




## Annual Report 2022

**Locally Invested.  
Globally Recognised.**



## Contents

05	Our Mission, Our Vision and Business Objectives
06	Chair's Statement
07	Chief Executive's Statement
08	Trust Ports
10	Board Member Summary
11	The Board
16	Principal Risks
20	Port Highlights 2022
22	Our People
24	Port Marine Safety Code
27	Sustainability
28	Port Operations
30	Business Objectives 2022
32	Port Masterplan
33	Newton Basin / Goat Island Developments
34	Deep Water Terminal
36	Business Objectives 2023 Projection
38	Financial Statements



**“To build a truly sustainable business that is the economic driver of the Outer Hebrides”**

## **Our Mission**

# **Our Mission, Our Vision & Business Objectives**

“To operate an efficient and well managed port to the highest standards of safety, security and environmental management, which will allow the Port to continue to grow and develop.”

## **Our Vision**

“To build a truly sustainable business that is the economic driver of the Outer Hebrides.”

## **Our Business Objectives**

### **Growth**

- Target minimum £7.5 million revenue in 2027
- Increase market share from new markets
- Realise the opportunities presented by marine renewables

### **Talent**

- Foster an exciting and challenging culture, to attract, develop and retain the best people
- A consistent and strong HSEQ track record

### **Stakeholder Engagement**

- Maintain the Port Authority’s central role in the community and local/national economy
- Play a leading role in creating a shared vision of local economic opportunities
- Responsive and collaborative communications with our community

### **Identity**

- Ensure the port remains a significant driver of the local economy
- Position Stornoway as a globally recognised port
- Position the port as an organisation to promote local business and opportunity

### **Customer Relationship Management**

- Innovate and pivot the port to remain relevant to changing market requirements
- Achieve and maintain outstanding customer service
- Build and maintain relationships with key customers and develop new customer opportunities

# Chair's Statement



As the new chair of Stornoway Port, and only the second chairwoman in the 158 year old history of the Port, I am immensely proud to follow some very distinguished chairmen, while noting the last chairwoman was Lady Matheson who chaired the Port between 1879 and 1896. I am delighted to report that Stornoway Port continues to adapt and transform to meet the requirements of a rapidly changing world, as it was all these years ago when Lady Matheson was Chair.

It is now a little over 6 years since the Board approved the Port Masterplan, a long term strategic plan for Stornoway Port. The Masterplan had been prepared with extensive community consultation and the close involvement of our strategic partners Comhairle Nan Eilean Siar and Highlands & Island Enterprise. The main elements of the plan are now being fulfilled, particularly with the new Deep Water terminal which is currently under construction. Our performance in 2022 and

**Margaret Ann Macleod**  
Chair

confirmed cruise ship bookings for the year ahead demonstrate that our strategy is working and will facilitate the expansion of Stornoway Port and the wider economy of our islands.

With the construction of the Deep Water terminal well underway at the end of 2022, and the completion of the Goat Island development, these are exciting times for Stornoway Port. While there will be challenges ahead, our highly professional staff have the skills, knowledge, and experience to prepare ahead and to manage these challenges. The port is working well, continuing to build capacity and skills across the business, which is extremely important considering the scale of the current investments.

I wish to thank Mr Murdo Murray and Mr Ian McCulloch who both left the Board over the last year. Murdo and Ian were Board members when the Masterplan was published in 2017, and I know both were very proud of the Deep Water terminal project progressing to construction before they left the Board. Their contribution to Stornoway Port was significant and will continue to be felt for many years.

Finally, on behalf of the Board, I would like to thank the Port's employees for all their work in 2022, once again they have shown dedication, energy and care in serving our stakeholders over the last year. Together we are playing a vital role supporting the economy of the Outer Hebrides.

# Chief Executive's Statement



In 2022, almost all business areas increased in volume, resulting in a positive overall performance. Such performance has enabled the Port to continue to make significant investments in our capital projects as we work to achieve the business objectives set by the Board. Revenue increased to £4.3million, cruise passengers returned to pre-pandemic levels and leisure visitors also increased during the year. As debt levels will increase significantly over the next year, the rise in operating profit will give comfort to the future financial viability of the Port.

**Alex MacLeod**  
Chief Executive

The major event of 2022 was the award of the construction contract for the Deep Water Terminal project, the outline of which, by the end of 2022, could be seen within the harbour. The Deep Water Terminal is a transformational development for the island, it will significantly boost the wider local and indeed national economy. The Port now has the opportunity to unlock the full potential presented by our islands, transforming

both our and many other island businesses. The Deep Water Terminal is progressing according to programme, and we are still on track for the project to be completed by the end of 2023. Tragically, one of the subcontractors suffered a fatality while working on the project. The thoughts of everyone at Stornoway Port remain with his family and friends.

Whilst our 2022 year on year results clearly benefited from the recovery following the Covid-19 pandemic, our investment strategy, combined with the professionalism and hard work of our team, has positioned the Port for success in 2023 and beyond. Continued focus across our business, be it health & safety, marine safety, environmental, etc. With the transformational infrastructure developments currently in construction, the Port must continue to improve and adapt to meet the changing needs of our customers. This will result in more changes across our operations in the coming years. We continue to work with partners and consult with the local community, ensuring that we invest to provide the platform for growth.

I would like to thank the Board for their continued belief in our employees and their support for our team throughout the year. Our staff have again proved they can adapt and successfully operate with ever changing operational circumstances.

# Trust Ports

Trust ports are a particular type of port model in the UK and this briefing is designed to provide a short overview of what they are and how they operate. Trust ports come in a wide variety of sizes and locations around the UK. There is often confusion as to who owns trust ports and how they should operate, so we have attempted to explain some of their characteristics.

The trust port model has stood the test of time, although the sector has gone through a process of modernisation. The result is a diverse and successful group of ports that is both popular with government, employees, stakeholders and importantly customers.

## UK port ownership

There are three main types of Statutory Harbour Authorities (SHA) in the UK – private ports, municipal ports and trust ports, as well as a handful of smaller ports owned by parts of government. No port is the same, but all have various duties and responsibilities. Private or 'privatised' ports can have equity owners or shareholders and municipal ports are owned by local authorities. Trust ports are slightly different and often need explaining to both those outside but also inside our

## Revenues and finance

Trust port revenues are collected from customers and port users on a commercial basis, trust ports also pay taxes and receive no systematic public subsidies other than those which are, on occasion, made available, to all ports. Whilst operating in a commercially viable manner, any profits trust ports make are reinvested back into the port for the development of its own business activities and also for the benefit of the stakeholders.

Such stakeholders can include port users, employees and the local community, although as independent bodies, trust ports do need to be prudent and ensure they have sufficient funds to continue to operate and maintain and invest in their assets. For example, unlike ports that are owned by parent companies or local authorities, trust ports do not have a 'funder of last resort' and there is no obligation to provide a financial dividend to local communities.

sector. Trusts are both strategically and financially independent of Government and operate largely in the private sector, although they are 'publicly accountable' to their stakeholders. In terms of their ownership, trust ports own themselves. There is a common misconception that trust ports are owned by government, but this is wrong. Trust ports actually own themselves and can't be owned by another body without a major legal change.

“Diverse and successful”

## Purpose and investment

The expression 'Trust Port' is not statutorily defined but may best be described as referring to a body created by or under statute for the purpose of managing a harbour that does not have a share capital. Trust ports, in the same manner as ports with a share capital, enter into a variety of vital commercial transactions with lenders and other commercial parties. Trust ports generally find that any investment proposals are assessed by lenders on the same basis as proposals from any other businesses. Lenders take into account the same factors it would normally including cash flow, balance sheet and the overall strategic direction of the port.

There are a wide variety of trust ports across the UK, in terms of both the size and type of operation. Some trust ports are primarily conservancy authorities, meaning they perform the basic but essential function of maintaining a safe harbour, whereas others undertake wider port operations. In all cases surplus revenues are recycled back for the benefit of the harbour and its stakeholders.

## Legislation

Trust ports and all UK SHAs are governed by their own individual legislation (or Harbour Order), specific to their location and with differing constitutions. To amend such legislation all types of port must apply to their relevant part of government with a proposal.

## Good governance

The government only has limited 'powers' over trust ports, and indeed all types of SHAs, and is not a 'regulator' of the sector as such. However, the DfT and Transport Scotland have produced their own guidelines for trust port governance, but these are not legally binding. Transport Scotland have published 'Modern Trust Ports for Scotland'.

It is expected that all trust ports in Scotland follow these guidelines where practicable, but where they do not, they should be able to explain why they have been unable to do so. It is acceptable for stakeholders to ask why these ports might not have, for example, attempted to update their own legislation and structures. However, any questions stakeholders might have should be raised with the port itself.

Much depends on the integrity of individual board members and, like a private company where the board is accountable to its shareholders, trust boards are essentially accountable to the local community.



