

**FOWEY HARBOUR COMMISSIONERS**  
**INCORPORATED UNDER THE PIER AND HARBOUR ORDERS 1937 TO**  
**2001**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

# FOWEY HARBOUR COMMISSIONERS

## INFORMATION

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### Commissioners

Captain W Mitchell  
Mr N Gill  
Mr D Baker  
Mr R Hall, BEM  
Mr M Lewis  
Ms A Lewis  
Mr N Dunlop  
Mr T Rumbelow  
Mr M Bailey  
Mr J Scullion

Chairman  
Vice Chairman

(Retired 31.08.2018)

(Appointed 01.09.2018)

(Appointed 01.05.2018)

Captain P Thomas

Chief Executive

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**FOWEY HARBOUR COMMISSIONERS  
INCORPORATED UNDER THE PIER AND HARBOUR ORDERS 1937 TO  
2001**

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# **FOWEY HARBOUR COMMISSIONERS**

## **REPORT OF THE COMMISSIONERS**

### ***FOR THE YEAR ENDED 31 DECEMBER 2018***

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The Fowey Harbour Commissioners present their annual report and the audited financial statements for the year ended 31 December 2018.

#### **Principal activities**

The principal activities carried out by the Commissioners are the provision of general harbour facilities for commercial and non-commercial vessels; the provision of the services of tugs, when required by vessels entering or leaving the harbour and at other harbours; and the provision of the pilotage services at Fowey, Par and Charlestown.

#### **Statement of Commissioners' Responsibilities**

The purpose of this statement is to distinguish the Commissioners' responsibilities for the financial statements from those of the auditors.

Section 42 of the Harbours Act 1964, as amended by the Transport Act 1981, requires the Commissioners to prepare the Report of the Commissioners and the financial statements for each financial year in accordance with applicable laws and regulations. Under that law the Commissioners have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Commissioners and of the profit or loss of the Commissioners for that period. In preparing these financial statements, the Commissioners 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Commissioners will continue in business.

The Board of Commissioners is responsible for keeping adequate accounting records that are sufficient to show and explain the Commissioners' transactions and disclose with reasonable accuracy at any time the financial position of the Commissioners and enable them to ensure that the financial statements comply with Section 42 of the Harbour Act 1964, as amended by the Transport Act 1981 and the Statutory Harbour Undertakings (form of accounts etc) (General) Regulations 1983. They are also responsible for safeguarding the assets of the Commissioners and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

The Board of Commissioners is responsible for the maintenance and integrity of the corporate and financial information included on the Commissioners' website.

#### **Statement of disclosure to auditors**

(a) The Commissioners confirm that so far as they are aware, there is no relevant audit information of which the Commissioners' auditors are unaware; and

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

#### **Auditors**

A resolution proposing the reappointment of Phillips Frith LLP as auditors to the Commissioners will be put to the annual reports meeting.

On behalf of the board

.....  
Captain P Thomas

**Chief Executive**

.....

# **FOWEY HARBOUR COMMISSIONERS**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE FOWEY HARBOUR COMMISSIONERS**

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#### **Qualified opinion**

We have audited the financial statements of Fowey Harbour Commissioners for the year ended 31 December 2018 set out on pages 5 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS102 Section 1A The Financial Reporting Standard applicable in the UK and Republic of Ireland Section 1A (United Kingdom Generally Accepted Accounting Practice).

In our opinion, except for the effects of the matter described in the 'Basis for qualified opinion' section of our report, the financial statements:

- give a true and fair view of the state of the Commissioners' affairs as at 31 December 2018 and of its loss for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the appropriate provisions of Section 42 of the Harbours Act 1964, as amended by the Transport Act 1981 and comply with the Statutory Harbour Undertakings (form of accounts etc) (General) Regulations 1983.

#### **Basis for qualified opinion**

We conducted our audit in accordance with International Standards on Accounting (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 Commissioners in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with their requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Whilst disclosure has been made in note 5 to the accounts about the assets and liabilities of the defined benefit pension scheme operated by the Commissioners, the full requirements of FRS 102 Section 28 to recognise the assets and liabilities and losses and gains in the financial statements have not been met.

#### **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 Commissioners' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- The Commissioners have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Commissioners' 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 Commissioners are responsible for the other information. The other information comprises of 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.

