



Dart Harbour

Dart Harbour & Navigation Authority

Report and Financial Statements

for the year ended 31 December 2017

Dart Harbour & Navigation Authority

Contents

	Page
Members' report	1 - 4
Auditor's report	5 - 8
Income statement	9
Statement of comprehensive income	10
Statement of financial position	11
Statement of changes in reserves	12
Notes to the financial statements	13 - 22

Dart Harbour & Navigation Authority

Members' report for the year ended 31 December 2017

.....continued

2017 also saw the beginning of work to investigate mooring use and where possible optimise mooring utilisation in recognition that stakeholders would prefer any changes to be modest and controlled as reiterated in the 2016 mooring policy.

2018 will provide the opportunity for consolidation of the long-term capital plan, further refinement of financial plans and analysis to support the continuation of mooring optimisation work in order to increase income without a significant increase in the number of moorings.

These accounts demonstrate that the Authority is financially stable but mooring optimisation and work to better understand and respond to the slowly changing demands of the maritime leisure industry will be important in order to maintain market share.

Staff

The Staff continue to be the single most important factor in the smooth running of the Authority and operations on the river. The new Harbour Master settled in quickly tackling the implementation of a job evaluation process that began in 2015. The team responded well to changes and were positive about the need to increase resilience through restructuring beginning in 2018.

Water Taxi staff remain the face of the Authority for many of our customers. However, risk assessment reviews in 2017 highlighted the heightened risk during sole working and particularly late at night when the taxi driver was the only member of staff on the water. The water taxi continues to provide a very safe method of transiting to and from remote moorings and therefore a decision was made to reduce the risk to the taxi drivers and where possible phase out lone working.

I would like to give thanks for the work they have done over many years.

Operations Summary

In addition to the major review of the safety management system, risk assessments and method statements, a significant piece of work was done to review waiting lists and get a better understanding of customer demands. Stakeholders were encouraged to provide feedback and the incident reporting system was simplified which resulted in the number of reports increasing by a factor of 3. Trend analysis was then conducted and systems were introduced to ensure that lessons could be identified and, where appropriate, be used to improve safety and customer service.

Navigation marks were improved with the replacement of the two sectored lights at the entrance of the river and a number of up river buoys and marks were scheduled for positioning/repositioning/replacement following feedback from river users.

The Authority continued to support the wider community and river users by some discounting and free provision of berths during major events including the regatta. Vessels that were identified as being the type that either attract other visitors or increase expenditure in local businesses were made the focus of our campaign to attract them. This seemed to be relatively successful as we began to see some vessels stop over in Dartmouth more frequently than in previous years.

The environment and need to safeguard the river for future users became a common aim identified and championed by all of our stakeholder groups.

Dart Harbour & Navigation Authority

Members' report for the year ended 31 December 2017

.....continued

Statement of members' responsibilities

The Board members are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations and ensure there are members with relevant financial experience.

Company law requires the Board members to prepare financial statements for each financial year. Under that law the Authority Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the 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 the profit or loss of the Authority for that year. In preparing these financial statements, the Authority Members 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 Authority will continue in business.

The 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 section 42 of the Harbours Act 1964 (as amended) which requires that the financial statements be properly prepared in accordance 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. The members consider the going concern basis to be appropriate in preparing the accounts based on future plans and current resources.

The Authority members are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The members are satisfied that the auditor's procedures to safeguard auditor independence from the provision of non-audit payroll and corporation tax services are satisfactory.

In so far as the members are aware:

- i) There is no relevant audit information of which the Authority's auditors are unaware; and
- ii) We have taken all the steps that we ought to have taken as members in order to make ourselves aware of any relevant audit information and to establish that the Authority's auditors are aware of that information.

This report has been prepared having taken advantages of the small companies' exemption 1 of section 415A of the Companies Act 2006. This report was approved by the board on 12 November 2018 and signed on its behalf by:

M Hubbard
Chairman

**Independent auditor's report to the Members of
Dart Harbour & Navigation Authority**

Other information

The members are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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

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

- the information given in the members' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the members' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the members' report.

We have nothing to report in respect of the following matters in relation to which 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 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 members were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the members' report.