# Board Member Summary

Non-executive board members are appointed for a period of three years following a selection process involving advertisement and an interview, which is undertaken by an appointing panel consisting of the Chairman and two independent advisors. In addition, the board has the facility to appoint two co-opted members with applicable specialist knowledge for a maximum of one year. The breadth of skills across the current board is continually under review, and a skills matrix is used to determine the professional skills to be included within any advertisement for non-executive board members. The role of a Trust Port board member is defined by “Guidance for Good Governance”.

**“It is the duty of the Board, at all times, to strike a balance that fully respects the interests of all stakeholders”.**

Modern Trust Ports for Scotland Guidance for Good Governance.

Our current board contains a balance of specialist skills, the skills being recommended by the Modern Trust Ports for Scotland “Guidance for Good Governance”, including but not limited to the following, local government, finance, fishing & fish processing, marine leisure industry, shipping, management, commercial and a wide variety of other applicable skills. The “Guidance for Good Governance” makes particular reference to the requirement to have, as a priority, adequate financial and commercial expertise on the board.

# The Board

## Mrs Margaret Ann Macleod



Margaret Ann Macleod joined the Stornoway Port Authority in November 2016 and has a business background in textile manufacturing, international sales and rural economic development. Currently employed as the Sales Director for Harris Tweed Hebrides, Margaret Ann has previously worked at a senior level for a number of companies, including; Highlands and Islands Enterprise, Johnstons of Elgin, RGU and Arcadia plc.

Born and brought up in Carloway on the Isle of Lewis, Margaret Ann is a native Gaelic speaker, a working mother, and an active board member for a number of community organisations on the island, including her current role as Chair of HI-Scot Credit Union.

Margaret Ann was appointed Chair of Stornoway Port on 23rd February 2023.

## Mr Alex MacLeod



Brought up in the village of Knock, Mr MacLeod’s family has had a long connection with the Port. His great-grandfather owned and skippered the sailing vessel Muirneag, one of the most famous fishing vessels of its time.

Prior to joining the Port Authority, Alex had a long career in the civil engineering construction industry, both in Stornoway, the UK and abroad. He has been employed as Chief Executive since July 2015.

### Mr Ian Burgess



Ian Burgess started his career in 1973 as a navigating cadet in the Merchant Navy, serving on tankers until 1984. He joined HM Coastguard in 1984, starting in the coordination centre in Stornoway and retired from full-time work in 2013. During his period HM Coastguard Ian, gained extensive experience of change and safety management within the marine environment. He became a non-executive Director with NHS Western Isles in 2013 and became Chairman of that organisation in early 2019.

Ian has been on the Board of Stornoway Port Authority since September 2014, and was appointed Vice Chair between July 2015 and April 2022. Ian's work experience has given him access to the coastal communities within the Western Isles, working with volunteer teams and engaging with community stakeholders.

### Mr John Nicolson



John Nicolson, a native of Point, has had a long career in the maritime industry and is particularly well known around Stornoway harbour where he worked in the fishing and fish processing industry for over 35 years. Following a career in the Merchant Navy where he served as a Master Mariner with Blue Star & Weston Shipping, John owned and operated the prawn trawlers Ivy Rose and Alpha. He was one of the founding members of the Stornoway Fisherman's Co-operative and served as both Chairman and General Manager. In 1985 John went to work for Ross Fish Ltd (now Young's Bluecrest) where he became the Buyer Export Manager. He worked in a number of roles with Young's including periods in Fort William and Northern Ireland, and finally as General Manager of Young's Goat Island factory until his retirement in 2012. John has also had leisure craft in Stornoway harbour for a number of years. He brings extensive maritime, fishing and business experience to the Board.

### Mr Archie MacDonald



Archie MacDonald was employed by Highlands & Islands Enterprise for 33 years, including as Area Manager for the Western Isles for five years. Archie is a member of the Institute of Financial Accountants and during his career was involved in most of the economic development projects ongoing on the islands. Archie has previously been appointed by HIE to the boards of a number of local organisations.

Archie, who joined the Board in January 2019 also serves also serves as Chairman of the Board for Lews Castle College/University of the Highlands and Islands and the Gearrannan Trust.

### Mr Roddie Mackay



Born and brought up in Laxdale, Roddie Mackay attended the Nicolson Institute and after completing degree studies in Aberdeen he lectured for a period in Finance and Economics before following a career in Insurance and Financial Services. Roddie has owned and managed the RMk business in Francis street, Stornoway, for the past twenty five years. Roddie became a local councillor for the Stornoway North ward in 2007 and the Council Leader of Comhairle nan Eilean Siar between 2017 and 2022. During this period Roddie was responsible for delivering the annual balanced budgets of the council, regularly liaised and met with ministers and officers from both the Scottish and UK Governments and latterly chaired the Highland and Islands Regional Economic Partnership as well as the Islands Growth Deal Joint Committee. Roddie joined the Board in May 2022.

### Mr Murdo Maciver



Murdo MacIver joined the board in 2022 following a distinguished career with Peterson Offshore Group, where he rose to the positions of Chief Operating Officer and Group Director before recently retiring. He was responsible for operations and delivery, as well as being a member of the management team, during which time he developed and acquired businesses in the Caribbean, Australia, Europe and the UK.

Murdo was previously a partner in SBS Logistics Ltd during a period of significant growth and also played a major role in the establishment of Decom North Sea, a supply chain forum for the decommissioning industry of which he acted as Chairman and Director for over six years.

### Mrs Seonag Mackinnon



Seonag Mackinnon enjoyed a long career in education, latterly finishing her career as Director of Education at Comhairle Nan Eilean Siar.

Seonag has previously served on the Board of Skills Development Scotland, and has also been Chair of Storlann and Acair. Seonag was co-opted to the Board in March 2023.

### Mr Ian McCulloch



Ian McCulloch has enjoyed a 40 plus year career in the oil and gas industry; although now retired from full-time employment, Ian continues to undertake short term consultancy assignments. During his career, Ian held several senior management roles in operations, commercial, HSE, engineering, supply chain and decommissioning; these skills were developed across a wide range of assignments in the UK, USA, Dubai, Singapore, Indonesia and Algeria.

Ian, who joined the Board in August 2016 also previously served as a Board Member for Lews Castle College/UHI and as Chair of the Outer Hebrides Energy Group.

Following seven years service on the Board, including the last year as Chairman, Ian McCulloch resigned from the Board on 6th February 2023.

### Mr Allan Macdonald



Allan Macdonald was born and bred in Stornoway, educated in Aberdeen where he gained a BSc (Hons) in Geology and Petroleum Geology and at Heriot Watt to MSc level in Petroleum Engineering.

Allan worked in the oil and gas industry for nine years gaining experience in both drilling and production operations for multi-national companies within the UK and abroad. Since 2006 he has worked as Managing Director for a local business in the retail sector.

Allan enjoys outdoor pursuits and is an active member and qualified coach with Stornoway Canoe Club. He was appointed to the Stornoway Port Authority in May 2014. Following completion of his third term, including the last year as Vice Chair, Allan Macdonald retired from the Board on 30th April 2023.

### Mr Murdo Murray



Following a time at contractors Howard Doris in Kishorn and R J McLeod in Applecross, South Rona and Barvas, Murdo Murray spent most of his career with Comhairle nan Eilean Siar as an Assistant Engineer, Senior Engineer, Deputy Director and for 11 years as Director of Technical Services. Since 2005 he has been an independent Engineering Consultant with a special interest in Renewable Energy. Murdo is an elder of the Free Church in Stornoway and has served on national church committees including the Personnel Committee, the Finance Committee and is currently on the Board of Ministry of the Free Church of Scotland.

Following completion of his third term as a Board member, including seven years as Chairman, Murdo Murray retired from the Board at the end of April 2022.

Non-Executive Board Members	Joined The Board	2022 Meetings Attended
Mr Murdo Murray – retired 30/4/22	May 2012	6/6
Mr Allan Macdonald – retired 30/4/23	May 2014	9/13
Mr Ian Burgess	August 2014	12/13
Mr John Nicolson	November 2015	12/13
Mr Ian McCulloch – resigned 6/2/23	August 2016	13/13
Mrs Margaret Ann Macleod	November 2016	12/13
Mr Archie MacDonald	January 2019	8/13
Mr Roddie Mackay	May 2022	6/7
Mr Murdo Maciver	May 2022	6/7
Executive Member	Joined The Board	2022 Meetings Attended
Mr Alex MacLeod (Chief Executive)	August 2015	13/13





# Principal Risks

A particular function of the board is to review the principal risks to the Port Authority. The Port Authority has therefore identified significant risks which have been considered and these are included in the table below.

This list is not exhaustive but is a brief summary of what issues the board members must consider.

