

Lymington Harbour Commissioners

**Annual Report and Financial Statements
Year Ended 31 March 2020**

Lymington Harbour Commissioners

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Lymington Harbour Commissioners

Commissioners' Report

Year Ended 31 March 2020

The Commissioners present their report and the financial statements for the year ended 31 March 2020.

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

P. Martin

W. Peach

A. Towler

R.C. Willegers

R.P. Jenner resigns as Chairman on 31st May 2020

Officers

Ryan C Willegers Harbour Master & Chief Executive

Colin Freeman Operations Manager

Frances Moores Treasurer

Lymington Harbour Commissioners

Commissioners' Report

Year Ended 31 March 2020

Results and Operating Review

Lymington Harbour Commissioners (LHC) continues to maintain a strong financial position. Turnover has increased by 2.0% 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	2020	2019
Turnover	£	1,587,139	1,555,704
Gross Profit	£	766,661	839,807
Gross Profit Percentage	%	48	54

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 £95,110 this year compared to an decrease of £7,380 last year. Note 11 to the Accounts provide further information.

Loan

During the year £200,700 (2019 - £200,700) of capital and £26,979 (2019 - £32,659) 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.

Post balance sheet events

The Commissioners are monitoring closely the impact that Covid-19 will have on the income and operations of the Lymington Harbour Commissioners (LHC) business. The Commissioners have undertaken a robust review of LHC's finances and believe that LHC has adequate reserves 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.

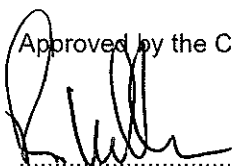
Disclosure of information to the auditors

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 13/07/2020 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 2020, 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 2020 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

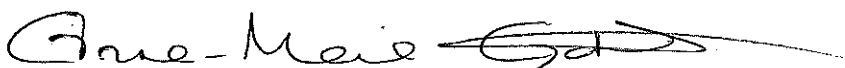
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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

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

22 July 2020

Lymington Harbour Commissioners

Profit and Loss Account

Year Ended 31 March 2020

		2020	2019
	Note	£	£
Turnover	4	1,587,139	1,555,704
Cost of sales		<u>(820,478)</u>	<u>(715,897)</u>
Gross profit		766,661	839,807
Administrative expenses		<u>(391,651)</u>	<u>(363,521)</u>
Operating profit		<u>375,010</u>	<u>476,286</u>
Other interest receivable and similar income		5,755	6,711
Interest payable and similar expenses		<u>(46,979)</u>	<u>(54,659)</u>
		<u>(41,224)</u>	<u>(47,948)</u>
Profit before tax		333,786	428,338
Taxation	9	<u>10,469</u>	<u>(91,563)</u>
Profit for the financial year		<u>344,255</u>	<u>336,775</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 2020

	2020	2019
	£	£
Profit for the year	344,255	336,775
Remeasurement gain/(loss) on defined benefit pension scheme	(35,980)	52,480
Total comprehensive income for the year	<u>308,275</u>	<u>389,255</u>

Lymington Harbour Commissioners


Balance Sheet

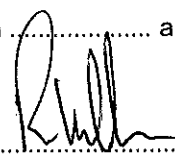
31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	5	4,705,013	4,207,615
Current assets			
Debtors	6	166,723	183,532
Cash at bank and in hand		1,437,459	1,750,433
		<u>1,604,182</u>	<u>1,933,965</u>
Creditors: Amounts falling due within one year	7	<u>(1,038,733)</u>	<u>(1,190,513)</u>
Net current assets		<u>565,449</u>	<u>743,452</u>
Total assets less current liabilities		5,270,462	4,951,067
Creditors: Amounts falling due after more than one year	7	(702,450)	(802,800)
Provisions for liabilities	8	<u>(239,698)</u>	<u>(223,338)</u>
Net assets excluding pension asset/(liability)		<u>4,328,314</u>	<u>3,924,929</u>
Net pension liability	11	<u>(797,850)</u>	<u>(702,740)</u>
Net assets		<u>3,530,464</u>	<u>3,222,189</u>
Capital and reserves			
Capital Reserve		12,500	12,500
Infrastructure Review Reserve		-	30,000
Wave Screen Reserve		-	135,000
Harbour Protection Reserve		1,359,455	1,360,065
Pile Replacement Reserve		-	51,762
Revenue Reserve		<u>2,158,509</u>	<u>1,632,862</u>
Total Capital and Reserves		<u>3,530,464</u>	<u>3,222,189</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 and signed on its behalf by:


.....
J.W. Harford
Chairman


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

Lymington Harbour Commissioners

Statement of Cash Flows

Year Ended 31 March 2020

	2020 £	2019 £
Cash flows from operating activities		
Operating Profit for the year	375,010	476,286
<i>Adjustments to cash flows from non-cash items</i>		
Depreciation and amortisation	115,152	107,288
Profit on disposal of tangible assets	-	(3,196)
Provision for maintenance dredging	130,000	133,800
Increase in harbour protection reserve	610	(244,166)
Pension contributions deficient to (in excess of) current service cost	53,000	33,000
	<u>673,772</u>	<u>503,012</u>
<i>Working capital adjustments</i>		
Decrease/(increase) in trade debtors	16,809	(18,321)
Increase in trade creditors	47,580	36,154
Cash generated from operations	<u>738,161</u>	<u>520,845</u>
Corporation tax paid	<u>(108,716)</u>	<u>(96,069)</u>
Net cash flow from operating activities	<u>629,445</u>	<u>424,776</u>
Cash flows from investing activities		
Interest received	5,755	6,711
Purchase of tangible assets	(612,550)	(50,014)
Proceeds from sale of tangible assets	-	3,425
Maintenance dredging costs	<u>(107,335)</u>	<u>(113,171)</u>
Net cash flows from investing activities	<u>(714,130)</u>	<u>(153,049)</u>
Cash flows from financing activities		
Interest paid	(26,979)	(32,659)
Repayment of other borrowing	(200,700)	(200,700)
Harbour protection fees received	<u>(610)</u>	<u>244,166</u>
Net cash flows from financing activities	<u>(228,289)</u>	<u>10,807</u>
Net (decrease)/increase in cash and cash equivalents	(312,974)	282,534
Cash and cash equivalents at 1 April	<u>1,750,433</u>	<u>1,467,899</u>
Cash and cash equivalents at 31 March	<u>1,437,459</u>	<u>1,750,433</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 £406,269 and £406,667 respectively.

Lymington Harbour Commissioners

Statement of Changes in Equity

Year Ended 31 March 2020

	Capital Reserve	Infrastructure Review Reserve	Wave Screen Reserve	Harbour Protection Reserve	Pile Replacement Reserve	Revenue Reserve	Total
	£	£	£	£	£	£	£
At 1 April 2019	12,500	30,000	135,000	1,360,065	51,762	1,632,862	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	-	(30,000)	(135,000)	(610)	(51,762)	217,372	-
At 31 March 2020	12,500	-	-	1,359,455	-	2,158,509	3,530,464
	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

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

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2020

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 £151,966 (2019 -£129,301).

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 2020

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.

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2020

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

In 2006 the Commissioners gave an undertaking that revenues collected (less costs incurred) through the Harbour Protection levy would be ringfenced for that purpose and the Harbour Protection Reserve was set up. 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.

Harbour protection levies collected during the year are recorded as receipts in the Profit and Loss Account and hence credited to Revenue Reserves. An annual transfer is made from Revenue Reserves to the Harbour Protection Reserve.

Any fees incurred, and interest payable, relating to funding the capital costs of the breakwaters during the financial year is charged to the Profit and Loss Account and hence written off to the Revenue Reserves as incurred. An identical treatment applies to revenue expenditure (if any) relating to the breakwaters. A further transfer has been made from Revenue Reserves to the Harbour Protection Reserve of such costs and interest payable incurred in that year.

An analysis of the movements on the Harbour Protection Reserve are shown below:

	£
Balance at 1st April 2019	1,360,065
Harour protection dues collected	246,459
	<u>1,606,524</u>
Less costs incurred	
Revenue expenditure	-
Fees and interest relating to funding of the Breakwaters - see note below	247,069
Balance as 31st March 2020	<u><u>1,359,455</u></u>

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2020

Harbour Protection Reserve

Expenditure incurred on building the breakwaters of £3,627,045 has been capitalised as a Fixed Asset.

