

Isle of Wight Council

Newport Harbour

Annual Report and Accounts

31 March 2015

(post-assurance review)



Contents

	Page
Information and background on Newport Harbour by the Isle of Wight Council	2
Report on Statutory Harbour Undertakings	3
Officers' report	3
Activity report	5
Profit and Loss account	7
Balance Sheet	7
Notes to the accounts	8
Assurance review	11



1. Background Information

Relevant legislation:

The Harbours Act 1964

The Transport Act 1981

The Statutory Harbour Undertakings (Accounts etc) Regulations 1983

Newport (Isle of Wight) Harbour Act and Orders 1852 to 1988

The Harbour, Docks and Piers Clauses Act 1847

River Medina Navigation Act 1852

Local Government Act 1972

Responsible Members:

Cllr. Jonathan Francis Bacon

Cllr. Jonathan Gilbey (to September 2014)

Cllr. Paul Fuller JP (from September 2014)

Cllr. Louisa Hillard

Cllr. Phillip Jordan

Cllr. Gordon Kendall (to February 2015)

Cllr. Richard Priest (to September 2014)

Cllr. Shirley Smart

Cllr. Ian Stephens

Cllr. Stephen Stubbings

Isle of Wight Council
County Hall
High Street
Newport
Isle of Wight
PO30 1UD

2. Report on Statutory Harbour Undertakings

The Council is the statutory harbour authority for Newport Harbour. Harbour legislation requires the Council to prepare an annual statement of accounts relating to the harbour activities and any associated activities for each harbour for which it is the statutory harbour authority. This report contains a summary of activities during the year and the financial statements for the year ended 31 March 2015 for Newport Harbour.

Principal activities:

The principal activities during the year continued to be the provision of anchorage, moorings, pontoons and associated harbour facilities as well as leases of harbour land and buildings.

3. Officers' report

Officers' report to the members responsible for the Newport Harbour activities of the Isle of Wight Council.

Section 42 of the Harbours Act 1964, as amended by paragraph 10 of Schedule 6 to the Transport Act 1981, specifies requirements as to accounts and reports relating to the activities of statutory harbour undertakings. It is the duty of every statutory harbour undertaker to prepare an annual statement of accounts relating to the harbour activities and to any associated activities carried out. This requirement cannot be satisfied by the preparation of a statement of accounts which relates to other activities in addition to harbour activities.

The accounts prepared under the Harbours Act 1964 shall be prepared in accordance with the requirements of the Companies Act 2006 as to the form and content of the accounts and reports, and shall be subject to an assurance review. It shall be the duty of any person by whom a statement of accounts is prepared to send to the Secretary of State for Transport a copy of the statement together with a copy of the assurance reviewer's report on it.

In the case of the harbour undertakings carried out by the Isle of Wight Council, all of the harbour undertakings are part of the council's service provision to residents, and there is no separate legal entity in place to which the provisions apply. On that basis, these accounts have been prepared for Newport Harbour activities in a style which is consistent with the reporting requirements of the Companies Act 2006.

However the legislation does not prescribe the form of assurance review to be undertaken, and neither does the Audit Commission Act 1998 (as transitionally saved) which specifies the audit requirement for public bodies. Clarification was issued by the Audit Commission that, as the council's harbour accounts are below the threshold for the Companies Act, they are reviewed by the assurance reviewer on the basis of Agreed Upon Procedures. In this case, the Council's external auditor is required to confirm that the harbour accounts have been prepared on a reasonable basis, by confirming that the transactions recorded in the annual statement of accounts relating to harbour activities agree to the underlying records upon which they have been prepared and are consistent with the transactions recorded in the local authority financial statements for the same reporting period. They will also confirm that the accounts cast correctly.

It is considered that Newport Harbour activities as presented here in abbreviated form are consistent with the reporting requirements of the Companies Act 2006. We have acknowledged our responsibilities for ensuring that accounting records are kept which comply with Companies Act 2006, and for preparing accounts which give a true and fair view of the state of affairs of Newport Harbour and of the profit or loss for the financial year.

Accordingly, we have prepared abbreviated financial statements which comprise the Profit and Loss Account, the Balance Sheet and the related notes to the accounts from the accounting records of the council's Newport Harbour activities and on the basis of information and explanations that have been provided by operational staff and officers engaged in port and harbours activities.

The accounts summarise the transactions for the 2014/15 financial year and the financial position at the year-end of 31 March 2015. The authority is required to prepare the accounts in accordance with proper accounting practices. The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of non-current assets.

Alex Minns
Head of Commercial Services

4. Activity Report

Newport Harbour comprises the harbour from Newport town centre to the Folly (which is shown in the approved plan of the harbour waters), plus the Harbour Estate. The Council approved a plan identifying assets considered as the current Newport Harbour Estate in the Cabinet report "Newport Harbour Estate" ref: 62(11/12).

