to £47,097 (1996: £45,676) and no further provision is considered necessary. Full details of the actuarial valuation of the scheme are given in the financial statements of the ultimate parent undertaking.

**GOSPORT FERRY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 1997

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**15 CAPITAL COMMITMENTS**

The company had no capital commitments at 31 December 1997 or 31 December 1996.

**16 CONTINGENT LIABILITIES**

The company had a contingent liability, together with other group companies, in respect of a balance of account guarantee given to Barclays Bank plc in respect of the overdraft on the ultimate parent undertaking. At 31 December 1997 overdrafts of the ultimate parent undertaking totalled £15,597 (1996 : £43,853). The company is also party to a cross-guarantee and debenture given to Barclays Bank plc in respect of all bank liabilities of the group, together with other group companies.

**17 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.

**18 TRANSACTIONS WITH GROUP COMPANIES**

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.