In 2014 the Commissioners borrowed £2,007,000 from New Forest District Council to finance the building of the second stage of the Breakwater. The balance outstanding on this loan at 31st March 2020 was £802,800. Prior to 31st March 2019 interest of £220,090 had been paid on this loan and this amount has been transferred to the Harbour Protection Reserve during the current year. During the year ended 31st March 2020, interest of £26,979 was paid and this amount has also been transferred to the Harbour Protection Reserve from Revenue Reserves.

Infrastructure Review Reserve, Wave Screen Reserve, and Pile Replacement Reserve

The opening balances on these reserves have been transferred to Revenue Reserves.

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2020

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 15 (2019 - 13).

The number of full time equivalent employees during the year was 11 (2019 - 9).

4 Turnover

	2020 £	2019 £
Harbour Dues -		
Commercial Commuted	432,707	419,409
LHC Moorings, Visitors and Temporary Moorings	146,542	144,271
	<u>579,249</u>	<u>563,680</u>
Harbour protection fees	246,459	244,166
Total Income as Statutory Harbour Authority	825,708	807,846
Income from Commercial Operations	761,431	747,858
Total Turnover	<u>1,587,139</u>	<u>1,555,704</u>

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2020

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 2019	132,580	1,254,221	145,698	193,391	97,965	3,627,046	5,450,901
Additions	-	592,134	3,850	3,809	12,757	-	612,550
At 31 March 2020	<u>132,580</u>	<u>1,846,355</u>	<u>149,548</u>	<u>197,200</u>	<u>110,722</u>	<u>3,627,046</u>	<u>6,063,451</u>
Depreciation							
At 1 April 2019	35,595	701,210	86,003	90,249	94,548	235,681	1,243,286
Charge for the year	1,339	53,147	7,171	10,855	6,370	36,270	115,152
At 31 March 2020	<u>36,934</u>	<u>754,357</u>	<u>93,174</u>	<u>101,104</u>	<u>100,918</u>	<u>271,951</u>	<u>1,358,438</u>
Carrying amount							
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>
At 31 March 2019	<u>96,985</u>	<u>553,011</u>	<u>59,695</u>	<u>103,142</u>	<u>3,417</u>	<u>3,391,365</u>	<u>4,207,615</u>

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2020

6 Debtors

	2020 £	2019 £
Trade debtors	6,252	20,945
Prepayments	160,471	162,587
	<u>166,723</u>	<u>183,532</u>

7 Creditors

Creditors: amounts falling due within one year

	2020 £	2019 £
Due within one year		
Loans and borrowings (Secured)	100,350	200,700
Trade creditors	799,218	699,876
Corporation tax	9,706	108,716
Social security and other taxes	60,160	113,881
Outstanding defined benefit pension costs	7,278	6,259
Other creditors	3,480	3,803
Accrued expenses	53,407	50,069
Payments on account	5,134	7,209
	<u>1,038,733</u>	<u>1,190,513</u>

Creditors: amounts falling due after one year

Due after one year		
Loans and borrowings (Secured)	<u>702,450</u>	<u>802,800</u>

Included within trade creditors is £688,801 (2019 - £663,801) 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.

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2020

8 Provisions

	2020 £	2019 £
Provision for Maintenance Dredging		
Balance at 1 April	(129,301)	(108,672)
Transfer from Statement of Comprehensive Income	(130,000)	(133,800)
Utilised during the year	107,335	113,171
Balance as at 31 March	<u>(151,966)</u>	<u>(129,301)</u>

	2020 £	2019 £
Provision for Deferred Tax		
Balance at 1 April	(94,037)	(101,290)
Deferred tax charged to the P&L account	6,305	7,253
Balance as at 31 March	<u>(87,732)</u>	<u>(94,037)</u>

	2020	2019
Provisions total	<u>(239,698)</u>	<u>(223,338)</u>

9 Taxation

	2020 £	2019 £
Corporation Tax	9,706	108,716
Deferred tax charged to the P&L account	(6,305)	(7,253)
Deferred tax movement on pension obligation	(13,870)	(9,900)
	<u>(10,469)</u>	<u>91,563</u>

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2020

10 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2020 £	2019 £
Not later than one year	183,751	174,203
Later than one year and not later than five years	735,004	696,812
Later than five years	3,247,835	3,259,722
	<u>4,166,590</u>	<u>4,130,737</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £174,203 (2019 - £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 £67,229 (2019 - £55,261).

