

CATTEWATER HARBOUR COMMISSIONERS

COMMISSIONERS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

CATTEWATER HARBOUR COMMISSIONERS

COMMISSION INFORMATION

COMMISSIONERS

Mr R J Love (resigned 31 October 2019)
Captain T Charlesworth (resigned 31 March 2020)
Mr C Necker
Mr A Blackmore
Mr A Nichols (Chairman)
Mr M Gibbons (resigned 31 October 2019)
Ms M Hammett
Mr W Rahder (Deputy Chairman)
Mr N Godefroy
Mr N Webb
Mr R Allan (Harbour Master) (appointed 1 April 2020)
Mrs P Buchan (appointed 1 November 2019)
Mr D Petherbridge (re-appointed 1 November 2019)

REGISTERED OFFICE

2 The Barbican
Plymouth
Devon
PL1 2LR

INDEPENDENT AUDITORS

Bishop Fleming LLP
Chartered Accountants & Statutory Auditors
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
PL4 0BN

BANKERS

Handelsbanken
Salt Quay House
4 North East Quay
Sutton Harbour
Plymouth
PL4 0BN

CATTEWATER HARBOUR COMMISSIONERS

CONTENTS

	Page
Commissioners' Report	1 - 3
Independent Auditors' Report	4 - 6
Statement of Comprehensive Income	7
Statement of Financial Position	8
Notes to the Financial Statements	9 - 19
The following pages do not form part of the statutory financial statements:	
Detailed profit and loss account summaries	19 - 25

CATTEWATER HARBOUR COMMISSIONERS

COMMISSIONERS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The commissioners present their report and the financial statements for the year ended 31 March 2020.

COMMISSIONERS

The commissioners who served during the year were:

Mr R J Love (resigned 31 October 2019)
Captain T Charlesworth (resigned 31 March 2020)
Mr C Necker
Mr A Blackmore
Mr A Nichols (Chairman)
Mr M Gibbons (resigned 31 October 2019)
Ms M Hammett
Mr W Rahder (Deputy Chairman)
Mr N Godefroy
Mr N Webb
Mrs P Buchan (appointed 1 November 2019)
Mr D Petherbridge (re-appointed 1 November 2019)

The Cattewater Harbour Revision (Constitution) Order 2005 which came into force on 24 October 2005 reduced the number of Commissioners to 10.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are commissioners at the time when this Commissioners' Report is approved has confirmed that:

- so far as the commissioner is aware, there is no relevant audit information of which the commission's auditors are unaware, and
- the commissioner has taken all the steps that ought to have been taken as a commissioner in order to be aware of any relevant audit information and to establish that the commission's auditors are aware of that information.

AUDITORS

The auditors, Bishop Fleming LLP, will be proposed for reappointment in accordance with The Harbour Act 1964.

CATTEWATER HARBOUR COMMISSIONERS

COMMISSIONERS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

BUSINESS REVIEW

Commercial traffic using the port in 2019/20 fell by some 4% measured in tonnage terms compared to 2018/19. Petroleum product movements which account for more than half the total fell by 1% but dry cargoes fell by some 9% with a significant decline in animal feed, clay, and ash traffic more than offsetting the continued growth of cement traffic through the new facility at Corporation Wharf.

The refurbishment of the offices at No 2, The Barbican were completed in the summer of 2019 and staff moved back in in September. The costs of refurbishment and the costs of renting alternative accommodation had a major impact on profitability within the financial year, but those costs have now come to an end so accommodation costs should be much reduced in future. During the year 2019/20 £300,412 (2018/19: £83,306) was spent on the refurbishment of No 2, The Barbican.

In the final weeks of the 2019/20 financial year the impact of the COVID19 pandemic began to be felt and the value of investment funds was reduced sharply as financial markets adjusted to the Government restrictions on business, this has resulted in a loss on investments of £218,014. As required by standard accounting practice the reduction in the value of the Commissioners investment portfolio has been reflected in the profit and loss account for 2019/20 and that is a major factor contributing to the overall loss for the year.

