

Poole Harbour Commissioners

- Annual Review • Accounts • Environmental Summary
- For the year ended 31st March

2022



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Welcome from the Chairman

I am pleased to introduce the Annual Report of Poole Harbour Commissioners (PHC) for the year ended 31 March 2022. For a second successive year, the global coronavirus pandemic continued to impact our passenger-carrying customers with lower-than-expected cruise ship visits to Poole during the year and daily cross-channel ferry sailings between Poole and France unable to resume until shortly after our financial year-end, in April 2022. Other areas of PHC's business have recovered well, with 2021-22 bulk cargo volumes returning to pre-pandemic levels and strong demand for leisure yacht activity and berths in Poole Harbour, including at PHC's award-winning marinas.

The Commissioners are proud that Port of Poole remained open throughout the pandemic with senior management liaising with both the Department of Transport and other government agencies to ensure that our customers were able to operate their essential lifeline sea-freight services, delivering food and medical supplies to the UK and Channel Islands.

The continued, covid-related cancellation of some scheduled ferry and cruise ship sailings inevitably had an adverse impact on our revenues with total turnover of £12.7m still 6% below pre-pandemic levels, although up 13% on the previous year. The organisation continued to protect jobs at PHC, utilising HMRC's Coronavirus Job Retention Scheme from inception up to its cessation in September 2021, preserving many of the jobs directly impacted by the covid-related downturn in operations. In response to the pandemic, direct costs and overheads were well controlled by the management team and this is reflected in the year-on-year increase in underlying pre-tax profits.

The positive financial results, despite the challenges of a global pandemic, reflect the outstanding commitment to customer service, flexibility, resolve and good spirits displayed by all of PHC's staff who, as key workers, have kept the Port operational throughout the past 2 years. Strong financial management and operational planning ensure that PHC is in an excellent position to take advantage



of new opportunities as international cruise and ferry passenger travel returns to more normal levels.

As a Trust Port, PHC has no shareholders with all profits being reinvested back into Poole Harbour and the Port for the benefit of our stakeholders.

Following the UK's departure from the EU, the UK Government's revised Border Operating Model required ports to provide new facilities for checks by Government agencies including Border Force, HM Revenue & Customs and DEFRA. Poole was one of the first ports to complete these new facilities, completing a two-year £4.7m investment project at the port. The new facilities mean that Port of Poole is now fully resourced to accommodate new, non-EU international Ro-Ro Ferry and container trade services in addition to our existing EU trade.

I was delighted to welcome our stakeholders to the Port for our annual open evening in April 2022. The evening included presentations to two retiring staff members, Tom James and Neil Purdy, who between them had surpassed 100 years of service to PHC. Celebrating this remarkable achievement was a fitting conclusion for our return to being able to host the event at the port, after 2 years of social distancing restrictions.

I would like to thank all members of the Board and PHC staff for their part in continuing to provide excellent service to all our customers during another challenging year.

Captain David Norman
30 September 2022



Poole Harbour Commissioners Annual Review 2021-22

Poole Harbour Commissioners (PHC) are responsible for the Trust Port of Poole Harbour, established by an Act of Parliament in 1895. PHC has a responsibility to regulate, maintain and improve the Port of Poole and Poole Harbour. As a Trust Port, PHC receives no regular funding towards its day-to-day operations from either central or local government and re-invests surpluses into the organisation for the overall benefit of the port and harbour. Following the post-Brexit 2-year transition period, the UK Government announced a new UK Borders Operating Model and PHC was one of the first UK ferry ports to successfully deliver the required facilities, during the 2021-22 financial year at a total cost of £4.7m. Grant funding towards the cost of these facilities, totalling £3.3m, was received from UK Central Government and Dorset LEP during the financial year with a £0.5m final tranche of grant funding being received shortly after the year-end.

Governance

PHC endeavours to adhere to the highest principles of corporate governance in accordance with their trust port status as set out in "Ports Good Governance Guidance."

The Board

PHC is governed by a Board of twelve Commissioners, two drawn from the executive, one staff-representative and nine non-executive Commissioners appointed by independent selection panels. Commissioners are selected to serve a three-year term of office and are eligible to sit for up to three terms, however there is no automatic right to reappointment. Selection panels appoint new Commissioners annually, based on merit, and the organisation provides new Commissioners with an induction course to assist them with their duties.

PHC arranges for Commissioners to attend Trust Port briefing sessions to help them understand their responsibilities.

PHC holds monthly Board meetings as well as other additional ad-hoc meetings and briefing sessions which provide Commissioners with training in areas such as Health & Safety and Finance. The Chairman and Vice-Chairman of PHC are elected by the Board.

Sub-Committees

Two sub-committees operated during the year, the Audit & Risk Committee and the Remuneration Committee. Both committees comprise the 9 non-executive Commissioners. The Remuneration committee is chaired by PHC's chairman and the Audit & Risk Committee is chaired by PHC's vice-chairman.



Board Attendance

Ten Board meetings, one Audit & Risk Committee meeting and three Remuneration Committee meetings were held during the year.

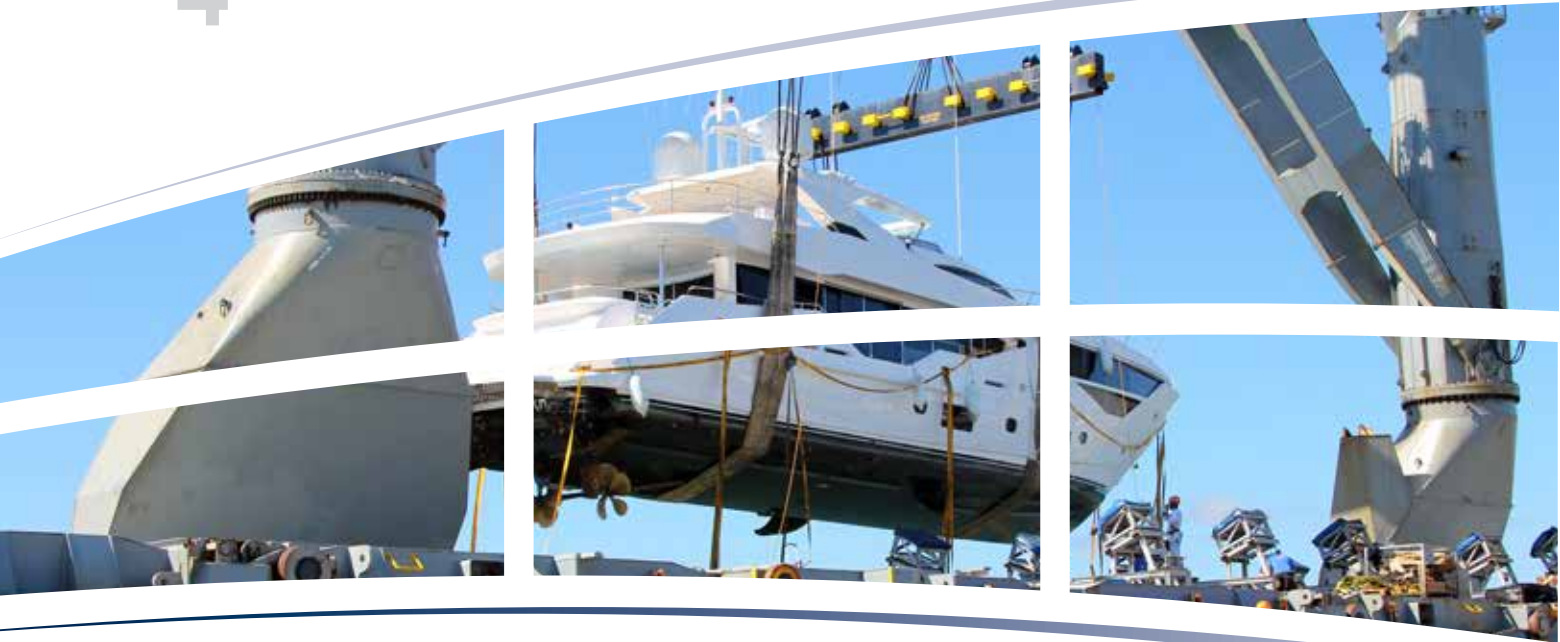
The table below shows the number of meetings attended by each Commissioner during the year for the period of their appointment.

