

Dart Harbour & Navigation Authority
Report and Financial Statements
for the year ended 31 December 2012

Dart Harbour & Navigation Authority

Contents

	Page
Members' report	1 - 5
Auditor's report	6 - 7
Profit and loss account	8
Balance sheet	9
Notes to the financial statements	10 - 18

Dart Harbour & Navigation Authority

Members' report for the year ended 31 December 2012

The Authority Members present their report and the financial statements for the year ended 31 December 2012.

Principal Activity and Status

The Dart Harbour and Navigation Authority (the Authority) was established by Act of Parliament on the 1 August 1975 to administer the Trust Port of Dartmouth. The Act made the Authority a body corporate with perpetual succession and a common seal and is referred to as a company in these financial statements.

In addition to its statutory duties the Authority also operates moorings and pontoons in the River Dart on the fundus leased from the Duchy of Cornwall.

As a Trust Port, the Authority is a 'not for profit' organisation and totally self financing. The Authority generates its income from harbour dues, the provision of marine facilities and services, and other business activities. The Authority has no shareholders, no owners, and there are no distributable profits.

One of the features of the form of accounts required by the Companies Act is the use of the word 'profit' to describe the surplus of income over expenditure, referred to as a 'Credit to the Reserve Fund' under the Dart Harbour and Navigation Authority Act 1975. Any profit after corporation tax is used for financing of capital expenditure or facilities for the benefit of harbour users and local stakeholders, and to build reserves for financial stability.

Chairman's Report

The year was dominated by adverse events. The weather was appalling, national economics and the Olympics deterred visitors and there was the emergence of significant financial clouds. Despite all this, Dart Harbour had a solid year with good progress on the better and fairer use of assets, a much improved safety regime and a strengthening of the repair and maintenance schedules. Here the new Hoodown platform has started to contribute strongly to the throughput of essential pontoon repairs.

The greatest and unfairest development was a claim by the Pilots National Pension Fund (PNPF) under Section 75 of the 1995 Pensions Act. The full weight of this claim did not become apparent until early 2013, and it could theoretically be an almost unlimited liability. In summary, it has arisen because Dart Harbour at one time employed a pilot (as it is obliged to do) who was a member of the PNPF. After a complex national legal case, it has been determined that Dart Harbour is provisionally liable for a significant amount which relates to the losses incurred by the PNPF over a long period, nationally rather than in the Dart, and over many years. We have robustly challenged the principal of the claim, its amount and the period of the liability in order to prevent these costs jeopardising the safe running of the port or imposing a heavy burden on our customers. It is to be hoped that a satisfactory solution can be found before the end of 2013.

Looking ahead, we commenced the consultation work under our 'Forward Vision' and we will be working with the stakeholder groups and Friends of Dart Harbour to evolve this into an agreed strategy over the coming months. We are also looking to obtain grant funding for the development of new facilities, although our first governmental proposal fell at the last fence.

Again I would like to thank the board and other volunteers who so willingly give their time, but particularly the staff, who continue to remain committed in the face of these adversities.

Dart Harbour & Navigation Authority

Members' report for the year ended 31 December 2012

.....continued

Operations Summary-Harbour Master/Chief Executive Officer's Report

2012 was another year of relative stability and development for Dart Harbour, within the context of the Olympic year, and the world emerging from recession. Cash flow took a similar profile to previous years, characterised by collecting the majority of our annual income (70%) in 6 weeks of the year (Feb/ Mar), followed by steady expenditure on planned infrastructure maintenance and staff costs. Income, whilst flat overall, showed that some areas that did not fare as well as 2011, namely revenue from visiting leisure vessels (down £25k), due to the atrocious summer weather, and a down turn in visits from cruise liners, thought to be recession driven.

Against this backdrop, the senior management team were successful in keeping costs to a minimum, and focussing on delivering value for money for the river users. The notable decrease in operating profit before tax is due to a number of factors including refurbishment of pontoon piles for safety (£92k), the first tranche of a forthcoming refurbishment programme. We dealt with the unexpected task of removing an uninsured, abandoned vessel from the harbour (£18k). That said, significant progress has been made to drive value for money while enhancing operations, and keep Dart Harbour as a fit organisation for the benefit of river users: the Hoodown jetty extension has come to fruition – we are refurbishing the planned number of pontoons annually, and have installed a totally new Stoke Gabriel pontoon, fulfilling the business case for the project. We have started a pile refurbishment programme as already mentioned. Improvements have been made in many safety areas, including installation of more pontoon ladders, and procurement of new navigation lights to assist vessels in the channel.

