

Scrabster Harbour Trust

**Board members' report and financial statements
for the year ended 31 March 2020**

Scrabster Harbour Trust

Trust information

Board members

| | |
|--------------------|-----------------|
| Alexander Anderson | |
| Frank Bremner | |
| Colin Calder | (Vice Chairman) |
| Douglas Mackay | |
| Sandy Mackie | |
| Thomas Pottinger | (Chairman) |
| William Thomson | |
| Tanya Sutherland | |

Clerk to the Board Ewan Thoms

Business address Harbour Office
Scrabster
Caithness
KW14 7UJ

Independent auditors Saffery Champness LLP
Kintail House
Beechwood Park
Inverness
IV2 3BW

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

Burness Paull 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 2020

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

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 in 2019-20 the Trust enjoyed a strong trading period. The 2019-20 financial statements show turnover, pre-tax profitability and cashflows from operations just below the record levels achieved in 2018-19. The financial performance was achieved across a range of port activities with ferry, energy and general cargo being the best performing sector partly offset by declines in fish and shellfish revenues.

The strong trading position is reflected on the Trust's balance sheet.

As a trust port, the Trust is committed to re-investing its profits for the benefit of stakeholders. The priority project has been the repair and redevelopment of the existing St Ola Pier. Financing, consenting and procurement activities were undertaken during the year. A construction and engineering contract for the works was signed on 1 April 2020. The works are expected to be complete by the end of 2021. The project will ensure that the port can meet the changing needs of port users and to further capitalise on the port's strategic location.

Since March 2020, the spread of COVID-19 has impacted the UK and Scottish economy. The measures taken to contain the spread of the virus have resulted in serious disruption to businesses and an economic slowdown. Scrabster Harbour Trust is not immune to these impacts with its revenues, profitability and cashflow being impacted. The results for the first quarter of financial year 2020-21 show the Trust has managed to maintain profitability and positive cashflows from operations but at significantly lower levels than recent years and approved budgets.

Ferry and Cruise revenues have been badly impacted by the travel restrictions put in place to combat the virus. Other revenues and activity are continuing at or near forecast levels. As essential infrastructure the port has continued to operate throughout with appropriate safeguards in place to protect our staff and users. Limited use has been made of the Government Coronavirus Job Retention Scheme.

Results

The profit before taxation for the year was £1,085,885 (2019: £1,262,914) on a turnover of £3,912,983 (2019: £3,917,472).

Net operating costs have increased from £2,478,011 in the previous year to £2,620,272.

Scrabster Harbour Trust

Board report (continued)

For the year ended 31 March 2020

Board members

The members who held office during the year and up to the date of signature of the financial statements were as follows:

| | |
|--------------------|-----------------------------|
| Alexander Anderson | |
| Frank Bremner | |
| Colin Calder | Vice Chairman |
| Douglas Mackay | |
| Sandy Mackie | |
| Thomas Pottinger | Chairman |
| Douglas Robertson | (Retired 27 September 2019) |
| William Thomson | |
| Tanya Sutherland | (Co-opted 7 October 2019) |

Charitable donations

During the year, the Trust donated £3,320 (2019: £150) to local charities.

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.

Auditor

Saffery Champness LLP 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 2020**

Statement of disclosure to auditor

So far as the Board is aware, there is no relevant audit information of which the Trust's auditor 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

.....
7th September 2020

Scrabster Harbour Trust

**Board members responsibilities statement
For the year ended 31 March 2020**

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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

On behalf of the board



.....
Thomas Pottinger
Chairman

.....
7th September 2020

Scrabster Harbour Trust

Independent auditor's report

To the members of Scrabster Harbour Trust

Opinion

We have audited the financial statements of Scrabster Harbour Trust for the year ended 31 March 2020 which comprise the profit and loss account, the statement of financial position, the statement of cash flows 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 Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Trust'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 Trust 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 members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Trusts's 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.

Scrabster Harbour Trust

Independent auditor's report (continued) To the members of Scrabster Harbour Trust

Other information

The members are responsible for the other information. The other information comprises the information included in the board 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.

Opinions on other matters prescribed by the Scrabster Harbour Act 1841

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Members' Report.

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.

