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Welcome from the Chairman



I am delighted to introduce the first Annual Report since my appointment as Chair of Poole Harbour Commissioners in November 2018. The 2018-19 financial year delivered a strong performance with trading results showing revenue of £13.3m, an increase of 13% on the prior year, and pre-tax profits increasing by 90% to £0.7m. As a Trust Port we have no shareholders with all profits being reinvested back into Poole Harbour and the Port. In addition to completing South Quay's facilities, investments made by the Commissioners included enhancements to the dock facilities used by Poole's fishermen and commencement of phase 3 of the long term project to upgrade flood defences on Town Quay.

It has been a very busy year for the Port with the new 'South Quay' becoming operational in April 2018, delivering a key aspect of the Poole Harbour Master Plan. South Quay is a new deep water facility which significantly increases the size of vessel which Poole can accommodate, enhancing the Port for many decades to come.

Our commercial success stems from the diversity of operations managed by the Commissioners. Our commercial port, 'Port of Poole', services regular ferry sailings to France, Spain and the Channel Islands, and handles a diverse range of bulk and short-sea container cargoes.

Cruise ships are an exciting area of growth for the Port, with an 80% increase in cruise vessel calls to Poole during the year and significant further growth expected in the years ahead, bringing new opportunities to a wide range of local businesses as well as benefitting the Port.

Other commercial operations include our two award winning marinas, 'Poole Quay Boat Haven' and 'Port

of Poole Marina', and the provision of facilities on the port to businesses as a commercial landlord. We have an excellent relationships with all of our tenants, who operate a diverse range of businesses from the Port, creating many jobs and opportunities in Poole and Dorset.

Of course, the wider UK economy faces a higher degree of challenges and uncertainty than has been experienced for some years. The Board have considered the likely implications of Brexit, and are satisfied that suitable contingency preparations have been made and that the Port is able to meet any changes to customs arrangements. Given the diverse nature of our revenue streams and the strength of our balance sheet, the Commissioners are well positioned to cope with any commercial Brexit-related uncertainties.

Hearing the views of our local community and stakeholders is very important to the Board and the executive team. The annual open evening continues to be very well attended and provides an excellent forum for our stakeholders to engage with the Board and senior members of staff through the Chief Executive's presentation, questions from the floor and informally over coffee.

The Board remain committed to good governance and fully embrace all the principles set out in the Ports Good Governance Guidance document. I would like to thank my predecessor, Michael Mitchell, who retired from the Board in October 2018 having successfully completed ten years' service as a Commissioner.

Finally I would like to thank all members of the Board and staff throughout the Port for their contribution to the organisation's success and for providing excellent service to all our stakeholders.

Robert Cripps Chairman



Poole Harbour Commissioners Annual Review 2018/19

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. PHC receives no funding from either central or local government and re-invests surpluses into the organisation for the overall benefit of the port and harbour.

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 Trade Union Commissioner elected by employees and nine 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 three Commissioners annually, based on merit and the

organisation provide 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 and 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. All non-executive Commissioners are members of both committees.



Board Attendance

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

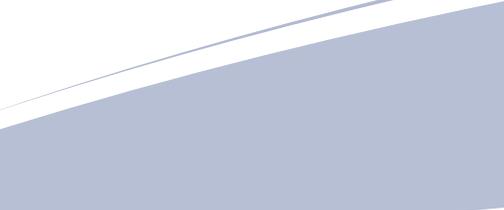
The table below shows the number of meetings attended by each Commissioner during the period for which they were a Commissioner.

	Board Meetings	Audit & Risk Committee Meetings	Remuneration Committee Meetings
M Mitchell (retired 31 Oct 2018)	6/6	1/1	1/1
B Cripps	10/10	1/1	2/2
J Stewart	9/10	1/1	n/a
D Cramond	9/10	1/1	2/2
S Cripps	7/10	n/a	2/2
W Gibbons	8/10	1/1	2/2
P Goodwin	10/10	1/1	2/2
T James	9/10	n/a	n/a
B Murphy	10/10	n/a	n/a
D Norman	9/10	1/1	2/2
M Pate (appointed 1 Nov 2018)	3/4	n/a	1/1
A Piromalli	6/10	1/1	1/2
T Russell (appointed 1 Nov 2018)	4/4	n/a	0/1
G Wordsworth (retired 31 Oct 2018)	6/6	1/1	1/1

Port Marine Safety

Marine safety remains a major priority for the organisation and is managed with the assistance of the Poole Harbour Safety Management System and the Port Marine Safety Code. PHC seeks to attain nationally agreed standards for safe marine operations and its Safety Management System is reviewed regularly along with the Poole Harbour Emergency Plan and the Poole Harbour Oil Spill Contingency Plan. The Board employs an independent Designated Person who reports regularly and directly to the Board. He continues to confirm the effectiveness of the PHC Safety Management System and that the organisation is fully compliant with the Port Marine Safety Code. PHC is audited annually by Trinity House regarding the condition of navigational aids within the harbour. The Harbour Master presents a report to the Commissioners at each monthly Board meeting.

The Trinity House annual inspection audit of availability of navigational lights reported 99.96% compliance (2018: 99.93%). The required average is 98.6%.



Health and Safety

PHC has a clear, defined focus on Health and Safety, both within Poole Harbour and the port estate. Safety procedures are regularly reviewed and frequent safety inspections take place. PHC undergoes extensive external safety audits and are OHSAS 18001: 2007 accredited. The Health and Safety Manager personally reports directly to the Commissioners every six months and the board receives regular monthly reports at their Board meetings. In May 2017 the British Safety Council completed a Health & Safety Audit and received a five star (97.48%) grading.