Looking to the future, we are putting together a 'Forward Vision' plan, so that we may develop the harbour by examining all known external drivers and factors, whilst serving the needs of consultees and stakeholders. The only shadow on the horizon remains the demands of the Pilots National Pension Fund (PNPF), and its implications for the finances of an otherwise healthy organisation. At the time of writing positive negotiations are on-going as we seek a solution to the situation. 2012 was a steady year for Dart Harbour within the context of the ports industry, understanding that Dart Harbour remains primarily a leisure port. It is anticipated that 2013 will present a similar scenario.

Members

The members who served during the year are as stated below:

N Hockaday	S Puddock	
J Scott	O Hill	
M Cast	H Meacock	Resigned 1 May 2012
J Murtagh	Resigned 1 April 2013	
T Pollard		

The day to day operations of the Authority are delegated to the Chief Executive Officer : Captain Rob Giles, BEng MNI, Harbour Master.

Dart Harbour & Navigation Authority

Members' report for the year ended 31 December 2012

.....continued

Members' Profiles

Chairman-Neil Hockaday

Neil was first appointed to the Board in late 2001 and appointed as Chairman in April 2010. His career has been spent in the banking industry in London, Europe, the US and the Far East. More recently he was the Finance Director of a start-up pharmaceutical company in Bristol, but retired in 2008. He was also a joint owner of a leisure business near Brixham. He is a member of the Royal Dart Yacht Club and he keeps a boat in Brixham. His particular expertise on the Authority is in financial matters and he has assisted the Authority with developing financial reporting mechanisms, the preparation of capital plans and with pension matters. He is a trustee of the Authority's Pension Scheme.

Vice Chairman-John Scott

John (Jan) was first appointed to the board in January 2009. He was born and brought up in Dartmouth. His career was spent in shipping and he was Master with a diverse international shipping company and also Port Captain of a major freight terminal on the River Thames. Latterly he was involved in shipping management. He is a Younger Brother of Trinity House. In retirement he has been closely involved as a Trustee in an International NGO working for the prevention of disabilities. He is currently Vice Chairman of Blackawton Parish Council and has a particular interest in environmental matters.

Mike Cast

Mike was appointed to the Board in December 2007. He first developed his interest in the sea when he attended the London Nautical School. He later spent 25 years in the information technology world, in various sales and marketing roles. In 1991 he founded his own company, and it was at this point that he entered the off-shore IT business, making over 100 trips to India. He developed the company into a £35 million business before it was acquired by a global software company. Mike still works as a consultant to the industry. Mike continues to enjoy sailing and is an active member of the canoe section of Dartmouth Yacht Club, having gained his instructors' qualification.

Joe Murtagh

Joe was elected to the board in January 2010 and is a keen sailor and has kept a boat on the river since 1996. Joe owns a local business 'The Dartmouth Canvas Factory' and is Vice Chairman of the Dartmouth Chamber of Trade and Business.

Trevor Pollard

Trevor was appointed to the Board in January 2009. He graduated from London University with a degree in Biology and after qualifying as a chartered accountant spent all of his working life with BP Plc in a number of different financial roles, including overseas postings to Abu Dhabi and Tanzania. Prior to retirement in 2007, he was general manager of a large corporate accounting team with varied global responsibilities. After many years of visiting the South West, Trevor and his wife moved to Dittisham in 2008.

Sue Puddock

Sue was first appointed to the Board in 2005. She was born and brought up in Scotland and represented both Scotland and the UK at fencing. After moving to the south west, she started sailing in a voluntary capacity helping out with Somerset Schools Sailing Association while working as a lecturer in further education. After holding several posts in charge of leisure, tourism, hospitality and catering, she worked in higher education writing a degree in health and fitness.

