

**YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS
COMMISSIONERS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

HARBOUR INFORMATION

Commissioners Tim Adams (Chief Executive and Harbour Master)
Mike Cowan
Jessica Garbett
Brian Mitchell (appointed 1 June 2017)
Clive Mullins (retired May 2017)
Miles Peckham (retired May 2017)
Sue Poston (appointed 1 June 2017)
Chris Smith (deceased February 2017)
Tony Stables (Vice Chair)
Don Tregear (appointed 1 June 2017)
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

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YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

COMMISSIONERS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The Commissioners present their report and financial statements for the year ended 31 December 2017.

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 2017

Commissioners

The Commissioners who served during the year were:

Tim Adams (Chief Executive and Harbour Master)
Mike Cowan
Jessica Garbett
Brian Mitchell (appointed 1 June 2017)
Clive Mullins (retired May 2017)
Miles Peckham (retired May 2017)
Sue Poston (appointed 1 June 2017)
Chris Smith (deceased February 2017)
Tony Stables (Vice Chair)
Don Tregear (appointed 1 June 2017)
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 13 April 2018 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 2017 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the Commissioners' affairs as at 31 December 2017 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.

YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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.

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.

D Stevens

27 April 2018

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 2017

	Notes	2017 £	2016 £
Turnover		2,454,963	2,344,748
Cost of Sales		(1,594,976)	(1,380,697)
Gross surplus		859,987	964,051
Administrative expenses		(708,127)	(743,770)
Other operating income		213,067	183,975
Operating surplus	2	364,927	404,256
Gain on revaluation of investment properties		-	-
Interest receivable and similar income		1,821	493
Interest payable and similar charges		(34,646)	(55,877)
Surplus on ordinary activities and before taxation		332,102	348,872
Tax on surplus on ordinary activities		(57,358)	(76,621)
Surplus for the year		274,744	272,251
Other comprehensive income			
Actuarial gains and (losses)		55,000	16,000
Deferred tax on actuarial gains and (losses)		(30,160)	4,000
Total comprehensive income for the year		299,584	292,251

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 2017

		2017		2016	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	4		2,857,525		2,972,100
Investment properties	5		775,000		775,000
			<u>3,632,525</u>		<u>3,747,100</u>
Current assets					
Stocks		18,879		20,729	
Debtors	6	416,372		344,992	
Cash at bank and in hand		1,310,705		1,074,937	
		<u>1,745,956</u>		<u>1,440,658</u>	
Creditors: amounts falling due within one year	7	(648,913)		(775,640)	
			<u>1,097,043</u>		<u>665,018</u>
Net current assets					
			<u>4,729,568</u>		<u>4,412,118</u>
Total assets less current liabilities					
Creditors: amounts falling due after more than one year	8	(37,069)		(170,778)	
Provisions for liabilities	9	(1,780,857)		(1,629,282)	
			<u>2,911,642</u>		<u>2,612,058</u>
Reserves					
Revaluation reserve	10	659,820		653,136	
Income and expenditure reserve	11	2,251,822		1,958,922	
			<u>2,911,642</u>		<u>2,612,058</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 13 April 2018 and signed on their behalf:

J Garbett

T Adams

J Garbett
Commissioner

T Adams
Chief Executive

The notes on pages 8 to 13 form part of these financial statements

YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

1.1 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.

1.2 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.

1.3 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.

1.4 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 2015. The Commissioners consider there to be no material change in value in 2017.

YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (continued)

1.5 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.

1.6 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.

1.7 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 £22,307 (2016 - £17,982) represents the total contributions payable on behalf of those employees in the year.

1.8 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

1.9 Dredging and harbour maintenance

Under Modernising Trust Ports (second edition) 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.

YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

2 Operating surplus	2017	2016
	£	£
Operating surplus of £364,927 is stated after charging:		
Depreciation of tangible assets	253,621	258,993
Profit on disposal of tangible assets	(2,208)	-
Auditor remuneration	5,250	5,250
Expenses reimbursed to Commissioners	2,961	2,785
	<u>259,624</u>	<u>267,028</u>

3 Employees

The average monthly number of full-time equivalent employees during the year was 32 (2016 - 31)

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 2017	2,106,829	19,750	1,457,673	200,492	1,594,706	5,379,450
Additions	-	-	126,337	12,709	-	139,046
Disposals	-	-	(16,831)	(8,366)	-	(25,197)
At 31 December 2017	<u>2,106,829</u>	<u>19,750</u>	<u>1,567,179</u>	<u>204,835</u>	<u>1,594,706</u>	<u>5,493,299</u>
Depreciation						
At 1 January 2017	682,525	19,750	1,108,920	171,162	424,993	2,407,350
Charge for the year	48,418	-	104,090	21,378	79,735	253,621
On disposals	-	-	(16,831)	(8,366)	-	(25,197)
At 31 December 2017	<u>730,943</u>	<u>19,750</u>	<u>1,196,179</u>	<u>184,174</u>	<u>504,728</u>	<u>2,635,774</u>
Net book value						
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>
At 31 December 2016	<u>1,424,304</u>	<u>-</u>	<u>348,753</u>	<u>29,330</u>	<u>1,169,713</u>	<u>2,972,100</u>

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

5 Investment property	2017	2016
	£	£
Cost or valuation		
At 1 January 2017	775,000	775,000
Revaluation	-	-
At 31 December 2017	<u>775,000</u>	<u>775,000</u>

YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

6 Debtors	2017	2016
	£	£
Trade debtors	239,330	231,428
Other debtors	89,086	26,395
Prepayment and accrued income	87,956	87,169
	<u>416,372</u>	<u>344,992</u>
	<u><u>416,372</u></u>	<u><u>344,992</u></u>
7 Creditors: amounts falling due within one year	2017	2016
	£	£
Bank loans and overdrafts (secured)	15,379	154,135
Payments received on account	4,261	4,261
Trade creditors	103,645	52,415
Corporation tax	66,201	66,234
Other taxes and social security costs	49,025	50,480
Other creditors	271	231
Accruals and deferred income	410,131	447,884
	<u>648,913</u>	<u>775,640</u>
	<u><u>648,913</u></u>	<u><u>775,640</u></u>
8 Creditors: amounts falling due after more than one year	2017	2016
	£	£
Bank loans (secured)	-	124,781
Deferred income	37,069	45,997
	<u>37,069</u>	<u>170,778</u>
	<u><u>37,069</u></u>	<u><u>170,778</u></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 2017

9 Provisions for liabilities	2017 £	2016 £
Deferred tax	233,859	242,702
Defined benefit pension obligation	709,560	746,400
Other provisions	837,438	640,180
Balance at 31 December 2017	<u>1,780,857</u>	<u>1,629,282</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 2017 £	Increase in year £	Used in year £	As at 31 December 2017 £
Pier major repairs	912,975	2018	640,180	272,795	(75,537)	837,438
			<u>640,180</u>	<u>272,795</u>	<u>(75,537)</u>	<u>837,438</u>

During the period, the Commissioners have applied for and been successful in securing grant funding from Heritage Lottery Fund for the pier repairs. The funding should result in approximately 78% of the costs being reimbursed once the relevant expenditure and conditions on performance have been met. The project is expected to be completed by the end of December 2018.

YARMOUTH (ISLE OF WIGHT) HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

10 Revaluation reserve	2017	2016
	£	£
At 1 January	653,136	650,750
Transfer of deferred tax on investment property revaluation to the income and expenditure reserve	6,684	2,386
	<hr/>	<hr/>
Balance at 31 December	<u>659,820</u>	<u>653,136</u>

11 Income and expenditure reserve	2017	2016
	£	£
At 1 January	1,958,922	1,669,057
Total comprehensive income/(loss) for the year	299,584	292,251
Transfer of deferred tax on investment property revaluation from the revaluation reserve	(6,684)	(2,386)
	<hr/>	<hr/>
Balance at 31 December	<u>2,251,822</u>	<u>1,958,922</u>

12 Financial commitments

At 31 December 2017, the Commissioners had commitments with The Crown Estate under non-cancellable operating leases over the remaining life of those leases of £893,888 (2016 - £951,074).