

STORNOWAY PORT AUTHORITY
REPORT OF THE BOARD AND
AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013



Anchored in Excellence

Mann Judd Gordon Ltd
Registered Auditors &
Chartered Accountants
26 Lewis Street
Stornoway
Isle of Lewis
HS1 2JF

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for the Year Ended 31 December 2013**

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STORNOWAY PORT AUTHORITY

COMPANY INFORMATION
for the Year Ended 31 December 2013

BOARD MEMBERS:

Captain R J M Frater	
N R Galbraith	
D J Macdonald	(co-opted 31.10.13)
Ms A J Maciver (Chief Executive)	
Captain D M Mackay	(Resigned 25.07.13)
M Macleod	
A Morrison	(appointed 01.05.13)
M Murray	(appointed 01.05.13)
A Smith (Chairman)	
D L Wood	

SECRETARY: Ms A J Maciver

ADDRESS:

Amity House
Esplanade Quay
Stornoway
Isle of Lewis
HS1 2XS

AUDITORS:

Mann Judd Gordon Ltd
Registered Auditors &
Chartered Accountants
26 Lewis Street
Stornoway
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HS1 2JF

STORNOWAY PORT AUTHORITY

CHAIRMAN'S REPORT for the Year Ended 31 December 2013

The most visual aspect of the work that has taken place in and around the port this year has to be the regeneration of the inner harbour with the new marina. The removal of the old security fencing and replacement with modern safety barriers will bring the harbour back to being part of the town.

A fleet of yachts from the "Old Gaffers Association" visited Stornoway this summer as part of their round Britain centenary cruise, The Wilde Swan, a Dutch tall ship that spends part of the summer cruising on the west coast of Scotland and based in Ullapool also berthed in Stornoway.

The work going on behind the scenes cannot be ignored as we have at last got the go-ahead to prepare No3 Pier for the long awaited Muirneag replacement, and the master planning for the lifeline ferry service has started. To get to this position we held a number of stakeholder consultation meetings throughout the year, we also visited Port Ryan to see how they operate their vehicle marshalling area. Our new Harbour Master attended simulator trials for the new ferry in Denmark so that data could be fed into the final plans for no 3 pier.

Several conferences were attended by both board members and executive staff throughout the year, Our islands our Future, Short sea shipping conference, yacht racing forum, BPA conference and the Scottish BMF conference to name but a few.

This year Stornoway was listed as a "Comprehensive port" on the TEN-T project for trans-European transport network. We are also working with and supporting Hebridean Harbours in their efforts to market the Hebrides as a marine leisure destination.

A moorings association has now been set up by boat owners in the harbour this will make administration of moorings now possible, helped by the results of the Aspect survey that was carried out last year, we now have a very accurate Hydrographic chart of Stornoway harbour.

The number of cruise ships visiting Stornoway harbour is increasing year on year, thanks to the marketing efforts of our Chief executive and marketing assistant.

There were training courses attended by board members which included PMSC training along with staff from Comhairle nan Eilean Siar, and Trust Port Board training in Inverness.

We have increased our work force so that the 24 hour service of the new ferry and the anticipated increase in leisure vessel movements can be accommodated. There have been changes at senior management level with our harbour master leaving to take up a post on the mainland and our deputy harbour master retiring. Roddy Jardine did a wonderful job as an interim harbour master until the appointment of new Harbour master Peter Read and new deputy harbour master Roy Maclean. A summer graduate placement also helped with the population of the port maintenance software programme.

All the above is only possible with the hard work of staff, officers and Board members.

Angus Smith
Chairman

STORNOWAY PORT AUTHORITY

REPORT OF THE BOARD for the Year Ended 31 December 2013

The Board Members present their report with the financial statements of the company for the year ended 31 December 2013.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the operation of the Harbour Undertaking and ancillary services.

REVIEW OF BUSINESS

The Board present their report with the financial statements of the Port Authority for the year ended 31 December 2013.

Modern Trust Ports For Scotland: Guidance For Good Governance

The Port Authority adheres to the provisions of Modern Trust Ports for Scotland: Guidance for Good Governance as far as possible so as to achieve compliance with the Government Guidelines.

