

Scrabster Harbour Trust

Board members' report and financial statements

For the year ended 31 March 2015

Scrabster Harbour Trust

Trust information

Board members

Thomas Pottinger
Colin Calder
Frank Bremner
John Cormack
Sandy Mackie
Simon Middlemas
Douglas Robertson
William Thomson

Clerk to the Board

Ewan Thoms

Independent Auditors

Saffery Champness
Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9BA

Business address

Harbour Office
Scrabster
Caithness
KW14 7UJ

Solicitors

Young Robertson & Co
29 Traill Street
Thurso
Caithness
KW14 8EQ

Burness Paul LLP
50 Lothian Road
Festival Square
Edinburgh
EH3 9WJ

Scrabster Harbour Trust

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Scrabster Harbour Trust

Board report

For the year ended 31 March 2015

The board present their report and financial statements for the year ended 31 March 2015.

Principal activities

The Trust was established under the Scrabster Harbour Act 1841 with the power to build and operate a harbour in Scrabster. Since that date various amendments to the original Act have taken place, which have allowed the Harbour to be developed and expanded.

Commercially 2014-15 was a particularly successful trading year for the Trust. The 2014-15 financial statements show a 15% increase in turnover compared to the prior year. There was strong performance across nearly all of the trading sectors, and no disruptions affecting the ferry service. Fishing, ferry wharfage, general cargo and property were the strongest performing sectors with only shellfish and cruise being lower than the previous year. Profit before tax was double the level in the prior year reflecting the stronger revenue position.

The Trust has continued to invest in assets and equipment. The additions, in the year, included a new workboat, harbour vehicles, the former Mission building and improved user amenities. The refreshed marketing and promotion strategy has been implemented.

The challenge is sustaining the high levels of activity going forward. The recovery in fishing revenues has been very encouraging but the implication of the new landing obligations being extended to demersal species is unclear. Marine energy prospects remain limited in scale. However, oil and gas prospects in the fields West of Shetland are encouraging.

The Trust continues to engage with the relevant agencies and bodies to advance its development programme aimed at realising significant socio-economic benefits for the local and regional communities and economies through further development of the port.

Results

The profit before taxation for the year was £478,983 (2014 - £220,619) on a turnover of £2,618,079 (2014 - £2,271,490).

Net operating costs have increased slightly from £1,772,207 in the previous year to £1,870,935.

Scrabster Harbour Trust

Board report (continued) For the year ended 31 March 2015

Board Members

The following members have held office since 1 April 2014:

Thomas Pottinger

Colin Calder

Frank Bremner

John Cormack

Gordon MacKenzie

(Term ended 26 June 2015)

Sandy Mackie

Simon Middlemas

Douglas Robertson

William Thomson

Charitable donations

During the year the Trust donated £3,200 (2014 - £800) to charities. Of this £2,700 (2014 - £300) was to local charities and £500 (2014 - £500) was to the Royal National Mission to Deep Sea Fishermen.

The Scrabster Harbour Revision (Constitution) Order 2005

The Scrabster Harbour Revision (Constitution) Order 2005 (the "Order") reconstituted Scrabster Harbour Trust. The grant of the Order on 2 March 2005 provided the Trust with a modernised constitution which complies with the Government's document 'Modernising Trust Ports - A Guide to Good Governance'. The new constitution date was 7 November 2005, being the date of the first Annual General Meeting of the Trust occurring more than three months after the coming into force of the Order.

Under the new constitution the Trust is managed by the Board of between six and eight persons with experience in relevant matters.

On the new constitution date, all the powers and duties of the Trustees vested in the Board except those given to Trust Body by Article 12 of the Order, all assets and liabilities of the Trustees vested in the Trust and the Trustees were extinguished, but the Body Corporate established by the Act of 1841 remains a Body Corporate with perpetual succession.

The Order includes provisions with regard to the establishment of a Trust Body designed to maintain and develop the links with the community by encouraging continuing stakeholder interest. The Trust Body came into being on 12 September 2005.

