

Isle of Wight Council
Newport Harbour
Annual Report and Accounts
31 March 2018
(pre-assurance review)



Contents

	Page
1: Information and background on Newport Harbour by the Isle of Wight Council	2
2: Report on Statutory Harbour Undertakings	3
3: Officers' report	3
4: Activity report	5
5: Profit and Loss account	7
6: Balance Sheet	7
7: Notes to the accounts	8



1. Background Information

Relevant legislation:

The Harbours Act 1964

The Transport Act 1981

The Statutory Harbour Undertakings (Accounts etc) Regulations 1983

Newport (Isle of Wight) Harbour Act and Orders 1852 to 1988

The Harbour, Docks and Piers Clauses Act 1847

River Medina Navigation Act 1852

Local Government Act 1972

Responsible Members – 1st April 17 to 31st March 18

Cllr Jon Gilbey - Left 15th May 2017

Cllr Daryll Pitcher - Left 15th May 2017

Cllr Richard Priest - Left 15th May 2017

Cllr Julie Jones-Evans - Left 15th May 2017

Cllr Chris Whitehouse - Left 13th June 2017

Cllr David Stewart

Cllr Stuart Hutchinson

Cllr Ian Ward

Cllr Wayne Whittle

Cllr Clare Mosdell

Cllr Barry Abraham

Cllr John Hobart

Cllr Gary Peace

Cllr Michael Murwill

Cllr Paul Brading - From 14th June 2017

Isle of Wight Council

County Hall

High Street

Newport

Isle of Wight

PO30 1UD

2. Report on Statutory Harbour Undertakings

The Council is the statutory harbour authority for Newport Harbour. Harbour legislation requires the Council to prepare an annual statement of accounts relating to the harbour activities and any associated activities for each harbour for which it is the statutory harbour authority. This report contains a summary of activities during the year and the financial statements for the year ended 31 March 2018 for Newport Harbour.

Principal activities:

The principal activities during the year continued to be the provision of anchorage, moorings, pontoons and associated harbour facilities as well as leases of harbour land and buildings.

3. Officers' report

Officers' report to the members responsible for the Newport Harbour activities of the Isle of Wight Council.

Section 42 of the Harbours Act 1964, as amended by paragraph 10 of Schedule 6 to the Transport Act 1981, specifies requirements as to accounts and reports relating to the activities of statutory harbour undertakings. It is the duty of every statutory harbour undertaker to prepare an annual statement of accounts relating to the harbour activities and to any associated activities carried out. This requirement cannot be satisfied by the preparation of a statement of accounts which relates to other activities in addition to harbour activities.

The accounts prepared under the Harbours Act 1964 shall be prepared in accordance with the requirements of the Companies Act 2006 as to the form and content of the accounts and reports, and shall be subject to an assurance review. It shall be the duty of any person by whom a statement of accounts is prepared to send to the Secretary of State for Transport a copy of the statement together with a copy of the assurance reviewer's report on it.

In the case of the harbour undertakings carried out by the Isle of Wight Council, all of the harbour undertakings are part of the council's service provision to residents, and there is no separate legal entity in place to which the provisions apply. On that basis, these accounts have been prepared for Newport Harbour activities in a style which is consistent with the reporting requirements of the Companies Act 2006.

However the legislation does not prescribe the form of assurance review to be undertaken, and neither does the Local Audit and Accountability Act 2014 (or the previously extant legislation, the Audit Commission Act 1998) which specifies the audit requirement for public bodies. Clarification was issued by the Audit Commission that, as the council's harbour accounts are below the threshold for the Companies Act, they are reviewed by the assurance reviewer on the basis of Agreed Upon Procedures. In this case, the Council's external auditor is required to confirm that the harbour accounts have been prepared on a reasonable basis, by confirming that the transactions recorded in the annual statement of accounts relating to harbour activities agree to the underlying records upon which they have been prepared and are consistent with the transactions recorded in the local authority financial statements for the same reporting period. They will also confirm that the accounts cast correctly.

It is considered that Newport Harbour activities as presented here in abbreviated form are consistent with the reporting requirements of the Companies Act 2006. We have acknowledged our responsibilities for ensuring that accounting records are kept which comply with Companies Act 2006, and for preparing accounts which give a true and fair view of the state of affairs of Newport Harbour and of the profit or loss for the financial year.