Responsibilities of directors

As explained more fully in the Board 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, and for such internal control as the members 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 members are responsible for assessing the Trust'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 members either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Scrabster Harbour Trust

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

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: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Trust's Board, 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 members 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 Trust and the Trust's members as a body, for our audit work, for this report, or for the opinions we have formed.

Saffery Champness LLP

**Eunice McAdam (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP**

10 September 2020

**Chartered Accountants
Statutory Auditors**

**Kintail House
Beechwood Park
Inverness
IV2 3BW**

Scrabster Harbour Trust

Profit and loss account

For the year ended 31 March 2020

| | | 2020 | 2019 |
|--|--------------|-----------------------|-----------------------|
| | Notes | £ | £ |
| Turnover | 2 | 3,912,983 | 3,917,472 |
| Administrative expenses | | (3,568,664) | (3,417,606) |
| Other operating income | | 948,392 | 939,595 |
| Operating profit | 4 | <u>1,292,711</u> | <u>1,439,461</u> |
| Interest receivable and similar income | | 29,588 | 23,796 |
| Interest payable and similar expenses | | (186,714) | (200,343) |
| Other gains and losses | | (49,700) | - |
| Profit before taxation | | <u>1,085,885</u> | <u>1,262,914</u> |
| Taxation | 5 | (297,615) | (332,325) |
| Profit for the financial year | 13 | <u><u>788,270</u></u> | <u><u>930,589</u></u> |

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

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

The notes on pages 10 to 20 form part of these financial statements.

Scrabster Harbour Trust


**Balance sheet
As at 31 March 2020**

| | Notes | £ | 2020 £ | £ | 2019 £ |
|--|-------|--------------------|-------------------|--------------------|-------------------|
| Fixed assets | | | | | |
| Tangible assets | 6 | | 33,999,433 | | 34,461,165 |
| Current assets | | | | | |
| Debtors | 8 | 573,447 | | 509,713 | |
| Cash at bank and in hand | | 6,860,002 | | 6,217,337 | |
| | | | <u>7,433,449</u> | <u>6,727,050</u> | |
| Creditors: amounts falling due within one year | 9 | <u>(1,253,639)</u> | | <u>(1,158,426)</u> | |
| Net current assets | | | 6,179,810 | | 5,568,624 |
| Total assets less current liabilities | | | <u>40,179,243</u> | | <u>40,029,789</u> |
| Creditors: amounts falling due after more than one year | 10 | | (3,849,700) | | (3,731,867) |
| Provisions for liabilities | 11 | | (182,050) | | (159,716) |
| Grants and deferred income | 12 | | (23,792,590) | | (24,571,573) |
| Net assets | | | <u>12,354,903</u> | | <u>11,566,633</u> |
| Trust funds | | | | | |
| Profit and loss account | 13 | | <u>12,354,903</u> | | <u>11,566,633</u> |

The notes on pages 10 to 20 form part of these financial statements.

The financial statements were approved by the Board and authorised for issue on ^{7th September 2020} and are signed on its behalf by:


.....
Thomas Pottinger
Chairman


.....
Colin Calder
Vice Chairman

Scrabster Harbour Trust**Statement of cash flows****For the year ended 31 March 2020**

| | | 2020 | | 2019 | |
|---|-------|-----------|-------------------------|-----------|-------------------------|
| | Notes | £ | £ | £ | £ |
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 19 | | 1,840,856 | | 1,976,656 |
| Interest paid | | | (186,714) | | (200,343) |
| Corporate taxes paid | | | (335,124) | | (219,983) |
| Net cash inflow from operating activities | | | <u>1,319,018</u> | | <u>1,556,330</u> |
| Investing activities | | | | | |
| Purchase of tangible fixed assets | | (653,734) | | - | |
| Proceeds on disposal of tangible fixed assets | | 1,807 | | - | |
| Interest received | | 29,588 | | 23,796 | |
| Net cash (used in)/generated from investing activities | | | <u>(622,339)</u> | | <u>23,796</u> |
| Financing activities | | | | | |
| Government grants received | | 25,451 | | 20,065 | |
| Receipt/(Repayment) of bank loans | | 58,595 | | (199,712) | |
| Bank loan break and arrangement fees | | (138,060) | | - | |
| Net cash used in financing activities | | | <u>(54,014)</u> | | <u>(179,647)</u> |
| Net increase in cash and cash equivalents | | | <u>642,665</u> | | <u>1,400,479</u> |
| Cash and cash equivalents at beginning of year | | | <u>6,217,337</u> | | <u>4,816,858</u> |
| Cash and cash equivalents at end of year | | | <u><u>6,860,002</u></u> | | <u><u>6,217,337</u></u> |