	Board Meetings	Audit & Risk Committee Meetings	Remuneration Committee Meetings
D Norman	10/10	1/1	3/3
J Stewart	10/10	1/1	3/3
A Andrews (appointed 1 Nov 2021)	4/4	n/a	2/2
R Bridewell	10/10	n/a	n/a
D Cramond (retired 31 Oct 2021)	6/6	1/1	1/1
R Cripps (retired 31 Oct 2021)	6/6	1/1	1/1
P Goodwin (retired 31 Oct 2021)	6/6	1/1	1/1
A Hall	10/10	1/1	3/3
L Hardy	10/10	1/1	3/3
D Houlton (appointed 1 Nov 2021)	3/4	n/a	1/2
B Murphy	10/10	n/a	n/a
M Pate	10/10	1/1	3/3
A Piromalli (retired 31 Oct 2021)	6/6	1/1	1/1
T Russell	10/10	1/1	3/3
R Selby (appointed 1 Nov 2021)	4/4	n/a	2/2
A Tate (appointed 1 Nov 2021)	4/4	n/a	2/2

Port Marine Safety

Marine safety remains a major priority for the organisation. This is managed by the Harbour Master in accordance with statutory requirements and the Port Marine Safety Code (PMSC). The PHC Navigational Safety Management Plan provides the necessary procedures and the Safety Management System provides the necessary, dynamic recording platform. PHC seeks to attain nationally agreed standards for safe marine operations and its Safety Management System is reviewed regularly along with all emergency plans including the Oil Spill Contingency Plan. The Board employs an independent Designated Person (DP) who reports regularly and directly to the Board. The DP continues to confirm the effectiveness of the PHC Safety Management System and that the organisation is fully compliant with the PMSC.

The annual inspection of Aids to Navigation was carried out by Trinity House, the General Lighthouse Authority, and they were found to be in “good and efficient order” with no non-conformities or Potential Improvement Notices issued. The Aids to Navigation lights availability is the average percentage of all lights over a 3-year period which was 99.97%. (2021: 99.3%) Trinity House requires a minimum standard of 97% to 99% depending on category of light, which is driven by location.



Health and Safety

PHC has a clear, defined focus on Health and Safety within Poole Harbour and the port estate. Safety procedures are regularly reviewed and frequent safety inspections take place, all of which are recorded within the Safety Management System. PHC undergoes extensive external safety audits and is ISO 45001 accredited. The Health and Safety Manager reports directly to the Commissioners every six months and the Board receives monthly reports at their meetings. There were no reportable (RIDDOR) accidents during the year (2021: 1).

The Port

The Port of Poole is a successful commercial trust port, handling a wide variety of vessels including Ro-Ro traffic (high speed as well as conventional ferries), bulk cargo carriers, yacht-liner vessels and cruise ships. The port provides facilities for regular passenger and freight ferry services linking the UK with ports in France, Spain and the Channel Islands. Bulk cargoes include steel, timber, stone, clay, sand, bricks and grain shipments. The port provides regular employment for local and regional hauliers.

The Harbour

Poole Harbour is one of the outstanding features of the English Coastline. The harbour has major environmental significance and has been designated as a Wetlands Site of International Importance under the Ramsar convention, a site of Special Scientific Interest and a Special Protection Area.

PHC has a clear understanding of their environmental responsibilities and plays a leading role in the environmental stewardship of the Harbour. The Chief Executive chairs the Poole Harbour Steering Group, which involves key organisations and statutory agencies connected with the Harbour.

PHC's Environmental Policy is incorporated within the Annual Report and includes:-

- Environmental Management
- Resource Management
- Waste Management
- Communication and Training
- Pollution prevention and control

PHC is responsible for maintaining navigational aids within their jurisdiction and updating hydrographic survey records on a regular basis.



Poole Quay Boat Haven and Port of Poole Marina

PHC owns and manages two marinas within its Leisure division. Poole Quay Boat Haven provides facilities for local fishermen and leisure boat owners and the Port of Poole Marina provides permanent berthing facilities for the leisure boating sector. Both marinas hold 5 Gold Anchor status.

Security

PHC has responsibilities for port security as set out in the International Ship and Port Facility Security Code, and is regularly inspected by the Maritime Transport Security Department.

Engagement with Stakeholders

PHC held a variety of liaison meetings with a broad range of stakeholders during the year. Our website and social media accounts provide regular updates, facilitating effective communication of information.

Following the on-line video conference open evening in 2021, due to the Covid pandemic, PHC's annual open evening in April 2022 was able to return to PHC's North Lounge, and was well supported by our many and varied stakeholders.

Stakeholder Benefit

PHC's key stakeholders are its customers, employees, central and local Government, the business community and the local community. Benefits provided to Government includes employment and corporate taxes and business rates paid to national and local government.

The local community benefit includes sponsorship of local organisations and PHC provides boats and crews for police patrols in the Harbour. PHC are pleased to continue their sponsorship of Pip Hare as she trains for the 2024-25 Vendée Globe round-the-world solo yacht race. PHC has sponsored Pip, who uses our Poole Quay Boat Haven marina as her UK base for her racing yacht 'Medallia', since 2019.

PHC is a major partner in the Great Heath Living Landscape Project, a partnership with Dorset Wildlife Trust, the Erica Trust, Borough of Poole, Dorset County Council and the Amphibian Reptile Conservation Trust. PHC owns land within the environmentally sensitive area of Holes Bay which is managed as part of a major, local conservation partnership initiative, the Holes Bay Nature Park.



PHC continues to provide financial support and participation to the business community, which includes active membership of key regional and sector business organisations such as Dorset Local Enterprise Partnership, Dorset Chamber of Commerce, British Ports Association and many others.

Investment Policy

PHC aims to ensure that investments achieve long-term commercial viability and sustainability for the Commissioners, port & harbour users and other stakeholders. When considering new investments, the primary objective is to generate commercial rates of returns on its investments in order to generate profits for re-investment into securing and maintaining Poole Harbour and the Port of Poole.

Review of Services

PHC regularly reviews the way in which services are provided and procured in order to ensure that the organisation continues to be run efficiently.

The Poole Harbour Revision Order 2015

The latest Poole Harbour Revision Order was signed by the Secretary of State on 10th July 2015. This brings PHC's previous legislation into a modern form and provides the organisation with the powers that it needs to manage the port and harbour effectively. This includes the power of general directions and unrestricted borrowing powers.

Customer Service

PHC endeavours to ensure that our levels of customer service are of the highest order and operates an ongoing programme of staff training and investment in Port infrastructure in order to maintain these standards.



Poole Harbour Commissioners Strategic Report

Mission Statement:

“To promote the safe and sustainable use of Poole Harbour, balance the demands on its natural resources, develop the commercial Port of Poole & strategic infrastructure, work closely with our stakeholders, support the safe management of appropriate activities within the Harbour, and work strategically with key agencies in order to manage the Harbour in a safe, sustainable and responsible manner.”

Poole Harbour Commissioners (PHC) achieved their key strategic objectives for 2021-22, including completion of the construction of new border facilities required by the UK’s revised Border Operating Model. PHC has the following key strategic objectives for 2022-23:

- Maximise commercial opportunities within the Trust Port model, targeting ongoing vessel-call & cargo/ passenger volume growth together with developing opportunities within the marine leisure and sector.
- Continue to support, and partner, our local stakeholders and community.
- Protect the unique environment of Poole Harbour and local harbour amenities.
- Identify opportunities for reducing PHC’s CO2 emissions and create an action plan for their implementation.

- Maintain and develop employment opportunities related to the port and harbour.
- Continue to work closely with the British Ports Association and to be involved in influencing UK Government ports policy.

Values

PHC’s values are:

- Customer and stakeholder focus
- Respect for employees
- Sustainable solutions for the long term benefit of the Port and Harbour
- Openness and accountability in our dealings with stakeholders and employees.

Strategic Direction

PHC has identified the current strategic vision:

- To maximise our existing revenue streams and maintain essential infrastructure
- To diversify, identifying and exploiting additional market opportunities
- To develop infrastructure that will assist the sustainability of the organisation
- To strive for maximum efficiency.



Financial & Operational Review: year ending 31st March 2022

Financial Review

	2022 £'000	2021 £'000	Movement	
			£'000	%
Turnover	12,706	11,228	1,478	13
Gross Profit	5,668	4,697	971	21
Administrative Expenses	4,258	4,042	216	5
Operating Profit	1,628	1,137	491	43
Net Interest Cost	319	285	34	12
Profit/(Loss) on disposal of fixed assets	37	(36)	73	(203)
Gain from Fair Value Movement of Investment Property	1,352	-	1,352	max
Pre-Tax Profit	2,661	852	1,809	212
Cash Flow From Operating Activities	3,671	3,162	509	16
Capital Expenditure	5,853	1,891	3,962	210
Net Debt	5,403	6,109	(706)	(12)
Net Current Assets	3,000	2,836	164	6
Reserves	24,421	21,979	2,442	11

PHC's profit before tax for the year to 31 March 2022 was £2,661k (2021: £852k). The year-on-year increase in pre-tax profits of £1,809k (212%) included a £1,352k gain (2021: £nil) arising from the revaluation of PHC's Investment Properties, as required by Accounting Standards. Investment properties are land and buildings on the port estate which are leased to commercial tenants and the gain reflects an increase in their valuation as a result of PHC's accounting policy of having these valued by an external qualified surveyor at least once every 5 years.

The underlying pre-tax profit, excluding these investment property valuation gains, was £1,309k (2021: £852k). The year-on-year increase in underlying pre-tax profits of £457k

(54%) reflects a strong performance, being £435k (50%) higher than the pre-pandemic pre-tax profit of 2019-20, two years ago, despite turnover remaining £782k (6%) lower than in 2019-20.