Accordingly, we have prepared abbreviated financial statements which comprise the Profit and Loss Account, the Balance Sheet and the related notes to the accounts from the accounting records of the council's Newport Harbour activities and on the basis of information and explanations that have been provided by operational staff and officers engaged in port and harbours activities.

The accounts summarise the transactions for the 2017/18 financial year and the financial position at the year-end of 31 March 2018. The authority is required to prepare the accounts in accordance with proper accounting practices. The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of non-current assets.

Alex Minns
Head of Commercial Services

4. Activity Report

Newport Harbour comprises the harbour from Newport town centre to the Folly (which is shown in the approved plan of the harbour waters), plus the Harbour Estate. The Council approved a plan identifying assets considered as the current Newport Harbour Estate in a report to Cabinet report "Newport Harbour Estate" dated December 2011.

The Council, as Harbour Authority, owns the freehold interest in most of Newport Harbour - it owns the river bed element of the harbour, and most of the harbour estate. The harbour estate land and buildings are let to a number of parties as follows:

REF	PROPERTY	LEASE	RENT pa	COMMENTS
W11*	Foreshore for Jetty	Rolling	£100	No copy of lease available
W9*	Foreshore	25 years form 30/09/16	£1,750	
W8*	Foreshore for Jetty	20 years form 21/12/00	£100	
W7	Shed at Blackhouse Quay	3 year licence from 01/01/15	£50	Licence for pre-existing shed
W6	Land at Blackhouse Quay	125 years from 12/10/90	£25	
W5	Land at Blackhouse Quay	75 years from 25/03/47	£150	
W4	Aggregates yard at Blackhouse Quay	3 years from 01/04/16	£15,000	This is in keeping with the constraints of the 1847 Act
W3	Land at Blackhouse Quay	3 years from 27/08/2015	£6,000	This is in keeping with the constraints of the 1847 Act
W3A	Land at Blackhouse Quay	Annual Licence – from 01/03/96	£750	Open land used for boat storage
W2*	Land & river bed at Little London	40 years from 17/12/04	£11,384.57	Or 7.5% of gross turnover whichever is the greater
W1	Land at Carpenters Quay	3 years from 05/11/15	£7,000	This is in keeping with the constraints of the 1847 Act
E6*	Land at harbour north	125 years from 28/03/01	£100	
E5	Vectis building	Vacant	-	Derelict
E4	Unit 10 Seaclose Quay	3 Years from 05/03/18	£12,500	This is in keeping with the constraints of the 1847 Act
E3A	Land adjacent to the Belfast Shed	3 years from 09/07/15	£489.65	This is in keeping with the constraints of the 1847 Act
E3	Belfast Shed	3 years from 09/07/15	£2,000	This is in keeping with the constraints of the 1847 Act
E2	Unit 7 Seaclose Quay	3 Years from 01/11/15	£13,000	This is in keeping with the constraints of the 1847 Act

Those leases within Newport Harbour that are for land or property designated not as Harbour estate are notated with an asterisk (*).

The ability of the Council as Harbour Authority to let harbour estate property assets is limited by the 1847 Harbours Docks and Piers Clauses Act, which limits the “disposal” of property to a maximum term of 3 years and which means that any lettings must be for harbour (and marine) related purposes. The marketing of various units within the harbour estate is consistently proving that these constraints are hindering the occupation of harbour estate land and buildings as the interest to date has been from harbour related users requiring more than 3 years occupation to make their investment viable, or from non-harbour uses prepared to take a 3 year term. These constraints are likely to limit investment into and regeneration of the harbour estate.

Newport Harbour continues to be managed on a day to day basis by a Harbour Master assisted by two harbour staff; however the Harbour Master has reduced his hours and only works 3 days a week as part of his flexible retirement plan. Harbour staff have undertaken regular inspections of pontoons, walkways and ladders and carried out remedial works as necessary. However, all three of the Council managed harbours (Newport, Ryde and Ventnor) are now managed by a Senior Harbour master appointed in October 2014.

Key information for Newport Harbour and the Folly moorings is as follows:-

- The tonnage of cargo (sand and ballast for construction) imported into Newport Harbour was 18,083 tonnes (2016 - 18,929 tonnes)
- The number of leisure vessels visiting Newport Harbour was 1,421 (2016 – 1,621)
- The number of winter dry berths at Newport was 16 (2016 - 22)
- The number of summer moorings at Folly Reach was 162 (2016 - 160)

It should however be noted that statistical and activity information at Newport Harbour and Folly Moorings is compiled on a calendar year basis whereas the financial information is based on the financial year to 31 March 2018. Historically the activity information was compiled in this way to provide information to external bodies, and this practice has continued to allow annual comparisons.