The Order also extends the seaward limit of the Harbour and repeals or revokes certain statutory provisions.

Auditors

Saffery Champness have expressed their willingness to remain in office as auditors of the Trust.

Scrabster Harbour Trust

Board report (continued)
For the year ended 31 March 2015

Board members' responsibilities

The Board members are responsible for preparing the Board's Report and financial statements in accordance with applicable laws and United Kingdom Generally Accepted Accounting Practice.

The Scrabster Act 1841, as amended by The Scrabster Harbour Order 1897 and the Scrabster Harbour Revision (Constitution) Order 2005 requires the Board to prepare financial statements for each financial year. The Board is required to submit its annual statement of accounts to the annual general meeting of the Trust. These financial statements should give a true and fair view of the state of affairs of the Trust and of the profit or loss of the Trust for that period.

In preparing those financial statements, the board members are required to:

- select suitable accounting policies and then 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 Trust will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Trust's transactions and disclose with reasonable accuracy at any time the financial position of the Trust and enable them to ensure that the financial statements comply with the Scrabster Harbour Act 1841. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the Board is aware, there is no relevant audit information of which the Trust's auditors are unaware. Additionally, the Board have taken all the necessary steps that they ought to have taken as Board Members in order to make themselves aware of all relevant audit information and to establish that the Trust's auditors are aware of that information.

On behalf of the board



Thomas Pottinger

Chairman

15th September 2015

Scrabster Harbour Trust

Independent auditors' report

To the members of Scrabster Harbour Trust

We have audited the financial statements of Scrabster Harbour Trust for the year ended 31 March 2015 set out on pages 6 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Trust's Board, as a body, in accordance with the Scrabster Harbour Act 1841, as amended. Our audit work has been undertaken so that we might state to the Trust's Board those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's Board as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditors

As explained more fully in the Members Responsibilities Statement set out on page 3, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the members; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Trust's affairs as at 31 March 2015 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 Scrabster Harbour Act 1841, as amended.

Scrabster Harbour Trust

**Independent auditors' report (continued)
To the members of Scrabster Harbour Trust**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required 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 Board members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



**David Hughes (Senior Statutory Auditor)
for and on behalf of Saffery Champness**

.....12.9.15

**Chartered Accountants
Statutory Auditors**

Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9BA

Scrabster Harbour Trust

**Profit and loss account
For the year ended 31 March 2015**

	Notes	2015 £	2014 £
Turnover	2	2,618,079	2,271,490
Administrative expenses		(3,016,792)	(2,805,355)
Other operating income		1,145,857	1,033,148
Operating profit	3	747,144	499,283
Other interest receivable and similar income	4	10,260	8,492
Interest payable and similar charges	5	(278,421)	(287,156)
Profit on ordinary activities before taxation		478,983	220,619
Tax on profit on ordinary activities	6	(166,043)	(100,250)
Profit for the year	14	312,940	120,369

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 9 to 19 form part of these financial statements.

Scrabster Harbour Trust

Balance sheet
As at 31 March 2015

	Notes	£	2015 £	£	2014 £
Fixed assets					
Tangible assets	7		37,086,748		37,400,922
Current assets					
Debtors	8	571,666		412,850	
Cash at bank and in hand		2,711,746		2,143,402	
		3,283,412		2,556,252	
Creditors: amounts falling due within one year	9	(937,348)		(742,686)	
Net current assets			2,346,064		1,813,566
Total assets less current liabilities			39,432,812		39,214,488
Creditors: amounts falling due after more than one year	10		(4,488,428)		(4,643,844)
Provisions for liabilities	11		(127,029)		(100,428)
Accruals and deferred income	12		(26,036,521)		(26,002,322)
			8,780,834		8,467,894
Trust funds					
Profit and loss account	14		8,780,834		8,467,894

The notes on pages 9 to 19 form part of these financial statements.