# **FOWEY HARBOUR COMMISSIONERS**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE FOWEY HARBOUR COMMISSIONERS**

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#### **Opinion on other matter 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 Commissioners' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Commissioners' report has been prepared in accordance with the applicable legal requirements.

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

In 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 report of the Commissioners'.

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Commissioners' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit, or
- the Commissioners 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 Commissioners' report and take advantage of the small companies' exemption from the requirement to prepare a strategic report.

#### **Responsibilities of Commissioners**

As explained more fully in the Commissioners' responsibilities statement, set out on page 1, the Commissioners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair, and for such internal control as they 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 Commissioners are responsible for assessing the entity'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 Commissioners either intend to liquidate or to cease operations, or have no realistic alternative than 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 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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our auditor's report.

#### **Use of our report**

This report is made solely to the Commissioners, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, and with the requirements of the appropriate elements of the Statutory Harbour Undertakings Regulations 1983 and Section 42 of the Harbours Act 1964 as amended by the Transport Act 1981. Our audit work has been undertaken so that we might state to the Commissioners those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Commissioners as a body, for our audit work, for this report, or for the opinions we have formed.

# **FOWEY HARBOUR COMMISSIONERS**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE FOWEY HARBOUR COMMISSIONERS**

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**Jane Webb (Senior Statutory Auditor)  
for and on behalf of Phillips Frith LLP  
Chartered Accountants  
Statutory Auditors**

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9 Tregarne Terrace  
St Austell  
Cornwall  
PL25 4DD

# FOWEY HARBOUR COMMISSIONERS

## INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

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	Notes	2018 £	2017 £
Turnover		2,885,119	2,403,374
Cost of sales		(2,239,422)	(1,760,897)
<b>Gross profit</b>		<u>645,697</u>	<u>642,477</u>
Administrative expenses		(716,870)	(648,851)
<b>Operating loss</b>	<b>3</b>	<u>(71,173)</u>	<u>(6,374)</u>
Interest receivable and similar income		653	528
Interest payable and similar expenses		(4,718)	-
<b>Loss before taxation</b>		<u>(75,238)</u>	<u>(5,846)</u>
Tax on loss	<b>4</b>	8,738	2,756
<b>Loss for the year</b>	<b>11</b>	<u><u>(66,500)</u></u>	<u><u>(3,090)</u></u>



# FOWEY HARBOUR COMMISSIONERS

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

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		2018		2017	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Property, plant and equipment	6		4,581,399		4,209,393
<b>Current assets</b>					
Inventories		85,859		70,536	
Debtors	7	291,928		273,507	
Cash at bank and in hand		643,934		376,245	
		<u>1,021,721</u>		<u>720,288</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(214,711)</u>		<u>(182,189)</u>	
<b>Net current assets</b>			807,010		538,099
<b>Total assets less current liabilities</b>			<u>5,388,409</u>		<u>4,747,492</u>
<b>Creditors: amounts falling due after more than one year</b>	9		(716,155)		-
<b>Provisions for liabilities</b>	10		<u>(563,446)</u>		<u>(572,184)</u>
			<u>4,108,808</u>		<u>4,175,308</u>
<b>Reserves</b>					
Revaluation reserve	11		2,367,369		1,743,253
Other reserves	11		64,686		64,686
Profit and loss account	11		1,676,753		2,367,369
<b>Total equity</b>			<u>4,108,808</u>		<u>4,175,308</u>

These financial statements have been prepared in accordance with the small companies' regime and with the provisions of FRS 102 Section 1A .

Approved by the Commissioners for issue on ..... and signed on its behalf by:

.....  
Capt W Mitchell  
**Chairman**

.....  
Capt P Thomas  
**Chief Executive**

# **FOWEY HARBOUR COMMISSIONERS**

## **NOTES TO THE FINANCIAL STATEMENTS**

***FOR THE YEAR ENDED 31 DECEMBER 2018***

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### **1 Accounting policies**

#### **Company information**

The entity is a trust port, governed by a Board of Commissioners. It is not limited by shares and as such does not have a share capital. The entity is incorporated under the Pier and Harbour Order (Fowey) Confirmation Acts 1937 to 2001. The address of the registered office is The Harbour Office, Albert Quay, Fowey, Cornwall PL23 1AJ.