Scrabster Harbour Trust

Notes to the financial statements For the year ended 31 March 2020

1 Accounting policies

Trust information

Scrabster Harbour Trust is a trust 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. The registered office is Harbour Office, Scrabster, Caithness, KW14 7UJ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Scrabster Harbour Revision (Constitution) Order 2005. The exemptions available under FRS 102 section 1A have been applied as the Trust qualifies as a small entity.

The financial statements are prepared in sterling, which is the functional currency of the Trust. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

1.3 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets 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 | 20 - 50 years |
| Crafts, equipment and floating plant | 10 - 20 years |
| Office equipment | 10 years |
| Motor vehicles | 5 years |

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1 Accounting policies (continued)

1.4 Impairment of fixed assets

At each reporting period end date, the Trust reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.5 Financial instruments

The Trust has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Trust's balance sheet when the Trust becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Scrabster Harbour Trust

Notes to the financial statements (continued) For the year ended 31 March 2020

1 Accounting policies (continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Trust after deducting all of its liabilities.

Basic financial liabilities, including trade and other creditors and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as 'creditors: amounts falling due within one year' if payment is due within one year or less. If not, they are presented as 'creditors: amounts falling due after more than one year'. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Trust's contractual obligations expire or are discharged or cancelled.

1 Accounting policies (continued)

1.6 Derivatives

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable nor deductible in other years and it further excludes items that are never taxable or deductible. The Trust's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

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.

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the trust is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Scrabster Harbour Trust

Notes to the financial statements (continued) For the year ended 31 March 2020

1 Accounting policies (continued)

1.9 Retirement benefits

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.

1.10 Leases

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

1.11 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.

1.12 Cash at bank and in hand

Cash held on deposit is included in cash in hand.

2 Turnover and other revenue

An analysis of the Trust's turnover is as follows:

| | 2020 | 2019 |
|----------------------|------------------|------------------|
| | £ | £ |
| Turnover | | |
| Dues receivable | 3,647,441 | 3,694,266 |
| Car parking | 5,989 | 7,616 |
| Service sales | 136,709 | 158,857 |
| Miscellaneous sales | 122,844 | 56,733 |
| | <u>3,912,983</u> | <u>3,917,472</u> |
| | | |
| | 2020 | 2019 |
| | £ | £ |
| Other revenue | | |
| Interest income | 29,588 | 23,796 |
| Grants received | 760,933 | 732,977 |
| Rental income | 187,459 | 206,618 |
| | <u>978,080</u> | <u>963,391</u> |

Scrabster Harbour Trust

Notes to the financial statements (continued) For the year ended 31 March 2020

2 Turnover and other revenue (continued)

Turnover analysed by geographical market

| | 2020 | 2019 |
|----------------|-----------|-----------|
| | £ | £ |
| United Kingdom | 3,912,983 | 3,917,472 |

3 Employees

The average monthly number of persons (including Board Members) employed by the Trust during the year was: 27 (2019: 27).

4 Operating profit

| | 2020 | 2019 |
|--|-------|-------|
| | £ | £ |
| Operating profit for the year is stated after charging: | | |
| Fees payable to the Trust's auditors for the audit of the financial statements | 9,400 | 9,000 |

5 Taxation

| | 2020 | 2019 |
|--|---------|---------|
| | £ | £ |
| Current tax | | |
| UK corporation tax on profits for the current period | 275,269 | 335,124 |
| Adjustments in respect of prior periods | 12 | - |
| Total current tax | 275,281 | 335,124 |
| Deferred tax | | |
| Origination and reversal of timing differences | 22,334 | (2,799) |
| Total tax charge | 297,615 | 332,325 |

