

HARBOUR TRUST OF INVERNESS

ANNUAL ACCOUNTS

YEAR ENDED 30 SEPTEMBER 2010

HARBOUR TRUST OF INVERNESS

YEAR ENDED 30 SEPTEMBER 2010

CONTENTS:

PAGE:

Information Page	1
Report of the Trustees	2
Revenue Account	3
Balance Sheet	4
Accounting Policies	5-6
Notes on the Accounts	7-13
Report of the Auditors	14-15

HARBOUR TRUST OF INVERNESS

TRUSTEES

R Michie (Chairman)
T Prag (Vice-Chairman)
Capt M MacLeod
A G M Catto
R H Dyce
P C L Harrison

Mrs J Home (Retired January 2010)
G Strachan
K Slack (Retired January 2010)
I Younger
C Fraser
A Mackenzie (Appointed February 2010)

CHIEF EXECUTIVE

Captain M MacLeod

HARBOURMASTER

Captain K Maclean

TREASURER

Highland Accountancy Practice

ENGINEER

A F Cruden Associates

BANKERS

HSBC
50-52 High Street
Inverness
IV1 1JE

AUDITORS

Johnston Carmichael
Clava House
Cradlehall Business Park
Inverness
IV2 5GH

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 2010.

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.

DONATIONS

Donations totalling £4,665 were made during the year. A donation of £4,000 was made to the Moray Firth Partnership, the remaining donations were to various local organisations.

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 2010 are listed on page 1.

ANNUAL REPORT

A 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

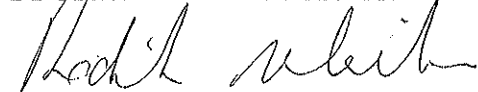
The Trustees confirm that:

- (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 15 of the Companies Act 2006 on the basis that the Trust would qualify as a small company under the Act.

BY ORDER OF THE TRUST ON



R MICHIE
CHAIRMAN
INVERNESS

HARBOUR TRUST OF INVERNESS

REVENUE ACCOUNT YEAR ENDED 30 SEPTEMBER 2010

	Note	2010 £	2009 £
REVENUE	2	1,063,316	1,033,162
Operating costs	3	<u>807,895</u>	<u>706,447</u>
		255,421	326,715
Administrative expenses	4	<u>242,862</u>	<u>258,000</u>
OPERATING SURPLUS		12,559	68,715
Interest receivable and investment income	6	7,301	2,490
Interest payable and similar charges		<u>73,723</u>	<u>107,757</u>
(DEFICIT)/SURPLUS ON ORDINARY ACTIVITIES		(53,863)	(36,552)
(Loss)/gain on sale of assets and investments		-	(2,335)
(DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR	14	<u>(53,863)</u>	<u>(38,887)</u>

The notes on pages 5 to 13 form part of these accounts.

HARBOUR TRUST OF INVERNESS

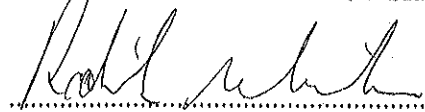
BALANCE SHEET 30 SEPTEMBER 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Tangible assets	7	12,733,015	12,861,992
Investment in Associate	8	17,258	17,258
		<u>12,750,273</u>	<u>12,879,250</u>
CURRENT ASSETS			
Debtors	9	226,557	235,879
Investments	10	742	742
Bank deposits & cash		1,032,593	1,326,667
		<u>1,259,892</u>	<u>1,563,288</u>
CREDITORS: Amount falling due within one year	11	353,764	3,491,313
NET CURRENT ASSETS		906,128	(1,928,025)
LONG TERM DEBTOR	9	230,500	242,500
TOTAL ASSETS LESS CURRENT LIABILITIES		13,886,901	11,193,725
DEFERRED INCOME	12	2,474,344	2,552,364
LONG TERM LIABILITIES	13	2,825,059	-
TOTAL ASSETS LESS LIABILITIES		8,587,498	8,641,361
CAPITAL AND RESERVES			
Capitalised value of perpetuity to Highland Council		7,500	7,500
Reserves	14	8,579,998	8,633,861
		8,587,498	8,641,361

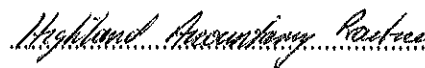
On the grounds that the Trust would qualify as a small company under the Companies Act 2006, these financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and the Financial Reporting Standard for Smaller Entities (effective April 2008).

