



Dart Harbour

Dart Harbour & Navigation Authority

Report and Financial Statements

for the year ended 31 December 2013

Dart Harbour & Navigation Authority

Company Information

Members	N Hockaday J Scott O Hill M Taylor T Dewing R Eggleton J Ellwood R Ayers P Daniels
Auditors	Northcott Trumfield Chartered Accountants Devonshire Villa 52 Stuart Road Stoke Plymouth PL3 4EE
Business address	6 Oxford Street Dartmouth Devon TQ6 9AL
Bankers	Lloyds TSB Bank Plc. 2 Spithead Dartmouth Devon TQ6 9PU Cater Allen Limited 29/33 Princess Victoria Street Clifton Bristol BS8 4BY

Dart Harbour & Navigation Authority

Contents

	Page
Members' report	1 - 7
Auditor's report	8 - 9
Profit and loss account	10
Balance sheet	11
Notes to the financial statements	12 - 19

Dart Harbour & Navigation Authority

Members' report for the year ended 31 December 2013

The Authority Members present their report and the financial statements for the year ended 31 December 2013.

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

2013 Was a year of solid progress. The weather helped to increase usage of the river and an excellent Regatta rounded out the summer. Costs were well under control, although some planned capital expenditure was deferred pending resolution of the claim by the Pilots National Pension Fund (PNPF). This has resulted in an increase in cash resources earmarked for essential work in due course. One downside of the recession was the limited number of cruise ship visits, and cancellations for 2014, but we anticipate that by 2015 cruise ship numbers will be rising again.

Turning to the PNPF, after protracted negotiations, there are indications that a reasonable settlement may be achieved with Trustees that may allow the apparent legal liability to be paid off over an extended period. This enables the Authority to be optimistic that there will not need to be a dramatic rise in mooring costs and harbour dues to meet a one off payment and has enabled us to restart the essential renewal process for such major items as the Town Jetty. A final agreement with the PNPF is, however, still awaited.

The strategy of the authority is being reviewed under the 'Forward Vision' consultation programme. This enables all our stakeholders to input to the direction that the Board should take and, as with the Moorings Policy, we will be guided by the results of the programme. Initial indications are that we all have a common desire to preserve the beauty and amenity of the river, and must take great care over any future developments, but increased access remains a need.

The River would not run without the enthusiastic efforts of the Board, the staff and the volunteers who together make the Dart the envy of other Authorities.

Dart Harbour & Navigation Authority

Members' report for the year ended 31 December 2013

.....continued

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

Competent Harbour Authority

In this role DHNA has a statutory power introduced by the 1975 Harbour Act to manage the harbour safely and efficiently, and enforce Dart Harbour byelaws (1998). Coupled with this is the need to continue to maintain Dart Harbour as a deep water port, capable of turning round vessels up to 182m in length, and running a professional marine pilotage service. No less important than any of these items is declaration of compliance with the Department for Transport Port Marine Safety Code (PMSC) – DHNA is declared compliant with effect from 1st April 2012. This compliance expires on 31st March 2015. Work is going into continuing to remain compliant with the PMSC, and developing safety aspects of harbour management. Reporting on these items, no significant issues exist with the public right and ability to navigate the channel between the outer extremity of harbour limit and the weir above Totnes. At Dart Harbour we have sufficient legislation behind us to carry out these tasks but are in the process for applying for the power to give harbour directions to enhance safety. Volumes and relative movement of traffic appear manageable under the current regime. Harbour moorings remain in date for servicing and private mooring providers are being required to show evidence of mooring servicing history for private moorings, contributing to safety of property and safety. In 2014 24 acts of pilotage took place in a safe manner. The port security plan remains fit for task, alongside the Dart Harbour emergency plan. Periodic exercises in both of these issues take place using a port safety group. The number of annually let moorings on the river remains the same as previous years, with approximately 1500 Dart Harbour moorings, complemented by 1000 other berths. Dart Harbour received approximately 12,000 yacht visitor nights last year, these are catered for using Dart Harbour and other visitors' moorings. There are no particular issues with these. Local Notices for Mariners covering events, harbour works and other matters continue to be issued as required.