The strong focus in this area is reflected in there being nil reportable Health and Safety Record reportable accidents during the year (2018: 1)

The Port

The Port of Poole is a successful commercial trust port, handling different vessels including Ro-Ro traffic (high speed as well as conventional ferries), bulk carriers, 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 play a major 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. At the 2019 Marinas conference Poole Quay Boat Haven was awarded runner up in the Yacht Harbour Association's Marina of The Year Award (UK Coastal Marina under 250 berths category) and 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 DfT's Maritime Security and Resilience Division.

Engagement with Stakeholders

PHC engages in extensive consultation with stakeholders. During the course of the year there are regular liaison meetings with a wide range of different stakeholder groups and organisations. PHC holds at least one annual event at which stakeholders and members of the public are invited to learn about current Harbour issues and the PHC's future plans. Up to 300 stakeholders attend the PHC Open Evening, at which the Chief Executive delivers a detailed presentation followed by a question and answer session.

PHC operates Facebook and Twitter accounts which are updated regularly in order to assist with the effective communication of information to our stakeholders.

Stakeholder Benefit

PHC's stakeholders are its customers, employees, central and local Government, the business community

and the local community. Benefit 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 events together with the net financial contribution by PHC towards the Poole Harbour Boat Show. PHC provides boats and crews for regular police patrols in the Harbour.

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 2012

The latest Poole Harbour Revision Order was signed

by the Secretary of State on 5th July 2012. 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 Boat Show

PHC delivered this highly successful event in June 2018 as part of Poole Maritime Festival. Once again, the Boat Show featured free admission and was immensely popular with both stakeholders and the



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) have complied with their key strategic objectives for 2018/19 and set out the following key strategic objectives for 2019/20:

- Maximise commercial opportunities within the Trust Port model, targeting ongoing vessel-call & cargo-volume growth from the new South Quay, which was completed at the end of March 2018, developing the new business opportunities which arise from this enhanced facility.
- Continue to ensure robust contingency plans are in place for all foreseeable Brexit-related scenarios.
- In conjunction with the Environment Agency, complete phase 3 of the essential re-piling and flood defence works at Town Quay.
- Deliver a successful Poole Harbour Boat Show as part of Poole Maritime Festival in June 2019.
- Continue to support, and partner, our local stakeholders and community.
- Protect the unique environment of Poole Harbour and local harbour amenities.
- 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 2019

Financial Review

	2019 £'000	2018 £'000	Movement	
			£'000	%
Turnover	13,318	11,747	1,571	13
Gross Profit	5,400	4,590	810	18
Administrative Expenses	4,403	4,126	277	7
EBITDA	2,796	1,914	882	46
Depreciation & Amortisation	1,801	1,447	354	24
Profit/(loss) on disposal of fixed assets	3	(7)	10	(143)
Pre-Tax Profit	690	363	327	90
Cash Flow From Operating Activities	2,329	2,112	217	10
Capital Expenditure	743	7,269	(6,526)	(90)
Net Debt	8,988	10,326	1,338	13
Pension Liability	1,167	1,788	621	35
Reserves	21,886	19,217	2,669	14

Turnover for the year increased by 13% from £11.7m to £13.3m due mainly to a combination of growth in cargo volumes handled by the port and other conventional vessel calls, including cruise ships and yacht transport vessels. The strong revenue growth drove an improvement in gross profit margin to 41% (2018: 39%). Administrative Expenses were well controlled at £4.4m (2018: £4.1m), with the £277k year-on-year increase due entirely to higher depreciation charges relating to the new £10m South Quay which became operation on 1 April 2018. Interest payable increased by £0.2m to £0.4m (2018: £0.2m) with the higher cost due to interest charges on the development loan for South Quay.

The year-on-year increase in pre-tax profit to £690k (2018: £363k) reflected the improvement in gross profit,

less the higher charges for interest and depreciation attributable to the new South Quay development.

Cash flows generated from Operating Profits during the year were £2.3m (2018: £2.1m). Strong 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 over £0.7m in new capital projects. These included:

- A further £0.1m to complete construction of the new ferry foot-passenger gangway, a £0.5m development project which completed during the year.
- New facilities to service the larger cruise ships now visiting Poole. These included fresh water tanks, fenders, a further passenger coach and luggage loading equipment.
- Installation of a new Davit Crane on the Fisherman's Dock, for use by members of Poole District Fishermen's Association
- Replacement of plant and equipment approaching the end of its useful life, including £0.3m for ferry terminal tractors.
- Upgrades to ferry passenger check-in booths.

These projects were financed from PHC's cash reserves.

Deferred Tax accounting adjustments meant that the tax impact on P&L for the year was a credit of £1.0m. Other Comprehensive Income comprised a £0.7m actuarial gain arising from the pension scheme and the reclassification of a property as Investment Property, following its lease to a tenant, produced a £0.3m revaluation surplus.

After taking into consideration corporation tax and Other Comprehensive Income, year-end reserves increased by £2.7m to £21.9m (2018: £19.2m).



Operational Review

Poole saw steady growth in RoRo freight services during 2018-19, with volumes 3% higher than in the previous year. Poole's two ferry operators, Brittany Ferries & Condor, enjoyed a successful year of operations with a combined total of 672 (2018: 654) ferry sailings from Poole during the year, a year-on-year increase of 2.8% due mainly to fewer sailings being lost due to maintenance dry-docking of vessels.