Other Comprehensive Income comprised net gains of £762k (2021: loss of £198k) relating mainly to the reclassification of certain land and buildings as investment property following a new commercial lease agreement during the year.

After taking into consideration corporation tax and other comprehensive income, year-end reserves increased by £2,442k (2021: £251k) to £24,421k (2021: £21,979k).

Cash flows generated from Operating Profits during the year remained strong at £3,671k (2021: £3,162k). Robust cash inflows from operating activities are necessary to service the capital and interest repayments on PHC's debt and to facilitate maintaining and improving the Port's infrastructure and facilities. During the year, PHC invested £5.9m in new capital projects. These included:

- £4.2m to complete construction of new facilities required by the UK's Border Operating Model. This concluded a two-year £4.7m investment project to provide new buildings and infrastructure for Border Force and customs/DEFRA checks on freight imports, together with new Port Operations facilities.
- £1.1m to acquire Portcullis House, a property on the port estate which was previously owned by the UK Government under a long lease. Government agencies remain as tenants of the property under new 10-year leases with PHC.
- £0.5m for new plant & equipment in line with PHC's ongoing policy of replacing plant as it nears the end of its useful economic life.



These projects were financed by a new bank loan drawdown of £1.1m together with capital grant funding received in the year of £3.3m, with the balance being financed from PHC's cash reserves.

Year-end net debt reduced by £0.7m (12%) to £5.4m (2021: £6.1m) at 31 March 2022, with a further reduction in net debt expected over the next 12 months. Net debt is defined as total debt (bank loans and finance leases) less cash.

Operational Review

Poole's two ferry operators, Brittany Ferries & Condor, continued to experience COVID-related disruption to their operations for a second successive year. The combined total of 305 (2021: 226) ferry sailings from Poole during the year remained significantly below the pre-pandemic volume of 735 during 2019-20, although the 35% year-on-year increase reflected the gradual relaxation of covid-related restrictions as the vaccine roll-out gained momentum. As a direct result of the pandemic-related disruption to ferry sailings, RoRo freight volumes remained significantly below pre-pandemic levels at 12,936 units (2021: 12,778 units). RoRo passenger numbers saw some recovery during 2021-22 at 130,000 passengers (2021: 30,000 passengers) although this remains well below pre-pandemic levels. The commissioners are delighted that Brittany Ferries were able to resume their daily ferry sailings between Poole and Cherbourg shortly after the year-end, in April 2022, with corresponding year-on-year growth in freight and passenger volumes expected during 2022-23.

Bulk cargo volumes recovered from the pandemic more quickly than RoRo traffic, increasing by 19% to 313k tonnes (2021: 262k tonnes) which is broadly in-line with pre-pandemic levels. Additionally, the port handled 107k tonnes (2021: 104k tonnes) of private cargoes during the year.

PHC is targeting growth in new markets, facilitated by South Quay, a deep-water 200m quay facility completed in 2018, and the newly completed border infrastructure facilities which offer the potential of increased global trade through the port.

The marine leisure market on the South Coast remains healthy with continued demand for annual berths in Port of Poole Marina, at 100% occupancy.

Connectivity to the Port

Significant local road projects within Poole town centre in recent years have improved road links to the Port and the commissioners continue to be represented at discussions regarding potential regional road enhancements. The commissioners are actively engaged with Network Rail with regard to a number of potential opportunities for the railway transport of cargo to and from the port.

Prospects

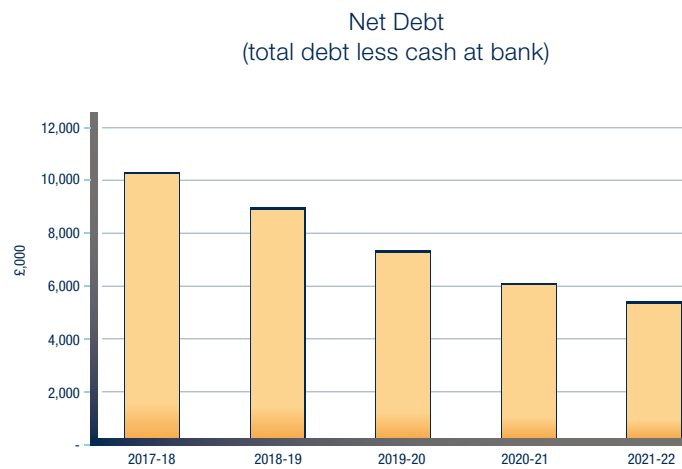
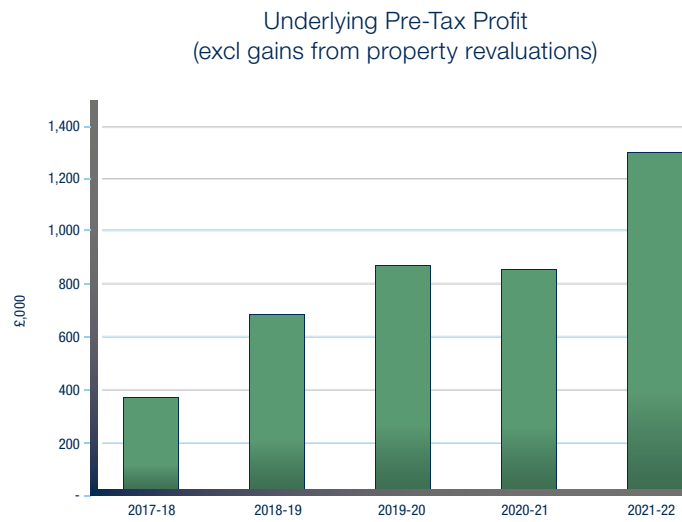
PHC's financial and commercial outlook remains strong although the COVID-19 crisis will continue to dampen turnover and profits from certain of PHC's operations during 2022-23, albeit to a much lesser extent than was seen in the previous two years. Poole's excellent facilities, including South Quay and new infrastructure which is fully compliant with the UK Government's post-Brexit Border Operating Model, continue to generate interest in key target markets and PHC receives regular enquiries from both existing and new customers with regard to our wide range of commercial and leisure port and harbour facilities.

Approved by Poole Harbour Commissioners on 30 September 2022 and signed on their behalf by:

A handwritten signature in blue ink, appearing to read 'D. Norman'.

Captain D. Norman

Five Year Financial Performance Highlights



Board Membership

The Board of Poole Harbour Commissioners comprises of twelve Commissioners, two drawn from the Executive, one elected by employees and nine appointed by independent selection panels.

The Commissioners below comprised the Poole Harbour Commissioners' Board as at 30 September 2022.

1. Chairman

Captain David Norman

David Norman is a Shipmaster with extensive command experience covering a wide range of vessel types including square rigged sailing vessels. A long-time customer of PHC, both as a recreational sailor and as Operations Director for Condor Ferries, he has worldwide experience of ferry ports and their management and operation. He is also a trustee and director of a conservation charity.

2. Chief Executive

Jim Stewart – BA (Hons), MBA, FICS

Jim commenced his shipping career as a shipbroker on The Baltic Exchange in the City of London in 1980, and in 1990 founded an international shipbroking company (offices in London and New York). After gaining an MBA at Cass Business School he was appointed Managing Director of Crescent Shipping (UK ship owning and operating company). In 2002 Jim was appointed Chief Executive of Poole Harbour Commissioners. Jim also holds the following positions:

- Chair – Western Gateway Transport and Business Forum
- Chair – Connected Dorset
- Chair – Poole Harbour Steering Group
- Board Member – Dorset Local Enterprise Partnership
- Council Member – British Ports Association



3. Vice Chairman

Lee Hardy OBE

Lee Hardy was born in Poole and has been based in the area all his life.

He brings a broad perspective and wide-ranging experience gained during a long, operationally focused, career in the Royal Navy. Latterly he led a UK Overseas Territory, served as a marine and maritime adviser within the Foreign and Commonwealth Office and is now closely engaged in the Blue Economy leading projects designed to counter illegality at sea, particularly in relation to fishing or that which is harmful to the oceans.

He is an advocate for technological innovation in the maritime domain, alongside a focus on all aspects of safety. He is a strong supporter of a responsible approach to environmental matters, balanced against commercial realities and the strategic picture.

4. Marine & Port Director

Captain Brian Murphy

Captain Brian Murphy has been in the marine industry for the past 40 years, attaining command of a large container vessel on a worldwide trade. His career path diverted closer to home serving 2 years at Condor Ferries before joining Poole Pilots Partnership. He remained there as a Class 1 Pilot for 4 years before joining Poole Harbour Commissioners in 2004, taking on the roles of Pilot, Pilotage Manager, Harbour Control Manager and Assistant Harbour Master. Brian was promoted to Harbour Master in 2008 and, in 2018, he took on the additional role of Marine & Port Director.

Brian is currently the Vice President of the UK Harbour Masters Association and their chief examiner, a Younger Brother of Trinity House and a Fellow of the Nautical Institute.