#### **1.1 Accounting convention**

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS102) and in accordance with the appropriate provisions of Section 42 of the Harbours Act 1964, as amended by the Transport Act 1981 and with the Statutory Harbour Undertakings (form of accounts etc) (General) Regulations 1983. 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. The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

#### **1.2 Turnover**

Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts. The policies adopted for the recognition of turnover are as follows:

##### ***Sale of goods***

Turnover from the sale of goods is recognised at the point of sale.

##### ***Rendering of services***

Turnover is recognised on completion of the service.

# FOWEY HARBOUR COMMISSIONERS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

(Continued)

#### 1.3 Property, plant and equipment and depreciation

Land and buildings include the harbour offices and various other buildings and land around the port of Fowey. Land and buildings are carried at their revalued amounts, being fair value at the date of valuation less subsequent depreciation and impairment losses. Revaluations are performed by professional qualified valuers with sufficient regularity to ensure that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Any revaluation increase in the carrying amount of land and buildings is recognised in other comprehensive income and included in a revaluation reserve in equity, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is credited to profit and loss to the extent of the decrease previously expended. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against revaluation reserve in equity; decreases exceeding the balance in the revaluation reserve relating to an asset are recognised in profit and loss.

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Freehold buildings	2% per annum
Harbour improvements	5% and 15% per annum
Plant and machinery	5% to 33 1/3% per annum
Tugs	10% to 20% per annum
Leisure facilities	5% to 33 1/3% per annum
Pilot boats	5% to 10% per annum
Penmarlam	5% to 25% per annum

On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognised in the profit and loss account.

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible 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.

#### 1.4 Inventories

Inventories are valued at the lower of cost and net realisable value and consist of consumable stores and goods for resale. Costs are calculated on an average cost basis after making due allowance for obsolete and slow moving stock.

#### 1.5 Cash and cash equivalents

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

# FOWEY HARBOUR COMMISSIONERS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

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### 1 Accounting policies

(Continued)

#### 1.6 Financial instruments

The Commissioners have 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 Commissioners' balance sheet when the Commissioners 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.

#### *Classification of financial liabilities*

Basic financial liabilities, including creditors and bank loans, 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.

#### **Debtors and creditors receivable/payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

#### 1.7 Pensions

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.

#### 1.8 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 income statement 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 Commissioners' 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 income statement, 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 Commissioners have 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.

# FOWEY HARBOUR COMMISSIONERS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 1 Accounting policies

(Continued)

#### 1.9 Going concern

The financial statements have been prepared on the going concern basis. After making due enquiries, the Commissioners have reasonable expectation that the trust port has adequate resources to continue in operational existence for the foreseeable future and recognise that the Port could not cease to function without the approval of the Secretary of State through the issue of a Harbour Closure Notice. For these reasons they continue to adopt the going concern basis in preparing the financial statements.

### 2 Employees

No remuneration is paid to Commissioners other than to the Chief Executive who is the Harbour Master.

The average number of persons employed by the Commissioners during the year was:

	2018	2017
Full time	27	27
Part time	5	5
	<u>32</u>	<u>32</u>

### 3 Operating loss

	2018	2017
	£	£
Operating loss is stated after charging/crediting:		
Depreciation of tangible assets	148,521	145,111
(Profit)/loss on disposal of tangible fixed assets	(732)	(15,405)
Auditors' remuneration	5,600	5,500
	<u>153,389</u>	<u>135,206</u>

### 4 Taxation

	2018	2017
	£	£
<b>Deferred tax</b>		
Deferred tax credit	(8,738)	(2,756)
	<u>(8,738)</u>	<u>(2,756)</u>

The entity has unused tax losses of £391,262 (2017: £198,272) available for carry forward against future trading profits.

