The Portsmouth Harbour Ferry Company Limited

Annual report and financial statements

Registered number 00018751

31 March 2020

Contents

Company information

Directors	JL Foster CA Lane AJ Brown
Company Secretary	AJ Brown
Bankers	HSBC plc 18 North Street Bishop's Stortford Hertfordshire CM23 2LP
Auditor	KPMG LLP St Nicholas House Park Row Nottingham NG1 6FQ
Registered office	South Street Gosport Hampshire PO12 1EP
Solicitors	Blake Morgan LLP New Kings Court Tollgate Chandlers Ford Eastleigh Hampshire SO53 3LG

Strategic report

Business review

The principal activity of the company during the year was the charter of ferry vessels to its subsidiary, Gosport Ferry Limited.

At the end of March 2020, ferry transport had decreased significantly following the UK entering lockdown on 23 March 2020 in order to contain the COVID-19 pandemic.

As a result of the COVID-19 pandemic, the Company is therefore incurring substantial monthly losses and a sizeable reduction in profits is expected for the year ending 31 March 2021. The Company has taken advantage of the Government Job Retention Scheme and placed a substantial number of employees on furlough and further support provided from the ultimate parent company FIH Group plc, for at least the next 12 months.

The balance sheet and liquidity position of The Portsmouth Harbour Ferry companies and the group of its parent, FIH group plc, was strong at 31 March 2020, and the directors are confident that Portsmouth Harbour Ferry Company Limited, and all the subsidiaries of FIH group plc have confirmed access to sufficient resources to weather the current crisis and to see a return to more normal profitable trading.

Beyond the current financial year, the outlook looks significantly more promising and there is good reason to hope that the Company can begin to move back to the production of a steady cashflow and profits, in line with that prior to the onset of the virus.

Principal Risks and Uncertainties

The principal risks and uncertainties of the company are fully dependent on the activity of its subsidiary, Gosport Ferry Limited, as the rental income from the vessel charter is all receivable from Gosport Ferry Limited.

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 company has paid a dividend in respect of the current financial year of £480,000 *(2019: £620,000)*. The directors do not recommend the payment of a final dividend *(2019: £nil)*.

On behalf of the board

AJ Brown
Director

Dated: 23rd April 2021

Directors' report

The directors present their report and financial statements for the year ended 31 March 2020.

Activities

The principal activity of the company during the year was the charter of ferry vessels to its subsidiary, Gosport Ferry Limited.

Directors

The directors who served the company during the year and to the date of this report are as follows:

JL Foster	
AJ Brown	*(Appointed 1 June 2019)*
CA Lane	
CM Waters	*(Resigned 31 May 2019)*

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 auditor

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 auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

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

On behalf of the board

AJ Brown
Director

Dated: 23rd April 2021

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The directors are responsible for preparing the Strategic Report, 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), including FRS 101 Reduced Disclosure Framework.

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 judgements 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

KPMG

Independent auditor's report to the members of The Portsmouth Harbour Ferry Company Limited

Opinion

We have audited the financial statements of The Portsmouth Harbour Ferry Company Limited ("the company") for the year ended 31 March 2020 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the company or to cease their operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

KPMG

Independent auditor's report to the members of The Portsmouth Harbour Ferry Company Limited *(continued)*

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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 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.

Craig Parkin *(Senior Statutory Auditor)*

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

Dated: 27 April 2021

Profit and loss account
for the year ended 31 March 2020

	Note	**2020** **£000**	2019 £000
Administrative expenses		**(245)**	(247)
Other operating income	*2*	**528**	528
Operating profit	*3*	**283**	281
Dividends received from subsidiary undertakings		**1,200**	505
Interest payable and similar expenses	*5*	**(70)**	(84)
Profit before taxation		**1,413**	702
Tax on profit	*6*	**(111)**	(37)
Profit for the financial year		**1,302**	665

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

There were no recognised gains or losses in either the current period or prior year other than the result shown above. Accordingly, no statement of other comprehensive income is presented.

The accompanying notes form part of these Financial Statements.

Balance sheet
at 31 March 2020

	Note	2020		2019	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	7		4,382		4,608
Investments	8		63		63
Debtors due after more than one year	9		3,930		-
			8,375		4,671
Current assets					
Cash at bank and in hand		10		53	
		10		53	
Creditors: amounts falling due within one year	10	(4,089)		(1,046)	
Net current liabilities			(4,079)		(993)
Total assets less current liabilities			4,296		3,678
Creditors: amounts falling due after more than one year	11		(1,313)		(1,582)
Provisions for liabilities					
Deferred tax liabilities	13		(661)		(596)
Net assets			2,322		1,500
Capital and reserves					
Called up share capital	14		230		230
Share premium reserve			4		4
Profit and loss account			2,088		1,266
Shareholders' funds			2,322		1,500