Risk item	Int/Ext Risk	Description	Potential impacts	Mitigating factors
<b>Island Economy</b>	External	<b>Large changes to the local economy</b>	<ul style="list-style-type: none"> <li>The Port is unable to adapt to increased demand or potential new markets</li> <li>Lack of available accommodation</li> <li>Lack of available staff</li> </ul>	<ul style="list-style-type: none"> <li>Continuous consultation with all levels of government</li> </ul>
<b>Destination Management</b>	External	<b>Local destinations do not react to increased cruise traffic</b>	<ul style="list-style-type: none"> <li>The Island is not ready for increasing numbers of cruise ship passengers</li> <li>Local tourist attractions "stand still"</li> <li>Local tourist destinations do not work together and as a result miss the opportunities</li> <li>Cruise traffic stops coming</li> </ul>	<ul style="list-style-type: none"> <li>Stakeholder consultation</li> <li>Market Assessment studies</li> <li>Funding for destinations</li> </ul>
<b>Strategic Direction</b>	Internal	<b>Ensuring that the Port is reacting to an ever-changing political and economic situation</b>	<ul style="list-style-type: none"> <li>The Port is not able to adapt to a changing economic environment</li> <li>The Port is unable to meet the needs of our customers</li> <li>Potential to miss out on opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Communication and consultation with stakeholders</li> <li>Economic studies</li> <li>Effective board</li> </ul>

Risk item	Int/Ext Risk	Description	Potential impacts	Mitigating factors
<b>Loss of Community Acceptance</b>	Internal	<b>The Port is not understanding to the needs or wants of the community</b>	<ul style="list-style-type: none"> <li>The local community do not work with the Port</li> <li>The Port staff spend too much time reacting to Press/ Public enquiries</li> <li>The trust of the community is lost, thereby having an impact on all projects and operations</li> </ul>	<ul style="list-style-type: none"> <li>Community consultation</li> <li>Increased communication with public</li> <li>Website improvements</li> <li>Willingness to change</li> </ul>
<b>Financial</b>	Internal	<b>Ensuring that the Port understands both its current and future financial position</b>	<ul style="list-style-type: none"> <li>The Port is unable to manage its finances</li> <li>Cashflow presents a significant risk</li> <li>Investment opportunities are lost</li> </ul>	<ul style="list-style-type: none"> <li>Management procedures</li> <li>Operational efficiency</li> <li>Internal &amp; external auditors</li> </ul>
<b>Environmental</b>	Internal	<b>Ensure that the Port Authority minimizes and limits the effects of environmental incidents</b>	<ul style="list-style-type: none"> <li>Pollution incident with long term effects</li> <li>Danger to public and Harbour users</li> <li>Impact upon future finance</li> <li>Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>Continuous auditing</li> <li>Procedures</li> <li>24/7 staffing</li> <li>Co-ordination with other bodies</li> </ul>
<b>Equipment Failure</b>	Internal	<b>The Port continues to maintain equipment to a high standard ensuring the safety of port users, staff and the general public</b>	<ul style="list-style-type: none"> <li>Injury to staff and public</li> <li>Downtime with associated impact upon operations and the general public</li> <li>Financial cost</li> </ul>	<ul style="list-style-type: none"> <li>Maintenance regime – including maintenance management software</li> <li>Plant records/ inspections</li> <li>Staff training</li> </ul>
<b>Lack of development Funds</b>	Internal	<b>Ensure that the Port budgets appropriately and determines all available funding sources</b>	<ul style="list-style-type: none"> <li>Worthwhile projects do not progress</li> <li>The incorrect projects progress</li> </ul>	<ul style="list-style-type: none"> <li>Business planning and budgetary controls</li> <li>Financial awareness</li> <li>Prioritisation of projects</li> </ul>

Risk item	Int/Ext Risk	Description	Potential impacts	Mitigating factors
<b>Capital Projects</b>	Internal	Ensure that the Port develops projects efficiently and to the requirements of the end users	<ul style="list-style-type: none"> <li>That capital projects are not managed effectively or efficiently</li> <li>The final product is not suitable</li> </ul>	<ul style="list-style-type: none"> <li>Ensure best value is recognised</li> <li>Project Management expertise</li> <li>Improved procedures</li> <li>Operational involvement in decision making</li> </ul>
<b>Governance</b>	Internal	To ensure that the Board operates effectively	<ul style="list-style-type: none"> <li>The Board is not fit for purpose and is unable to fulfil its functions</li> <li>Wrong decisions are made</li> </ul>	<ul style="list-style-type: none"> <li>The Board have sufficient knowledge and information to make the correct decisions</li> <li>Board Member appraisal</li> <li>Skills matrix is maintained</li> <li>Adherence to the Guidance for Good Governance</li> </ul>
<b>Staff Effectiveness</b>	Internal	Where the Port staff are neither trained nor experienced for the tasks they undertake	<ul style="list-style-type: none"> <li>Staff carry out tasks incorrectly</li> <li>Potential for equipment failure, injury to persons, and damage to vessels</li> <li>Cost and operational issues</li> </ul>	<ul style="list-style-type: none"> <li>Staff training</li> <li>Performance appraisals and reviews</li> <li>Management reviews</li> <li>Good management</li> </ul>
<b>IT Security Problems</b>	Internal	Where an IT problem could cause severe implications for the running of the port	<ul style="list-style-type: none"> <li>Finance system unable to invoice, or view financial reports</li> <li>Unable to respond to communications resulting in lost business</li> </ul>	<ul style="list-style-type: none"> <li>IT expertise utilised by the Port</li> <li>IT audits</li> <li>Modern equipment and controls</li> </ul>
<b>Customers</b>	Internal	Where the Port may lose customers due to customer dissatisfaction	<ul style="list-style-type: none"> <li>Loss of business and income</li> <li>Reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>Customer consultation</li> <li>Service level review</li> <li>Communication with customers</li> </ul>

Risk item	Int/Ext Risk	Description	Potential impacts	Mitigating factors
<b>Health &amp; Safety</b>	Internal	Where an incident could severely impact upon Port users, staff, public and/or equipment	<ul style="list-style-type: none"> <li>Fatality, injury to staff, public &amp; users</li> <li>Damage to equipment</li> <li>Operational problems including delays, unable to accommodate vessels, etc</li> </ul>	<ul style="list-style-type: none"> <li>Internal &amp; external audits</li> <li>RAMS procedures</li> <li>Insurance risk assessment</li> <li>Communication</li> <li>Staff training</li> <li>Signage</li> </ul>
<b>Marine Safety</b>	Internal	Where a marine incident could severely impact upon Port users, staff, public and navigation	<ul style="list-style-type: none"> <li>Vessel collision due to lack of operational procedures</li> <li>Vessel problem within harbour limits causes further incidents</li> <li>Pilotage problems</li> <li>Injury, potentially fatal, to public, Harbour users, staff, etc</li> </ul>	<ul style="list-style-type: none"> <li>Adhere to Port Marine Safety Code</li> <li>Safety management System</li> <li>Marine Policies</li> <li>Navigational Risk Assessment</li> </ul>
<b>Commercial Interfaces</b>	Internal	Where a tenant or commercial entity's work can have a severe effect upon the Port Authority	<ul style="list-style-type: none"> <li>Contamination by third parties and tenants</li> <li>Oil pipeline issues</li> <li>Incident involving Goat Island tenants and slipway users</li> </ul>	<ul style="list-style-type: none"> <li>Facility user's health, safety and environmental guidelines</li> <li>Management of tenants and third-party users</li> </ul>
<b>Port Security</b>	Internal	Where a security incident either here or elsewhere can impact Port operations	<ul style="list-style-type: none"> <li>Security incident on ferry, cruise ship, or other vessel</li> <li>Incident in other port or country wide has effect on security rating</li> </ul>	<ul style="list-style-type: none"> <li>Port Facility Security Officer in position</li> <li>Approved Port Facility Security Plan</li> <li>Secure infrastructure</li> </ul>
<b>Pandemic</b>	External	Where a nationwide/ international pandemic can impact port operations	<ul style="list-style-type: none"> <li>Staff and customer safety at risk</li> <li>Potential to reduce revenue</li> </ul>	<ul style="list-style-type: none"> <li>Professional management able to react quickly to new risks</li> <li>Cost forecasting with subsequent changes to budget</li> </ul>

# Port Highlights 2022

Ferry Passengers  
up **31%**  
to **285,384**  
on 2021



**104,449**  
Cars on the Ullapool  
to Stornoway  
Ferry up 20%  
on 2021



**£26m**  
on Deep Water  
Terminal work  
by end of 2022

**12 Maiden  
Visits**  
during 2022



Pilotage Acts  
**1,239**  
in 2022

**0**  
Lost Time  
Incidents  
in 2022



**446**  
Increase  
in  
visiting  
yachts



**Jubilee  
workboat  
purchased**

**60** Cruise  
calls,  
and **15,669**  
cruise passengers



**13,314**  
Commercial  
vessels  
during 2022

**£12m**  
Goat Island  
Redevelopment  
project  
completed

Port Marine  
Safety Code  
– significant  
development  
of Policies  
& Plans



**467**  
Visits  
from visiting  
fishing boats

**116**  
Boat  
hoist  
lifts

Construction on  
transformation  
**Deep Water  
Terminal**  
project  
commenced

**2** Electric  
vehicles  
purchased

# Our People



## Angela Horne

Digital Marketing Apprentice

- **How long have you been with the company?**

I have worked at Stornoway Port going on 2 years now - started 1st June 2021.