Scrabster Harbour Trust

**Notes to the financial statements (continued)
For the year ended 31 March 2020**

5 Taxation (continued)

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

| | 2020 | 2019 |
|--|----------------|----------------|
| | £ | £ |
| Profit before taxation | 1,085,885 | 1,262,914 |
| Expected tax charge based on a corporation tax rate of 19% (2019 - 19%) | 206,318 | 239,954 |
| Tax effect of expenses that are not deductible in determining taxable profit | 25,956 | 37,076 |
| Tax effect of income not taxable in determining taxable profit | - | 2 |
| Adjustments in respect of prior years | 20 | - |
| Fixed asset differences | 46,531 | 54,964 |
| Adjustment to closing deferred tax | 18,790 | 329 |
| Tax expense for the year | <u>297,615</u> | <u>332,325</u> |

Scrabster Harbour Trust

**Notes to the financial statements (continued)
For the year ended 31 March 2020**

6 Tangible fixed assets

| | Harbour and buildings | Crafts, and equipment and floating plant | Total |
|------------------------------------|-----------------------------|---|-------------------|
| | £ | £ | £ |
| Cost | | | |
| At 1 April 2019 | 49,427,194 | 2,218,339 | 51,645,533 |
| Additions | 620,297 | 33,437 | 653,734 |
| Disposals | (1,807) | - | (1,807) |
| At 31 March 2020 | <u>50,045,684</u> | <u>2,251,776</u> | <u>52,297,460</u> |
| Depreciation and impairment | | | |
| At 1 April 2019 | 16,179,793 | 1,004,575 | 17,184,368 |
| Depreciation charged in the year | 1,005,832 | 107,827 | 1,113,659 |
| At 31 March 2020 | <u>17,185,625</u> | <u>1,112,402</u> | <u>18,298,027</u> |
| Carrying amount | | | |
| At 31 March 2020 | <u>32,860,059</u> | <u>1,139,374</u> | <u>33,999,433</u> |
| At 31 March 2019 | <u>33,247,401</u> | <u>1,213,764</u> | <u>34,461,165</u> |

7 Financial instruments

| | 2020 | 2019 |
|---|---------------|----------|
| | £ | £ |
| Carrying amount of financial liabilities | | |
| Measured at fair value through profit or loss | | |
| - Other financial liabilities | 49,700 | - |
| | <u>49,700</u> | <u>-</u> |

All other financial assets and liabilities are measured at amortised cost.

8 Debtors

| | 2020 | 2019 |
|---|----------------|----------------|
| | £ | £ |
| Amounts falling due within one year: | | |
| Trade debtors | 343,833 | 338,811 |
| Other debtors | 177,977 | 128,008 |
| Prepayments and accrued income | 51,637 | 42,894 |
| | <u>573,447</u> | <u>509,713</u> |

Scrabster Harbour Trust

**Notes to the financial statements (continued)
For the year ended 31 March 2020**

9 Creditors: amounts falling due within one year

| | 2020 | 2019 |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Loans and overdrafts | 200,000 | 209,538 |
| Trade creditors | 356,094 | 89,982 |
| Corporation tax payable | 275,269 | 335,112 |
| Other taxation and social security | 21,879 | 27,248 |
| Accruals and deferred income | 400,397 | 496,546 |
| | <u>1,253,639</u> | <u>1,158,426</u> |

10 Creditors: amounts falling due after more than one year

| | 2020 | 2019 |
|---|------------------|------------------|
| | £ | £ |
| Loans and overdrafts | 3,800,000 | 3,731,867 |
| Derivative financial instrument | 49,700 | - |
| | <u>3,849,700</u> | <u>3,731,867</u> |
| Analysis of loans | | |
| Wholly repayable after 5 years | 4,000,000 | 3,941,405 |
| | <u>4,000,000</u> | <u>3,941,405</u> |
| Included in current liabilities | (200,000) | (209,538) |
| | <u>3,800,000</u> | <u>3,731,867</u> |
| Loan maturity analysis | | |
| Due within one year | 200,000 | 209,538 |
| Due in greater than one year but not more than five years | 800,000 | 628,615 |
| Due in greater than five years | 3,000,000 | 3,103,252 |
| | <u>4,000,000</u> | <u>3,941,405</u> |

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

Scrabster Harbour Trust

Notes to the financial statements (continued)
For the year ended 31 March 2020

11 Provisions for liabilities

| | 2020 | 2019 |
|--------------------------|---------|---------|
| | £ | £ |
| Deferred tax liabilities | 182,050 | 159,716 |

