

Briefing by the Bournemouth-Swanage Motor Road and Ferry Company

February 2020

Interim replacement vehicle ferry service

The Ferry Company has carried out extensive research to source a replacement chain ferry while Bramble Bush Bay was under repair in summer/autumn 2019. Unfortunately, there were no suitable like-for-like replacement ferries available in a state of good repair or which could readily be brought up to a safe and serviceable level.

Chain ferries are typically purchased on a two-year (for design & build) lead time and then put into continuous use until the end of their useful life in service, at which point they are unsuitable for commercial use. Therefore, the second-hand market for commercially viable chain ferries is nil.

Despite the scarcity of chain ferries on the second-hand market, through extensive research the Ferry Company discovered a potential replacement (non-chain / self-propelled with steering / power thrusters on each corner) ferry in Germany and explored the potential for its use while Bramble Bush Bay was out of service. Although this vessel would not be able to carry foot passengers unless they were on a bus which the Company had outline agreement with a local bus company, More Bus, to provide.

Unfortunately, it was not feasible to progress these plans as while the craft met German safety standards, it did not comply with UK regulations and was not Marine & Coastguard Agency (MCA) coded. An extensive amount of work would have been required to investigate the potential for MCA coding and bringing the ferry up to UK regulations, and if this proved possible, the time required to put these changes into place would prevent the replacement ferry being of use during the period required. It is unlikely in future that this specific ferry would be available to cover any unprecedented service outage.

Interim foot passenger ferry service

While the ferry was out of service, the Ferry Company explored several options for an interim foot passenger service. The most advanced of these options was to explore the use of the neighbouring Brownsea Island Ferry (BSIF), as a foot passenger ferry, running services from its own landing facility at Sandbanks to a temporary pontoon at Shell Bay in Studland. This option faces several obstacles, as follows:

- a. Regulatory issues
 - An initial Marine Management Organisation (MMO) Exemption Notice was made by a member of the Studland Ferry Action Group in late August 2019. However, Poole Harbour Commissioners (PHC) informed the Ferry Company that an MMO Exemption Notice is not valid, and that a full MMO Licence would be necessary. For an exemption under Section 1.3 (Pontoons) to be valid, the pontoon would need to be less than 30m². The proposed pontoon structure (as quoted by Pontoonworks Ltd.)

is for a construction of at least four times this size. A pontoon of a suitable size to qualify for MMO exemption would be insufficient to dock the BSIF.

- On that basis, the application for a Harbour Works Licence (HWL) from PHC to construct the temporary pontoon to the required specification would automatically fail as they would not accept the MMO Exemption.
- A full MMO Licence application and the HWL application would both require Navigational Risk Assessments and Environmental Impact Assessments, among others. The Ferry Company would also need to employ legal assistance for the HLW and meet any legal costs for the PHC.
- A full MMO licence would involve a 13 week statutory consultation period, and could only be made once the required assessments have been carried out. From the time of the ferry outage in mid-July 2019 to the then expected ferry return to service at the end of October 2019, it was very unlikely for an MMO licence to have been granted in time to offer any meaningful passenger service, assuming the MMO application was successful.
- The Land Registry confirmed that the seabed underneath the proposed temporary pontoon location is owned by the Crown Estate. A separate licence would be needed from the Crown Estate to operate the temporary pontoon.
- Since this area has never been dredged before, an MMO Licence and the respective assessments (e.g. silt testing for where silt can be deposited) would be needed for dredging to be carried out.

b. Water and tidal conditions:

- Depth measurements of the suggested pontoon were required as PHC do not currently hold the required data. Early indications were that there is unlikely to be sufficient water depth much of the time to accommodate BSIF, and therefore their ferry would not have been able to operate much of the time. The possible service would additionally be hampered by high swells in and/or bad weather.
- BSIF also made this assessment, stating that the tide would be too low for them to operate in this area for a majority of the time. The Pontoonworks proposed location would have needed to extend out to an unusable distance for the BSIF to be viable.
- BSIF has also confirmed that they would not have been happy to run services to the pontoon as proposed, particularly during the winter months and in any event had no spare capacity during the summer (high) season.
- The BSIF would also be subject to immediate suspensions in adverse weather, which may result in passengers being stranded, in particular on the Studland side.

c. Financial implications:

- Following discussions with Pontoonworks regarding the feasibility of the temporary pontoon, the average daily cost for a 4 week hire would be £2,775.00 per day minimum excluding fees for the required applications for the various permissions needed.
- The Ferry Company insurance brokers also stated that for a variety of reasons they were unable to find the required insurance cover for a temporary pontoon. The

Ferry Company would in particular need public liability cover, without which it cannot operate.

- The insurance brokers also confirmed that any partial ferry service operated by the company would be likely to prejudice the unqualified claim for loss of earnings during the outage.
- BSIF has confirmed that charter cost of their vessel would be £1,600.00 per day. The Ferry Company employees were not trained or qualified to operate the BSIF, and so BSIF employees would have been needed to operate any BSIF foot passenger service to Studland.
- The Ferry Company estimates that the total cost of providing a 4 week interim foot passenger ferry service, if all regulatory and logistical issues could be met, would be approximately £122,500 excluding legal, professional and regulatory costs.
- In the best month on record (August 2017) total foot passenger revenues were £15,782.

In conclusion, the Ferry Company, despite its efforts, has not yet found a viable solution which meets all the regulatory and safety requirements, but is continuing to investigate all potential options as a priority. However, the Ferry Company is committed to prioritising passenger safety first and foremost and has publicly stated that it cannot and will not compromise on this.

Prevention of future breakdowns

The ferry has, and will continue to be, subject to regular detailed safety and mechanical inspections in order to ensure that it is fully maintained and meets stringent operational and safety criteria. The summer 2019 breakdown was an unprecedented and unforeseen failure of a part that was engineered to last the lifetime of the ferry without being replaced. The winter 2018/19 service outage was as a result of human error by third parties undertaking the ferry's annual refit, and following that, by incorrectly manufactured replacement drive wheel segments and chains. These incidents are still currently being addressed through legal proceedings, hence why we have asked for this document to remain confidential.

The Ferry Company took the opportunity of the summer 2019 outage to again check and service as many moving & working parts of the vessel as possible following the 2018 refit, which will mean the next scheduled maintenance overhaul will not be until November 2020 and should only last two weeks. The decision was taken to replace not only the 'in-harbour' broken drive shaft and hydraulic coupling but the remainder of the drive mechanism (bearings / drive wheel / hub) on both sides (ie the out-harbour) too as a 'belt & braces' precautionary measure. The Ferry Company has also placed an order for spare hydraulic couplings in the extremely unlikely event that they might be needed in the future.

The 2018/9 winter and summer 2019 service outages were both the result of unforeseen human error by third parties, or unprecedented mechanical failures. While the Ferry Company cannot guarantee that there will not be unforeseen service interruptions in future, it has taken every possible measure to prevent controllable service outages.



THE BOURNEMOUTH-SWANAGE MOTOR ROAD AND FERRY COMPANY

(INCORPORATED BY ACT OF PARLIAMENT, 31st JULY, 1923)

Statement of Community Involvement – 2019/20

11 February 2020

This document outlines the community and stakeholder engagement undertaken by the Sandbanks Ferry Company (SFC) throughout 2019 and 2020 to date. These discussions have informed the details of the final toll increase application to ensure that where possible they reflect feedback from residents, as communicated through elected representatives.