Board Membership Continued

5. Commissioner Rob Bridewell

As the son of a Poole Docker, Rob started his career at the Port of Poole in 1986. Since 2007 he has been a foreman and has vast experience in the day to day running of the port's operations.

As a training instructor since 1999, Rob also trains new stevedores to become competent plant drivers whilst understanding and adhering to strict health and safety requirements.

As a commissioner, he looks forward to representing our workforce, facilitating growth to the working port, and securing jobs for future generations whilst maintaining the preservation of the harbour.



6. Commissioner Alicia Andrews

Alicia Andrews has extensive experience operating in leadership roles working in the media, digital, passenger ferries and rail sectors.

Currently at Southeastern Trains, Alicia is a member of the executive, leading the commercial team. Previous roles include Commercial Director at Condor Ferries, part of the senior management team for Yell.com and a founder member of the team which created FT.com.

Alicia is a graduate in History from the University of London and holds the IoD Diploma in Company Direction

7. Commissioner Dr Alice Hall

Dr Alice Hall is a marine biologist who currently works for Plymouth University. She is involved in various international research projects associated with Poole Harbour. Her main areas of expertise are ecological engineering and biological monitoring. She has been involved in some of the largest intertidal ecological engineering projects in the UK to date and won the CIRIA Big Biodiversity Innovation award in 2019. Alice has been conducting research and consultancy work in the harbour for the last six years and is a qualified European Scientific Diver. She was previously the secretary for the Poole Harbour Study Group, which involved the organisation of several international conferences.

8. Commissioner Davina Houlton

Davina, a qualified Business & Personal Coach and chartered member of the CIPD, has spent nearly 25 years working in a range of different businesses and industries and today runs her own coaching & training consultancy business.

Much of her corporate career has been within FMCG, working for both Associated British Foods and Unilever, but she has also experience within the financial services, technology and consulting sectors.

Board Membership Continued



9. Commissioner Martin Pate

Martin is a solicitor and Managing Director of MJP Law, a Dorset legal practice. Martin started his career with the London Metropolitan Police before moving to the Department of Transport and the Department for the Environment in London, working with a variety of agencies. Martin is a keen sailor, qualified to RYA Offshore Yacht Master, and is a former Commodore of East Dorset Sailing Club in Poole.

10. Commissioner Tom Russell

Tom is from a family of Poole fishermen and has been afloat in the harbour all of his life. He operates two commercial fishing boats from Poole and is the Chairman of the Poole and District Fisherman's Association and the local representative of the Fisherman's Mission.

11. Commissioner Richard Selby

Richard is the Commercial Director and Head of Training for a global maritime aviation company, prior to which he was the Head of International Development at British Marine & Superyacht UK promoting and supporting the national marine and maritime industry, both in the UK and overseas.

Richard's career began with the Royal Navy before moving into local authority fire and rescue, where he was a member of the marine incident response group dealing with incidents on large commercial vessels, before moving on to run a busy full-service boatyard and then into the leisure yacht industry.

He has enjoyed voluntary roles with the RNLI at Poole and Salcombe Lifeboat Stations and is a First Responder with South West Ambulance Service NHS Trust.

12. Commissioner Andrew Tate

Andrew is a Chartered Engineer and Fellow of the Institute of marine Engineering, Science & Technology. Andrew joined the Royal National Lifeboat Institution (RNLI) in November 1999 and has held a number of significant engineering design and technical positions. He is currently the Head of In-Service Support, responsible for the maintenance and support of the RNLI's fleet of all weather and inshore lifeboats, the launch & recovery equipment and lifeguard equipment across the UK and Ireland.

Andrew has also worked abroad on major airport construction projects and undertaken maintenance management research projects resulting in an industry leading publication. He is passionate about supporting the next generation of engineer and sponsor's the RNLI's Women in Engineering programme. In his spare time, Andrew is a regular harbour user, racing his dinghy at The Poole Yacht Club and was previously the RYA's Principal for Youth Section, teaching sailing and managing club events.



Management Team Profile

1. Chief Executive and Commissioner Jim Stewart

2. Harbour Engineer Phil Armstrong

Phil Armstrong was appointed Harbour Engineer in March 2017 after 4 years working for PHC as Engineering Project Manager. Phil's career spans over 20 years in the construction and management of flood defences and coastal protection, and working in the marina industry, project managing numerous dredging and marine construction schemes throughout the UK. He is a Chartered Engineer and Member of the Institution of Civil Engineers.

3. Port Manager Steve Moors

Steve has lived in Poole all his life and spent much of his childhood on the water, visiting the Islands and other hidden gems around the Harbour. Steve commenced employment with PHC in 1985, following a long family history of working on the docks in Poole. Steve was promoted to Foreman in 2002 and in 2010 became the Port Logistics Supervisor, working with and having close relationships with ferry operators and agents. Steve became Port Manager in 2018.

4. Harbour Master and Commissioner Captain Brian Murphy

5. Chief Financial Officer Steve Wisdom

Steve is a Chartered Accountant with 30 years experience gained across a number of senior finance roles. After qualifying with an audit firm Steve spent thirteen years in financial services, ten of which were with Portman Building Society as Head of Group Finance, before accepting senior commercial finance roles in diverse Property and Business Consultancy groups. Steve joined PHC as Chief Financial Officer in 2015.



Report of the Commissioners

The Commissioners present their Report and Audited Accounts for the year ended 31st March 2022.

Statement of responsibilities of the Board

With certain exceptions, the Report and Accounts of the Statutory Harbour Undertakings must comply with the requirements of the Companies Act 2006.

One of the features of the Form of Accounts required by this Act is the use of the word “profit” to describe the surplus of income over expenditure. Poole Harbour Commissioners are a Statutory Trust and therefore any profit shown in the Report and Accounts is used for the financing of capital expenditure or facilities for the benefit of harbour users and to build reserves to provide financial stability.

The following statement which should be read in conjunction with the statement of Auditors’ responsibilities is made with a view to distinguishing the respective responsibilities of the Commissioners and of the Auditors in relation to the Accounts.

The Commissioners are required by the Harbours Act 1964, as amended by subsequent legislation, to prepare Accounts for each financial year which give a true and fair view of the state of affairs of Poole Harbour Commissioners as at the end of the financial year and of the profit or loss of the Poole Harbour Commissioners for the year. In preparing those Accounts the Commissioners are required to:-

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;

- Follow applicable Accounting Standards, subject to any material departures disclosed and explained in the Accounts;
- Prepare the Accounts on the going concern basis unless it is inappropriate to presume that the Commissioners will continue in business.

The Commissioners are responsible for keeping adequate accounting records which disclose, with reasonable accuracy at any time, the financial position of the Poole Harbour Commissioners and to enable them to ensure the Accounts comply with the Harbours Act 1964 as amended by subsequent legislation. They are also responsible for safeguarding the assets of the Commissioners and, hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Board Membership

The Board of Poole Harbour Commissioners (PHC) comprises of twelve commissioners, two drawn from the executive (James Stewart and Captain Brian Murphy), one staff representative (Robert Bridewell) and nine appointed by independent selection panels.

The 2021 independent selection panel appointed Alicia Andrews, Davina Houlton, Richard Selby and Andrew Tate as commissioners, each for a three-year term until 31 October 2024.

Financial Results for Year ended 31st March 2022

Poole Harbour Commissioners’ turnover increased by 13.2% (2021: decrease of 16.8%) to £12.71 million (2021: £11.23 million), producing a gross profit of £5.67 million (2021: £4.70 million). A 5-year cyclical investment property

valuation resulted in an accounting gain from an increase in their fair value of £1.35m (2021: £nil). After accounting for this gain, the profit before taxation was £2.66m (2021: £0.85m). The underlying profit before taxation, excluding the gain from the fair value movement of investment property, was £1.31m (2021: £0.85m).

A tax charge of £0.98m (2021: £0.40m), resulted in a profit for the financial year after tax of £1.68m (2021: £0.45m).

Other comprehensive income of £0.76m (2021: loss of £0.20m), due mainly to the reclassification of certain land and buildings as investment property, resulted in a total comprehensive income for the year of £2.44m (2021: £0.25m).

EU exit (Brexit)

Following the UK's departure from the EU, the UK Government's revised Border Operating Model has been published, requiring ports to provide new facilities for checks by Government agencies including Border Force, HM Revenue & Customs and DEFRA. These facilities were completed by PHC within the Government's timescales during the financial year. PHC's management team continue to meet regularly with local authorities, Dorset Police and UK Government departments as the UK Government continues to review and refine its border model.

