

SEAFORTH POWER LIMITED

**Report and Financial Statements
For the year ended 31 March 2008**

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REPORT AND FINANCIAL STATEMENTS FOR 2008

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

A A Barr (appointed 16 May 2008)
D S Green (resigned 31 May 2008)
P A Scott
K J Wharton (resigned 30 May 2008)

SECRETARY

W J Bowley

REGISTERED OFFICE

Maritime Centre
Port of Liverpool
L21 1LA

AUDITORS

Deloitte LLP
Chartered Accountants and Registered Auditors
Liverpool
United Kingdom

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company for the year ended 31 March 2008.

PRINCIPAL ACTIVITIES

The principal activity of the Company is the purchase and supply of electricity within the Ports of Liverpool, Medway and Heysham.

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, and are discussed further in the business review below.

The directors proposed and paid interim dividends of £3,000,000 (2007: £nil). No final dividend is proposed (2007: £nil).

REVIEW OF BUSINESS, DEVELOPMENTS AND PROSPECTS

Summary of results

The Company's results and financial position are set out in the profit and loss account and balance sheet on pages 6 and 7.

Net assets were £3,747,711 at 31 March 2008 (2007: £5,006,155). The net asset position has moved as a result of the profit for the financial year of £1,741,556 and the payment of dividends of £3,000,000.

Operations

The level of business activity within the Ports has been satisfactory. It is anticipated that the present level of activity within the business will be maintained for the foreseeable future.

PRINCIPAL RISKS AND UNCERTAINTIES

The ports form part of a wider transport infrastructure. The key operational risk and uncertainty relates to the dependency upon the economic activity of the businesses and consumers within an economic geographic proximity of the ports. These consumers and businesses generate the trade which flows through the ports and when they are subject to economic cycles or, at the extreme, to failure there is an unavoidable impact on the ports.

The mitigation of this risk comes from the wide and diverse nature of customers, markets and products served by the ports. This has the effect of minimising the impact of a particular cycle or business failure and indeed one trade can hedge against another.

The key financial risk arises from the level of debt held by the wider Peel Ports group and the interest arising thereon. Further details on this risk can be found in the consolidated financial statements of Peel Ports Shareholder FinanceCo Limited, the largest and smallest UK group in which the accounts of the Company are consolidated.

The directors consider that the combination of stable trading of the ports business, effective working capital management and the development of the asset base assists in managing the risks arising from the level of debt and variability in interest rates.

ENVIRONMENT

The Company is conscious of the impact of its operations on the environment. Necessary attention is given to environmental issues particularly when developing new projects and on refurbishing existing properties. Design consultants are encouraged to promote good environmental performance with consideration given to environmental risk, energy consumption, the use of environmentally friendly materials and the avoidance of materials hazardous to health.

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The directors of the Company who served during the year and thereafter, except as noted below, are listed on page 1.

A A Barr was appointed as a director on 16 May 2008. K J Wharton and D S Green, who were directors on 1 April 2007, resigned as directors on 30 May 2008 and 31 May 2008 respectively.

In accordance with the repeals of sections 324-326 and 328-329 and Parts 2 to 4 of Schedule 13 of the Companies Act 1985, no disclosure is prepared in respect of the directors' interests in the shares of the Company or the ultimate holding company, Tokenhouse Investments (Guernsey) Limited.

AUDITORS AND THE DISCLOSURE OF INFORMATION TO THE AUDITORS

In the case of each person who is a director of the Company at the date when the report is approved:

- so far as each is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

On 1 December 2008, Deloitte & Touche LLP changed their name to Deloitte LLP. Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditors annually and Deloitte LLP will therefore continue in office.

By order of the Board

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

A A Barr
Director
16 December 2008

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report including 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that year. 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SEAFORTH POWER LIMITED

We have audited the financial statements of Seaforth Power Limited for the year ended 31 March 2008, which comprise the profit and loss account, the statement of total recognised gains and losses, and balance sheet and the related notes 1 to 16. 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 auditors' 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 Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and,
- the information given in the directors' report is consistent with the financial statements.