Local Lighthouse Authority

Dart Harbour is a Local Lighthouse Authority (LLA), a power delegated to maintain and report on navigational lights, marks and beacons, delegated by the General Lighthouse Authority (GLA), for the UK, Trinity House. Throughout 2013 Dart Harbour remained in category 2 as a local lighthouse authority as audited on three separate occasions by Trinity House. Category 2 is an overall 99%+ availability rate for all the navigational lights, marks and beacons. This is a good result when compared to other ports. Any LLA defects are rectified as soon as possible, and a local notice for mariners issued to cover the defect.

Safety Management System

Dart Harbour runs a safety management system in response to the Port Marine Safety Code. The Harbour Board remain the duty holder, and responsible overall for the safe management of the harbour. Operation of the safety management system is delegated to the single executive board member, the Harbour Master. An ongoing six monthly audit process is in place, and I am pleased to report that our Designated Person (DP), Mr Simon Ellyatt, continues to give us a clean bill of health for safety management as we move forwards to re-declare compliance with the Port Marine Safety Code in April 2015. His audits with constructive comments are always well received and between audits the management team and staff work hard to improve the system and Dart Harbour's overall safety status. I am very proud of the progress made, not only by Dart Harbour staff themselves, but by all river users with regard to safe management of the river. Your efforts are much appreciated.

Dart Harbour & Navigation Authority

Members' report for the year ended 31 December 2013

.....continued

Conservancy

Conservancy is a looser term binding together several different activities which contribute to open port accessibility. These include, but are not limited to, hydrographic surveying of the river, dredging, management of works in harbour, consultation on land planning applications down to the mean low water mark, and consultation on marine licence applications up to the high water mark. Dart Harbour has a periodic dredging programme to keep the navigational channel clear. Whilst not frequent, shoaling parts of the channel are noted and will be dealt with as time/opportunity allows. The river is surveyed every year in December by an accredited survey operator. These surveys are forwarded to the UK Hydrographic Office (UKHO) for future updates of the local Admiralty Chart (2253).

Moorings

The 1500 Dart Harbour moorings are attractive places for annual berth holders to keep their boats, due to the naturally beautiful river surroundings and the sheltered nature of Dart Harbour. Waiting lists number some 1000 individuals aspiring to keep their boat in Dart Harbour, of which 300 or 400 already have vessels in the river and are aspiring to transfer to another mooring. This does not mean that Dart Harbour should rest on its laurels – I remain at pains to deliver a broad portfolio of moorings for locals and for others across the financial spectrum so that we can promote boating for all on the river. This remains a challenge and we will seek advice in the summer of 2015 from the public for delivery of a new moorings policy to commence on 1st January 2016. Your views will be welcomed to allow us to run harbour moorings, now primarily a leisure port, in an efficient, affordable, and harmonious fashion.

Enforcement

Unfortunately, there are occasions when the harbour authority must stand up for all river users that comply with byelaws and terms and conditions of moorings contracts, by conducting enforcement on berth holders who do not wish to pay moneys owed and for those who wish to violate byelaws (speeding, consumption of alcohol etc.). Whilst regrettable, I take a very dim view of people trying to cheat the vast majority of other river users who act within byelaws, terms and conditions and statutory law. 2013 saw some activity to detain and sell boats for non-payment of harbour dues, and detention of boats for non payment of berthing fees. In every case either the money was recovered to Dart Harbour, or the vessel was removed from the harbour permanently. Byelaw enforcement usually can be achieved by use of the Dart Harbour official warning system. However, repeat incidents may well lead to prosecution under the Dart Harbour byelaws.

Staff

I wish to pay tribute to the Senior Management Team, for delivery of continuous business improvement. Thanks must go to the river staff for the great work they have done in refurbishing Dart Harbour pontoons in-house, at great saving to the river users. They have built ability up from scratch and should be credited for this and for keeping on top of the winter mooring maintenance schedule. They work hard in arduous conditions and I cannot thank them enough for their efforts in this area. Further to this, the office staff have concentrated on customer service skills and delivery of an efficient office system to manage all the administration of a busy leisure port. They are second to none in this, and have my praise and thanks.

Financial Results

Dart Harbour's income for the year increased by 3.5% to £1,418,373 which was in line with expectations. Expenditure on ordinary operating costs was £1,230,862 and capital £29,119 and this was monitored closely during the year as we continued to negotiate with the trustee of The Pilots National Pension Fund (PNPF) over the Section 75 liability. These accounts include a provision, as an exceptional item of £444,000 for the PNPF liability and more detail is given in note 20 on page 18. Therefore the loss for the year was £183,337 and Dart Harbour's reserves reduced to £2,010,980.