The pandemic and the consequent lockdown to the UK economy happened too late in the year to have a material impact on the traffic and income in 2019/20 but it is apparent that the short term restrictions on activity and the longer term setback to the UK economy will have a substantial effect in 2020/21 and beyond. The Commissioners have taken action to reduce operating costs and to ensure adequate liquidity to sustain the operation in the period ahead but like many businesses it will need to be ready to respond quickly in what is likely to be a volatile and uncertain environment.

The 2017/18 report took account of the valuation of the assets and liabilities of the Pilots National Pension Fund and a charge was taken in recognition of the payments which would become due from 2024 onwards. The charges taken in subsequent years reflects the accounting treatment of that unaltered liability of £365k. The trustees revalue assets and liabilities every three years and the next revaluation is currently being undertaken and the results will be incorporated in due course.

COMMISSIONERS' RESPONSIBILITIES STATEMENT

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

Company law requires the commissioners to prepare financial statements for each financial year. Under that law the commissioners have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 commission and of the profit or loss of the commission for that period.

In preparing these financial statements, the commissioners are required to:

- select suitable accounting policies for the commission's financial statements and then apply them consistently;
- make judgments 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 commission will continue in business.

The commissioners are responsible for keeping adequate accounting records that are sufficient to show and explain the commission's transactions and disclose with reasonable accuracy at any time the financial position of the commission and to enable them to ensure that the financial statements comply with the Harbours Act 1964. They are also responsible for safeguarding the assets of the commission and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CATTEWATER HARBOUR COMMISSIONERS

**COMMISSIONERS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

This report was approved by the board and signed on its behalf.

Mr A Nichols (Chairman)
Commissioner

Date: 11 July 2020

2 The Barbican
Plymouth
Devon
PL1 2LR

CATTEWATER HARBOUR COMMISSIONERS

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CATTEWATER HARBOUR COMMISSIONERS

OPINION

We have audited the financial statements of Cattewater Harbour Commissioners (the 'commission') for the year ended 31 March 2020, which comprise the Statement of Comprehensive Income, the Statement of Financial Position and the related notes, 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 commission's affairs as at 31 March 2020 and of its loss 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 Harbour Act 1964.

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 commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 commission'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 commissioners are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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.

CATTEWATER HARBOUR COMMISSIONERS

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CATTEWATER HARBOUR COMMISSIONERS (CONTINUED)

OPINION ON OTHER MATTERS PRESCRIBED BY THE HARBOUR ACT 1964

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 commission 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 in relation to which the Harbour Act 1964 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' exemptions in preparing the Commissioners' Report and from the requirement to prepare a Strategic Report.

RESPONSIBILITIES OF COMMISSIONERS

As explained more fully in the Commissioners' Responsibilities Statement on page 2, 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 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 commission'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 the commission or to cease operations, or have no realistic alternative but to do so.

AUDITORS' 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 Auditors' 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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

CATTEWATER HARBOUR COMMISSIONERS

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CATTEWATER HARBOUR COMMISSIONERS (CONTINUED)

USE OF OUR REPORT

This report is made solely to the commission's shareholders in accordance with Chapter 3 of Part 16 of the Harbour Act 1964. Our audit work has been undertaken so that we might state to the commission's shareholders 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 commission and the commission's shareholders for our audit work, for this report, or for the opinions we have formed.

Robert Davey FCA (Senior Statutory Auditor)

for and on behalf of

Bishop Fleming LLP

Chartered Accountants

Statutory Auditors

Salt Quay House

4 North East Quay

Sutton Harbour

Plymouth

PL4 0BN

15 July 2020

CATTEWATER HARBOUR COMMISSIONERS

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £	2019 £
Turnover		1,917,457	1,943,511
Cost of sales		(203,775)	(208,620)
GROSS PROFIT		1,713,682	1,734,891
Administrative expenses		(1,805,405)	(1,672,274)
Exceptional administrative expenses	5	(300,412)	-
Other operating income		141,282	130,790
OPERATING (LOSS)/PROFIT		(250,853)	193,407
Income from current asset investments		42,007	29,059
Unrealised (losses)/gains on investments		(260,021)	10,350
Interest receivable and similar income		1,058	1,354
Interest payable and similar expenses		(7,442)	(7,297)
(LOSS)/PROFIT BEFORE TAX		(475,251)	226,873
Tax on (loss)/profit	4	82,470	(51,640)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(392,781)	175,233

There were no recognised gains and losses for 2020 or 2019 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2020 (2019:£NIL).

