

**HARBOUR TRUST OF INVERNESS**

**ANNUAL ACCOUNTS**

**YEAR ENDED 30 SEPTEMBER 2007**

# HARBOUR TRUST OF INVERNESS

YEAR ENDED 30 SEPTEMBER 2007

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# HARBOUR TRUST OF INVERNESS

## TRUSTEES

W J Smith (Chairman)  
C Goodman (Vice-Chairman)  
Capt M MacLeod  
A G M Catto  
R H Dyce  
P Corbett  
P C L Harrison

I Morrison  
T Prag  
R Michie  
Mrs J Home

## CHIEF EXECUTIVE

Captain M MacLeod

## HARBOURMASTER

Captain K Maclean

## TREASURER

I D Fraser

## ENGINEER

A F Cruden Associates

## BANKERS

Bank of Scotland  
2-6 Eastgate  
Inverness  
IV2 3NA

## AUDITORS

Winston Carmichael  
Nevis House  
Beechwood Park  
Inverness  
IV2 3BW

# HARBOUR TRUST OF INVERNESS

## REPORT OF THE TRUSTEES

The Trustees have pleasure in presenting their report and the audited accounts for the year ended 30 September 2007.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Trust continued to trade as a harbour undertaking.

### RESULTS

The results for the year are set out in the revenue account.

### DONATION

A donation of £4,625 was made in the year - 2006 £9,000.

### FIXED ASSETS

Details of movements in fixed assets are set out in the notes to the accounts.

### MEMBERS

The Trustees who held office at 30 September 2007 are listed on page 1.

### ANNUAL REPORT

Separate document giving the Chairman's, Chief Executive's and Harbourmaster's Reports has been prepared and is available at the Harbour Office.

### TRUSTEES RESPONSIBILITIES

The Trustees are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

The Harbours Act 1964 as amended requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Trust and of the surplus or deficit of the Trust for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Harbours Act 1964 as amended. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### STATEMENT OF DISCLOSURE TO AUDITOR

The Trustees confirm that:

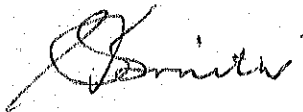
- (a) so far as the Trustees are aware, there is no relevant audit information of which the Trust's auditors are unaware; and
- (b) they have taken all steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

### SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 on the basis that the Trust would qualify as a small company under the Act.

BY ORDER OF THE TRUST ON 19 Feb 2008

CHAIRMAN  
INVERNESS



HARBOUR TRUST OF INVERNESS

REVENUE ACCOUNT

YEAR ENDED 30 SEPTEMBER 2007

	Note	<u>2007</u> £	<u>2006</u> £
REVENUE	2	1,075,813	1,008,650
Operating costs	3	<u>546,452</u>	<u>578,207</u>
		529,361	430,443
Administrative expenses	4	<u>174,978</u>	<u>171,679</u>
OPERATING SURPLUS		354,383	258,764
Interest receivable and investment income	6	<u>211,979</u>	<u>151,918</u>
SURPLUS ON ORDINARY ACTIVITIES		566,362	410,682
Gain/(loss) on sale of assets and investments		<u>51,118</u>	<u>(27,252)</u>
SURPLUS FOR THE FINANCIAL YEAR	12	<u><u>617,480</u></u>	<u><u>383,430</u></u>

The notes on pages 6 to 13 form part of these accounts.

# HARBOUR TRUST OF INVERNESS

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES YEAR ENDED 30 SEPTEMBER 2007

	<u>Note</u>	<u>2007</u> £	<u>2006</u> £
Surplus for the Financial Year		617,480	383,430
Reduction in unrealised loss on investments		-	14,070
Total recognised Gains and Losses relating to the year.		<u>617,480</u>	<u>397,500</u>

**HARBOUR TRUST OF INVERNESS**

**BALANCE SHEET  
30 SEPTEMBER 2007**

	<u>Note</u>	<u>2007</u> £	<u>2006</u> £
<b>FIXED ASSETS</b>			
Tangible assets	7	6,893,900	<u>3,856,407</u>
<b>CURRENT ASSETS</b>			
Debtors	8	818,534	218,348
Investments	9	330,603	639,288
Bank deposits		1,159,810	3,145,326
		<u>2,308,947</u>	<u>4,002,962</u>
CREDITORS: Amount falling due within one year	10	<u>786,552</u>	<u>60,940</u>
<b>NET CURRENT ASSETS</b>		1,522,395	3,942,022
<b>LONG TERM DEBTOR</b>	8	<u>71,500</u>	<u>83,500</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		8,487,795	7,881,929
<b>DEFERRED INCOME</b>	11	<u>308,797</u>	<u>320,411</u>
<b>TOTAL ASSETS LESS LIABILITIES</b>		<u>8,178,998</u>	<u>7,561,518</u>
<b>CAPITAL AND RESERVES</b>			
Capitalised value of perpetuity to Highland Council Reserves	12	7,500 <u>8,171,498</u>	7,500 <u>7,554,018</u>
		<u>8,178,998</u>	<u>7,561,518</u>

