

Lymington Harbour Commissioners

**Annual Report and Financial Statements
Year Ended 31 March 2021**

Lymington Harbour Commissioners

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Lymington Harbour Commissioners

Commissioners' Report for the Year Ended 31 March 2021

The Commissioners present their report and the financial statements for the year ended 31 March 2021.

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:

T.W. Harford (Chairman)

A. Towler (Vice chair)

M. Bowles (appointed 1 August 2020)

J.M. Challenger

R.P. Jenner (resigned 31 October 2020)

C. Lisher

P. Martin (resigned 31 October 2020)

R.H. Mitchell

J. Morrow (appointed 1 August 2020)

W. Peach (resigned 30 April 2021)

A.J. Richards

R.C. Willegers

The following commissioner was appointed after the year end:

P Harrison (appointed 1 May 2021)

P Naylor (appointed 1 May 2021)

R.P. Jenner resigned as Chairman on 31 May 2020

T.W. Harford appointed as Chairman on 31 May 2020

A Towler appointed as Vice chair on 31 May 2020

Officers

Ryan C Willegers Harbour Master & Chief Executive

Colin Freeman Operations Manager

Frances Moores Treasurer

Lymington Harbour Commissioners

Commissioners' Report for the Year Ended 31 March 2021

Results and Operating Review

Lymington Harbour Commissioners (LHC) continues to maintain a strong financial position. Turnover has decreased by 4.3% 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	2021	2020
Turnover	£	1,518,471	1,587,139
Gross Profit	£	718,922	766,661
Gross Profit Percentage	%	47	48

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 increased by £236,520 this year compared to an increase of £95,110 last year. Note 11 to the Accounts provide further information.

Loan

During the year £100,350 (2020 - £200,700) of capital was repaid and £21,299 (2020 - £26,979) of interest was charged 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. In respect of the interest of £21,299 charged, £9,940 was paid and £11,359 is included in accruals.

Post balance sheet events

The Commissioners continue to closely monitor the impact of Covid-19 on the income and operations of the Lymington Harbour Commissioners (LHC) business. The Commissioners undertake periodic reviews of LHC's finances and believe that LHC has adequate cash to cover the period of uncertainty and reduced income caused by the pandemic and will be able to continue as a going concern for at least 12 months.

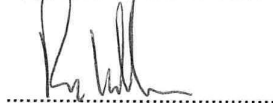
Disclosure of information to the auditors

Each Commissioner has taken 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 12th June 2021 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 Lymington Harbour Commissioners

Opinion

We have audited the financial statements of Lymington Harbour Commissioners for the year ended 31 March 2021, 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 2021 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

In auditing the financial statements, we have concluded that the commissioner's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the commissioners with respect to going concern are described in the relevant sections of this report.

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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Lymington Harbour Commissioners

Independent Auditor's Report to Lymington Harbour Commissioners

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the company. We gained an understanding of the company and the industry in which the company operates as part of this assessment to identify the key laws and regulations affecting the company. As part of this, we reviewed the company's website for indication of any regulations and certification in place and discussed these with the relevant individuals responsible for compliance. The key regulations we identified were health and safety regulations and The General Data Protection Regulation ("GDPR") . We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006.

We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place. We also identified the individuals who have responsibility for ensuring that the company complies with laws and regulations and deals with reporting any issues if they arise. As part of our planning procedures, we assessed the risk of any non compliance with laws and regulations on the company's ability to continue trading and the risk of material misstatement to the accounts.

We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements. The key incentive identified is to meet the targets set by the Commissioners and we determined that the principal risks were related to the overstatement of profit, either through overstating revenue, understating expenditure or management bias in accounting estimates.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non compliance with laws and regulations that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances of fraud, of which there were none.
- Discussed with the health and safety officer if any incidents have been reported during the year under The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 ("RIDDOR")
- Review of the group's GDPR policy and enquiries to the Data Protection Officer as to the occurrence and outcome of any reportable breaches;
- Audited the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.


Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to be come aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

A further description of our responsibilities is available 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 Lymington Harbour Commissioners

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: 00.7.2021

Lymington Harbour Commissioners

Profit and Loss Account

Year Ended 31 March 2021

		2021	2020
	Note	£	£
Turnover	4	1,518,471	1,587,139
Cost of sales		<u>(799,549)</u>	<u>(820,478)</u>
Gross profit		718,922	766,661
Administrative expenses		(376,217)	(391,651)
Other operating income		<u>49,184</u>	<u>-</u>
Operating profit		<u>391,889</u>	<u>375,010</u>
Other interest receivable and similar income		4,129	5,755
Interest payable and similar expenses		<u>(42,299)</u>	<u>(46,979)</u>
		<u>(38,170)</u>	<u>(41,224)</u>
Profit before tax		353,719	333,786
Taxation	9	<u>(82,584)</u>	<u>10,469</u>
Profit for the financial year		<u><u>271,135</u></u>	<u><u>344,255</u></u>

Lymington Harbour Commissioners

Statement of Comprehensive Income

Year Ended 31 March 2021

	2021	2020
	£	£
Profit for the year	271,135	344,255
Remeasurement gain/(loss) on defined benefit pension scheme	<u>(173,340)</u>	<u>(35,980)</u>
Total comprehensive income for the year	<u><u>97,795</u></u>	<u><u>308,275</u></u>

Lymington Harbour Commissioners


Balance Sheet

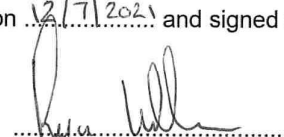
31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	5	4,615,191	4,705,013
Current assets			
Debtors	6	172,538	166,723
Cash at bank and in hand		<u>2,276,388</u>	<u>1,437,459</u>
		2,448,926	1,604,182
Creditors: Amounts falling due within one year	7	<u>(1,353,132)</u>	<u>(1,038,733)</u>
Net current assets		<u>1,095,794</u>	<u>565,449</u>
Total assets less current liabilities		5,710,985	5,270,462
Creditors: Amounts falling due after more than one year	7	(814,250)	(702,450)
Provisions for liabilities	8	<u>(234,106)</u>	<u>(239,698)</u>
Net assets excluding pension asset/(liability)		<u>4,662,629</u>	<u>4,328,314</u>
Net pension liability	11	<u>(1,034,370)</u>	<u>(797,850)</u>
Net assets		<u><u>3,628,259</u></u>	<u><u>3,530,464</u></u>
Capital and reserves			
Capital Reserve		12,500	12,500
Harbour Protection Reserve		-	1,359,455
Revenue Reserve		<u>3,615,759</u>	<u>2,158,509</u>
Total Capital and Reserves		<u><u>3,628,259</u></u>	<u><u>3,530,464</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 12/7/2021 and signed on its behalf by:


.....
A. Towler (Vice chair)
Chairman


.....
R.C. Willegers
Harbour Master & Chief Executive

Lymington Harbour Commissioners

Statement of Cash Flows

Year Ended 31 March 2021

	2021 £	2020 £
Cash flows from operating activities		
Operating Profit for the year	391,889	375,010
<i>Adjustments to cash flows from non-cash items</i>		
Depreciation and amortisation	120,485	115,152
Profit on disposal of tangible assets	(1,072)	-
Provision for maintenance dredging	133,500	130,000
Pension contributions deficient to (in excess of) current service cost	57,000	53,000
	<u>701,802</u>	<u>673,162</u>
<i>Working capital adjustments</i>		
(Increase)/decrease in trade debtors	(5,815)	16,809
Increase in trade creditors	62,515	47,580
Cash generated from operations	758,502	737,551
Corporation tax paid	(9,565)	(108,716)
Net cash flow from operating activities	<u>748,937</u>	<u>628,835</u>
Cash flows from investing activities		
Interest received	4,129	5,755
Purchase of tangible assets	(33,812)	(612,550)
Proceeds from sale of tangible assets	4,221	-
Maintenance dredging costs	(137,897)	(107,335)
Net cash flows from investing activities	<u>(163,359)</u>	<u>(714,130)</u>
Cash flows from financing activities		
Interest paid	(21,299)	(26,979)
Proceeds from other borrowing draw downs	375,000	-
Repayment of other borrowing	(100,350)	(200,700)
Net cash flows from financing activities	<u>253,351</u>	<u>(227,679)</u>
Net increase/(decrease) in cash and cash equivalents	838,929	(312,974)
Cash and cash equivalents at 1 April	1,437,459	1,750,433
Cash and cash equivalents at 31 March	<u>2,276,388</u>	<u>1,437,459</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 £406,667 and £406,747 respectively.

