Wightlink Limited

Registered No. 1059267

Report and Financial Statements

52 week period ended 28 March 2015

DIRECTORS AND ADVISORS

DIRECTORS
R G Gregor
S Lowry
H W J Hanna
R Kew
R D Sammons
J M Pascoe

SECRETARY
J M Pascoe

INDEPENDENT AUDITORS
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Savannah House
3 Ocean Way
Ocean Village
Southampton
SO14 3TJ

BANKERS
Royal Bank of Scotland plc
3 Hampshire Business Park
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SOLICITORS
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Harbour Court
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REGISTERED OFFICE
Gunwharf Terminal
Gunwharf Road
Portsmouth
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PO1 2LA

STRATEGIC REPORT

The directors present their strategic report for the 52 week period ended 28 March 2015.

REVIEW OF THE BUSINESS

The majority of the company's profit is generated during the peak summer months. Both the level of business during the period and the financial position at the end of the period are considered to be satisfactory given the exceptionally poor weather throughout the UK during the second half of the financial period.

On 13 February 2015, the company's parent undertaking, MEIF Shipping Limited, was acquired by Arca Bidco Limited, a company registered in England and Wales. As a result of this transaction exceptional costs were incurred by the Company. Further information is contained in note 4 and note 25.

In February 2009 the company introduced three new ferries on its Lymington to Yarmouth route. Subsequently, the company, along with DEFRA, was the subject of legal action brought by a local interest group concerning the introduction of EU Habitats Directive into UK Law and the impact of the new ferries on the Lymington River, a Site of Special Scientific Interest. Wightlink, along with other competent authorities and in conjunction with Natural England, then undertook a full environmental impact assessment on the impact of the introduction of the new ferries. This process was completed in November 2011 following the grant of planning permission for various elements of the ferry introduction project. The local interest group then requested that the Secretary of State revoke the planning consents. This request was refused. The local interest group then requested a judicial review of the Secretary of State's decision not to revoke our planning consents. This was refused by the Court of Appeal in 2014. The costs of this process have been included as an exceptional item (note 4).

For further details on the business review, including future developments and key performance indicators, please refer to the Report and Financial Statements of MEIF Shipping Limited. The future developments and key performance indicators of this company are fully aligned with those of the MEIF Shipping Limited group disclosed therein.

FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks that include the effects of credit risk, liquidity risk, commodity price risk and exchange rate risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs.

Liquidity risk

The company's policy on funding capacity is to ensure that it always has sufficient long-term funding and committed bank facilities in place to meet foreseeable peak borrowing requirements.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Where debt finance is utilised, this is subject to pre-approval by the board of directors.

Price risk

The company is exposed to fuel price risk as a result of its operations. During the period, the company used commodity price swaps to hedge the value of fuel purchases. The directors continue to revisit the appropriateness of using commodity price swaps based on the costs and benefits of managing the company's exposure to price risk.

Exchange rate risk

The company occasionally uses derivatives to hedge movements in the future price of foreign currencies.

On behalf of the Board

R Kew
Director

24 September 2015

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 52 week period ended 28 March 2015.

A review of the business, details of principal risks and uncertainties, key performance indicators and future developments of the company's business are covered in the Strategic Report.

RESULTS AND DIVIDENDS

The profit for the financial period amounted to £11,861,000 (52 weeks ended 29 March 2014: £16,621,000).

The directors do not recommend the payment of a dividend (52 weeks ended 29 March 2014: £nil).

PRINCIPAL ACTIVITIES

The company's principal activity during the period continued to be the operation of ferry services to the Isle of Wight.

