

**STORNOWAY PORT AUTHORITY**  
**REPORT OF THE BOARD AND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2008**

**STORNOWAY PORT AUTHORITY**

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for the Year Ended 31 December 2008**

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**STORNOWAY PORT AUTHORITY**

**AUTHORITY INFORMATION  
for the Year Ended 31 December 2008**

<b>BOARD:</b>	Iain A MacLeod Malcolm MacFarlane Robert J M Frater John J MacLennan Murdo MacLeod Ruaridh D Morrison Alexander Matheson OBE Ms Eilidh Smith Duncan MacKay Innes MacLeod
<b>SECRETARY:</b>	John J MacLennan
<b>REGISTERED OFFICE:</b>	Amity House Esplanade Quay Stornoway Isle of Lewis HS1 2XS
<b>AUDITOR:</b>	Mann Judd Gordon Registered Auditor & Chartered Accountants 26 Lewis Street Stornoway Isle of Lewis Western Isles HS1 2JF
<b>ACCOUNTANTS:</b>	Nicolson Accountancy Chartered Accountants 49/50 Bayhead Stornoway Isle of Lewis Western Isles HS1 2DZ
<b>BANKERS:</b>	The Royal Bank of Scotland 17 North Beach Street Stornoway Isle of Lewis HS1 2XH
<b>SOLICITORS:</b>	Ken MacDonald & Co. Stornoway Isle of Lewis HS1 2DP

## **STORNOWAY PORT AUTHORITY**

### **REPORT OF THE BOARD for the Year Ended 31 December 2008**

The Board presents its report with the financial statements of the Stornoway Port Authority for the year ended 31 December 2008

#### **MODERNISING TRUST PORTS – A GUIDE TO GOOD GOVERNANCE ON BOARD – A GUIDE FOR BOARD MEMBERS OF PUBLIC BODIES IN SCOTLAND**

The Authority continues to adhere to the provision of Modernising Trust Ports so as to achieve compliance with the Government Guidelines.

Following extensive consultation with Stakeholders, on 18<sup>th</sup> December 2008 The Stornoway Harbour Revision (Constitution) Order 2008 came into force which introduces new constitutional changes in connection with Board Member Appointments to Stornoway Port Authority Board .

#### **Constitution of Authority**

In line with the above Harbour Revision Order, and the terms of Modernising Trust Ports – A Guide to Good Governance; on and after the new constitution date of 1 May 2009 the Stornoway Port Authority shall consist of Nine Members appointed by the Authority and the Chief Executive of the Authority

#### **BOARD MEMBERSHIP**

In 2008 ten individual Board Members served in terms of the Stornoway Harbour Revision (Constitution) Order 2003 as follows:

- 2 members appointed by Stornoway Port Authority (Sec 4 (1) (a))
- 2 members appointed by Comhairle Nan Eilean Siar (Sec 4 (1) (b))
- 1 member appointed by the Stornoway Trust (Sec 4 (1) (c))
- 4 members appointed or elected by Stornoway Port Authority (Sec 4 (1) (d))
- The Chief Executive of the Authority (Sec 4 (1) (e))

A list of board members, officials, auditors, bankers and solicitors of the Port Authority is contained on page 1.

#### **MEETINGS OF THE AUTHORITY**

There were six Regular and four Special Board Meetings held in 2008, and twenty-nine press / news statements published in the year. A new website was compiled in the latter part of 2008.

#### **PRINCIPAL ACTIVITY**

The principal activity of the authority in the year under review was that of the operation of the Harbour Undertaking and ancillary services.

#### **REVIEW OF BUSINESS**

The results for the year and financial position of the Authority are shown in the annexed financial statements.