Dart Harbour & Navigation Authority

Members' report for the year ended 31 December 2013

.....continued

Summary

Whilst some of this report may be technical, it is nevertheless very important to get across the message of the range of skills required by your harbour staff in making our harbour a safe and harmonious place to be. We have to exercise our rules and regulations fairly without favour or discrimination, so that we can deliver a fair and level playing field for all those who wish to use the river in the future. I believe 2013 was a success for Dart Harbour, and saw the commencement of an overall business overhaul package which will last for a few years to come. I look forward to the challenges presented by 2014, 2015 and beyond to continue to improve the service given to river users.

Members

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

N Hockaday		M Taylor	Appointed 14 October 2013
J Scott		T Dewing	Appointed 14 October 2014
M Cast	Resigned 1 May 2013	R Eggleton	Appointed 14 October 2013
J Murtagh	Resigned 1 April 2013	J Ellwood	Appointed 14 January 2014
T Pollard	Resigned 9 December 2013	R Ayers	Appointed 14 April 2014
S Pudduck	Resigned 9 December 2013	P Daniels	Co-opted 12 May 2014
O Hill			

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

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.

Dart Harbour & Navigation Authority

Members' report for the year ended 31 December 2013

.....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.

Marcus Taylor

Appointed to the Board in October 2013, Marcus spent 23 years in the Royal Marines serving all over the world including operational service in Northern Ireland, Africa, Iraq and Afghanistan plus several years as Royal Marines Equerry to HRH The Duke of Edinburgh. Having left the Marines in 2013 he currently works for Babcock International plc in Devonport supervising all commercial support to the Royal Navy's Amphibious Centre of Specialisation. He holds a masters degree from King's College London and is a Fellow of the Chartered Management Institute. A keen sailor and recreational river user he can usually be found somewhere on the Dart on Saturdays helping teach youngsters to sail at the excellent RDYC kids mornings. Formerly a resident of Ivybridge, his family moved to Totnes in 1997 and now live near Diptford.

Tim Dewing

Tim was appointed to the Board in October 2013. He grew up on the Solent sailing on any boat that would take him. He is an RYA Ocean Yachtmaster and an enthusiastic racer. He ran the Junior Sailing training at the Royal Dart Yacht Club for three years and is a keen supporter of youth sailing. Tim first came to Dartmouth in 1982 as an Officer Cadet at Britannia Royal Naval College. He trained as a Navigator and was based in the Gulf and Hong Kong before returning to BRNC as Head of the Navigation Department in 1990. On leaving the Royal Navy Tim completed an MBA and joined his wife's Management Consultancy based in Devon. He has worked with a wide range of organisations from local food producers through to County Air Ambulances and international PLCs. He specialises in advising fast growth and turnaround businesses, predominantly working at board level. He is a strategic thinker with a clear understanding of marketing and a good grasp of business finance. Tim keeps a yacht and a wooden launch on the Dart which he enjoys with his wife and four children.

Richard Eggleton

Appointed to the Board in October 2013, Richard moved to Dartmouth in August 2011 with his wife and 2 children from Oxford. He has had many links with Dartmouth since a young age. He used to sail in to the Dart onboard Provident when she was part of the ICC in Salcombe. In 1999 he joined the Merchant Navy and started working for an Oil Rig Supply and Rescue company in the North Sea. This led to him becoming 2nd in command at the age of 21. In 2005 he moved in to Sail Training becoming Chief Officer onboard the Tall Ship Youth Trust's Sail Training Vessel's "Prince William" and "Stavros S Niarchos", travelling the world and regularly visiting Dartmouth. It was in Dartmouth that he met his wife during a voyage to Britannia Royal Naval College. He is currently a serving Merchant Navy Captain working for a large Norwegian company specialising in Oil Rig Supply and Subsea Construction. This has given him a strong marine operations background which he hopes to put to good use as a member of DHNA board. He is an Associate Fellow of the Nautical Institute. Richard is also on the crew at the RNLI Dart Lifeboat.

