

## FINANCIAL REPORT

The following accounts for the year ended 31 December 2010 have been extracted from the full statutory accounts for that year. The statutory accounts have been audited and an unqualified opinion given.

### **Board Members:**

The members who served in the year were:

Iain A MacLeod	- Chair
Captain Robert J M Frater	- Vice Chair
Captain Duncan M MacKay	
Murdo MacLeod	
Neil R Galbraith	
A Jane Maciver	- Appointed 12.04.2010
David L Wood	- Appointed 10.06.2010
Captain Angus Smith	- Appointed 10.06.2010
Malcolm MacFarlane	- Retired 30.04.2010
John J MacLennan	- Retired 09.05.2010
Ruaridh D Morrison	- Retired 30.04.2010
Alexander Matheson OBE	- Retired 30.04.2010
Innes MacLeod	- Resigned 19.03.2010

**Secretary:** A Jane Maciver (Chief Executive)

**Auditors:** Mann Judd Gordon Ltd  
Registered Auditor & Chartered Accountants  
26 Lewis Street  
Stornoway  
Isle of Lewis  
HS1 2JF

**Bankers:** The Royal Bank of Scotland  
17 North Beach Street  
Stornoway  
Isle of Lewis  
HS1 2XH

**Solicitors:** Ken MacDonald & Co.  
9 Kenneth Street  
Stornoway  
Isle of Lewis  
HS1 2DP

## BOARD MEMBERS' REPORT

The Board presents its report with the financial statements of the Stornoway Port Authority for the year ended 31 December 2010.

### **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.

### **Results**

The profit for the year, after taxation, amounted to £387,960 (2009 - £296,572).

### **Members**

In accordance with The Stornoway Harbour Revision (Constitution) Order 2008, the Board of Stornoway Port Authority shall consist of Nine Members appointed by the Authority and the Chief Executive of the Authority.

### **Statement of Board Members' Responsibilities In Respect Of The Accounts**

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.

This report was approved by the board on 21 April 2011 and signed on its behalf.

**A Jane Maciver**  
Chief Executive

## PROFIT & LOSS ACCOUNT

For the Year Ended 31 December 2010

	2010	2009 as restated
	£	£
<b>Turnover</b>	<b>1,781,390</b>	1,606,127
Cost of sales	<u>(906,438)</u>	<u>(785,513)</u>
<b>Gross Profit</b>	<b>874,952</b>	820,614
Administrative expenses	<u>(440,535)</u>	<u>(460,149)</u>
	<b>434,417</b>	360,465
Other operating income	<u>163,913</u>	<u>161,117</u>
<b>Operating Profit</b>	<b>598,330</b>	521,582
Income from Fixed asset investments	<b>25,900</b>	11,755
Interest receivable and similar income	<u>2,753</u>	<u>17,423</u>
	<b>626,983</b>	550,760
Interest payable and similar charges	<b>(70,338)</b>	(70,242)
Other finance costs	<b>(55,000)</b>	(59,000)
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<b>Profit on ordinary activities before taxation</b>	<b>501,645</b>	421,518
Tax on profit on ordinary activities	<u>(113,685)</u>	<u>(124,946)</u>
<b>Profit for the financial year</b>	<b><u>387,960</u></b>	<b><u>296,572</u></b>

<b>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</b>
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For the Year Ended 31 December 2010

	<b>2010</b>	2009
	£	£
<b>Profit for the financial year</b>	<b>387,960</b>	296,572
Actuarial gain/(loss) on pension scheme	<b>451,000</b>	(474,000)
Deferred tax attributable to actuarial gain/loss	<b>(95,692)</b>	125,685
<b>Total recognised gains and losses for the year</b>	<b>743,268</b>	<b>(51,743)</b>
<b>Prior Year adjustment</b>	<b>(1,138,540)</b>	
<b>Total Gains/( Losses) Recognised since Last annual report</b>	<b>(395,272)</b>	

**Prior Year adjustment**

The prior year adjustment is as a result of the Board of the authority implementing a change to the accounting policy for Pension Costs. The authority is a member of a defined benefit pension scheme, but it had been deemed prohibitively expensive to obtain the necessary information with which to comply with the FRSSE in respect of such schemes. The Board now consider that to aid in the financial planning of the Authority, that this information should be obtained, enabling the disclosures to be made in the financial statements.

The effect of the change in accounting policy has been to reflect a deficit in the pension scheme at 31 December 2009 of £1,138,540 (net of deferred tax) in the balance sheet and statement of recognised gains and losses, and to recognise a reduction of £20,000 in pension costs charged to the profit and loss account in 2009, and the recognition of other finance costs of £59,000 in the profit and loss account for 2009 also.

