

Portsea Harbour Company Limited

**Directors' report and financial
statements**

Registered number - 01748902

31 March 2011

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Company information

Directors

JL Foster
CM Waters
KDW Edwards

Company Secretary

CM Waters

Company registration number

01748902

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 the audited financial statements for the year ended 31 March 2011

Activities

The principal activity of the company during the year was operating the landing stage at Portsea

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. An interim dividend of £383,000 (2010 £nil) was paid in the year. The directors do not recommend the payment of a final dividend (2010 £nil).

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.

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 year and to the date of this report are as follows:

JL Foster	
JB Ivins	(resigned 28 February 2011)
PJ Fuller	(resigned 31 December 2010)
CM Waters	
KDW Edwards	(appointed 6 December 2010)

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 auditors

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 auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG Audit Plc will therefore continue in office.

On behalf of the board



J Foster
Director

Dated 13 December 2011

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)

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 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 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 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



Report of the independent auditors to the members of Portsea Harbour Company Limited

We have audited the financial statements of Portsea Harbour Company Limited for the year ended 31 March 2011 set out on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 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

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us 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.

TM Widdas (Senior Statutory Auditor)

for and on behalf of KPMG Audit Plc, Statutory Auditor
Chartered Accountants
St Nicholas House
Park Row
Nottingham
NG1 6FQ

13 December 2011

Profit and loss account
for the year ended 31 March 2011

	<i>Note</i>	2011 £000	2010 £000
Turnover	2	447	457
Other operating charges	3	(54)	(51)
Profit on ordinary activities before taxation	4	393	406
Tax on profit on ordinary activities	6	(106)	(93)
Retained profit for the financial year	13	287	313


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 2011

	<i>Note</i>	£000	2011 £000	£000	2010 £000
Fixed assets					
Tangible assets	8		225		234
Current assets					
Debtors	9	2,183		1 966	
Creditors amounts falling due within one year	10	(1,718)		(1 406)	
Net current assets			465		560
Total assets less current liabilities			690		794
Provisions for liabilities and charges	11		(51)		(59)
Net assets			639		735
Capital and reserves					
Called up share capital	12		1		1
Revaluation reserve	13		25		25
Profit and loss account	13		613		709
Shareholder's funds	14		639		735

These financial statements were approved by the board of directors on 13 December 2011 and were signed on its behalf by


JL Foster
Director

Company registered number 01748902

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 accounting rules

Under FRS 1 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 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group. The consolidated financial statements of Falkland Islands Holdings plc, within which this company is included, can be obtained from the address given in note 17.

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.

Depreciation

Depreciation is provided to write off the cost or valuation less the estimated residual value of fixed assets, by equal instalments over their estimated useful economic lives.

The platform landing stage operated by the company comprises two major components with substantially different useful economic lives. From 1 April 2005, each component of the landing stage is accounted for separately for depreciation purposes and depreciated over its individual useful economic life. The principal annual rates are

Roadway	- 40 years
Pontoon	- 5 - 10 years
Portacabin	- 10 years

No depreciation is provided on freehold land.

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.

Notes (continued)

1 Accounting policies (continued)

Classification of financial instruments issued by the company

Following the adoption of 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.

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.

Turnover

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

2 Analysis of turnover

	2011 £000	2010 £000
<i>By geographical market</i>		
United Kingdom	447	457
	<u> </u>	<u> </u>

3 Other operating charges

	2011 £000	2010 £000
Administrative expenses	54	51
	<u> </u>	<u> </u>

4 Notes to the profit and loss account

	2011 £000	2010 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Depreciation - owned assets	21	19
	<u> </u>	<u> </u>

Auditors' remuneration relating to this company has been charged to Gosport Ferry Limited.

Notes (continued)

5 Staff numbers and costs

The company has no paid employees (2010 nil) The directors did not receive any remuneration in the year (2010 £nil)

6 Taxation

Analysis of charge in the period

	2011 £000	2010 £000
UK corporation tax at 28% (2010 28%)	114	117
Adjustments in respect of prior periods	-	(18)
	<hr/>	<hr/>
Total current tax	114	99
Deferred taxation (note 11)	(8)	(6)
	<hr/>	<hr/>
	106	93
	<hr/>	<hr/>

Factors affecting the tax charge for the current period

The current tax charge for the year is higher (2010 lower) than the standard rate of corporation tax in the UK of 28% (2010 28%) The differences are explained below

