

**Clarence Marine Engineering Limited**

**Directors' report, strategic report and  
financial statements**

**Registered number 02139067**

**31 March 2015**

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## **Contents**

Company information	1
Directors' report	2
Strategic report	3
Statement of directors' responsibilities in respect of the directors' report, the strategic report and the financial statements	4
Report of the independent auditor to the members of Clarence Marine Engineering Limited	5
Profit and loss account	6
Balance sheet	7
Notes	8

## **Directors' report**

The directors present their report and the audited financial statements for the year ended 31 March 2015.

### **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  
KDW Edwards  
CM Waters

### **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 auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the board

  
**JL Foster**  
*Director*

23 September 2015

## **Company information**

### **Directors**

JL Foster  
KDW Edwards  
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 rental of Clarence Wharf, Gosport to Gosport Ferry Limited, which Gosport Ferry Limited use for marine engineering and maintenance. Falkland Islands Holdings plc manages its operations on a divisional basis. For this reason, the company's directors believe that further 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 Group is discussed in the ultimate parent company's Strategic report, which does not form part of this report.

### **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 £32,000 (2014: £29,000) was paid in the year. The directors do not recommend the payment of a final dividend (2014: £nil).

On behalf of the board

  
**J.L. Foster**  
Director

23 September 2015

## **Statement of directors' responsibilities in respect of the directors' report, the strategic report and the financial statements**

The directors are responsible for preparing the directors' report, the strategic report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **Report of the independent auditor 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 2015 set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**Wayne Cox** (Senior Statutory Auditor)

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

**25** September 2015

**Profit and loss account**  
*for the year ended 31 March 2015*

	<i>Note</i>	<b>2015</b> <b>£000</b>	2014 £000
<b>Turnover</b>		-	-
Cost of sales		-	-
		<hr/>	<hr/>
<b>Gross profit</b>		-	-
Other operating charges	2	<b>(43)</b>	(38)
Other operating income	3	<b>138</b>	131
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>	4	<b>95</b>	93
Tax on profit on ordinary activities	6	<b>(37)</b>	(11)
		<hr/>	<hr/>
<b>Profit for the financial year</b>	13	<b>58</b>	82
		<hr/> <hr/>	<hr/> <hr/>

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

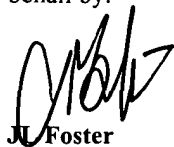
There were no recognised gains or losses in either the current year or preceding period other than those disclosed in the profit and loss account.



**Balance sheet**  
*as at 31 March 2015*

	<i>Note</i>	<b>2015</b>	<b>2014</b>
		<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>			
Tangible assets	8	685	686
<b>Current assets</b>			
Debtors	9	1,591	1,510
Cash in hand		3	6
		<u>1,594</u>	<u>1,516</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(2,047)</u>	<u>(1,997)</u>
<b>Net current liabilities</b>		<u>(453)</u>	<u>(481)</u>
<b>Total assets less current liabilities</b>		<u>232</u>	<u>205</u>
<b>Liabilities: amounts falling due after more than one year</b>	11	(1)	-
<b>Net assets</b>		<u>231</u>	<u>205</u>
<b>Capital and reserves</b>			
Called up share capital	12	2	2
Profit and loss account	13	229	203
<b>Shareholder's funds</b>	14	<u>231</u>	<u>205</u>

These financial statements were approved by the board of directors on 23 September 2015 and were signed on its behalf by:



**J. Foster**  
*Director*

Company registered number: 02139067

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***Basis of preparation***

These financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Falkland Island Holdings plc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group. The consolidated financial statements of Falkland Island Holdings plc, within which this company is included, can be obtained from the address given in note 17.

#### ***Going concern***

The financial statements have been prepared on the going concern basis, notwithstanding net current liabilities of £453,000 (2014: £481,000) 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. 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.

#### ***Depreciation***

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

Freehold property	25 years
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No depreciation is provided on freehold land.

#### ***Taxation***

The charge for taxation is based on the profit for the 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***

Following the adoption of FRS 25, financial instruments issued by the company are treated as equity (i.e. forming part of shareholder's funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

## Notes (continued)

### 1 Accounting policies (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.

#### *Classification of financial instruments issued by the company (continued)*

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 declared prior to year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### *Turnover*

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

### 2 Other operating charges

	2015 £000	2014 £000
Administrative expenses	43	38
	<u>43</u>	<u>38</u>

### 3 Other operating income

	2015 £000	2014 £000
Rent receivable for use of Clarence Wharf	138	131
	<u>138</u>	<u>131</u>

### 4 Profit on ordinary activities before taxation

	2015 £000	2014 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation - owned assets	39	35
	<u>39</u>	<u>35</u>

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

### 5 Directors and employees

The company had no employees other than the directors in either the current or the preceding year. The directors did not receive any remuneration in the year (2014: £nil). They are regarded as group employees and are paid either by one of the company's intermediate parent undertakings or the ultimate parent company.