Approved by the Board for issue on 15th September 2015


Thomas Pottinger
Chairman


Colin Calder
Vice Chairman

Scrabster Harbour Trust

Cash flow statement

For the year ended 31 March 2015

	Notes	£	2015 £	£	2014 £
Net cash inflow from operating activities	20		1,076,127		726,521
Returns on investments and servicing of finance					
Interest received		10,260		8,492	
Interest paid		(278,421)		(263,623)	
Net cash outflow for returns on investments and servicing of finance			(268,161)		(255,131)
Taxation			(95,062)		(71,953)
Capital expenditure					
Payments to acquire tangible assets		(1,010,657)		(485,849)	
Receipts from sales of tangible assets		37,528		100	
Net cash outflow for capital expenditure			(973,129)		(485,749)
Net cash outflow before management of liquid resources and financing			(260,225)		(86,312)
Financing					
Government grant received		977,291		542,080	
Repayment of bank loan		(148,722)		(139,500)	
Net cash inflow from financing			828,569		402,580
Increase in cash in the year	21, 22		<u>568,344</u>		<u>316,268</u>

Scrabster Harbour Trust

Notes to the financial statements For the year ended 31 March 2015

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than heritable property are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Harbour and buildings	50 years
Crafts, equipment and floating plant	10 years
Office equipment	10 years
Motor vehicles	5 years

1.4 Pensions

The Trust contributes to a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rule of the scheme.

1.5 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

1.6 Government grants

Grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets by equal instalments.

Grants of a revenue nature are credited to the profit and loss account in the period to which they relate.

1.7 Cash at bank and in hand

Cash held on deposit is included in cash in hand.

Scrabster Harbour Trust

Notes to the financial statements (continued)
For the year ended 31 March 2015

2 Turnover

The total turnover of the Trust for the year has been derived from its principal activity undertaken wholly in the United Kingdom.

3 Operating profit	2015	2014
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	1,324,831	1,205,502
Auditors' remuneration	8,200	8,000
Emoluments of board members - executive	151,156	166,270
Emoluments of board members - non-executive	46,650	42,754
	<u>278,421</u>	<u>287,156</u>

4 Investment income	2015	2014
	£	£
Bank interest	10,260	8,492
	<u>10,260</u>	<u>8,492</u>

5 Interest payable	2015	2014
	£	£
On loans repayable after five years	278,421	287,156
	<u>278,421</u>	<u>287,156</u>

Scrabster Harbour Trust

Notes to the financial statements (continued)

For the year ended 31 March 2015

6 Taxation	2015	2014
	£	£
Domestic current year tax		
U.K. corporation tax	135,260	90,880
Adjustment for prior years	4,182	-
	<u>139,442</u>	<u>90,880</u>
Deferred tax		
Origination and reversal of timing differences	26,601	9,370
	<u>166,043</u>	<u>100,250</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>478,983</u>	<u>220,619</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2014 - 23.00%)	<u>100,586</u>	<u>50,742</u>
Effects of:		
Fixed asset differences	56,014	57,727
Expenses not deductible for tax purposes	11,187	3,267
Income not taxable for tax purposes	(2,567)	(2,056)
Adjustments to brought forward values	(875)	-
Marginal Relief	(2,092)	(8,024)
Adjustments to tax charge in respect of previous periods	4,182	-
Capital allowances in excess of depreciation	(31,051)	(10,776)
Other short term timing differences	4,058	-
	<u>38,856</u>	<u>40,138</u>
Current tax charge for the year	<u>139,442</u>	<u>90,880</u>