DIRECTORS

The directors during the period and up to the date of signing were as follows:

R G Gregor	(appointed 13 February 2015)
S Lowry	(appointed 13 February 2015)
H W J Hanna	(appointed 13 February 2015)
G I W Parsons	(resigned 13 February 2015)
R Abel	(resigned 13 February 2015)
R Copper	(resigned 13 February 2015)
R Kew	
R D Sammons	(appointed 1 August 2015)
J M Pascoe	
P Brown	(resigned 1 July 2014)

DISABLED EMPLOYEES

The company has continued its policy regarding the employment of disabled persons. Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitude and abilities.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

EMPLOYEE INVOLVEMENT

It is the company's policy to keep employees informed on matters affecting their interests through normal management channels and due consideration is given to their interests when making management decisions.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution to re-appoint PricewaterhouseCoopers LLP as the Company's auditors will be put to the forthcoming Annual General Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 accounting 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 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 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.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the time when the report is approved confirms that:

- So far as the director is aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- The director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the Board

R Kew
Director

24 September 2015

INDEPENDENT AUDITORS' REPORT
to the members of Wightlink Limited

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion, Wightlink Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 28 March 2015 and of its profit for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Wightlink Limited's financial statements comprise:

- the balance sheet as at 28 March 2015;
- the profit and loss account for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT
to the members of Wightlink Limited

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Sarah Harrison (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Southampton
24 September 2015

PROFIT AND LOSS ACCOUNT
for the 52 week period ended 28 March 2015

	Notes	52 week period ended 28 March 2015 Before exceptional items £000	Exceptional items £000	Total £000	52 week period ended 29 March 2014 Before exceptional items £000	Exceptional items £000	Total £000
TURNOVER	2	59,608	-	59,608	59,668	-	59,668
Net operating costs	3, 4	(47,265)	(3,633)	(50,898)	(47,064)	(2,257)	(49,321)
OPERATING PROFIT	3, 4	12,343	(3,633)	8,710	12,604	(2,257)	10,347
Interest receivable and similar income	7			3,191			2,657
Interest payable and similar charges	8			(40)			(61)
				3,151			2,596
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION				11,861			12,943
Tax on profit on ordinary activities	9			-			3,678
PROFIT FOR THE FINANCIAL PERIOD	18			11,861			16,621

All activities derive from continuing operations.

There are no differences between the profit on ordinary activities before taxation and the profit for the financial periods stated above and their historical cost equivalents.

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

The notes on pages 9 to 20 form an integral part of these financial statements.

BALANCE SHEET
as at 28 March 2015

	Notes	28 March 2015 £000	29 March 2014 £000
FIXED ASSETS			
Intangible assets	10	28,237	28,237
Tangible assets	11	67,005	68,540
Investments	12	-	-
		95,242	96,777
CURRENT ASSETS			
Stocks	13	1,155	1,273
Debtors	14	73,479	62,613
Restricted cash	23	678	601
Cash at bank and in hand		4,580	1,624
		79,892	66,111
CREDITORS: amounts falling due within one year	15	(9,955)	(9,570)
NET CURRENT ASSETS		69,937	56,541
TOTAL ASSETS LESS CURRENT LIABILITIES		165,179	153,318
CREDITORS: amounts falling due after more than one year			
Amounts owed to group undertakings	16	(13)	(13)
900 10% non-cumulative first preference shares of 10p each	16	-	-
		(13)	(13)
NET ASSETS		165,166	153,305
CAPITAL AND RESERVES			
Called up share capital	17	17,495	17,495
Profit and loss account	18	45,793	33,932
Other reserves	18	101,878	101,878
TOTAL SHAREHOLDERS' FUNDS	18	165,166	153,305

The notes on pages 9 to 20 form an integral part of these financial statements.

The financial statements on pages 7 to 20 were approved by the Board and signed on its behalf on 24 September 2015.

R Kew
Director
24 September 2015

J M Pascoe
Director
24 September 2015

1. ACCOUNTING POLICIES

Basis of preparation
The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards and on a going concern basis. The financial statements are prepared in accordance with the Companies Act 2006 and the principal accounting policies have been applied consistently throughout the period.