Date	Engagement
5 th March 2019	<p>Meeting with:</p> <ul style="list-style-type: none"> - Cllr Mohan Iyengar, Canford Cliffs Ward, Poole Council - Cllr Gary Suttle, Swanage South Ward, Purbeck District Council - David Morley, Sandbanks Community Group - Matt Moffat, Sandbanks Community Group - Martin Ayres, Town Clerk, Swanage Town Council - Cllr Nick Boulter, Studland Parish Council - Cllr Philip Eades, Branksome West Ward, Poole Council - Cllr Steve Clarke, Corfe Castle Parish Council - Cllr Mike Lovell, Langton Matravers Parish Council
26 th April 2019	<p>Meeting with:</p> <ul style="list-style-type: none"> - Cllr Mohan Iyengar, Canford Cliffs Ward, BCP Council - Cllr Gary Suttle, Swanage Ward, Dorset Council - David Morley, Sandbanks Community Group - Matt Moffat, Sandbanks Community Group
12 th August 2019	<p>Meeting with:</p> <ul style="list-style-type: none"> - Richard Drax MP, MP for South Dorset - Sir Robert Syms MP, MP for Poole
6 th September 2019	<p>Meeting with:</p> <ul style="list-style-type: none"> - Richard Drax MP, MP for South Dorset - Cllr Nick Boulter, Vice-Chair, Studland Parish Council - Gavin Oldham, OBE, Studland Ferry Action Group - Julie Dyball, Studland Ferry Action Group - Cllr Stephen Dru Drury, Vice-Chairman, Corfe Parish Council

6 th September 2019	Meeting with: <ul style="list-style-type: none"> - Cllr Mohan Iyengar, Canford Cliffs Ward, BCP Council - Cllr Gary Suttle, Swanage Ward, Dorset Council - David Morley, Sandbanks Community Group - Matt Moffat, Sandbanks Community Group
11 th October 2019	Meeting with: <ul style="list-style-type: none"> - Cllr Spencer Flower, Leader, Dorset Council - Cllr Ray Bryan, Portfolio Holder for Transport, Dorset Council - Cllr Vikki Slade, Leader, BCP Council - Cllr Andy Hadley, Portfolio Holder for Transport, BCP Council - Bill Cotton, Executive Director, BCP Council - John Sellgren, Executive Director, Dorset Council
27 th November 2019	Conference call with Ian Girling, Chief Executive of Dorset Chamber of Commerce and Industry
29 th November 2019	Meeting with: <ul style="list-style-type: none"> - Cllr Mohan Iyengar, Canford Cliffs Ward, BCP Council - Cllr Gary Suttle, Swanage Ward, Dorset Council - David Morley, Sandbanks Community Group - Matt Moffat, Sandbanks Community Group
10 th January 2020	First meeting of Community Liaison Group
31 st January 2020	Second meeting of Community Liaison Group
Various engagement	<ul style="list-style-type: none"> - Jim Stewart, Chair, Poole Harbour Commissioners - Harbour Commissioners Harbour Master - Brownsea Island Ferries (BSIF) - Marine & Coastguard Agency (MCA) - Marine Management Organisation (MMO)

Overview of Community liaison Group

Following the unprecedented and unforeseen ferry outage in summer/autumn 2019, it was agreed in collaboration with stakeholders to establish a community engagement group. The aim of the group was to establish communications between residents and businesses, through elected representatives, and to inform residents on an ongoing basis about ferry performance, future planning, and tolls.

Group membership as of February 2020:

- Cllr Ray Bryan, Portfolio Holder for Transport, Dorset Council
- Cllr Cherry Brooks, South East Purbeck Ward, Dorset Council
- Cllr Mohan Iyengar, Canford Cliffs Ward, BCP Council
- Cllr Gary Suttle, Swanage Ward, Dorset Council
- Cllr Matt Etherington, Chair, Studland Parish Council
- David Morley, Sandbanks Community Group
- Matt Moffat, Sandbanks Community Group
- Cllr Caroline Finch, Swanage Town Council, Chair of Tourism Committee; Swanage Chamber of Trade
- Jack Wiltshire, Head of Highways, Dorset Council
- Matthew Carruthers, Traffic Management Engineer, BCP Council
- Mike Kean, Managing Director, Bournemouth-Swanage MR & Ferry Co
- Nick Purchase, Operations Director, Bournemouth-Swanage MR & Ferry Co

The first meeting of the Community Liaison Group was held on 10th January 2020 in Studland. The second meeting was held in Sandbanks on 31st January. It has been agreed going forward that the group will meet a minimum of twice a year, or more as required.

Direct communication with residents and the community

In addition to communication with representatives of the community, the Ferry Company has also increased direct engagement with residents and customers more widely in several ways. Across Twitter and Facebook, there was a concerted effort to provide more information to the public, particularly during the summer/autumn 2019 outage, about ferry operations and timings of the return of the ferry.

- The Ferry Twitter account has gained 364 followers on Twitter over the previous 6 months, reaching 4,564 followers in February 2020
- The Ferry Facebook page has increased followers by 948 over the previous 6 months to 4,162 followers in February 2020
- The Facebook page now has 3,821 page likes, an increase since August 2019 of 784 page likes.

Social media posts cover a range of content including information about temporary, short-term suspensions and subsequent resumptions due to weather.

To further reach the local Dorset-based audience, the Ferry also took out adverts across local Dorset newspapers to thank residents and businesses for their patience and support throughout the prolonged summer/autumn 2019 outage and to publicise the double discount offer the Ferry Company ran during November 2019.

In December 2019, the Ferry Company sought to build stronger ties with the local community by supporting local charity Forest Holme Hospice, which members of staff had chosen due to the personal connections that some had with the charity. The Ferry provided free travel for all on Christmas day, and instead gave customers the opportunity to donate to Forest Holme. In total, over £1,200 was raised for the charity. The Ferry Company will continue to help with fundraising for the charity throughout the year.

Incorporated by The Bournemouth-Swanage Motor Road and Ferry Act 31 July 1923

THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY

COMPANY INFORMATION

Directors	MP R Kean Mrs TA Nicol Ms R Kean (Appointed 17 August 2020)
Secretary	Mrs TA Nicol
Incorporated by Act of Parliament	31 July 1923
Head office	Fairacres Stock Lane Ingatestone Essex CM4 9QL
Auditors	Rickard Luckin Limited Aquila House Waterloo Lane Chelmsford Essex CM1 1BN
Business address	Ferry Office Shell Bay Studland Swanage Dorset BH19 3BA
Bankers	Handelsbanken Greenwood House 91-99 New London Road Chelmsford Essex CM2 0PP

THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY

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THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2020

The directors present their ninety sixth report and financial statements for the year ended 31 March 2020.

Principal activities

The principal activity of the company continued to be that of the operation, under statute, of a motor driven chain ferry.

Directors

No director held any beneficial interest in the share capital of the company. In order to qualify each of the directors holds one hundred shares on trust for the holding company. The directors' interests in the holding company, Fairacres Group Limited, are disclosed in the directors' report of that company.

MP R Kean

Mrs TA Nicol

N Purchase

Ms R Kean

(Resigned 17 August 2020)

(Appointed 17 August 2020)

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid during the year and the Directors' policy is that they will not pay any dividends to the shareholders until the ferry replacement reserve is at the required level in any given year.