The notes on pages 5 to 13 form part of these accounts.

APPROVED ON BEHALF OF THE TRUST ON



R MICHIE (CHAIRMAN)



HIGHLAND ACCOUNTANCY PRACTICE (TREASURER)

HARBOUR TRUST OF INVERNESS

NOTES TO THE ACCOUNTS YEAR ENDED 30 SEPTEMBER 2010

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 2006, these financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

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 2006.

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	£3,800 p.a.
Plant and Equipment	25% & 10%
Motor Vehicles	25%

GROUP ACCOUNTS

The financial statements present information about the trust as an individual undertaking and not about its group. The trust and its corporate undertaking comprise a small-sized group. The trust has therefore taken advantage of the exemptions provided by section 398 of the Companies Act 2006 not to prepare group accounts.

INVESTMENTS

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

GRANTS RECEIVABLE

Grants in respect of capital expenditure are credited to a deferred income account and are released to surplus over the expected useful lives of the relevant assets, by equal instalments.

HARBOUR TRUST OF INVERNESS

NOTES TO THE ACCOUNTS (CONT'D) YEAR ENDED 30 SEPTEMBER 2010

1 ACCOUNTING POLICIES (continued)

PENSION SCHEMES

Staff are members of The Highland Council Superannuation Pension Scheme or The Pilots' National Pension Fund. Contributions are charged to income as incurred. During the year contributions of £40,746 (2009:£37,412) were paid by the employer.

FRS 17 Retirement Benefits, requires the Trust to obtain and disclose certain information regarding the two schemes, 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 for in the accounts. This represents a departure from both FRS 17 Retirement Benefits and the Financial Reporting Standard for Smaller Entities (effective April 2008).

HARBOUR TRUST OF INVERNESS

NOTES TO THE ACCOUNTS (CONT'D) YEAR ENDED 30 SEPTEMBER 2010

		2010	2009
		£	£
2 REVENUE			
Revenue represents the value of port dues and rents invoiced excluding value added tax and may be analysed as follows:			
BERTHING:			
	Ships	272,625	285,360
	Pontoons	121	178
		<u>272,746</u>	<u>285,538</u>
CARGO CHARGES:			
Imports:			
	Petroleum spirits	275,656	301,818
	Heavy oils	34,610	30,407
	Timber	38,909	34,231
	Round logs	6,140	-
	Salt	17,566	28,376
	Coal	1,866	1,681
	Other	11,398	8,777
		<u>386,145</u>	<u>405,290</u>
Exports:			
	Grain	6,003	3,362
	Timber	76,432	71,752
	Other	2,163	579
		<u>84,598</u>	<u>75,693</u>
		<u>743,489</u>	<u>766,521</u>
REVENUE FROM HARBOUR ACTIVITIES			
Other Income:			
	Pilotage (Note 15)	123,321	116,974
	Weighbridge	7,488	8,840
	Let property rent	101,626	89,057
	Other	9,372	6,953
	Grant amortisation (Note 12)	78,020	44,817
		<u>319,827</u>	<u>266,641</u>
TOTAL REVENUE FOR YEAR		<u><u>1,063,316</u></u>	<u><u>1,033,162</u></u>

HARBOUR TRUST OF INVERNESS

NOTES TO THE ACCOUNTS (CONT'D) YEAR ENDED 30 SEPTEMBER 2010

	2010	2009
	£	£
3 OPERATING COSTS		
Cargo and maintenance	202,102	186,845
Wages and salaries (Note 5)	273,939	267,131
Pilotage boat (Note 14)	12,405	13,239
Depreciation	319,449	239,232
	<u>807,895</u>	<u>706,447</u>
4 ADMINISTRATIVE EXPENSES		
Office and establishment	99,522	112,682
Wages and salaries (Note 5)	87,042	86,032
Trustees salaries (Note 5)	50,348	53,271
Auditor's remuneration	5,950	6,015
	<u>242,862</u>	<u>258,000</u>
5 SALARIES		
Total Wages and Salaries including pension and social security	<u>411,329</u>	<u>406,434</u>

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

	No of Employees	
	2010	2009
	£	£
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 2010

	2010 £	2009 £
6 INTEREST RECEIVABLE AND INVESTMENT INCOME		
Income from investments:		
Listed	-	2,470
Short term and other interest	7,301	20
	<u>7,301</u>	<u>2,490</u>