Constitution Of The Authority

In accordance with The Stornoway Harbour Revision (Constitution) Order 2008, the Board of Stornoway Port Authority shall consist of nine Members appointed by the Authority and the Chief Executive of the Authority.

Board Membership

In 2013 one Board Member resigned; two previously co-opted members were appointed for their first full terms and one member was co-opted for a one year term. From May 2013, ten individual Board Members served on the Board. A list of board members, officials, auditors of the Port Authority is contained on Page One.

Meetings Of The Authority

There were 7 Ordinary Board meetings, 12 Special Board Meetings and 14 Working Group meetings held in 2013, and 5 press / news statements, 120 tweets and several radio and TV interviews were published/broadcast in the year.

Principal Activity

The principal activity of the authority in the year under review was that of the operation of the Harbour Undertaking and ancillary services.

Review Of Business

The results for the year and financial position of the Authority are shown in the annexed financial statements.

In 2013 the Port Authority

1. Procured Design, Project Managers and Construction Teams for the works to accommodate the new Ferry(Loch Seaforth) and were awarded grant funding towards this project by Scottish Transport
2. Completed the extension of the inner harbour pontoons
3. Continued to seek adequate funding for a new ice plant in Stornoway
4. Carried out feasibility work for establishment of Stornoway as a bunkering port
5. Carried out further initial feasibility work on the establishment of Stornoway as a future transshipment port for short sea shipping
6. Worked with the Crown Estate in their efforts to assist with regulation of moorings within Stornoway Harbour
7. Appointed a new Harbour Master and Deputy Harbour Master.
8. Partnered with CnES and the OHTIA to launch the Sail Hebrides website
9. Continued its programme of marketing to the Cruise and sailing industries with attendance at trade events
10. Carried out further surveys of Stornoway Harbour
11. Completed a survey of Port Authority properties.

The Port provides the main entry/exit point for almost all commodities imported to or exported from the Island of Lewis, which is the largest Island in the Hebrides (and UK) with a population of around 20,000, being approximately 68% of the Outer Hebrides total population.

In 2013 there were 1,431 vessel movements in the port.

STORNOWAY PORT AUTHORITY

REPORT OF THE BOARD for the Year Ended 31 December 2013

The balances retained by the Board are to be used to reinvest in the maintenance and continuing development of Harbour Facilities and Infrastructure. In 2013 these balances were committed to the inner harbour redevelopment and the lifeline ferry infrastructure projects.

Corporate Social Responsibility

The Board of Stornoway Port Authority takes its commitment to the island community very seriously. In 2013 the ways in which this commitment this was demonstrated included:-

- " Ongoing support of RNLi
- " Establishment and ongoing support of Sail Hebrides (Hebridean Harbours Group)
- " Continuing beach cleaning operations in conjunction with the Stornoway Trust
- " Participation in Community Safety Partnership
- " Provision of inclement weather facilities for Stornoway Running Club
- " Participation in Area Tourism Partnership
- " Participation in Stornoway Regeneration Group
- " Participation in Community Planning Partnership
- " Participation in Coastguard Task Force Group
- " Ongoing provision of temporary ice facilities for use by all stakeholders, when the ice plant owned and operated by Fishermen's co-operative broke down.
- " Provision of a display unit for local business to advertise their goods in the ferry terminal
- " Provision of information packs to marine visitors
- " Establishment and ongoing support of Stornoway Cruise Ambassadors
- " Support via corporate membership of traditional boat charities
- " Ongoing Support of Sail Stornoway Hebridean Maritime Festival
- " Support of the Stornoway Trust's Castle Grounds regeneration project

Harbour Redevelopment Reserve Fund

The Board anticipates significant future capital expenditure will be required to improve the harbour and provide vital infrastructure over the coming years, and they had intended to ensure that the Port Authority had sufficient reserves to meet its obligations without recourse to heavy borrowing. To this end a Harbour Redevelopment Reserve Fund was set up in 2002. Due to the infrastructure adjustments required to accommodate the single ferry solution for the replacement freight ferry the Port Authority has been obliged to divert the harbour redevelopment reserve to fund the lifeline services requirements.

Future Developments

The authority has published its ten-year Strategic Plan.