## Notes (continued)

### 6 Taxation

#### *Analysis of charge in the period*

	<b>2015</b>	2014
	<b>£000</b>	£000
<i>The taxation charge based on the profit for the year comprises:</i>		
UK corporation tax at 21% (2014: 23%)	26	11
Adjustments in respect of prior financial years	10	-
	<hr/>	<hr/>
Total current tax	36	11
Deferred taxation (note 11)	1	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	<u>37</u>	<u>11</u>

#### *Factors affecting the tax charge for the current period*

The current tax charge for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 21% (2014: 23%). The differences are explained below:

	<b>2015</b>	2014
	<b>£000</b>	£000
<i>Current tax reconciliation:</i>		
Profit on ordinary activities before tax	95	93
	<hr/>	<hr/>
Current tax at 21% (2014: 23%)	20	21
<i>Effects of:</i>		
Adjustments in respect of prior periods	10	5
Depreciation in the period in excess of capital allowances	7	8
Reduction in tax rate	(1)	-
Group relief not paid for	-	(23)
	<hr/>	<hr/>
Total current tax charge	<u>36</u>	<u>11</u>

#### *Factors that may affect future tax charges*

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax liability at 31 March 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

### 7 Dividends

	<b>2015</b>	2014
	<b>£000</b>	£000
<i>Equity dividends:</i>		
Dividends paid in the financial year	32	29
	<hr/>	<hr/>

## Notes (continued)

### 8 Tangible assets

	<b>Freehold land and property £000</b>
<i>Cost or valuation:</i>	
At beginning of year	1,012
Additions	38
	<hr/>
At end of year	1,050
	<hr/>
<i>Accumulated depreciation:</i>	
At beginning of year	326
Charge for the year	39
	<hr/>
At end of year	365
	<hr/>
<i>Net book value:</i>	
<b>At 31 March 2015</b>	<b>685</b>
	<hr/>
At 31 March 2014	686
	<hr/>

### 9 Debtors

	<b>2015 £000</b>	<b>2014 £000</b>
Amounts owed by group undertakings	1,591	1,510
	<hr/>	<hr/>

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

	<b>2015 £000</b>	<b>2014 £000</b>
Amounts owed to group undertakings	2,040	1,991
Corporation tax	7	6
	<hr/>	<hr/>
	<b>2,047</b>	<b>1,997</b>
	<hr/>	<hr/>

### 11 Deferred taxation

	<b>2015 £000</b>	<b>2014 £000</b>
Deferred taxation liability	1	-
	<hr/>	<hr/>

## Notes (continued)

### 12 Called up share capital

	2015 £000	2014 £000
<i>Allotted, called up and fully paid:</i>		
2,000 ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

### 13 Reserves

	Profit and loss account £000
At beginning of year	203
Profit for the year	58
Dividend paid	(32)
	<u>229</u>
<b>At end of year</b>	<b><u>229</u></b>

### 14 Reconciliation of movements in shareholder's funds

	2015 £000	2014 £000
Profit for the year	58	82
Dividend paid	(32)	(29)
	<u>26</u>	<u>53</u>
Net movement in shareholder's funds	26	53
Opening shareholder's funds	205	152
	<u>231</u>	<u>205</u>
<b>Closing shareholder's funds</b>	<b><u>231</u></b>	<b><u>205</u></b>

### 15 Post Balance sheet event

On 30 June 2015, Portsmouth Harbour Ferry Company Limited drew down a £500,000 loan to be repaid over five years. This loan has been secured against the net assets of Falkland Islands Holdings plc and the net assets of all its UK subsidiaries, including Clarence Marine Engineering Limited.

### 16 Capital commitments

As at 31 March 2015 the company had no capital commitments authorised but not contracted for (2014: £nil).

### 17 Related party disclosures

The directors consider that the parent undertaking of this company is The Portsmouth Harbour Ferry Company Limited, and that the ultimate parent company is Falkland Islands Holdings plc. Both companies are incorporated in Great Britain.

A copy of the financial statements of Falkland Islands Holdings plc, in which the results of Clarence Marine Engineering Limited are consolidated, can be obtained from Falkland Islands Holdings plc, Kenburgh Court, 133-137 South Street, Bishop's Stortford, Hertfordshire, CM23 3HX.