These financial statements, of which the accompanying notes form part, were approved by the board of directors on 23rd April 2021 and were signed on its behalf by:

AJ Brown
Director

Company registered number: 00018751

Statement of changes in equity

	Called up share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2018	230	4	1,221	1,455
Total comprehensive income for the year				
Profit for the year	-	-	665	665
Transactions with owners, recorded directly in equity				
Dividends	-	-	(620)	(620)
Balance at 31 March 2019	**230**	**4**	**1,266**	**1,500**

	Called up share capital £000	Share premium £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2019	230	4	1,266	1,500
Total comprehensive income for the year				
Profit for the year	-	-	1,302	1,302
Transactions with owners, recorded directly in equity				
Dividends	-	-	(480)	(480)
Balance at 31 March 2020	**230**	**4**	**2,088**	**2,322**

The profit and loss reserve includes the £20,000 *(2019: £20,000)* historical revaluation of the ticket office, which is not distributable.

The accompanying notes form part of these Financial Statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Portsmouth Harbour Ferry Company Limited (the "Company") is a company limited by shares and incorporated and domiciled in England, UK. The registered number is 00018751 and the registered address is South Street, Gosport, Hampshire, PO12 1EP.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, FIH group plc includes the Company in its consolidated financial statements. The consolidated financial statements of FIH group plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from FIH group plc, Kenburgh Court, 133-137 South Street, Bishops Stortford, Hertfordshire, CM23 3HX.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures.

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of FIH group plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 15.

Notes *(continued)*

1 Accounting policies *(continued)*

1.1. Measurement convention

The financial statements are prepared on the historical cost basis, with one historical revaluation of the ticket office at Gosport, which was valued at £20,000 in 1985, the net book value of the asset prior to this revaluation was £nil.

1.2. Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £4,079,000 *(2019: £993,000)* which the directors, in conjunction with the directors of the ultimate parent FIH group plc ("The Group"), believe to be appropriate for the following reasons.

COVID-19 and the lockdown measures introduced in the UK on 23 March 2020 have significantly affected the Group's businesses, particularly in the UK, resulting in significant losses in the short term. Since the emergence of the pandemic, the directors have conducted regular detailed reviews of the company's existing financial resources and the trading for the next twelve months and into the medium term, and though the trading is expected to be significantly adversely affected in the short term 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.

As a result of COVID-19 and the resulting lockdown in the UK, together with the closure of UK and international museums and art galleries, the Group is currently incurring substantial monthly losses at PHFC and Momart, which are only partially offset by continued trading in FIC. A substantial number of UK employees have been placed on furlough, as the Group has taken advantage of the UK Government's Job Retention Scheme. Since the severity of the situation has been known, the Group has prepared detailed twenty-four month cash flows forecasts in discussion with the local management teams of each business, which factor in the likely cash flows after consideration of the impact of the pandemic on revenue, salary cuts, bank loan repayment holidays and government assistance. These have been updated regularly and reviewed at fortnightly Board calls where key assumptions have been monitored against actual performance to ensure that there was no increased risk of more adverse outcomes developing including a deterioration in FIC trading or a more protracted lockdown, beyond those contemplated in the "realistic worst case" scenario.

Loan facility terms have been reviewed with particular attention paid to covenants, none of which are forecast to be breached by any currently foreseeable events. After careful consideration of the cash flow forecasts, including the "realistic worst case" scenario, by the Board, together with the additional £5.0 million facility arranged under the UK Government's CBILS loan guarantee scheme, the directors are satisfied the Group's existing resources (including committed banking facilities) are sufficient to meet its needs. As a consequence, the directors believe that the Group is well placed to manage the impact of COVID-19 on its businesses and have a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future, and have continued to adopt the going concern basis in preparing the financial statements.

The company is dependent on support provided to it by its ultimate parent undertaking, FIH group plc. FIH group plc has provided the company with an undertaking that it will continue to support the company for at least twelve months from the date of approval of these financial statements. As with any company placing reliance on other entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements they have no reason to believe that it will not do so. The rental income that will be received during the year ended 31 March 2021 and beyond, from Gosport Ferry Limited for the three vessels, has been set to exceed the necessary repayments on the bank loan.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3. Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity 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.

IFRS 9 Financial instruments

Impairment

Loans and receivables, which include trade debtors and hire purchase receivables, are held initially at cost. IFRS 9 mandates the use of an expected credit loss model to calculate impairment losses rather than an incurred loss model, and therefore it is not necessary for a credit event to have occurred before credit losses are recognised. The Company has elected to measure loss allowances utilising probability-weighted estimates of credit losses for trade receivables at an amount equal to lifetime expected credit losses. A detailed review has been conducted of the five year history of impairment of the Company's financial assets, which primarily comprise its portfolio of current trade receivables. These assets all have a consistent history of low levels of impairment, the inclusion of specific expected credit loss considerations did not have a material impact on transition.

