

**YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS
COMMISSIONERS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

HARBOUR INFORMATION

Commissioners Tim Adams (Chief Executive and Harbour Master)
Mike Cowan
Jessica Garbett
Brian Mitchell
Sue Poston
Tony Stables (Vice Chair)
Don Tregear
Sarah Turvill
Belinda Walters (Chairman)

Officers Tim Adams

Harbour office The Quay
Yarmouth
Isle of Wight
PO41 ONT

Auditors Bright Brown Limited
Chartered Accountants
Statutory Auditor
Exchange House
St. Cross Lane
Newport
Isle of Wight
PO30 5BZ

YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

CONTENTS

	Page
Commissioners' report	1 - 2
Independent auditor's report	3 - 4
Statement of comprehensive income	5
Balance sheet	6
Notes to the financial statements	7 - 12

YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

COMMISSIONERS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

Commissioners' responsibilities

The Commissioners are responsible for preparing the Commissioners' Report and the financial statements in accordance with applicable law and regulation.

The Commissioners are required by the Harbours Act 1964, as amended by subsequent legislation, to prepare financial statements for each financial year. 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). Under company law the Commissioners 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 Yarmouth (Isle of Wight) Harbour Commissioners and of the surplus or deficit of the Yarmouth (Isle of Wight) Harbour 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 estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Harbour will continue in business.

The Commissioners are responsible for keeping adequate accounting records that are sufficient to show and explain the Yarmouth (Isle of Wight) Harbour Commissioners' transactions and disclose with reasonable accuracy at any time the financial position of the Yarmouth (Isle of Wight) Harbour Commissioners and enable them to ensure that the financial statements comply with the Harbours Act 1964, as amended by subsequent legislation. They are also responsible for safeguarding the assets of the Yarmouth (Isle of Wight) Harbour Commissioners and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

The Commissioners who held office at the date of approval of this Commissioners' Report confirm that:

- So far as they are aware, there is no relevant audit information, information needed by the Commissioners' auditors in connection with preparing their report, of which the Commissioners' auditors are unaware; and
- They have taken all the necessary steps that they ought to have taken as a Commissioner in order to make themselves aware of all relevant audit information and to establish that the Commissioners' auditors are aware of that information.

YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

COMMISSIONERS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

Commissioners

The Commissioners who served during the year were:

Tim Adams (Chief Executive and Harbour Master)
Mike Cowan
Jessica Garbett
Brian Mitchell
Sue Poston
Tony Stables (Vice Chair)
Don Tregear
Sarah Turvill
Belinda Walters (Chairman)

Small company regime

The report has been prepared in accordance with the special provisions relating to entities subject to the small companies regime within Part 15 of the Companies Act 2006.

This report was approved by the Commissioners on 29 March 2019 and signed on their behalf by:

T Adams

T Adams
Chief Executive

YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

Opinion

We have audited the financial statements of Yarmouth (Isle of Wight) Harbour Commissioners for the year ended 31 December 2018 which comprise of the Statement of Comprehensive Income, Balance Sheet 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 Financial Reporting Standard 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 Commissioners' affairs as at 31 December 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with the Harbours Act 1964, as amended by the Transport Act 1981 and subsequent legislation, which require the accounts to be prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of 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 Auditors' 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 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 Commissioners' use of the going concern basis of accounting in the 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 the information in the Commissioners' Report, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and 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, 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the 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 applicable legal requirements.

YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Commissioners and its environment obtained in the course of the audit, we have not identified material misstatements in the Commissioners' 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 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 from the requirement to prepare a Strategic Report or in preparing the Commissioners' Report.

Responsibilities of Commissioners

As explained more fully in the Commissioners' Responsibilities Statement set out on page one, the Commissioners 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 Commissioners determine 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 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 but to do so.

Our 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 a Report of the Auditors 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 www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

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. Our audit work has been undertaken so that we might state to the Commissioners those matters we are required to state to them in a Report of the Auditors 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.

D Stevens

23 April 2019

David Stevens ACA
for and on behalf of Bright Brown Limited
Chartered Accountants
Statutory Auditor

Exchange House
St. Cross Lane
Newport
Isle of Wight
PO30 5BZ

YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	2017 £
Turnover		2,564,382	2,454,963
Cost of Sales		(1,562,402)	(1,594,976)
Gross surplus		1,001,980	859,987
Administrative expenses		(800,980)	(708,127)
Other operating income		767,181	213,067
Operating surplus	2	968,181	364,927
Gain on revaluation of investment properties		151,500	-
Interest receivable and similar income		3,912	1,821
Interest payable and similar charges		(21,029)	(34,646)
Surplus on ordinary activities and before taxation		1,102,564	332,102
Tax on surplus on ordinary activities		(215,419)	(57,358)
Surplus for the year		887,145	274,744
Other comprehensive income			
Actuarial gains and (losses)		(36,000)	55,000
Deferred tax on actuarial gains and (losses)		3,800	(30,160)
Total comprehensive income for the year		854,945	299,584

None of the Commissioners' activities were acquired or discontinued during the current year or previous year.

YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

BALANCE SHEET

AS AT 31 DECEMBER 2018

		2018		2017	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	4		2,799,543		2,857,525
Investment properties	5		926,500		775,000
			<u>3,726,043</u>		<u>3,632,525</u>
Current assets					
Stocks		27,707		18,879	
Debtors	6	386,446		416,372	
Cash at bank and in hand		1,365,392		1,310,705	
		<u>1,779,545</u>		<u>1,745,956</u>	
Creditors: amounts falling due within one year	7	(692,116)		(648,913)	
			<u>1,087,429</u>		<u>1,097,043</u>
Net current assets					
			<u>4,813,472</u>		<u>4,729,568</u>
Total assets less current liabilities					
Creditors: amounts falling due after more than one year	8		(27,875)		(37,069)
Provisions for liabilities	9		(1,019,010)		(1,780,857)
			<u>3,766,587</u>		<u>2,911,642</u>
Reserves					
Revaluation reserve	10		782,535		659,820
Income and expenditure reserve	11		2,984,052		2,251,822
			<u>3,766,587</u>		<u>2,911,642</u>

The financial statements, which have been prepared in accordance with the special provisions relating to companies subject to the small companies regime with Part 15 of the Companies Act 2006, were approved by the Commissioners on 29 March 2019 and signed on their behalf:

J Garbett

T Adams

J Garbett
Commissioner

T Adams
Chief Executive

The notes on pages 8 to 12 form part of these financial statements

YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

1.1 General information

Yarmouth (Isle of Wight) Harbour Commissioners is a private company limited by guarantee, registered in England and Wales. The financial statements are presented in Sterling, which is the functional currency.

1.2 Basis of preparation of the financial statements

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

The financial statements have been prepared in accordance with FRS 102 Section 1A - The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

1.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated returns, rebates and other similar allowances.

Revenue from the sale of goods and services and the use of facilities is recognised when the goods and services are delivered and where applicable, legal title has passed.

Capital grants are treated on the accruals model and recognised as income on the systematic basis over the period of the related costs.

Revenue grants are recognised on a performance model and where performance related conditions exist, income is recognised when the conditions are met. Any grants not imposing conditions are recognised as income when receivable.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets held for the Commissioners' own use are stated at cost or valuation less accumulated depreciation and accumulated impairment losses.

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less estimated residual value, over their expected useful lives, as follows:

Freehold trading property	2%, 4% and 10% on cost
Leasehold land	10% on cost
Launch, vehicles and harbour equipment	20% on reducing balance; 33%, 20% & 10% on cost
Office furniture and equipment	20% on reducing balance; 33% and 50% on cost
Harbour development	5% on cost

At each balance sheet date, the Commissioners review the carrying amount of tangible fixed assets to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss.

1.5 Investment property

Investment property is carried at fair value. Revaluation surpluses are recognised in the income statement. Deferred taxation is provided on these gains at the rate expected to apply when the property is sold.

To ensure that the investment property is properly disclosed, the Commissioners obtained a valuation from a firm of independent and professionally qualified surveyors in 2019.

YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies (continued)

1.6 Leasing

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the lease term.

1.7 Stocks

Stock are stated at lower of cost and estimated selling price less costs to complete and sell, on a first-in-first-out basis.

1.8 Pensions

The Commissioners operate a defined benefit scheme and make contributions to another pension fund.

Retirement Benefits Scheme

The Commissioners operate a defined benefit scheme via the Isle of Wight Council, the administering authority for the Local Government Pension Scheme. The current service and finance cost is charged to the income and expenditure account in accordance with FRS 102.

Other Independent Pension Funds

Contributions are also made to another independent defined contribution pension fund on behalf of employees who do not derive a future pension benefit from the Retirement Benefits Scheme (see above). The pension cost of £20,922 (2017 - £22,307) represents the total contributions payable on behalf of those employees in the year.

1.9 Taxation

Taxation represents the sum of tax currently payable and deferred tax. A current tax liability is recognised for the tax payable for the current period.

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference

1.10 Dredging and harbour maintenance

Under Ports good governance guidance published by the Department for Transport, the Commissioners recognise that they have an obligation to maintain the harbour facilities. An independent review of the harbour infrastructure was completed in September 2002, and subsequently updated in 2008, 2011, 2014 and 2017 which sets out the likely expenditure required over the following 10 years. Provisions for this work have been included within the accounts in accordance with FRS 102 where appropriate.

YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

2 Operating surplus	2018	2017
	£	£
Operating surplus of £968,181 is stated after charging:		
Depreciation of tangible assets	266,883	253,621
Profit on disposal of tangible assets	(536)	(2,208)
Auditor remuneration	4,900	5,250
Expenses reimbursed to Commissioners	2,987	2,961
	<u>266,883</u>	<u>253,621</u>

3 Employees

The average monthly number of full-time equivalent employees during the year was 34 (2017 - 32)

4 Tangible fixed assets

	Freehold trading property	Leasehold land	Launch, vehicles and harbour equipment	Office furniture and equipment	Harbour development	Total
Cost or valuation	£	£	£	£	£	£
At 1 January 2018	2,106,829	19,750	1,567,179	204,835	1,594,706	5,493,299
Additions	-	-	162,965	-	57,400	220,365
Disposals	-	-	(29,413)	(18,683)	-	(48,096)
At 31 December 2018	<u>2,106,829</u>	<u>19,750</u>	<u>1,700,731</u>	<u>186,152</u>	<u>1,652,106</u>	<u>5,665,568</u>
Depreciation						
At 1 January 2018	730,943	19,750	1,196,179	184,174	504,728	2,635,774
Charge for the year	48,420	-	119,645	16,213	82,605	266,883
On disposals	-	-	(17,949)	(18,683)	-	(36,632)
At 31 December 2018	<u>779,363</u>	<u>19,750</u>	<u>1,297,875</u>	<u>181,704</u>	<u>587,333</u>	<u>2,866,025</u>
Net book value						
At 31 December 2018	<u>1,327,466</u>	<u>-</u>	<u>402,856</u>	<u>4,448</u>	<u>1,064,773</u>	<u>2,799,543</u>
At 31 December 2017	<u>1,375,886</u>	<u>-</u>	<u>371,000</u>	<u>20,661</u>	<u>1,089,978</u>	<u>2,857,525</u>

The harbour development included work to the quay wall which is listed under Freehold Property.

5 Investment property	2018	2017
	£	£
Cost or valuation		
At 1 January 2018	775,000	775,000
Revaluation	151,500	-
At 31 December 2018	<u>926,500</u>	<u>775,000</u>

YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

6 Debtors	2018	2017
	£	£
Trade debtors	249,262	239,330
Other debtors	47,524	89,086
Prepayment and accrued income	89,660	87,956
	<u>386,446</u>	<u>416,372</u>

7 Creditors: amounts falling due within one year	2018	2017
	£	£
Bank loans and overdrafts (secured)	-	15,379
Payments received on account	4,557	4,261
Trade creditors	54,190	103,645
Corporation tax	176,028	66,201
Other taxes and social security costs	33,788	49,025
Other creditors	204	271
Accruals and deferred income	423,349	410,131
	<u>692,116</u>	<u>648,913</u>

8 Creditors: amounts falling due after more than one year	2018	2017
	£	£
Deferred income	27,875	37,069
	<u>27,875</u>	<u>37,069</u>

All bank loans are secured by specific legal charges over freehold and leasehold property in the ownership of the Commissioners.

YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

9 Provisions for liabilities	2018 £	2017 £
Deferred tax	273,250	233,859
Defined benefit pension obligation	725,760	709,560
Other provisions	20,000	837,438
	<u>1,019,010</u>	<u>1,780,857</u>
Balance at 31 December 2018	<u>1,019,010</u>	<u>1,780,857</u>

Defined benefit pension scheme (IWC)

The Commissioners operate a defined benefit scheme. This scheme is operated through the Isle of Wight Council and therefore the Commissioners do not have any direct influence on the day to day running or management of this scheme. No new members have been admitted to the scheme since 2001.

The Commissioners do not have specific detailed knowledge of the calculations used in the compilation of the valuation shown in this note and have consequently continued to rely upon the information provided by the Isle of Wight Council's Actuary.

The other provisions are made up as follows:

The provisional costs and anticipated final completion dates are:

	Estimated final project costs £	Completion date	As at 1 January 2018 £	Increase in year £	Used in year £	As at 31 December 2018 £
Pier major repairs	912,975	2019	837,438	20,000	(837,438)	20,000
			<u>837,438</u>	<u>20,000</u>	<u>(837,438)</u>	<u>20,000</u>

YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2018

10 Revaluation reserve	2018	2017
	£	£
At 1 January	659,820	653,136
Transfer of investment property revaluation from the income and expenditure reserve	151,500	-
Transfer of deferred tax on investment property revaluation to the income and expenditure reserve	(28,785)	6,684
	<hr/>	<hr/>
Balance at 31 December	<u>782,535</u>	<u>659,820</u>

11 Income and expenditure reserve	2018	2017
	£	£
At 1 January	2,251,822	1,958,922
Total comprehensive income/(loss) for the year	854,945	299,584
Transfer of investment property revaluation to the revaluation reserve	(151,500)	-
Transfer of deferred tax on investment property revaluation from the revaluation reserve	28,785	(6,684)
	<hr/>	<hr/>
Balance at 31 December	<u>2,984,052</u>	<u>2,251,822</u>

The Commissioners are of the opinion that it would be beneficial to the users of the financial statements to present the gains and losses on revaluation of investment properties in a separate reserve, being the revaluation reserve. A transfer from the income and expenditure reserve to the revaluation reserve was made of £151,500 being the valuation increase of the investment properties, and a transfer from the revaluation reserve to the income and expenditure reserve was made of £28,785 being the deferred tax on the revaluation of the investment property for the year ended 31 December 2018.

12 Financial commitments

At 31 December 2018, the Commissioners had commitments with The Crown Estate under non-cancellable operating leases over the remaining life of those leases of £1,055,427 (2017 - £893,888).