Dart Harbour & Navigation Authority

Members' report for the year ended 31 December 2012

.....continued

Owen Hill

Owen was appointed to the board from January 2011. Owen trained as solicitor with Allen & Overy in London. He was a partner in the commercial law firm Eversheds and has also worked in industry as Legal Counsel and Director of the Wilson Bowden Developments business. Owen now works as a consultant on commercial law matters for Hooper and Wollen with an office overlooking the boat float in Dartmouth. He also acts as Secretary to the Dartmoor Chamber of Trade and serves the Totnes Renewable Energy Society as Legal Director and Company Secretary. He is now a qualified RYA Yacht Master and keeps a boat on the Dart Marina.

Harbour Master-Rob Giles

Rob comes to Dart Harbour from a marine background having served in the Royal Navy between 1989 and 2007 leaving with a rank Lieutenant Commander. Following his naval career Rob was employed as Asset Planning Officer by Devon County Council and then as Project Manager (Construction) with the Devon & Cornwall Constabulary. Having spent 18 years in the Royal Navy, 3 of which were at Britannia Royal Navy College, Rob is well placed to understand and serve the needs of all users of the river. One of our main objectives will be to preserve the balance of the river, serving the needs of all local users whilst catering for visitors, maintaining the beautiful natural environment whilst promoting commerce.

Dart Harbour & Navigation Authority

**Members' report
for the year ended 31 December 2012**

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Statement of members' responsibilities

The members are responsible for preparing the Members' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the 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 company and the profit or loss of the company for that year. In preparing these financial statements, the Authority Members require 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 members are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

In so far as the members are aware:

- i) The auditors are not unaware of any relevant audit information;
- ii) All appropriate steps have been taken to establish this.

This report has been prepared having taken advantages of the small companies exemption in the Companies Act 2006. This report was approved by the board on 10 November 2013 and signed on its behalf by:



N Hockaday
Chairman

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

We have audited the financial statements of the Dart Harbour and Navigation Authority for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Harbours Act 1964 (as amended by the Transport Act 1981). 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.

Respective Responsibilities of Members and Auditors

As explained more fully in the Members' Responsibilities Statement set out on page 5, the Authority members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of section 42 of the Harbours Act 1964 (as amended by the Transport Act 1981) which requires the financial statements to be prepared in accordance with the Companies Act 2006.

Emphasis of matter

We draw your attention to Note 22 in the financial statements which describes the uncertainty relating to the disputed liability being sought by the Pilots National Pension Fund.

Our opinion is not qualified in respect of this matter.

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

Opinion on other matter prescribed by the Companies Act 2006.

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

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 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' exemption in preparing the members' report.



.....
**Guy Ian Northcott (senior statutory auditor)
For and on behalf of Northcott Trumfield Chartered Accountants
Chartered Accountants & Registered Auditors**

25 November 2013

**Devonshire Villa
52 Stuart Road
Stoke
Plymouth
PL3 4EE**

Dart Harbour & Navigation Authority

**Profit and Loss account
for the year ended 31 December 2012**

	Notes	2012 £	2011 £
Turnover	2	1,370,829	1,373,365
Cost of sales		<u>(941,521)</u>	<u>(817,007)</u>
Gross profit		429,308	556,358
Administrative expenses		<u>(354,809)</u>	<u>(253,330)</u>
Operating profit	3	74,499	303,028
Other interest receivable and similar income	6	<u>4,338</u>	<u>14,618</u>
Profit on ordinary activities before taxation		78,837	317,646
Tax on profit on ordinary activities	8	<u>(21,999)</u>	<u>(66,500)</u>
Profit for the year	18	56,838	251,146
Retained profit brought forward		<u>2,137,479</u>	<u>1,886,333</u>
Retained profit carried forward		<u>2,194,317</u>	<u>2,137,479</u>

The notes on pages 10 to 18 form integral part of these financial statements.