Key Tasks 2014

The Authority in 2014 is committed to:

1. Complete the ferry infrastructure works
2. Complete the masterplan for lifeline services including the replacement of a backup linkspan
3. Complete a port masterplanning exercise involving all key stakeholders
4. Install a new Ice Plant in Stornoway
5. Prepare a new business plan
6. Continue work to establish Stornoway as a Bunkering Port
7. Promote a new Harbour Order for extension of Harbour Limits
8. Invest in a new pilot boat
9. Remove all laid up vessels from the Harbour
10. Install superyacht facilities in the Harbour
11. Create a yacht service base including lift out facilities within the harbour area
12. Establish a funding package for development of Pier No 1

The Authority continues to prioritise the rebuilding of No. 1 Pier and Linkspan as essential to the ongoing development of the Port in order to meet the requirements of existing and future customers and to serve the lifeline needs of the island community. The provision of a second linkspan is deemed essential not only to meet existing demand, but also to serve as back up in the event of one linkspan being withdrawn from service for any reason. As the new lifeline service vessel will be unable to use the existing No 1 linkspan this is now a matter of extreme urgency.

STORNOWAY PORT AUTHORITY

REPORT OF THE BOARD for the Year Ended 31 December 2013

A recent Scottish Transport Appraisal Guidance (STAG) report commissioned by Caledonian Maritime Assets Ltd (CMAL) looking into infrastructure at both Stornoway and Ullapool has accepted the need for two linkspans at Stornoway in order to maintain Lifeline Ferry Services. This supports the STAG appraisal of 2008 which came to the same conclusion.

The works to accommodate the new single ferry have significantly set back the No 1 Pier and Linkspan project due to the allocated funds having to be diverted to the works to accommodate new ferry.

Realistically given the present financial climate and budgetary cuts it may be some time before capital grant funding will be available to permit delivery of such projects. The Port Authority will continue to seek other sources of funding.

Strategic Objectives

The Stornoway Port Authority's Strategic Objectives are:

1. To maintain existing harbour facilities, piers, building, plant and equipment including 850 ton capacity slipway in a safe and serviceable order.
2. To invest in new port facilities where a need is identified.
3. To diversify activities with regard to sources of income, especially where this supports and strengthens the Authority's core harbour activity.
4. To keep existing customers and attract new business.
5. To maximise quality and value for money in all harbour services through continually endeavouring to make its operations cost effective, efficient and streamlined whilst maintaining high standards.

Specific Policies

The Authority will support the commercial, fishing and recreational activities in Stornoway Harbour through the provision of the appropriate services and good value. The policy of the Authority and its management is to:

1. Manage the assets of the Authority safely, economically and efficiently.
2. Maintain all its operational equipment including pilot boat to the highest industry standards.
3. Pursue modern cost-effective methods including periodic dredging and surveying.
4. Train all staff to the highest professional standards with emphasis on their own safety and the safety of others.

Safety And Environmental Protection Policy

The Authority will discharge its general and specific duties in respect of:

1. the regulation of traffic.
2. the safety of navigation within harbour limits.
3. the maintenance of all navigation lights and marks and the review of requirements at regular intervals in consultation with users and Northern Lighthouse Board.
4. the conservancy of the harbour.
5. the protection of the environment within the harbour and its surrounds in consultation with Stornoway Trust, Scottish Natural Heritage, Scottish Environmental Protection Agency and Comhairle nan Eilean Siar.
6. ensuring the safety at work of its employees and other persons who may be affected by its activities.
7. the provision of a pilotage service with properly trained Pilots and pilot boat crew and
8. the provision of adequate resources to enable its employees to carry out their responsibilities in operating a safe harbour.

STORNOWAY PORT AUTHORITY

**REPORT OF THE BOARD
for the Year Ended 31 December 2013**

BOARD MEMBERS

The Board Members shown below have held office during the whole of the period from 1 January 2013 to the date of this report.