Lymington Harbour Commissioners

Statement of Changes in Equity

Year Ended 31 March 2021

	Capital Reserve £	Harbour Protection Reserve £	Revenue Reserve £	Infrastructure Review Reserve £	Wave Screen Reserve £	Pile Replacement Reserve £	Total £
At 1 April 2020	12,500	1,359,455	2,158,509	-	-	-	3,530,464
Profit for the year	-	-	271,135	-	-	-	271,135
Other comprehensive income	-	-	(173,340)	-	-	-	(173,340)
Total comprehensive income	-	-	97,795	-	-	-	97,795
Transfers	-	(1,359,455)	1,359,455	-	-	-	-
At 31 March 2021	12,500	-	3,615,759	-	-	-	3,628,259

	Capital Reserve £	Harbour Protection Reserve £	Revenue Reserve £	Infrastructure Review £	Wave Screen Reserve £	Pile Replacement Reserve £	Total £
At 1 April 2019	12,500	1,360,065	1,632,862	30,000	135,000	51,762	3,222,189
Profit for the year	-	-	344,255	-	-	-	344,255
Other comprehensive income	-	-	(35,980)	-	-	-	(35,980)
Total comprehensive income	-	-	308,275	-	-	-	308,275
Transfers	-	(610)	217,372	(30,000)	(135,000)	(51,762)	-
At 31 March 2020	12,500	1,359,455	2,158,509	-	-	-	3,530,464

The notes on pages 13 to 25 form an integral part of these financial statements.

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2021

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 £147,569 (2020 -£151,966).

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.

Government grants

Conditional government grant income is recognised under the accrual model within the financial statements and as such are recognised on a systematic basis over the periods in which the company recognised the related costs for which the grants are intended to compensate. No conditional grant income has been received.

Under FRS102 unconditional grants should be recognised in the year in which the grants were received. The furlough grant received by the company is unconditional and so is recognised in the current financial year in which it relates.

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2021

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 - 20 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.

Lyminster Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2021

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

The harbour protection breakwater will be built in phases over several decades, with the timing of each phase determined by the rate of erosion of the saltmarsh that protects the harbour. The first phase construction of a breakwater on the western side of the channel was completed in 2010. Construction of the second phase on the eastern side of the channel was completed in 2014. Work on the third phase is likely to commence in the next decade.

In the year ended 31st March 2004, the Commissioners introduced the Harbour Protection Levy to help fund harbour protection. Each year income was added to the harbour protection reserve and costs deducted. Costs incurred include the capital costs of the breakwaters, fees and interest payable relating to borrowing for the purposes of funding these capital costs, plus any revenue expenditure incurred relating to the breakwaters. The overall costs have exceeded the amount included in the fund and the additional costs have been met from revenue reserves and the NFDC loan (see below).

The Harbour Protection Levy will continue in the future to help fund the future costs however it seems inappropriate that the harbour protection reserve is shown separately as this does not represent the full amounts attributable to harbour protection costs. The balance of these costs will be paid from revenue reserves or further borrowings. The levies purely contribute to the cost of the harbour protection.

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2021

An analysis of revenues collected and costs incurred is shown below:

Years to 31st March	2004 to 2021	
	£	£
Harbour protection levy received	3,148,005	
Less tax thereon	(629,601)	
Net harbour protection levy	<u>2,518,404</u>	2,518,404
Revenue expenditure incurred	(339,595)	
Less tax relief thereon	67,919	
Net revenue expenditure	<u>(271,676)</u>	(271,676)
Finance fees and interest incurred	(293,697)	
Less tax relief thereon	58,739	
Net finance fees and interest	<u>(234,958)</u>	(234,958)
Capital expenditure		
Phase 1	(1,376,979)	
Phase 1 top up	(158,452)	
Phase 2	(2,091,615)	
Total capital expenditure	<u>(3,627,046)</u>	(3,627,046)
Total cash (outflow) on Harbour Protection		<u><u>(1,615,276)</u></u>

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2021

In 2014, the Commissioners borrowed £2,007,000 from New Forest District Council to finance building of the second phase of the breakwater. This loan is repayable over 10 years. Neither the creation or the repayment of this loan have any effect on the above figures other than the charging of finance fees and interest incurred.

The Commissioners anticipate that, within the next decade, there will be a requirement to undertake phase 3 of the harbour protection project at a currently projected cost of up to £5m. The Commissioners review the level of Harbour Protection Levy on a regular basis to ensure that is at an adequate level to fund (including the funding of loans taken out for the purpose) the building of the phase 3 breakwater.

The use of the harbour protection reserve has been discontinued as it was considered not to be an easy to understand reflection of the position on harbour protection. The balance on the harbour protection reserve at first April 2020 has been written back to revenue reserves. This note is considered to present an understandable, true and fair view of the position on the harbour protection finances.