Contributions totalling £7,278 (2019 - £5,608) 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 £95,110 over the deficit at March 2019 to a net pension liability of £797,850. This is due to the current and past service cost of £128,000 less movement in the deferred tax provision of £32,890.

The remeasurement loss of £35,980 is shown in the statement of other comprehensive income, and relates to the combined asset and liability losses of £55,000, adjusted for deferred tax of £19,020.

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2020

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	£57,000
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).

	2020	2019
	%	%
Discount rate	2.30	2.40
RPI Inflation	2.50	3.30
CPI Inflation	1.90	2.20
Future pension increases	1.90	2.20
Pension accounts revaluation rate	1.90	2.20
Future salary increases	<u>2.90</u>	<u>3.70</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.

	2020	2019
	Years	Years
Male members aged 65 at accounting date	23.00	23.30
Male members aged 45 at accounting date	24.70	24.90
Female members aged 65 at accounting date	25.50	26.10
Female members aged 45 at accounting date	<u>27.20</u>	<u>27.80</u>

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2020

Analysis of assets

The major categories of scheme assets are as follows:

	2020	2019
	%	%
Cash and cash equivalents	3.40	2.30
Equity instruments	52.60	60.40
Property	7.00	7.60
Government bonds	21.20	22.70
Corporate bonds	-	5.20
Other	15.80	1.80
	<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:

	2020	2019
	£	£
Fair value of scheme assets	1,703,000	1,645,000
Present value of defined benefit obligation	<u>(2,688,000)</u>	<u>(2,502,000)</u>
	(985,000)	(857,000)
Other amounts recognised in the statement of financial position	<u>187,150</u>	<u>154,260</u>
Defined benefit pension scheme deficit	<u>(797,850)</u>	<u>(702,740)</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

	2020	2019
	£	£
Included in Operating Surplus		
Current service cost	<u>114,000</u>	<u>87,000</u>
Included in Interest Payable and Similar Charges		
Interest cost	60,000	61,000
Expected return on assets	<u>(40,000)</u>	<u>(39,000)</u>
	<u>20,000</u>	<u>22,000</u>
Pension expense recognised in Statement of Comprehensive Income	<u>134,000</u>	<u>109,000</u>

Lymington Harbour Commissioners

Notes to the Financial Statements

Year Ended 31 March 2020

Amounts recognised in Other Comprehensive Income

	2020 £	2019 £
Asset gains/(losses) arising during the year	(13,000)	106,000
Liability gains/(losses) arising during the year	(42,000)	(42,000)
Total amount recognised on other comprehensive income	<u>(55,000)</u>	<u>64,000</u>

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2020 £	2019 £
Present value at start of year	2,502,000	2,348,000
Current service cost	114,000	87,000
Past service cost	4,000	-
Interest cost	60,000	61,000
Actuarial gains and losses	42,000	42,000
Benefits paid	(59,000)	(58,000)
Contributions by scheme participants	25,000	22,000
Present value at end of year	<u>2,688,000</u>	<u>2,502,000</u>

Fair value of scheme assets

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

	2020 £	2019 £
Fair value at start of year	1,645,000	1,482,000
Interest income	40,000	39,000
Remeasurement gains/(losses) on assets	(13,000)	106,000
Employer contributions	65,000	54,000
Participants contributions	25,000	22,000
Net benefits paid out	(59,000)	(58,000)
Fair value at end of year	<u>1,703,000</u>	<u>1,645,000</u>

Return on scheme assets

	2020 £	2019 £
Interest income on assets	40,000	39,000
Gain/(loss) on assets	(13,000)	106,000
Return on scheme assets	<u>27,000</u>	<u>145,000</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

