

**REGISTRAR**

**Grant Thornton** 

**CLARENCE MARINE  
ENGINEERING LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2002**



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Company no 2139067

# CLARENCE MARINE ENGINEERING LIMITED

## FINANCIAL STATEMENTS

For the year ended 31 December 2002

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Company registration number: 2139067

Registered office: South Street  
Gosport  
Hampshire  
PO12 1EP

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

Executive G D Phillips  
C R P Withinshaw

Secretary: Mr J E Macmillan

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

Solicitors: Churchers  
28 High Street  
Gosport  
Hampshire  
PO12 1DQ  
  
Blake Laphorn  
New Court  
1 Barnes Wallis Road  
Segensworth  
Fareham  
PO15 5OA

Auditors: Grant Thornton  
Registered auditors  
Chartered accountants  
Manor Court  
Barnes Wallis Road  
Segensworth  
Fareham  
Hampshire  
PO15 5GT

CLARENCE MARINE ENGINEERING LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2002

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# CLARENCE MARINE ENGINEERING LIMITED

## REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 December 2002.

### Principal activities

The company is principally engaged in marine engineering and maintenance, operating from Clarence Wharf, Gosport, where it continues to maintain the group's launches and ferry vessels, private craft and fishing boats.

### Business review

There was a profit for the year after taxation amounting to £71,737 (2001: profit £19,770). The directors do not recommend payment of a dividend (2001: £nil).

The company will continue to maintain the group's ferries, pontoons and equipment while offering comprehensive boatyard services to yachtsmen and commercial fishermen.

### Directors

The present membership of the Board is set out below. All directors served throughout the year.

The interests of the directors and their families in the shares of the company as at 31 December 2002 and 1 January 2002, were as follows:

	Ordinary shares	
	31 December 2002	1 January 2002
Mr M R Wright, ARICS	-	-
Mr J E Macmillan	-	-
Mr G D Phillips	-	-
Mr C R P Withinshaw	-	-

The interests of the directors in the shares of the holding company, The Portsmouth Harbour Ferry Company plc, and of other subsidiaries of the holding company, namely Portsea Harbour Company Limited, Gosport Ferry Limited, and Cobham Travel Services Limited are shown in those companies' financial statements.

### Directors' responsibilities for the financial statements

Company law in the United Kingdom requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- 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.

**CLARENCE MARINE ENGINEERING LIMITED**

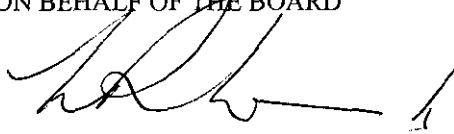
**REPORT OF THE DIRECTORS**

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**Auditors**

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

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to be 'M R Wright', written over a horizontal line.

M R Wright, ARICS

Director

11 April 2003

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
CLARENCE MARINE ENGINEERING LIMITED**

We have audited the financial statements of Clarence Marine Engineering Limited for the year ended 31 December 2002 which comprise the principal accounting policies, the profit and loss account, the balance sheets and notes 1 to 18. 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 directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of opinion**

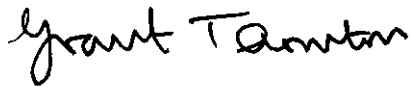
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates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

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

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
CLARENCE MARINE ENGINEERING LIMITED**

**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 2002 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  
11 April 2003

# **CLARENCE MARINE ENGINEERING 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.

### **TANGIBLE FIXED ASSETS AND DEPRECIATION**

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful economic lives. The rates generally applicable are:

Freehold buildings	25 years
Plant and machinery	Periods between 5-10 years
Motor vehicles	4 years
Fixtures and fittings	Periods between 5-10 years

### **STOCKS**

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

### **DEFERRED TAXATION**

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

### **CONTRIBUTIONS TO PENSION FUNDS**

#### **Defined contribution scheme**

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

#### **Defined contribution scheme**

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

#### **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.



**CLARENCE MARINE ENGINEERING LIMITED****PROFIT AND LOSS ACCOUNT**

For the year ended 31 December 2002

	Note	2002 £	2001 £
<b>Turnover</b>	1	<b>455,069</b>	394,218
Cost of sales		(226,723)	(209,911)
Gross profit		228,346	184,307
Administrative expenses		(146,760)	(171,963)
<b>Operating profit</b>		<b>81,586</b>	12,344
<b>Profit on ordinary activities before taxation</b>	1	<b>81,586</b>	12,344
Tax on profit on ordinary activities	3	(9,849)	7,426
<b>Profit transferred to reserves</b>	11	<b>71,737</b>	19,770

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.