- **What inspired you to join the Port Authority?**

I've always wanted to stay and work on the Island in a local business instead of going away to university, so when the vacancy for a Business Administration Apprenticeship came up, I jumped at the opportunity.

- **What's the most interesting thing about your job/what do you like best about your job?**

The most interesting part of my job is going out and taking pictures, meeting new people, and learning more about the industry I work in. I am very thankful and lucky with the opportunities I have been given since starting here such as completing some training that allows me to go out on the pilot boats and putting me through two apprenticeships.

- **What challenges do you face in your job?**

When the summer season comes around and more visiting yachts start to come into both of the marinas it can get very busy in the office. This means that I have to balance my daily tasks along with trying to complete my degree more efficiently, we have a good system in the office though that helps us manage the work flow during these busy times.

- **Where do you see yourself in five years' time?**

Hopefully, I'll still be here at Stornoway Port with my completed Digital Marketing studies coming into great use, especially with the port going through a big period of change.



## Colin Mackay

Port Operative

- **How long have you been with the company?**

I have worked at the port for 5 years.

- **What inspired you to join the Port Authority?**

Similar work to my previous employment, but with a different rota arrangement. Also working closer to home is a big advantage.

- **What's the most interesting thing about your job/what do you like best about your job?**

I enjoy working outdoors and being involved with the marine aspect of the role. I am Pilot Boat Coxwain for the harbour.

- **What challenges do you face in your job?**

Working outdoors in bad weather especially in the winter months can be difficult. Rota work and working unsocial hours can also be challenging.

- **Where do you see yourself in five years' time?**

Still living and working locally.

# Port Marine Safety Code

As required at article 1.8 of the Port Marine Safety Code (PMSC), the Stornoway Port Authority (SPA) should publish its Marine Safety Plan for the conduct of marine operations in Stornoway Harbour every three years; A new plan was in effect from 1 January 2021.

## Standing Objectives Attainment

Service Provision / Activity	Standing Objectives Attainment
1 Ensure all reasonably practicable steps are taken to identify the hazards and risks arising from operational activities within the Port and its approaches; and reduce risks to a level that is as low as is reasonably practicable.	The Port Authority has conducted port-wide navigational risk assessments and has reviewed on an annual basis.
2 Reduce the likelihood and frequency of Navigational Incidents.	No serious incidents have occurred over the past year.
3 Maintain an effective Marine SMS.	The Port Authority's Designated Person, who is independent of the Authority has assessed that the safety management system is effective and reviews same annually.
4 Communicate Stornoway Port Authority's ongoing efforts and achievements in managing the safety of navigation within the port.	The Port Authority summaries its Port Marine Safety performance within this Annual Report. The Port Authority has developed a new website which will make it easier to communicate matters of navigational safety.
5 Provide a pilotage service of well-trained, competent and authorised pilots, including the authorisation of pilotage exemptions to similar standards.	Following consultation, a further revision was made to the Pilotage Directions, which came into force in December 2022.  The Port employs sufficient qualified Pilots for current requirements, but will train additional Pilots in 2023.
6 Conservancy and Hydrographic Survey.	The Port has extensive hydrographic surveys of the harbour. Information is regularly submitted to the Hydrographic office enabling more regular chart updates.
7 Support, approve and facilitate on-water events within the Statutory Harbour Limits (SHL).	The Port Authority is taking an active role in water events, planning to avoid restrictions for Port users.
8 Encourage port user involvement in the maintenance of the Marine SMS and the overall improvement in the provision of marine safety.	The Port Authority consulted with Port users on a number of issues over the past few years, including the Port Masterplan, Pilotage Directions and General Directions.  During 2023 the Port Authority will review the harbour user consultation process.

## 2021-2023 Objectives Attainment

Service Provision / Activity	2021-2023 Objectives Attainment
1 Marine Information Note 641 issued by the Maritime and Coastguard Agency (MCA) requires that every 3 years the Duty Holder must submit a signed statement to the MCA saying that the Port is compliant with the Port Marine Safety Code (PMSC).	The Port Authority external auditor (The Designated Person) confirmed the Port Authority's compliance with the Port Marine Safety Code in March 2021.
2 Review the 1976 Byelaws and prepare updated Byelaws approved by the Port Authority Board ready for informal public consultation.  Having considered the feedback from the informal consultation, prepare updated Byelaws approved by the Port Authority Board ready for formal public consultation by Dec 2018.  Informed by the formal public consultation, submit draft byelaws approved by the Port Authority Board to Transport for Scotland for approval.	Work on the Byelaws is ongoing, but the urgency has been reduced following the introduction of General Directions.
3 Ensure that the safety of navigation and compliance with the PMSC is maintained throughout the development, construction and subsequent operation of the Deep Water Terminal and that any operations associated with these activities remain within the scope of the port-wide risk assessment and at ALARP!	A navigational risk assessment has been undertaken for the Deep Water Terminal development, and this will be updated as the project proceeds to construction.
4 Put in place impartial, transparent and safe procedures to permit, lay, maintain, lift and operate moorings for recreational vessels to include: <ul style="list-style-type: none"> <li>• Drawing up a constitution, agreed with stakeholders to state how the moorings will be managed.</li> <li>• Under the constitution agreed above, set-up a Moorings Committee to manage the moorings on behalf of the Authority. NB: this Committee will include executive representation from the Authority.</li> <li>• Draw up an Individual Moorings Agreement, one to be signed by each mooring holder.</li> </ul>	It was intended that the constitutional work on moorings association would be completed early in 2022, however, with the introduction of the Newton Marina, any urgency for additional moorings within the harbour has dissipated.
5 Commence procurement of a replacement pilot transfer vessel.	The Port Authority was investigating a suitable replacement Pilot vessel in late 2022. In addition the Port Authority procured a new workboat in late 2022, which is also coded for pilotage operations.
6 Review the port-wide Navigational Risk Assessment to include the impact of aspects of the Deep Water Terminal development as necessary.	The Port Authority is reviewing the Deep Water Terminal Navigational Risk Assessment as construction proceeds.
7 Conduct complete PMSC compliance audit in accordance with the MCA aide-mémoire as detailed at the PMSC Guide to Good Practice.	The PMSC compliance audit is being delayed until early 2023.

8	Review the Oil Spill Contingency Plan.	A updated Oil Spill Contingency Plan was awaiting approval at the end of 2022.
9	Review the Port Waste Management Plan.	A target date of 26 Mar 2023 has been set.

<sup>1</sup> ALARP: As Low As Reasonably Practical.

## Aids to navigation

As a Port Authority, Stornoway Port Authority is the Local Lighthouse Authority and as such must meet statutory duties associated with those responsibilities. A report into the availability of the Authority's various Aids to Navigation is therefore prescribed by regulation.

Performance is monitored and periodically audited by the National Lighthouse Authority, namely the Northern Lighthouse Board and a full audit took place within the reporting period.

Category	No. of Aids	Target Availability %	Availability %
CAT 1	7	99.8	99.80
CAT 2	26	99	99.73
CAT 3	3	97	100

# Sustainability

**The Outer Hebrides is a special part of Scotland with a natural beauty and a very different way of life. The Port plays an integral role in the prosperity of the Outer Hebrides, managing multiple priorities and interests for the benefit of all stakeholders.**

## Our environment

Stornoway Port Authority is committed to safeguarding Stornoway Harbour area for the benefit of its stakeholders.

- To protect wildlife and the marine environment we ensure that all relevant environmental bodies are consulted prior to any work being undertaken in the harbour area.
- Regular harbour clean ups are done to reduce any pollution within our harbour area.
- Continuous monitoring of our harbour environment.

## Economic prosperity through trade

Stornoway Port Authority are looking to secure long term sustainable employment on the islands by securing further investments to develop our harbour facilities for stakeholder benefit.

- Develop our Deep Water Terminal facility.
- We recognise the importance of the renewable energy sector and have been working closely with a variety of organisations to develop our facilities further.
- Continually review our Masterplan.

## A thriving community

Stornoway Port Authority, through economic development and protecting our environment, enable a thriving community, through regular dialogue, shared ambitions and collective accountability.

- We support local community groups involved in the marine environment.
- Local school groups are invited to visit Stornoway Port Authority where staff members will show groups round the harbour area and up to the Arnish Lighthouse, to help educate and support the future workforce.
- Support community events;
  - Stornoway Half Marathon
  - RNLI Open Day
  - Stornoway Carnival
  - Coastal rowing and traditional sailing
  - Swan sail training day
  - Exterior and interior display space for local arts projects.
- The Port Authority are proud to have been able to put on such an event for the community, and being able to see the community come together after such challenging times.