1.4. Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, cash and cash equivalents, and loans and borrowings.

Investments in debt and equity securities

Investments in subsidiaries are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5. Tangible fixed assets

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses.

Certain items of tangible fixed assets that had been revalued to fair value on or prior to 1 April 2014, the date of transition to FRS 101, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Plant and equipment	Periods between 5 and 10 years
Vessels	30 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

1.6. Impairment

The carrying amounts of the Company's fixed assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

1.7. Expenses

Interest payable

Interest payable and similar expenses are recognised in profit or loss using the effective interest method,

Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established.

1.8. Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The temporary differences arising from differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes *(continued)*

2 Other operating income

	2020 £000	2019 £000
Rental income receivable	**528**	528

3 Expenses and auditor's remuneration

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

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, FIH group plc.

4 Staff numbers and costs

The company had no employees other than the directors in either the current or the preceding year. The directors received no remuneration in the form of emoluments and fees during the year *(2019: £nil).* In both the current and prior year the remuneration and fees of certain directors have been paid by Gosport Ferry Limited. JL Foster is also a director of FIH group plc and is remunerated at a group level where his services are primarily directed.

5 Interest payable and similar expenses

	2020 £000	2019 £000
Interest payable on bank borrowings	**70**	84

Notes *(continued)*

6 Taxation

Recognised in the profit and loss account

	2020		2019	
	£000	**£000**	£000	£000
UK corporation tax				
Current tax on income for the period	**46**		32	
Adjustments in respect of prior periods	**-**		6	
Total current tax		**46**		38
Deferred tax (note 12)				
Change in tax rates of deferred tax liabilities	**71**			
Origination and reversal of temporary differences	**(6)**		(1)	
Total deferred tax		**65**		(1)
Tax on profit		**111**		37

Reconciliation of effective tax rate

	2020	2019
	£000	£000
Profit for the year	**1,302**	665
Total tax expense	**111**	37
Profit excluding taxation	**1,413**	702
Tax using the UK corporation tax rate of 19% *(2019: 19%)*	**268**	133
Change in tax rates of deferred tax liabilities	**71**	-
Non-taxable income (dividends from subsidiaries)	**(228)**	(96)
Total tax expense	**111**	37

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. Deferred tax has been calculated at 19% (2019: 17%). In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the company's future tax charge. If this rate change had been substantively enacted at the current balance sheet date the deferred tax liability would have increased by £209,000.

Notes *(continued)*

7 Tangible fixed assets

	Freehold land and buildings £000	Vessels, plant and equipment £000	Total £000
Cost			
Balance at 1 April 2018	21	6,440	6,461
Additions	-	33	33
Balance at 31 March 2019	21	6,473	6,494
Additions	-	18	18
Balance at 31 March 2020	**21**	**6,491**	**6,512**
Depreciation			
Balance at 1 April 2018	1	1,642	1,643
Depreciation charge for the year	-	243	243
Balance at 31 March 2019	1	1,885	1,886
Depreciation charge for the year	-	244	244
Balance at 31 March 2020	**1**	**2,129**	**2,130**
Net book value			
At 1 April 2018	20	4,798	4,818
At 1 April 2019	20	4,588	4,608
At 31 March 2020	**20**	**4,362**	**4,382**

Notes *(continued)*

8 Fixed asset investments

The Company has the following investments in subsidiaries:

	Registered office	Country of incorporation	Class of shares held	Ownership 2020	Ownership 2019
Portsea Harbour Company Limited	①	United Kingdom	Ordinary	**100%**	100%
Clarence Marine Engineering Limited	①	United Kingdom	Ordinary	**100%**	100%
Gosport Ferry Limited	①	United Kingdom	Ordinary	**100%**	100%
Portsmouth Harbour Waterbus Company Limited	①	United Kingdom	Ordinary	**100%**	100%

① The registered office of the above companies is: South Street, Gosport, Hampshire, PO12 1EP

9 Debtors: due after more than one year

	2020 £000	2019 £000
Amounts owed by parent undertaking	**3,930**	-

Amounts owed by parent undertaking are interest free with no fixed repayment date.

10 Creditors: amounts falling due within one year

	2020 £000	2019 £000
Bank loans and overdrafts (note 12)	**269**	438
Amounts owed to group undertakings	**3,772**	574
Corporation tax	**46**	32
Accruals and deferred income	**2**	2
	4,089	1,046

Amounts owed to group undertakings are interest free and with no fixed repayment date.