The principal projects completed or commenced in 2008 included:

- Replacement of sacrificial fendering strips on piles No. 3 Pier East and West sides.
- Ferry Terminal Building upgrade by Scott Graphics
- Conversion of part Fish Mart for Workshop.
- Fitting non-skid pontoon decks.
- Provision of additional vertical fendering on Esplanade Quay for yacht mooring.
- Re-surfacing of Ferry Terminal entrance.
- Ongoing work and contribution to Feasibility Study by Community Planning Partnership regarding future means of importing Fuel Oils, Gas, and Bulk Cargoes to Stornoway. ("West Harbour").
- Feasibility Study regarding Inner Harbour Regeneration (In partnership with Comhairle nan Eilean Siar)

The Port provides the main entry/exit point for almost all commodities imported to or exported from the Island of Lewis which is the largest Island in the Hebrides (and UK) with a population of some 20,000, being approximately 68% of the Western Isles total population.

## STORNOWAY PORT AUTHORITY

### REPORT OF THE BOARD for the Year Ended 31 December 2008

The balances retained by the Board are to be used to reinvest in the maintenance and continuing development of Harbour Facilities and Infrastructure.

#### **Harbour Redevelopment Reserve Fund**

The Board anticipates significant future capital expenditure will be required to improve the harbour and provide vital infrastructure over the coming years, and they intend to ensure that the Port Authority has sufficient reserves to meet its obligations without recourse to heavy borrowing. To this end a Harbour Redevelopment Reserve Fund was set up in 2002 with the sum of £200k transferred in each financial year bringing the current balance in reserve to £1.4M.

#### **FUTURE DEVELOPMENTS**

The Authority is currently reviewing its Forward Planning Strategy and is in the process of formulating a Planning Document for use over the next 5, 10 and future years.

The Authority in 2009 is committed to:

- No. 3 Pier Dolphin West Side – Install panel fender.
- Install Tender Pontoon at east face No. 3 Pier for servicing Cruise vessels.
- Progress Inner Harbour Development, to include Marina and shore side facilities.
- No. 3 Pier West Side – install bracket on fender to improve performance.
- Widen entrance to Ferry Terminal Marshalling Area to form an additional lane.
- Concrete repairs to pier deck, North Beach Quay.
- Finalise contract for operation of Arnish Pier with Highlands and Islands Enterprise, in conjunction with the securing of a plot of land within Arnish complex.
- Delineate clear area 2m. from pier edge at North Beach Quay and Cromwell Street Quay for safe access.
- Complete No. 3 Walkway coating repairs
- Replace handrails at Esplanade Quay, North Beach Quay and Cromwell Street Quay.

The Authority has prioritised the rebuilding of Number 1 Pier and Linkspan as essential to the ongoing development of the Port in order to meet the requirements of existing and future customers and to serve the needs of the island community. The provision of a second linkspan is deemed essential not only to meet existing demand, but also to serve as back up in the event of one linkspan being withdrawn from service for any reason. Subject to accessing grant funding the Authority would be able to deliver this project from 2009 onwards. The outcome of a Scottish Transport Appraisal Guidance [STAG] Report commissioned by Caledonian Maritime Assets Ltd in connection with ships and infrastructure on the Stornoway/Ullapool route is awaited.

The Authority notes the continuing investment in infrastructure at Arnish, and has met with and welcomed representatives of Burntisland Fabrications Ltd (BIFAB) who are taking on the tenancy of the Yard. Negotiations with HIE Innse Gall continue with a view to the Port Authority managing the marine operations for them there.

The Authority continues to hope that a new tenant may be secured for the Shellfish Processing Factory which went into receivership on 20 November 2007.

## **STORNOWAY PORT AUTHORITY**

### **REPORT OF THE BOARD for the Year Ended 31 December 2008**

#### **STRATEGIC OBJECTIVES**

The Stornoway Port Authority's Strategic Objectives are:

1. To maintain existing harbour facilities, piers, building, plant and equipment including 850 ton capacity Slipway in a safe and serviceable order.
2. To invest in new port facilities where a need is identified.
3. To diversify activities with regard to sources of income, especially where this supports and strengthens the Authority's core harbour activity.
4. To keep existing customers and attract new business.
5. To maximise quality and value for money in all harbour services through continually endeavouring to make is operations cost effective, efficient and streamlined whilst maintaining high standards.