Bulk cargo volumes recovered some of the volumes lost in the previous year with volumes up by 10% to 344k tonnes (2018: 313k tonnes). The sector continues to face wider UK challenges, including Brexit, and, whilst the year-on-year growth is pleasing, bulk cargo volumes at Poole during the year were still 7% below 2017 levels. Additionally, the port handled 75k tonnes (2018: 77k tonnes) of private cargoes during the year.

PHC has been targeting growth in new markets, facilitated by South Quay, a new deep-water 200m quay facility which became operational in April 2018. Poole had great success developing two key target markets with year-on-year growth in Cruise Ship Vessel Calls of 80% and growth in Yacht Transport vessel calls of 157%.

The marine leisure market on the South Coast remains healthy and PHC was pleased to be awarded runner up for the 2019 Yacht Harbour Association's Marina of The Year Award (UK Coastal Marina under 250 berths category). Demand for annual berths in Port of Poole Marina was strong at 100% occupancy.

In June 2018 Poole Quay Boat Haven hosted the 4th Poole Harbour Boat Show, attracting an estimated 34,000 visitors over the 3 day event which formed part of Poole Maritime Festival. The event is incredibly popular with both exhibitors and visitors and will be hosted again in June 2019.

South Quay

This new, 200 metre multipurpose quay became fully operational in April 2018 following investment of £9.6m by PHC into the project. South Quay will generate new business opportunities including larger project cargo and bulk cargo vessels, cruise ships and vessels transporting luxury yachts to export markets. The opening of South Quay places Poole Harbour Commissioners in a strong position to meet its ongoing responsibilities in the coming decades.

Connectivity to the Port

A number of significant local road maintenance projects, including Borough of Poole's Hunger Hill junction improvements, guarantees road links to the Port for many years to come.

Prospects

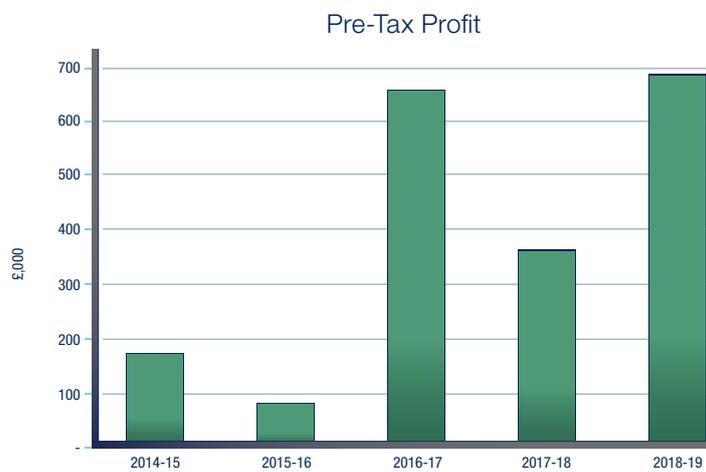
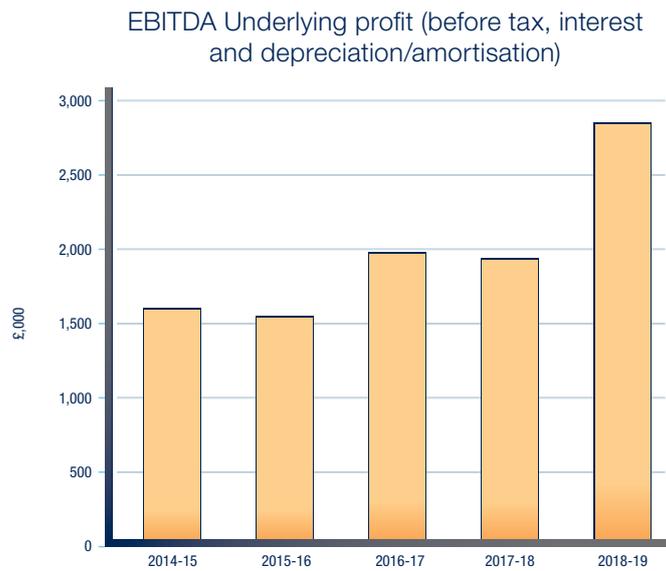
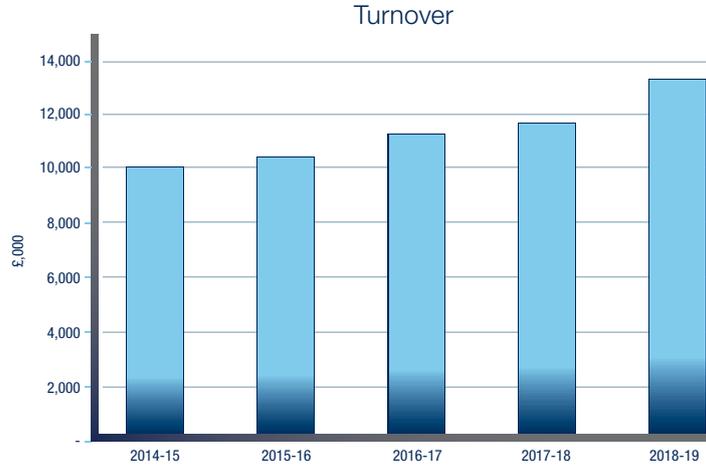
PHC's financial and commercial outlook remains strong. The new South Quay, with its enhanced facilities, has already generated strong growth in key target markets during its first year of operation. PHC continues to receive regular enquiries from both existing and new customers with regard to it and our other facilities.