Detailed Profit and Loss

Year Ended 31 March 2020

	2020 £	2019 £
Turnover		
Permanent mooring fees	602,405	592,348
Visitors' fees	136,520	135,720
Temporary moorings	94,160	91,602
Slipway fees	27,590	27,471
Sundry casual fees	4,270	4,555
Lymington marina	28,806	28,163
Lymington yacht haven	63,456	60,144
Wightlink Limited	337,519	329,609
Landing fees	2,926	414
Sundry	4,091	6,071
Dan Bran electricity	15,003	13,142
Rents	23,934	22,299
Harbour protection fees	246,459	244,166
	<u>1,587,139</u>	<u>1,555,704</u>
Cost of sales		
Wages and salaries	(202,828)	(175,088)
Staff NIC (Employers)	(18,962)	(14,920)
Staff pensions	(38,067)	(32,765)
Staff pensions (Contributions deficient to service costs)	(23,850)	(14,850)
Staff training	(4,892)	(1,522)
Bathymetric Survey	(9,658)	(6,905)
Crown Estate Lease	(176,593)	(167,100)
General Maintenance	(23,949)	(4,723)
Slipway Repairs	-	(25)
Maintenance of Moorings and Pontoons	(12,647)	(13,910)
River lights, marks and booms	(6,302)	(1,758)
Maintenance of craft	(9,019)	(13,736)
Uniform and equipment	(9,008)	(5,658)
Shower block costs	(24,685)	(18,233)
Dan Bran electric and support	(18,075)	(15,550)
Habitat Replenishment Scheme	(4,500)	(1,000)
Provision for maintenance dredging	(130,000)	(133,800)
Depreciation of mooring facilities & wave screen	(53,147)	(35,184)
Depreciation of craft	(7,172)	(12,558)
Depreciation of plant and equipment	(10,854)	(10,342)
Depreciation of harbour protection breakwater	(36,270)	(36,270)
	<u>(820,478)</u>	<u>(715,897)</u>
Gross profit	766,661	839,807
Gross profit (%)	48.3%	53.98%

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Lymington Harbour Commissioners

Detailed Profit and Loss

Year Ended 31 March 2020

	2020 £	2019 £
Administrative expenses		
Wages and Salaries	(148,183)	(133,709)
Staff NIC (Employers)	(12,490)	(11,687)
Staff Pensions	(29,162)	(22,496)
Staff Pensions (Contributions deficient to service costs)	(29,150)	(18,150)
Staff training	(2,525)	(842)
Rent and rates	(27,076)	(28,343)
Light, heat, water, telephone and cleaning	(14,466)	(13,465)
Insurance	(30,714)	(30,179)
Property Maintenance	(2,254)	(4,518)
IT Services and Support	(17,677)	(15,803)
Printing, postage and stationery	(5,968)	(7,462)
Miscellaneous and administrative charges	(8,739)	(9,499)
Harbour advisory group expenses	(796)	(771)
Community value	(3,352)	(3,132)
Community cash	(2,931)	(4,106)
Advertising	(1,785)	(3,125)
Marketing	(10,043)	(16,665)
Auditor's remuneration - The audit of the company's annual accounts	(5,400)	(5,238)
Auditor's remuneration - non audit work	(1,857)	(1,405)
Legal and professional fees	(18,758)	(14,264)
Bad Debts	-	79
Bank Charges	(10,616)	(9,003)
Depreciation of freehold property	(1,339)	(1,339)
Depreciation of office equipment	(6,370)	(11,595)
(Profit)/loss on disposal of tangible fixed assets	-	3,196
	<u>(391,651)</u>	<u>(363,521)</u>
Operating profit	<u>375,010</u>	<u>476,286</u>
Other interest receivable and similar income		
Interest income on bank deposits	5,755	6,711
Interest payable and similar charges		
Interest expense on other finance liabilities	(26,979)	(32,659)
Other finance costs	(20,000)	(22,000)
	<u>(46,979)</u>	<u>(54,659)</u>
Profit before tax	<u>333,786</u>	<u>428,338</u>

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