

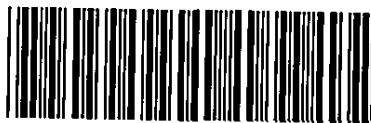
Portsea Harbour Company Limited

**Directors' report and financial
statements**

Registered number - 01748902

31 March 2008

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Company information

Directors

JL Foster
JB Ivins
PJ Fuller
CM Waters

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 Laphorn 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 2008.

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.

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 were as follows:

JL Foster
JB Ivins
PJ Fuller
CM Waters

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

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 Ivins
Company Secretary

Dated: 27 January 2009

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.

ABCD

KPMG Audit Plc

St Nicholas House
Park Row
Nottingham NG1 6FQ
United Kingdom

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 2008 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 3.

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 2008 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

Dated: 27 January 2009

Profit and loss account
for the year ended 31 March 2008

	<i>Note</i>	2008 £000	2007 £000
Turnover	<i>2</i>	434	374
Other operating charges	<i>3</i>	(35)	(125)
Profit on ordinary activities before taxation	<i>4</i>	399	249
Tax on profit on ordinary activities	<i>6</i>	(125)	(48)
Retained profit for the financial year	<i>13</i>	274	201

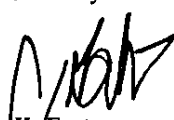
In both the current year and preceding period, the company made no material acquisitions and had no discontinued operations.

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 2008

	<i>Note</i>	£000	2008 £000	£000	2007 £000
Fixed assets					
Tangible assets	8		260		250
Current assets					
Debtors	9	1,038		698	
Cash at bank and in hand		-		-	
		<u>1,038</u>		<u>698</u>	
Creditors: amounts falling due within one year	10	(619)		(540)	
Net current assets			<u>419</u>		<u>158</u>
Total assets less current liabilities			<u>679</u>		<u>408</u>
Provisions for liabilities and charges	11		(66)		(69)
Net assets			<u><u>613</u></u>		<u><u>339</u></u>
Capital and reserves					
Called up share capital	12		1		1
Revaluation reserve	13		25		25
Profit and loss account	13		597		313
Shareholder's funds	14		<u><u>613</u></u>		<u><u>339</u></u>

These financial statements were approved by the board of directors on 27 January 2009 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 17.

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 platform landing stage operated by the company comprises two major components with substantially different useful economic lives. In the prior year there was a change in the method of providing depreciation on the grounds that the new method gives a fairer presentation of the results and financial position. 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	- 10 years
Portacabin	- 10 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.

Notes (continued)

1 Accounting policies (continued)

Classification of financial instruments issued by the company (continued)

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.

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.

Leases

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

2 Segmental information

	2008 £000	2007 £000
<i>Geographical analysis of turnover:</i>		
United Kingdom	434	374
	<u> </u>	<u> </u>

3 Other operating charges

	2008 £000	2007 £000
Administrative expenses	35	125
	<u> </u>	<u> </u>

4 Profit on ordinary activities before taxation

	2008 £000	2007 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation - owned assets	17	12
	<u> </u>	<u> </u>

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

Notes (continued)

5 Directors and employees

The company has no paid employees (2007: nil).

The directors did not receive any remuneration in the year (2007: £nil).

6 Tax on profit on ordinary activities

(a) Analysis of charge in the period

	2008 £000	2007 £000
<i>The taxation charge based on the profit for the year comprises:</i>		
UK corporation tax at 30% (2007: 30%)	122	50
Prior period adjustment	6	-
	<hr/>	<hr/>
Total current tax charges	128	50
Deferred taxation (note 11)	(3)	(2)
	<hr/>	<hr/>
	125	48
	<hr/>	<hr/>

(b) Factors affecting the tax charge for the current period

The current tax charge for the year is higher (2007: lower) than the standard rate of corporation tax in the UK of 30% (2007: 30%). The differences are explained below:

	2008 £000	2007 £000
<i>Current tax reconciliation:</i>		
Profit on ordinary activities before tax	399	249
	<hr/>	<hr/>
Current tax at 30% (2007: 30%)	120	75
<i>Effects of:</i>		
Group relief not paid for	-	(27)
Depreciation in the financial year in excess of capital allowances	2	2
Prior period adjustment	6	-
	<hr/>	<hr/>
Total current tax charge	128	50
	<hr/>	<hr/>

7 Dividends

	2008 £000	2007 £000
<i>Equity dividends</i>		
Dividend paid in the financial year	-	300
	<hr/>	<hr/>

Notes (continued)

8 Tangible assets

	Plant and equipment £000
<i>Cost or valuation:</i>	
At 1 April 2007	938
Additions	27
	<hr/>
At 31 March 2008	965
	<hr/>
<i>Accumulated depreciation:</i>	
At 1 April 2007	688
Charge for the year	17
	<hr/>
At 31 March 2008	705
	<hr/>
<i>Net book value:</i>	
At 31 March 2008	260
	<hr/>
At 31 March 2007	250
	<hr/>

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.

As set out in note 1, during the year to 31 March 2006, the company amended its method of providing depreciation on the Portsea pontoon. The structural elements of the pontoon have been depreciated over 40 years and the shorter life elements over 10 years.

9 Debtors

	2008 £000	2007 £000
Trade debtors	3	3
Amounts owed by group undertakings	1,035	695
	<hr/>	<hr/>
	1,038	698
	<hr/>	<hr/>

Notes (continued)

10 Creditors: amounts falling due within one year

	2008	2007
	£000	£000
Bank loans and overdraft	69	41
Amounts owed to group undertakings	411	411
Corporation tax	121	50
Accruals and deferred income	18	38
	<u>619</u>	<u>540</u>

11 Provisions for liabilities and charges

Deferred taxation

The movement in the deferred taxation account during the year was:

	2008	2007
	£000	£000
Balance brought forward	69	71
Profit and loss account movement arising during the year (note 6)	(3)	(2)
	<u>66</u>	<u>69</u>

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

	2008	2007
	£000	£000
Excess of taxation allowances over depreciation on fixed assets	66	69

12 Called up share capital

	2008	2007
	£000	£000
<i>Authorised:</i>		
1,000 ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>
<i>Allotted, called up and fully paid:</i>		
1,000 ordinary shares of £1 each	1	1
	<u>1</u>	<u>1</u>

Notes (continued)

13 Reserves

	Revaluation reserve £000	Profit and loss account £000	Total £000
Balance brought forward	25	313	338
Profit for the year	-	274	274
Dividend paid	-	-	-
	<hr/>	<hr/>	<hr/>
Balance carried forward	25	587	612
	<hr/>	<hr/>	<hr/>

14 Reconciliation of movements in shareholder's funds

	2008 £000	2007 £000
Profit for the year	274	201
Dividend paid	-	(300)
	<hr/>	<hr/>
Net (reduction in)/addition to shareholder's funds	274	(99)
Opening shareholder's funds	339	438
	<hr/>	<hr/>
Closing shareholder's funds	613	339
	<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 £6,099,000 (2007: £nil) of which £69,000 is included within the accounts of the company.

16 Capital commitments

As at 31 March 2008 the company had no capital commitments authorised but not contracted for (2007: £nil).

17 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 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.