Deloitte LLP
Chartered Accountants and Registered Auditors
Liverpool, United Kingdom

18/12/2008

SEAFORTH POWER LIMITED**PROFIT AND LOSS ACCOUNT**
For the year ended 31 March 2008

	Note	2008 £	2007 £
TURNOVER	1	11,224,152	11,278,976
Cost of sales		<u>(9,907,511)</u>	<u>(9,625,343)</u>
GROSS PROFIT		1,316,641	1,653,633
Administrative expenses		<u>(4,000)</u>	<u>(4,000)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	1,312,641	1,649,633
Tax on profit on ordinary activities	5	<u>428,915</u>	<u>(113,681)</u>
PROFIT FOR THE FINANCIAL YEAR	12	<u><u>1,741,556</u></u>	<u><u>1,535,952</u></u>

All operations are continuing.

The Company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

SEAFORTH POWER LIMITED

BALANCE SHEET As at 31 March 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Tangible assets	7	<u>6,377,069</u>	<u>6,992,107</u>
CURRENT ASSETS			
Debtors	8	1,213,589	211,804
CREDITORS: amounts falling due within one year	9	<u>(3,144,259)</u>	<u>(1,070,153)</u>
NET CURRENT LIABILITIES		<u>(1,930,670)</u>	<u>(858,349)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,446,399	6,133,758
PROVISION FOR LIABILITIES	10	<u>(698,688)</u>	<u>(1,127,603)</u>
NET ASSETS		<u>3,747,711</u>	<u>5,006,155</u>
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Profit and loss account	12	<u>3,747,611</u>	<u>5,006,055</u>
TOTAL SHAREHOLDERS' FUNDS	13	<u>3,747,711</u>	<u>5,006,155</u>

These financial statements on pages 6 to 12 were approved by the Board of directors on 16 December 2008 and were signed on its behalf by:



A A Barr
Director

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 March 2008****1. ACCOUNTING POLICIES**

These financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom law and accounting standards. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Turnover

Turnover arises wholly in the United Kingdom and consists of amounts receivable in respect of the supply of electricity, excluding VAT. Revenue is recognised when the provision of the service is complete.

Cash flow statement

The Company is a wholly owned subsidiary of Peel Ports Shareholder FinanceCo Limited. The cash flows of the Company are included in the consolidated cash flow statement of Peel Ports Shareholder FinanceCo Limited. Consequently, the Company is exempt, under the terms of Financial Reporting Standard No 1 (Revised 1996), from publishing a cash flow statement.

Related Party Disclosures

The Company has taken advantage of the exemption in paragraph 3 (c) of Financial Reporting Standard No. 8 "Related party disclosures" and has not disclosed details of transactions with fellow wholly-owned undertakings within the Peel Ports Shareholder FinanceCo Limited group of companies.

Fixed Assets

Fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

- Operational buildings at rates varying between 1% and 4% per annum;
- Plant and machinery at rates varying between 15% and 25% per annum;
- No depreciation is charged on capital work in progress until the assets are available for use. On completion, such assets are transferred to the appropriate category of tangible fixed assets.

Residual value is calculated on prices prevailing at the date of acquisition.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. DIRECTORS' EMOLUMENTS

No directors received any emoluments in respect of their services to the Company (2007: £nil).

3. EMPLOYEE INFORMATION

The Company had no employees during the year or the previous year.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2008	2007
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Depreciation – owned assets	615,038	610,995
Auditors' remuneration - audit services	3,500	3,000
	<u>618,538</u>	<u>613,995</u>

Fees paid to the Company's auditors, Deloitte LLP, for services other than the statutory audit are not disclosed in the financial statements of the Company as the financial statements of the Company's intermediate parent, Peel Ports Shareholder FinanceCo Limited, are required to disclose non-audit fees on a consolidated basis.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008	2007
	£	£
Analysis of taxation (credit)/charge		
Current tax		
UK corporation tax	-	-
Adjustments in respect of prior periods	-	(13,154)
Total current tax	<u>-</u>	<u>(13,154)</u>
Deferred tax:		
Origination and reversal of timing differences	45,569	63,606
Rate and law change	(310,419)	-
Adjustments in respect of prior periods	(164,065)	63,229
Total deferred tax	<u>(428,915)</u>	<u>126,835</u>
Total tax on profit on ordinary activities	<u>(428,915)</u>	<u>113,681</u>
Reconciliation of current tax charge/(credit)		
The tax charge in 2008 was lower (2007: lower) than the standard rate of UK corporation tax of 30% (2007: 30%). The differences are explained below:		
Profit on ordinary activities before taxation	1,312,641	1,649,633
Profit on ordinary activities multiplied by the standard rate of UK corporation tax (30%)	393,792	494,890
Capital allowances in excess of depreciation	(48,824)	(63,606)
Net disallowable expenditure	11,822	-
Group relief claimed without payment	(356,790)	(431,284)
Adjustments in respect of prior periods	-	(13,154)
Total current tax charge/(credit)	<u>-</u>	<u>(13,154)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

