

REGISTERED No: 3002686

PORTLAND PORT LIMITED
REPORT OF THE DIRECTORS
AND
STATEMENT OF ACCOUNTS
31ST DECEMBER 1997



**DUNCAN
& TOPLIS**
CHARTERED ACCOUNTANTS
& REGISTERED AUDITOR

3 CASTLEGATE, GRANTHAM, LINCOLNSHIRE, NG31 6SF. Telephone (01476) 591200. Fax (01476) 591222. DX Grantham 27011
Offices at: BOSTON, MELTON MOWBRAY, NEWARK, SKEGNESS, SLEAFORD, STAMFORD
Registered to carry on audit work and authorised to carry on investment business by the Institute of Chartered Accountants in England and Wales

PORTLAND PORT LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and audited accounts of the company for the year ended 31st December 1997.

BUSINESS REVIEW

The principal activity of the company consists of managing Portland Harbour.

The company received approval as the Statutory Harbour Authority from the Secretary of State on 1st January 1998.

The loss for the year was £156,984 (1996 - £331,903) which reflected the initial low revenues.

The directors intend to continue to develop the company's business within its present field of activity.

It is proposed to carry forward the adverse balance of reserves as set out in the profit and loss account on page 5.

DIVIDENDS

The directors do not recommend the payment of a dividend.

DIRECTORS

The following directors held office during the year:

	Ordinary Shares of £1 each	
	<u>31st December 1997</u>	<u>1st January 1997</u>
J. M. Langham	-	-
J. C. Langham	-	-
J. J. L. Packer	22,222	22,222
R. T. Best	22,222	22,222
J. M. Langham Jnr	-	-
S. J. Davies	10,000	-

The interests of J. M. Langham, J. C. Langham and J. M. Langham Jnr in the shares of the holding company are shown in the report of the directors of that company.

DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 accounts, the directors are required to

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

PORTLAND PORT LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

DIRECTORS RESPONSIBILITIES (CONTINUED)

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

AUDITORS

A resolution in accordance with Section 385, Companies Act 1985, for their re-appointment of Messrs. Duncan & Toplis as auditors of the company is to be proposed at the forthcoming annual general meeting.

**APPROVED BY THE BOARD ON 31ST JULY 1998
AND SIGNED ON THEIR BEHALF BY**

W. T. Cowley

**W. T. COWLEY
SECRETARY**

Bingham's Melcombe
Dorchester, Dorset

PORTLAND PORT LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF PORTLAND PORT LIMITED

We have audited the accounts on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 4.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on pages 1 and 2 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those statements and report our opinion to you.

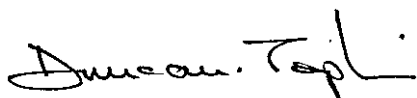
BASIS OF OPINION

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion, the accounts give a true and fair view of the state of the company's affairs as at 31st December 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**DUNCAN & TOPLIS,
CHARTERED ACCOUNTANTS
& REGISTERED AUDITOR,
3 CASTLEGATE,
GRANTHAM,
LINCOLNSHIRE,
NG31 6SF**

31ST JULY 1998

PORTLAND PORT LIMITED

ACCOUNTING POLICIES - 31ST DECEMBER 1997

Accounting Convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards which assumes that the company will continue in operational existence for the foreseeable future.

The directors believe that this basis is appropriate because the company's parent company, Langham Industries Limited has stated that it will continue to provide financial support for the foreseeable future.

Consolidated Accounts

Consolidated accounts have not been prepared since the company is a subsidiary of Langham Industries Limited and is exempted from the requirement to prepare group accounts under Section 228 of the Companies Act.

Cash Flow Statement

In accordance with Financial Reporting Standard No.1, the company has not prepared a cash flow statement as, in the opinion of the directors, the company qualifies as a small company under S.247 Companies Act 1985 and is therefore exempt.

Turnover

Turnover represents sales at invoice value less trade discounts allowed and excluding value added tax.

Depreciation

The company's only fixed asset consists of freehold property, which is fully maintained and in the opinion of the directors will not depreciate significantly.

Deferred Tax

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

PORTLAND PORT LIMITED

PROFIT AND LOSS ACCOUNT - 31ST DECEMBER 1997

	Note	1997 £	1996 £
TURNOVER	1	209,494	343,799
Administrative expenses		<u>335,581</u>	<u>676,116</u>
OPERATING (LOSS)	3	(126,087)	(332,317)
Interest (payable)/receivable	5	<u>(30,897)</u>	<u>414</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(156,984)	(331,903)
Taxation on loss on ordinary activities	6	<u>-</u>	<u>-</u>
LOSS FOR THE YEAR		<u>£(156,984)</u>	<u>£(331,903)</u>

STATEMENT OF ACCUMULATED LOSSES

At 1st January 1997	(583,438)	(251,535)
(Loss) for the year	<u>(156,984)</u>	<u>(331,903)</u>
At 31st December 1997	<u>£(740,422)</u>	<u>£(583,438)</u>

None of the company's activities were acquired or discontinued during the current and previous years.

The company has no recognised gains or losses other than the loss for the year (1996 - none)

PORTLAND PORT LIMITED

BALANCE SHEET AT 31ST DECEMBER 1997

	Note	1997 £	1996 £
FIXED ASSETS			
Tangible assets	7	50,000	50,000
Investments	8	2	-
		<u>50,002</u>	<u>50,000</u>
CURRENT ASSETS			
Debtors	9	1,662,400	978,137
Cash in bank and in hand		51,493	110,142
		<u>1,713,893</u>	<u>1,088,279</u>
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	10	1,994,317	1,071,717
NET CURRENT (LIABILITIES)/ASSETS		<u>(280,424)</u>	<u>16,562</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(230,422)</u>	<u>66,562</u>
CREDITORS: Amounts falling due after more than one year	11	-	150,000
NET LIABILITIES		<u>£(230,422)</u>	<u>£(83,438)</u>
CAPITAL AND RESERVES			
Called up share capital	13	510,000	500,000
Profit and loss account		(740,422)	(583,438)
		<u>£(230,422)</u>	<u>£ (83,438)</u>

These accounts were approved by the Board of Directors on 31st July 1998.