Approved by Poole Harbour Commissioners on 26 July 2019 and signed on their behalf by:

A handwritten signature in blue ink, which appears to read "Robert M. Cripps".

Robert Cripps Chairman

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 Unite and nine appointed by independent selection panels.

The Commissioners below comprised the Poole Harbour Commissioners' Board as at 26 July 2019.

1. Chairman Professor Bob Cripps

Professor Bob Cripps has worked in the maritime industry for nearly 40 years and he has lived in Poole for over 30 years. Bob is a Naval Architect by profession, and he has been a Director of Longitude Consulting Engineers, Director of Engineering College for BAE Systems Surface Ships, Engineering Support Director at BAE Systems Surface Ships, Technical Director at VT Halmatic and Engineering Manager at the RNLI. Bob is a Visiting Professor at the University of Southampton and Bournemouth University.

2. Chief Executive Jim Stewart

Commenced shipping career as a shipbroker on The Baltic Exchange in the City of London in 1980, qualifying as a member of the Institute of Chartered Shipbrokers in 1982.

- 1990 - founded ship broking company opening offices in London and New York.
- 1999 - awarded an MBA at Cass Business School London
- 1999 - appointed Managing Director of Crescent Shipping, a UK ship owning and operating company
- 2002 - appointed Chief Executive of Poole Harbour Commissioners
- Council Member of British Ports Association since 2002
- Former Chair of British Ports Association, Maritime UK and Port Skills and Safety
- Chair of the UK Access to Ports Group
- Chair of Dorset Local Enterprise Partnership
- Vice Chair of Great South West
- Chair of Poole Harbour Steering Group
- Chair of Connected Dorset
- Associate Board Member of Western Gateway Sub National Transport Body
- Awarded fellowship of Institute of Chartered Shipbrokers
- Awarded honorary Doctorate in Business Administration by Bournemouth University



3. Vice Chairman David Norman

David Norman is a Shipmaster with extensive command experience covering a wide range of vessel types including square rigged sailing vessels. A longtime customer of Poole Port both as a recreational sailor and as Operations Director for Condor Ferries. He has world wide experience of Ferry Ports and their management and operation.

4. Marine & Port Director Captain Brian Murphy

Captain Brian Murphy has been in the marine industry for the past 37 years attaining command of a large container vessel on a worldwide trade. His career path diverted closer to home with 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 as Assistant Harbour Master, Pilotage Manager and Harbour Control Manager. In April 2008, Brian was appointed Harbour Master and in 2018 he was also appointed Marine & Port Director.

Brian is a Younger Brother of Trinity House, a Fellow of the Nautical Institute, Council Member of the UK Harbour Master's Association (UKHMA) and Chair of the South West Regional Ports Association (SWRPA).

Board Membership Continued

5. Commissioner Dr Simon Cripps

Dr Simon Cripps is Chief Executive of Dorset Wildlife Trust, Chair of the Dorset Local Nature Partnership and an MMO appointee on the Board of the Southern IFCA. He is an oceanographer having worked 20 years abroad for consultancies, NGOs and government. Simon grew up by Poole Harbour and prior to DWT was WWF's Global Marine Director.

6. Commissioner Martin Pate

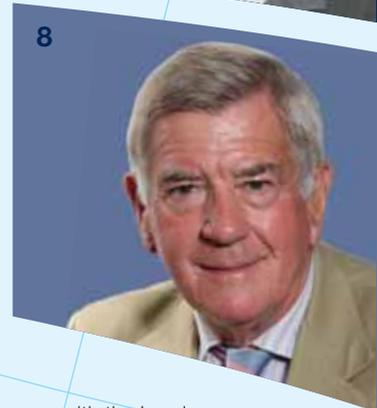
Martin Pate is a Solicitor and Managing Director of MJP Law, a solicitors' practice based in Dorset. Martin started his career with the London Metropolitan Police and then the Department of Transport and Environment in London, working for a number of departments and agencies. Martin is a keen sailor qualified to RYA Offshore Yacht Master and former Commodore of East Dorset Sailing Club in Poole.

7. Commissioner Tom James

Tom James is the Unite the Union representative on the board of Commissioners. Tom has been a Stevedore for 42 years. Before this he worked as a plumber in the Middle East. Tom also represents the Port of Poole locally, regionally and nationally on the Docks and Waterways Committee. Tom was appointed as a Commissioner on the 1st November 2010.

8. Commissioner Bill Gibbons

Bill (William) Gibbons has had a long career in the Passenger Shipping sector (Cruise and Ferry). His roles included Route Director for the Harwich to Hook of Holland Ferry Route, General Manager of the Sealink Isle of Wight ferries, Director of the Passenger Shipping Association (PSA) for nineteen years from 1994 to 2013 and Director of Discover Ferries between 2013 & 2017.



Board Membership Continued

9. Commissioner Doug Cramond

Doug Cramond is in the Royal Town Planning Institute. Living in Poole for 38 years he has worked in local authorities and private practice. Within his company, Doug deals with commercial projects and environmental issues and is a consultant Planning Inspector. He enjoys small craft, walking and running, ideally within sight of Poole Harbour. Doug was appointed as a Commissioner in November 2012.

10. Commissioner Tom Russell

Tom Russell is from a family of Poole fishermen and has been on 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 he is also the local representative of the Fisherman's Mission.

11. Commissioner Philippa Goodwin

Philippa, a chartered management accountant (ACMA), holds the positions of Finance Director on the Board of Hoburne Ltd. and Burry & Knight Ltd. Previously Finance Director at Bournemouth Water, she has also held senior commercial finance roles at Ageas, Centrica, the AA and Motorola. Philippa also holds an MBA from Imperial College London and a BA (Hons) from University of the West of England (UWE).