On the grounds that the Trust would qualify as a small company under the Companies Act 1985, these financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and the Financial Reporting Standard for Smaller Entities (effective January 2005).

The notes on pages 6 to 13 form part of these accounts.

APPROVED ON BEHALF OF THE TRUST ON

.....  
*R. Smith*  
CHAIRMAN

.....  
*R. D. Z.*  
TREASURER

# HARBOUR TRUST OF INVERNESS

## NOTES TO THE ACCOUNTS YEAR ENDED 30 SEPTEMBER 2007

### 1 ACCOUNTING POLICIES.

#### ACCOUNTING CONVENTIONS

The financial statements have been prepared under the historical cost convention and comply with the Statutory Harbour Undertakings Regulations 1983. On the grounds that the Trust would qualify as a small company under the Companies Act 1985, these financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

#### FINANCIAL REPORTING STANDARD NUMBER ONE

Exemption has been taken from preparing a cash flow statement on the grounds that the Trust would qualify as a small company under the Companies Act.

#### TANGIBLE FIXED ASSETS

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

Freehold Land	NIL
Dredging	2.50%
Longman, New Citadel Quays and Harbour Office	2.50%
Transit Sheds at Longman	5%
Other Harbour Quays and Buildings	£3800pa
Plant and Equipment	25% & 10%
Motor Vehicles	25%

Assets under Construction consist of costs for the further development of the Longman area of the Harbour.

#### INVESTMENTS

Investments are included within the accounts at cost less any provision for permanent diminution in value if required.

#### DEFERRED INCOME

Capital Grants received for the development of the Harbour are deferred on the balance sheet and released to the profit and loss account at a rate of 2.5% per year.

#### PENSION SCHEME

Certain members of staff are members of The Highland Council Superannuation Pension Scheme and The Pilots' National Pension Fund. Contributions are charged to income as incurred. During the year contributions of £37,665 (2006: £31,176) were paid by the employer.

FRS 17 Retirement Benefits, requires the Trust to obtain and disclose certain information regarding The Highland Council Superannuation Pension Scheme, in particular, whether there is a shortfall of assets compared with the value of liabilities. As the Trust considers the cost of obtaining the necessary information to be prohibitive, the information has not been obtained nor has any potential shortfall between assets and liabilities been provided in the accounts. This represents a departure from both FRS 17 Retirement Benefits and the Financial Reporting Standard for Smaller Entities (effective January 2005).

# HARBOUR TRUST OF INVERNESS

## NOTES TO THE ACCOUNTS YEAR ENDED 30 SEPTEMBER 2007

### GRANTS RECEIVABLE

Grants to fund additions to fixed assets which are to be depreciated are credited to Deferred Income from which the relevant amounts are released to the revenue account at rates in accordance with the expected life of the assets.

# HARBOUR TRUST OF INVERNESS

## NOTES TO THE ACCOUNTS YEAR ENDED 30 SEPTEMBER 2007

		<u>2007</u>	<u>2006</u>
		£	£
<b>2 REVENUE</b>			
Revenue represents the value of port dues and rents invoiced excluding value added tax and may be analysed as follows:			
<b>BERTHING:</b>			
	Ships	267,399	240,723
	Pontoons	13,377	12,010
		<u>280,776</u>	<u>252,733</u>
<b>CARGO CHARGES:</b>			
<b>Imports:</b>			
	Petroleum spirits	300,640	306,382
	Heavy oils	33,035	32,587
	Timber	60,777	41,442
	Round logs	-	-
	Salt	9,638	16,467
	Coal	7,257	6,185
	Other	2,300	778
		<u>413,647</u>	<u>403,841</u>
<b>Exports:</b>			
	Grain	5,835	4,081
	Timber	73,740	60,449
	Other	383	1,060
		<u>79,958</u>	<u>65,590</u>
<b>REVENUE FROM HARBOUR ACTIVITIES</b>		<u>774,381</u>	<u>722,164</u>
<b>Other Income:</b>			
	Pilotage (Note 13)	124,604	111,315
	Weighbridge	5,887	6,436
	Let property rent	153,295	150,898
	Other	6,031	6,222
	Grant amortisation	11,615	11,615
		<u>301,432</u>	<u>286,486</u>
<b>TOTAL REVENUE FOR YEAR</b>		<u>1,075,813</u>	<u>1,008,650</u>

