

Lymington Harbour Commissioners

**Annual Report and Financial Statements
Year Ended 31 March 2019**

Lymington Harbour Commissioners

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Lymington Harbour Commissioners

Commissioners' Report

Year Ended 31 March 2019

The Commissioners present their report and the financial statements for the year ended 31 March 2019.

Principal activity

The principal activity of the Commissioners is to manage the Harbour as a Small Trust Port in accordance with the Lymington Harbour Act and Orders 1951 to 2014. The Commissioners seek to exercise their authority in a manner which is consistent with the special environmental character of the area while maximising safe use of the harbour and its enjoyment of both commercial and leisure users.

Commissioners

The Commissioners who served during the year were as follows:

R.P. Jenner

R.H. Mitchell

A.J. Richards

T.W. Harford

J.M. Challener

C. Lisher (appointed 1 November 2018)

P. Martin

W. Peach

R.C. Willegers

A. Towler

G. Stokes (resigned 31 October 2018)

Officers

Ryan C Willegers Harbour Master & Chief Executive

Colin Freeman Operations Manager

Frances Moores Treasurer

Lymington Harbour Commissioners

Commissioners' Report

Year Ended 31 March 2019

Results and Operating Review

Lymington Harbour Commissioners (LHC) continues to maintain a strong financial position. Turnover has increased by 3.9% on the previous year. In order to improve transparency turnover is broken down between statutory harbour authority income (dues) and income generated from commercial operations (see note 4 to the financial statements).

The key financial and other performance indicators during the year were as follows:

	Unit	2019	2018
Turnover	£	1,555,704	1,497,265
Gross Profit	£	839,807	761,567
Gross Profit Percentage	%	54	51

At the end of the financial year the statement of financial position and cash flow statement continue to show a sound position with a satisfactory level of cash and reserves.

Pension

The provision for the deficit on the pension scheme has been decreased by £7,380 this year compared to an increase of £93,320 last year. Note 11 to the Accounts provide further information.

Loan

During the year £200,700 (2018 - £200,700) of capital and £32,659 (2018 - £38,339) of interest was repaid on the £2,007,000 secured loan facility from the New Forest District Council to fund the cost of facilitating the second phase of breakwater construction to protect the harbour.

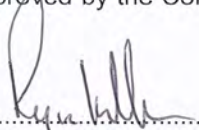
Disclosure of information to the auditors

Each Commissioner has taken all the steps that they ought to have taken as a Commissioner in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The Commissioners confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Small companies provision statement

This report has been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved by the Commissioners on ...15/07/2019... and signed on its behalf by:



R.C. Willegers
Harbour Master & Chief Executive

Lymington Harbour Commissioners

Statement of Commissioners' Responsibilities

The Commissioners acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Commissioners to prepare financial statements for each financial year. Under that law the Commissioners 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 Commissioners 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 of the profit or loss of the company for that period. In preparing these financial statements, the Commissioners are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting 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 Commissioners 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.

Lymington Harbour Commissioners

Independent Auditor's Report to the Members of Lymington Harbour Commissioners

Opinion

We have audited the financial statements of Lymington Harbour Commissioners for the year ended 31 March 2019, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) incorporating the requirements of Section 1A.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the commissioners' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the commissioners have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Lymington Harbour Commissioners

Independent Auditor's Report to the Members of Lymington Harbour Commissioners

Opinion on other matter prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of our knowledge and understanding of Lymington Harbour Commissioners and its environment obtained in the course of the audit, we have not identified material misstatements in the Commissioners' Report.

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 commissioners' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Commissioners were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Commissioners' Report and from the requirement to prepare a Strategic Report.

Responsibilities of Commissioners

As explained more fully in the Statement of Commissioners' Responsibilities [set out on page 3], the Commissioners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Commissioners determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioners are responsible for assessing Lymington Harbour Commissioner's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Commissioners either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Lymington Harbour Commissioners

Independent Auditor's Report to the Members of Lymington Harbour Commissioners

Use of our report

This report is made solely to the Commissioners, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Commissioners 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 Commissioners, as a body, for our audit work, for this report, or for the opinions we have formed.