Captain R J M Frater
M Macleod
N R Galbraith
Ms A J Maciver
D L Wood
A Smith
M Murray
A Morrison

Board Members attendance record for 2013 is as follows:

	Ordinary Meetings			Special Meetings		Overall Attendance	
	Appointed	Total 7	%	Total 12	%	Total 19	%
Ms A J Maciver	19/04/2010	7	100	12	100	19	100
Capt A Smith	10/06/2010	7	100	10	83	17	89
Capt R J Frater	01/05/2009	5	72	12	100	17	89
Mr M Macleod	01/05/2009	7	100	8	66	15	78
Mr M Murray	01/05/2013	7	100	11	91	18	93
Dr N R Galbraith	04/11/2009	6	86	9	74	15	78
Mr D Wood	10/06/2010	6	86	5	41	11	57
Mr A Morrison	01/05/2013	4	100	11	91	15	78
Capt D Mackay (Until resignation 25.07.13)	01/05/2009	3	75	3	60	6	66
Mr D J Macdonald (From Appointment 31.10.13)	31/10/2013	1	100	2	100	3	100

STORNOWAY PORT AUTHORITY

REPORT OF THE BOARD for the Year Ended 31 December 2013

STATEMENT OF BOARD RESPONSIBILITIES

The Board are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Legislation requires the Board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Board 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 company and of the surplus or deficit of the company for that period. In preparing these financial statements, the Board are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 Authority will continue in business.

The Board are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the authority 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 Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board are responsible for the maintenance and integrity of the corporate and financial information included on the Authority website.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Board are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each Board member has taken all the steps that he or she ought to have taken as a Board member in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Mann Judd Gordon Ltd, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Ms A J Maciver – Chief Executive

5 June 2014

REPORT OF THE INDEPENDENT AUDITORS TO THE BOARD OF STORNOWAY PORT AUTHORITY

We have audited the financial statements of Stornoway Port Authority for the year ended 31 December 2013 on pages ten to nineteen. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the Board of Stornoway Port Authority. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Board Members and auditors

As explained more fully in the Statement of Board Responsibilities set out on pages six and seven, the Board Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Report and the Report of the Board to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of Section 42 of the Harbours Act 1964..

In our opinion the information given in the Report of the Board for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
STORNOWAY PORT AUTHORITY**

Matters on which we are required to report by exception

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 Board remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Board were not entitled to prepare the financial statements in accordance with the small companies regime.

John E Moffat BA FCA (Senior Statutory Auditor)
for and on behalf of Mann Judd Gordon Ltd
Registered Auditors &
Chartered Accountants
26 Lewis Street
Stornoway
Isle of Lewis
HS1 2JF

17 September 2014

STORNOWAY PORT AUTHORITY

**INCOME AND EXPENDITURE ACCOUNT
for the Year Ended 31 December 2013**

	Notes	31.12.13		31.12.12	
		£	£	£	£
TURNOVER			1,977,803		2,003,027
Cost of sales			<u>946,292</u>		<u>1,089,803</u>
GROSS SURPLUS			1,031,511		913,224
Administrative expenses			<u>776,598</u>		<u>648,691</u>
			254,913		264,533
Other operating income			<u>159,716</u>		<u>151,335</u>
OPERATING SURPLUS	3		414,629		415,868
Income from fixed asset investments		53,479		43,406	
Interest receivable and similar income	4	<u>5,388</u>		<u>9,634</u>	
			<u>58,867</u>		<u>53,040</u>
			473,496		468,908
Interest payable and similar charges	5	52,512		59,363	
Other finance costs	16	<u>20,000</u>		<u>43,000</u>	
			<u>72,512</u>		<u>102,363</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION			400,984		366,545
Tax on surplus on ordinary activities	6		<u>101,857</u>		<u>115,714</u>
SURPLUS FOR THE FINANCIAL YEAR			<u>299,127</u>		<u>250,831</u>

STORNOWAY PORT AUTHORITY

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the Year Ended 31 December 2013**

	31.12.13 £	31.12.12 £
SURPLUS FOR THE FINANCIAL YEAR	299,127	250,831
Unrealised surplus on revaluation of properties	-	1,095,763
Actuarial gains/(losses) on pension scheme	278,000	(262,000)
Movement on deferred tax relating to pension asset/(liability)	(96,743)	80,690
	<hr/>	<hr/>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>480,384</u>	<u>1,165,284</u>