Dart Harbour & Navigation Authority

Members' report for the year ended 31 December 2013

.....continued

John Ellwood

John was first appointed to the Board in January 2013. He was brought up in Dartmouth and learned to sail on the river as a teenager. After a career of more than thirty years as a senior manager with the European Space Agency in the Netherlands and France, he has retired to Dartmouth where he has always kept his UK base. He is the Racing Secretary of the Royal Dart Yacht Club where he races a Squib and has a cruising yacht moored in the river. From an early age he has been passionate about the Dart and intends to ensure that it is kept for its many users to enjoy, while maintaining the beautiful environment for which it is famous.”

Richard Ayers

Richard joins the Dart Harbour board in April 2014. Richard has lived in the South Hams since the 1970's with periods of work abroad in the Middle East, India and the Caribbean. Following initial training as a yacht builder, he has been a yacht surveyor and consultant since 1990, former President of the Yacht Brokers, Designers and Surveyors Association (YBDSA) and is increasingly involved in the survey and restoration of historic and large timber vessels. As an accredited inspector of the MCA Code of Practice for Small Commercial Vessels, he moves around many of the South Coast ports in the course of his work. Richard currently has a timber Bristol Channel Pilot cutter he built in India, however, has recently moved to Totnes and will probably need to change this for a more river and family friendly vessel.

Patricia Daniels

Tricia was co-opted to the Board in April 2014. Now a Kingswear resident, Tricia moved to the area from Surrey with her husband, 5 years ago, after a long career in the travel and tourism industry. Having grown up in a land-locked part of the North West, she moved south to take up an appointment with British Airways, having studied languages and Travel & Tourism. Over the years, Tricia worked in a variety of customer related areas, including the pressurised world of Customer Relations aiming to meet customers' expectations and retain goodwill as well as working as part of the Contracts team, looking for suitable overseas' hotels to combine with BA flights to create the ultimate package holiday for British travellers. Tricia moved to the USA in 2001 for 4 years, when her husband took up an appointment in California but since her return, has indulged her continued enthusiasm for excellent customer service by working for the National Trust and briefly, for Royal Caribbean Cruises. She is passionate about travel and has enjoyed many cruise voyages over the past 20 years, cruising the world, which she has now almost circumnavigated! But there is still nothing finer than coming home to Dartmouth.

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 2013

.....continued

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) 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 directors in order to make ourselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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 5 December 2014 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 2013 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 auditor

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 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications of our report.

Basis for qualified opinion on financial statements

The accounting policy adopted does not comply with Financial Reporting Standard for Smaller Entities (April 2008) Appendix II 'Accounting for Retirement Benefits-Defined Benefit Schemes' which requires entities to obtain from the actuary an updated valuation of the triennial valuation at each financial year end and incorporate the net pension asset or liability in the balance sheet as appropriate. The Authority does not obtain yearly actuarial valuations at the financial year end. Therefore the surplus or deficit of the scheme assets to liabilities at the year end is an unknown value and in this respect we cannot obtain sufficient audit evidence. Notes 1.6 and 20 disclose the defined benefit scheme.

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

Qualified opinion on financial statements

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss 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.

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

5 December 2014

Devonshire Villa
52 Stuart Road
Stoke
Plymouth
PL3 4EE

Dart Harbour & Navigation Authority

**Profit and Loss account
for the year ended 31 December 2013**

	Notes	2013 £	2012 £
Turnover	2	1,418,373	1,370,829
Cost of sales		<u>(869,923)</u>	<u>(941,521)</u>
Gross profit		548,450	429,308
Exceptional item – The Pilots National Pension Fund	20	(444,000)	-
Administrative expenses		<u>(360,939)</u>	<u>(354,809)</u>
Operating (loss)/profit	3	(256,489)	74,499
Other interest receivable and similar income	6	<u>33,321</u>	<u>4,338</u>
(Loss)/profit on ordinary activities before taxation		(223,168)	78,837
Tax on profit on ordinary activities	8	<u>39,831</u>	<u>(21,999)</u>
(Loss)/profit for the year	16	(183,337)	56,838
Retained profit brought forward		<u>2,194,317</u>	<u>2,137,479</u>
Retained profit carried forward		<u>2,010,980</u>	<u>2,194,317</u>

The notes on pages 12 to 19 form integral part of these financial statements.