.....
Anne-Marie Gates FCCA FCA (Senior Statutory Auditor)
PKF Francis Clark, Statutory Auditor

Towngate House
2-8 Parkstone Road
Poole
Dorset
BH15 2PW

Date:.....

Lymington Harbour Commissioners

Profit and Loss Account

Year Ended 31 March 2019

	Note	2019 £	2018 £
Turnover	4	1,555,704	1,497,265
Cost of sales		<u>(715,897)</u>	<u>(735,698)</u>
Gross profit		839,807	761,567
Administrative expenses		<u>(363,521)</u>	<u>(317,485)</u>
Operating profit		<u>476,286</u>	<u>444,082</u>
Other interest receivable and similar income		6,711	2,229
Interest payable and similar expenses		<u>(54,659)</u>	<u>(58,339)</u>
		<u>(47,948)</u>	<u>(56,110)</u>
Profit before tax		428,338	387,972
Taxation	9	<u>(91,563)</u>	<u>(71,427)</u>
Profit for the financial year		<u><u>336,775</u></u>	<u><u>316,545</u></u>

The notes on pages 12 to 23 form an integral part of these financial statements.

Lymington Harbour Commissioners

Statement of Comprehensive Income

Year Ended 31 March 2019

	2019	2018
	£	£
Profit for the year	336,775	316,545
Remeasurement gain/(loss) on defined benefit pension scheme	<u>52,480</u>	<u>(53,960)</u>
Total comprehensive income for the year	<u><u>389,255</u></u>	<u><u>262,585</u></u>

The notes on pages 12 to 23 form an integral part of these financial statements.

Lymington Harbour Commissioners

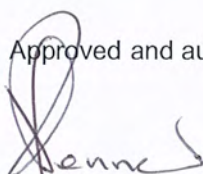
Balance Sheet

31 March 2019

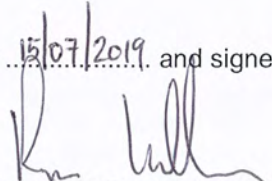
	Note	2019 £	2018 £
Fixed assets			
Tangible assets	5	4,207,615	4,265,118
Current assets			
Debtors	6	183,532	165,211
Cash at bank and in hand		1,750,433	1,467,899
		<u>1,933,965</u>	<u>1,633,110</u>
Creditors: Amounts falling due within one year	7	<u>(1,190,513)</u>	<u>(1,141,712)</u>
Net current assets		<u>743,452</u>	<u>491,398</u>
Total assets less current liabilities		4,951,067	4,756,516
Creditors: Amounts falling due after more than one year	7	(802,800)	(1,003,500)
Provisions for liabilities	8	<u>(223,338)</u>	<u>(209,962)</u>
Net assets excluding pension asset/(liability)		<u>3,924,929</u>	<u>3,543,054</u>
Net pension liability	11	<u>(702,740)</u>	<u>(710,120)</u>
Net assets		<u><u>3,222,189</u></u>	<u><u>2,832,934</u></u>
Capital and reserves			
Capital Reserve		12,500	12,500
Infrastructure Review Reserve		30,000	15,000
Wave Screen Reserve		135,000	120,000
Harbour Protection Reserve		1,360,065	1,115,899
Pile Replacement Reserve		51,762	36,762
Revenue Reserve		<u>1,632,862</u>	<u>1,532,773</u>
Total Capital and Reserves		<u><u>3,222,189</u></u>	<u><u>2,832,934</u></u>

These financial statements have been prepared and delivered in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

Approved and authorised by the Commissioners on 15/07/2019 and signed on their behalf by:



 R.P. Jenner
 Chairman



 R.C. Willegers
 Harbour Master & Chief Executive

Lymington Harbour Commissioners

Statement of Cash Flows

Year Ended 31 March 2019

	2019 £	2018 £
Cash flows from operating activities		
Operating Profit for the year	476,286	444,082
<i>Adjustments to cash flows from non-cash items</i>		
Depreciation and amortisation	107,288	114,813
Profit on disposal of tangible assets	(3,196)	-
Provision for maintenance dredging	133,800	130,000
Increase in harbour protection reserve	(244,166)	(243,008)
Pension contributions deficient to (in excess of) current service cost	33,000	28,000
	<u>503,012</u>	<u>473,887</u>
<i>Working capital adjustments</i>		
Decrease in stocks	-	2,101
Increase in trade debtors	(18,321)	(1,584)
Increase in trade creditors	36,154	17,040
Cash generated from operations	<u>520,845</u>	<u>491,444</u>
Corporation tax paid	(96,069)	(81,162)
Net cash flow from operating activities	<u>424,776</u>	<u>410,282</u>
Cash flows from investing activities		
Interest received	6,711	2,229
Purchase of tangible assets	(50,014)	(62,878)
Proceeds from sale of tangible assets	3,425	-
Maintenance dredging costs	(113,171)	(134,755)
Net cash flows from investing activities	<u>(153,049)</u>	<u>(195,404)</u>
Cash flows from financing activities		
Interest paid	(32,659)	(38,339)
Repayment of other borrowing	(200,700)	(200,700)
Harbour protection fees received	244,166	243,008
Net cash flows from financing activities	<u>10,807</u>	<u>3,969</u>
Net increase in cash and cash equivalents	282,534	218,847
Cash and cash equivalents at 1 April	1,467,899	1,249,052
Cash and cash equivalents at 31 March	<u>1,750,433</u>	<u>1,467,899</u>

Cash and cash equivalents include cash in a bank account which is not available for the Commissioners use in accordance with the agreement for the loan from NFDC referred to in note 7 to the financial statements. The amounts at the beginning and end of the year were £405,959 and £406,269 respectively.

Lymington Harbour Commissioners

Statement of Changes in Equity Year Ended 31 March 2019

	Capital Reserve £	Infrastructure Review Reserve £	Wave Screen Reserve £	Harbour Protection Reserve £	Pile Replacement Reserve £	Revenue Reserve £	Total £
At 1 April 2018	12,500	15,000	120,000	1,115,899	36,762	1,532,773	2,832,934
Profit for the year	-	-	-	-	-	336,775	336,775
Other comprehensive income	-	-	-	-	-	52,480	52,480
Total comprehensive income	-	-	-	-	-	389,255	389,255
Transfers	-	15,000	15,000	244,166	15,000	(289,166)	-
At 31 March 2019	12,500	30,000	135,000	1,360,065	51,762	1,632,862	3,222,189
	Capital Reserve £	Infrastructure Review Reserve £	Wave Screen Reserve £	Harbour Protection Reserve £	Pile Replacement Reserve £	Revenue Reserve £	Total £
At 1 April 2017	12,500	-	105,000	872,891	21,762	1,558,196	2,570,349
Profit for the year	-	-	-	-	-	316,545	316,545
Other comprehensive income	-	-	-	-	-	(53,960)	(53,960)
Total comprehensive income	-	-	-	-	-	262,585	262,585
Transfers	-	15,000	15,000	243,008	15,000	(288,008)	-
At 31 March 2018	12,500	15,000	120,000	1,115,899	36,762	1,532,773	2,832,934

The notes on pages 12 to 23 form an integral part of these financial statements.
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Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2019

1 General information

The Lymington Harbour Commissioners main function is to be the United Kingdom Statutory Harbour Authority for the port of Lymington.

The address of its registered office is:

Harbour Office
Bath Road
Lymington
Hants
SO41 3SE

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. The item in the financial statements where significant judgement has been made is in regard to the calculation of the provision for maintenance dredging. The carrying amount is £129,301 (2018 -£108,672).

Revenue recognition

Turnover represents fees, dues and rents charged by the Commissioners, net of value added tax, and is measured at the fair value of the consideration receivable. Turnover includes revenue earned from the rendering of services, which is recognised by reference to the date due and if for a period, for the proportion of the period falling in the accounting period.