It is forecast that if the Harbour Protection Levy increases in line with inflation or at the rate of 3% pa, whichever is greater, the net outflow on Phases 1 and 2 of harbour protection will reduce to zero during the year ended 31st March 2028. It is also anticipated that Phase 3 of the project may require to be undertaken during the same year though this commencement date is dependent on the future erosion of the saltmarsh. The Commissioners have obtained indications of the likely costs of the Phase 3 work which will require further borrowings and are forecasting that if Harbour Protection Levy continues to increase at the greater of the rate of inflation or 3% pa, the net outflow on Harbour protection would again decrease to zero by 2045. It is probable that further work on Harbour protection will require to be undertaken by the middle of the century but no accurate forecast of the timings or costs can currently be undertaken.

Lyminster Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2021

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 (2020 - 15).

The number of full time equivalent employees during the year was 10 (2020 - 10).

4 Turnover

	2021	2020
	£	£
Harbour dues -		
Commercial Commuted	378,105	432,707
LHC Moorings, Visitors and Temporary Moorings	145,027	146,542
	<hr/> 523,132	<hr/> 579,249
Harbour protection fees	241,967	246,459
Total Income as Statutory Harbour Authority	<hr/> 765,099	<hr/> 825,708
Income from Commercial Operations	753,372	761,431
Total Turnover	<hr/> <hr/> 1,518,471	<hr/> <hr/> 1,587,139

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2021

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 2020	132,580	1,846,355	149,548	197,200	110,722	3,627,046	6,063,451
Additions	-	17,750	11,127	3,986	949	-	33,812
Disposals	-	(38,701)	(10,761)	(599)	(9,878)	-	(59,939)
At 31 March 2021	<u>132,580</u>	<u>1,825,404</u>	<u>149,914</u>	<u>200,587</u>	<u>101,793</u>	<u>3,627,046</u>	<u>6,037,324</u>
Depreciation							
At 1 April 2020	36,934	754,357	93,174	101,104	100,918	271,951	1,358,438
Charge for the year	1,339	50,356	15,602	11,295	5,623	36,270	120,485
Eliminated on disposal	-	(35,850)	(10,463)	(599)	(9,878)	-	(56,790)
At 31 March 2021	<u>38,273</u>	<u>768,863</u>	<u>98,313</u>	<u>111,800</u>	<u>96,663</u>	<u>308,221</u>	<u>1,422,133</u>
Carrying amount							
At 31 March 2021	<u>94,307</u>	<u>1,056,541</u>	<u>51,601</u>	<u>88,787</u>	<u>5,130</u>	<u>3,318,825</u>	<u>4,615,191</u>
At 31 March 2020	<u>95,646</u>	<u>1,091,998</u>	<u>56,374</u>	<u>96,096</u>	<u>9,804</u>	<u>3,355,095</u>	<u>4,705,013</u>

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2021

6 Debtors

	2021	2020
	£	£
Trade debtors	23,768	6,252
Prepayments	148,770	160,471
	<u>172,538</u>	<u>166,723</u>

7 Creditors

Creditors: amounts falling due within one year

	2021	2020
	£	£
Due within one year		
Loans and borrowings (Secured)	263,200	100,350
Trade creditors	794,529	799,218
Corporation tax	98,740	9,706
Social security and other taxes	114,141	60,160
Outstanding defined benefit pension costs	6,779	7,278
Other creditors	-	3,480
Accrued expenses	58,210	53,407
Payments on account	17,533	5,134
	<u>1,353,132</u>	<u>1,038,733</u>

Creditors: amounts falling due after one year

Due after one year

Loans and borrowings (Secured)	<u>814,250</u>	<u>702,450</u>
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Included within trade creditors is £707,931 (2020 - £688,801) 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.

In 2020/21, the Commissioners borrowed £375k from Coronavirus Business Interruption Loan Scheme (CBILS). The loan is being repaid over a period of 6 years with the first year interest free under the scheme.

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2021

8 Provisions

	2021 £	2020 £
Provision for Maintenance Dredging		
Balance at 1 April	(151,966)	(129,301)
Transfer from Statement of Comprehensive Income	(133,500)	(130,000)
Utilised during the year	137,897	107,335
Balance as at 31 March	<u>(147,569)</u>	<u>(151,966)</u>
Provision for Deferred Tax	2021	2020
	£	£
Balance at 1 April	(87,732)	(94,037)
Deferred tax charged to the P&L account	1,195	6,305
Balance as at 31 March	<u>(86,537)</u>	<u>(87,732)</u>
Provisions total	2021	2020
	(234,106)	(239,698)

9 Taxation

	2021 £	2020 £
Corporation tax	98,599	9,706
Deferred tax charged to the P&L account	(1,195)	(6,305)
Deferred tax movement on pension obligation	(14,820)	(13,870)
	<u>82,584</u>	<u>(10,469)</u>

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2021

10 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2021	2020
	£	£
Not later than one year	183,751	183,751
Later than one year and not later than five years	735,004	735,004
Later than five years	3,064,084	3,247,835
	<u>3,982,839</u>	<u>4,166,590</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £183,751 (2020 - £174,203).