Directors' insurance

A directors' indemnity insurance policy exists in the form of a combined insurance policy across the group.

Financial instruments

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Interest rate risk

The company has no interest bearing financial instruments and as such the directors do not consider that they are exposed directly to interest rate risk.

Credit risk

All customers who wish to trade on credit terms are subject to credit verification procedures. Trade debtors are monitored on an ongoing basis and provision is made for doubtful debts where necessary.

Auditor

In accordance with the company's constitution, a resolution proposing that Rickard Luckin Limited be re-appointed as auditors of the company will be put at a General Meeting.

THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 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). 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;
- 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.

Statement of disclosure to auditor

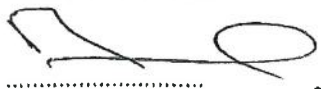
So far as the directors are aware,

(a) there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

By order of the board



Mrs TA Nicol
Secretary

Date: 19th October 2020

THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY

Opinion

We have audited the financial statements of The Bournemouth-Swanage Motor Road & Ferry Company (the 'company') for the year ended 31 March 2020 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year 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 Bournemouth-Swanage Motor Road & Ferry Co Acts 1923-1986 and the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY

Use of our report

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.

Rickard Luckin Limited

Michael Breame (Senior Statutory Auditor)
for and on behalf of Rickard Luckin Limited

21st October 2020

Chartered Accountants
Statutory Auditor

Aquila House
Waterloo Lane
Chelmsford
Essex
CM1 1BN

THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020 £	2019 £
Turnover		1,702,897	2,508,443
Cost of sales		(1,496,012)	(2,055,578)
Gross profit		<u>206,885</u>	<u>452,865</u>
Administrative expenses		(597,396)	(550,110)
Other operating income		1,269,662	82,264
Operating profit/(loss)		<u>879,151</u>	<u>(14,981)</u>
Interest receivable and similar income		25,921	20,397
Profit before taxation		<u>905,072</u>	<u>5,416</u>
Tax on profit	3	(199,414)	(17,177)
Profit/(loss) for the financial year		<u><u>705,658</u></u>	<u><u>(11,761)</u></u>

THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY

BALANCE SHEET

AS AT 31 MARCH 2020

	Notes	2020 £	£	2019 £	£
Fixed assets					
Tangible assets	4	13,319,417		13,419,826	
Current assets					
Stocks		277,135		236,073	
Debtors	5	57,291		144,370	
Cash at bank and in hand		3,162,516		2,109,128	
		<u>3,496,942</u>		<u>2,489,571</u>	
Creditors: amounts falling due within one year	6	<u>(466,729)</u>		<u>(265,425)</u>	
Net current assets		<u>3,030,213</u>		<u>2,224,146</u>	
Total assets less current liabilities		<u>16,349,630</u>		<u>15,643,972</u>	
Creditors: amounts falling due after more than one year	7	(34,978)		(34,978)	
Provisions for liabilities	8	(431,012)		(447,068)	
Net assets		<u>15,883,640</u>		<u>15,161,926</u>	
Capital and reserves					
Called up share capital	10	61,000		61,000	
Revaluation reserve		12,464,878		12,535,191	
Other reserves	12	3,357,762		2,565,735	
Total equity		<u>15,883,640</u>		<u>15,161,926</u>	

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 19th October 2020 and are signed on its behalf by:



 MP R Kean
 Director

THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Share capital	Revaluation reserve	Other reserves	Profit and loss reserves	Total
	£	£	£	£	£
Balance at 1 April 2018	61,000	12,587,594	2,491,091	-	15,139,685
Year ended 31 March 2019:					
Loss for the year	-	-	-	(11,761)	(11,761)
Other comprehensive income:					
Tax relating to other comprehensive income	-	34,002	-	-	34,002
Total comprehensive income for the year	-	34,002	-	(11,761)	22,241
Transfers	-	(86,405)	74,644	11,761	-
Balance at 31 March 2019	61,000	12,535,191	2,565,735	-	15,161,926
Year ended 31 March 2020:					
Profit for the year	-	-	-	705,658	705,658
Other comprehensive income:					
Tax relating to other comprehensive income	-	16,056	-	-	16,056
Total comprehensive income for the year	-	16,056	-	705,658	721,714
Transfers	-	(86,369)	792,027	(705,658)	-
Balance at 31 March 2020	61,000	12,464,878	3,357,762	-	15,883,640

The revaluation reserve totalling £12,464,878 represents reserves generated from historic revaluations less the unwinding of associated depreciation and provision for deferred tax, and as such are non-distributable.

THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

The Bournemouth-Swanage Motor Road and Ferry Company Inc. is a company limited by shares incorporated under the Bournemouth-Swanage Motor Road and Ferry Company Act 31 July 1923.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Bournemouth-Swanage Motor Road and Ferry Acts 1923-1986 and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents the consideration received or receivable for providing the ferry service, and is shown net of VAT and other sales related taxes. Turnover is generated entirely within the UK.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

The company has adopted the transitional arrangements, included within FRS 102 and have chosen to "freeze" the valuation of land and buildings and the Motor Ferry as at the date of transition; 31st March 2014. No subsequent valuations are therefore included and the valuation at that date becomes the "deemed cost".

No depreciation is provided on freehold land.

Buildings with an estimated economic life in excess of 50 years are not depreciated. Other buildings are depreciated on a straight line basis over their remaining economic life. The non-depreciation of these assets is a departure from the general requirement of the Companies Act 2006 for all tangible assets to be depreciated. In the opinion of the directors this departure is necessary for the financial statements to give a true and fair view. It is estimated that the useful life of the land and buildings used in the business exceeds 50 years and that its residual value would not be less than its book value.

Other tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Motor Ferry	40 years
Equipment and motor vehicles	5 - 10 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

The useful economic life of the Motor Ferry is considered to be 40 years based upon a professional third party assessment of the remaining life of the asset. The depreciation charge reflects this accordingly. The Motor Ferry was acquired in 1993 and subsequently bought into use in 1994.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.6 Stocks

Stocks are stated at cost as they are used solely for the purpose of the ferry re-fit and are not held for sale.

At each reporting date, an assessment is made for impairment.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Equity instruments

Equity Instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.10 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

In accordance with FRS 102 deferred tax is provided in respect of historically revalued assets as appropriate.

THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

1.11 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.12 Retirement benefits

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

1.13 Motor ferry replacement reserve

An amount is being set aside over the period to 31 March 2032 to renew the motor ferry by the transfer of an estimated amount to the Motor Ferry Replacement Reserve, when sufficient funds are available. To ensure the reserve is available for the replacement of the Ferry with sufficient time, the reserve is being built up to the required level 2 years before the anticipated replacement year of 2034. The directors have specifically ring fenced this reserve for the purpose of the ferry replacement.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Total	38	40

3 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	192,507	17,177
Adjustments in respect of prior periods	(17,177)	(74,641)
Group tax relief	24,084	74,641
Total current tax	199,414	17,177

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2020 £	2019 £
Deferred tax arising on:		
Revaluation of property	(16,056)	(34,002)

THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

4 Tangible fixed assets

	Land, roads & slipways	Buildings	Motor Ferry	Equipment and motor vehicles	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2019	11,528,971	967,981	1,900,000	123,858	14,520,810
Additions	-	-	-	702	702
At 31 March 2020	11,528,971	967,981	1,900,000	124,560	14,521,512
Depreciation and impairment					
At 1 April 2019	-	132,161	882,143	86,680	1,100,984
Depreciation charged in the year	-	26,589	67,857	6,665	101,111
At 31 March 2020	-	158,750	950,000	93,345	1,202,095
Carrying amount					
At 31 March 2020	11,528,971	809,231	950,000	31,215	13,319,417
At 31 March 2019	11,528,971	835,820	1,017,857	37,178	13,419,826

The two and a half mile strip of land which is occupied for the ferry road is held in perpetuity under the terms of The Bournemouth-Swanage Motor Road and Ferry Act 1923.