#### **SPECIFIC POLICIES**

The Authority will support the commercial, fishing and recreational activities in Stornoway harbour through the provision of the appropriate services of good value. The policy of the Authority and its management is to:

1. Manage the assets of the Authority safely, economically and efficiently.
2. Maintain all its operational equipment including pilot boat to the highest industry standards.
3. Pursue modern cost-effective methods including periodic dredging and surveying.
4. Train all staff to the highest professional standards with emphasis on their own safety and the safety of others.

#### **SAFETY AND ENVIRONMENTAL PROTECTION POLICY**

The Authority will discharge its general and specific duties in respect of:

1. The regulation of traffic.
2. The safety of navigation within harbour limits.
3. Maintain all navigation lights and marks and review requirements at regular intervals in consultation with users and Northern Lighthouse Board.
4. The conservancy of the harbour.
5. Protection of the environment within the harbour and its surrounds in consultation with Stornoway Trust, Scottish Natural Heritage, Scottish Environmental Protection Agency and Comhairle nan Eilean Siar.
6. Ensuring the safety at work of its employees and other persons who may be affected by its activities.
7. Although pilotage is not compulsory the Authority will provide a pilotage service with properly trained pilots and pilot boat crew.
8. The Authority will provide adequate resources to enable its employees to carry out their responsibilities in operating a safe harbour.

## **STORNOWAY PORT AUTHORITY**

### **REPORT OF THE BOARD for the Year Ended 31 December 2008**

#### **STATEMENT OF BOARD' RESPONSIBILITIES**

The Board are responsible for preparing the financial statements in accordance with applicable law and regulations.

Legislation requires the board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the authority and of the profit or loss of the Authority for that period. In preparing these financial statements, the Board 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 Board are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the authority and to enable them to ensure that the financial statements comply with the Harbours Act 1964. 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 Board are responsible for the maintenance and integrity of the corporate and financial information included on the Authority website.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the Board are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the authority's auditors are unaware, and each board member has taken all the steps that he or she ought to have taken as a Board member in order to make himself or herself aware of any relevant audit information and to establish that the Authority's auditors are aware of that information.

#### **AUDITORS**

Nicolson Accountancy, Chartered Accountants, Stornoway brought the Authority's 2008 Accounts to Final Balance stage before tendering their resignation as auditors as the practice is withdrawing from audit work.

Mann Judd Gordon Chartered Accountants, Stornoway have been appointed as auditors for 2008.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

#### **ON BEHALF OF THE BOARD:**

John J MacLennan – Chief Executive

25 June 2009

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
STORNOWAY PORT AUTHORITY**

We have audited the financial statements of Stornoway Port Authority for the year ended 31 December 2008 on pages nine to seventeen. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2007).

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

**Respective responsibilities of board and auditors**

The board's responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page five.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Harbours Act 1964. We also report to you whether in our opinion the information given in the Report of the Board is consistent with the financial statements.

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

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

**Basis of audit opinion**

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

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

We have undertaken the audit in accordance with the requirements of APB Ethical Standards including APB Ethical Standard - Provisions Available to Small Entities, in the circumstances set out in note eighteen to the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
STORNOWAY PORT AUTHORITY**

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the authority's affairs as at 31 December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Harbours Act 1964; and
- the information given in the Report of the Board is consistent with the financial statements.