COVID-19

The 2021-22 financial year coincided with the second full year of the pandemic. Following the third national lockdown in January 2021, most social distancing restrictions were lifted in early summer 2021 with certain restrictions then reintroduced during the autumn of 2021. Restrictions and testing requirements for international travel continued to adversely impact demand for cross-channel ferry and cruise-ship services, however, with a full return to Poole's pre-pandemic ferry sailing schedules not seen until April 2022, shortly after the financial year-end. As a result, while Port of Poole saw some recovery in RoRo ferry and cruise ship operations activity during the year, revenue remained below pre-pandemic levels. The impact of this was partly offset by revenues from the lay-up berthing of superyachts and other vessels, effective control of costs by the management team and the continued temporary furloughing of staff in accordance with HMRC's Coronavirus Job Retention Scheme.

At the outset of the crisis PHC made early contact with its bankers, agreeing capital repayment holidays on its most significant bank loans and finance leases.

As a result of these measures and the partial recovery in operational activities during the year, PHC further strengthened its balance sheet with net current assets increasing by 6% to £3.00m (2021: £2.84m) and net debt reducing by 12% to £5.40m (2021: £6.11m). PHC met all its bank loan financial covenants for the 2021-22 financial year. Management Accounts for the first quarter since the year-end reflect that cross-channel ferry sailings have returned to pre-pandemic levels during the quarter.

Going concern

Based upon their financial forecasts, the Commissioners have an expectation that all obligations will be met as they fall due for a period of not less than 12 months from the approval of these accounts. The Commissioners, therefore, continue to adopt the going concern basis of accounting in preparing these financial statements.

Pensions

Following a triennial actuarial valuation of the Poole Harbour Commissioners' Retirement Benefits Scheme as at 30 April 2021, an updated deficit reduction payment plan was agreed with the scheme trustees, under which the scheme is expected to achieve a 100% funding level by 2025, one year earlier than under the previous, 2018, plan. The 2021 actuarial valuation reported an improved funding level of 90% (2018 valuation: 87%).

In accordance with the previous plan, the Commissioners made no deficit reduction payments to the scheme during the year (2021: nil), with a deficit reduction payment of £234k due during the 2022-23 financial year, in accordance with the updated plan.

Approved by Poole Harbour Commissioners on 30 September 2022 and signed on their behalf by:



Captain D. Norman



Independent Auditor's Report to Poole Harbour Commissioners

Opinion

We have audited the financial statements of Poole Harbour Commissioners (the 'Commissioners') for the year ended 31 March 2022 which comprise the Profit and Loss account, the Statement of Changes in Equity, the Balance Sheet, the Cash Flow Statement 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the Commissioners' affairs as at 31 March 2022 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.
- have also been prepared in accordance with the requirements of the Harbours Act 1964, as amended by the Transport Act 1981 and subsequent legislation.

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 Commissioners in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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



Other information

The other information comprises the information included in the annual review, other than the financial statements and our auditor's report thereon. The Commissioners are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 Companies Act 2006

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

- the information given in the Strategic Report and the Commissioners' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic Report and the Commissioners' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 or the Harbours Act 1964 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; 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.

Responsibilities of Commissioners

As explained more fully in the Commissioners' responsibilities statement, 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 the organisation'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 organisation 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the commissioners and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-bribery, corruption and fraud, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Commissioners is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Commissioners which were contrary to applicable laws and regulations, including fraud.



We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006 and the Harbours Act 1964 as amended by the Transport Act 1981 and subsequent legislation.

In addition, we evaluated the Commissioners' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the cut off assertion) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Commissioners and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or

the override of internal controls.

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.

Use of the audit report

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 Commissioners as a body for our audit work, for this report, or for the opinions we have formed.

Stephen Mills (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
5th Floor Merck House
Seldown Lane
Poole, Dorset BH15 1TW

30 September 2022

Profit and loss account for the year ended 31st March 2022

	Note	2022 £000	2021 £000
Turnover	(3)	12,706	11,228
Cost of sales	(4)	(7,038)	(6,531)
Gross profit		5,668	4,697
Other income		218	482
Administrative expenses		(4,258)	(4,042)
Operating profit	(6)	1,628	1,137
Gain from Fair Value Movement of Investment Property		1,352	-
Profit on ordinary activities before interest		2,980	1,137
Interest receivable and similar income	(8)	2	4
Interest payable and similar charges	(9)	(321)	(289)
Profit on ordinary activities before taxation		2,661	852
Tax on profit on ordinary activities	(10)	(981)	(403)
Profit for the financial year		1,680	449
Other comprehensive income			
Actuarial (losses)/ gains			
In respect of defined benefit scheme		(8)	(244)
Deferred tax in respect of above		2	46
Revaluation of property transferred to Investment Property		1,016	-
Deferred tax in respect of above		(248)	-
Total comprehensive income for the financial year		2,442	251

All of the activities are classified as continuing.

Notes on pages 25 to 46 form an integral part of these accounts.

Statement of Changes in Equity for the year ended 31st March 2022

	Revaluation reserve	Capital reserve £000	Profit & loss account £000	Total £000
Balance at 1st April 2020	8,158	746	12,824	21,728
Comprehensive income for the year				
Profit for the year	-	-	449	449
Other recognised gains and losses	-	-	(198)	(198)
Total comprehensive income for the year	-	-	251	251
Balance at 1st April 2021	8,158	746	13,075	21,979
Comprehensive income for the year				
Profit for the year	-	-	1,680	1,680
Other recognised gains and losses	1,016	-	(254)	762
Transfer to revaluation reserve	1,352	-	(1,352)	-
Total comprehensive income for the year	2,368	-	74	2,442
As at 31st March 2022	10,526	746	13,149	24,421

Balance sheet as at 31st March 2022

	Note	2022 £000	2021 £000
Fixed assets			
Intangible assets	(11)	75	125
Property, Plant & Equipment	(12)	25,412	22,550
Investment Properties	(13)	14,160	10,570
Investments	(14)	-	-
		39,647	33,245
Current assets			
Stocks	(15)	17	20
Debtors	(16)	1,778	1,636
Cash at bank and in hand		5,322	5,191
		7,117	6,847
Creditors: amounts falling due within one year	(17)	(4,117)	(4,011)
		3,000	2,836
Net current Assets			
		42,647	36,081
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	(18)	(9,686)	(9,752)
Deferred income: grants	(20)	(4,705)	(1,497)
		28,256	24,832
Provision for liabilities			
Deferred taxation	(21)	(2,637)	(1,690)
Pension liability	(7)	(1,198)	(1,163)
		24,421	21,979
Net assets			
Reserves			
Capital reserve		746	746
Revaluation Reserve		10,526	8,158
Profit and loss account		13,149	13,075
		24,421	21,979
Capital employed/Commissioners' funds			

Notes on pages 25 to 46 form an integral part of these accounts.

The Accounts were approved by the Commissioners on 30 September 2022 and signed on their behalf by:



Captain D. Norman

Chairman



J. Stewart

**Chief Executive,
Clerk & Collector of Dues**

Cash flow statement for the year ended 31st March 2022

	Note	2022 £000	2021 £000
Cash inflow from operating activities	A.	3,671	3,162
Returns on investments and servicing of finance			
Interest received		2	4
Interest paid		(334)	(258)
Net cash outflow from returns on investments and servicing of finance		(332)	(254)
Taxation			
Corporation tax refund (paid)/received		(192)	26
Capital expenditure and financial investment			
Payments for tangible fixed assets		(5,853)	(1,891)
Disposal proceeds from sale of fixed assets		65	62
Net cash outflow for capital expenditure		(5,788)	(1,829)
Cash (outflow)/inflow before financing		(2,641)	1,105
Financing			
Bank loan repayments		(822)	(8,524)
Finance lease repayments		(853)	(130)
Additional bank financing		1,100	8,469
Additional finance leases		-	1,163
Additional grant funding		3,347	188
Increase in cash in the period	C.	131	2,271

Notes on pages 25 to 46 form an integral part of these accounts.

Notes to the cash flow statement for the year ended 31st March 2022

A. Reconciliation of operating profit to operating cash flows

	2022 £000	2021 £000
Operating profit	1,628	1,137
Depreciation	1,741	1,881
(Profit)/loss on disposal of fixed assets	(37)	36
Amortisation of deferred income: grants	(139)	(108)
Amortisation of intangible assets	50	50
Decrease in stocks	3	13
Increase in debtors	(84)	(254)
Decrease in creditors	509	407
Net cash inflow from operating activities	3,671	3,162

B. Analysis of net debt

	As at 1 April 2021	Cash Flow	As at 31 March 2022
Cash at bank and in hand	5,191	131	5,322
Bank loan	(8,839)	(278)	(9,117)
Finance leases	(2,461)	853	(1,608)
Total	(6,109)	706	(5,403)

Notes to the cash flow statement for the year ended 31st March 2022

C. Reconciliation of net cash flow to movement in net debt (see note B)

	2022 £000	2021 £000
Increase in cash in the period	131	2,271
Bank loan repayments	822	8,524
Bank loan financing	(1,100)	(8,469)
Finance lease repayments	853	130
New finance leases	-	(1,163)
Movement in net debt	706	1,293
At 1st April	(6,109)	(7,402)
At 31st March	(5,403)	(6,109)

Notes to the accounts for the year ended 31st March 2022

1. Accounting policies

Accounting convention

The Commissioners are required by the Harbours Act 1964, as amended by subsequent legislation, to prepare accounts which comply with the requirements of the Companies Act 2006. The accounts are prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Commissions accounting policies (see note 2).