The land for the buildings, causeway and slipways is freehold.

As detailed in the accounting policies, the land, buildings and ferry are carried at a transitional deemed cost.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

On a historical cost basis fixed assets would have been included at:

	Land, roads and slipways	Buildings	Motor Ferry	Equipment and motor vehicles	Total
	£	£	£	£	£
Cost	138,977	372,038	2,123,690	124,560	2,759,265
Accumulated depreciation based on historical cost	-	227,171	2,123,690	93,345	2,444,206
	138,977	144,867	-	31,215	315,059

THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

5 Debtors	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	11,805	5,918
Corporation tax recoverable	-	87,590
Other debtors	45,486	50,862
	<u>57,291</u>	<u>144,370</u>

6 Creditors: amounts falling due within one year	2020	2019
	£	£
Trade creditors	56,424	206,251
Amounts due to group undertakings	15,532	14,671
Corporation tax	52,507	-
Other taxation and social security	16,132	18,369
Other creditors	326,134	26,134
	<u>466,729</u>	<u>265,425</u>

7 Creditors: amounts falling due after more than one year	2020	2019
	£	£
Other creditors	<u>34,978</u>	<u>34,978</u>

The preference shares comprise 35,000, 10.5% non-cumulative preference shares of £1 each less £22 calls in arrears. The preference shares carry no voting rights and rank in priority to the ordinary shares for repayment in the event of the company being wound up. The holders of the preference shares have no right to receive notice of or to be present or to vote at any General Meeting of the company.

On winding up, the preference shares confer the right to the return of the capital paid up or credited as paid up plus arrears of dividend, before any return of capital is made on any other shares. The holders of preference shares shall not then have the right to participate further in profits or assets.

8 Provisions for liabilities	2020	2019
	£	£
Deferred tax liabilities	<u>431,012</u>	<u>447,068</u>

THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

9 Deferred taxation

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Revaluations	431,012	447,068
		2020 £
Movements in the year:		
Liability at 1 April 2019		447,068
Credit to other comprehensive income		(16,056)
Liability at 31 March 2020		431,012

10 Called up share capital

	2020 £	2019 £
Ordinary share capital Issued and fully paid		
1,740,000 Ordinary of 5p each	87,000	87,000
Less: Discount of 50% on issue of 1,040,000	(26,000)	(26,000)
	61,000	61,000

11 Financial commitments, guarantees and contingent liabilities

The company, together with four other group companies, has entered into a composite guarantee in respect of bank overdrafts of those companies. There is a right to set off incorporated within the cross guarantee. The net overdraft indebtedness of the group companies to the bank at the year end date was £Nil (2019: £Nil).

The company, together with four other group companies, has also entered into a composite cross guarantee in respect of bank loans totalling, at the balance sheet date, £8,000,000.

12 Other reserves

Transfers are made from the profit and loss account to the Motor Ferry Replacement Reserve, to the extent that reserves are available. In March 2019, the company obtained a professional estimate of the cost of building a diesel hydraulic powered motor ferry to replace the company's existing vessel. The approximate cost was £8,440,000. If full provision for renewal had been made, less what the company are able to borrow for this purpose, the Motor Ferry Replacement Reserve at the balance sheet date would have totalled £3,728,178.

THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

13 Events after the reporting date

The Covid 19 pandemic began to impact the UK prior to the balance sheet date and "lockdown" arrangements had begun prior to this date. These restrictions have continued in the post balance sheet period and are continuing to evolve and change as the course of the virus unfolds. As a result of this economic and social activity has been restricted and affected in a number of ways.

It is not possible for the directors to fully assess and predict the impact of the pandemic at this stage. Income levels for 2020-21 will be lower than expected in any "normal" year. However, working practices have been adapted and the company has managed its resources such that it can continue to trade through this difficult period. The directors have considered the position and do not believe it is necessary for any adjustments to be made to the results or position as at 31 March 2020.

14 Related party transactions

The company has taken advantage of the exemption in the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") Section 1A to disclose transactions with group companies on the grounds that it is a subsidiary that is wholly owned.

At the year end the company owed its parent company £15,532 (2019: £14,671).

15 Parent company

The company is a wholly owned subsidiary of Fairacres Group Limited, a company registered in England. Details of the group and consolidated financial statements can be found at Companies House. That company is controlled by its directors.

THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 MARCH 2020

THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

		2020		2019
	£	£	£	£
Turnover				
Sales of goods		1,702,897		2,508,443
Cost of sales				
Ferry harbour dues	1,272		1,272	
Ferry consumable stores	61,491		77,883	
Ferry wages and salaries	706,023		724,079	
Building repairs and maintenance	28,931		7,544	
Slipway repairs & maintenance	17,877		21,499	
Road repairs & maintenance	2,438		7,092	
Ferry repairs & maintenance	544,077		1,087,367	
Ferry insurance	32,792		27,770	
Depreciation on freehold property	26,589		26,589	
Depreciation on motor ferry	67,857		67,857	
Depreciation on other equipment	6,665		6,626	
		(1,496,012)		(2,055,578)
Gross profit	12.15%	206,885	18.05%	452,865
Other operating income				
Sundry income		1,269,662		82,264
Administrative expenses		(597,396)		(550,110)
Operating profit/(loss)		879,151		(14,981)
Investment revenues				
Other interest received	25,921		20,397	
		25,921		20,397
Profit before taxation	53.15%	905,072	0.22%	5,416

THE BOURNEMOUTH-SWANAGE MOTOR ROAD & FERRY COMPANY

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2020

	2020	2019
	£	£
Administrative expenses		
Wages and salaries	61,128	121,452
Staff pension costs defined contribution	33,793	30,121
Directors' remuneration	59,876	-
Management charge	166,795	171,803
Rates	84,169	65,933
Tickets	10,194	2,321
Light and heat	4,645	5,133
Insurance	24,502	20,807
Motor running expenses	24,499	16,413
Legal and professional fees	53,775	49,470
Audit fees	11,665	11,325
Bank charges	19,714	15,699
Printing, postage and stationery	5,555	4,195
Advertising	1,713	45
Telecommunications	4,206	3,297
Sundry expenses	31,167	32,096
	<u>597,396</u>	<u>550,110</u>

Date: 12/10/2020
Time: 12:19:55

**Bournemouth-Swanage Motor Road &
Profit and Loss**

Page: 1

From: Month 6, September 2020
To: Month 6, September 2020

Chart of Accounts:

Default Chart of Accounts

	<u>Period</u>	<u>Year to Date</u>	
Sales			
Tolls	270,409.93	934,341.19	
Books	68,973.00	228,246.37	
Wilts & Dorset	9,058.50	33,486.76	
Monthly Accounts	489.00	2,743.50	
Special ferry	300.00	1,032.00	
Bridge Adverts	1,080.00	8,100.00	
Scrap	0.00	402.00	
Other Misc Income	8.50	67,982.47	
	350,318.93		1,276,334.29
Purchases			
Fuel	4,789.90	23,311.18	
Consumables/Stores	216.30	6,864.77	
	5,006.20		30,175.95
Direct Expenses			
Ferry Insurance	12,083.33	33,031.94	
Tickets	0.00	960.00	
Harbour Dues	0.00	1,271.90	
Ferry Repairs	12,620.68	145,536.24	
Slipway/Causeway Repairs	0.00	3,605.00	
Road Repairs	0.00	1,607.52	
Building Repairs	1,139.60	3,379.44	
Biennial Refit-Direct Costs	10,067.26	260,784.97	
Miscellaneous Expenses	1,973.14	5,047.40	
	37,884.01		455,224.41
Gross Profit/(Loss):	<u>307,428.72</u>		<u>790,933.93</u>
Overheads			
Gross Wages	89,406.97	466,338.54	
Rates & Insurance	10,098.17	16,250.97	
Heat,Light and Power	970.08	5,604.15	
Motor Expenses	0.00	4,347.66	
Travelling and Subsistence	113.10	1,553.88	
Print, Post, Tel. & Stationery	750.76	3,868.77	
Toll Application Expenses	0.00	2,198.40	
Professional & Consultancy fees	3,000.00	18,410.00	
Audit & Accountancy	0.00	10,000.00	
Management Fees	15,674.00	96,486.00	
Repairs & Renewals	178.02	178.02	
Cleaning	104.50	522.96	
Gardening Service	510.00	1,290.00	
Small Tools	0.00	1,407.77	

Date: 12/10/2020
Time: 12:19:55

**Bournemouth-Swanage Motor Road &
Profit and Loss**

Page: 2

From: Month 6, September 2020
To: Month 6, September 2020

Chart of Accounts:

Default Chart of Accounts

	<u>Period</u>	<u>Year to Date</u>
Depreciation	13,801.82	82,810.92
Bad Debts(Ticket Refunds)	5.50	19.00
Computer S'ware & Office M/c Maint'	1,160.69	8,846.51
Bank Charges & Interest	3,139.83	9,157.30
Sundries & General	273.60	4,067.64
	139,187.04	733,358.49
Net Profit/(Loss):	<u>168,241.68</u>	<u>57,575.44</u>

Date: 12/10/2020
Time: 12:53:25

Bournemouth-Swanage Motor Road & Ferr

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Balance Sheet

From: Month 6, September 2020

To: Month 6, September 2020

Chart of Accounts:

Default Chart of Accounts

	<u>Period</u>	<u>Year to Date</u>	
Fixed Assets			
Property	(2,260.16)	795,670.62	
Floating Bridge (Ferry)	(11,309.50)	882,143.00	
Slipways/Causeways	0.00	11,528,971.00	
Motor Vehicles	(232.16)	29,821.82	
Office Equipment	0.00	679.76	
	(13,801.82)		13,237,286.20
Current Assets			
Stock	0.00	277,134.85	
Debtors	(23,501.75)	196,585.40	
Deposits & Cash	3,820.67	11,023.22	
Bank Account	137,012.82	3,112,427.87	
VAT Liability	0.00	8,848.74	
	117,331.74		3,606,020.08
Current Liabilities			
Creditors : Short Term	(20,530.12)	214,446.68	
Corporation tax	0.00	52,802.70	
PAYE/NI	(1,822.95)	19,157.24	
Other Current Liabilities	(45,000.00)	149,691.57	
VAT Liability	2,641.31	0.00	
	(64,711.76)		436,098.19
Current Assets less Current Liabilities:	182,043.50		3,169,921.89
Total Assets less Current Liabilities:	168,241.68		16,407,208.09
Long Term Liabilities			
Deferred Taxation	0.00	431,012.00	
	0.00		431,012.00
Total Assets less Total Liabilities:	168,241.68		15,976,196.09
Capital & Reserves			
Share Capital	0.00	95,978.13	
Reserves	0.00	15,822,642.52	
P & L Account	168,241.68	57,575.44	
	168,241.68		15,976,196.09



Valuation of: Bournemouth Swanage Motor
Road & Ferry, Shell Bay, Studland,
Dorset, BH19 3BA

On behalf of: The Bournemouth Swanage Motor Road & Ferry Company

Valuation Date: 31st March 2015

Prepared by: Richard Glenwright BSc, MSc MRICS, RICS Registered Valuer
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Mr Mike Kean
The Bournemouth Swanage Motor Road & Ferry Company
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Stock Lane
Ingatestone
CM4 9QL

Gerald Eve LLP
72 Welbeck Street, London, W1G 0AY
www.geraldeva.com

11 August 2015

Our Reference: RAG/AD9046

Dear Mike

Capital Valuation – Bournemouth Swanage Motor Road & Ferry Company

Introduction

I refer to your instructions for Gerald Eve LLP to value the properties identified in the report. Under the terms of the Valuation – Professional Standards, incorporating the International Valuation Standards (“the Standards”) of the Royal Institution of Chartered Surveyors (RICS) January 2014 as amended, we are required to set out our conditions of engagement and the assumptions to be made in carrying out your instructions.

These terms and conditions are as set out under the various headings below, together with the general valuation terms and conditions attached as Appendix vi. These general terms and conditions apply except where they are specifically over-ruled by the assumptions in this letter. Appendix vi relates to this valuation instruction only and is in addition to the general Terms of Engagement for Gerald Eve LLP, also enclosed, which set out the general terms of business for all work undertaken by this firm. This letter, together with these appendices, forms the contract between us.

Status of Valuer

We shall be acting as an External Valuer for the purposes of this instruction. An External Valuer is defined in the Standards as:

“A valuer who, together with any associates, has no material links with the client, an agent acting on behalf of the client, or the subject of the assignment”.

I confirm that we have carried out the necessary checks and are not aware of any conflict of interest in this respect.

Gerald Eve LLP has previously advised the Fairacres Group in relation to this property and on other property matters. I confirm that we consider this does not preclude us from carrying out this instruction.

The basis of valuation

The valuation shall be prepared using the Existing Use Value basis, defined in UKVS 1.3 as:

“The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its Market Value to differ from that needed to replace the remaining service potential at least cost”.

We have also considered Depreciated Replacement Cost for some of the assets herein valued.



Depreciated Replacement Cost is defined as:

“The current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation”.

These properties are of a nature that it is appropriate to value them as trading entities, having regard to the operating accounts. You have provided us with the management accounts for the years 2010 - 2014. The valuation will be prepared on the understanding that this information is an accurate and true record of the trade carried on at the properties and that there are no significant omissions or extra items added that will distort the true position.

A full commentary on the meaning of and implicit assumptions within these definitions is included in the Standards. A copy of this can be provided on request.

Purpose of valuation

The purpose of the valuation is to ascertain the capital value of the properties identified in Section 4 for incorporation into your company accounts in accordance with UK GAAP.

Property and interests to be valued

The properties valued are as follows:

1. the Northern slipway located at Sandbanks;
2. the Southern slipway and causeway located in Studland;
3. the company office, flat and storage building located in Studland and
4. the road between the Causeway and the National Trust Knoll Car Park entrance, located in Studland,

all of which form part of the operation of the Bournemouth-Swanage Chain Ferry. The treatment of the plant and machinery associated with the operation is covered within the section below.