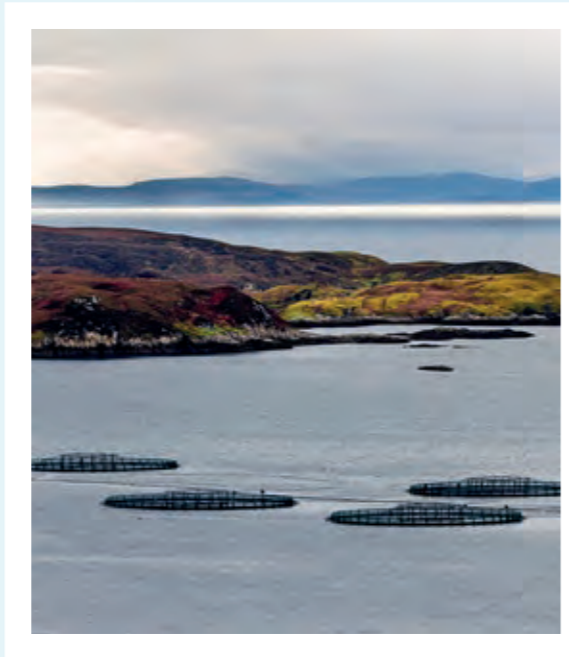
# Port Operations

## Aquaculture

Stornoway is the hub for the aquaculture sector in the Outer Hebrides.

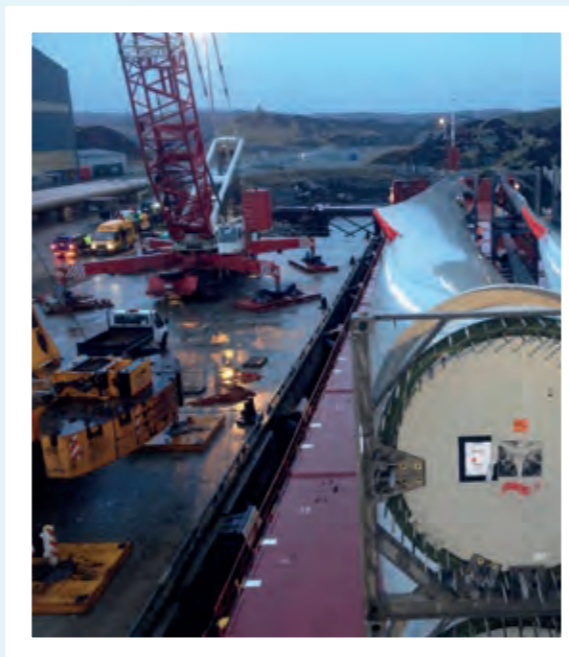
Most of the fish farms are located on the east coast of Harris and Lewis, but an increasing number are being developed on the west coast. Overall production is growing and the Outer Hebrides now account for one fifth of Scottish fish farming production.

The leading operator in the Port is The Scottish Salmon Company. Their fish are landed at the harvesting station at Arnish, then trucked to their Marybank facility for processing and shipping, then onwards for distribution via the ferry to the mainland.



## Offshore

The Outer Hebrides provide a forward base for oil-related operations in the deep-water frontier areas of the Atlantic, off the north west of Scotland. Situated close to the Hebrides platform, Stornoway can play a major role in the future development of resources as far offshore as the Rockall Bank. As a result of the Lewis Offshore yard, originally built in the early 1970s, Stornoway has a strong connection within the Oil & Gas industry. As well as a wide variety of barges/tugs associated with the Arnish facility, Stornoway harbour has a long history of oil-related traffic including supply vessels, seismic vessels, anchor handlers, workboats etc. Near to the Arnish materials quay is the barge grounding berth, suitable for a standard North Sea barge. The Port also has a rig anchorage area with a minimum depth of 14m, initially installed during the refurbishment of the Drillmaster/Buchan Alpha rig in the early 1980's.

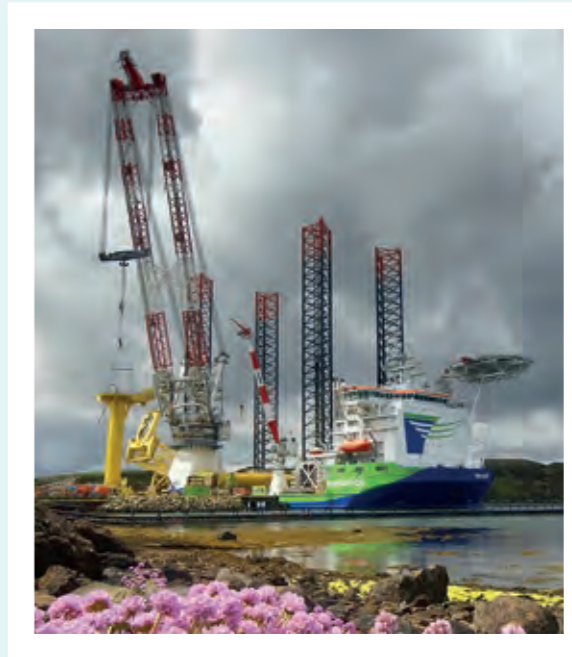


## Arnish

Arnish is a key strategic site, investor ready, offering a manufacturing, assembly and deployment hub within the West of Scotland cluster.

Investment in Arnish has created a fully serviced site with heavy load quay facilities, providing a range of flexible serviced plots. Arnish is a key NRIP site, has Enterprise Area designation and is well positioned to attract inward investment and provide for expansion of existing businesses.

Arnish offers excellent opportunities within high growth business sectors associated with marine engineering and can support future national and international investments in both the renewable energy, and oil and gas sectors. The Port Authority enjoy a close working relationship with Harland & Wolff, the operator of the Arnish yard.

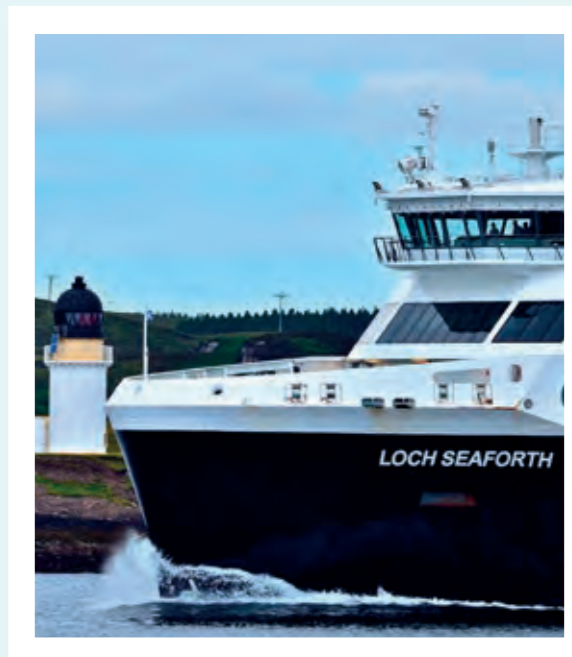


## Ferries

With over 95% of all visitors to the Outer Hebrides travelling through Stornoway harbour, the vast majority of people arriving into Stornoway use the ferry service.

Operated by CalMac Ferries Ltd, the largest vessel in the CalMac fleet the M.V. Loch Seaforth sails between Ullapool and Stornoway three times a day. The sailing takes 2 hours and 30 minutes and travels past the scenic Summer Isles and through Loch Broom. The 116-metre roll on roll off ferry is capable of operating 24 hours a day and has capacity for up to 700 passengers and 143 cars or 20 commercial vehicles.

A separate drop trailer parking area has recently been constructed to assist with commercial traffic.



# Business Objectives 2022

## What the Port Authority did in 2022 to achieve their Business Objectives<sup>1</sup>

### Growth

#### Target minimum £7.5million revenue in 2027

- Completed the Goat Island/Newton Basin developments, all the project is now generating income.
- Commenced construction of the Deep Water Terminal.

#### Increase market share from new markets

- Continued to develop the marketing plan for Deep Water Terminal.
- Developing a specific marketing plan for Goat Island leisure options.

#### Realise the opportunities presented by marine renewables

- Continued to develop relationships with offshore wind developers.
- Worked with local agencies to ensure island opportunities are realised.

### Talent

#### Foster an exciting and challenging culture, to attract, develop and retain the best people

- Continued to upskill employees in advance of Deep Water Terminal opening.
- Worked to ensure equipment is modernised, maintained and replaced.
- Sourced workboat which is also coded for pilotage operations.

#### A consistent and strong HSEQ track record

- Port Authority operations had zero LTIs in 2022.
- Further improvements and development of HSEQ systems.

### Stakeholder Engagement

#### Maintain the Port Authority's central role in the community and local/national economy

- Regular communications with key stakeholders.
- Annual meeting.

#### Play a leading role in creating a shared vision of local economic opportunities

- Developed cruise destination Plan in conjunction with CNES, HIE, OHT and Visit Scotland.
- Working with other agencies on wider opportunities in the renewables industry.

#### Responsive and collaborative communications with our community

- Regular updates on Deep Water Terminal progress.
- Press releases on major and relevant events.
- Social media channels used more proactively.

### Identity

#### Ensure the port remains a significant driver of the local economy

- Continuous review of the port Masterplan.

#### Position Stornoway as a globally recognised port

- Updated marketing plan.
- Reviewed brand identity.

#### Position the port as an organisation to promote local business and opportunity

- Worked with local and national organisations to promote the local opportunities.

### Customer Relationship Management

#### Innovate and pivot the port to remain relevant to changing market requirements

- Market research.
- Develop relationships with key government contacts.