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2019

Tax

Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current corporation tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Deferred tax is recognised on all timing differences at the balance sheet date unless indicated below. Timing differences are differences between taxable profits and the results as stated in the profit and loss account and other comprehensive income. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Tangible assets

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold Property	99 years straight line basis
Mooring Facilities & Wave Screen	30 years straight line basis
Craft	3 - 30 years straight line basis
Plant and Equipment	5 years straight line basis
Office Equipment	3 - 4 years straight line basis
Harbour Protection Breakwater	100 years straight line basis

Provisions

Provisions are recognised when the Commissioners have a present obligation as a result of a past event, it is probable that they will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised is the best estimate of the consideration required to settle the present obligation at the end of the accounting period, taking into account the risks and uncertainties surrounding the obligation.

Specifically, provisions are recognised for maintenance dredging and deferred taxation. The provision for maintenance dredging is measured by considering the amount of such dredging that the Commissioners expect to be carried out as a result of the condition of the navigational channels and berths at the end of the accounting period.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2019

Defined contribution pension obligation

The entity operates a defined contribution scheme for the benefit of its employees. Contributions are recognised in the profit and loss account when due.

Defined benefit pension obligation

The entity participates in a defined benefit pension scheme. Provision is made in the statement of financial position for the Commissioners' share of the deficit in the scheme, net of deferred tax.

The current and past service costs, contributions and other finance costs are included within the statement of comprehensive income. The related deferred tax is included in taxation in the statement of comprehensive income. Actuarial gains and losses, net of the related deferred tax, are also included in the statement of comprehensive income.

Harbour Protection Reserve

Fees charged specifically for funding the costs of the Harbour Protection Breakwater are transferred from the Revenue Reserve to the Harbour Protection Reserve each year.

Revenue expenditure and depreciation relating to the project are written off as incurred to the revenue reserve.

A transfer is made each year from the Harbour Protection Reserve to the Revenue Reserve of the amount of revenue expenditure relating to the project incurred in that year.

To the extent that fees transferred to the Reserve by the accounting year end have been charged for funding the capital costs of the project by that date, a further transfer is made from the Reserve to the Revenue Reserve.

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2019

Financial instruments

Classification

The company holds the following financial instruments:

- Short term trade and other debtors and creditors;
- Bank loans; and
- Cash and bank balances.

All financial instruments are classified as basic.

Recognition and measurement

The company has chosen to apply the recognition and measurement principles in FRS102.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument and derecognised when in the case of assets, the contractual rights to cash flows from the assets expire or substantially all the risks and rewards of ownership are transferred to another party, or in the case of liabilities, when the company's obligations are discharged, expire or are cancelled.

Except for bank loans, such instruments are initially measured at transaction price, including transaction costs, and are subsequently carried at the undiscounted amount of the cash or other consideration expected to be paid or received, after taking account of impairment adjustments.

Bank loans are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method.

3 Staff numbers

The average number of persons employed by the company (including officers) during the year, was 13 (2018 - 15).

The number of full time equivalent employees during the year was 9 (2018 - 9).

4 Turnover

	2019 £	2018 £
Harbour Dues -		
Commercial Commuted	419,409	408,933
LHC Moorings, Visitors and Temporary Moorings	144,271	137,158
	<u>563,680</u>	<u>546,091</u>
Harbour protection fees	244,166	243,008
Total Income as Statutory Harbour Authority	807,846	789,099
Income from Commercial Operations	747,858	708,166
Total Turnover	<u><u>1,555,704</u></u>	<u><u>1,497,265</u></u>

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2019

5 Tangible assets

	Leasehold Property £	Mooring Facilities & Wave Screen £	Craft £	Plant and Machinery £	Office Equipment £	Harbour Protection Breakwater £	Total £
Cost or valuation							
At 1 April 2018	132,580	1,214,527	159,059	193,428	95,174	3,627,046	5,421,814
Additions	-	39,694	6,835	694	2,791	-	50,014
Disposals	-	-	(20,196)	(731)	-	-	(20,927)
At 31 March 2019	132,580	1,254,221	145,698	193,391	97,965	3,627,046	5,450,901
Depreciation							
At 1 April 2018	34,256	666,026	93,641	80,409	82,953	199,411	1,156,696
Charge for the year	1,339	35,184	12,558	10,342	11,595	36,270	107,288
Eliminated on disposal	-	-	(20,196)	(502)	-	-	(20,698)
At 31 March 2019	35,595	701,210	86,003	90,249	94,548	235,681	1,243,286
Carrying amount							
At 31 March 2019	96,985	553,011	59,695	103,142	3,417	3,391,365	4,207,615
At 31 March 2018	98,324	548,501	65,418	113,019	12,221	3,427,635	4,265,118