The company is exempt from the obligation to prepare group financial statements by virtue of section 400 of the Companies Act 2006. Consequently these financial statements present the results of the company as an individual undertaking and not of its group. The results of the company are included in the consolidated financial statements of MEIF Shipping Limited, the company's parent undertaking, which is registered in England and Wales.

Turnover
Turnover, which is stated net of value added tax and trade discounts, comprises income from the carrying of passengers, accompanied vehicles and freight, on board sales and other operational income. Turnover in respect of the carrying of passengers is recognised at the point of departure, with the exception of season tickets which are recognised on a straight-line basis across the period to which the season ticket relates. Turnover in respect of other items is recognised at point of delivery of goods or on provision of service.

Cash flow statement
The company has utilised the exemptions provided under FRS 1 (Revised 1996) as a wholly owned subsidiary undertaking of a parent undertaking preparing statutory consolidated financial statements and has not presented a cash flow statement.

Goodwill
Purchased goodwill is capitalised and classified as an asset on the balance sheet at cost, less any impairment in value.

Goodwill is not amortised as, following a review by the directors, its useful economic life is considered to be indefinite. Specific factors contributing to this conclusion are the rights and access the company enjoys to its ports and routes and the nature and stability of cross Solent ferry services to the Isle of Wight.

The financial statements depart from the specific requirements of the Companies Act 2006 to amortise goodwill over a finite period for the overriding purpose of giving a true and fair view. As the useful economic life of goodwill is considered to be indefinite, it is not possible to quantify the effect of this departure.

Where the useful economic life of goodwill is deemed to be indefinite, the carrying value of the goodwill is reviewed for impairment by the company's directors.

Investments
Investments are stated at cost less any provision for impairment. The carrying value is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

Fixed assets
Tangible fixed assets are recorded at historic purchase cost, including direct costs of getting assets ready for use, less accumulated depreciation. The carrying value is reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

1. **ACCOUNTING POLICIES** (continued)

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful economic life, as follows:

Freehold buildings	-	over 10 to 33 years
Long leasehold properties	-	over the lease term
Plant and machinery	-	over 4 to 20 years
Computer software	-	over 3 to 7 years
Motor vehicles	-	over 3 years
Ships, comprising		
Ships (excluding catamarans)	-	over 35 years
Catamarans	-	over 25 years
Major overhaul expenditure	-	over 12 months
Ships fittings	-	over 5 to 15 years

Stocks

Stocks of raw materials, consumables and goods for resale are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value on a first-in, first-out basis. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective stock where necessary.

Capital instruments

Instruments are included in shareholders' funds where in substance they offer a residual interest in the assets of the company after deducting all of its liabilities. Other instruments are classified as liabilities if, in substance, they contain an obligation to transfer economic benefits. The finance cost recognised in the profit and loss account in respect of capital instruments designated as liabilities is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

Deferred taxation

Deferred taxation 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 tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

- net 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 average 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.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

1. **ACCOUNTING POLICIES** (continued)

Leasing and hire purchase commitments
Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the assets have passed to the company, are capitalised in the balance sheet and are depreciated over their useful economic lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Derivative financial instruments
The company occasionally uses financial instrument derivatives to manage its exposure to movements in the future price of oil and movements in the future price of foreign currencies. Gains or losses from these derivatives are recognised in the profit and loss account when the transaction occurs.

Pensions
Pensions and other post-retirement benefits are accounted for in accordance with FRS 17, Retirement Benefits.

The majority of employees belong to the Wightlink Pension Scheme, a defined benefit scheme operated by the company. The scheme assets are held separately from those of the company in an independently administered fund. The scheme is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis and has therefore accounted for pension costs as if the scheme was a defined contribution scheme. Accordingly the amounts charged to the profit and loss account are the contributions payable in the period.

The company also participates in a group defined contribution pension scheme. The scheme assets are held separately from those of the company in an independently administered fund. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

2. **TURNOVER**
Turnover is derived entirely within the United Kingdom and is from the same class of business.

