

**Clarence Marine Engineering Limited**

**Annual report and financial  
statements**

**Registered number 02139067  
31 March 2017**



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## **Company information**

### **Directors**

JL Foster  
CA Lane  
CM Waters

### **Company Secretary**

CM Waters

### **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 is the rental of Clarence Wharf, Gosport to Gosport Ferry Limited, which Gosport Ferry Limited use for marine engineering and maintenance. The Gosport Ferry Limited ships are serviced and maintained by the Clarence Marine team of specialist marine engineers and shipwrights who are based at a one acre site at Clarence Marina, half a mile from the Gosport Ferry base.

### **Principle Risks and Uncertainties**

The principle risks and uncertainties of the company are dependent on the activity of its fellow subsidiary, Gosport Ferry Limited, as all of the rental income of Clarence Wharf is 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.

An interim dividend of £38,000 (2016: £35,000) was paid in the year. The directors do not recommend the payment of a final dividend (2016: £nil).

On behalf of the board



**CM Waters**  
*Director*

Dated: 3 November 2017

## **Directors' report**

The directors present their report and the audited financial statements for the year ended 31 March 2017.

### **Activities**

The principal activity of the company is rental of Clarence Wharf, Gosport to 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	
CM Waters	
CA Lane	Appointed 1 November 2016
JL Clarke	Resigned 4 November 2016

### **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 they ought to have taken as a director to make themselves 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



**CM Waters**  
*Director*

Dated: 3 November 2017

## **Statement of directors' responsibilities in respect of the annual 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; 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.



## **Independent auditor's report to the members of Clarence Marine Engineering Limited**

We have audited the financial statements of Clarence Marine Engineering Limited for the year ended 31 March 2017 set out on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities 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. 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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 2017 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 matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

### **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.

**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: 3 November 2017

**Profit and loss account and other comprehensive income**  
*for the year ended 31 March 2017*

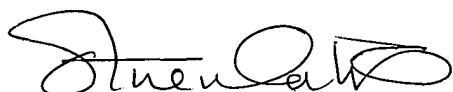
	<i>Note</i>	<b>2017</b> <b>£000</b>	<b>2016</b> <b>£000</b>
Other operating charges	2	(47)	(46)
Other operating income	3	152	145
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		<b>105</b>	<b>99</b>
Tax on profit on ordinary activities	6	(27)	(26)
		<hr/>	<hr/>
<b>Profit for the financial year</b>		<b>78</b>	<b>73</b>
		<hr/>	<hr/>
<b>Other comprehensive income</b>			
Other comprehensive income		-	-
		<hr/>	<hr/>
<b>Other comprehensive income for the year, net of income tax</b>		<b>-</b>	<b>-</b>
		<hr/>	<hr/>
<b>Total comprehensive income for the year</b>		<b>78</b>	<b>73</b>
		<hr/>	<hr/>



**Balance sheet**  
at 31 March 2017

	Note	2017 £000	2016 £000
<b>Fixed assets</b>			
Tangible assets	7	618	648
<b>Current assets</b>			
Cash at bank and in hand		6	19
		<u>6</u>	<u>19</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(315)</u>	<u>(398)</u>
<b>Net current liabilities</b>		<u>(309)</u>	<u>(379)</u>
<b>Net assets</b>		<u>309</u>	<u>269</u>
<b>Capital and reserves</b>			
Called up share capital	10	2	2
Profit and loss account		307	267
<b>Shareholders' funds</b>		<u>309</u>	<u>269</u>

These financial statements were approved by the board of directors on 3 November 2017 and were signed on its behalf by:



**CM Waters**  
Director

Company registered number: 02139067

## Statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2015	2	229	231
<b>Total comprehensive income for the year</b>			
Profit or loss	-	73	73
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	73	73
	<hr/>	<hr/>	<hr/>
<b>Transactions with owners, recorded directly in equity</b>			
Dividends	-	(35)	(35)
	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	(35)	(35)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2016</b>	<b>2</b>	<b>267</b>	<b>269</b>
	<hr/>	<hr/>	<hr/>

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2016	2	267	269
<b>Total comprehensive income for the year</b>			
Profit or loss	-	78	78
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	78	78
	<hr/>	<hr/>	<hr/>
<b>Transactions with owners, recorded directly in equity</b>			
Dividends	-	(38)	(38)
	<hr/>	<hr/>	<hr/>
Total contributions by and distributions to owners	-	(38)	(38)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2017</b>	<b>2</b>	<b>307</b>	<b>309</b>
	<hr/>	<hr/>	<hr/>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Clarence Marine Engineering Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2016 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("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 capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

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.