The particular accounting policies adopted are described below.

Going concern

The organisation made an operating profit in the year of £1,628k (2021: £1,137k) and, as at 31 March 2022, had net current assets of £3,000k (2021: £2,836k).

In considering the going concern status of the organisation the Commissioners have prepared forecasts to cover the period of 12 months from the approval of these financial statements. In preparing these forecasts consideration has been given to the impact of Covid-19 which continued to adversely impact cross-channel ferry operations from Poole until April 2022. In response to the Covid-19 pandemic, since March 2020 PHC has mitigated the reduction in turnover from cross-channel ferry and cruise ship operations through a combination of maximising new revenue opportunities, effective cost-control and a restructuring of PHC's bank loans. These mitigating measures ensured that PHC strengthened its balance sheet and has continued to trade profitably, despite the pandemic. Cross-channel ferry sailings from Poole returned to pre-pandemic volumes during April 2022 which, together with the other measures taken since March 2020, will continue to mitigate any ongoing adverse financial impacts of the pandemic during 2022-23 enabling PHC to continue to trade profitably, generating sufficient positive cash inflows from its operating activities to meet its liabilities.

The Commissioners, therefore, continue to adopt the going concern basis of accounting in preparing these financial statements.

Turnover

Turnover comprises the total (net of Value Added Tax) of dues, rates and charges levied for use of the harbour and services provided during the year. Turnover is recognised in line with harbour usage and service provision. Turnover for Dues, Handling and Pilotage is accounted for at the time of the activity. Leisure revenue is accounted for at the time of receipt of payment and recognised over the period to which it relates. Other revenue, such as rents, are charged at the start of the rental period and recognised over the period to which it relates.

Notes to the accounts for the year ended 31st March 2022

1. Accounting policies continued

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	-	20 years
----------	---	----------

Fixed assets

Investment property

Property is classified as investment property if:

- It is not utilised by the Commissioners for the provision of operational port services (e.g. Stevedoring)
- It is a defined area (land, dock structures, quays, buildings and other fixed structures) and one or more users pay a commercial rent under a signed lease agreement for use of that area for one or more years; and
- Any ancillary services provided by the Commissioners at the property are insignificant to the arrangements as a whole.

Investment property is measured at fair value. Valuations are conducted annually by management with a valuation by a qualified external valuer being undertaken at least once every five years. Surpluses or deficits arising on the revaluation of investment property are recognised in the profit and loss account.

Transfers between investment properties and operational assets are made at fair value as at the date of change in use or classification.

Property, Plant & Equipment

Depreciation has not been provided on any freehold land.

Depreciation of other tangible fixed assets is charged to the profit and loss account on a straight-line basis at rates calculated to write-off the cost of such assets over their expected useful economic lives and having taken account of estimated residual values. Estimated useful lives extend up to a maximum of 50 years for Buildings, up to 35 years for Dock Structures, Quays & Dredging, up to 30 years for Floating Craft and range between 3 and 20 years for Plant & Equipment.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Notes to the accounts for the year ended 31st March 2022

1. Accounting policies continued

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Creditors

Short term creditors are measured at transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the Commissioners an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Leases

Expenditure on operating leases is charged to the profit and loss account in equal instalments over the total lease term.

Grants

Grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

Grants in respect of revenue expenditure, including the Coronavirus Job Retention Scheme, are credited to the profit and loss account in the period during which the related expenditure was incurred.

Notes to the accounts for the year ended 31st March 2022

1. Accounting policies continued

Retirement benefits

Defined benefit pension scheme

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Commissioners. The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs/income. Actuarial gains and losses are reported within Other Comprehensive Income.

Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Notes to the accounts for the year ended 31st March 2022

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of these financial statements requires management to note judgements and estimates that affect the reported amount of assets and liabilities at the balance sheet date and the reported profits during the financial year.

The following judgements and estimates have been made in these financial statements:

a) Investment property (judgement)

Investment property is measured at fair value. Valuations are conducted annually by management with a valuation by a qualified external valuer being undertaken at least once every five years. A professional valuation was undertaken at 31 March 2022 with the next external professional valuation therefore due no later than 31 March 2027.

When identifying which assets should be considered as Investment Property, management apply the policies set out in note 1 “Accounting Policies, Investment Property” which includes the application of judgment to ensure that property which is primarily held for operational port services is not misclassified if, for example, a temporary short-term rental agreement is in place and it is the intention of the Commissioners that the property reverts to use for port services on the expiration of that agreement.

b) Useful economic life of assets (estimate)

Management have provided in these accounts their best estimate of estimated residual value and useful economic life of tangible fixed assets.

c) Defined benefit pension liability (judgement)

Actuarial assumptions have been used to value the Pension Scheme, as set-out in note 7 of the accounts.

Notes to the accounts for the year ended 31st March 2022

3. Turnover

All Turnover arose within the United Kingdom.

Turnover is derived from the following sources:

	2022 £000	2021 £000
Dues on commercial vessels	805	745
Dues on cargoes and passengers	899	485
Cargo handling	5,422	4,916
Pilotage	678	544
Marina Operations	1,436	1,249
Other revenue	3,466	3,289
	12,706	11,228

4. Cost of sales

Cost of sales consists of:

	2022 £000	2021 £000
Dredging	94	77
Pilotage	428	454
Harbour operation and maintenance	2,083	1,817
Cargo handling wages and plant costs	3,753	3,551
Marina Operations	685	607
Other	(5)	25
	7,038	6,531

Notes to the accounts for the year ended 31st March 2022

5. Pilotage revenue and expenditure

	2022 £000	2021 £000
Revenue from charges in respect of:		
Providing pilotage services	678	544
<hr/>		
Expenditure incurred in respect of:		
Providing the service of pilots	383	368
Other Direct Costs – Pilot Boat Maintenance and operation	45	86
Administrative Expenses:		
Depreciation of vessels	24	24
Administration expenses	117	130
Interest Payable	3	5
	<hr/> 572	<hr/> 612

Notes to the accounts for the year ended 31st March 2022

6. Operating profit

	2022 £000	2021 £000
Operating profit is stated after charging/(crediting) the following:		
Commissioners' emoluments (including officers):		
Aggregate emoluments for managerial services	442	398
Aggregate employer's pension scheme contributions	28	28
Emoluments of the highest paid Commissioner (the Chief Executive):		
Total emoluments	191	163
Pension contributions to money purchase pension schemes	14	14
Auditor's remuneration:		
Audit fees	24	23
Non-audit services:		
Taxation	4	4
Consultancy	-	13
Depreciation	1,741	1,881
(Profit)/loss on disposal of fixed assets	(37)	36
Rentals under operating leases:		
Hire of plant and machinery	20	5
Other	13	12
Amortisation of deferred income: grants	(139)	(108)
Amortisation of intangible assets	50	50
Other grants (including Coronavirus Job Retention Scheme grant)	(79)	(374)
	2022 No.	2021 No.
The number of Commissioners who are accruing benefits under the Poole Harbour Commissioners' pension schemes were as follows:		
Money purchase schemes	3	3

Notes to the accounts for the year ended 31st March 2022

7. Employees

The average monthly number of staff (including paid Commissioners) employed during the year was:

	2022 No.	2021 No.
Dock workers	33	35
Other manual workers	33	38
Management, technical and administrative	40	39
	106	112

Staff costs were:

	2022 £000	2021 £000
Wages and salaries	3,847	3,740
Social security costs	404	385
Pension costs (see below)	297	299
	4,548	4,424

Pension Costs

Pension costs represent amounts charged to operating profit and do not include amounts credited to net finance income/costs (note 9) or amounts recognised within Other Comprehensive Income.

The Poole Harbour Commissioners operate two defined benefit pension schemes (see below).

Retirement Benefits Scheme and Retirement Gratuity Scheme

Both the Retirement Benefits Scheme and the Retirement Gratuity Scheme are defined benefit schemes. Both Schemes were closed to future accrual in 2007.

The assets of the schemes are both held separately from those of Poole Harbour Commissioners in independent trustee administered funds.

Retirement Benefits Scheme

Contributions are charged to the profit and loss account so as to spread the cost of pensions over the service lives of the employees in the scheme. The pension cost relating to the scheme is assessed in accordance with the advice of an independent qualified actuary using the projected unit method, on the basis of valuations carried out at intervals not exceeding three years.

Retirement Gratuity Scheme

The pension cost represents contributions payable to the fund in the year. The aim of the scheme is to provide a specific lump sum benefit on the earlier of death or retirement based upon the length of service of employees in the scheme. The scheme is subject to a full independent actuarial valuation at least every three years, on the basis of which the actuary certifies the rate of the employer's contributions which are sufficient to fund in full the scheme's benefits.