Plant & Machinery

In accordance with standard valuation practice, our valuations include land, buildings, site works and all plant, machinery, fixtures and fittings associated with the mechanical and electrical services of the buildings, site and site works. These services will include lifts, window cleaning equipment, heating, lighting, air conditioning and the ventilation equipment normally associated with the building. No process plant or installations associated with telephones and computers are included in our valuation. Goodwill and specialist plant and machinery, including that used for specific computer installations, telephones, computers, tenants fixtures, fittings, furnishings and equipment, will be excluded from the valuations.

Inspection and areas

We inspected the assets on 24 March 2015. During the surveys we noted the description of the properties, standard of fit-out and other matters that affect value. We previously measured the buildings associated with this instruction in connection with a previous instruction and carried out a full measurement survey in accordance with the RICS Code of Measuring Practice, 6th edition in 2010. We shall rely on the areas measured during these inspections and the other information as to the condition and use of the property based on what was seen. Where we have to make assumptions based on this information, we shall draw this to your attention in our report.

Regulated purpose disclosures

A statement of the policy of this firm on the rotation of valuers, and a copy of the current practice statement on valuation reviews, is attached as appendix A.

We consider that, by using multiple valuation partners and by carrying out the internal review procedures, there is a minimal risk of undue influence affecting the valuations in this case.

Gerald Eve LLP have knowledge of similar assets. Gerald Eve LLP have been carrying out the



valuation of the subject properties for around 15 years.

The total fees earned from The Bournemouth Motor Road & Ferry Company have never exceeded 5% of the total earnings of the firm annually, and this is not expected to change in the foreseeable future.

Fees

[REDACTED]

Reliance

The valuations will be dependent on the accuracy of the information you have provided and on the assumptions set out herein. If subsequently this information proves to be incorrect or inadequate, the accuracy of the valuations may be affected and we reserve the right to alter our valuations accordingly.

Publication

I understand the valuations will be published in your company accounts. It is a requirement of the RICS and this firm that I approve the form of publication, or the reference thereto. I shall write to you with a suggested wording for inclusion in your financial statements at the same time as submitting my report. If there are any particular circumstances that will affect how my report is used, please let me have the details so that I can incorporate these in my suggested wording.

Responsibility

The valuation report will be provided for the stated purpose and solely for your use, and your professional advisers, and neither I nor Gerald Eve LLP accept any responsibility whatsoever to any other person.

Limit of liability and other matters

Our maximum liability both before or after the date of this letter shall not in the aggregate exceed £5,000,000 (five million pounds). This limitation shall apply to you (together with any Associated Person as identified in our Terms of Engagement for whom you are acting as agent in relation to the Contract) on any basis for any losses, damages, costs or expenses ("losses") arising from or in connection with our services in relation to this instruction.

I am required to inform you, under the RICS Rules of Conduct, that Gerald Eve LLP operate a complaints handling procedure and a copy of this can be provided on request. In the unlikely event that you have reason to make such an enquiry, this should be addressed to the managing partner, Simon Rees.

In accordance with the RICS Valuation - Professional Standards we are required to draw your attention to the possibility that this valuation may be investigated by the RICS for the purposes of the administration of the Institution's conduct and disciplinary regulations.

Yours sincerely

Mark Barden BSc, FRICS
Registered Valuer
Consultant

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Executive Summary**GERALDEVE****VALUATION FOR COMPANY ACCOUNTS UNDER UK GAAP**

Valuation Date: 31st March 2015

The Bournemouth Motor Road & Ferry Company

Description	Ferry Operation & associated assets
Tenure	Freehold
Market Value	£14,270,000

This executive summary should be read in conjunction with the full valuation report enclosed.

1. Location & Situation



The subject premise is located in Studland, Bournemouth. Studland is located 5.6 miles South West of Bournemouth and 10 miles south west of nearby town Poole.

Studland is a sea side town on the Isle of Purbeck in the county of Dorset. It is famous for its beaches and natural reserve. Studland is located 2 miles north of the town of Swanage, over a steep chalk ridge. The Sandbanks Ferry is a vehicular chain ferry which crosses the entrance of Poole Harbour in Dorset. The route runs from Sandbanks to Studland, connecting coastal parts of the towns of Bournemouth and Poole with Swanage and the Isle of Purbeck the. The route is popular as it avoids a 25 mile journey by road.

A location plan can be found at appendix i.

3. Description

The assets to be valued are as follows:

1. the Northern slipway located at Sandbanks;
2. the Southern slipway and causeway located in Studland;
3. the company office, flat and storage building located in Studland and
4. the road between the Causeway and the National Trust Knoll Car Park entrance, located in Studland,

all of which form part of the operation of the Bournemouth-Swanage Chain Ferry

At the time of our inspection the properties appeared to be served by mains electricity, gas, water and drainage services.

None of these services were tested at the time of inspection, but, for the purpose of the valuation reported herein, we have assumed all services to be fully operational

Additional photographs of the subject assets are included at Appendix iii.

4. Accommodation

In accordance with the RICS Code of Measuring Practice, we undertook a full measured survey of the property on 24th May 2010 and re inspected the property on 24th March 2015. During the survey we noted the description of the property, standard of fit-out and other matters that affect value. We have relied on the areas measured during this inspection and the other information as to the condition and use of the property based on what was seen.

We calculate the internal floor areas to be as follows:

	Sq m	Sq ft
Offices (NIA)	80.45	866
Staff Accommodation (GIA)	63.16	680
Store (GIA)	34.54	372
"Garages" (GIA)	<u>99.40</u>	<u>1,070</u>
	277.55	2,988

5. Condition

As per your instruction and our Terms of Engagement the inspection we have carried out was for valuation purposes only and did not include a full building survey. However, from our observation, with regard to the general condition of the subject premises, we would comment as follows.

The subject premises were generally in a good condition. We did not notice any major structural defects or wants of repair.

Upon inspection we did not notice any obvious sign of deleterious and/or hazardous materials. Accordingly, for the purpose of the valuation reported herein we have assumed that the subject premises are free from such materials.

In respect of the ferry, this benefitted from an extensive mid life refit, which is anticipated will prolong the life of the it until 2032.



7. Planning

Local authority: Purbeck District Council
Westport House
Worgret Road
Wareham
Dorset
BH20 4PP

Telephone number: 01929 556561

We have not made planning enquiries of the planning authority. The valuations have been prepared assuming that the properties have full consent for their current use and that all existing development is lawful or is capable of being certified as lawful.

We understand that the planning consents have been granted subject to the condition that the buildings be used in conjunction with the operation of the Bournemouth-Swanage Chain Ferry and correspondingly, this will have an effect on their future value, if separated from the operation.

8. Environmental and contamination issues

Your instructions are that we should value the properties assuming there is no environmental contamination or other problems that will affect the value reported. We are not aware of any full environmental audit or other environmental investigation or soil survey which may have been carried out and which may draw attention to any contamination or the possibility of such contamination. We shall not carry out any investigation into past or present uses, either of the property or of any neighbouring land to establish whether there is any contamination or potential contamination to the property from these uses or sites.

9. Tenure

We understand that The Bournemouth-Swanage Motor Road and Ferry Company retains either the freehold title to the properties or has a perpetual interest or power over the properties vested in it by statute. We have not been provided with and have not inspected the deeds from which this information is derived.