In the application of these accounting policies, the directors' believe that there are no judgements that have significant effect on the financial statements and no estimates with a significant risk of material adjustment in the next year.

#### 1.1. Measurement convention

The financial statements are prepared on the historical cost basis.

#### 1.2. Going concern

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £309,000 (2016: £379,000) which the directors believe to be appropriate for the following reasons:

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.

The net current liabilities position is a result of intercompany creditor balances. The ultimate parent company, FIH group plc and the wider group will continue to support the company.

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 financial statements preparation.

## 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.

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.

#### 1.4. Non-derivative financial instruments

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

##### *Trade and other debtors*

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

*Trade and other creditors* Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### 1.5. Tangible fixed assets

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

Certain items of tangible fixed assets that have 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:

Freehold property	25 years
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Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.6. Impairment

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than, 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. 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 following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. 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.

### 2 Other operating charges

	2017 £000	2016 £000
Administrative expenses	47	46
	<u>          </u>	<u>          </u>

### 3 Other operating income

	2017 £000	2016 £000
Rent receivable for use of Clarence Wharf	152	145
	<u>          </u>	<u>          </u>

## Notes (continued)

### 4 Expenses and auditor's remuneration

*Auditor's remuneration:*

	2017 £000	2016 £000
Audit of these financial statements	-	-

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

### 5 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 (2016: £nil). In both the current and prior year the remuneration and fees of directors have been paid by Gosport Ferry Limited.

### 6 Taxation

#### Recognised in the profit and loss account

	2017 £000	2016 £000
<i>UK corporation tax</i>		
Current tax on income for the period	28	28
Adjustments in respect of prior periods	(1)	(1)
Total current tax	27	27
<i>Deferred tax (note 9)</i>		
Origination and reversal of temporary differences	-	(1)
Total deferred tax	-	(1)
Tax on profit on ordinary activities	27	26

#### Reconciliation of effective tax rate

	2017 £000	2016 £000
Profit for the year	78	73
Total tax expense	27	26
Profit excluding taxation	105	99
Tax using the UK corporation tax rate of 20% (2016: 20%)	21	20
Depreciation on assets ineligible for tax deduction	7	7
Reduction in tax rate	-	-
Adjustments to tax charge in respect of prior periods	(1)	(1)
Total tax expense	27	26

## Notes (continued)

### 6 Taxation (continued)

Reductions in the UK corporation tax rate from 20% to 19% on 1 April 2017 and to 17% on 1 April 2020 were substantively enacted on 18 November 2015 and 15 October 2016 respectively. This will reduce the Company's future current tax charge accordingly. The deferred tax assets and liabilities at 31 March 2017 have been calculated based on the rates substantively enacted at the balance sheet date. In the UK deferred tax has been provided at 17%.

### 7 Tangible fixed assets

	Freehold land and property £000
<b>Cost</b>	
Balance at 1 April 2015	1,050
Additions	6
	<hr/>
Balance at 31 March 2016	1,056
Additions	13
	<hr/>
Balance at 31 March 2017	1,069
	<hr/>
<b>Depreciation</b>	
Balance at 1 April 2015	365
Depreciation charge for the year	43
	<hr/>
Balance at 31 March 2016	408
Depreciation charge for the year	43
	<hr/>
Balance at 31 March 2017	451
	<hr/>
<b>Net book value</b>	
At 1 April 2015	685
	<hr/>
At 1 April 2016	648
	<hr/>
At 31 March 2017	618
	<hr/>

### 8 Creditors: amounts falling due within one year

	2017 £000	2016 £000
Amounts owed to group undertakings	254	364
Corporation tax	61	34
	<hr/>	<hr/>
	315	398
	<hr/>	<hr/>

## Notes (continued)

### 9 Deferred tax assets and liabilities

*Movement in deferred tax during the prior year*

	1 April 2015 £000	Recognised in income £000	31 March 2016 £000
Tangible fixed assets	(1)	1	-

### 10 Capital and reserves

#### Share capital

	2017 £000	2016 £000
<i>Allotted, called up and fully paid</i>		
2,000 ordinary shares of £1 each	2	2

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 period:

	2017 £000	2016 £000
Interim dividend paid in the financial year	38	35

The directors do not recommend a final dividend.

### 11 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 Clarence Marine Engineering Limited are consolidated, can be obtained from FIH group plc, Kenburgh Court, 133-137 South Street, Bishop's Stortford, Hertfordshire CM23 3HX.