Dart Harbour & Navigation Authority

**Balance sheet
as at 31 December 2012**

	Notes	2012		2011	
		£	£	£	£
Fixed Assets					
Tangible assets	9		1,976,645		2,002,282
Investments	10		<u>3,000</u>		<u>3,000</u>
			1,979,645		2,005,282
Current Assets					
Stocks		11,803		14,139	
Debtors	11	77,114		153,691	
Waiting list deposits	12	125,455		123,305	
Cash at bank and in hand	13	<u>594,462</u>		<u>518,586</u>	
		808,834		809,721	
Creditors: amounts falling due within one year	14	<u>(490,162)</u>		<u>(563,761)</u>	
Net current assets			<u>318,672</u>		<u>245,960</u>
Total assets less current liabilities			2,298,317		2,251,242
Provisions for liabilities	15		(104,000)		(110,000)
Accruals and deferred income	16		<u>-</u>		<u>(3,763)</u>
Net assets			<u>2,194,317</u>		<u>2,137,479</u>
Capital and reserves					
Accumulated reserves	18		<u>2,194,317</u>		<u>2,137,479</u>

These financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved by the Board on 10 November 2013 and signed on it's behalf by


N Hockaday
Director

The notes on pages 10 to 18 form an integral part of these financial statements.

Dart Harbour & Navigation Authority

Notes to the financial statements for the year ended 31 December 2012

1 Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

1.2 Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year and derives from the provision of goods falling within the company's ordinary activities.

1.3 Tangible fixed assets and depreciation

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 and building	-	2% straight line
Plant and machinery and boats	-	15% reducing balance / 33.33% straight line
Fixtures, fittings and equipment	-	20% reducing balance
Navigation facilities	-	2% straight line
Pontoon and jetty	-	5% straight line

1.4 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.

1.5 Stocks

Stock is valued at the lower of cost and net realisable value.

1.6 Pensions and other post-retirement benefits

The Authority operates a defined benefit pension scheme, which requires contributions to be made to a separately administered fund. The funds of the schemes are administered by trustees and are separate from the company. Actuarial valuations are completed every three years and, in accordance with the recommendations, the annual contributions are paid to the scheme so as to secure the benefits set out in the rules and the periodic augmentation of current pensions. The cost of these and any variations from regular cost arising from actuarial valuations are charged or credited to the profit and loss account on a systematic basis over the remaining service life of the employees. The scheme was closed to new members from 1 January 2003.

1.7 Taxation

The charge for the year is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

1.8 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

Dart Harbour & Navigation Authority

**Notes to the financial statements
for the year ended 31 December 2012**

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

	Year ended 2012	Year ended 2011
	£	£
Buoyage	856,190	899,381
Harbour dues	249,906	269,728
Other income	220,188	161,517
Mooring licences	44,545	42,739
	1,370,829	1,373,365

3. Operating profit

Operating profit is stated after charging:

	2012	2011
	£	£
Depreciation and other amounts written off tangible assets	136,623	95,384
Auditors' remuneration (Note 5)	4,750	4,200
Auditors' remuneration from non-audit work (Note 5)	2,550	1,800
Defined benefit pension	26,156	20,422
Defined contribution pension	20,608	21,778
Profit on disposal	(7,500)	-
	(7,500)	-

4. Pilotage services

Included in the turnover of the Authority:

	2012	2011
	£	£
Income	7,860	12,418
Expenditure	7,615	12,137
	245	281

5. Auditors' remuneration

Auditors' remuneration – audit of the financial statements

	2012	2011
	£	£
Auditors' remuneration - other fees:		
- audit of company pension scheme	550	550
- taxation services	800	800
- accountancy	1,200	450
	2,550	1,800

Dart Harbour & Navigation Authority

**Notes to the financial statements
for the year ended 31 December 2012**

6. Interest receivable and similar income

	2012	2011
	£	£
Bank Interest	4,338	14,618
	<u>4,338</u>	<u>14,618</u>

7. Members' remuneration

	2012	2011
	£	£
Remuneration and other benefits	1,214	1,214
	<u>1,214</u>	<u>1,214</u>

The members are also participators in the health insurance scheme which is provided for all Dart Harbour employees.