**Independent auditor's report to the Members of
Dart Harbour & Navigation Authority**

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Use of our report

This report is made solely to the company'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 company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Guy Northcott Bsc FCA DChA (senior statutory auditor)
For and on behalf of Northcott Trumfield
Chartered Accountants & Statutory Auditor

12 November 2018

Devonshire Villa
52 Stuart Road
Stoke
Plymouth
PL3 4EE

Dart Harbour & Navigation Authority

**Statement of comprehensive income
for the year ended 31 December 2017**

	2017	2016
	£	£
Profit for the financial year	<u>77,963</u>	<u>81,576</u>
Actuarial gain/(loss) recognised on defined benefit pension scheme	4,000	(49,000)
Taxation in respect of items in other comprehensive income	<u>-</u>	<u>6,200</u>
Other comprehensive income for the year	<u>4,000</u>	<u>(42,800)</u>
Total comprehensive income for the year	<u>81,963</u>	<u>38,776</u>

The notes on pages 13 to 22 form part of these financial statements

Dart Harbour & Navigation Authority

**Statement of changes in reserves
for the year ended 31 December 2017**

	£
As at 1 January 2016	<u>2,388,076</u>
Profit for the year	<u>81,576</u>
Actuarial gain/(loss) recognised on defined benefit pension scheme	(49,000)
Taxation in respect of items in other comprehensive income	6,200
Other comprehensive income for the year	<u>(42,800)</u>
Total comprehensive income for the year	<u>38,776</u>
As at 31 December 2016	2,426,852
Profit for the year	77,963
Actuarial gain/(loss) recognised on defined benefit pension scheme	4,000
Taxation in respect of items in other comprehensive income	-
Other comprehensive income for the year	<u>4,000</u>
Total comprehensive income for the year	<u>81,963</u>
As at 31 December 2017	<u>2,508,815</u>

The notes on pages 13 to 22 form part of these financial statements

Dart Harbour & Navigation Authority

Notes to the financial statements for the year ended 31 December 2017

(d) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land	-	not depreciated
Freehold buildings	-	2% straight line
Leasehold property	-	2% straight line
Plant and machinery and boats	-	15-20% reducing balance
Fixtures, fittings and equipment	-	20% reducing balance / 33.33% straight line
Navigation facilities	-	2% straight line
Pontoon and jetty	-	5% straight line

(e) Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

Current asset investments are at the lower of cost and net realisable value.

(f) Stocks

Stocks are stated at the lower of cost and estimated selling price. Cost includes all costs of purchase and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

(g) Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

(h) Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

(i) Impairment

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, or the asset's cash generating unit, 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.

Dart Harbour & Navigation Authority

**Notes to the financial statements
for the year ended 31 December 2017**

2. Turnover	2017	2016
	£	£
Harbour dues	256,353	248,848
Buoyage	999,894	955,115
Other income	194,032	203,234
Pilotage services	979	692
Mooring licences	50,211	50,163
	<u>1,501,469</u>	<u>1,458,052</u>
 Pilotage services		
	2017	2017
	£	£
Included in the turnover of the Authority:		
Income	6,144	5,725
Expenditure	5,165	5,033
	<u>979</u>	<u>692</u>
 3. Average number of employees		
	2017	2016
The average monthly number of employees during the year was:		
Employees	27	25
	<u>27</u>	<u>25</u>
 4. Interest receivable and similar income		
	2017	2016
	£	£
Net interest on net defined pension asset	9,000	13,000
Donation	1,000	-
Bank interest	2,226	2,886
	<u>12,226</u>	<u>15,886</u>
 5. Interest payable and similar expenses		
	2017	2016
	£	£
Other loan interest	6,457	6,811
	<u>6,457</u>	<u>6,811</u>

Dart Harbour & Navigation Authority

**Notes to the financial statements
for the year ended 31 December 2017**

7. Tangible fixed assets continued

	2017	2016
	£	£
Land and buildings		
Freehold	957,430	979,155
Long leasehold	302,227	302,227
	1,259,657	1,281,382

Lloyds TSB Bank Plc. have a 1st legal charge over commercial freehold property known as Hoodown workshop dated 7 April 1981 and a 1st legal charge over commercial leasehold property known as Oxford House dated 7 November 1991.

8. Fixed asset investments

	Other unlisted investments	Total
	£	£
Cost		
At 1 January 2017 and at 31 December 2017	3,000	3,000
Net book values		
At 1 January 2017 and at 31 December 2017	3,000	3,000

8.1 Holdings of 20% or more

The company holds 20% or more of the share capital of the following company:

Company	Country of registration or incorporation	Nature of business	Shares held class	Proportion of shares held
Significant interests				
Dart House Limited	England and Wales	Freehold owner	£1 ordinary	33.3%

The Authority is a 33.33% ordinary shareholder in Dart House Limited, a management company registered in England and Wales (company number 03165365). The reserves and share capital at the year end 28 February 2018 were £10,293 after a profit of £731 (2017 reserves and share capital were £9,562 after a profit of £269).