Notes to the accounts for the year ended 31st March 2022

7. Employees continued

The year end combined position of the two schemes is set out below:

Actuarial valuations were carried out as at 30 April 2021 and updated to 31 March 2022 by a qualified independent actuary. The actuary has also provided information as at the year end as follows:

The principal actuarial assumptions as at the balance sheet date were:

	2022 %	2021 %
Discount rate	2.65	2.05
Rate of increase in pensions in payment before 6 April 1997	3.00	3.00
Rate of increase in pensions in payment 6 April 1997 – 2005	3.95	3.70
Rate of increase in pensions in payment after 2005	3.00	3.00
Expected return on scheme assets	n/a	n/a
Inflation (RPI)	3.90	3.40
Inflation (CPI)	3.40	2.55

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescales covered, may not necessarily be borne out in practice. The expected return on schemes' assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed asset investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity reflect long term real rates of return experienced in the respective markets.

Analysis of amounts included in other finance costs:

	2022 £000	2021 £000
Expected return on scheme assets	236	257
Interest on scheme liabilities	(265)	(284)
Total charge to the profit and loss account	(29)	(27)

Other finance costs are included in the profit and loss account within interest payable and similar charges.

Notes to the accounts for the year ended 31st March 2022

7. Employees continued

The amounts recognised in the balance sheet are as follows:

	2022 £000	2021 £000
Present value of funded obligations	(12,127)	(13,152)
Fair value of scheme assets	10,660	11,722
	(1,467)	(1,430)
Related deferred tax assets	269	267
Net pension liability	(1,198)	(1,163)

The net pension liability is secured by a specific legal charge over freehold property in the ownership of the Commissioners.

The movement in the net pension liability is recognised as follows:

	2022 £000	2021 £000
Net finance cost (note 9)	(29)	(27)
Employer contributions	-	-
Other comprehensive income	(6)	(198)
	(35)	(225)

The major categories of the schemes' assets, as an amount, were as follows:

	2022 £000	2021 £000
Equities	6,395	6,447
Gilts and bonds	3,945	4,572
Cash and deposits	320	703
Total market value of assets	10,660	11,722

During the year the actual return on scheme assets was a loss of £574,000 (2021: profit of £971,000).

Notes to the accounts for the year ended 31st March 2022

7. Employees continued

Changes in the fair value of the schemes' assets were as follows:

	2022 £000	2021 £000
Opening fair value of schemes' assets	11,722	11,557
Expected return on schemes' assets	236	257
Contributions by employer	-	-
Actuarial (losses)/gains	(810)	714
Benefits paid	(488)	(806)
Closing fair value of schemes' assets	10,660	11,722

The Commissioners' contributions during the accounting period amounted to £nil (2021: £nil). Under the terms of the most recent deficit reduction plan (effective 23 March 2022), the value of contributions to be paid to the scheme during the next financial year is £234,000.

Changes in the present value of the defined benefit obligations of the schemes were as follows:

	2022 £000	2021 £000
Opening defined benefit obligation	13,152	12,716
Interest on scheme liabilities	265	284
Actuarial (gains)/losses	(802)	958
Benefits paid	(488)	(806)
Closing defined benefit obligation	12,127	13,152

Notes to the accounts for the year ended 31st March 2022

7. Employees continued

Amounts for the current and previous four periods are as follows:

	2022 £000	2021 £000	2020 £000	2019 £000	2018 £000
Defined benefit obligation	(12,127)	(13,152)	(12,716)	(13,021)	(14,002)
Fair value of scheme assets	10,660	11,722	11,557	11,617	11,784
Deficit in the scheme	(1,467)	(1,430)	(1,159)	(1,404)	(2,218)
Difference between the expected and actual return on scheme assets	(8)	(244)	(279)	(872)	(225)
Experience gains/(losses) on scheme liabilities	18	103	(53)	24	(204)

Other independent pension funds

Contributions are also made to other independent pension funds on behalf of specific employees, or groups of employees, who do not derive a future pension benefit from the Poole Harbour Commissioners' own Retirement Benefits Schemes (see above). There were no outstanding or prepaid contributions as at 31st March 2022.

	2022 £000	2021 £000
Total pension costs are summarised as follows:		
Contributions	238	248
Consultancy and other professional fees	59	51
	297	299

8. Interest receivable and similar income

	2022 £000	2021 £000
Other interest receivable	2	4

Notes to the accounts for the year ended 31st March 2022

9. Interest payable and similar charges

	2022 £000	2021 £000
Bank loans and overdraft	292	262
Net finance expense in respect of defined benefit pension scheme (note 7)	29	27
	321	289

10. Taxation

	2022 £000	2021 £000
The tax charge on profit on ordinary activities is made up as follows:		
United Kingdom corporation tax at 19% (2021: 19%)	280	190
Adjustments in respect of prior periods	3	-
Deferred taxation:		
Adjustments in respect of changes in tax rates	534	-
Origination and reversal of timing differences	164	213
	981	403
Profit on ordinary activities before tax	2,660	852
Standard rate of corporation tax in the UK	19%	19%
Profit on ordinary activities multiplied by the standard rate of corporation tax	505	162
Adjusted for:		
Income not taxable	(11)	(5)
Expenses not deductible for tax purposes	2	5
Capital allowances for period less than depreciation	88	166
Impact of revaluation adjustments	(138)	-
Defined benefit pension adjustments	(2)	46
Adjustments in respect of prior periods	3	29
Adjustment in respect in change in tax rates	534	-
	981	403

Notes to the accounts for the year ended 31st March 2022

11. Intangible fixed assets

	Goodwill £000
Cost	
At 1st April 2021 and as 31st March 2022	1,002
Amortisation	
At 1st April 2021	877
Provided in year	50
As at 31st March 2022	927
Net Book Value	
At 31st March 2021	125
At 31st March 2022	75

Goodwill is an individually material amount arising from the acquisition of Poole Quay Boat Haven. It has a remaining useful economic life of 1 year (2021: 2 years)

Notes to the accounts for the year ended 31st March 2022

12. Tangible fixed assets – Property, Plant & Equipment

	Land & Buildings £000	Dock Structures, Quays & Dredging £000	Floating Craft £000	Plant & Equipment £000	Assets under construction £000	Total £000
Cost						
At 31st March 2021	9,046	29,029	1,808	12,286	485	52,654
Additions	138	-	-	545	4,032	4,715
Disposals	(174)	(12)	-	(364)	-	(550)
Fair Value Movement	1,016	-	-	-	-	1,016
Transfer to Investment Properties	(1,503)	-	-	-	-	(1,503)
Transfer between classes	4,517	-	-	-	(4,517)	-
At 31st March 2022	13,040	29,017	1,808	12,467	-	56,332
Depreciation						
At 31st March 2021	4,638	16,924	1,311	7,231	-	30,104
Provided in year	226	517	50	948	-	1,741
Transfer to Investment Properties	(403)	-	-	-	-	(403)
Disposals	(174)	(12)	-	(336)	-	(522)
At 31st March 2022	4,287	17,430	1,360	7,843	-	30,920
Net Book Value						
At 31st March 2021	4,408	12,105	497	5,055	485	22,550
At 31st March 2022	8,753	11,587	448	4,624	-	25,412

Included in Plant & Equipment are tangible fixed assets owned under finance leases with a net book value of £2,013,962 (2021: £2,763,651).

Included in Dock Structures, Quays & Dredging is capitalised interest with a cost of £97,860 (2021: £97,860) and net book value of £86,676 (2021: £89,472).

Notes to the accounts for the year ended 31st March 2022

13. Investment Properties

	Investment Assets £000
Valuation	
At 1st April 2021	10,570
Additions	1,138
Transfer from plant, property and equipment	1,100
Movement in fair value	1,352
As at 31st March 2022	14,160
Net Book Value	
At 31st March 2021	10,570
At 31st March 2022	14,160

Investment property is measured at fair value. Valuations are conducted annually by management with a valuation by a qualified external valuer being undertaken at least once every five years. An external professional valuation was obtained at 31 March 2022 with the next external professional valuation therefore due no later than 31 March 2027.

14. Investments

The Commissioners own the whole of the issued share capital of Poole Quay Boat Haven Limited.

15. Stocks

	2022 £000	2021 £000
Materials, spares and consumables	17	20

16. Debtors

	2022 £000	2021 £000
Trade debtors	1,406	1,557
Other debtors	142	40
Prepayments and accrued income	230	39
	1,778	1,636

Notes to the accounts for the year ended 31st March 2022

17. Creditors amounts falling due within one year

	2022 £000	2021 £000
Bank loans and overdrafts	705	695
Trade creditors	607	887
Other creditors	81	99
Corporation tax	280	190
Other taxes and social security	110	98
Accruals and deferred income	2,000	1,189
Finance lease obligations	334	853
	4,117	4,011

18. Creditors amounts falling due after more than one year

	2022 £000	2021 £000
Bank loan: instalments falling due within five years	8,412	8,144
Finance lease obligations	1,274	1,608
	9,686	9,752

19. Total bank borrowings

	2022 £000	2021 £000
Amounts repayable:		
In one year or less or on demand	705	695
In two to five years	2,612	2,400
In more than five years	5,800	5,744
	9,117	8,839

All bank borrowings are secured by specific legal mortgages and equitable charges over freehold and leasehold property in the ownership of the Commissioners and fixed and floating charges over all current and future assets of the Commissioners. The loans incur interest either at a margin above bank base rate or at a fixed rate.