Mann Judd Gordon  
Registered Auditor & Chartered Accountants  
26 Lewis Street  
Stornoway  
Isle of Lewis  
Western Isles  
HS1 2JF

Date: 25 June 2009

**Note:**

The maintenance and integrity of the Stornoway Port Authority web site is the responsibility of the Board; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

**STORNOWAY PORT AUTHORITY**

**PROFIT AND LOSS ACCOUNT  
for the Year Ended 31 December 2008**

	Notes	31.12.08 £	31.12.07 £
<b>TURNOVER</b>		<b>1,492,553</b>	1,465,412
Cost of sales		<u>761,835</u>	<u>837,684</u>
<b>GROSS PROFIT</b>		<b>730,718</b>	627,728
Administrative expenses		<u>495,470</u>	<u>417,622</u>
		<b>235,248</b>	210,106
Other operating income	2	<u>166,774</u>	<u>153,011</u>
<b>OPERATING PROFIT</b>	4	<b>402,022</b>	363,117
Interest receivable and similar income	5	<u>98,794</u>	<u>73,623</u>
		<b>500,816</b>	436,740
Interest payable and similar charges	6	<u>74,841</u>	<u>78,003</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>425,975</b>	358,737
Tax on profit on ordinary activities	7	<u>98,426</u>	<u>78,666</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<b><u>327,549</u></b>	<b><u>280,071</u></b>

**STORNOWAY PORT AUTHORITY**

**BALANCE SHEET  
31 December 2008**

	Notes	31.12.08		31.12.07	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	8		2,226,399		2,212,543
<b>CURRENT ASSETS</b>					
Debtors	9	221,997		467,603	
Cash at bank and in hand		<u>2,215,318</u>		<u>1,657,887</u>	
			2,437,315		2,125,490
<b>CREDITORS</b>					
Amounts falling due within one year	10	<u>376,877</u>		<u>342,615</u>	
<b>NET CURRENT ASSETS</b>			<u>2,060,438</u>		<u>1,782,875</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			4,286,837		3,995,418
<b>CREDITORS</b>					
Amounts falling due after more than one year	11		(825,551)		(865,714)
<b>ACCRUALS AND DEFERRED INCOME</b>	13		<u>(457,308)</u>		<u>(453,275)</u>
<b>NET ASSETS</b>			<u><u>3,003,978</u></u>		<u><u>2,676,429</u></u>
<b>RESERVES</b>					
Harbour redevelopment reserve	14		1,400,000		1,200,000
Profit and loss account	14		<u>1,603,978</u>		<u>1,476,429</u>
			<u><u>3,003,978</u></u>		<u><u>2,676,429</u></u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements were approved by the Board on 25 June 2009 and were signed on its behalf by:

Iain A MacLeod JP – Chairman

Robert J M Frater – Vice Chairman

# STORNOWAY PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2008

### 1. ACCOUNTING POLICIES

#### Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

#### Turnover

Turnover comprises the total income receivable for the year, excluding value added tax, from dues on berthings, goods landed and utilisation of ancillary services.

#### Tangible fixed assets

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

Land, buildings and works	- 4% on cost, 2% on cost and not provided
Plant and equipment	- 20% on cost, 10% on cost and 5% on cost
Office furniture and equipment	- 20% on cost and 10% on cost
Motor vehicles	- 25% on cost

In the opinion of the Board the value of buildings and works acquired before 1994 is materially in excess of the stated book value. Having regard to the estimated residual values, any provision for depreciation of these assets would be immaterial, and has not been provided.

#### Pension costs and other post-retirement benefits

The Authority are members of The Highland Council Pension Fund, which is a funded scheme, meaning that the Authority and the employees pay contributions into the fund, calculated at a level intended to ensure that the funds' assets are sufficient to cover future liabilities.

The pension cost is charged to the profit and loss account.

#### Grants

Capital grants received in respect of fixed assets are credited to deferred income and amortised to the profit and loss account over the economic useful lives of the assets to which they relate.