Scrabster Harbour Trust

Notes to the financial statements (continued)
For the year ended 31 March 2015

7 Tangible fixed assets

	Harbour and buildings	Crafts, equipment and floating plant	Total
	£	£	£
Cost			
At 1 April 2014	48,216,458	1,084,702	49,301,160
Additions	88,421	922,236	1,010,657
Disposals	-	(52,788)	(52,788)
At 31 March 2015	<u>48,304,879</u>	<u>1,954,150</u>	<u>50,259,029</u>
Depreciation			
At 1 April 2014	11,337,367	562,871	11,900,238
On disposals	-	(52,788)	(52,788)
Charge for the year	1,256,212	68,619	1,324,831
At 31 March 2015	<u>12,593,579</u>	<u>578,702</u>	<u>13,172,281</u>
Net book value			
At 31 March 2015	<u>35,711,300</u>	<u>1,375,448</u>	<u>37,086,748</u>
At 31 March 2014	<u>36,879,091</u>	<u>521,831</u>	<u>37,400,922</u>

8 Debtors

	2015	2014
	£	£
Trade debtors	260,241	271,220
Other debtors	274,515	109,530
Prepayments and accrued income	36,910	32,100
	<u>571,666</u>	<u>412,850</u>

Scrabster Harbour Trust

Notes to the financial statements (continued)

For the year ended 31 March 2015

9 Creditors: amounts falling due within one year	2015	2014
	£	£
Bank loans and overdrafts	155,416	148,722
Trade creditors	473,119	306,553
Corporation tax	135,260	90,880
Other taxes and social security costs	19,619	17,019
Accruals and deferred income	153,934	179,512
	<u>937,348</u>	<u>742,686</u>

All bank facilities are secured by a legal first charge over certain buildings and land owned by the Trust.

10 Creditors: amounts falling due after more than one year	2015	2014
	£	£
Bank loans	<u>4,488,428</u>	<u>4,643,844</u>
Analysis of loans		
Wholly repayable after 5 years	<u>4,643,844</u>	<u>4,792,566</u>
Included in current liabilities	<u>4,643,844</u> <u>(155,416)</u>	<u>4,792,566</u> <u>(148,722)</u>
	<u>4,488,428</u>	<u>4,643,844</u>
Loan maturity analysis		
In more than one year but not more than two years	155,416	148,722
In more than two years but not more than five years	708,328	676,200
In more than five years	<u>3,780,099</u>	<u>3,967,644</u>

Scrabster Harbour Trust

**Notes to the financial statements (continued)
For the year ended 31 March 2015**

11 Provisions for liabilities

	Deferred tax liability
	£
Balance at 1 April 2014	100,428
Profit and loss account	26,601
	<hr/>
Balance at 31 March 2015	<u>127,029</u>

The deferred tax liability is made up as follows:

	2015	2014
	£	£
Accelerated capital allowances	<u>127,029</u>	<u>100,428</u>

Scrabster Harbour Trust

Notes to the financial statements (continued)
For the year ended 31 March 2015

12 Accruals and deferred income

	Government grants £
Balance at 1 April 2014	25,963,438
Grants received during the year	977,291
Amortisation in the year	(961,181)
Balance at 31 March 2015	<u>25,979,548</u>

	Deferred Income £
Rental Income	55,477
Deferred composite dues	1,496
	<u>56,973</u>
Balance at 31 March 2015	<u>26,036,521</u>
Balance at 31 March 2014	<u>26,002,322</u>

13 Pension costs

From 4 October 1977 to 19 October 1993, the Trust operated a Retirement Benefit Scheme. From 19 October 1993, this was replaced by a Group Personal Pension Scheme. This scheme is a defined contribution pension scheme. The assets of the scheme are held separately from those of the Trust in an independently administered fund.

Defined contribution

	2015 £	2014 £
Contributions payable by the Trust for the year	<u>54,736</u>	<u>35,213</u>

Scrabster Harbour Trust

Notes to the financial statements (continued)

For the year ended 31 March 2015

14 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2014	8,467,894
Profit for the year	312,940
	<u>8,780,834</u>
Balance at 31 March 2015	<u>8,780,834</u>

15 Pilotage activities

	2015 £	2014 £
Statement under regulation 4 of the Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988 in respect of pilotage activities.		
Revenue from pilotage services	<u>41,078</u>	<u>32,101</u>
Expenditure incurred in:		
Providing the services of pilots	18,316	11,423
Providing a pilot boat and crew	<u>11,323</u>	<u>8,157</u>

The foregoing items of income and expenditure have been included in the Profit and Loss Account of the Trust.