The notes on pages 9 to 19 form part of these financial statements.

**CATTEWATER HARBOUR COMMISSIONERS
REGISTERED NUMBER:**

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	6	1,564,285	1,566,998
Investment property	7	221,250	221,250
		<u>1,785,535</u>	<u>1,788,248</u>
CURRENT ASSETS			
Stocks		24,666	26,254
Debtors: amounts falling due within one year	8	927,073	403,865
Current asset investments	9	2,437,641	3,256,295
Cash at bank and in hand	10	68,587	287,009
		<u>3,457,967</u>	<u>3,973,423</u>
Creditors: amounts falling due within one year	11	(110,505)	(186,033)
NET CURRENT ASSETS		<u>3,347,462</u>	<u>3,787,390</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,132,997</u>	<u>5,575,638</u>
PROVISIONS FOR LIABILITIES			
Deferred tax	12	(109,508)	(166,810)
Other provisions	13	(379,557)	(372,115)
		<u>(489,065)</u>	<u>(538,925)</u>
NET ASSETS		<u>4,643,932</u>	<u>5,036,713</u>
CAPITAL AND RESERVES			
Revaluation reserve	14	13,533	13,533
Profit and loss account	14	4,630,399	5,023,180
		<u>4,643,932</u>	<u>5,036,713</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Mr A Nichols (Chairman)
Commissioner

Mr W Rahder (Deputy Chairman)
Commissioner

Date: 11 July 2020

The notes on pages 9 to 19 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

1. GENERAL INFORMATION

The principal activities of the Commissioners are those of a statutory harbour authority and a competent harbour authority. The registered office is 2 The Barbican, Plymouth, Devon, PL1 2LR.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Harbour Act 1964.

The following principal accounting policies have been applied:

2.2 REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the commission and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the commission will receive the consideration due under the contract;
- the costs incurred and the costs to complete the contract can be measured reliably.

2.3 TANGIBLE FIXED ASSETS

Freehold property was valued under FRS102 at deemed cost as at 1 April 2016.

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided on the following basis:

Freehold property	- 21 years
Plant and machinery	- 4, 5, 10, 12, 15 or 25 years straight line
Fixtures and fittings	- 4, 5 or 10 years straight line
Landing stage	- 80 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Depreciation is not provided on freehold buildings as the commissioners are of the opinion that the residual values of such properties are not less than cost or valuation, and therefore any depreciation would be immaterial. An annual impairment review is undertaken to assess the carrying value.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020**

2. ACCOUNTING POLICIES (continued)

2.4 INVESTMENT PROPERTY

Investment property is carried at fair value determined annually by the commissioners and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

2.5 VALUATION OF INVESTMENTS

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.6 STOCKS

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.7 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.8 FINANCIAL INSTRUMENTS

The commission only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

2.9 FINANCE COSTS

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2. ACCOUNTING POLICIES (continued)

2.10 PENSION

DEFINED CONTRIBUTION PENSION PLAN

The commission operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the commission pays fixed contributions into a separate entity. Once the contributions have been paid the commission has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the commission in independently administered funds.

MULTI-EMPLOYER PENSION PLAN

The commission is a member of a multi-employer plan. Where it is not possible for the commission to obtain sufficient information to enable it to account for the plan as a defined benefit plan, it accounts for the plan as a defined contribution plan.

The fund is valued every 3 years by a professionally qualified independent actuary with the rates of contribution payable being determined by the trustees on the advice of the actuary. In the intervening years, the actuary reviews the progress of the scheme. The scheme operates as a pooled agreement, with contributions paid at a centrally agreed rate. As a consequence, no share of the underlying assets and liabilities can be directly attributed to Cattewater Harbour Commissioners.

Further information about the scheme is set out in note 12.