### 2. OTHER OPERATING INCOME

	31.12.08	31.12.07
	£	£
Rents received	191,854	179,953
Rented property costs	<u>(25,080)</u>	<u>(26,942)</u>
	<u>166,774</u>	<u>153,011</u>

### 3. STAFF COSTS

	31.12.08	31.12.07
	£	£
Wages and salaries	546,143	481,622
Social security costs	43,605	37,224
Other pension costs	<u>72,744</u>	<u>60,893</u>
	<u>662,492</u>	<u>579,739</u>

**STORNOWAY PORT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2008**

**3. STAFF COSTS - continued**

The average monthly number of employees during the year was as follows:

	<b>31.12.08</b>	31.12.07
Operations	<b>18</b>	18
Administration	<u>4</u>	<u>4</u>
	<u><b>22</b></u>	<u>22</u>

**4. OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	<b>31.12.08</b>	31.12.07
	£	£
Depreciation - owned assets	<b>119,466</b>	136,385
Profit on disposal of fixed assets	<b>(1)</b>	(848)
Auditors' remuneration	<u><b>2,500</b></u>	<u>1,750</u>
Board emoluments	<u>-</u>	<u>-</u>

**5. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>31.12.08</b>	31.12.07
	£	£
Deposit account interest	<u><b>98,794</b></u>	<u>73,623</u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

Interest payable and similar charges includes the following:

	<b>31.12.08</b>	31.12.07
	£	£
Bank interest	<b>46</b>	-
Loan interest	<u><b>74,795</b></u>	<u>78,003</u>
	<u><b>74,841</b></u>	<u>78,003</u>

**7. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	<b>31.12.08</b>	31.12.07
	£	£
Current tax:		
UK corporation tax	<u><b>98,426</b></u>	<u>78,666</u>
Tax on profit on ordinary activities	<u><b>98,426</b></u>	<u>78,666</u>

UK corporation tax has been charged at 23.1% (2007 - 21.9%).

**STORNOWAY PORT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2008**

**8. TANGIBLE FIXED ASSETS**

	<b>Land, buildings and works £</b>	<b>Plant and equipment £</b>	<b>Office furniture and equipment £</b>	<b>Motor vehicles £</b>	<b>Totals £</b>
<b>COST</b>					
At 1 January 2008	2,762,588	434,340	17,137	42,214	3,256,279
Additions	<u>138,910</u>	<u>2,054</u>	<u>-</u>	<u>-</u>	<u>140,964</u>
At 31 December 2008	<u>2,901,498</u>	<u>436,394</u>	<u>17,137</u>	<u>42,214</u>	<u>3,397,243</u>
<b>DEPRECIATION</b>					
At 1 January 2008	631,312	367,781	15,652	28,991	1,043,736
Charge for year	<u>97,658</u>	<u>23,024</u>	<u>943</u>	<u>5,483</u>	<u>127,108</u>
At 31 December 2008	<u>728,970</u>	<u>390,805</u>	<u>16,595</u>	<u>34,474</u>	<u>1,170,844</u>
<b>NET BOOK VALUE</b>					
At 31 December 2008	<u>2,172,528</u>	<u>45,589</u>	<u>542</u>	<u>7,740</u>	<u>2,226,399</u>
At 31 December 2007	<u>2,131,276</u>	<u>66,559</u>	<u>1,485</u>	<u>13,223</u>	<u>2,212,543</u>

Included in cost of land and buildings is freehold land of £402,061 (2007 - £402,061) which is not depreciated. The land, buildings and works are valued at cost. All the land and buildings are within the curtilage of the harbour undertaking and can only be used to deliver improved services to harbour users.

**9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>31.12.08</b>	31.12.07
	£	£
Trade debtors	137,597	222,968
Other debtors	<u>84,400</u>	<u>244,635</u>
	<u>221,997</u>	<u>467,603</u>

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>31.12.08</b>	31.12.07
	£	£
Bank loans and overdrafts	-	55,313
Trade creditors	115,538	104,020
Taxation and social security	175,594	91,994
Other creditors	<u>85,745</u>	<u>91,288</u>
	<u>376,877</u>	<u>342,615</u>

**STORNOWAY PORT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2008**

**11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>31.12.08</b>	31.12.07
	£	£
PWLB loan	<u><b>825,551</b></u>	<u>865,714</u>

Amounts falling due in more than five years:

Repayable by instalments PWLB loan	<u><b>677,551</b></u>	<u>717,714</u>
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The PWLB loan bears interest at 8.5% and is repayable in equal annual instalments until February 2020.