12. Commissioner Angela Piromalli

Angela Piromalli established Lets Rise Ltd in 2018. Angela was named Mentor of the Year in the 2018 South West Women in Business Awards and recently won Jurors Choice Award at the Dorset Ethnic Minority Awards. Angela is a non-executive director at Exceptional Individuals.





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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. Harbour Master and Commissioner Captain Brian Murphy

4. 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.

5. Chief Financial Officer Steve Wisdom

Steve is a Chartered Accountant with more than 25 years experience gained across a range of commercial organisations in senior finance roles. His diverse industry experience includes property, financial services and business risk consultants.



Report of the Commissioners

The Commissioners present their Report and Audited Accounts for the year ended 31st March 2019.

Statement of responsibilities of the Board

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 comprises of twelve Commissioners, two drawn from the executive (James Stewart and Captain Brian Murphy), one trade union representative elected by employees (Tom James) and nine appointed by independent selection panels.

The 2018 independent selection panel appointed Martin Pate and Thomas Russell for a three year term to 31 October 2021, and re-appointed Philippa Goodwin and Angella Piriomalli for their second three year terms to 31 October 2021.



Financial Results for Year ended 31st March 2019

Poole Harbour Commissioners' turnover increased by 13.4% (2018: 3.4%) to £13.32 million (2018: £11.74 million), producing a gross profit of £5.40 million (2018: £4.59 million) and a profit before taxation of £690k (2018: £363k).

Favourable movements in the deferred taxation provision resulted in a tax credit to P&L during the year of £1,036k (2018: charge of £210k), resulting in a profit for the financial year after tax of £1,726k (2018: £153k)

There was an actuarial gain arising from the defined benefit pension scheme of £680k (2018: £180k) which is recognised within other comprehensive income which, together with a Fair Value Movement on Investment Properties of £263k (2018: £nil), resulted in a total comprehensive income for the year of £2,669k (2018: £333k).

Brexit

The Commissioners have considered the likely implications of Brexit, and are satisfied that suitable contingency preparations have been made and that the Port is well positioned to meet any changes to customs arrangements and possible increase in demand for services at Poole in the shorter term, either due to stockpiling of goods or diversion of freight to Poole because of customs delays on the Eastern Channel routes. PHC's management team attended numerous meetings with local authorities, Dorset Police and

UK Government departments to ensure that contingency plans are in place for all foreseeable Brexit scenarios. Foreign Exchange exposure is negligible and there are no foreseen going concern issues arising from Brexit.

Going concern

After making due enquiries, including consideration of recent and forecast trading performance, cashflow forecasts and banking facilities, the Commissioners have a reasonable expectation that they have adequate resources to continue to operate for the foreseeable future. The Commissioners, therefore, continue to adopt the going concern basis of accounting in preparing these financial statements.

Pensions

A revised plan to fund the Poole Harbour Commissioners' Retirement Benefits Scheme deficit was agreed with the Trustees in February 2017. The scheme is expected to achieve a 100% funding level by 2027 and, in accordance with the 2017 plan, the Commissioners made no deficit reduction payments to the scheme during the year (2018: nil).

Approved by Poole Harbour Commissioners on
26 July 2019 and signed on their behalf by:

Robert Cripps Chairman



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 2019 which comprise of the profit and loss account, 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- 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.

The impact of uncertainties due to Britain exiting the European Union on our audit

The Commissioners' view on the impact of Brexit is disclosed on page 16.

The terms on which the United Kingdom may withdraw from the European Union are not clear and it is therefore not currently possible to evaluate all the potential implications to the Commissioners' trade, customers, suppliers and the wider economy.

We considered the impact of Brexit on the Commissioners as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Commissioners' future prospects and performance.



However, no audit should be expected to predict the unknowable factors or all possible implications for the Commissioners and this is particularly the case in relation to Brexit.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Commissioners' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Commissioners have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the organisation's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Commissioners are responsible for the other information. The other information comprises the information included in the annual review, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the 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 Harbors 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 organisations'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 these financial statements.



A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 Commissioner's 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

Profit and loss account for the year ended 31st March 2019

	Note	2019 £000	2018 £000
Turnover	(3)	13,318	11,747
Cost of sales	(4)	(7,918)	(7,157)
Gross profit		5,400	4,590
Other income		89	89
Administrative expenses		(4,403)	(4,126)
Operating profit	(6)	1,086	553
Interest receivable and similar income	(8)	2	-
Interest payable and similar charges	(9)	(398)	(190)
Profit on ordinary activities before taxation		690	363
Tax on profit on ordinary activities	(10)	1,036	(210)
Profit for the financial year		1,726	153
Other comprehensive income			
Actuarial gains/(losses)			
In respect of defined benefit scheme		872	225
Deferred tax in respect of above		(192)	(45)
Fair Value Movement of Investment Property		263	-
Total comprehensive income for the financial year		2,669	333

All of the activities are classed as continuing.

Notes on pages 25 to 44 form an integral part of these accounts.