#### Achieve and maintain outstanding customer service

- CRM software implementation.
- Installed new Maintenance management software.

#### Build and maintain relationships with key customers and develop new customer opportunities

- Attended various cruise industry trade events.
- Attend renewable industry trade events.

<sup>1</sup>the Board updated its Business objectives in late 2022.



# Port Masterplan



The 2017 Stornoway Port Masterplan was an ambitious and extensive plan, setting out the framework for the physical development of Stornoway harbour over a 20-year period. The Port Authority are aware that the development of the Port is crucial to the economic future of Stornoway and the Outer Hebrides. The Port Masterplan represented an opportunity to deliver socioeconomic transformation for the town and beyond.

The Masterplan included the Goat Island projects which comprised Newton Marina, the Food Standard Building leased to Macduff Seafoods, the 100t boat hoist, the marine engineering building, etc all of which are complete and fully operational.

The Masterplan also included, as the main structural element, the Deep Water Terminal project, a truly transformational project for the islands. The terminal construction commenced in mid-2022.

The Masterplan was always supposed to be developed in phases, with the differing phases dependent upon the outcome of earlier phases.

Stornoway Port now finds itself ahead of schedule where the initial elements of the Port Masterplan are either complete or underway. An updated Port Masterplan will be investigated late in 2023, when the full effects of the Deep Water Terminal are being realised. The learning from the construction of the Deep Water Terminal, will determine future phases of harbour development.



# Newton Basin / Goat Island Development



The Newton Basin/Goat Island redevelopment will provide an 81-berth marina, a public slipway, a new 100t boatlift, a new engineering workshop which will offer covered space for boat repair and a new factory using state of the art process equipment to process locally caught shellfish.

## Newton marina opening

Following delays caused by the March 2020 lockdown, the Newton Marina was fully operational from April 2021, able to accept local leisure craft in time for the summer season. The marina boasts 81 berths in a very sheltered environment, all with access to electricity and water.

The Boat hoist commissioning was delayed due to Covid-19 but was fully operational by the end of 2021. It has already proven to be a great asset for the Port Authority, allowing boat owners much greater flexibility in lifting their vessels in and out of the water. The boat hoist has a lifting capacity of 100 tonnes and is fitted with 360-degree steering.

## Marine engineering building construction

Arch Henderson, the Port Authority's consultant engineers, undertook the design of the new building and boat washdown facility in 2020. The facility will provide two berths for boat building and boat repair, each measuring 24m x 12m, with a door height of 11m. This will allow work to be done under cover, avoiding weather restrictions. Following the tender process, the Port Authority awarded the contract for the construction of the Marine Engineering Building to 3b Construction in March 2021. Construction commenced mid-2021, with the shed steel frame being erected and cladding completed by the end of 2021.

## Food standard building

The building was completed in June 2021 and completely operational in July 2021. The new building will allow locally caught shellfish to be sold as a premium product, benefitting the local fishing fleet and the whole fishing chain.



# Deep Water Terminal



One of the most ambitious projects ever undertaken in the Outer Hebrides, the Deep Water Terminal development is a project of national significance and will be transformational for our local economy. The opportunities created by this catalytic project will be felt for many years to come and will be essential to a sustainable future for these islands. Core infrastructure projects such as this will produce significant gains in economic output, with a subsequent effect on employment, development etc, all with the aim of a more sustainable future for the islands.

## What we did in 2022

2022 was a momentous year for this project. The following events occurred.

- The construction contract was awarded in late March 2022. A significant amount of work was required by the main project partners to make sure that the project was able to go ahead at this time, the complex funding package involved meant that everything required to come together late March. To the credit and hard work of the main partners, Scottish Government, Scottish Futures Trust, Comhairle Nan Eilean Siar and HIE, the funding package was sourced, and the Board of the Port approved the award of the contract.
- The construction contract was awarded to McLaughlin & Harvey, an Irish construction company who are specialists in marine civil engineering.
- Turf cutting ceremony onsite with John Swinney and Mairi Gougeon in early May.
- The construction work started by creating temporary access to the site.
- Construction for the first few months concentrated on creating the rock bund around the edge of the development. This would create the dredge disposal area to allow the dredging works to commence in early 2023.



## 2023 will see

- Dredging works undertaken first quarter.
- Piling works to main quay walls also completed first quarter.
- Berthing Dolphin work commence early may, ongoing through to September.
- Project completion is expected November 2023.
- First cruise ship booked for 1st April 2024.



# Business Objectives 2023 Projection

## What the Port Authority intends to do in 2023 to achieve the Business Objectives

### Growth

#### Target minimum £7.5million revenue in 2027

- Complete construction of the Deep Water Terminal.
- Concentrate on further development of the cruise in short term.

#### Increase market share from new markets

- Finalise the marketing plan for the Deep Water Terminal.
- Realise full potential of Goat Island development.

#### Realise the opportunities presented by marine renewables

- Continue to develop relationships with offshore wind developers.

### Talent

#### Foster an exciting and challenging culture, to attract, develop and retain the best people

- Continue to upskill employees in advance of Deep Water Terminal.
- Realise full benefits of maintenance management software.
- Source replacement Pilot Boat.

#### A consistent and strong HSEQ track record

- Focus on walkway and signage improvements.
- Further improvement and development of HSEQ systems.

### Stakeholder Engagement

#### Maintain the Port Authority's central role in the community and local/national economy

- Regular contact with key stakeholders.

#### Play a leading role in creating a shared vision of local economic opportunities

- Progress the cruise destination Plan in conjunction with CNES, HIE, OHT and Visit Scotland.

#### Responsive and collaborative communications with our community

- Regular updates on Deep Water Terminal progress.
- Press releases on major and relevant events.
- Social media channels used more proactively.

### Identity

#### Ensure the port remains a significant driver of the local economy

- Work with other local agencies to determine long term economic benefits realisation from renewables.

#### Position Stornoway as a globally recognised port

- Implementation of marketing plan.
- Roll out new branding.

#### Position the port as an organisation to promote local business and opportunity

- More communication with local stakeholders.
- Work with cruise forum to drive local opportunities in cruise industry.

### Customer Relationship Management

#### Innovate and pivot the port to remain relevant to changing market requirements

- Further IT development within the port.

#### Achieve and maintain outstanding customer service

- Further development of CRM system and processes.

#### Build and maintain relationships with key customers and develop new customer opportunities

- Employee Business Development Executive.
- Attend industry events.

# Report of the Board and Audited Financial Statements

For the year ended 31 December 2022

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

## Statements

For the year ended 31 December 2022

### Contents

Authority Information	40
Report of the Board	41
Report of the Independent Auditors	44
Profit and Loss Account	48
Other Comprehensive Income	49
Balance Sheet	50
Notes to the Financial Statements	52

# Authority Information

For the year ended 31 December 2022

## BOARD MEMBERS:

I Burgess  
J M Nicolson  
A D MacLeod  
M A Macleod  
A MacDonald  
R Mackay  
M Maciver  
S Mackinnon

## CHIEF EXECUTIVE:

A D MacLeod

## CONTACT ADDRESS:

Amity House  
Stornoway  
Isle of Lewis  
HS1 2XS

## INDEPENDENT AUDITORS:

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

# Report of the Board

For the year ended 31 December 2022

The board members present their report with the financial statements of the company for the year ended 31 December 2021.

Operation, administration, ongoing maintenance and future development of Stornoway Harbour has been entrusted to the Board of Stornoway Port Authority, an independent statutory body formed under the terms of the Stornoway Harbour Order Confirmation Act of 1976, as modified most recently by The Stornoway Harbour Revision (Constitution) Order 2021.

## 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 review of the business for the year can be found within the Chief Executives Statement on page 7.

## FUTURE DEVELOPMENTS

In March 2022 the Board of Stornoway Port Authority approved the construction of the Stornoway Deep Water Terminal. This transformational project for the Outer Hebrides is a £56million development funded by a mixture of loans, capital grants and Stornoway Port Authority funds in conjunction with Scottish Government (Marine Scotland and the Scottish Futures Trust), Comhairle nan Eilean Siar and Highlands and Islands Enterprise.

The construction of the Deep Water Terminal is ongoing and is on schedule both from a time and cost perspective at the year end. Construction is due to be completed towards the end of 2023 with the terminal coming into use from early 2024

## BOARD MEMBERS

The board members shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

**I Burgess**  
**J M Nicolson**  
**A D Macleod**  
**M A Macleod**  
**A Macdonald**

Other changes in board members holding office are as follows:

**R Mackay** – Joined 1 May 2022  
**M Maciver** – Joined 1 May 2022  
**S Mackinnon** – Joined 23 March 2023

Board members whose term of office expired:

**M A Murray** – 30 April 2022  
**A Macdonald** – 27 April 2023

Board members who resigned in the year:

**I McCulloch** – 6 February 2023

## STATEMENT OF BOARD MEMBERS' RESPONSIBILITIES

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

Company law requires the board members to prepare financial statements for each financial year. Under that law the board members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the board members 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 Authority and of the profit or loss of the Authority for that period. In preparing these financial statements, the board members 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 members are responsible for keeping adequate accounting records that are sufficient to show and explain the Authority's transactions and disclose with reasonable accuracy at any time the financial position of the Authority and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

## STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

## ON BEHALF OF THE BOARD:

M A Macleod – Chair

Date: 27 May 2023

# Report of the Independent Auditors

## For the year ended 31 December 2022

### Opinion

We have audited the financial statements of Stornoway Port Authority (the 'Authority') for the year ended 31 December 2022 which comprise the Profit and Loss Account, Other Comprehensive Income, Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Authority's affairs as at 31 December 2021 and of its profit 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 Companies Act 2006 and Harbours Act 1964 as amended by the Transport Act 1981.