12 Grants and deferred income

| | Government grants £ |
|----------------------------------|------------------------|
| Balance at 1 April 2019 | 24,277,575 |
| Grants additions during the year | 25,450 |
| Amortisation in the year | (760,933) |
| Balance at 31 March 2020 | 23,542,092 |
| | Deferred income £ |
| Rental income | 35,535 |
| Other income | 213,175 |
| Deferred composite dues | 1,788 |
| | 250,498 |
| Balance at 31 March 2020 | 23,792,590 |
| Balance at 31 March 2019 | 24,571,573 |

13 Profit and loss reserves

| | 2020 | 2019 |
|----------------------|------------|------------|
| | £ | £ |
| At beginning of year | 11,566,633 | 10,636,044 |
| Profit for the year | 788,270 | 930,589 |
| At end of year | 12,354,903 | 11,566,633 |

Scrabster Harbour Trust

Notes to the financial statements (continued) For the year ended 31 March 2020

14 Events after the reporting date

Since March 2020, the spread of COVID-19 has impacted the UK and Scottish economy. The measures taken to contain the spread of the virus have resulted in serious disruption to businesses and an economic slowdown. Scrabster Harbour Trust is not immune to these impacts with its revenues, profitability and cashflow being impacted. The results for the first quarter of financial year 2020-21 show the Trust has managed to maintain profitability and positive cashflows from operations but at significantly lower levels than recent years and approved budgets.

Ferry and Cruise revenues have been badly impacted by the travel restrictions put in place to combat the virus. Other revenues and activity are continuing at or near forecast levels. As essential infrastructure the port has continued to operate throughout with appropriate safeguards in place to protect our staff and users. Limited use has been made of the Government Coronavirus Job Retention Scheme.

15 Pilotage activities

Statement under regulation 4 of the Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988 in respect of pilotage activities.

| | 2020 | 2019 |
|----------------------------------|-------------------|-------------------|
| | £ | £ |
| Revenue from pilotage activities | 21,703 | 28,395 |
| | <u> </u> | <u> </u> |
| Expenses incurred in: | | |
| Providing the services of pilots | 7,824 | 10,080 |
| Providing a pilot boat and crew | 20,999 | 13,318 |
| | <u> </u> | <u> </u> |

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

16 Controlling party

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 2020

17 Related party 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 £6,010 and purchases of £31,587 were made by the Trust. At the year end the Trust owed £11,063 to Calder Engineering Limited. The related party is Colin Calder.

Young Robertson & Co - services of £16,224 were provided to the Trust. At the year end there were no amounts owed by the Trust to Young Robertson & Co. The related party is Clerk to the Board Ewan Thoms.

Thomson International (Fish Sales) Limited - sales of £7,960 were charged by the Trust. At the year end the Trust was due £291. The related party is William Thomson.

LED Scotland Limited - sales of £90 and purchases of £1,134 were made by the Trust. At the year end the Trust owed £25 to LED Scotland Limited. The related party is Frank Bremner.

18 Analysis of changes in net funds

| | 1 April 2019 | Cash flows | 31 March 2020 |
|---------------------------------|------------------|----------------|------------------|
| | £ | £ | £ |
| Cash at bank and in hand | 6,217,337 | 642,665 | 6,860,002 |
| Borrowings excluding overdrafts | (3,941,405) | (58,595) | (4,000,000) |
| | <u>2,275,932</u> | <u>584,070</u> | <u>2,860,002</u> |

Scrabster Harbour Trust

**Notes to the financial statements (continued)
For the year ended 31 March 2020**

19 Cash generated from operations

| | 2020 | 2019 |
|--|------------------|------------------|
| | £ | £ |
| Profit for the year | 788,270 | 930,589 |
| Adjustments for: | | |
| Corporation tax | 297,615 | 332,325 |
| Finance costs | 186,714 | 200,343 |
| Investment income | (29,588) | (23,796) |
| Depreciation and impairment of tangible fixed assets | 1,113,659 | 1,109,520 |
| Government grant received | (25,451) | (20,065) |
| Bank loan break and arrangement fees | 138,060 | - |
| Other gains and losses | 49,700 | - |
| Movements in working capital: | | |
| (Increase)/decrease in debtors | (63,734) | 145,700 |
| Increase/(decrease) in creditors | 164,594 | (81,463) |
| Decrease in deferred income | (778,983) | (616,497) |
| Cash generated from operations | <u>1,840,856</u> | <u>1,976,656</u> |