Statement of Changes in Equity for the year ended 31st March 2019

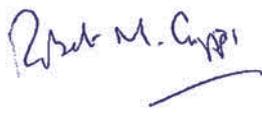
	Revaluation reserve	Capital reserve £000	Profit & loss account £000	Total £000
Balance at 1st April 2017	7,895	746	10,243	18,884
Comprehensive income for the year				
Profit for the year	-	-	153	153
Other recognised gains and losses	-	-	180	180
Total comprehensive income for the year	-	-	333	333
Balance at 1st April 2018	7,895	746	10,576	19,217
Comprehensive income for the year				
Profit for the year	-	-	1,726	1,726
Other recognised gains and losses	-	-	680	680
Fair Value Movement of Investment Property	-	-	263	263
Fair Value Movement of Investment Property	263	-	(263)	-
Total comprehensive income for the year	263	-	2,406	2,669
As at 31st March 2019	8,158	746	12,982	21,886

Balance sheet as at 31st March 2019

	Note	2019 £000	2018 £000
Fixed assets			
Intangible assets	(11)	224	274
Property, Plant & Equipment	(12)	23,148	24,180
Investment Properties	(13)	10,570	10,280
Investments	(14)	-	-
		33,942	34,734
Current assets			
Stocks	(15)	82	84
Debtors	(16)	1,815	1,570
Cash at bank and in hand		2,262	911
		4,159	2,565
Creditors: amounts falling due within one year	(17)	(3,145)	(3,333)
		1,014	(768)
Net current Assets/(liabilities)			
		34,956	33,966
Creditors: amounts falling due after more than one year	(18)	(10,275)	(10,410)
Deferred income: grants	(20)	(1,333)	(1,165)
		23,348	22,391
Provision for liabilities			
Deferred taxation	(21)	(295)	(1,386)
Pension liability	(7)	(1,167)	(1,788)
		21,886	19,217
Net assets			
Reserves			
Capital reserve		746	746
Revaluation Reserve		8,158	7,895
Profit and loss account		12,982	10,576
		21,886	19,217
Capital employed/Commissioners' funds			
		21,886	19,217

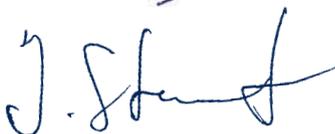
Notes on pages 25 to 44 form an integral part of these accounts.

The Accounts were approved by the Commissioners on 26 July 2019 and signed on their behalf by:



Professor R. M. Cripps

Chairman



J. Stewart

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

Cash flow statement for the year ended 31st March 2019

	Note	2019 £000	2018 £000
Cash inflow from operating activities	A.	2,329	2,112
Returns on investments and servicing of finance			
Interest received		2	-
Interest paid		(330)	(129)
Net cash outflow from returns on investments and servicing of finance		(328)	(129)
Taxation			
Corporation tax paid		(181)	(153)
Capital expenditure and financial investment			
Payments for tangible fixed assets		(743)	(7,269)
Disposal proceeds from sale of fixed assets		3	-
Net cash outflow for capital expenditure		(740)	(7,269)
Cash inflow/(outflow) before financing		1,080	(5,439)
Financing			
Bank loan repayments		(361)	(339)
Finance lease repayments		(273)	(151)
Additional bank financing		647	4,959
Additional finance leases		-	1,197
Additional grant funding		258	-
Increase in cash in the period	C.	1,351	227

Notes on pages 25 to 44 form an integral part of these accounts.

Notes to the cash flow statement for the year ended 31st March 2019

A. Reconciliation of operating profit to operating cash flows

	2019 £000	2018 £000
Operating profit	1,087	553
Depreciation	1,751	1,397
(Profit)/Loss on disposal of fixed assets	(3)	7
Amortisation of deferred income: grants	(89)	(89)
Amortisation of intangible assets	50	50
Decrease in stocks	2	1
Increase in debtors	(235)	(244)
(Decrease)/Increase in creditors	(234)	437
Defined benefit pension scheme contributions paid	-	-
Net cash inflow from operating activities	2,329	2,112

B. Analysis of net debt

	As at 1 April 2018	Cash Flow	As at 31 March 2019
Cash at bank and in hand	911	1,351	2,262
Bank loan	(9,254)	(286)	(9,540)
Finance leases	(1,983)	273	(1,710)
Total	(10,326)	1,338	(8,988)

Notes to the cash flow statement for the year ended 31st March 2019

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

	2019 £000	2018 £000
Increase in cash in the period	1,351	227
Bank loan repayments	361	339
Bank loan financing	(647)	(4,959)
Finance lease repayments	273	151
New finance leases	-	(1,197)
Movement in net debt	1,338	(5,439)
Net debt as at 31st March 2018	(10,326)	(4,887)
Net debt as at 31st March 2019	(8,988)	(10,326)

Notes to the accounts for the year ended 31st March 2019

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 a profit after tax in the year of £1,726k and as at 31 March 2019 had net current assets of £1,014k.

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. Based on the Commissioners forecasts, and the recent refinancing, 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.

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.

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
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Notes to the accounts for the year ended 31st March 2019

1. Accounting policies continued

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.

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.

Notes to the accounts for the year ended 31st March 2019

1. Accounting policies continued

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.

Deferred income: grants

Deferred income: 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.

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 2019

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:

1. Goodwill

An amortisation period of 20 years has been applied in these accounts. This is in line with the remaining lease period on the acquired asset.

2. Assets under course of construction

In the prior year assets under the course of construction, with a net book value of £394,000, related to the construction of a new ferry passenger gangway. The asset in question was completed during the first quarter of the 2018-19 financial year. Upon becoming an operational asset, depreciation commenced on the asset. There were no assets classified as held under the course of construction at the current year.

3. Useful economic life of assets

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

4. Defined benefit pension liability

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

3. Turnover

All Turnover arose within the United Kingdom.