10. Tenancy

The property and assets are owner occupied.

A small area of land at Ferry Road / Causeway is let to Poole Harbour Commissioners for a mast site. this is let on a 10 year lease, from 2 March 2011, with a review in March 2016. The current passing rent is £5,200 per annum. The lease has a six month mutual break clause.

11. Market Commentary

The Economy

The UK economy has been transitioning through a period of uncertainty regarding the outcome of the parliamentary General Election throughout Q1 2015. A majority conservative parliament elected has increased confidence within the financial markets based on knowledge that the government's economic agenda is likely to remain consistently pro-business.

The Bank of England (BOE) has said that Britain is sliding towards its first bout of negative inflation in more than half a century. Strong economic growth could stave off the threat of a deflationary spiral but there is evidence that UK growth is faltering. Following the BOE February inflation report, December inflation stood at 0.5% well below the BOE target of 2%. The BOE Governor Mark Carney said, "Inflation will likely fall further, potentially turn negative in the spring, and be close to zero for the remainder of the year." The BOE expects the slump in oil prices and falling food prices to boost consumer spending, this in turn should fuel growth and push inflation higher over the medium term.

ONS data shows GDP increased by 0.3% in the first quarter of 2015. The largest contribution to the increase came from the services sector, which increased by 0.5%. The increase in GDP followed growth of 0.6% in

Quarter 4 (Oct to Dec) 2014. In the latest quarter output increased in services by 0.5% while the other 3 main industrial groupings within the economy decreased with construction falling by 1.6%, manufacturing by 0.1% and agriculture by 0.2%. GDP was 2.4% higher in Quarter 1 (Jan to Mar) 2015 compared with the same quarter a year ago.

The Commercial Property Market

The performance of the UK commercial property market can be considered with reference to IPD data. IPD quarterly figures for Q1 2015 showed returns as below, with the change on the previous quarter shown in brackets.

<u>Sector</u>	<u>Quarterly Income Return</u>	<u>Quarterly Capital Growth</u>	<u>Quarterly Total Return</u>
Retail	1.3% (→)	0.7% (↓)	2.0% (↓)
Office	1.1% (→)	2.9% (↓)	3.9% (↓)
Industrial	1.4% (→)	2.1% (↓)	3.4% (↓)
All Property	1.2% (↓)	1.6% (↓)	2.9% (↓)

On an annualised basis the total returns for each sector are as below.

<u>Sector</u>	<u>1 Year Annualised Total Return</u>	<u>3 Year Annualised Total Return</u>	<u>5 Year Annualised Total Return</u>
Retail	13.3%	8.3%	8.4%
Office	21.2%	14.2%	12.2%
Industrial	21.6%	13.6%	11.1%
All Property	17.1%	11.0%	10.0%

Commercial property delivered total quarterly returns of 2.9% over Q1 2015 according to IPD. Although it represents a decrease in total returns for the third successive quarter, this figure nonetheless represents returns which are significantly above the long run, 15- year average of 1.9% per quarter. On an annual basis, commercial property delivered average total returns of 17.1% over 2014, the highest witnessed over the duration of a calendar year since 2005.

Office property was the best performing major asset class in Q1 2015, in terms of total returns delivering 3.9%. This performance was buoyed by central London assets, with West End and City offices witnessing quarterly returns of 3.8% and 4.6%, although the leading office market was the London Mid Town market with quarterly returns of 5.4%, representing the greatest return throughout the UK.

A high degree of regional variance exists within the retail sector, with central London assets continuing to markedly outperform the remainder of the UK. West End and Midtown and City assets for example delivered quarterly returns of 6.5% and 3.7% respectively in Q1 2015, whilst the best performing non-London market, over the same period, was Yorkshire and Humberside which saw returns of 1.9%.

Average rental value growth, across all property, reached 0.8% in Q1 2015, according to IPD representing a decrease of 0.1% from Q4 2014. Average all property rental growth for 2014, as a whole, was 1.5%.

Office rents performed strongly in terms of growth during Q1 2015, witnessing a 1.8% increase. Office rental levels have historically been highly volatile in comparison to other commercial asset classes and the combination of rents reaching a nadir during the financial crisis and sustained demand for central London offices have meant that rental growth within the office sector has been consistently high over the past five years. An acceleration of office rental growth during the past quarter, particularly in the West End and City, is due largely to vacancy rates in central London reaching a low point in the current cycle. The industrial sector is also exhibiting sustained rental growth, although to a lesser degree than offices. Over Q1 2015 standard industrials and distribution warehouses each registered average rental value growth of 0.8% and 0.9%.

The geographical divergence in total returns within the retail sector was driven largely by a significant spread in rental value growth between central London assets and the remainder of the sector. West End retail rents expanded by 2.2% in Q1 2015 and by 6.1% in 2014 as a whole, whilst in stark comparison, quarterly retail rental growth in the remainder of the UK ranged from -0.4% in South West to 0.5% in the North East. Yields continued to compress during Q1 2015, according to IPD; average equivalent yields across all property dropped to 6.0%, down 10bps from the previous quarter. Yield compression remained stable in the industrial sector, which, as a whole, saw equivalent yields remain at 6.8% in Q1 2015. Offices across the UK averaged equivalent yields of 6.0% in Q1 2015, representing a quarterly compression of approximately 10bps. In the central London market, both West End and City offices witnessed equivalent yield contraction of approximately 10bps to 4.5% and 5.6% respectively. In the retail sector there was nearly universal yield compression across subsectors and regions over the past quarter. The notable exception to this were supermarkets and department stores, where equivalent yields increased 10bps over Q1 2015 resulting from a drop in food prices and Tesco delivering a series of profit warnings.

Given that the UK is likely to be headed further into a temporary period of low inflation, there is a strong prospect of commercial property delivering relatively strong inflation-adjusted income returns over 2015. Furthermore, in our opinion there remains scope for further yield compression; particularly in secondary markets.

12. Valuation Comment

Our valuation includes the value attributable to those items of plant and machinery found at the properties that are used to provide normal building services. Due to the nature of the operation, our valuation also includes the items of plant and machinery listed below:

- (1) ferry
- (2) berthing and anchor points
- (3) chains in use

We have not valued other plant, machinery, equipment and spares, storage tanks above or below ground, high voltage ring mains, transformers, switchgears, generators, motors and secondary power distribution up to the main distribution board together with wiring for lighting and power for the buildings and plant and compressors and compressed air lines.

13. Ferry Toll Application

An application to crease the Toll Charges was submitted in September 2014. The table below sets out the current toll and the proposed increases:

Class of Traffic	Current Toll	Toll 01/04/15	Toll 01/04/16	Toll 01/04/17	Toll 01/04/18	Toll 01/04/19
Pedestrian	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00
Pedal/Motor cycle	£1.00	£1.00	£1.00	£1.00	£1.00	£1.00
Cars	£3.50	£3.80	£4.10	£4.50	£4.50	£4.50
Coaches	£8.00	£8.00	£8.20	£9.00	£9.00	£9.00
Small Goods Vehicle	£3.50	£3.80	£4.10	£4.50	£4.50	£4.50
Large Goods Vehicle	£7.00	£7.60	£8.20	£9.00	£9.00	£9.00

The Inspector recommended the application for approval without amendment and it was subsequently fully approved by the Secretary of State and implemented on 1 April 2015.