3. OPERATING PROFIT

This is stated after charging:

	52 week period ended 28 March 2015 £000	52 week period ended 29 March 2014 £000
Fees payable to the company's auditors and its associates:		
- for audit of the company	63	62
- for other services related to taxation	24	84
- for other services	17	17
Depreciation of owned fixed assets	7,621	7,023
Depreciation of assets held under finance leases	-	287
Operating lease rental - plant and machinery	206	431
- other	2,183	2,145
Net operating costs comprise:		
Cost of sales	46,093	44,092
Administrative expenses	4,805	5,229
	50,898	49,321

4. EXCEPTIONAL ITEMS

	52 week period ended 28 March 2015 £000	52 week period ended 29 March 2014 £000
Operating costs		
Legal fees	56	102
Restructuring costs	2,638	1,191
Professional fees	135	160
Pension fund deficit funding (note 21)	804	804
	3,633	2,257

Legal fees represent costs associated with the introduction of new vessels on the company's Lymington-Yarmouth route during the period. These costs primarily relate to amounts paid to advisors.

Restructuring costs represent costs incurred in relation to the sale of the company's parent undertaking MEIF Shipping Holdings Limited during the period, primarily consisting of a bonus to key members of management. Restructuring costs also include £768,000 (2014: £1,191,000) incurred as a result of a specific exercise to reduce headcount throughout the group during the period.

Professional fees represent costs incurred as a result of an investigation carried out by the Isle of Wight Council into the cross-Solent ferry industry.

Pension fund deficit contributions represent additional contributions towards the deficit within the pension fund.

5. DIRECTORS' REMUNERATION

Mr R G Gregor, Mr S Lowry and Mr H W J Hanna are remunerated by another group undertaking rather than by the company.

Mr G I W Parsons, Mr R Abel and Ms R Copper were subject to service agreements with and were remunerated by Macquarie Infrastructure and Real Assets (Europe) Limited.

Mr R Kew, Mr J M Pascoe, Mr P Brown and Mr R D Sammons are subject to service agreements with and are remunerated by the company.

	52 week period ended 28 March 2015 £000	*52 week period ended 29 March 2014 £000*
Directors		
Aggregate emoluments	1,132	582
Company contributions to defined contribution pension schemes	30	38
	1,162	620

No directors are accruing benefits under the group's defined benefit pension scheme (2014: nil)

Highest paid director		
Aggregate emoluments	714	382
Company contributions to defined contribution pension schemes	14	26
	728	408

6. STAFF COSTS

	52 week period ended 28 March 2015 £000	*52 week period ended 29 March 2014 £000*
Wages and salaries	9,122	8,313
Social security costs	830	738
Other pension costs (note 20)	661	568
	10,613	9,619

The average monthly number of employees during the period, including directors, was as follows:

	52 week period ended 28 March 2015 No.	*52 week period ended 29 March 2014 No.*
Selling and administrative	91	93
Operating	167	163
	258	256

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 28 March 2015

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	52 week period ended 28 March 2015 £000	*52 week period ended 29 March 2014 £000*
Bank interest	8	6
Interest receivable from Group undertakings	3,183	2,651
	3,191	2,657

8. INTEREST PAYABLE AND SIMILAR CHARGES

	52 week period ended 28 March 2015 £000	*52 week period ended 29 March 2014 £000*
Bank loans and overdrafts	30	17
Finance charges payable under finance leases and hire purchase contracts	10	44
	40	61

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Taxation on profit on ordinary activities

	52 week *period ended 28 March 2015 £000*	52 week *period ended 29 March 2014 £000*
UK Corporation tax		
UK Corporation tax on profits for the period	-	(27)
Deferred taxation		
Adjustment in respect of prior years	-	(3,651)
Tax on profit on ordinary activities during the period	-	(3,678)

(b) Factors affecting tax charge for period

The tax credit for the period includes £nil (52 week period ended 29 March 2014: £27,000) previously paid by the company and subsequently reimbursed following the company's withdrawal from the tonnage tax regime.