Turnover is derived from the following sources:

	2019 £000	2018 £000
Dues on commercial vessels	1,450	1,287
Dues on cargoes and passengers	1,466	1,375
Cargo handling	5,924	4,879
Pilotage	674	595
Marina Operations	1,285	1,134
Other revenue	2,519	2,475
	13,318	11,747

Notes to the accounts for the year ended 31st March 2019

4. Cost of sales

	2019 £000	2018 £000
Cost of sales consists of:		
Dredging	88	246
Pilotage	501	461
Harbour operation and maintenance	2,136	1,802
Cargo handling wages and plant costs	4,415	3,770
Marina Operations	778	771
Other	-	107
	7,918	7,157

5. Pilotage revenue and expenditure

	2019 £000	2018 £000
Revenue from charges in respect of:		
Providing pilotage services	674	595
Expenditure incurred in respect of:		
Providing the service of pilots	457	416
Other Direct Costs – Pilot Boat Maintenance and operation		45
Administrative Expenses:	44	
Depreciation of vessels	24	42
Administration expenses	140	132
Interest Payable	9	10
	674	645

Notes to the accounts for the year ended 31st March 2019

6. Operating profit

	2019 £000	2018 £000
Operating profit is stated after charging/(crediting) the following:		
Commissioners' emoluments (including officers):		
Aggregate emoluments for managerial services	402	372
Aggregate employer's pension scheme contributions	30	28
Emoluments of the highest paid Commissioner (the Chief Executive):		
Total emoluments	165	155
Pension contributions to money purchase pension schemes	18	17
Auditor's remuneration:		
Audit fees	21	21
Non-audit services:		
Audit of pension schemes	7	5
Taxation	14	3
Depreciation	1,751	1,397
Loss/(Profit) on disposal of fixed assets	(3)	7
Rentals under operating leases:		
Hire of plant and machinery	22	18
Other	18	33
Amortisation of Deferred income: grants	(89)	(89)
Amortisation of intangible assets	50	50

	2019 No	2018 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 2019

7. Employees

	2019 No.	2018 No.
The average monthly number of staff (including paid Commissioners) employed during the year was:		
Dock workers	38	35
Other manual workers	41	39
Management, technical and administrative	47	50
	126	124
	2019 £000	2018 £000
Staff costs were:		
Wages and salaries	4,312	4,047
Social security costs	431	408
Pension costs (see below)	336	433
	5,079	4,888

Pension Costs

Pension costs represent amounts charged to operating profit and do not include amounts credited to net finance income/costs (note 8) or amounts recognised within Other Comprehensive Income.

The Poole Harbour Commissioners operate two defined benefit pension schemes (see below) and pays contributions to the Former Registered Dock Workers Pension Fund.

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 2019

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 2015 and updated to 31 March 2019 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:

	2019 %	2018 %
Discount rate	2.35	2.60
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	3.70	3.60
Rate of increase in pensions in payment after 2005	3.00	n/a
Expected return on scheme assets	n/a	n/a
Inflation (RPI)	3.40	3.20
Inflation (CPI)	2.30	2.10

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:

	2019 £000	2018 £000
Expected return on scheme assets	299	302
Interest on scheme liabilities	(357)	(363)
Total charge to the profit and loss account	(58)	(61)

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 2019

7. Employees continued

The amounts recognised in the balance sheet are as follows:

	2019 £000	2018 £000
Present value of funded obligations	(13,021)	(14,002)
Fair value of scheme assets	11,617	11,784
	(1,404)	(2,218)
Related deferred tax assets	238	430
Net pension liability	(1,167)	(1,788)

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:

	2019 £000	2018 £000
Net finance cost (note 9)	(58)	(61)
Employer contributions	-	-
Other comprehensive income	680	180
	622	119

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

	2019 £000	2018 £000
Equities	6,041	6,319
Gilts and bonds	4,995	5,098
Cash and deposits	581	367
Total market value of assets	11,617	11,784

During the year the actual return on scheme assets was a profit of £372,000 (2018: profit of £204,000).

Notes to the accounts for the year ended 31st March 2019

7. Employees continued

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

	2019 £000	2018 £000
Opening fair value of schemes' assets	11,784	12,223
Expected return on schemes' assets	299	303
Contributions by employer	-	-
Actuarial gains/(losses)	72	(99)
Benefits paid	(538)	(643)
Closing fair value of schemes' assets	11,617	11,784

The Commissioners' contributions during the accounting period amounted to £nil (2018: £nil). Under the terms of the revised deficit reduction plan (effective 1 April 2017), the Commissioners' best estimate of contributions to be paid to the scheme next year is £nil.

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

	2019 £000	2018 £000
Opening defined benefit obligation	14,002	14,605
Interest on scheme liabilities	357	364
Actuarial gains	(800)	(324)
Benefits paid	(538)	(643)
Closing defined benefit obligation	13,021	14,002

Notes to the accounts for the year ended 31st March 2019

7. Employees continued

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

	2019 £000	2018 £000	2017 £000	2016 £000	2015 £000
Defined benefit obligation	(13,021)	(14,002)	(14,605)	(12,743)	(13,933)
Fair value of scheme assets	11,617	11,784	12,223	11,384	11,781
Deficit in the scheme	(1,404)	(2,218)	(2,382)	(1,359)	(2,152)
Difference between the expected and actual return on scheme assets	(872)	(225)	1,282	(558)	1,257
Experience gains/(losses) on scheme liabilities	24	(204)	(986)	197	104

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 2019.