**HARBOUR TRUST OF INVERNESS**

**NOTES TO THE ACCOUNTS (CONT'D)  
YEAR ENDED 30 SEPTEMBER 2007**

	<u>2007</u>	<u>2006</u>
	£	£
<b>3 OPERATING COSTS</b>		
Cargo and maintenance	139,562	153,739
Wages and salaries (Note 5)	244,852	255,104
Pilotage boat (Note 13)	6,467	14,127
Depreciation	155,571	155,237
	<u>546,452</u>	<u>578,207</u>
<b>4 ADMINISTRATIVE EXPENSES</b>		
Office and establishment	53,672	60,695
Wages and salaries (Note 5)	71,519	68,659
Trustees salaries (Note 5)	45,737	38,500
Auditor's remuneration	4,050	3,825
	<u>174,978</u>	<u>171,679</u>
<b>5 SALARIES</b>		
Total Wages and Salaries including pension and social security	<u>362,107</u>	<u>362,263</u>

The average weekly number of employees during the year, analysed by functions, was as follows:

	No of Employees	
Operations	7	7
Administration	2	2
Officials	2	2
	<u>11</u>	<u>11</u>

**HARBOUR TRUST OF INVERNESS**

**NOTES TO THE ACCOUNTS (CONT'D)  
YEAR ENDED 30 SEPTEMBER 2007**

	<u>2007</u>	<u>2006</u>
	£	£
<b>6 INTEREST RECEIVABLE AND INVESTMENT INCOME</b>		
Income from investments:		
Listed	25,846	36,601
Short term and other interest	186,133	115,317
	<u>211,979</u>	<u>151,918</u>

**TANGIBLE FIXED ASSETS**

	Assets Under Construction £	Quays & Heritable £	Dredging £	Plant and Equipment £	Total £
<b>COST</b>					
At 1 October 2006	112,202	5,317,506	54,888	196,808	5,681,404
Additions	3,193,064	-	-	-	3,193,064
Disposal	-	-	-	-	-
At 30 September 2007	<u>3,305,266</u>	<u>5,317,506</u>	<u>54,888</u>	<u>196,808</u>	<u>8,874,468</u>
<b>DEPRECIATION</b>					
At 1 October 2006	-	1,632,130	6,861	186,006	1,824,997
Provided for year	-	149,832	1,372	4,367	155,571
Elimination on disposals	-	-	-	-	-
At 30 September 2007	<u>-</u>	<u>1,781,962</u>	<u>8,233</u>	<u>190,373</u>	<u>1,980,568</u>
<b>NET BOOK VALUE</b>					
At 30 September 2007	<u>3,305,266</u>	<u>3,535,544</u>	<u>46,655</u>	<u>6,435</u>	<u>6,893,900</u>
At 1 October 2006	<u>112,202</u>	<u>3,685,376</u>	<u>48,027</u>	<u>10,802</u>	<u>3,856,407</u>

# HARBOUR TRUST OF INVERNESS

## NOTES TO THE ACCOUNTS (CONT'D) YEAR ENDED 30 SEPTEMBER 2007

	<u>2007</u>	<u>2006</u>
	£	£
<b>8 DEBTORS</b>		
Amounts falling due within one year:		
Trade debtors	208,641	161,919
Other debtors	557,582	8,042
Prepayment and accrued income	46,380	42,055
Income tax recoverable	5,931	6,332
	<u>818,534</u>	<u>218,348</u>
Amounts falling due after more than one year:		
Rental debtors	<u>71,500</u>	<u>83,500</u>
Aggregate amounts	<u>890,034</u>	<u>301,848</u>

### 9 INVESTMENTS

	Listed Shares £	Fixed Interest UK Stock £	Cash £	Total £	2006 Total £
<b>COST</b>					
At 1 October 2006	257,449	366,614	15,225	639,288	841,568
Additions	-	-	-	-	29,904
Disposals	(241,717)	(51,743)	(15,225)	(308,685)	(232,184)
	<u>15,732</u>	<u>314,871</u>	<u>-</u>	<u>330,603</u>	<u>639,288</u>
At 30 September 2007	<u>15,732</u>	<u>314,871</u>	<u>-</u>	<u>330,603</u>	<u>639,288</u>

The market value of the listed shares and fixed interest stock at 30 September 2007 was £328,208 (2006 £667,785).