2.11 PROVISIONS FOR LIABILITIES

Provisions are made where an event has taken place that gives the commission a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the commission becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

2. ACCOUNTING POLICIES (continued)

2.12 CURRENT AND DEFERRED TAXATION

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the commission operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.13 EXCEPTIONAL ITEMS

Exceptional items are transactions that fall within the ordinary activities of the commission but are presented separately due to their size or incidence.

3. EMPLOYEES

The average monthly number of employees, including directors, during the year was 20 (2019: 20).

4. TAXATION

	2020 £	2019 £
CORPORATION TAX		
Current tax on profits for the year	(25,168)	63,619
Adjustments in respect of previous periods	-	(3,376)
DEFERRED TAX		
Origination and reversal of timing differences	(57,302)	(8,603)
TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	(82,470)	51,640

CATTEWATER HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

5. EXCEPTIONAL ITEMS

	2020 £	2019 £
Refurbishment costs at No. 2, The Barbican	<u>300,412</u>	<u>-</u>

In the prior year, refurbishment costs at No.2 The Barbican were incurred amounting to £83,306.

6. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Landing stage £	Total £
COST					
At 1 April 2019	561,114	1,607,309	18,095	260,728	2,447,246
Additions	-	-	9,707	93,035	102,742
Disposals	-	(1,289)	(9,734)	-	(11,023)
At 31 March 2020	<u>561,114</u>	<u>1,606,020</u>	<u>18,068</u>	<u>353,763</u>	<u>2,538,965</u>
DEPRECIATION					
At 1 April 2019	70,186	773,041	(7,434)	44,455	880,248
Charge for the year on owned assets	-	80,842	7,975	10,865	99,682
Disposals	-	-	(5,250)	-	(5,250)
At 31 March 2020	<u>70,186</u>	<u>853,883</u>	<u>(4,709)</u>	<u>55,320</u>	<u>974,680</u>
NET BOOK VALUE					
At 31 March 2020	<u>490,928</u>	<u>752,137</u>	<u>22,777</u>	<u>298,443</u>	<u>1,564,285</u>
At 31 March 2019	<u>490,928</u>	<u>834,268</u>	<u>25,529</u>	<u>216,273</u>	<u>1,566,998</u>

CATTEWATER HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

7. INVESTMENT PROPERTY

	Freehold investment property £
VALUATION	
At 1 April 2019	221,250
AT 31 MARCH 2020	<u>221,250</u>
COMPRISING	
Cost	189,000
Annual revaluation surplus: 2013	32,250
At 31 March 2020	<u>221,250</u>

The 2020 valuations were made by the Commissioners, on an open market value for existing use basis.

If the Investment properties had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	2020 £	2019 £
Historic cost	<u>189,000</u>	<u>189,000</u>

CATTEWATER HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

8. DEBTORS

	2020 £	2019 £
Trade debtors	326,297	349,558
Other debtors	71,854	8,194
Prepayments and accrued income	528,922	46,113
	<u>927,073</u>	<u>403,865</u>

In November 2019 the Commissioners placed an order for a new Pilot Boat which will be delivered in 2020. The increase in prepayments within the debtors total in 2019/20 reflect the stage payments on that vessel.

9. CURRENT ASSET INVESTMENTS

	2020 £	2019 £
Listed investments	2,437,641	3,256,295
	<u>2,437,641</u>	<u>3,256,295</u>

The historical cost of the listed investments as at 31 March 2020 was £2,501,589.

10. CASH AND CASH EQUIVALENTS

	2020 £	2019 £
Cash at bank and in hand	68,587	287,009
	<u>68,587</u>	<u>287,009</u>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Payments received on account	12,399	15,064
Trade creditors	37,305	57,201
Corporation tax	-	63,619
Other taxation and social security	23,529	20,665
Accruals and deferred income	37,272	29,484
	<u>110,505</u>	<u>186,033</u>

CATTEWATER HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

12. DEFERRED TAXATION

	2020 £	2019 £
At beginning of year	166,810	175,413
Charged to profit or loss	(57,302)	(8,603)
AT END OF YEAR	109,508	166,810