7 TANGIBLE FIXED ASSETS

	Quays & Heritable £	Dredging £	Plant and Equipment £	Total £
COST				
At 1 October 2009	14,955,818	54,888	194,087	15,204,793
Additions	92,276	-	98,196	190,472
Transferred	-	-	-	-
Disposal	-	-	-	-
	<u>15,048,094</u>	<u>54,888</u>	<u>292,283</u>	<u>15,395,265</u>
At 30 September 2010				
DEPRECIATION				
At 1 October 2009	2,162,009	10,977	169,815	2,342,801
Provided for year	308,843	1,372	9,234	319,449
Elimination on disposals	-	-	-	-
	<u>2,470,852</u>	<u>12,349</u>	<u>179,049</u>	<u>2,662,250</u>
At 30 September 2010				
NET BOOK VALUE				
At 30 September 2010	<u>12,577,242</u>	<u>42,539</u>	<u>113,234</u>	<u>12,733,015</u>
At 1 October 2009	<u>12,793,809</u>	<u>43,911</u>	<u>24,272</u>	<u>12,861,992</u>

Included within Quays & Heritable is land with a cost of £3,892,216 which is not depreciated.

HARBOUR TRUST OF INVERNESS

NOTES TO THE ACCOUNTS (CONT'D) YEAR ENDED 30 SEPTEMBER 2010

8 FIXED ASSET INVESTMENTS

	Unlisted Investments
	£
COST	
At 1 October 2009	17,258
Additions	-
At 30 September 2010	<u>17,258</u>
NET BOOK VALUE	
At 30 September 2010	<u>17,258</u>
At 30 September 2009	<u>17,258</u>

The Trust's investments at the balance sheet date are in the share capital of the following company:

Inverness Marina Ltd

Country of incorporation : Scotland

Nature of business: Operation of Marina

Class of Shares	% Holding
Ordinary shares of £1 each	50

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit/(loss) for the year
	2010	2010
	£	£
Inverness Marina Ltd	<u>(60,341)</u>	<u>36,595</u>

The Trust has entered into a lease of a marina and associated land with Inverness Marina Limited.

The Trust has the right to appoint the Chairman of Inverness Marina Ltd who has a casting vote on all matters.

Inverness Marina Limited was incorporated on 7 June 2007 and commenced trading thereafter. The company has made a profit for the first time this year and the directors of the company expect that it remain profitable in the future. Therefore, the Trustees do not believe that any adjustment is required to the carrying value of the investment.

HARBOUR TRUST OF INVERNESS

NOTES TO THE ACCOUNTS (CONT'D) YEAR ENDED 30 SEPTEMBER 2010

	2010	2009
	£	£
9 DEBTORS		
Amounts falling due within one year:		
Trade debtors	186,207	188,926
Other debtors	16,780	18,409
Prepayment and accrued income	23,570	27,160
Income tax recoverable	-	1,384
	<u>226,557</u>	<u>235,879</u>
Amounts falling due after more than one year:		
Rental debtors	35,500	47,500
Loan to Inverness Marina Limited	195,000	195,000
	<u>230,500</u>	<u>242,500</u>
Aggregate amounts	<u>457,057</u>	<u>478,379</u>

10 INVESTMENTS

	Listed Shares £	Fixed Interest UK Stock £	2010 Total £	2009 Total £
COST				
At 1 October 2009	742	-	742	70,077
Additions	-	-	-	-
Disposals	-	-	-	(69,335)
At 30 September 2010	<u>742</u>	<u>-</u>	<u>742</u>	<u>742</u>

The market value of the listed shares and fixed interest stock at 30 September 2010 was £883 (2009 - £1,018).

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Bank overdrafts	-	3,278,767
Term Loan	252,000	-
Trade creditors	39,568	18,709
Other creditors	54,821	186,973
Taxes and social security costs	7,375	6,864
	<u>353,764</u>	<u>3,491,313</u>

On 20 December 2009, the Trust converted its overdraft into a bank term loan, repayable in instalments over 12 years from 1 January 2010.