### 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 Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and the provisions available for small entities, in the circumstances set out in note thirteen to the financial statements, 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

In auditing the financial statements, we have concluded that the board members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the board members with respect to going concern are described in the relevant sections of this report.

[The notes form part of these financial statements](#)

### Other information

The board members are responsible for the other information. The other information comprises the information in the Report of the Board, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, 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 this gives rise to a material misstatement in the financial statements themselves. 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.

### Opinions on other matters prescribed by the Companies Act 2006 and Harbours Act 1964, as amended by the Transport Act 1981

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Report of the Board 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 Authority and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board.

We have nothing to report in respect of the following matters where the Companies Act 2006 and Harbours Act 1964, as amended by the Transport Act 1981, 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 members 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 members were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Board.

[The notes form part of these financial statements](#)

## Responsibilities of Board Members

As explained more fully in the Statement of Board Members' Responsibilities set out on pages two and three, the board members 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 board members determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board members are responsible for assessing the Authority'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 board members either intend to liquidate the Authority 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

### Our approach was as follows:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the entity and determined that the most significant are The Stornoway Harbour Order Confirmation Act of 1976, as modified most recently by The Stornoway Harbour Revision Order 2019; and the Port Marine Safety Code. In addition, regulations relating to the health, safety and environment of all stakeholders of the Port, marine and animal life. Furthermore, those that relate to employment matters and those relating directly the preparation of the financial statements; that is FRS102 and the Companies Act 2006. Stornoway Port Authority are also subject to data protection laws (GDPR) and health and safety within the workplace.

### We assessed the risks of material misstatement in respect of fraud as follows:

As part of our audit team discussion, we identified if any particular area was more susceptible to misstatement. A list of the known related parties was compiled along with an expectation of transactions between them. We then made fraud enquires of those charged with governance and confirmed our related party list.

Based on the results of our risk assessment we designed our audit procedures to identify non-compliance with such laws and regulations identified above. We corroborated our enquiries of

those charged with governance by a review of the board minutes to date, a review of the bank statements to date and a review of legal fees charged in the year for any evidence of legal or regulatory issues. Our considerations at planning were corroborated and no further legal or regulatory issues were noted.

We considered the risk of fraud through management override and, in response, we incorporated testing of manual journal entries throughout the year into our audit approach. A review of the year of bank statements was undertaken, to identify any large or unusual transactions. No transactions outside the normal course of business were identified.

Given the size of the entity, segregation of duties is limited, so we designed our audit procedures to identify and to address any material misstatements arising from this. Appropriate approval controls were found to be in place.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

## Use of our report

This report is made solely to the Authority's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Harbour Act 1964, as amended by the Transport Act 1981. Our audit work has been undertaken so that we might state to the Authority'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 Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Date: 27th May 2023



## Profit and Loss Account

For the year ended 31 December 2022

		31.12.22		31.12.21	
	Notes	£	£	£	£
<b>REVENUE</b>			4,330,369		3,847,282
Cost of sales			<u>2,383,325</u>		<u>2,326,725</u>
<b>GROSS PROFIT</b>			1,947,044		1,520,557
Administrative expenses			<u>1,088,614</u>		<u>1,465,843</u>
			858,430		54,714
Other operating income			<u>304,293</u>		<u>282,955</u>
<b>OPERATING PROFIT</b>	4		1,162,723		337,669
Interest receivable and similar income			<u>6,411</u>		<u>173</u>
			1,169,134		337,842
Interest payable and similar expenses	5	113,974		7,359	
Other finance costs	12	<u>37,000</u>		<u>35,000</u>	
			<u>150,974</u>		<u>42,359</u>
<b>PROFIT BEFORE TAXATION</b>			1,018,160		295,483
Tax on profit			<u>225,357</u>		<u>56,197</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>			<u><u>792,803</u></u>		<u><u>239,286</u></u>

## Other Comprehensive Income

For the year ended 31 December 2022

		31.12.22		31.12.21	
	Notes	£	£	£	£
<b>PROFIT FOR THE YEAR</b>			792,803		239,286
<b>OTHER COMPREHENSIVE LOSS</b>					
Actuarial gain/(loss) on pension deficit			2,518,000		1,230,000
Income tax relating to other comprehensive income/(loss)			<u>(415,800)</u>		<u>(150,100)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>			<u>2,102,200</u>		<u>1,079,900</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			<u><u>2,895,003</u></u>		<u><u>1,319,186</u></u>

The notes form part of these financial statements

The notes form part of these financial statements

# Balance Sheet

For the year ended 31 December 2022

		31.12.22		31.12.21	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Property, plant and equipment	6		40,913,998		20,945,925
Investment property	7		<u>3,642,000</u>		<u>1,425,100</u>
			44,555,998		22,371,025
<b>CURRENT ASSETS</b>					
Debtors	8	1,436,950		620,837	
Cash at bank and in hand		<u>3,114,652</u>		<u>1,325,234</u>	
		4,551,602		1,946,071	
<b>CREDITORS</b>					
Amounts falling due within one year	9	<u>3,854,628</u>		<u>768,423</u>	
<b>NET CURRENT ASSETS</b>			<u>696,974</u>		<u>1,177,648</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			45,252,972		23,548,673
<b>CREDITORS</b>					
Amounts falling due after more than one year	10		(16,762,940)		(332,143)
<b>PROVISIONS FOR LIABILITIES</b>			(547,070)		(440,328)
<b>ACCRUALS AND DEFERRED INCOME</b>			(16,192,528)		(12,236,571)
<b>PENSION LIABILITY</b>	12		<u>210,000</u>		<u>(1,474,200)</u>
<b>NET ASSETS</b>			<u>11,960,434</u>		<u>9,065,431</u>
<b>RESERVES</b>					
Fair value reserve	11		102,540		803,325
Retained earnings			<u>11,857,894</u>		<u>8,262,106</u>
			<u>11,960,434</u>		<u>9,065,431</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Board and authorised for issue on 27 May 2023 and were signed on its behalf by:

M A Macleod – Chair

# Notes to the Financial Statements

## For the year ended 31 December 2022

### 1. STATUTORY INFORMATION

Stornoway Port Authority is a Statutory Port Authority, established by an Act of Parliament. The Authority's contact address can be found on the Authority Information page.

### 2. ACCOUNTING POLICIES

#### Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006 and the Harbours act 1964, as amended by the Transport Act 1981. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The presentation currency of the accounts is Pound sterling (£).

The accounts are rounded to the nearest £1.

#### Going Concern

The Authority is a going concern and there are no material uncertainties casting significant doubt over its ability to continue as a going concern.

#### Significant judgements and estimates

Fixed asset net book value and depreciation charges are the areas of the accounts which are affected by significant judgements and estimates. The members exercise judgement in determining both the useful economic life and the likely residual value of the authority's assets. This judgement affects the rates of and charge for depreciation as well as grant release in the accounts for the year. It also therefore affects the net book value of the assets in the balance sheet.

#### 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 the cost less estimated residual value of each asset over its estimated useful life.

Land, Buildings and Works	- at varying rates on cost
Plant and Equipment	- at varying rates on cost
Office Furniture & Equipment	- at varying rates on cost
Motor Vehicles	- 25% depreciation on cost

Assets not measured at fair value are reviewed for any indication that the asset may be impaired at each balance sheet date. If such indication exists, the recoverable amount of the

asset is estimated and compared to the carrying amount. Where the carrying amount exceeds its recoverable amount, an impairment loss is recognised in profit or loss unless the asset is carried at a revalued amount where the impairment loss is a revaluation decrease.

#### Assets under construction

Assets under construction are stated at cost within Land, Buildings and Works. These are not depreciated until they are available for use.

#### Investment property

The Authority recognises its portfolio of rental properties as investment properties in the balance sheet, and includes them at Fair Value.

Any revaluation surpluses or deficits arising on the revaluation of the investment property portfolio will be reflected in the Profit and Loss account as they arise.

Deferred tax has been provided on the revaluation surplus.

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

#### Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### Deferred tax

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss 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 valuation 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 reflected in the profit and loss account or statement of Other Comprehensive Income as required.