Dart Harbour & Navigation Authority

**Notes to the financial statements
for the year ended 31 December 2017**

14. Provision for deferred taxation

	2017	2016
	£	£
Accelerated capital allowances	186,983	195,685
Section 75 PNPf liability	(82,556)	(92,242)
Defined benefit pension scheme	63,400	63,400
	<hr/>	<hr/>
Provision for deferred tax	167,827	166,843
	<hr/>	<hr/>
Provision at 1 January 2017	166,843	174,394
Deferred tax charge in income statement	984	(1,351)
Deferred tax credit in statement of comprehensive income	-	(6,200)
	<hr/>	<hr/>
Provision at 31 December 2017	167,827	166,843
	<hr/>	<hr/>

15. Pensions and other post-retirement benefits

The Authority operates a defined benefit and a defined contribution scheme in the UK.

A. Defined Benefit Scheme

The defined benefit scheme is established under an irrevocable deed of trust and trustees are appointed by the board of the Authority. The defined benefit scheme was closed to new members from 1 January 2003. A full actuarial valuation was carried out for section 28 FRS102 purposes by a qualified actuary of JLT Benefit Solutions Limited as at 31 December 2017 and 2016.

The most recent triennial actuarial valuation for funding purposes completed by the scheme actuary C Snow (Fellow of the Institute of Actuaries) on 22 March 2016 determined contributions on pensionable salaries from the employer of 31.7% and employees 5%. There were no amounts outstanding at the year end.

	2017	2016
	£	£
Reconciliation of present values of plan liabilities		
Benefit obligation at beginning of year	(1,504,000)	(1,316,000)
Current service cost	(44,000)	(36,000)
Expenses	(2,000)	(3,000)
Interest cost	(41,000)	(47,000)
Contribution by plan participants	(7,000)	(7,000)
Actuarial loss/(gain)	32,000	(167,000)
Benefits paid and expenses	2,000	72,000
	<hr/>	<hr/>
Benefit obligation at end of year	(1,564,000)	(1,504,000)
	<hr/>	<hr/>

Dart Harbour & Navigation Authority

**Notes to the accounts
for the year ended 31 December 2017**

15. Pensions and other post-retirement benefits continued

Principal actuarial assumptions used as at the balance sheet date

	31 December 2017 % per annum	31 December 2016 % per annum
Discount rate	2.50	2.70
Inflation (RPI)	3.20	3.40
Inflation (CPI)	2.20	2.40
Salary Growth	3.20	3.40
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.20	2.40
Allowance for revaluation of deferred pensions of CPI or 2.5% p.a. if less	2.20	2.40
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.10	3.20
Allowance for pension in payment increases of CPI or 3% p.a. if less	1.90	2.00
Allowance for commutation of pension for cash at retirement	No allowance	No allowance

The mortality assumptions adopted at 31 December 2017 imply the following life expectancies:

	Life expectancy at age 65	
	2017 (Years)	2016 (Years)
Male retiring in 2017	22.1	22.2
Female retiring in 2017	23.9	24.2
Male retiring in 2037 (2036)	23.5	23.9
Female retiring in 2037 (2036)	25.4	26.1

B. Defined Contribution Scheme

The Authority contributes to a defined contribution scheme for which the amount recognised as an expense in the profit or loss account was £24,473 (2016 : £26,315).

16. Operating Lease

The Authority leases that part of the foreshore and fundus or bed and soil of the sea or River Dart from 'His Royal Highness the Prince of Wales' and the lease ends on 31 March 2031. The annual amount is £176,041.

17. Contingent liabilities

The Authority is not released from the Pilots National Pension Fund who still have a legal right to demand further contributions from the Authority should the trustee of the PNPf deem it necessary.

The Authority is in negotiations with its former insurers over a payment of £100,000 in relation to an incident two years ago which is currently included in other debtors. There is a risk that this may not be covered by the insurance company in which case it will have to be written off as an expense to the Income Statement.

18. Events after the end of the period

The claim against the Authority by the Oil Pollution subcontractor was settled at Court in February 2018 at no further cost to the Authority.