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2019

6 Debtors

	2019 £	2018 £
Trade debtors	20,945	15,144
Prepayments	162,587	150,067
	<u>183,532</u>	<u>165,211</u>

7 Creditors

Creditors: amounts falling due within one year

	2019 £	2018 £
Due within one year		
Loans and borrowings (Secured)	200,700	200,700
Trade creditors	699,876	686,248
Corporation tax	108,716	96,069
Social security and other taxes	113,881	109,241
Outstanding defined benefit pension costs	6,259	5,608
Other creditors	3,803	3,850
Accrued expenses	50,069	35,080
Payments on account	7,209	4,916
	<u>1,190,513</u>	<u>1,141,712</u>

Creditors: amounts falling due after one year

Due after one year		
Loans and borrowings (Secured)	<u>802,800</u>	<u>1,003,500</u>

Included within trade creditors is £663,801 (2018 - £646,460) relating to mooring holders fees paid in advance.

In 2013/14, the Commissioners borrowed £2.007 million from NFDC to finance Phase 2 of the Harbour Protection Project. The loan is being repaid over a period of 10 years.

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2019

8 Provisions

	2019 £	2018 £
Provision for Maintenance Dredging		
Balance at 1 April	(108,672)	(113,427)
Transfer from Statement of Comprehensive Income	(133,800)	(130,000)
Utilised during the year	113,171	134,755
Balance as at 31 March	<u>(129,301)</u>	<u>(108,672)</u>

	2019 £	2018 £
Provision for Deferred Tax		
Balance at 1 April	(101,290)	(117,292)
Deferred tax charged to the P&L account	7,253	16,002
Balance as at 31 March	<u>(94,037)</u>	<u>(101,290)</u>

9 Taxation

	2019 £	2018 £
Corporation Tax	108,716	96,069
Deferred tax charged to the P&L account	(7,253)	(16,002)
Deferred tax movement on pension obligation	(9,900)	(8,640)
	<u>91,563</u>	<u>71,427</u>

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2019

10 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2019	2018
	£	£
Not later than one year	174,203	174,203
Later than one year and not later than five years	696,812	696,812
Later than five years	3,259,722	3,433,925
	<u>4,130,737</u>	<u>4,304,940</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £174,203 (2018 - £174,203).

11 Pension and other schemes

Lymington Harbour Commissioners operates a defined benefit and a defined contribution pension scheme (Nest). The pension cost charge for the year represents contributions payable to both of the schemes and amounted to £55,261 (2018 - £47,282).

Contributions totalling £6,259 (2018 - £5,608) were payable to the defined benefits scheme at the end of the year and are included in creditors.

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2019

Defined benefit pension schemes Hampshire County Council Pension Fund

Lymington Harbour Commissioners operate in the Hampshire County Council Pension Fund (the "Fund") which is part of the Local Government Pension Scheme (the "LGPS"). The fund nature of the LGPS requires Lymington Harbour Commissioners and its employees to pay contributions into the Fund, calculated at a level intended to balance the pensions' liabilities with investment assets. One Commissioner, who is also the Chief Executive, has benefits accruing under the scheme.

Date of the last full actuarial valuation of the Lymington Harbour Commissioners' LGPS funded benefits	31 March 2016
Expected employer contributions next year	£59,000
Duration of liabilities	20.2 years

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

The latest actuarial valuation of Lymington Harbour Commissioners' liabilities took place at 31st March 2016. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method. The key assumptions used by the actuary in updating the latest valuation of the Fund for FRS102 purposes were (% per annum).

	2019	2018
	%	%
Discount rate	2.40	2.60
RPI Inflation	3.30	3.20
CPI Inflation	2.20	2.10
Future pension increases	2.20	2.10
Pension accounts revaluation rate	2.20	2.10
Future salary increases	3.70	3.60

Post retirement mortality assumptions

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements. Sample life expectancies at age 65 resulting from these mortality assumptions are shown below.