The Council, as Harbour Authority, owns the freehold interest in most of Newport Harbour - it owns the river bed element of the harbour, and most of the harbour estate. The harbour estate land and buildings are let to a number of parties as follows:

REF	PROPERTY	LEASE	RENT	COMMENTS
W7	Shed at Blackhouse Quay	3 year licence from 01.01.15	£50 pa	Licence for pre-existing shed
W6	Land at Blackhouse Quay	125 years from 12/10/1990	£25 pa	Open storage yard – recently assigned to new lessee
W5	Land at Blackhouse Quay	75 years from 25/03/1947	£150 pa	Recently assigned to new lessee
W4	Aggregates yard at Blackhouse Quay	3 years from 25/04/13 to 31/03/16.	£12,000 pa	Rent increased to £12,000 pa from 01/04/15.
W3	Land at Blackhouse Quay	3 years from September 2015	£6,000 pa	Awaiting new lease to be signed - This will be in keeping with the constraints of the 1847 Act
W3A	Land at Blackhouse Quay	Annual Licence – from 01/03/96	£750 pa	Open land used for boat storage
W2	Land & river bed at Little London	40 years from 17/12/2004	£9,000 pa or 7.5% of gross turnover	December 2014 Rent review in progress
W1	Land at Carpenters Quay	3 years from 04/12/2012 to 03/12/15	£6,250 pa	This is in keeping with the constraints of the 1847 Act – currently advertised and awaiting new lease being signed at £7,000 pa
E4	Unit 10 Seaclose Quay	3 Years from 05/03/2015	£8,000	This is in keeping with the constraints of the 1847 Act
E3	Belfast Shed	3 years from 04.04.15	£2,000	This is in keeping with the constraints of the 1847 Act
E2	Unit 7 Seaclose Quay	3 Years from 01/09/2011	£10,000 pa	This is in keeping with the constraints of the 1847 Act – awaiting new lease being signed at £7,000 pa

The ability of the Council as Harbour Authority to let harbour estate property assets is limited by the 1847 Harbours Docks and Piers Clauses Act, which limits the “disposal” of property to a maximum term of 3 years and which means that any lettings must be for harbour (and marine) related purposes. The marketing of various units within the harbour estate is consistently proving that these constraints are hindering the occupation of harbour estate land and buildings as the interest to date has been from harbour related users requiring more than 3 years occupation to make their investment viable, or from non-harbour uses prepared to take a 3 year term. These constraints are likely to limit investment into and regeneration of the harbour estate.

Newport Harbour continues to be managed on a day to day basis by a Harbour Master assisted by two harbour staff; however the Harbour Master has reduced his hours and only works 3 days a week as part of his flexible retirement plan. Harbour staff have undertaken regular inspections of pontoons, walkways and ladders and carried out remedial works as necessary. However, all three of the Council managed harbours (Newport, Ryde and Ventnor) are now managed by a Senior Harbour master appointed in October 2014.

The tonnage of cargo (sand and ballast for construction) imported into Newport Harbour was 14,775 tonnes (2013, 16,049 tonnes) a decrease of 8%. The number of inward cargoes increased to 69 (2013, 66).

The number of leisure vessels visiting Newport Harbour reduced to 1,160 (2013, 1,760). The reduction is attributed to a combination of economic and weather conditions.

The number of summer moorings at Folly Reach declined to 180 (2013, 186).

The number of winter dry berths remained at 34 (2013, 34).

Note: statistical and activity information at Newport Harbour and Folly Moorings is compiled on a calendar year basis whereas the financial information is based on the financial year to 31 March 2015. Historically the activity information was compiled in this way to provide information to external bodies, and this practice has continued to allow annual comparisons.

5. Profit and Loss Account for the year ended 31 March 2015

	Note	2014-15	2013-14
		£'000	£'000
Turnover	1	199	204
Operating expenses	2	(206)	(336)
Other expenses	3	(64)	(34)
Net Loss		(71)	(166)

6. Balance Sheet as at 31 March 2015

	Note	2014-15	2013-14
		£'000	£'000
Non-current assets			
Property, Plant & Equipment	4	1,111	1,066
Total non-current assets		1,111	1,066
Current assets			
Debtors falling due within one year	5	27	22
Total current assets		27	22
Total Assets		1,138	1,088
Current liabilities			
Creditors falling due within one year		(1)	(5)
Net assets		1,137	1,083
Capital and reserves			
Contribution from IWC	6	95	15
Useable reserve	7	0	0
Profit and loss account for year	8	(71)	2
Revaluation reserve	9	610	618
Capital adjustment account	10	503	448
Total capital & reserves		1,137	1,083