# CLARENCE MARINE ENGINEERING LIMITED

## BALANCE SHEET AT 31 DECEMBER 2002

	Note	2002 £	2001 £
<b>Fixed assets</b>			
Tangible assets	4	135,844	153,039
		<u>135,844</u>	<u>153,039</u>
<b>Current assets</b>			
Stocks	5	5,365	5,323
Debtors	6	427,195	172,216
Cash at bank and in hand		300	300
		<u>432,860</u>	<u>177,839</u>
<b>Creditors: amounts falling due within one year</b>	7	(429,045)	(261,257)
<b>Net current assets</b>		<u>3,815</u>	<u>(83,418)</u>
<b>Total assets less current liabilities</b>		<u>139,659</u>	<u>69,621</u>
<b>Provisions for liabilities and charges</b>	8	1,625	(74)
		<u>141,284</u>	<u>69,547</u>
<b>Capital and reserves</b>			
Called up share capital	10	2,000	2,000
Profit and loss account	11	139,284	67,547
<b>Shareholders' funds</b>	12	<u>141,284</u>	<u>69,547</u>

The financial statements were approved by the Board of Directors on 11 April 2003.

M R Wright, ARICS

Director



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

# CLARENCE MARINE ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

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

The profit on ordinary activities is stated after:

	2002 £	2001 £
Depreciation:		
Tangible fixed assets, owned	17,195	16,023
Hire of plant and machinery	325	179
Other operating lease rentals	32,070	32,815

Auditors' remuneration of £1,500 (2001: £1,500), which relates to this company, has been charged in The Portsmouth Harbour Ferry Company plc.

### 2 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2002 £	2001 £
Wages and salaries	216,074	196,905
Social security costs	19,658	18,483
Other pension costs	8,326	7,895
	244,058	223,283

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

	2002 Number	2001 Number
Maintenance	9	8
Management	1	1
	10	9

The directors did not receive any remuneration (2001: £nil).

### 3 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	2002 £	2001 £
UK Corporation tax at 19.25% (2001: 20%)	11,548	3,077
Deferred taxation	(1,699)	(10,503)
	9,849	(7,426)

# CLARENCE MARINE ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

### Factors affecting tax charge for period

The tax assessed for the period is lower than the average standard rate of corporation tax in the UK (19.25 per cent). The differences are explained as follows:

	2002 £	2001 £
Profit on ordinary activities before tax	81,586	12,344
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2001: 20%)	15,705	2,469
Effect of:		
Expenses not deductible for tax purposes	226	-
Capital allowances for the period in excess of depreciation	1,427	608
Group relief	(5,810)	-
Current tax charge for period	11,548	3,077

### 4 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 January 2002	151,839	144,330	23,369	4,285	323,823
Depreciation					
At 1 January 2002	33,932	110,492	23,368	2,992	170,784
Provided in the year	6,073	10,758	-	364	17,195
At 31 December 2002	40,005	121,250	23,368	3,356	187,979
Net book amount at 31 December 2002	111,834	23,080	1	929	135,844
Net book amount at 31 December 2001	117,907	33,838	1	1,293	153,039

### 5 STOCKS

	2002 £	2001 £
Engineering spares and materials	5,365	5,323

# CLARENCE MARINE ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

### 6 DEBTORS

	2002 £	2001 £
Amounts owed by group undertakings	409,043	170,727
Other debtors	16,639	-
Prepayments and accrued income	1,513	1,489
	<u>427,195</u>	<u>172,216</u>

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

	2002 £	2001 £
Bank overdrafts	1,667	7,560
Trade creditors	4,053	5,388
Amounts owed to group undertakings	406,112	236,858
Corporation tax	11,548	3,077
Social security and other taxes	4,977	4,738
Other creditors	-	126
Accruals and deferred income	688	3,510
	<u>429,045</u>	<u>261,257</u>

### 8 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 January 2002	74
Provided during the year	(1,699)
At 31 December 2002	<u>(1,625)</u>

### 9 DEFERRED TAXATION

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

	Amount provided 2002 £	2001 £
Accelerated capital allowances	<u>(1,625)</u>	<u>74</u>

# CLARENCE MARINE ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

### 10 SHARE CAPITAL

	2002 £	2001 £
Authorised 2,000 ordinary shares at £1 each	2,000	2,000
Allotted, called up and fully paid 2,000 ordinary shares at £1 each	2,000	2,000

### 11 RESERVES

	Profit and loss account £
At 1 January 2002	67,547
Retained profit for the year	71,737
At 31 December 2002	139,284

### 12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	71,737	19,770
Net increase in shareholders' funds	71,737	19,770
Shareholders' funds at 1 January 2002	69,547	49,777
Shareholders' funds at 31 December 2002	141,284	69,547

### 13 PENSIONS

#### Defined Contribution Scheme

The company operates a defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The pension cost charge for the year was £8,326 (2001 £7,895).

# CLARENCE MARINE ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

### 14 LEASING COMMITMENTS

Operating lease payments amounting to £32,070 (2001: £31,000) are due within one year. The leases to which these amounts relate expire as follows:

	2002 Land and buildings £	2001 Land and buildings £
In one year or less	32,070	31,000

### 15 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2002 or 31 December 2001.

### 16 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2002 or 31 December 2001.

### 17 RELATED PARTY TRANSACTIONS

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

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by The Portsmouth Harbour Ferry Company plc which is registered in England and Wales. Copies of the group accounts can be obtained from The Portsmouth Harbour Ferry Company plc, South Street, Gosport, Hampshire, PO12 1EP.

### 18 ULTIMATE PARENT UNDERTAKING

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

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