Notes to the accounts for the year ended 31st March 2022

20. Deferred income: grants

	2022
	£000
Received and receivable:	
At 1st April 2021	2,708
Additions	3,347
As at 31 March 2022	6,055
Amortisation:	
At 1st April 2021	1,211
Released to profit and loss account	139
At 31st March 2022	1,350
Net balance at 31st March 2021	1,497
Net balance at 31st March 2022	4,705

21. Deferred taxation

	2022	2021
	£000	£000
The provision for deferred taxation is made up as follows:		
At 1st April	1,690	1,477
Profit and loss account charge for the year	947	213
At 31st March	2,637	1,690
Represented by tax on:		
Capital allowances in advance of related depreciation	1,859	1,358
Short Term Timing Differences	(367)	(179)
Revaluation of investment property	1,145	551
At 31st March	2,637	1,690

Notes to the accounts for the year ended 31st March 2022

22. Operating lease commitments

At 31st March 2022 the Commissioners have future minimum lease payments under non-cancellable operating leases as follows:

	2022 Land and Buildings £000	2022 Other £000	2021 Land and Buildings £000	2021 Other £000
Within one year	31	3	35	3
Within two to five years	125	3	124	5
After five years	697	-	729	-

23. Capital Commitments

During the year Poole Harbour Commissioners entered into contracts to purchase property, plant and equipment for £277,874 (2021: nil).

24. Borrowing powers

Under the provisions of the Ports (Finance) Act 1985 the Commissioners have unrestricted borrowing powers.

25. Related party transactions

During the year Poole Harbour Commissioners received grant funding totaling £2,068,140 (2021: £188,134) from Dorset Local Enterprise Partnership, a Community Interest Company focused on economic development in Dorset of which James Stewart, PHC's Chief Executive and a commissioner, is a Board member.

During the year Poole Harbour Commissioners purchased legal services totaling £53,124 (2021: £3,435) from Ashfords LLP, a UK law firm in which the spouse of Brian Murphy, PHC's Harbour Master and a commissioner, is a Partner.



Annual Environmental Summary 2021-22

Poole Harbour is one of the outstanding features of Southern England. The Commissioners have a duty to maintain, regulate and improve the Harbour sustainably so that it can be passed onto future generations.

The Port of Poole operated by the Commissioners, remains a central feature of the Harbour's day to day activity as a successful medium sized port. The Commissioners continue to look at ways to develop and improve the facilities and services they provide for ferries, fast ferries, cargo vessels, cruise ships, private yachts and other Harbour users in an environmentally sustainable way.

The Commissioners publish an environmental summary in the annual report, to explain the highlights from the past year.



Environmental Policy Statement

Poole Harbour Commissioners' objective is to maintain the balance in the Harbour between commercial, recreational and environmental interests, at the same time maintaining a sustainable and commercially viable medium sized port.

The Commissioners are committed to continuous improvement of their environmental performance by fulfilling their duties relating to conservation, regulation and enhancement of the Port and Harbour of Poole and complying with relevant UK, European and international legislation.

In implementing this policy, the Commissioners shall ensure that they:

1. Environmental Management

- Endorse the principles contained in the European Sea Ports Organisation's Environmental Code of Practice.
- Assess and mitigate environmental risks for all aspects of the Commissioners' operations.
- Include measurable environmental objectives and targets in business plans, and conduct regular management reviews and audits to identify areas for improvement.
- Develop a sustainable procurement policy for the business.
- Record all significant environmental occurrences.
- Publish environmental performance in an annual environmental review.



2. Resource Management

- Continue to monitor and where possible reduce resource consumption.
- Seek opportunities to apply innovative technology to reduce emissions and energy consumption.

3. Waste Management

- Continually assess recycling, re-use and waste minimisation opportunities.

4. Communication & Training

- Communicate with employees, contractors, regulators and the general public to ensure people are aware of their roles and responsibilities, and are competent in performing them.

5. Pollution Prevention & Control

- Ensure that contingency plans and controls are in place and regularly reviewed and tested, to endeavour to prevent spills of oil, chemicals or potentially contaminating materials.

- Apply best available technology, without involving disproportionate costs, to plant acquisitions, facilities and activities to advance pollution control and emissions reduction.
- Pursue good house-keeping policies to ensure tidiness on the Port Estate.
- It is the Commissioners' policy for the 'polluter' to pay for the cost of clean up and disposal following land and marine based incidents.

The policy will be changed from time to time to embrace changes in the Commissioners' activities.

Captain D. Norman, Chairman
Date: 30 September 2022.



Review of 2021-22 Environmental Performance

Poole Harbour Steering Group

PHC's Chief Executive continues to chair the Poole Harbour Steering Group, whose focus is the ongoing conservation of Poole Harbour. Two meetings of the Steering Group were held during the year. The group oversees the Poole Harbour Aquatic Management Plan which is in the process of being reviewed and updated.

Maintenance Dredging Protocol (MDP)

The MDP is a baseline document for the consents process of both dredging and the subsequent disposal of dredged materials within the Harbour. The Sediment Management Plan, which feeds into the document, aims to retain as much fine material as possible within the Harbour by utilising the Brownsea Roads disposal site whenever dredged material is suitable.

Dredging & Disposal

All the marinas and boatyards in the harbour carried out maintenance dredging during the year, resulting in 22,100m³ of uncontaminated silt material being deposited at the Brownsea Roads in-harbour site. To avoid overloading the site, PHC ensure that the daily volume disposed does not exceed 750m³.

No dredging of the main channels was needed during this financial year.

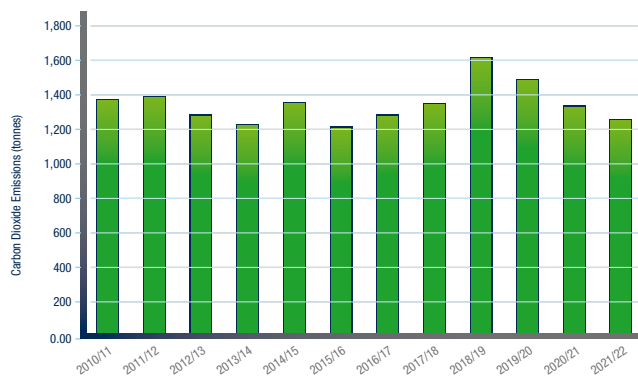
Davis Boatyard and Cobbs Quay both dredged under their own marine licences, depositing the dredged materials at the Swanage site.

Resource Management

Carbon Dioxide Emissions

The Commissioners continue to monitor their carbon footprint through record keeping of diesel, marine gas oil, heating oil, gas, electricity and LPG usage.

There is an on-going programme to replace all lighting on the Port, including high mast lights and low-level lighting, with LED lamps and work on this has continued during the year.



Annual Carbon Dioxide Emissions



Utilities Usage

Overall water consumption remained consistent with the prior year. Water supplied to vessels increased due to the post-COVID return of vessels to the Port, but this was offset by savings in water consumption from leak-repairs. A contractor has been commissioned to undertake a full survey of all water pipes on the Port to identify and repair any further leaks.

Electricity and gas usage reduced slightly, partly as a result of a warmer winter and the continued 'working from home' of companies with offices on the Port. Ports are considered key industries and frontline PHC staff continued to work on the Port full-time throughout the Covid-19 pandemic.

Waste Management

Port Waste Management Plan

Following EU-exit, this document is in the process of being updated.

Waste Management

The Port's 3-year waste disposal contract ends in September 2022 and will be put out to tender during the summer of 2022.

Pollution Prevention and Control

Poole Harbour Commissioners have an Oil Pollution Response Plan in place to deal with oil or other hazardous substance release within the Harbour Authority area of jurisdiction. Because of the environmental designations within the Harbour, maintaining and testing the Response Plan is a priority to the Commissioners.

The Harbour Master, Chief Executive and Assistant Harbour Masters are all trained to Incident Commander level to deal with such incidents, with the assistance of other trained employees within the Harbour Master's Department.

PHC's Oil Pollution Response Plan was approved by the MCA in July 2021, for a further 5 years.

The Harbour Masters Department responded to two minor pollution incidents in the Harbour between April 2021 and March 2022.



Contacts

The Commissioners are committed to continually improving their environmental performance through ongoing adoption of best practice and working together with their staff and stakeholders to ensure that all their activities and services are delivered in an environmentally sustainable and sensitive manner.

Correspondence on environmental issues related to the Poole Harbour Commissioners and the Port of Poole should be referred to:

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