# FOWEY HARBOUR COMMISSIONERS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE YEAR ENDED 31 DECEMBER 2018*

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### 5 Pensions

#### **Defined benefit pension scheme**

The Commissioners operate a retirement pension scheme (The Fowey Harbour Commissioners Retirement Benefits Scheme) providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Commissioners. Contributions to the scheme are charged to the revenue account so as to spread the cost of pensions over employees' working lives with the Commissioners. On 1 August 2011 the scheme was closed to further benefit accrual. All active members were offered membership of a group personal pension plan.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the current unit method. The most recent valuation was at 1 April 2018. The assumptions that have the most significant effect on the results of the valuation are those relating to the discount rate, the rate of increase in pensions, and the longevity of members. It was assumed that the discount rate would be 3.7% per annum, that pensions accrued prior to 1 April 2001 would increase at the rate of 3% per annum, and pensions accrued thereafter would increase at 3% per annum. The latest mortality table and projections have been adopted, with a long term rate of improvement in post retirement mortality of 1.38% per annum.

The most recent actuarial valuation carried out at 1 April 2018 showed that the market value of the Scheme's assets was £4,878,000 and the value of the Scheme's liabilities was £5,410,000. Therefore the Scheme had a deficit of £532,000 and the funding level against technical provisions was 90.2%.

To repay the deficit, the Commissioners and Trustees have agreed that deficit reduction contributions of £47,500 in 2019 and then £40,000 per annum will be paid in order to remove the deficit by 1 October 2023.

The Commissioners meet the administration costs of the scheme.

In addition to the contributions to the Pension Scheme, the Commissioners pay for additional insurance elements to obtain life assurance and death in service. Premiums paid during the year ended 31 December 2018 were £6,423 (2017: £6,143).

The Commissioners have considered the implications of full compliance with FRS 102 Section 28 which requires the assets and liabilities and gains and losses of the Scheme to be recognised in the financial statements.

The information needed for full compliance could be obtained from the Scheme's actuary, but at considerable cost.

Having given due regard to any possible benefits of including this information, the Commissioners do not believe that incurring the additional costs would be a worthwhile application of the funds generated from the port users.

#### **Money purchase pension scheme**

The Commissioners operate a money purchase pension scheme on behalf of their employees. The assets of the scheme are held separately from those of the Fowey Harbour Commissioners in an independently administered fund. The pension cost charge represents contributions payable by the Commissioners to the fund and amounted to £61,539 for the year ended 31 December 2018 (£56,372: 2017).

The balance of outstanding contributions included in other creditors at 31 December 2018 was £8,060 (2017: £7,325).

# FOWEY HARBOUR COMMISSIONERS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 6 Property, plant and equipment

	Land and buildings £	Harbour improvements £	Plant and equipment £	Tugs £
<b>Cost or valuation</b>				
At 1 January 2018	2,702,100	299,443	883,047	992,859
Additions	120,000	22,263	441,749	-
Disposals	(115,000)	-	(17,059)	(4,207)
At 31 December 2018	2,707,100	321,706	1,307,737	988,652
<b>Depreciation</b>				
At 1 January 2018	108,153	149,426	566,943	487,131
On disposals	-	-	(17,059)	(4,207)
Charge for the year	7,229	2,894	38,943	50,678
At 31 December 2018	115,382	152,320	588,827	533,602
<b>Net book value</b>				
At 31 December 2018	2,591,718	169,386	718,910	455,050
At 31 December 2017	2,593,947	150,017	316,104	505,728
	<b>Leisure facilities £</b>	<b>Pilot boats £</b>	<b>Penmarlam £</b>	<b>Total £</b>
<b>Cost or valuation</b>				
At 1 January 2018	619,987	147,058	466,026	6,110,520
Additions	17,000	-	52,295	653,307
Disposals	(21,565)	-	(34,997)	(192,828)
At 31 December 2018	615,422	147,058	483,324	6,570,999
<b>Depreciation</b>				
At 1 January 2018	428,046	62,630	98,798	1,901,127
On disposals	(21,565)	-	(17,218)	(60,049)
Charge for the year	25,485	6,932	16,361	148,522
At 31 December 2018	431,966	69,562	97,941	1,989,600
<b>Net book value</b>				
At 31 December 2018	183,456	77,496	385,383	4,581,399
At 31 December 2017	191,941	84,428	367,228	4,209,393

Land and buildings were revalued in June 2010 by J Greenhalgh FRICS of May Whetter & Grose on the basis of open market value. The excess of £1,000,000 was credited to the revaluation reserve. The Commissioners are of the opinion that the valuation is still reasonable at 31 December 2018 and therefore a further revaluation is not necessary.

The valuation of freehold buildings on which depreciation is charged amounted to £355,000. There is no historical cost of these buildings.