The tax assessed on the profit on ordinary activities for the period is lower (52 week period ended 29 March 2014: lower) than the standard rate of corporation tax in the UK of 21% (52 week period ended 29 March 2014: 23%). The differences are reconciled below:

9. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

	52 week period ended 28 March 2015 £000	*52 week period ended 29 March 2014 £000*
Profit on ordinary activities before taxation	11,861	12,943
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (52 week period ended 29 March 2014: 23%)	2,491	2,977
Effects of:		
Depreciation in excess of capital allowances	1,480	805
Group relief claimed for nil payment	(4,371)	(4,145)
Disallowed expenses	400	336
Current tax credit for the period	-	(27)

The Finance Act 2013 was substantively enacted on 2 July 2013 and included legislation to reduce the main rate of corporation tax to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015. Deferred tax has therefore been valued at 20% (2014: 20%).

On 8 July 2015, it was announced that the main rate of corporation tax in the UK would be reduced to 19% from 1 April 2017 and to 18% from 1 April 2020. As these changes had not been substantively enacted at the balance sheet date, their effects have not been included in these financial statements.

A potential deferred tax asset of £6,859,000 (2014: £7,270,000) has not been recognised due to uncertainty over future taxable profits against which the deferred tax asset would be recovered. The potential asset comprises £382,000 in relation to non-trading tax losses (2014: £2,075,000) and £6,477,000 in relation to tax allowances (2014: £5,195,000).

10. INTANGIBLE FIXED ASSETS

	Goodwill £000
Cost:	
At 29 March 2014 and 28 March 2015	34,362
Provision against cost:	
At 29 March 2014 and 28 March 2015	6,125
Net book value:	
At 29 March 2014 and 28 March 2015	28,237

11. TANGIBLE FIXED ASSETS

	Land and buildings						
	Long leasehold	*Freehold*	*Plant and machinery*	*Computer software*	*Motor vehicles*	*Ships*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*	*£000*	*£000*
Cost:							
At 29 March 2014	5,969	29,414	5,257	1,300	17	98,319	140,276
Additions	527	361	242	300	-	4,656	6,086
Disposals	-	-	(372)	-	-	(3,656)	(4,028)
At 28 March 2015	6,496	29,775	5,127	1,600	17	99,319	142,334
Accumulated depreciation:							
At 29 March 2014	3,647	4,829	4,704	57	17	58,482	71,736
Provided during the period	350	801	136	249	-	6,085	7,621
On disposals	-	-	(372)	-	-	(3,656)	(4,028)
At 28 March 2015	3,997	5,630	4,468	306	17	60,911	75,329
Net book value:							
At 28 March 2015	2,499	24,145	659	1,294	-	38,408	67,005
At 29 March 2014	2,322	24,585	553	1,243	-	39,837	68,540

Included in freehold land and buildings is land valued at cost of £8,568,000 (29 March 2014: £8,568,000) which is not depreciated.

Freehold land and buildings includes an amount of £42,000 (29 March 2014: £686,000) which has not been depreciated during the period as the assets were not in commercial use at the period end. Leasehold land and buildings includes an amount of £148,000 (29 March 2014: £nil) which has not been depreciated during the period as the assets were not in commercial use at the period end. Plant and machinery includes an amount of £264,000 (29 March 2014: £77,000) which was not depreciated during the period as the assets were not in commercial use at the period end. Computer software includes an amount of £193,000 (29 March 2014: £60,000) which was not depreciated during the period as the assets were not in commercial use at the period end. Ships includes an amount of £620,000 (29 March 2014: £118,000) which was not depreciated during the period as the assets were not in commercial use at the period end.

Ships above include assets held under finance leases and hire purchase contracts with a cost of £nil (29 March 2014: £11,095,000) and a net book value of £nil (29 March 2014: £7,344,000). During the financial period, an asset that was previously held under a finance lease was purchased from the lessor.