16 Reconciliation of movements in Trust funds

	2015 £	2014 £
Profit for the financial year	312,940	120,369
Opening Trust funds	<u>8,467,894</u>	<u>8,347,525</u>
Closing Trust funds	<u>8,780,834</u>	<u>8,467,894</u>

Scrabster Harbour Trust

Notes to the financial statements (continued) For the year ended 31 March 2015

17 Capital commitments	2015	2014
	£	£

At 31 March 2015 the Trust had capital commitments as follows:

Contracted for but not provided in the financial statements	<u>-</u>	<u>874,002</u>
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18 Staff numbers and costs

(a) The average number of persons employed by the Trust during the year was as follows:

	2015	2014
	No	No
Non-executive members	7	7
Administration	10	10
Other	11	11
	<u>28</u>	<u>28</u>

(b) Costs relating to these employees	2015	2014
	£	£
Wages and salaries	627,764	608,045
Social security costs	57,255	54,138
Other pension costs	54,736	35,213
	<u>739,755</u>	<u>697,396</u>

19 Control

The operations and activities of the Trust are controlled by the Board members. There is no single controlling party.

Scrabster Harbour Trust

Notes to the financial statements (continued)
For the year ended 31 March 2015

20	Reconciliation of operating profit to net cash outflow from operating activities		2015	2014	
			£	£	
	Operating profit		747,144	499,283	
	Depreciation of tangible assets		1,324,831	1,205,502	
	(Profit)/loss on disposal of tangible assets		(37,528)	750	
	Increase in debtors		(158,816)	(82,588)	
	Increase/(decrease) in creditors within one year		143,588	(27,393)	
	Movement on grant provision/deferred income		(943,092)	(869,033)	
	Net cash inflow from operating activities		<u>1,076,127</u>	<u>726,521</u>	
21	Analysis of net debt	1 April 2014	Cash flow	Other non-cash changes	31 March 2015
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	<u>2,143,402</u>	<u>568,344</u>	-	<u>2,711,746</u>
	Debt:				
	Debts falling due within one year	(148,722)	(6,694)	-	(155,416)
	Debts falling due after one year	<u>(4,643,844)</u>	<u>155,416</u>	-	<u>(4,488,428)</u>
		<u>(4,792,566)</u>	<u>148,722</u>	-	<u>(4,643,844)</u>
	Net debt	<u>(2,649,164)</u>	<u>717,066</u>	-	<u>(1,932,098)</u>
22	Reconciliation of net cash flow to movement in net debt		2015	2014	
			£	£	
	Increase in cash in the year		568,344	316,268	
	Cash inflow from decrease in debt		148,722	139,500	
	Movement in net debt in the year		<u>717,066</u>	<u>455,768</u>	
	Opening net debt		(2,649,164)	(3,104,932)	
	Closing net debt		<u>(1,932,098)</u>	<u>(2,649,164)</u>	

23 Related party relationships and transactions

Other transactions

During the year the Trust carried out transactions with related parties. Sales and purchases on normal commercial terms were carried out with the following businesses. These transactions are deemed to be with related parties because directors of the companies listed served on the Board of the Trust during the year.

Calder Engineering Limited - sales of £204 were made by the Trust. The related party is Colin Calder.

Young Robertson & Co - services of £13,981 were provided to the Trust. At the year end the Trust owed Young Robertson & Co £4,800. The related party is Board member Douglas Robertson and clerk to the Board Ewan Thoms.

Thomson International (Fish Sales) Limited - sales of £12,491 were made by the Trust. At the year end Thomson International (Fish Sales) Limited owed the Trust £910. The related party is William Thomson.

LED Scotland Limited - purchases of £1,972 were made by the Trust. At the year end the Trust owed LED Scotland Limited £277. The related party is Frank Bremner.