7. Notes to the accounts

1) Turnover

		2014-15	2013-14
		£'000	£'000
Moorings & Wharfage		128	137
Rental income		56	48
Car park income		3	3
Other Income		12	16
Total turnover		199	204

2) Operating expenses

		2014-15	2013-14
		£'000	£'000
Employee costs		74	76
Premises costs		30	21
Vehicle & transport costs		2	2
Supplies & services		74	44
Depreciation & Impairment		26	193
Total operating expenses		206	336

3) Other expenses

		2014-15	2013-14
		£'000	£'000
Management and support services		64	34
Total other expenses		64	34

4) Property, Plant & Equipment

	Land & Buildings	Equipment & Motor Vehicles	Total
Cost	£'000	£'000	£'000
As at 1 April 2014	1,529	19	1,548
Additions	54	0	54
Revaluations	9	0	9
Derecognition	0	(5)	(5)
As at 31 March 2015	1,592	14	1,606
Depreciation & Impairment			
As at 1 April 2014	(463)	(19)	(482)
Charge for the year	(26)	0	(26)
Revaluation reserve impairment	8	0	8
Derecognition	0	5	5
As at 31 March 2015	(481)	(14)	(495)
Net book value as at 31 March 2015	1,111	0	1,111
Net book value as at 31 March 2014	1,066	0	1,066

Depreciation on land and buildings is calculated based on the estimated remaining useful lives of individual assets which is assessed by the Isle of Wight Council. The following ranges of remaining useful lives are used:

Property Land and Buildings: 2-100 years

Vehicles, Plant, Furniture and Equipment: 1-9 years

5) Debtors

The debtors figure is comprised of non-payment of mooring fees.

6) Contribution from IWC

This represents the amount by which the Isle of Wight Council supports the annual operating costs incurred during the normal trading activities of Newport Harbour.

7) Useable reserves

The useable reserve is an amount earmarked for use to meet contingencies throughout the operational year. The amount shown under capital and reserves is the brought forward figure at 1 April. Due to the loss incurred during 2014-15 exceeding the amount held in the reserve, the balance on the reserve at 31 March 2015 is zero.

8) Profit and Loss account

This is the profit or loss incurred during the normal operation and activities of the harbour.

9) Revaluation reserve.

The Revaluation Reserve contains the gains made by the authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

10) Capital adjustment account

This account relates to the different arrangements for accounting for the use of long term assets and their related funding as part of Harbour operations.

The total value of long term assets (note 4) is matched by the sum of the revaluation reserve and the capital adjustment account.

David Burbage
Managing Director
Isle of Wight Council
County Hall
Newport
Isle of Wight
PO30 1UD

Dear Dave

In accordance with the requirements of Section 42 of the Harbours Act 1964 we hereby present our report on the annual statement of accounts relating to harbour activities that you have prepared in relation to Newport Harbour for the year ending 31 March 2015. Under Section 42(5) of the Harbours Act 1964 you are required to submit this report along with the copy of the annual statement of accounts relating to harbour activities on which it has been given to the Secretary of State for Transport.

We have performed the procedures agreed with you and set out below with respect to the annual statement of accounts relating to harbour activities. Our engagement was undertaken in accordance with the International Standard on Related Services 4400 applicable to agreed-upon procedures engagements and APB 07-2013 issued by the Audit Commission. The procedures were performed solely to assist you in meeting your requirements under Section 42(5) of the Harbours Act 1964 and are as follows.

We have considered whether the annual statement of accounts relating to harbour activities:

- agrees to the underlying records upon which they have been prepared; and
- casts correctly.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements (or relevant national standards or practices), we do not express any assurance on the Isle of Wight Council annual statement of accounts relating to harbour activities for the year ending 31 March 2015.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing (UK and Ireland) or International Standards on Review Engagements, we might have identified other issues that would be of relevance to you.

Our report is solely for the purpose set forth in the first paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the accounts and items specified above and does not extend to any financial statements of Isle of Wight Council, taken as a whole. To the fullest extent permitted by law, we do not assume responsibility to anyone other than Isle of Wight Council for this report.

Report on the annual statement of accounts relating to the harbour activities of Isle of Wight Council for Newport Harbour for the year ending 31 March 2015:

We have no matters that we wish to draw to the attention of the Secretary of State in relation to the preparation of the annual statement of accounts relating to the harbour activities of Isle of Wight Council for Newport Harbour for the year ending 31 March 2015.

We have completed our responsibilities in respect of the annual statement of accounts relating to harbour activities of Isle of Wight Council for Newport Harbour for the year ending 31 March 2015 under the requirements of Harbours Act 1964 and the Audit Commission Act 1998 (as

transitionally saved).

K.L Handy

Director

**for and on behalf of Ernst & Young LLP, Appointed Auditor
Southampton**

27 January 2016