12. INVESTMENTS

	Subsidiary undertakings £000
Cost:	
At 29 March 2014 and 28 March 2015	2,000
Amounts provided:	
At 29 March 2014 and 28 March 2015	2,000
Net book value:	
At 29 March 2014 and 28 March 2015	-

The company holds the entire issued share capital of the following subsidiary undertakings, all of which are registered in England and Wales. These companies are either dormant or non-trading, so directors took the decision to write their carrying value down to nil in a previous period.

Name of company	*Nature of business*
Wightlink Holidays Limited	Dormant company
Channel Crewing Services Limited	Non-trading company

The company also directly holds 50% of the entire issued share capital of Wightlink (Guernsey) Limited. Wightlink (Guernsey) Limited provides seafarers to crew the Wightlink vessels and is registered in Guernsey.

13. STOCKS

	28 March 2015 £000	*29 March 2014 £000*
Raw materials and consumables	1,060	1,139
Goods for resale	95	134
	1,155	1,273

14. DEBTORS

	28 March 2015 £000	*29 March 2014 £000*
Trade debtors	1,266	1,818
Amounts owed by group undertakings	67,884	59,661
Other debtors	3,504	1,020
Prepayments and accrued income	825	114
	73,479	62,613

Amounts owed by group undertakings comprise amounts owed by the company's fellow subsidiary undertaking MEIF Shipping Limited. These amounts are repayable on demand and carry an interest rate of 5.0% (2014: 5.0%).

NOTES TO THE FINANCIAL STATEMENTS
for the 52 week period ended 28 March 2015

15. CREDITORS: amounts falling due within one year

	28 March 2015 £000	29 March 2014 £000
Trade creditors	2,282	2,464
Amounts owed to group undertakings (note 16)	627	-
Amounts owed to previous group undertakings (note 16, note 24)	-	701
Taxation and social security	513	695
Accruals and deferred income	6,533	5,710
	9,955	9,570

16. CREDITORS: amounts falling due after more than one year

i) Amounts owed to group undertakings

	28 March 2015 £000	29 March 2014 £000
Amounts repayable:		
In one year or less, or on demand (note 15)	627	-
Two to five years	13	13
	640	13

ii) Amounts owed to previous group undertakings

	28 March 2015 £000	29 March 2014 £000
Amounts repayable:		
In one year or less, or on demand (note 15)	-	701
Two to five years	-	-
	-	701

iii) Preference share capital

	28 March 2015 £	29 March 2014 £
900 10% non-cumulative first preference shares of 10 pence each	90	90

The company has in issue 900 (2014: 900) 10% non-cumulative first preference shares. These shares carry a fixed non-cumulative preferential dividend.

17. CALLED UP SHARE CAPITAL

	Authorised, allotted, called-up and fully paid			
	28 March 2015 No.	29 March 2014 No.	28 March 2015 £000	29 March 2014 £000
Ordinary shares of 10 pence each	174,951,630	174,951,630	17,495	17,495

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Called up Share capital £000	*Profit and loss account £000*	*Other reserves £000*	*Total share-holders' funds £000*
At 30 March 2013	17,495	17,311	101,878	136,684
Profit for the financial period	-	16,621	-	16,621
At 29 March 2014	17,495	33,932	101,878	153,305
Profit for the financial period	-	11,861	-	11,861
At 28 March 2015	17,495	45,793	101,878	165,166

Other reserves comprise a shareholder gift of £101,878,000 by way of a capital contribution made as part of a group wide reorganisation in 2006.

19. CAPITAL COMMITMENTS

	28 March 2015 £000	*29 March 2014 £000*
Contracted	976	1,363

20. PENSION COMMITMENTS

The majority of employees belong to the Wightlink Pension Scheme, a defined benefit scheme. The scheme is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis. On 10 May 2013, the scheme was closed to new entrants.