5. Profit and Loss Account for the year ended 31 March 2018

	Note	2017-18	2016-17
		£'000	£'000
Turnover	1	224	220
Operating expenses	2	(53)	(186)
Other expenses	3	(81)	(69)
Net Gain (Loss)		90	(35)

6. Balance Sheet as at 31 March 2018

	Note	2017-18	2016-17
		£'000	£'000
Non-current assets			
Property, Plant & Equipment	4	2,126	1,079
Total non-current assets		2,126	1,079
Current assets			
Debtors falling due within one year	5	18	44
Total current assets		18	44
Total Assets		2,144	1,123
Current liabilities			
Creditors falling due within one year	6	(31)	(25)
Net assets		2,113	1,098
Capital and reserves			
Contribution (to)/from IWC	7	(103)	55
Profit and loss account for year	8	90	(35)
Revaluation reserve	9	933	583
Capital adjustment account	10	1,193	495
Total capital & reserves		2,113	1,098

7. Notes to the accounts

1) Turnover

		2017-18	2016-17
		£'000	£'000
Moorings & Wharfage		142	140
Rental income		70	72
Car park income		1	1
Other Income		11	7
Total turnover		224	220

2) Operating expenses

		2017-18	2016-17
		£'000	£'000
Employee costs		85	83
Premises costs		30	32
Vehicle & transport costs		3	3
Supplies & services		68	40
Depreciation		50	28
Revaluation & impairment *		(183)	0
Total operating expenses		53	186

*The revaluation & impairment net credit of £183k relates to two accumulated adjustments to asset valuations following an internal review of the register. All adjustments relate to valuations undertaken prior to financial year 2016-17.

£233k credit is the adjustment for Blackhouse Quay valuation which historically had not included all of the leases assigned to the Quay location.

This is offset by a £50k debit adjustment to East Cowes Folly Pontoon and Jetty, where the asset valuation had been historically duplicated.

These adjustments were required to reflect the true value of assets on the balance sheet as at 31st March 2018.

3) Other expenses

		2017-18	2016-17
		£'000	£'000
Management and support services		81	69
Total other expenses		81	69

4) Property, Plant & Equipment

	Land & Buildings	Equipment & Motor Vehicles	Total
Cost	£'000	£'000	£'000
As at 1 April 2017	1,211	14	1,225
Additions *	549	0	549
Revaluation **	472	0	472
As at 31 March 2018	2,232	14	2,246
Depreciation & Impairment			
As at 1 April 2017	(132)	(14)	(146)
Charge for the year	(50)	0	(50)
Revaluation & Impairment	76	0	76
As at 31 March 2018	(106)	(14)	(120)
Net book value as at 31 March 2018	2,126	0	2,126
Net book value as at 31 March 2017	1,079	0	1,079

*£549k addition in year represents the completion of replacing the existing piles/pontoons at Folly Moorings.

**£472k revaluation in year consists of £344k in year valuation adjustments, and £128k net historic corrections to Blackhouse Quay, £233k, and East Cowes Folly Pontoon/Jetty, (£105k).

Depreciation on land and buildings is calculated based on the estimated remaining useful lives of individual assets which is assessed by the Isle of Wight Council. The following ranges of remaining useful lives are used:

Property Land and Buildings: 2-100 years

Vehicles, Plant, Furniture and Equipment: 1-9 years

5) Debtors

The debtor's figure represents mooring fees due as at 31.03.18.

6) Creditors

The creditor's figure is made up of mooring fees prepaid at 31.03.18 of £16k and overhead cost accrued of £15k.

7) Contribution (to)/ from IWC

This represents the amount by which the Isle of Wight Council supports the annual operating costs incurred during the normal trading activities of Newport Harbour.

The net balance for 2017/18 is a notional credit back to the Isle of Wight Council, arising due to the historic adjustments to asset valuations made in year.

8) Profit and Loss account

This is the accumulated profit or loss incurred during the normal operation and activities of the harbour.

9) Revaluation reserve

The Revaluation Reserve contains the gains made by the authority arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

10) Capital adjustment account

This account relates to the different arrangements for accounting for the use of long term assets and their related funding as part of Harbour operations.

The total value of long term assets (note 4) is matched by the sum of the revaluation reserve and the capital adjustment account.