## BALANCE SHEET

As at 31 December 2010

	31.12.10	31.12.09 as restated
	£	£
<b>Fixed assets</b>		
Tangible assets	2,191,453	2,114,998
Investments	2,258,308	1,770,066
	4,449,761	3,885,064
 <b>Current assets</b>		
Debtors	418,179	409,087
Cash at bank and in hand	516,180	614,383
	934,359	1,023,470
<b>Creditors:</b>		
Amounts falling due within one year	(319,106)	( 365,660)
<b>Net current assets</b>	615,253	657,810
<b>Total assets less current liabilities</b>	5,065,014	4,542,874
<b>Creditors:</b>		
Amounts falling due after more than one year	(725,462)	(772,901)
<b>Accruals and deferred income</b>	(547,042)	(430,423)
<b>Pension liability</b>	(848,232)	(1,138,540)
	2,944,278	2,201,010
<b>Net assets</b>	2,944,278	2,201,010
 <b>Reserves</b>		
Harbour redevelopment reserve	1,800,000	1,600,000
Profit and loss account	1,144,278	601,010
	2,944,278	2,201,010

## NOTES TO THE ACCOUNTS

For the Year Ended 31 December 2010

### 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 April 2008).

#### Change in accounting policy

The Board of the authority have implemented a change to the accounting policy for Pension Costs. The authority is a member of a defined benefit pension scheme, but it had been deemed prohibitively expensive to obtain the necessary information with which to comply with the FRSSE in respect of such schemes. The Board now consider that to aid in the financial planning of the Authority, that this information should be obtained, enabling the disclosures to be made in the financial statements.

The effect of the change in accounting policy has been to reflect a deficit in the pension scheme at 31 December 2009 of £1,138,540 (net of deferred tax) in the balance sheet and statement of recognised gains and losses, and to recognise a reduction of £20,000 in pension costs charged to the profit and loss account in 2009, and the recognition of other finance costs of £59,000 in the profit and loss account.

#### 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

The Board consider that 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 company operates a defined benefit pension scheme. A full actuarial evaluation by a professionally qualified actuary is carried out every 3 years. The surplus / deficit in the scheme is recognised as an asset / liability on the balance sheet. Changes in the asset / liability are written off in the profit and loss account or statement of total recognised gains and losses as appropriate.

#### 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.

NOTES TO THE ACCOUNTS – cont'd

2. TANGIBLE FIXED ASSETS

	Land, buildings and works	Plant and equipment	Office furniture and equipment	Motor vehicles	Totals
	£	£	£	£	£
<b>COST</b>					
At 1 January 2010	2,908,441	438,998	17,767	42,214	<b>3,407,420</b>
Additions	174,335	8,655	2,169	20,235	<b>205,394</b>
Disposals	-	-	-	(18,129)	<b>(18,129)</b>
	<u>3,082,776</u>	<u>447,653</u>	<u>19,936</u>	<u>44,320</u>	<u>3,594,685</u>
<b>DEPRECIATION</b>					
At 1 January 2010	826,905	408,668	16,888	39,961	<b>1,292,422</b>
Charge for year	115,369	8,995	614	3,961	<b>128,939</b>
Eliminated on disposal	-	-	-	(18,129)	<b>(18,129)</b>
	<u>942,274</u>	<u>417,663</u>	<u>17,502</u>	<u>25,793</u>	<u>1,403,232</u>
<b>NET BOOK VALUE</b>					
At 31 December 2010	<u><b>2,140,502</b></u>	<u><b>29,990</b></u>	<u><b>2,434</b></u>	<u><b>18,527</b></u>	<u><b>2,191,453</b></u>
At 31 December 2009	<u>2,081,536</u>	<u>30,330</u>	<u>879</u>	<u>2,253</u>	<u>2,114,998</u>

3. FIXED ASSET INVESTMENTS

	Listed Investments
	£
<b>COST</b>	
At 1 January 2010	1,770,066
Additions	2,258,308
Disposals	(1,770,066)
	<u>2,258,308</u>
<b>NET BOOK VALUE</b>	
At 31 December 2010	<u><b>2,258,308</b></u>
At 31 December 2009	<u>1,770,066</u>

Market value of the listed investments at 31 December 2010 was £2,345,029 (2009: £1,785,146).

**3 Year Summary – Turnover, Gross Profit & Net Profit**