STORNOWAY PORT AUTHORITY

**BALANCE SHEET
31 December 2013**

	Notes	31.12.13		31.12.12	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		2,491,187		1,619,013
Investments	8		2,190,777		2,546,282
Investment property	9		<u>1,555,100</u>		<u>1,555,100</u>
			6,237,064		5,720,395
CURRENT ASSETS					
Stocks			-	1,263	
Debtors	10	767,391		441,446	
Cash at bank and in hand		<u>894,816</u>		<u>868,104</u>	
		1,662,207		1,310,813	
CREDITORS					
Amounts falling due within one year	11	<u>1,117,730</u>		<u>328,431</u>	
NET CURRENT ASSETS			<u>544,477</u>		<u>982,382</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			6,781,541		6,702,777
CREDITORS					
Amounts falling due after more than one year	12		-		(606,675)
PROVISIONS FOR LIABILITIES	13		(56,146)		(18,961)
ACCRUALS AND DEFERRED INCOME	14		(782,353)		(489,226)
PENSION LIABILITY	16		<u>(1,118,640)</u>		<u>(1,243,897)</u>
NET ASSETS			<u>4,824,402</u>		<u>4,344,018</u>
RESERVES					
Revaluation reserve	15		1,095,763		1,095,763
Harbour Redevelopment Reserve	15		2,200,000		2,200,000
Income and expenditure account	15		<u>1,528,639</u>		<u>1,048,255</u>
			<u>4,824,402</u>		<u>4,344,018</u>

The financial statements were approved by the Board on 5 June 2014 and were signed on its behalf by:

A Smith

Captain R J M Frater

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2013**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Turnover

Turnover comprises the total income receivable for the year, excluding value added tax, from dues on berthings, goods landed and utilisation of ancillary services.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Land, Buildings and Works	- at varying rates on cost
Improvements to property	- at varying rates on cost
Fixtures and fittings	- at varying rates on cost
Motor vehicles	- 25% on cost

Investment property

During the year the Board undertook a comprehensive review and valuation of the Port Authority's land and property assets.

The assets have been identified as either trading assets or investment assets, and the Board have decided to recognise its portfolio of rental properties as investment properties in the balance sheet, and to include them at Market Value.

Any revaluation surpluses arising on the revaluation of the investment property portfolio will be reflected in the Statement of Total Recognised Gains and Losses and within the Revaluation Reserve.

Deferred tax will be provided in full only if a property is subject to a binding agreement for sale.

The Board will revisit the valuation of the investment property portfolio on a tri-annual basis.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Deferred tax is only provided for on revaluation surpluses arising, where a property is the subject of a binding agreement for sale.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the income and expenditure account on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The authority operates a defined benefit pension scheme. A full actuarial evaluation by a professionally qualified actuary is carried out every 3 years. The surplus/deficit in the scheme is recognised as an asset/liability on the balance sheet. Changes in the asset/liability are written off in the profit and loss account or statement of total recognised gains and losses as appropriate.

STORNOWAY PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2013

1. ACCOUNTING POLICIES - continued

Grants

Capital grants received in respect of fixed assets are credited to deferred income and amortised to the profit and loss account over the useful economic lives of the assets to which they relate.

2. STAFF COSTS

	31.12.13	31.12.12
	£	£
Wages and salaries	622,911	577,160
Social security costs	48,456	46,594
Other pension costs	<u>110,000</u>	<u>97,000</u>
	<u>781,367</u>	<u>720,754</u>

The average monthly number of employees during the year was as follows:

	31.12.13	31.12.12
Operations	22	20
Administration	<u>5</u>	<u>5</u>
	<u>27</u>	<u>25</u>

3. OPERATING SURPLUS

The operating surplus is stated after charging/(crediting):

	31.12.13	31.12.12
	£	£
Depreciation - owned assets	164,958	125,782
Profit on disposal of fixed assets	(32,874)	-
Auditors' remuneration	<u>8,400</u>	<u>6,850</u>
Board Members' remuneration and other benefits etc	<u>-</u>	<u>-</u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	31.12.13	31.12.12
	£	£
Deposit Account Interest	<u>5,388</u>	<u>9,634</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

Interest payable and similar charges includes the following:

	31.12.13	31.12.12
	£	£
Loan Interest	<u>52,512</u>	<u>59,363</u>

STORNOWAY PORT AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2013**

6. TAXATION

Analysis of the tax charge

The tax charge on the surplus on ordinary activities for the year was as follows:

	31.12.13	31.12.12
	£	£
Current tax:		
UK corporation tax	53,326	96,608
Under provision of corporation tax in prior year	11,346	<u>145</u>
Total current tax	64,672	96,753
Deferred tax	37,185	<u>18,961</u>
Tax on surplus on ordinary activities	101,857	<u>115,714</u>

7. TANGIBLE FIXED ASSETS

	Land, Buildings and Works £	Improvements to property £	Fixtures and fittings £	Motor vehicles £	Totals £
COST					
At 1 January 2013	2,649,970	506,876	44,480	44,320	3,245,646
Additions	<u>216,468</u>	<u>820,389</u>	<u>275</u>	<u>-</u>	<u>1,037,132</u>
At 31 December 2013	<u>2,866,438</u>	<u>1,327,265</u>	<u>44,755</u>	<u>44,320</u>	<u>4,282,778</u>
DEPRECIATION					
At 1 January 2013	1,131,074	435,547	25,809	34,203	1,626,633
Charge for year	<u>107,460</u>	<u>47,924</u>	<u>5,527</u>	<u>4,047</u>	<u>164,958</u>
At 31 December 2013	<u>1,238,534</u>	<u>483,471</u>	<u>31,336</u>	<u>38,250</u>	<u>1,791,591</u>
NET BOOK VALUE					
At 31 December 2013	<u>1,627,904</u>	<u>843,794</u>	<u>13,419</u>	<u>6,070</u>	<u>2,491,187</u>
At 31 December 2012	<u>1,518,896</u>	<u>71,329</u>	<u>18,671</u>	<u>10,117</u>	<u>1,619,013</u>

Included in cost of land and buildings is freehold land of £462,620 (2012 - £462,620) which is not depreciated.

STORNOWAY PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2013

8. FIXED ASSET INVESTMENTS

	Listed investments £
COST	
At 1 January 2013	2,546,282
Additions	(1)
Disposals	<u>(355,504)</u>
At 31 December 2013	<u>2,190,777</u>
NET BOOK VALUE	
At 31 December 2013	<u>2,190,777</u>
At 31 December 2012	<u>2,546,282</u>

9. INVESTMENT PROPERTY

	Total £
COST OR VALUATION	
At 1 January 2013 and 31 December 2013	<u>1,555,100</u>
NET BOOK VALUE	
At 31 December 2013	<u>1,555,100</u>
At 31 December 2012	<u>1,555,100</u>

Included in cost or valuation of investment property is freehold land of £1,344,600 (2012 - £1,344,600) which is not depreciated.

Cost or valuation at 31 December 2013 is represented by:

	£
Valuation in 2012	1,061,735
Cost	<u>493,365</u>
	<u>1,555,100</u>

If the investment properties had not been revalued they would have been included at the following historical cost:

	31.12.13 £	31.12.12 £
Cost	<u>493,365</u>	<u>493,365</u>
Aggregate depreciation	<u>(34,028)</u>	<u>(34,028)</u>

The investment properties were valued on an open market basis on 31 March 2012 by Graham + Sibbald Chartered Surveyors.

STORNOWAY PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2013

10.	DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	31.12.13	31.12.12
		£	£
	Trade debtors	247,069	301,294
	Other debtors	<u>520,322</u>	<u>140,152</u>
		<u>767,391</u>	<u>441,446</u>
11.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	31.12.13	31.12.12
		£	£
	Trade creditors	344,529	69,618
	Taxation and social security	70,931	112,427
	Other creditors	<u>702,270</u>	<u>146,386</u>
		<u>1,117,730</u>	<u>328,431</u>
12.	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	31.12.13	31.12.12
		£	£
	Other creditors	<u>-</u>	<u>606,675</u>
	Amounts falling due in more than five years:		
	Repayable by instalments		
	PWLB Loan	<u>-</u>	<u>377,882</u>
13.	PROVISIONS FOR LIABILITIES	31.12.13	31.12.12
		£	£
	Deferred tax		
	Accelerated capital allowances	<u>56,146</u>	<u>18,961</u>
			Deferred tax
			£
	Balance at 1 January 2013		18,961
	Charge to income and expenditure account during year		<u>37,185</u>
	Balance at 31 December 2013		<u>56,146</u>
14.	ACCRUALS AND DEFERRED INCOME	31.12.13	31.12.12
		£	£
	Deferred government grants	<u>782,353</u>	<u>489,226</u>