8. Tax on profit on ordinary activities

Analysis of charge in period	2012	2011
	£	£
Current tax		
UK corporation tax	28,822	54,500
Adjustments in respect of previous periods	(823)	-
Total current tax charge	<u>27,999</u>	<u>54,500</u>
 Deferred tax		
Timing differences, origination and reversal	(6,000)	12,000
Total deferred tax	<u>(6,000)</u>	<u>12,000</u>
 Tax on profit on ordinary activities	<u>21,999</u>	<u>66,500</u>

Dart Harbour & Navigation Authority

**Notes to the financial statements
for the year ended 31 December 2012**

9. Tangible fixed assets

	Land and buildings freehold and leasehold	Plant and machinery	Boats	Navigation facilities	Pontoon and jetty	Total
Cost	£	£	£	£	£	£
At 1 January 2012	1,396,223	319,792	282,139	40,315	1,819,683	3,858,152
Additions	51,098	9,454	-	-	50,434	110,986
Disposals	-	-	(1,800)	-	-	(1,800)
At 31 December 2012	<u>1,447,321</u>	<u>329,246</u>	<u>280,339</u>	<u>40,315</u>	<u>1,870,117</u>	<u>3,967,338</u>
Depreciation						
At 1 January 2012	89,734	162,586	144,740	23,267	1,435,543	1,855,870
On disposals	-	-	(1,800)	-	-	(1,800)
Charge for the year	21,102	28,375	10,442	602	76,102	136,623
At 31 December 2012	<u>110,836</u>	<u>190,961</u>	<u>153,382</u>	<u>23,869</u>	<u>1,511,645</u>	<u>1,990,693</u>
Net book values						
At 31 December 2012	<u>1,336,485</u>	<u>138,285</u>	<u>126,957</u>	<u>16,446</u>	<u>358,472</u>	<u>1,976,645</u>
At 31 December 2011	<u>1,306,489</u>	<u>157,206</u>	<u>137,399</u>	<u>17,048</u>	<u>384,140</u>	<u>2,002,282</u>

The cost of depreciable assets in land and buildings is £944,258 (2011: £914,262).

10. Fixed asset investments

	Other unlisted investments £	Total £
Cost		
At 1 January 2012	3,000	3,000
At 31 December 2012	<u>3,000</u>	<u>3,000</u>
Net book values		
At 31 December 2012	<u>3,000</u>	<u>3,000</u>
At 31 December 2011	<u>3,000</u>	<u>3,000</u>

Dart Harbour & Navigation Authority

**Notes to the financial statements
for the year ended 31 December 2012**

10.1 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 2013 were £9,012 after a profit of £10 (2012 reserves and share capital were £9,002 after a profit of £1,087).

11. Debtors

	2012 £	2011 £
Trade debtors	6,832	10,540
Other debtors	8,735	86,628
Prepayments and accrued income	61,547	56,523
	<u>77,114</u>	<u>153,691</u>

12. Current asset investments

	2012 £	2011 £
Waiting list deposit accounts	125,455	123,305
	<u>125,455</u>	<u>123,305</u>

13. Cash at bank and in hand

	2012 £	2011 £
Bank current accounts	93,786	64,229
Bank deposit account	500,122	453,666
Cash	554	691
	<u>594,462</u>	<u>518,586</u>

Dart Harbour & Navigation Authority

**Notes to the financial statements
for the year ended 31 December 2012**

14. Creditors: amounts falling due within one year

	2012	2011
	£	£
Trade creditors	28,346	43,652
Corporation tax	28,822	54,500
Other taxes and social security costs	9,224	8,015
Other creditors	9,484	7,500
Accruals and deferred income	14,693	53,585
Waiting list	125,455	123,305
Deferred income	274,138	273,204
	<u>490,162</u>	<u>563,761</u>

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.

15. Provisions for liabilities

	Deferred taxation (Note 17)	Total
	£	£
Movements in the year	104,000	104,000
At 31 December 2012	<u>104,000</u>	<u>104,000</u>

16. Accruals and deferred income

	2012	2011
	£	£
Government grants		
At 1 January 2012	3,763	18,817
Released in year	(3,763)	(15,054)
At 31 December 2012	<u>-</u>	<u>3,763</u>

Dart Harbour & Navigation Authority

**Notes to the financial statements
for the year ended 31 December 2012**

17. Provision for deferred taxation

	2012	2011
	£	£
Accelerated capital allowances	104,000	110,000
Provision for deferred tax	<u>104,000</u>	<u>110,000</u>
Provision at 1 January 2012	110,000	
Deferred tax charge in profit and loss account	<u>(6,000)</u>	
Provision at 31 December 2012	<u>104,000</u>	

18. Reserve Fund

	General Fund	Total
	£	£
At 1 January 2012	2,137,479	2,137,479
Profit for the year	<u>56,838</u>	<u>56,838</u>
At 31 December 2012	<u>2,194,317</u>	<u>2,194,317</u>

The Authority is aiming to accumulate cash reserves to meet the long-term capital investment programme.