## 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.

## Debtors and creditors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

Creditors and provisions are recognised where the Authority has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

## 3. EMPLOYEES AND BOARD MEMBERS

	31.12.22	31.12.21
	£	£
Wages and salaries	1,224,653	1,000,886
Social security costs	111,446	94,523
Other pension costs	160,534	177,000
	<u>1,496,633</u>	<u>1,272,409</u>

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

	31.12.22	31.12.21
Operations	21	19
Administration	3	3
Management	6	6
Slipway	2	-
	<u>32</u>	<u>28</u>

## 4. OPERATING PROFIT

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

	31.12.22	31.12.21
	£	£
Operating lease income	(363,197)	(284,418)
Depreciation – owned assets	1,278,619	1,244,005
Auditors' remuneration	8,200	8,200
Auditors' remuneration for non-audit work	3,822	27,046

## 5. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.22	31.12.21
	£	£
Loan interest	105,264	-
Hire purchase interest	8,710	7,359
	<u>113,974</u>	<u>7,359</u>

## 6. PROPERTY, PLANT AND EQUIPMENT

	Land, Buildings & Works £	Plant & Equipment £	Office Furniture & Equipment £	Motor Vehicles £	Totals £
<b>COST</b>					
At 1 January 2022	26,006,823	4,628,846	97,711	160,328	30,893,708
Additions	24,096,194	227,826	6,656	70,937	24,401,613
Reclassification/ transfer	(3,176,095)	-	-	-	(3,176,095)
At 31 December 2022	<u>46,926,922</u>	<u>4,856,672</u>	<u>104,367</u>	<u>231,265</u>	<u>52,119,226</u>
<b>DEPRECIATION</b>					
At 1 January 2022	8,082,406	1,707,845	83,434	74,098	9,947,783
Charge for year	976,508	267,435	5,924	28,752	1,278,619
Reclassification/ transfer	(21,174)	-	-	-	(21,174)
At 31 December 2022	<u>9,037,740</u>	<u>1,975,280</u>	<u>89,358</u>	<u>102,850</u>	<u>11,205,228</u>
<b>NET BOOK VALUE</b>					
At 31 December 2022	<u>37,889,182</u>	<u>2,881,392</u>	<u>15,009</u>	<u>128,415</u>	<u>40,913,998</u>
At 31 December 2021	<u>17,924,417</u>	<u>2,921,001</u>	<u>14,277</u>	<u>86,230</u>	<u>20,945,925</u>

Included in cost of land and buildings is freehold land of £63,860 (2021 – £63,860) which is not depreciated.

Included within the cost of Land, Buildings and Works is £26,495,804 (2021: £4,938,044) of assets under construction which are not depreciated until the asset is available for use.

## 7. INVESTMENT PROPERTY

	Total £
<b>FAIR VALUE</b>	
At 1 January 2022	1,425,100
Revaluations	(938,021)
Reclassification/transfer	3,154,921
At 31 December 2022	<u>3,642,000</u>
<b>NET BOOK VALUE</b>	
At 31 December 2022	<u>3,642,000</u>
At 31 December 2021	<u>1,425,100</u>

Included in fair value of investment property is freehold land of £1,305,600 (2021 – £1,305,600) which is not depreciated.

Fair value at 31 December 2022 is represented by:

	£
Valuation in 2012	1,061,735
Valuation in 2021	(959,195)
Cost	3,539,460
	<u>3,642,000</u>

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

	31.12.22 £	31.12.21 £
Cost	<u>3,539,460</u>	<u>363,365</u>
Aggregate depreciation	<u>(55,202)</u>	<u>(34,028)</u>

The investment properties were valued on an open market basis on 13 October 2021 by Graham + Sibbald Chartered Surveyors.

The revaluation deficit recognised in the year of £938,024 does not include the release of the capital grant received in respect of the building which has been reclassified as an Investment property in the year.

The grant released amounted to £1,487,893.

The result is an overall revaluation surplus of £549,873 recognised in the profit and loss for the year.

The notes form part of these financial statements

## 8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.22 £	31.12.21 £
Trade debtors	557,779	378,243
Other debtors	879,171	242,594
	<u>1,436,950</u>	<u>620,837</u>

## 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.22 £	31.12.21 £
Hire purchase contracts	64,286	64,286
Trade creditors	106,919	77,959
Taxation and social security	206,019	181,883
Other creditors	3,477,404	444,295
	<u>3,854,628</u>	<u>768,423</u>

## 10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.22 £	31.12.21 £
Hire purchase contracts	267,858	332,143
Other creditors	16,495,082	–
	<u>16,762,940</u>	<u>332,143</u>
Amounts falling due in more than five years:		
Repayable by instalments CNES Loans >5 years	15,538,559	–
Hire purchase	10,715	75,000
	<u>15,549,274</u>	<u>75,000</u>

## 11. RESERVES

	Fair value reserve £
At 1 January 2022	803,325
Revaluation surplus	(700,785)
At 31 December 2022	<u>102,540</u>

The notes form part of these financial statements

## 12. EMPLOYEE BENEFIT OBLIGATIONS

The Authority participates in a multi employer defined benefit pension scheme, for qualifying employees providing benefits based upon pensionable pay.

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 triennial actuarial valuation was at 31 March 2020.

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

The funding level (ratio of assets to past service liabilities) as at 31 March 2020 is 100% (compared with 101% as at 31 March 2017). At the 2020 valuation, there was a surplus of assets relative to the assessed cost of members' benefits on the target funding basis of £6m (£13m at 2017).

The whole fund Primary and Secondary contribution rates at this valuation are:

Primary rate (% of pay):	21.2% from 1 April 2021 to 31 March 2024 (17.8% 2017-2020)
Secondary rate:	-2.1% 2021/22
	-2.1% 2022/23
	-2.1% 2023/24

The primary rate also includes an allowance of 0.7% for the Fund's expenses (0.6% at 2017). The average employee contribution was assessed as 6.1% of pensionable pay (6.0% at 2017).

Further sums should also be paid to the Fund to meet the costs of any non-ill health 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 19.0% of employee's pensionable pay in the three years to 31 March 2024.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	31.12.22	31.12.21
	£	£
Present value of funded obligations	(5,572,000)	(8,335,000)
Fair value of plan assets	5,852,000	6,515,000
	280,000	(1,820,000)
Present value of unfunded obligations	-	-
Surplus/(Deficit)	280,000	(1,820,000)
Deferred tax (liability)/asset	(70,000)	345,800
Net asset/(liability)	210,000	(1,474,200)

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	31.12.22	31.12.21
	£	£
Current service cost	561,000	582,000
Net interest from net defined benefit asset/liability	37,000	35,000
Past service cost	41,000	-
	639,000	617,000
Actual return on plan assets	121,000	72,000

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	31.12.22	31.12.21
	£	£
Opening defined benefit obligation	8,335,000	8,366,000
Current service cost	561,000	582,000
Past service cost	41,000	-
Contributions by scheme participants	65,000	62,000
Interest cost	158,000	107,000
Benefits paid	(241,000)	(256,000)
Remeasurements:		
Actuarial (gains)/losses from changes in demographic assumptions	(38,000)	(535,000)
Actuarial (gains)/losses from changes in financial assumptions	(3,319,000)	(117,000)
Other experience	10,000	126,000
	5,572,000	8,335,000

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	31.12.22	31.12.21
	£	£
Opening fair value of scheme assets	6,515,000	5,756,000
Contributions by employer	221,000	177,000
Contributions by scheme participants	65,000	62,000
Expected return	121,000	72,000
Benefits paid	(241,000)	(256,000)
Remeasurements:		
Return on plan assets (excluding interest income)	(829,000)	577,000
Assets other remeasurement	-	127,000
	<u>5,852,000</u>	<u>6,515,000</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	31.12.22	31.12.21
	£	£
Actuarial (gains)/losses from changes in demographic assumptions	38,000	535,000
Actuarial (gains)/losses from changes in financial assumptions	3,319,000	117,000
Other experience	(10,000)	(126,000)
Return on plan assets (excluding interest income)	(829,000)	577,000
Assets other remeasurement	-	127,000
	<u>2,518,000</u>	<u>1,230,000</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	31.12.22	31.12.21
Equities	69%	66%
Bonds	10%	12%
Property	15%	13%
Cash	6%	9%
	<u>100%</u>	<u>100%</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	31.12.22	31.12.21
Discount rate	4.75%	1.85%
Future salary increases	3.90%	3.75%
Future pension increases	3.10%	2.95%

### 13. RELATED PARTY DISCLOSURES

Board members received remuneration in the year for the purpose of attending board meetings of the Stornoway Port Authority. The total cost to the Port Authority was £5,286 for the year (2021 : £Nil).

During the year the Authority did not purchase goods from Manor Filling Station, (2021 : £784) a business in which Allan Macdonald is a director and shareholder. There was no balance outstanding at the year end.

### 14. FRC ETHICAL STANDARD - PROVISIONS AVAILABLE FOR SMALL ENTITIES

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the tax authorities and assist with the preparation of the financial statements.

### 15. PILOTAGE

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

	31.12.22	31.12.21
	£	£
Revenue from pilotage services	114,587	68,105
Pilotage expenses	227,781	174,109







## Harbour Office

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Ref: AR 2023