**12. SECURED DEBTS**

The following secured debts are included within creditors:

	<b>31.12.08</b>	31.12.07
	£	£
PWLB loan	<u><b>862,551</b></u>	<u>902,714</u>

The Public Works Loan Board Commissioners hold a first standard security over all assets of the Authority in respect of the loan granted. Comhairle nan Eilean Siar hold a second charge over all assets of the Authority in respect of their guarantee of the loan.

**13. ACCRUALS AND DEFERRED INCOME**

	<b>31.12.08</b>	31.12.07
	£	£
Deferred government grants		
Opening balance	<b>453,275</b>	476,243
Received in year	<b>30,000</b>	-
Released to profit and loss account	<u><b>(25,967)</b></u>	<u>(22,968)</u>
Closing balance	<u><b>457,308</b></u>	<u>453,275</u>

**14. RESERVES**

	Profit and loss account £	Harbour redevelopment reserve £	Totals £
At 1 January 2008	<b>1,476,429</b>	<b>1,200,000</b>	<b>2,676,429</b>
Profit for the year	<b>327,549</b>		<b>327,549</b>
Transfer from general reserves	<u><b>(200,000)</b></u>	<u><b>200,000</b></u>	<u>-</u>
At 31 December 2008	<u><b>1,603,978</b></u>	<u><b>1,400,000</b></u>	<u><b>3,003,978</b></u>

The Authority has designated certain reserves for future use in a major harbour redevelopment programme. The Board is of the opinion that it is prudent to make specific provision for these future costs. The harbour redevelopment will only proceed if sufficient external funding can be identified.

## STORNOWAY PORT AUTHORITY

### NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2008

#### 15. PENSION COMMITMENTS

The Authority contributes to the Highland Council Pension Fund. Contributions to the scheme are charged to the profit and loss account in the year in which they are payable. The contributions are assessed in accordance with the advice of a qualified actuary using the projected unit method. The latest actuarial valuation was at 31 March 2008.

The Authority has not commissioned a full actuarial valuation on its share of the scheme.

The main conclusions arising from the valuation of the entire scheme are:

- The funding level (ratio of assets to past service liabilities) as at 31 March 2008 is 98% (compared with 92% as at 31 March 2005 and to 105% as at 31 March 2002).
- The cost of ongoing benefits was assessed as 21.3% of pensionable pay. The average employee contribution was assessed as 6.2% of pensionable pay leaving a balance of 15.1% to be met by employers.
- Assuming the funding level is targeted to reach 100% over the next 20 years then this requires an extra contribution of 0.6% of pensionable pay from employers. The results in a total contribution from employers of 15.7% of pensionable pay which equates to 250% of employee contributions.
- In assessing the required level of contributions allowance for future improvements in mortality.
- The financial position of the fund deteriorated in the period after the valuation date principally as a result of declining equity markets. Accordingly, certified employer contribution rates higher than disclosed by the valuation.
- Further sums should also be paid to the Fund to meet the costs of any early retirements using methods and assumptions issued by the actuary from time to time.
- The certified contribution rates represent the minimum level of contributions to be paid. For Stornoway Port Authority, the contributions payable will be 275% of employees contributions in the year to 31 March 2010, 290% in the year ended 31 March 2011 and 290% in the year ended 31 March 2012.

#### 16. TRANSACTIONS WITH BOARD

The following Board Members had transactions with the Authority.

All transactions are on published terms and conditions.

Board member	Service provided	Opening balance due to the Authority	Invoices issued during the year	Closing balance due to the Authority
Ruaridh Morrison	Harbour dues	70	649	102
Innes Macleod	Harbour dues	-	781	-

Innes Macleod, board member, is a director of Point 1 Technologies Limited. During the year Stornoway Port Authority purchased goods and services totalling £1,474 (2007 - £1,284) from the company. At the year end date there was a balance included in trade creditors of £128.27 (2007 - £362.54).