6. EQUITY DIVIDENDS PAID

	2008 £	2007 £
Interim ordinary dividends of £30,000 (2007: £nil) per share	3,000,000	-

7. TANGIBLE FIXED ASSETS

	Plant and machinery - owned £	Infrastructure and buildings - freehold £	Total £
Cost			
At 1 April 2007 and 31 March 2008	609,167	7,920,886	8,530,053
Depreciation			
At 1 April 2007	232,003	1,305,943	1,537,946
Charge for year	50,427	564,611	615,038
At 31 March 2008	282,430	1,870,554	2,152,984
Net book value			
At 31 March 2008	326,737	6,050,332	6,377,069
At 31 March 2007	377,164	6,614,943	6,992,107

8. DEBTORS

	2008 £	2007 £
Amounts falling due within one year:		
Amounts owed by group undertakings	1,213,589	211,804

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £	2007 £
Amounts owed to group undertakings	3,140,259	1,062,153
Accruals	4,000	8,000
	3,144,259	1,070,153

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

10. PROVISIONS FOR LIABILITIES

	Deferred taxation £	
At 1 April 2007		1,127,603
Profit and loss account		<u>(428,915)</u>
At 31 March 2008		<u>698,688</u>
Provision for deferred tax comprises:	2008 £	2007 £
Accelerated capital allowances	<u>698,688</u>	<u>1,127,603</u>

11. CALLED UP SHARE CAPITAL

	2008 £	2007 £
Authorised:		
510 Ordinary 'A' shares of £1 each	510	510
490 Ordinary 'B' shares of £1 each	<u>490</u>	<u>490</u>
Allotted, called-up and fully paid		
51 Ordinary 'A' shares of £1 each	51	51
49 Ordinary 'B' shares of £1 each	<u>49</u>	<u>49</u>

The 'A' and 'B' ordinary shares rank pari passu in all respects.

12. PROFIT AND LOSS ACCOUNT

	£
At 1 April 2007	5,006,055
Profit for the financial year	1,741,556
Dividends	<u>(3,000,000)</u>
At 31 March 2008	<u>3,747,611</u>

13. RECONCILIATION OF MOVEMENTS IN TOTAL SHAREHOLDERS' FUNDS

	2008 £	2007 £
Profit for the financial year	1,741,556	1,535,952
Dividends	<u>(3,000,000)</u>	<u>-</u>
Net change in shareholders' funds	<u>(1,258,444)</u>	<u>1,535,952</u>
Opening shareholders' funds	5,006,155	3,470,203
Closing shareholders' funds	<u>3,747,711</u>	<u>5,006,155</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008

14. GROUP BORROWING FACILITY

The Company, together with certain of its fellow group undertakings, has guaranteed the loans and bank overdrafts of certain bankers of group companies. At 31 March 2008 this amounted to £1,051,988,000 (2007: £1,043,992,000).

15. IMMEDIATE AND ULTIMATE PARENT UNDERTAKING

The directors regard Tokenhouse Investments (Guernsey) Limited, a company incorporated in Guernsey, as the ultimate holding company and Port of Sheerness Limited, a company registered in Great Britain, as the immediate parent company.

The largest and smallest group of undertakings of which the Company is a member that produces publicly available consolidated financial statements is Peel Ports Shareholder FinanceCo Limited, a company registered in Great Britain. Its group financial statements are available from:

The Company Secretary
Peel Ports Shareholder FinanceCo Limited
Maritime Centre
Port of Liverpool
L21 1LA.

16. ULTIMATE CONTROLLING PARTY

Tokenhouse Investments (Guernsey) Limited is controlled by The 1997 Billown Settlement Trust. By virtue of its controlling interest in Peel Ports Holdings (CI) Limited and the majority voting power held by the directors appointed by its immediate parent undertaking, Peel Ports Holdings (IOM) Limited (formerly Peel Ports Holdings (Guernsey) Limited), the Company considers The 1997 Billown Settlement Trust to be the ultimate controlling party.