	2019	2018
	Years	Years
Male members aged 65 at accounting date	23.30	24.10
Male members aged 45 at accounting date	24.90	26.20
Female members aged 65 at accounting date	26.10	27.20
Female members aged 45 at accounting date	27.80	29.40

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2019

Analysis of assets

The major categories of scheme assets are as follows:

	2019	2018
	%	%
Cash and cash equivalents	2.30	2.60
Equity instruments	60.40	62.60
Property	7.60	7.00
Government bonds	22.70	23.70
Corporate bonds	5.20	1.00
Other	1.80	3.10
	<u>100.00</u>	<u>100.00</u>

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position are as follows:

	2019	2018
	£	£
Fair value of scheme assets	1,645,000	1,482,000
Present value of defined benefit obligation	<u>(2,502,000)</u>	<u>(2,348,000)</u>
	(857,000)	(866,000)
Other amounts recognised in the statement of financial position	<u>154,260</u>	<u>155,880</u>
Defined benefit pension scheme deficit	<u>(702,740)</u>	<u>(710,120)</u>

The split of the liabilities at the last valuation between the various categories of members is as follows:

Active members	40%
Deferred pensioners	9%
Pensioners	51%

Amounts recognised in the Statement of Comprehensive Income

	2019	2018
	£	£
Included in Operating Surplus		
Current service cost	<u>87,000</u>	<u>74,000</u>
Included in Interest Payable and Similar Charges		
Interest cost	61,000	57,000
Expected return on assets	<u>(39,000)</u>	<u>(37,000)</u>
	<u>22,000</u>	<u>20,000</u>
Pension expense recognised in Statement of Comprehensive Income	<u>109,000</u>	<u>94,000</u>

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2019

Amounts recognised in Other Comprehensive Income

	2019 £	2018 £
Asset gains/(losses) arising during the year	106,000	7,000
Liability gains/(losses) arising during the year	(42,000)	(54,000)
Total amount recognised on other comprehensive income	<u>64,000</u>	<u>(47,000)</u>

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2019 £	2018 £
Present value at start of year	2,348,000	2,201,000
Current service cost	87,000	74,000
Interest cost	61,000	57,000
Actuarial gains and losses	42,000	54,000
Benefits paid	(58,000)	(59,000)
Contributions by scheme participants	22,000	21,000
Present value at end of year	<u>2,502,000</u>	<u>2,348,000</u>

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2019 £	2018 £
Fair value at start of year	1,482,000	1,430,000
Interest income	39,000	37,000
Remeasurement gains/(losses) on assets	106,000	7,000
Employer contributions	54,000	46,000
Participants contributions	22,000	21,000
Net benefits paid out	(58,000)	(59,000)
Fair value at end of year	<u>1,645,000</u>	<u>1,482,000</u>

Return on scheme assets

	2019 £	2018 £
Interest income on assets	39,000	37,000
Gain/(loss) on assets	106,000	7,000
Return on scheme assets	<u>145,000</u>	<u>44,000</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2019

12 Financial commitments, guarantees and contingencies

Amounts not provided for in the balance sheet

As explained in Note 11, Lymington Harbour Commissioners operate in the Hampshire County Council Pension Fund, which is part of the Local Government Pension Scheme (the "LGPS").

There is an ongoing court case in respect of Guaranteed Minimum Pension (GMP) Indexation and Equalisation, in which an outcome is expected in July 2019.

No provision has been made in these financial statements for any additional liability which may arise.

The Government Actuary's Department (GAD) have indicated that their scenario is likely to identify a cost of between 0.5% and 1.0% of the defined benefit obligation at 31 March 2019 (which is measured on an accounting basis in which the assumption for pay increases ranges from CPI to CPI + 1.5%). The cost is a Scheme-level estimate so could be different at employer-level, however for the average employer this is likely to be a 'prudent' estimate.

Based on the defined benefit obligation disclosed in Note 11, this would give a liability of between £12,510 and £25,020.