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	181,107	159,267
Short term timing differences	(73,489)	-
Unrealised capital gains and losses - listed investments	-	5,851
Unrealised capital gains and losses - investment property	1,890	1,692
	109,508	166,810

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

13. PROVISIONS

	Pilots' National Pension Fund deficit £
At 1 April 2019	372,115
Charged to profit or loss	7,442
AT 31 MARCH 2020	379,557

The Pilotage Act 1987 transferred the responsibility of pilotage provision in Plymouth from Trinity House to Cattewater Harbour Commissioners, the designated 'Competent Harbour Authority' for the Port of Plymouth. The Commissioners inherited the related employment obligations, which included membership of the Pilots National Pension Fund (PNPF). There had been some doubt about the nature and extent of any unfunded liabilities of the PNPF, a multi-employer defined benefit pension scheme of which transferring pilots were, and subsequently employed pilots are, members. The trustee has spent considerable time in court to define its powers with regard to managing the deficit.

In late 2012, it was determined that Cattewater Harbour Commissioners were required to contribute to the deficit and that their contribution level was set at 0.427%, with the Pensions Regulator agreeing with the Trustee to a 16 year payment period.

Subsequently, in 2013 the Commissioners elected to pay a lump sum of £500,000 towards the deficit and as a result, any further contributions, whilst being substantial, were deferred until 2024. The liability for the deficit is joint and several, although it is understood that the major members have extremely strong covenants.

As at 31 December 2019, the total deficit on the scheme was estimated at £156.1m, based on the latest formal valuation undertaken in 2016. The next formal valuation as at 31 December 2019 is due in 2020.

The Commissioners have taken the view that the future contributions to the deficit are best estimated based on the schedule provided by the Pilots National Pension Fund and reflecting the recovery plan currently agreed between the trustees and the Pensions Regulator. On this basis a provision has been included in the accounts representing the present value of the additional contributions due in respect of the funding shortfall. The triennial revaluation will take account of the latest views on asset values, actuarial factors and the strength of the scheme covenant. When it is complete, the recovery plan may be amended and the timing and amount of additional contributions may change.

The Commissioners have determined that any potential deferred tax asset on recognition of the above pension remains sufficiently uncertain at this stage and have therefore elected not to recognise it within this year's financial statements.

CATTEWATER HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

14. RESERVES

Revaluation reserve

The revaluation reserve includes previous gains on revaluation of freehold property totalling £13,533.

Profit and loss account

The profit and loss account includes all accumulated profits totalling £4,662,097, unrealised losses on the investment portfolio of £63,948 and revaluations on the investment property totalling £32,250.

2019

	Revaluation reserve £	Income and expenditure reserves		Total £
		Cattewater Harbour Commissioners £	Plymouth Pilotage Service £	
At 1 April 2018	13,533	4,420,476	424,471	4,861,480
Trading surplus/(deficit) for the year	-	122,982	63,128	186,110
Investment income	-	30,413	-	30,413
Gains/(losses) on listed investments	-	10,350	-	10,350
Tax charge for the year	-	(60,243)	-	(60,243)
Deferred tax charge for the year	-	8,603	-	8,603
At 31 March 2019	13,533	4,532,581	490,599	5,036,713

2020

	Revaluation reserve £	Income and expenditure reserves		Total £
		Cattewater Harbour Commissioners £	Plymouth Pilotage Service £	
At 1 April 2019	13,533	4,532,581	490,599	5,036,713
Trading surplus for the year	-	(332,710)	74,415	(258,295)
Investment income	-	1,058	-	1,058
Gains/(losses) on listed investments	-	(218,014)	-	(218,014)
Tax charge for the year	-	25,168	-	25,168
Deferred tax charge for the year	-	57,302	-	57,302
At 31 March 2020	13,533	4,065,385	565,014	4,643,932

CATTEWATER HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

15. FINANCIAL COMMITMENTS

At 31 March 2020 the commission had financial commitments as follows:

	2020 £	2019 £
Contracted for but not provided in these financial statements	9,839	235,686
	<u>9,839</u>	<u>235,686</u>

16. PENSION COMMITMENTS

The commission operates a defined contribution scheme and participate in the Pilots' National pension fund. The total pension cost payable by the Commissioners to the pension schemes amounted to £111,596 (2019: £115,631).

17. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2020 the commission had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	2,831	2,831
Later than 1 year and not later than 5 years	3,508	6,135
	<u>6,339</u>	<u>8,966</u>

The Commissioners have a commitment to pay 10% of relevant fundus income to their landlord, the Duchy of Cornwall, under the terms of a 125 year lease granted in 1994. Rent charges of £148,856 (2019: £139,195) were paid to the Duchy of Cornwall in the year.

18. CONTINGENT LIABILITIES

Works began on the Breakwater Hill site during 2017 which could result in an overage charge as a result of an increase in the value of the land resulting from development within 10 years of its purchase. Due to the remoteness of any potential liability the Commissioners do not consider it appropriate to recognise a provision in the accounts.

19. RELATED PARTY TRANSACTIONS

Mr W Rahder (Commissioner) is a Director of Yacht Haven Quay Limited. During the year, sales totalling £13,918 (2019: £11,024) were made to Yacht Haven Quay Limited and at the year end the Commission was owed £2,698 (2019: £2,625).

The key management personnel of the Commission were paid total remuneration of £105,282 during the year (2019: £100,943).

CATTEWATER HARBOUR COMMISSIONERS

MANAGEMENT INFORMATION FOR THE YEAR ENDED 31 MARCH 2020

The following pages do not form part of the audited financial statements which are the subject of the auditor's report on pages 4 to 6.

The information is provided for the use of the Finance Committee and senior management team of Cattewater Harbour Commissioners.

	Page
Net trading income - summary	21
Cattewater Harbour Commissioners	22 – 24
Plymouth Pilotage Service	25 – 26

CATTEWATER HARBOUR COMMISSIONERS

**SUMMARY OF BRANCH TRADING RESULTS
FOR THE YEAR ENDED 31 MARCH 2020**

	Turnover	2020 Trading surplus/ (deficit)	Turnover	2019 Trading surplus/ (deficit)
	£	£	£	£
TRADING OUTLET				
Cattewater Harbour Commissioners	1,145,266	(325,259)	1,207,241	122,982
Plymouth Pilotage Service	772,191	66,964	736,270	63,128
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>1,917,457</u>	<u>(258,295)</u>	<u>1,862,770</u>	<u>186,110</u>

**CATTEWATER HARBOUR COMMISSIONERS
CATTEWATER HARBOUR ORDERS 1915 TO 2005**

**DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2020**

	2020	2019
	£	£
Turnover		
Dues on ships	425,722	434,985
Tug income	256,533	259,532
Revenue from moorings	57,900	85,801
Yacht harbour dues	69,363	68,157
Dues on goods	325,265	333,528
Sundry income	375	1,005
Workboat income	4,678	18,497
Landing stage income	5,430	5,736
	<u>1,145,266</u>	<u>1,207,241</u>
Rent Receivable	<u>141,282</u>	<u>130,790</u>
	1,286,548	1,338,031
Operating costs		
Raw materials and consumables	156,281	114,898
Staff costs	599,339	546,681
Depreciation written off fixed assets	73,717	75,739
Other operating charges	782,470	477,731
	<u>1,611,807</u>	<u>1,215,049</u>
Operating (Deficit)/Surplus	<u>(325,259)</u>	<u>122,982</u>