Dart Harbour & Navigation Authority

**Balance sheet
as at 31 December 2013**

	Notes	2013		2012	
		£	£	£	£
Fixed Assets					
Tangible assets	9		1,911,386		1,976,645
Investments	10		3,000		3,000
			1,914,386		1,979,645
Current Assets					
Stocks		8,774		11,803	
Debtors	11	101,711		77,114	
Waiting list deposits	12	123,107		125,455	
Cash at bank and in hand	13	861,815		594,462	
		1,095,407		808,834	
Creditors: amounts falling due within one year	14	(544,113)		(490,162)	
Net current assets			551,294		318,672
Total assets less current liabilities			2,465,680		2,298,317
Provisions for liabilities	15		(454,700)		(104,000)
Net assets			2,010,980		2,194,317
Capital and reserves					
Accumulated reserves	17		2,010,980		2,194,317

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 and authorised for issue by the Board on 5 December 2014 and signed on its behalf by

N Hockaday
Director

The notes on pages 12 to 19 form an integral part of these financial statements.

Dart Harbour & Navigation Authority

Notes to the financial statements for the year ended 31 December 2013

1. Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below and remain unchanged from the previous year and also have been consistently applied within the same accounts.

1.1 Basis of preparation of financial statements

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	-	not depreciated
Freehold buildings	-	2% straight line
Leasehold property	-	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 Pension costs

The Authority operates a defined benefit pension scheme for some employees, 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.

The Authority operates a defined contributions scheme for some employees. The cost of contributions are written off against profits in the year they are payable.

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.

Dart Harbour & Navigation Authority

Notes to the financial statements for the year ended 31 December 2013

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.

1.9 Provisions

A provision is recognised where there is a present obligation whether legal or constructive as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligations and a reasonable estimate can be made of the amount of the obligation.

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 2013	Year ended 2012
	£	£
Buoyage	898,904	856,190
Harbour dues	251,815	249,906
Other income	220,976	220,188
Mooring licences	46,678	44,545
	1,418,373	1,370,829
	1,418,373	1,370,829

3. Operating profit

	2013	2012
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	94,378	136,623
Auditors' remuneration (Note 5)	4,750	4,750
Auditors' remuneration from non-audit work (Note 5)	2,970	2,550
Defined benefit pension	56,700	26,156
Defined contribution pension	19,294	20,608
Profit on disposal	-	(7,500)
Members' remuneration benefit in kind	1,076	1,214
	1,076	1,214
	1,076	1,214

4. Pilotage services

	2013	2012
	£	£
Included in the turnover of the Authority:		
Income	9,577	7,860
Expenditure	9,839	7,615
	(262)	245
	(262)	245

Dart Harbour & Navigation Authority

**Notes to the financial statements
for the year ended 31 December 2013**

5. Auditors' remuneration

	2013	2012
	£	£
Auditors' remuneration – audit of the financial statements	<u>4,750</u>	<u>4,750</u>
Auditors' remuneration – other fees:		
- audit of company pension scheme	1,000	550
- taxation services	800	800
- accountancy	<u>1,170</u>	<u>1,200</u>
	<u>2,970</u>	<u>2,550</u>

6. Interest receivable and similar income

	2013	2012
	£	£
Bank interest	8,157	4,338
Business rate revaluation refund	<u>25,164</u>	<u>-</u>
	<u>33,321</u>	<u>4,338</u>

7. Members' remuneration

	2013	2012
	£	£
Remuneration and other benefits	<u>1,076</u>	<u>1,214</u>

The members are 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	2013	2012
	£	£
Current tax		
UK corporation tax	53,200	28,822
Adjustments in respect of previous periods	<u>269</u>	<u>(823)</u>
Total current tax charge	<u>53,469</u>	<u>27,999</u>
Deferred tax		
Timing differences on assets	(4,500)	(6,000)
Timing difference on Section 75 PNPF liability	<u>(88,800)</u>	<u>-</u>
Tax on profit on ordinary activities	<u>(39,831)</u>	<u>21,999</u>