HARBOUR TRUST OF INVERNESS

NOTES TO THE ACCOUNTS (CONT'D) YEAR ENDED 30 SEPTEMBER 2010

12 DEFERRED INCOME	2010	2009
	£	£
At beginning of year	2,552,364	1,281,493
Freight Facilities Grant received	-	1,315,688
Released to Income during the period	78,020	44,817
	<u>2,474,344</u>	<u>2,552,364</u>

13 LONG TERM LIABILITIES	2010	2009
	£	£
Term Loan	2,825,059	-
	<u>2,825,059</u>	<u>-</u>

14 RESERVES	2010	2009
	£	£
Opening balance	8,633,861	8,672,748
(Deficit)/Surplus for year	(53,863)	(38,887)
	<u>8,579,998</u>	<u>8,633,861</u>

15 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 2010.

	2010	2009
	£	£
Revenue from Pilotage Services	<u>123,321</u>	<u>116,974</u>
Expenditure incurred in:-		
Providing the services of a pilot	174,217	169,197
Providing a pilot boat	<u>12,405</u>	<u>13,239</u>
	186,622	182,436
Administration costs	<u>60,715</u>	<u>64,500</u>
	<u>247,337</u>	<u>246,936</u>

16 PENSION COMMITMENTS

The Trust 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. A similar arrangement is in place with the Pilots' National Pension Fund.

Contributions to the schemes are charged to the Revenue Account as they accrue.

Included in creditors is an amount of £14,055 which relates to estimated shortfall for the one employee member in the Pilots National Pension Fund; up to 30 September 2007. The exact liability is yet to be confirmed and is the subject of an ongoing legal case. The trustees are satisfied that any further liability, in excess of the amount currently provided for, will not be significant and that the total provision is adequate.

HARBOUR TRUST OF INVERNESS

NOTES TO THE ACCOUNTS (CONT'D) YEAR ENDED 30 SEPTEMBER 2010

17 ULTIMATE CONTROLLING PARTY

The Trust is under the control of the Board of Trustees.

18 RELATED PARTY TRANSACTIONS

During the year, the Trust provided harbour facilities to Scotlog Sales Limited on normal commercial terms. A G M Catto, Trustee, is a director and shareholder of Scotlog Sales Limited. Included in trade debtors at 30 September 2010 was £92,471 (2009 - £90,259) due from Scotlog Sales Limited to the Trust.

Included in long term debtors is a loan to Inverness Marina Limited of £195,000 (2009 - £195,000). This loan is unsecured, interest free and is repayable on demand. As repayment of this loan is only to be made once all shareholders of Inverness Marina Limited agree to the repayment of the loan, it is not expected that the loan will be repaid within the next 12 months.

During the year, two areas of land each with a value of £140,000 were exchanged between Inverness Harbour Trust and Scotlog Sales Limited, a company in which the trustee A G M Catto is a director. Inverness Harbour Trust incurred legal fees of £7,178 in connection with this transaction

19 CAPITAL COMMITMENTS

The Trust had no commitments as at the balance sheet date in the year.

20 CONTINGENT LIABILITY

During the last two years, the Trust has received grant funding of £2,300,000. Conditions relating to the grant require that certain volumes of cargo must be transacted over the new quay over a ten year period commencing 1 June 2009. Should the cargo volumes not be as high as the those stipulated, a portion of the grant may become repayable.

The cargo volumes are monitored by the Trustees and should it be noted that they are below the targets set, a provision to repay the grant would be made at that time.

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 2010 set out on pages 3 to 13. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the 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 directors and auditors

As explained more fully in the Trustees' Responsibilities Statement set out on page 2, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion:

- give a true and fair view of the state of the Trust's affairs as at 30 September 2010 and of its deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Statutory Harbour Undertakings (Accounts etc.) Regulations 1983 and the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

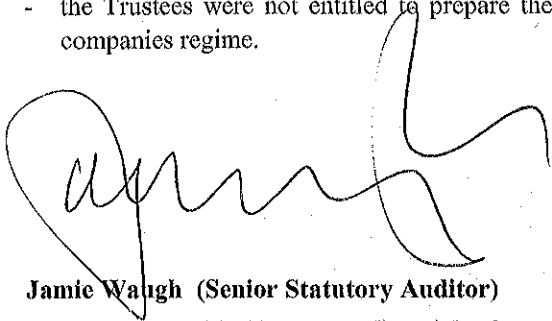
HARBOUR TRUST OF INVERNESS

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF THE HARBOUR TRUST OF INVERNESS (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements and the Report of the Trustees in accordance with the small companies regime.



Jamie Waugh (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael

22 February 2011

Chartered Accountants
Statutory Auditor

Clava House
Cradlehall Business Park
Inverness
IV2 5GH