# FOWEY HARBOUR COMMISSIONERS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 6 Property, plant and equipment

(Continued)

Freehold land and buildings with a carrying amount of £411,775 (2017: £418,875) have been pledged to secure borrowings of the Commissioners. The Commissioners are not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

### 7 Debtors

Amounts falling due within one year:

	2018 £	2017 £
Trade debtors	251,054	251,482
Other debtors	40,874	22,025
	<u>291,928</u>	<u>273,507</u>

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

	2018 £	2017 £
Bank loans and overdrafts (secured)	29,572	-
Trade creditors	114,584	101,647
Taxation and social security	25,285	20,505
Other creditors	45,270	60,037
	<u>214,711</u>	<u>182,189</u>

### 9 Creditors: amounts falling due after more than one year

	2018 £	2017 £
Bank loans	716,155	-
	<u>716,155</u>	<u>-</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	745,727	-
Included in current liabilities	(29,572)	-
	<u>716,155</u>	<u>-</u>

The bank borrowing is secured on assets which are not operationally essential to the discharge of the statutory duties of the Harbour Commissioners.



# FOWEY HARBOUR COMMISSIONERS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 10 Provisions for liabilities

	<b>Deferred tax liability</b>
	<b>£</b>
Balance at 1 January 2018	572,184
Profit and loss account	(8,738)
	<hr/>
Balance at 31 December 2018	563,446
	<hr/> <hr/>

#### The deferred tax liability is made up as follows:

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	228,875	200,952
Tax on potential gain on revaluation reserve	408,911	408,911
Tax losses available	(74,340)	(37,679)
	<hr/>	<hr/>
	563,446	572,184
	<hr/> <hr/>	<hr/> <hr/>

#### **FRS 102 adoption**

FRS 102 requires the recognition of the deferred tax liability arising on the revaluation of freehold land and buildings. This is the case even where there is no intention to dispose of these assets. The deferred tax liability as at 31 December 2018 includes an amount of £408,911 (2017: £408,911) to comply with this requirement. £133,000 of this provision relates to the valuation of the river funds which cannot be disposed of without permission from the Secretary of State.

# FOWEY HARBOUR COMMISSIONERS

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

### 11 Statement of movements on reserves

	Revaluation reserve £	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2018	2,367,369	64,686	1,743,253
Loss for the year	-	-	(66,500)
Balance at 31 December 2018	<u>2,367,369</u>	<u>64,686</u>	<u>1,676,753</u>

#### Other reserves

##### Replacement reserve

Balance at 1 January 2018 & at 31 December 2018

64,686

There is no issued share capital and the Commissioners do not hold any personal interest in the reserves of the undertaking which is incorporated under the Pier and Harbour Orders 1937 to 2001.

### 12 Contingencies

#### Pilots National Pension Fund

The Pilots National Pension Fund (PNPF) is a defined benefit scheme, membership of which is at the discretion of individual pilots. The scheme has a significant deficit and the Trustees of the PNPF sought guidance from the Courts on the extent of its powers to address the deficit. The result was that the deficit has been the subject of a national recovery plan contributed to by Competent Harbour Authorities (CHA's), (as defined by the Pilotage Act 1987) and as a CHA the Fowey Harbour Commissioners have, while not accepting liability for the deficit, agreed to assist in reducing the deficit by making an affordable annual contribution.

### 13 Borrowing powers

The Fowey Harbour Revision Order 2001 allows the Commissioners to borrow up to £2 million, adjusted in line with RPI, secured on assets and revenues. At 31 December 2018 the adjusted figure is £3,320,908.

The Order also permits temporary borrowing, by way of overdraft or otherwise, up to £250,000 adjusted in line with RPI. At 31 December 2018 the adjusted figure is £415,114.

### 14 Related party relationships and transactions

#### Other transactions

During the period the Commissioners used the services of Cornubia Marine LLP trading as Fowey Pilots. Captain P Thomas, chief executive, and Captain W Mitchell, chairman, and their wives are the members of this LLP. Purchases of services from the LLP for the year amounted to £162,383 (2017: £146,872). The balance owing by the Fowey Harbour Commissioners at the year end was £2,724 (2017: £4,186). All transactions were at normal commercial rates.