Dart Harbour & Navigation Authority

**Notes to the financial statements
for the year ended 31 December 2013**

9. Tangible fixed assets

	Land and buildings freehold and leasehold	Plant and machinery	Boats	Navigation facilities	Pontoon and jetty	Total
Cost	£	£	£	£	£	£
At 1 January 2013	1,447,321	329,246	280,339	40,315	1,870,117	3,967,338
Additions	1,220	19,345	-	8,554	-	29,119
Disposals	-	-	-	-	-	-
At 31 December 2013	<u>1,448,541</u>	<u>348,591</u>	<u>280,339</u>	<u>48,869</u>	<u>1,870,117</u>	<u>3,996,457</u>
Depreciation						
At 1 January 2013	110,836	190,961	153,382	23,869	1,511,645	1,990,693
On disposals	-	-	-	-	-	-
Charge for the year	21,102	26,367	9,540	1,176	36,193	94,378
At 31 December 2013	<u>131,938</u>	<u>217,328</u>	<u>162,922</u>	<u>25,045</u>	<u>1,547,838</u>	<u>2,085,071</u>
Net book values						
At 31 December 2013	<u>1,316,603</u>	<u>131,263</u>	<u>117,417</u>	<u>23,824</u>	<u>322,279</u>	<u>1,911,386</u>
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>

Freehold land of £90,000 in land and buildings in both 2013 and 2012 is not depreciated.

10. Fixed asset investments

	Other unlisted investments £	Total £
Cost		
At 1 January 2013 and at 31 December 2013	<u>3,000</u>	<u>3,000</u>
Net book values		
At 31 December 2013 and at 31 December 2012	<u>3,000</u>	<u>3,000</u>

Dart Harbour & Navigation Authority

Notes to the financial statements for the year ended 31 December 2013

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 2014 were £9,027 after a profit of £15 (2013 reserves and share capital were £9,012 after a profit of £10).

11. Debtors

	2013 £	2012 £
Trade debtors	9,067	6,832
Other debtors	27,429	8,735
Prepayments and accrued income	65,215	61,547
	<u>101,711</u>	<u>77,114</u>

12. Current asset investments

	2013 £	2012 £
Waiting list deposit accounts	123,107	125,455
	<u>123,107</u>	<u>125,455</u>

13. Cash at bank and in hand

	2013 £	2012 £
Bank current accounts	455,203	93,786
Bank deposit account	406,068	500,122
Cash	544	554
	<u>861,815</u>	<u>594,462</u>

Dart Harbour & Navigation Authority

**Notes to the financial statements
for the year ended 31 December 2013**

14. Creditors: amounts falling due within one year

	2013	2012
	£	£
Trade creditors	12,550	28,346
Corporation tax	53,200	28,822
Other taxes and social security costs	9,708	9,224
Other creditors	9,620	9,484
Accruals and deferred income	58,534	14,693
Waiting list	123,107	125,455
Deferred income	277,394	274,138
	544,113	490,162

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

	The Pilots National Pension Fund Note 20 £	Deferred Taxation Note 16 £	Total £
Balance at 1 January 2013	-	104,000	104,000
Utilised in the year	-	(93,300)	(93,300)
Charge for the year	444,000	-	444,000
Balance as at 31 December 2013	444,000	10,700	454,700

16. Provision for deferred taxation

	2013	2012
	£	£
Accelerated capital allowances	99,500	104,000
Section 75 PNPf liability	(88,800)	-
Provision for deferred tax	10,700	104,000
Provision at 1 January 2013	104,000	
Deferred tax charge in profit and loss account	(93,300)	
Provision at 31 December 2013	10,700	

Dart Harbour & Navigation Authority

Notes to the financial statements for the year ended 31 December 2013

17. Reserve Fund

	General Fund £	Total £
At 1 January 2013	2,194,317	2,194,317
(Loss)/profit for the year	(183,337)	168,864
At 31 December 2013	2,010,980	2,363,181

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

18. 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% and an employee contribution rate of 5% of pensionable salaries have been set with effect from 1 January 2013.

The pension charge for the year was £56,700 (2012: £26,156) and there was no liability at year end.

Below are the assumptions used by the actuary in the actuarial valuations calculated as at 1 January

	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
	£	£
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	55,000	363,700
Net pension asset recognised in accounts	Nil	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 £19,294 (2012: £20,608) and there was no liability at year end.

C. Pilots National Pension Fund

See Note 20.

Dart Harbour & Navigation Authority

Notes to the accounts for the year ended 31 December 2013

19. 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 2014, which is under a lease that expires in more than five years time is £166,555.

20. Exceptional item : 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 ("the debt") 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

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

In July 2014 the debt crystallised in the form of an actuarial certificate (statutory employer's liability) totalling £414,000, which has been provided for.

The actuary's certificate also contained a value of £124,000 determined by the PNPF trustee for cessation expenses. The Authority has provided £30,000 based on earlier information and therefore the remainder of £94,000 is in dispute and is a contingent liability.