#### 17. RELATED PARTY DISCLOSURES

There are ten Board Members: 2 are appointed by Stornoway Port Authority, 2 are appointed by Comhairle nan Eilean Siar, 1 is appointed by Stornoway Trust, and 4 appointed or elected by Stornoway Port Authority, and the Chief Executive of the Authority.

Comhairle nan Eilean supplies statutory and non-statutory services to the Authority and uses the services of the Authority.

Stornoway Trust rents land to the Authority.

All these services are provided at the standard published terms and conditions.

**STORNOWAY PORT AUTHORITY**

**TRADING AND PROFIT AND LOSS ACCOUNT  
for the Year Ended 31 December 2008**

	31.12.08		31.12.07	
	£	£	£	£
<b>Turnover</b>				
Vessels	754,155		764,302	
Cargoes - inwards	346,962		342,939	
Cargoes - outwards	187,078		187,148	
Passengers	46,479		45,838	
Slipway	64,791		39,214	
Weighbridge	40,179		35,109	
Water	14,688		15,754	
Pilotage	13,917		11,223	
Pontoon berths	24,304		23,885	
		<u>1,492,553</u>		<u>1,465,412</u>
<b>Cost of sales</b>				
Repairs - harbour & works	96,254		192,411	
Slipway maintenance	5,026		9,937	
Harbour lighting	8,980		8,332	
Harbour cleansing	30,925		39,003	
Water supply	15,103		15,182	
Weighbridge	3,259		8,136	
Allowances & discounts	22,316		22,914	
Pilotage boat expenses	2,073		3,319	
Rent - ferry terminal and pontoon berths	27,233		15,124	
Repairs to premises	1,182		7,455	
Pontoon repair less recoveries	873		-	
Wages	371,361		338,684	
Social security	29,605		25,312	
Pensions	46,504		38,458	
Depreciation of tangible fixed assets				
Land, buildings & works	97,658		84,560	
Plant and equipment	23,024		44,883	
Office equipment	943		1,459	
Vehicles	5,483		5,483	
Release of capital grant	(25,967)		(22,968)	
		<u>761,835</u>		<u>837,684</u>
<b>GROSS PROFIT</b>		<b>730,718</b>		<b>627,728</b>
<b>Other income</b>				
Rents received	191,854		179,953	
Rented property costs	(25,080)		(26,942)	
Deposit account interest	98,794		73,623	
		<u>265,568</u>		<u>226,634</u>
		<b>996,286</b>		<b>854,362</b>
<b>Expenditure</b>				
Wages	174,782		142,938	
Social security	14,000		11,912	
Pensions	26,240		22,435	
Rent	1,392		1,924	

**STORNOWAY PORT AUTHORITY**

**TRADING AND PROFIT AND LOSS ACCOUNT  
for the Year Ended 31 December 2008**

	31.12.08		31.12.07	
	£	£	£	£
Brought forward	216,414		179,209	
Rates	55,402		39,415	
Insurance	81,093		83,330	
Light and heat	14,617		12,024	
Postages, stationery and phone	11,881		11,996	
Brochures and promotions	12,037		3,759	
Travel, subsistence and course fees	8,530		5,250	
Staff training	6,005		5,225	
Sundry expenses	6,927		10,316	
Accountancy	900		-	
Legal & professional fees	64,861		54,248	
Auditors' remuneration	2,500		1,750	
Bad debts	3,904		-	
Subscriptions	8,847		9,918	
		<b>493,918</b>		<b>416,440</b>
		<b>460,587</b>		<b>437,922</b>
<b>Finance costs</b>				
Bank charges	1,553		2,030	
Bank interest	46		-	
Loan interest	74,795		78,003	
		<b>76,394</b>		<b>80,033</b>
		<b>384,193</b>		<b>357,889</b>
<b>Profit on disposal of fixed assets</b>				
Plant and equipment		1		-
Motor vehicles		-		848
<b>NET PROFIT</b>		<b>425,975</b>		<b>358,737</b>