The pension charge in these financial statements represents contributions paid to the scheme. The charge does not take full account of the deficit disclosed in the scheme by the last actuarial valuation, which was carried out at 31 December 2011, details of which are disclosed in the consolidated financial statements of MEIF Shipping Limited.

The pension charge for the period was £661,000 (52 week period ended 29 March 2014: £568,000), comprising a charge of £577,000 (52 week period ended 29 March 2014: £493,000) in relation to the defined benefit scheme and £84,000 (52 week period ended 29 March 2014: £75,000) in relation to defined contribution schemes. In addition, deficit funding contributions were paid of £804,000 (52 week period ended 29 March 2014: £804,000) (see note 4). There were no contributions outstanding or prepaid at the period end (29 March 2014: £nil).

The valuation of the Wightlink Pension Scheme as at 28 March 2015 under the requirements of FRS 17 showed a deficit before deferred tax of £16,794,000 (29 March 2014: deficit of £8,186,000), with assets of £90,710,000 (29 March 2014: £80,549,000) and liabilities of £107,504,000 (29 March 2014: £88,735,000). This information is in respect of the Scheme as a whole and does not indicate the liability, or share thereof, of the company alone.

The full disclosures required under FRS 17 relating to the Wightlink Pension Scheme are included in the financial statements of MEIF Shipping Limited, an intermediate parent undertaking of Wightlink Limited.

21. **OTHER FINANCIAL COMMITMENTS**

At the end of the period, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		*Other*	
	28 March 2015 £000	*29 March 2014 £000*	*28 March 2015 £000*	*29 March 2014 £000*
Operating leases which expire:				
within one year	89	94	67	113
within two to five years	57	69	139	318
in over five years	2,037	1,982	-	-
	2,183	2,145	206	431

22. **CONTINGENT LIABILITIES**

There are fixed and floating charges over the assets of the company in favour of the trustee for the parties providing debt finance to a fellow subsidiary undertaking. The company is a party to a group guarantee in favour of those parties. The total amount outstanding under such guarantees at 28 March 2015 amounted to £112,000,000 (29 March 2014: £193,477,000).

23. **RESTRICTED CASH**

The restricted cash account of £678,000 (29 March 2014: £601,000) is subject to restrictions on its use by the company. It is used to provide security to third parties providing fuel hedging facilities to the company.

In order to fix its future fuel cost, the company has also entered into a number of oil price swap agreements for a notional principal amount of £9.4m maturing in monthly tranches until March 2018. The fair value of oil price swaps at the period end was a liability of £1,733,000 (2014: liability of £63,000).

24. **RELATED PARTIES**

Advantage has been taken of the exemption available under FRS 8 not to disclose details of transactions with MEIF Shipping Limited or other group undertakings as the consolidated financial statements of MEIF Shipping Limited, in which the company is included, are publicly available.

Transactions with the company's previous parent undertaking MEIF Shipping Holdings Limited during the financial period were as set out below and balances are detailed within notes 15 and 16:

	28 March 2015 £000	*29 March 2014 £000*
Repayment of amounts owed to previous group undertakings	701	-

25. **ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The share capital of the company is owned by MEIF Shipping Limited, a company registered in England and Wales.

On 13 February 2015, the company's parent undertaking, MEIF Shipping Limited, was acquired by Arca Bidco Limited, a company registered in England and Wales.

The consolidated financial statements of MEIF Shipping Limited are those of the smallest group of which the company is a member and the smallest and largest group for which group financial statements have been prepared. Copies of these group financial statements, which include the company, are available from Gunwharf Road, Portsmouth, PO1 2LA. The largest group of which the company is a member is ARCA Luxco s.a.r.l.

In the directors' opinion, the company's ultimate parent undertaking and ultimate controlling party is Balfour Beatty Infrastructure Partners LP, an English limited partnership with its registered office in Guernsey.