	<u>2007</u>	<u>2006</u>
	£	£
<b>10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Trade creditors	767,036	36,348
Other creditors	12,055	17,982
Taxes and social security costs	7,461	6,611
	<u>786,552</u>	<u>60,940</u>

# HARBOUR TRUST OF INVERNESS

## NOTES TO THE ACCOUNTS (CONT'D) YEAR ENDED 30 SEPTEMBER 2007

11 DEFERRED INCOME	<u>2007</u>	<u>2006</u>
	£	£
At beginning of year	320,411	332,028
Released to Income during the period	11,614	(11,617)
	<hr/>	<hr/>
Balance at end of year	<u>308,797</u>	<u>320,411</u>
	 <u>2007</u>	 <u>2006</u>
	£	£
12 RESERVES		
Opening balance	7,554,018	7,156,518
Add: Surplus for year	617,480	383,430
Reduction in unrealised loss on investments	-	14,070
	<hr/>	<hr/>
	<u>8,171,498</u>	<u>7,554,018</u>

### 13 PILOTAGE ACTIVITIES

Statement under Regulation 4 of the Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988 in respect of pilotage activities for the twelve months to 30 September 2007.

	<u>2007</u>	<u>2006</u>
	£	£
Revenue from Pilotage Services	<u>124,604</u>	<u>111,315</u>
Expenditure incurred in:-		
Providing the services of a pilot	154,941	150,179
Providing a pilot boat	6,467	14,127
	<hr/>	<hr/>
Administration costs	161,408	164,306
	43,744	42,920
	<hr/>	<hr/>
	<u>205,153</u>	<u>207,226</u>

### 14 PENSION COMMITMENTS

The company operates a defined benefit scheme as an admitted body under the Highland Council Pension Fund, the assets of which are held in a separate trustee administered fund. Contributions to the scheme are charged to the income and expenditure account as they accrue.

## **HARBOUR TRUST OF INVERNESS**

### **NOTES TO THE ACCOUNTS (CONT'D) YEAR ENDED 30 SEPTEMBER 2007**

#### **15 ULTIMATE CONTROLLING PARTY**

The trust is under the control of the board of trustees.

#### **16 INVESTMENT**

During the year the Trust entered into a venture to set up Inverness Marina Limited with Caley Cruisers Limited. As at the year end the statutory details and shares to be issued had not been completed.

#### **RELATED PARTY TRANSACTIONS**

During the year the Trust provided harbour facilities to Scotlog Sales Limited on normal commercial terms. During the year the Trust entered into negotiations for the disposal of some of the North Longman Harbour Development to Scotlog Sales Limited. A G M Catto, Trustee, is a director and shareholder of Scotlog Sales Limited

#### **18 CAPITAL COMMITMENTS**

As at the year end the Trust had contracted for capital works as part of the Harbour redevelopment of £7.36m.

## HARBOUR TRUST OF INVERNESS

### REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE HARBOUR TRUST OF INVERNESS

We have audited the financial statements of The Harbour Trust of Inverness for the year ended 30 September 2007 on pages 3 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Trust's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trustee members as a body for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of Trustees and Auditors**

The Trustees' responsibilities for preparing the financial statement in accordance with the Harbours Act 1964, applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of Trustees' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Trustees' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Trust has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Trustees' remuneration and other transactions is not disclosed.

We read the Trustees' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of Audit Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trusts circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

## HARBOUR TRUST OF INVERNESS

### REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE HARBOUR TRUST OF INVERNESS

#### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the trust's affairs as at 30 September 2007 and of its surplus for the year then ended;
- the financial statements have been properly prepared in accordance with Statutory Harbour Undertakings (Accounts etc) Regulations 1983 and the Companies Act 1985; and
- the information given in the Trustees Report is consistent with the financial statements.



Johnston Carmichael  
Chartered Accountants  
Registered Auditor  
Nevis House  
Beechwood Park  
Inverness  
IV2 3BW

28 June 2008