J. M. Langham

S. J. Davies

)
)
) Directors
)

PORTLAND PORT LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1997

1. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

The company's principal activity was carried on within the United Kingdom.

2. STAFF COSTS	1997 £	1996 £
Wages and salaries	-	83,449
Social security costs	-	8,308
Other pension costs	-	407
	<u>£ -</u>	<u>£ 92,164</u>

The monthly number of employees during the year was as follows:

	Number	Number
Office and management	<u>6</u>	<u>9</u>

3. OPERATING LOSS

This is stated after charging:

Depreciation of fixed assets	-	-
(Profit) on disposal of fixed assets	-	(2,191)
Auditors' remuneration - audit	2,500	3,000
- other services	290	2,350
Exceptional item - provision for storm damage	<u>-</u>	<u>100,000</u>

4. DIRECTORS' REMUNERATION

The total remuneration of the directors, including pension contributions was £Nil (1996 - £16,874).

5. INTEREST (PAYABLE)/RECEIVABLE

	1997 £	1996 £
Group interest payable	(38,318)	-
Bank interest payable	-	(46)
Bank interest receivable	7,421	460
	<u>£(30,897)</u>	<u>£ 414</u>

6. TAXATION ON LOSS ON ORDINARY ACTIVITIES

There is no charge for taxation on the loss for the year. The company has tax losses of £129,298 to carry forward against future taxable profits.

PORTLAND PORT LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1997 (CONTINUED)

7. TANGIBLE FIXED ASSETS

	Freehold Property and Total £
<u>Cost:</u>	
At 1st January 1997 and at 31st December 1997	<u>50,000</u>
<u>Depreciation:</u>	
At 1st January 1997	-
Charge for the year	-
Disposal	-
At 31st December 1997	<u>-</u>
<u>Net Book Value:</u>	
At 31st December 1997	<u>£50,000</u>
At 31st December 1996	<u>£50,000</u>

8. INVESTMENTS

During the year the company purchased 2 ordinary shares of £1 each in Portland Pilotage Limited, being 100% of the issued share capital. Portland Pilotage Limited did not trade during the period.

9. DEBTORS

	1997 £	1996 £
Trade debtors	140,323	267,773
Amounts owed by group undertakings	1,376,147	679,592
Other debtors and prepayments	145,930	30,772
	<u>£1,662,400</u>	<u>£978,137</u>

Included in other debtors is an amount of £6,500 which is receivable after more than one year (1996 - £Nil).

10. CREDITORS: Amounts falling due within one year

Trade creditors	-	28,857
Amounts owed to group undertakings	1,648,132	448,849
Other taxes and social security costs	-	29,868
Other creditors and accruals	346,185	564,143
	<u>£1,994,317</u>	<u>£1,071,717</u>

PORTLAND PORT LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1997 (CONTINUED)

	1997 £	1996 £
11. CREDITORS: Amounts falling due after one year		
Other creditors	£ -	£ 150,000
12. DEFERRED TAX		
There is no provision for deferred tax required.		
13. CALLED UP SHARE CAPITAL		
Authorised:		
1,000,000 shares of £1 each	£1,000,000	£1,000,000
Allotted, called up and fully paid:		
510,000 shares of £1 each (1996 - 500,000)	£ 510,000	£ 500,000
During the year the company issued 10,000 shares of £1 each to a director for cash.		
14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS		
Loss for the year	(156,984)	(331,903)
Issue of share capital	10,000	499,955
	(146,984)	168,052
Opening deficit of shareholders' funds	(83,438)	(251,490)
Closing deficit of shareholders' funds	£(230,422)	£ (83,438)
15. TRANSACTIONS WITH DIRECTORS		£
a) During the year the following directors received consultancy fees from the company.		
J.J.L. Packer		29,769
R. T. Best		17,316
		£ 47,085
b) During the year a loan of £10,000 was made to S. J. Davies. The loan is interest free and is being repaid over five years. The balance outstanding at the balance sheet date was £8,500.		

PORTLAND PORT LIMITED

NOTES TO THE ACCOUNTS - 31ST DECEMBER 1997 (CONTINUED)

16. CONTINGENT LIABILITIES

The purchase price of the former naval base is subject to further payments which are conditional on certain events occurring.

17. RELATED PARTIES

During the year the company was charged £8,250 for management levies and £38,318 for loan interest by the ultimate holding company, Langham Industries Limited. Portland Port Limited incurred many expenses during the year which it has recharged to related companies operating within the port.

At the balance sheet date amounts owed to/from group companies were included in debtors and creditors as follows:

	1997 £
<i>Creditors:</i>	
Langham Industries Limited - loan	657,753
Portland Harbour Services Limited	990,377
Portland Pilotage Limited	2
	<hr/>
	£1,648,132
	<hr/>
<i>Debtors:</i>	
Langham Industries Limited	1,356,162
Portland Stevedoring Limited	19,985
	<hr/>
	£1,376,147
	<hr/>

18. ULTIMATE HOLDING COMPANY

The ultimate holding company is Langham Industries Limited, which is registered in England and Wales.

The ultimate controlling party of Langham Industries Limited is the J. M. Langham family.