11 Creditors: amounts falling after more than one year

	2020 £000	2019 £000
Bank loans and overdrafts (note 12)	**1,313**	1,582

Notes *(continued)*

12 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2020 £000	2019 £000
Creditors falling due more than one year		
Secured bank loans	**1,313**	1,582
Creditors falling due within less than one year		
Secured bank loans	**269**	438

Included within secured bank loans are amounts repayable after five years by monthly instalments. At 31 March 2020, the group had two bank loans outstanding, which are as follows:

(i) £1,308,000 repayable over ten years from May 2015, secured against Harbour Spirit, with interest charged at 2.6% above the bank of England base rate; and

(ii) £274,000 repayable over ten years, with interest charged at 1.75% above the Bank of England base rate. This loan has been secured against the net assets of FIH group plc and the net assets of all its UK subsidiaries.

The interest payable on these loans has been hedged by one interest swap, taken out in October 2015 with a notional value of £3.6 million, with interest payable at the difference between 1.325% and the Bank of England Base rate. This interest rate swap notional value will decrease at £36,250 per month over five years until September 2020 when it will expire. This interest rate swap is held in the name of FIH group plc.

Terms and debt repayment schedule

	Currency	Nominal interest rate %	Year of maturity	Face value (initial value) 2020 £000	Carrying amount 2020 £000	Face value 2019 £000	Carrying amount 2019 £000
Repayable by March 2020	**GBP**	**3.3**	**2020**	**-**	**-**	735	156
Repayable by April 2025	**GBP**	**2.7**	**2025**	**2,390**	**1,308**	2,390	1,539
Repayable by April 2025	**GBP**	**1.9**	**2025**	**500**	**274**	500	325
				2,890	**1,582**	3,625	2,020

No loan agreements were breached during the year.

Notes *(continued)*

13 Deferred tax liabilities

Recognised deferred tax liabilities

Deferred tax liabilities are attributable to the following:

	2020	2019
	£000	£000
Tangible fixed assets	**661**	596

Movement in deferred tax during the year

	1 April 2019	**Recognised in income**	**31 March 2020**
	£000	**£000**	**£000**
Tangible fixed assets	596	65	**661**

Movement in deferred tax during the prior year

	1 April 2018	**Recognised in income**	**31 March 2019**
	£000	**£000**	**£000**
Tangible fixed assets	597	(1)	**596**

14 Capital and reserves

Share capital

	2020	2019
	£000	£000
Allotted, called up and fully paid		
230,000 ordinary shares of £1 each	**230**	230

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends

The following dividends were recognised during the year:

	2020	2019
	£000	£000
Interim dividend paid	**480**	620

The directors do not recommend a final dividend *(2019: £nil).*

Notes *(continued)*

15 Accounting estimates and judgements

The preparation of the financial statements requires the Company to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances. Actual results may differ from these estimates.

The directors do not consider there to be any judgements in the application of these accounting policies that would have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

16 Contingent liabilities

At 31 March 2020, Portsmouth Harbour Ferry Company Limited, had an £0.3 million bank loan outstanding, which had been drawn down as a £0.5m loan in June 2015 to be repaid over ten years. This loan has been secured against the net assets of FIH group plc and the net assets of all its UK subsidiaries.

At 31 March 2020, FIH group plc, had an £13.4 million ten-year bank loan outstanding, which had been drawn down on 28 June 2019, with interest charged at LIBOR plus 1.75%. Under the terms of the cross guarantee with HSBC, the Group's bank, this loan has been secured against the assets of FIH group plc and all its subsidiaries. No provision has been made in these accounts in respect of this loan.

17 Ultimate parent company and parent company of larger group

The immediate and ultimate parent company is FIH group plc, a company incorporated in Great Britain. A copy of the financial statements of FIH group plc, in which the results of The Portsmouth Harbour Ferry Company Limited are consolidated, can be obtained from FIH group plc, Kenburgh Court, 133-137 South Street, Bishop's Stortford, Hertfordshire CM23 3HX.

18 Post Balance Sheet Events

At the end of March 2020 ferry transport had significantly decreased following the UK entering lockdown on 23 March 2020 in order to contain the COVID-19 pandemic.

As a result of the COVID-19 pandemic, the Company is therefore incurring substantial monthly losses and a sizeable reduction in profit is expected for the year ending 31 March 2021. The Company has taken advantage of the Government Job Retention Scheme and placed a substantial number of employees on furlough and further support provided from the ultimate parent company FIH Group plc, for at least the next 12 months.

The balance sheet and liquidity position of the Portsmouth Harbour Ferry companies and the group of its parent, FIH group plc, was strong at 31 March 2020, and the directors are confident that the Company, and all the subsidiaries of FIH group plc have confirmed access to sufficient resources to weather the current crisis and to see a return to more normal profitable trading.

Beyond the current financial year, the outlook looks significantly more promising and there is good reason to hope that the Company can begin to move back to the production of a steady cashflow, in line with that prior to the onset of the virus.