14. Existing Use Value

We are of the opinion that the Existing Use Value of the freehold interest in the subject interest, as at 31 March 2015, is in the sum of:

£14,270,000

Fourteen Million, Two Hundred and Seventy Million Pounds

The various elements of the valuation are apportioned as follows:

Site Works	£5,120,000
Causeway	£2,400,000
Buildings	£850,000
Land associated with the above	£200,000
Land, including the rights to operate the ferry & miscellaneous property income	£3,800,000
Ferry	£1,900,000
	£14,270,000

Gerald Eve LLP is a national firm of chartered surveyors and property consultants with a network of nine offices and more than 300 employees.



GERALDEVE

In addition to valuation our range of services includes occupational and investment agency, planning and development, every aspect of building consultancy, rent review and lease renewal instructions, compulsory purchase and compensation, business rates, property taxation and project services.

If we can assist you further with regard to the subject of this valuation or any other property related issue please do not hesitate to contact either of the signatories to this report.



Appendix A. Rotation of valuation personnel

Rotation of Valuation Personnel

In accordance with PS 2 (8.3) of the RICS Valuation – Professional Standards, incorporating the IVSC International Valuation Standards, 9th Edition (January 2014), we are required to include in this letter a statement of the firm's policy on the rotation of the valuer who accepts responsibility for any Regulated Purpose Valuations and a statement of the quality control procedures that are in place.

Gerald Eve LLP recognises the concern expressed in the Standards that, where a valuer responsible for a valuation in accordance with UKVS 4 Regulated Purpose Valuations and holds that responsibility for many years, there may be a possibility that a threat of familiarity, with either the client or the property valued, may arise leading to the perception that the valuer's independence and objectivity could be compromised. The Standards advise that such a threat may be minimised by arranging for the rotation of the valuer who accepts responsibility for the valuation.

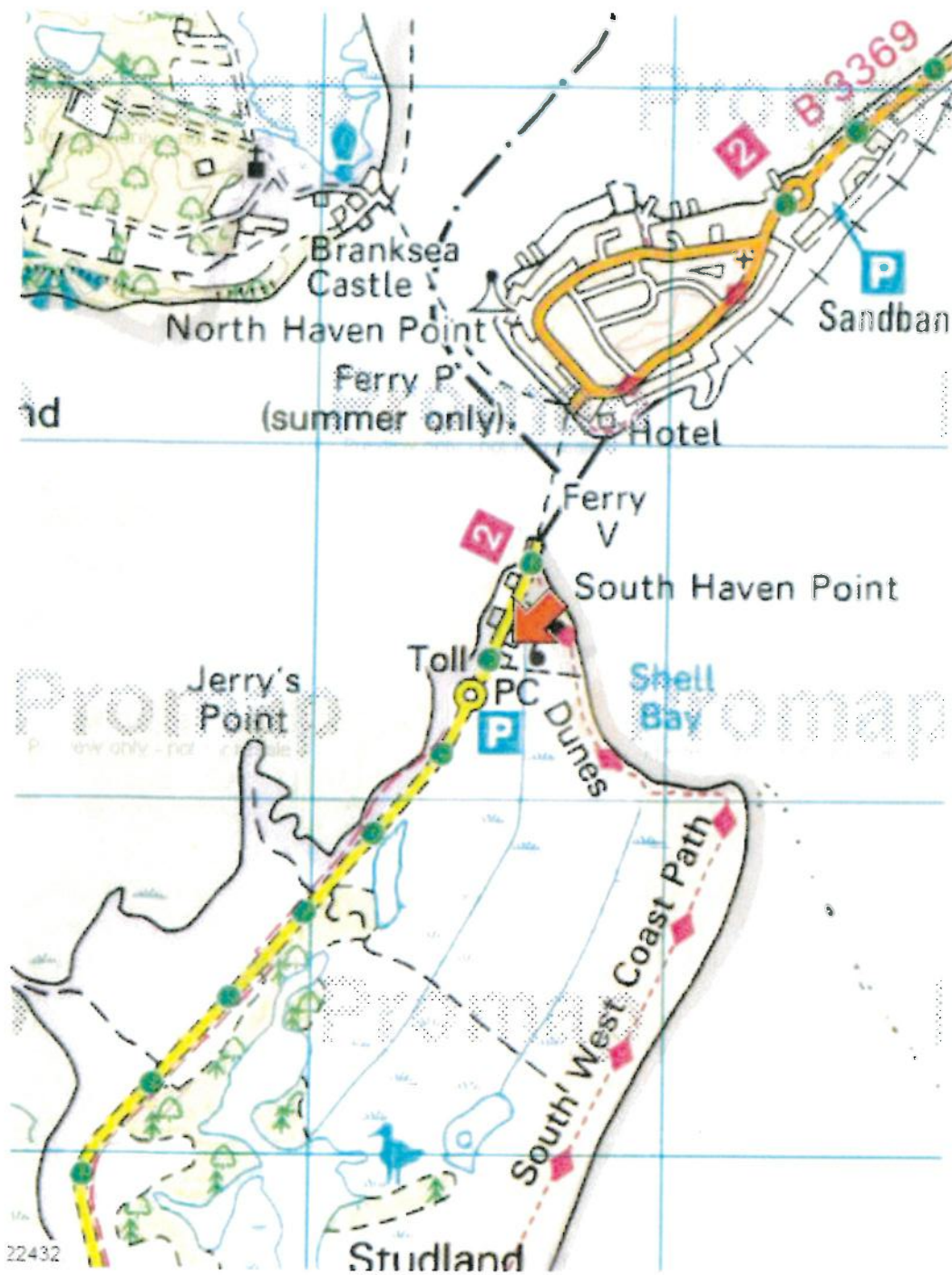
We note that the RICS consider it good practice to rotate the valuer responsible for Regulated Purpose Valuations at intervals of not more than seven years. However, the Standards also advise that the rotation period should reflect the frequency of valuation, the existence of a 'valuation panel', any internal valuation quality control procedures in place, and good business practice.

The firm has a clearly stated mandatory policy in relation to all valuation work, which has been produced and is monitored by a Valuation Panel comprising a number of partners. The policy includes a requirement for all Regulated Purpose Valuations to be the subject of a 'Panel Review', by external partners not involved in the valuation, before draft figures are reported to the client. In our view, the effect of this quality control procedure should reduce or remove any perception that the responsible valuer's independence and objectivity could be compromised.

If the firm has been working for the same client on valuation matters for more than 5 years, we discuss the issue of the rotation of valuers with the client as part of our agreement of the conditions of engagement for future valuations. We agree with the client at that time whether any partner needs to be replaced as the primary signatory of our report, and what their future involvement should be. In arriving at this decision we take into account:

1. the client's policies and requirements in giving us the instruction, including compliance with any regulatory organisations and rules that they might be operating under;
2. the frequency of the valuations, and whether the valuation instruction is in effect continuous (being annually or more frequent than that) or at more extended intervals;
3. the number of partners and valuers already involved in the valuations;
4. the effect of the vetting of our valuations by our internal "valuation panel", which reduces individual partner influence on the figures reported;
5. the degree of specialist knowledge required for the valuations, and the advantages in terms of efficiency and accuracy of retaining valuers with previous experience with the client's properties

Appendix i – Location Map



Appendix ii – Photographs



FERRY



ROAD



FERRY OFFICES



GARAGES



SLIPWAY (SWANAGE)



SLIPWAY (SANDBANKS)