Lymington Harbour Commissioners

Detailed Profit and Loss

Year Ended 31 March 2019

	2019 £	2018 £
Turnover		
Permanent mooring fees	592,348	563,639
Visitors' fees	135,720	130,719
Temporary moorings	91,602	86,154
Slipway fees	27,471	24,922
Sundry casual fees	4,555	3,844
Lymington marina	28,163	27,283
Lymington yacht haven	60,144	58,457
Wightlink Limited	329,609	320,322
Puffin	414	402
Sundry	6,071	6,020
Dan Bran electricity	13,142	10,662
Rents	22,299	21,833
Harbour protection fees	244,166	243,008
	<u>1,555,704</u>	<u>1,497,265</u>
Cost of sales		
Wages and salaries	(175,088)	(167,724)
Staff NIC (Employers)	(14,920)	(14,011)
Staff pensions	(32,765)	(28,077)
Staff pensions (Contributions deficient to service costs)	(14,850)	(15,400)
Staff training	(1,522)	(3,846)
Bathymetric Survey	(6,905)	(6,742)
Crown Estate Lease	(167,100)	(167,100)
General Maintenance	(4,723)	(5,434)
Slipway Repairs	(25)	(1,077)
Maintenance of Moorings and Pontoons	(13,910)	(13,599)
River lights, marks and booms	(1,758)	(5,462)
Maintenance of craft	(13,736)	(33,435)
Uniform and equipment	(5,658)	(7,903)
Shower block costs	(18,233)	(19,991)
Dan Bran electric and support	(15,550)	(14,237)
Habitat Replenishment Scheme	(1,000)	(2,117)
Provision for maintenance dredging	(133,800)	(130,000)
Depreciation of mooring facilities & wave screen	(35,184)	(37,346)
Depreciation of craft	(12,558)	(15,088)
Depreciation of plant and equipment	(10,342)	(10,839)
Depreciation of harbour protection breakwater	(36,270)	(36,270)
	<u>(715,897)</u>	<u>(735,698)</u>
Gross profit	<u>839,807</u>	<u>761,567</u>
Gross profit (%)	53.98%	50.86%

This page does not form part of the statutory financial statements.

Lymington Harbour Commissioners

Detailed Profit and Loss

Year Ended 31 March 2019

	2019 £	2018 £
Administrative expenses		
Wages and Salaries	(133,709)	(119,451)
Staff NIC (Employers)	(11,687)	(9,800)
Staff Pensions	(22,496)	(19,205)
Staff Pensions (Contributions deficient to service costs)	(18,150)	(12,600)
Staff training	(842)	(1,497)
Rent and rates	(28,343)	(23,706)
Light, heat, water, telephone and cleaning	(13,465)	(11,477)
Insurance	(30,179)	(23,305)
Property Maintenance	(4,518)	(1,480)
IT Services and Support	(15,803)	(14,776)
Printing, postage and stationery	(7,462)	(5,629)
Miscellaneous and administrative charges	(9,499)	(10,753)
Harbour advisory group expenses	(771)	(751)
Community value	(3,132)	-
Community cash	(4,106)	-
Advertising	(3,125)	(2,382)
Marketing	(16,665)	(7,241)
Auditor's remuneration - The audit of the company's annual accounts	(5,238)	(4,450)
Auditor's remuneration - non audit work	(1,405)	(2,000)
Legal and professional fees	(14,264)	(21,076)
Bad Debts	79	(1,030)
Bank Charges	(9,003)	(9,606)
Depreciation of freehold property	(1,339)	(1,339)
Depreciation of office equipment	(11,595)	(13,931)
(Profit)/loss on disposal of tangible fixed assets	3,196	-
	<u>(363,521)</u>	<u>(317,485)</u>
Operating profit	<u>476,286</u>	<u>444,082</u>
Other interest receivable and similar income		
Interest income on bank deposits	6,711	2,229
Interest payable and similar charges		
Interest expense on other finance liabilities	(32,659)	(38,339)
Other finance costs	(22,000)	(20,000)
	<u>(54,659)</u>	<u>(58,339)</u>
Profit before tax	<u><u>428,338</u></u>	<u><u>387,972</u></u>