STORNOWAY PORT AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2013**

15. RESERVES

	Income and Expenditure Account £	Revaluation Reserve £	Harbour Redevelopment Reserve £	Totals £
At 1 January 2013	1,048,255	1,095,763	2,200,000	4,344,018
Surplus for the year	299,127			299,127
Actuarial Gain/(Loss) on pension scheme	<u>181,257</u>	-	-	<u>181,257</u>
At 31 December 2013	<u>1,528,639</u>	<u>1,095,763</u>	<u>2,200,000</u>	<u>4,824,402</u>

16. PENSION COMMITMENTS

Staff of the Stornoway Port Authority are members of the Highland Council Pension Scheme - which is a defined benefit scheme.

Value of scheme assets and liabilities

	31.12.13 £	31.12.12 £
Market value of assets	3,668,000	3,245,000
Present value of scheme liabilities	(5,084,000)	(4,883,000)
Deficit in scheme	(1,416,000)	(1,638,000)
Related deferred tax liability	<u>297,360</u>	<u>394,103</u>
Net pension liability	<u>(1,118,640)</u>	<u>(1,243,897)</u>

Movement in deficit during the year

	31.12.13 £	31.12.12 £
Deficit in scheme at start of year	(1,638,000)	(1,313,000)
Current service cost	(110,000)	(97,000)
Contributions	74,000	77,000
Other finance income	(20,000)	(43,000)
Actuarial gain	<u>278,000</u>	<u>(262,000)</u>
Deficit in scheme at end of year	<u>(1,416,000)</u>	<u>(1,638,000)</u>

The Authority contributes to the Highland Council Pension Fund. Contributions to the scheme are charged to the profit and loss account in the year in which they are payable. The contributions are assessed in accordance with the advice of a qualified actuary using the projected unit method. The latest actuarial valuation was at 31 March 2011.

The main conclusions arising from the valuation of the entire scheme are:

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2013

16. PENSION COMMITMENTS - continued

- The funding level (ratio of assets to past service liabilities) as at 31 March 2011 is 97% (compared with 98% as at 31 March 2008).
- The cost of ongoing benefits was assessed as 22.5% of pensionable pay. The average employee contribution was assessed as 6.2% of pensionable pay leaving a balance of 16.3% to be met by employers.
- Assuming the funding level is targeted to reach 100% over the next 20 years then this requires an extra contribution of 1.0% of pensionable pay from employers. The results in a total contribution from employers of 17.3% of pensionable pay, which equates to 280% of employee contributions.
- In assessing the required level of contributions allowance for future improvements in mortality.
- The financial position of the fund deteriorated in the period after the valuation date principally as a result of declining equity markets. Accordingly, certified employer contribution rates higher than disclosed by the valuation.
- Further sums should also paid to the Fund to meet the costs of any early retirements using methods and assumptions issued by the actuary from time to time.
- The certified contribution rates represent the minimum level of contributions to be paid. For Stornoway Port Authority, the contributions payable will be 18.0% of employee's pensionable pay in the years to 31 March 2013, 2014 and 2015.

The Authority has also commissioned an FRS17 valuation on its share of the scheme, for the year:

17. RELATED PARTY DISCLOSURES

The following Board members had transactions with the Authority.

All transactions are based on published terms and conditions.

<u>Board Member</u>	<u>Service Provided</u>	<u>Opening Balance Due To The Authority</u>	<u>Invoices Issued During The Year</u>	<u>Closing Balance Due To The Authority</u>
D Wood	Harbour Dues	197	-	-
A Smith	Harbour Dues and fuel sales	-	3,074	-

D Wood, Board Member, is a director of Woody's Express Parcels Ltd. During the year the Port Authority purchased goods and services totalling £107. £9 was owed to the company at the Balance Sheet date.

Comhairle nan Eilean Siar supplies statutory and non-statutory services to the authority and uses the services of the authority. Stornoway Trust rents land to the Authority. All transactions are at market rates.

18. PILOTAGE

The Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988 require the separate disclosure of revenue and expenditure applicable to pilotage activities.

	31.12.13	31.12.12
	£	£
Revenue from pilotage services	14,870	15,744
Pilot Boat expenses	10,468	569