**CATTEWATER HARBOUR COMMISSIONERS
CATTEWATER HARBOUR ORDERS 1915 TO 2005**

**NOTES TO THE DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2020**

	2020	2019
	£	£
Raw material and consumables		
Opening stock – raw materials	20,304	17,116
Breakwater Hill costs	7,131	22,872
Boat repairs and boat hire	64,592	35,301
Fuel	12,004	8,896
Protective clothing	4,317	3,912
Mooring repairs and renewals	50,435	33,087
Navigation lights repairs and renewals	14,224	10,900
Plant maintenance	2,241	3,118
	<u>175,249</u>	<u>135,202</u>
Closing stock – raw materials	<u>(18,968)</u>	<u>(20,304)</u>
	<u>156,281</u>	<u>114,898</u>
Staff costs		
Administration staff:		
Total Staff Costs	<u>599,339</u>	<u>546,681</u>
Other operating charges		
Establishment expenses:		
Fundus rent	148,848	139,195
Rent	10,847	15,013
Office rates, water, light and heat	28,476	11,081
Harbour rates	30,454	24,189
Insurance	31,815	29,003
Repairs and maintenance of harbour	10,799	6,417
Repairs and maintenance of buildings	326,825	137,735
Maintenance and dredging costs	15,461	3,058
Harbour dues	482	462
Loss/(profit) on disposal of assets	5,764	-
Harbour bathymetric surveys	<u>21,068</u>	<u>7,645</u>
	630,839	373,798

**CATTEWATER HARBOUR COMMISSIONERS
CATTEWATER HARBOUR ORDERS 1915 TO 2005**

**NOTES TO THE DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2020**

	2020 £	2019 £
Other operating charges (continued)		
Brought forward	630,839	373,798
General expenses:		
Travel and subsistence	1,401	3,084
Telephone	6,672	6,756
Computer running costs	9,243	7,464
Equipment leasing charges	3,489	2,410
Printing, stationary and postage	5,414	5,725
Staff training, courses and seminars	18,028	13,758
Sundry expenses	30,422	16,988
Donations	35,035	15,019
Subscriptions	7,682	6,758
Port marine safety	10,725	9,674
Legal and professional	14,459	6,085
Accountancy	3,037	3,905
Auditors remuneration	4,500	4,400
	150,107	102,026
Financial costs:		
Bank charges	1,567	1,657
Bad debts	(43)	250
		1,907
	<u>782,470</u>	<u>477,731</u>

**CATTEWATER HARBOUR COMMISSIONERS
PLYMOUTH PILOTAGE SERVICE**

**DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2020**

		2020	2019
		£	£
Turnover			
Pilotage, boarding and landing	629,165	618,324	
Certified movements	134,700	110,662	
Pilots exemption certificate admin	1,596	1,501	
Boat hire	6,730	5,783	
	<u>772,191</u>	<u>736,270</u>	
Operating costs			
Raw materials and consumables	72,775	99,952	
Staff costs	517,024	460,230	
Depreciation written off fixed assets	25,965	27,314	
Other operating charges	<u>89,463</u>	<u>85,646</u>	
	<u>705,227</u>	<u>673,142</u>	
Operating Surplus/(Deficit)	<u>66,964</u>	<u>63,128</u>	

**CATTEWATER HARBOUR COMMISSIONERS
PLYMOUTH PILOTAGE SERVICE**

**NOTES TO THE DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2020**

	2020	2019
	£	£
Raw material and consumables		
Opening stock - raw materials	5,950	6,236
Boat repairs and boat hire	55,242	82,653
Fuel	13,545	14,521
Protective clothing	4,053	2,492
	<u>78,790</u>	<u>105,902</u>
Closing stock – raw materials	<u>(6,015)</u>	<u>(5,950)</u>
	<u><u>72,775</u></u>	<u><u>99,952</u></u>
Staff costs		
Administration staff:		
Total staff costs	<u>517,024</u>	<u>460,230</u>
Other operating charges		
Establishment expenses:		
Rent	6,125	6,611
Office rates, water, light and heat	8,100	6,753
Insurance	<u>18,967</u>	<u>18,206</u>
	33,193	31,570
General expenses:		
Telephone	2,906	2,939
Hire of deckhands	37,595	33,387
Printing, stationary and postage	933	331
Staff training, courses and seminars	2,170	1,790
Sundry expenses	2,047	2,792
Subscriptions	59	47
Legal fees	(627)	693
Accountancy	<u>3,840</u>	<u>4,800</u>
	48,923	46,779
Finance costs:		
Interest charges	7,442	7,297
Bad debts	(103)	-
Bank charges	<u>-</u>	<u>-</u>
	7,339	7,297
	<u><u>89,463</u></u>	<u><u>85,646</u></u>