	2011 £000	2010 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	393	406
	<hr/>	<hr/>
Current tax at 28% (2010 28%)	110	114
	<hr/>	<hr/>
<i>Effects of</i>		
Group relief not paid for	-	-
Depreciation in the financial year in excess of capital allowances	4	3
Prior period adjustment	-	(18)
	<hr/>	<hr/>
Total current tax charge	114	99
	<hr/>	<hr/>

Factors that may affect future tax charges

The 2011 Budget on 23 March 2011 announced that the UK corporation tax rate will reduce to 23% over a period of 4 years from 2011 The first reduction in the UK corporation tax rate from 28% to 27% (effective from 1 April 2011) was substantively enacted on 20 July 2010, and further reductions to 26% (effective from 1 April 2011) and 25% (effective from 1 April 2012) were substantively enacted on 29 March 2011 and 5 July 2011 respectively

This will reduce the company's future current tax charge accordingly and further reduce the deferred tax liability at 31 March 2011 (which has been calculated based on the rate of 26% substantively enacted at the balance sheet date)

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly

Notes (continued)

7 Dividends

	2011 £000	2010 £000
<i>Equity dividends</i>		
Dividend paid in the financial year	383	-

8 Tangible assets

	Plant and equipment £000
<i>Cost or valuation</i>	
At beginning of year	977
Additions	12
At end of year	989
<i>Accumulated depreciation</i>	
At beginning of year	743
Charge for the year	21
At end of year	764
<i>Net book value</i>	
At 31 March 2011	225
At 31 March 2010	234

The fixed roadway landing at Portsea was valued during 1985 at £25 000 on the basis of its continued existing use. This valuation is included in the fixed assets of the company at the balance sheet date. The cost and net book value of this asset prior to revaluation was £nil. The transitional arrangements under FRS 15 have been followed and this valuation has not been updated.

No provision has been made in the deferred tax account for the estimated corporation tax that would be payable on disposal of this valuation because, in the opinion of the directors, this asset is unlikely to be disposed of in the foreseeable future.

9 Debtors

	2011 £000	2010 £000
Trade debtors	2	2
Amounts owed by group undertakings	2,162	1 964
Prepayments and accrued income	19	-
	2,183	1 966

Notes (continued)

10 Creditors, amounts falling due within one year

	2011 £000	2010 £000
Trade creditors	17	-
Bank loans and overdraft	1,500	1 130
Amounts owed to group undertakings	121	121
Corporation tax	55	130
Accruals and deferred income	25	25
	<u>1,718</u>	<u>1,406</u>

11 Provisions for liabilities and charges

Deferred taxation

The movement in the deferred taxation account during the year was

	2011 £000	2010 £000
Balance brought forward	59	65
Profit and loss account movement arising during the year (note 6)	(8)	(6)
	<u>51</u>	<u>59</u>

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

	2011 £000	2010 £000
Excess of taxation allowances over depreciation on fixed assets	<u>51</u>	<u>59</u>

12 Called up share capital

	2011 £000	2010 £000
<i>Allotted, called up and fully paid</i>		
1 000 ordinary shares of £1 each	<u>1</u>	<u>1</u>

13 Reserves

	Revaluation reserve £000	Profit and loss account £000	Total £000
At beginning of year	25	709	734
Profit for the year	-	287	287
Dividend paid	-	(383)	(383)
	<u>25</u>	<u>613</u>	<u>638</u>

Notes (continued)

14 Reconciliation of movements in shareholder's funds

	2011 £000	2010 £000
Profit for the year	287	313
Dividend paid	(383)	-
	<hr/>	<hr/>
Net (reduction in)/addition to shareholder's funds	(96)	313
Opening shareholder's funds	735	422
	<hr/>	<hr/>
Closing shareholder's funds	639	735
	<hr/>	<hr/>

15 Contingent liabilities

The company is party to a cross guarantee of the secured bank loans of the Falkland Islands Holdings plc group along with other group companies. The total amount guaranteed at the year end was £2,011,000 (2010 £1,292,000) of which £1,500,000 (2010 £1,130,000) is included within the financial statements of the company.

16 Commitments

As at 31 March 2011 the company had no capital commitments authorised but not contracted for (2010 £nil)

17 Related party disclosures

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 Portsea Harbour Company Limited are consolidated, can be obtained from Falkland Islands Holdings plc, Kenburgh Court, 133-137 South Street, Bishop's Stortford, Hertfordshire, CM23 3HX.