Dart Harbour & Navigation Authority

**Notes to the financial statements
for the year ended 31 December 2012**

19. Pensions and other post-retirement benefits

A Defined Benefit Scheme

The Authority operates a defined benefit scheme in the UK which was closed to new members from 1 January 2003. The actuarial valuation as at 1 January 2012 showed a surplus of assets to past service liabilities of £55,000. Consequently employer contributions of 33.8% for 2013 and 50.2% previously and an employee contribution rate of 5% of pensionable salaries have been set with effect from 1 January 2010.

The pension charge for the year was £26,156 (2011: £20,422)

Below are the assumptions used by the actuary:

	Year 2012 %	Year 2009 %
Rate of increase in salaries	3.2	3.3
Rate of increase in pensions in payment	2.2	2.5
Inflation assumption	2.9	2.5
	<hr/>	<hr/>
	£	£
Total market value of assets	2,303,000	1,324,700
Present value of scheme liabilities	(2,248,000)	(961,000)
Surplus in the scheme	<hr/> 55,000	<hr/> 363,700
Net pension asset recognised in accounts	<hr/> Nil	<hr/> Nil

The surplus has not been recognised as it is not expected to materially reduce contributions in the future. The contributions payable to the scheme are based on triennial actuarial valuations. Therefore it has been decided not to include the asset on the Balance Sheet.

The defined benefit scheme is closed to new members and so under the projected unit method the current service cost would be expected to increase over time as members of the scheme approach retirement.

B Defined Contribution Scheme

The Authority operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Authority in an independently administered fund. The pension cost charge was £20,608 (2011: £21,778).

C Pilots National Pension Fund

See Note 22.

Dart Harbour & Navigation Authority

Notes to the accounts for the year ended 31 December 2012

20. Capital commitments

	2012 £	2011 £
Details of capital commitments at the accounting date are as follows:		
Contracted for but not provided in the financial statements	-	36,126

21. 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'.

The commitment for 2013, which is under a lease that expires in more than five years time is £158,369.

22. Pension schemes and contingent liability : The Pilots National Pension Fund

The Pilots National Pension Fund (PNPF) is a national multi-employer defined benefit pension scheme that provides benefits for employed and self-employed maritime pilots (it was originally the Trinity House pension scheme). In common with many competent harbour authorities, the Authority, acting in good faith, signed a Deed of Accession to the PNPF in 1989, indicating that the Authority was a participating body for pilots, albeit that the Authority had limited pilotage activities.

In September 2012 the trustee of the PNPF wrote to DHNA advising the Authority that the retirement of a former pilot has triggered a liability under Section 75 of the Pensions Act 1995 and the Occupational Pension Schemes (Employer Debt) Regulations 2005, but that liability could not be quantified because of an on-going court case.

In April 2013 the trustee of PNPF advised the Authority that under Section 75 of the Pensions Act 1995 the liability calculated by the actuary was 0.001925% of the £254.5million deficit as at 31 December 2010, being in total £520,000. The trustee advised this figure comprises:

- £72,000 to pilots of the Authority and administration costs
- £448,000 to non-Authority pilots known as orphan liabilities

Payments to the PNPF will be accounted for as multi-employer schemes as if the fund were a defined contribution scheme, that is on a contributions payable basis. Henceforth, no provision has been made in the Balance Sheet at 31 December 2012.

Under UK pensions legislation the Authority becomes liable when the trustee of the PNPF issues an actuarial certificate certifying the amount of the debt. The Authority has not received a certificate to date. The Authority is in consultation with the PNPF and the relevant Government ministries and vigorously disputes the potential liability which the PNPF has indicated it seeks to recover.

During the year the Authority paid £nil to the PNPF.