11 Pension and other schemes

Lymington Harbour Commissioners operates a defined benefit pension scheme (Hampshire Local Government scheme). The pension cost charge for the year represents contributions payable to the schemes and amounted to £56,009 (2020 - £67,229).

Contributions totalling £6,779 (2020 - £7,278) were payable to the defined benefits scheme at the end of the year and are included in creditors.

The net pension liability has increased by £236,520 over the deficit at March 2020 to a net pension liability of £1,034,370. This is due to the current and past service cost of £292,000 less movement in the deferred tax provision of £55,480.

The remeasurement loss of £174,340 is shown in the statement of other comprehensive income, and relates to the combined asset and liability losses of £214,000, adjusted for deferred tax of £40,660.

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2021

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 2019
Expected employer contributions next year	£61,000
Duration of liabilities	22.0 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 2019. 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).

	2021	2020
	%	%
Discount rate	2.10	2.30
RPI Inflation	.90	2.50
CPI Inflation	2.70	1.90
Future pension increases	2.70	1.90
Pension accounts revaluation rate	2.70	1.90
Future salary increases	<u>3.70</u>	<u>2.90</u>

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.

	2021	2020
	Years	Years
Male members aged 65 at accounting date	23.10	23.00
Male members aged 45 at accounting date	24.80	24.70
Female members aged 65 at accounting date	25.50	25.50
Female members aged 45 at accounting date	<u>27.30</u>	<u>27.20</u>

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2021

Analysis of assets

The major categories of scheme assets are as follows:

	2021	2020
	%	%
Cash and cash equivalents	1.40	3.40
Equity instruments	57.00	52.60
Property	6.10	7.00
Government bonds	17.30	21.20
Other	18.20	15.80
	<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:

	2021	2020
	£	£
Fair value of scheme assets	2,208,000	1,703,000
Present value of defined benefit obligation	<u>(3,485,000)</u>	<u>(2,688,000)</u>
	(1,277,000)	(985,000)
Other amounts recognised in the statement of financial position	242,630	187,150
Defined benefit pension scheme deficit	<u>(1,034,370)</u>	<u>(797,850)</u>

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

Active members	42%
Deferred pensioners	27%
Pensioners	31%

Amounts recognised in the Statement of Comprehensive Income

Included in Operating Surplus

	2021	2020
	£	£
Current service cost	<u>116,000</u>	<u>114,000</u>

Included in Interest Payable and Similar Charges

Interest cost	61,000	60,000
Expected return on assets	<u>(40,000)</u>	<u>(40,000)</u>
	21,000	20,000

Pension expense recognised in Statement of Comprehensive Income

	<u>137,000</u>	<u>134,000</u>
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Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2021

Amounts recognised in Other Comprehensive Income

	2021 £	2020 £
Asset gains/(losses) arising during the year	432,000	(13,000)
Liability gains/(losses) arising during the year	(646,000)	(42,000)
Total amount recognised on other comprehensive income	<u>(214,000)</u>	<u>(55,000)</u>

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2021 £	2020 £
Present value at start of year	2,688,000	2,502,000
Current service cost	116,000	118,000
Interest cost	61,000	60,000
Actuarial gains and losses	646,000	42,000
Benefits paid	(53,000)	(59,000)
Contributions by scheme participants	27,000	25,000
Present value at end of year	<u>3,485,000</u>	<u>2,688,000</u>

Fair value of scheme assets

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

	2021 £	2020 £
Fair value at start of year	1,703,000	1,645,000
Interest income	40,000	40,000
Remeasurement gains/(losses) on assets	432,000	(13,000)
Employer contributions	59,000	65,000
Participants contributions	27,000	25,000
Net benefits paid out	(53,000)	(59,000)
Fair value at end of year	<u>2,208,000</u>	<u>1,703,000</u>

Return on scheme assets

	2021 £	2020 £
Interest income on assets	40,000	40,000
Gain/(loss) on assets	432,000	(13,000)
Return on scheme assets	<u>472,000</u>	<u>27,000</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.