	2019 £000	2018 £000
Total pension costs are summarised as follows:		
Contributions	278	290
Consultancy and other professional fees	58	143
	336	433

8. Interest receivable and similar income

	2019 £000	2018 £000
Other interest receivable	2	-

Notes to the accounts for the year ended 31st March 2019

9. Interest payable and similar charges

	2019 £000	2018 £000
Bank loans and overdraft	340	129
Net finance expense in respect of defined benefit pension scheme (note 7)	58	61
	398	190

10. Taxation

	2019 £000	2018 £000
The tax charge on profit on ordinary activities is made up as follows:		
United Kingdom corporation tax at 19% (2018: 19%)	162	174
Adjustments in respect of prior periods	(107)	-
Deferred taxation:		
Adjustments in respect of changes in tax rates	-	(78)
Capital allowances in excess of depreciation	(1,091)	114
	(1,036)	210
Profit on ordinary activities before tax	691	363
Standard rate of corporation tax in the UK	19%	19%
Profit on ordinary activities multiplied by the standard rate of corporation tax	131	69
Adjusted for:		
Expenses not deductible for tax purposes	1	(1)
Capital allowances for period less than depreciation	19	94
Defined benefit pension adjustments	11	12
	162	174

Notes to the accounts for the year ended 31st March 2019

11. Intangible fixed assets

	Goodwill £000
Cost	
At 1st April 2018 and as 31st March 2019	1,002
Amortisation	
At 1st April 2018	728
Provided in year	50
As at 31st March 2019	778
Net Book Value	
At 31st March 2018	274
At 31st March 2019	224

Goodwill is an individually material amount arising from the acquisition of Poole Quay Boat Haven. It has a remaining useful economic life of 4 years (2018: 5 years).

Notes to the accounts for the year ended 31st March 2019

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 1st April 2018	9,080	28,294	2,630	10,261	394	50,659
Additions	27	42	-	553	120	743
Fair Value Movement	263	-	-	-	-	263
Reclassification as Investment Property	(290)	-	-	-	-	(290)
Disposals	-	-	-	(106)	-	(106)
Transfer between classes	-	-	-	514	(514)	-
At 31st March 2019	9,080	28,337	2,630	11,222	-	51,267
Depreciation						
At 1st April 2018	3,997	14,890	1,750	5,887	-	26,479
Provided in year	231	685	109	726	-	1,751
Disposals	-	-	-	(106)	-	(106)
Transfer between classes	-	-	-	-	-	-
At 31st March 2019	4,228	15,575	1,814	6,507	-	28,124
Net Book Value						
At 31st March 2018	5,083	13,404	925	4,374	394	24,180
At 31st March 2019	4,852	12,762	815	4,719	-	23,148

Included in Plant & Equipment are tangible fixed assets owned under finance leases with a net book value of £1,875,007 (2018: £1,983,933).

Included in Dock Structures, Quays & Dredging is capitalised interest with a cost of £97,860 (2018: £97,860) and net book value of £95,064 (2018: £97,860).

Notes to the accounts for the year ended 31st March 2019

13. Investment Properties

	Investment Assets £000
Valuation	
At 1st April 2018	10,280
Reclassification from Land & Buildings at fair value	290
As at 31st March 2019	10,570
Net Book Value	
At 31st March 2018	10,280
At 31st March 2019	10,570

14. Investments

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

15. Stocks

	2019 £000	2018 £000
Materials, spares and consumables	82	84
Stock recognised in cost of sales during the year was £2,000 (2018: £1,000).		

16. Debtors

	2019 £000	2018 £000
Trade debtors	1,468	1,217
Other debtors	1	239
Prepayments and accrued income	346	114
	1,815	1,570

Notes to the accounts for the year ended 31st March 2019

17. Creditors amounts falling due within one year

	2019 £000	2018 £000
Bank loans and overdrafts	693	554
Trade creditors	628	995
Other creditors	159	126
Corporation tax	46	181
Other taxes and social security	117	107
Accruals and deferred income	1,221	1,097
Finance lease obligations	281	273
	3,145	3,333

18. Creditors amounts falling due after more than one year

	2019 £000	2018 £000
Bank loan: instalments falling due within five years	8,847	8,700
Finance lease obligations	1,428	1,710
	10,275	10,410

19. Total bank borrowings

	2019 £000	2018 £000
Amounts repayable:		
In one year or less or on demand	693	554
In two to five years	8,847	8,648
In more than five years	-	52
	9,540	9,254

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 2019

20. Deferred income: grants

	£000
Received and receivable:	
At 1st April 2018	2,074
Additions	258
As at 31 March 2019	2,333
Amortisation:	
At 1st April 2018	909
Released to profit and loss account	91
At 31st March 2019	1,000
Net balance at 31st March 2018	1,165
Net balance at 31st March 2019	1,333

21. Deferred taxation

	2019 £000	2018 £000
The provision for deferred taxation is made up as follows:		
At 1st April 2018	1,386	1,350
Profit and loss account charge for the year	(1,091)	36
As 31st March 2019	295	1,386
Represented by tax on:		
Capital allowances in advance of related depreciation	76	657
Short Term Timing Differences	(238)	-
Revaluation of investment property	457	730
Dredging costs charged against profit in advance of capital allowances	-	(1)
As 31st March 2019	295	1,386

No provision has been made for taxation that could arise in the event of the disposal of the freehold interest in the reclaimed port terminal area or part thereof which is not depreciated but on which roll-over relief has been claimed, as this does not constitute a timing difference at the balance sheet date. The maximum potential taxation that could arise amounts to £685,000 at 31st March 2018 (2018: £685,000).

Notes to the accounts for the year ended 31st March 2019

22. Operating lease commitments

At 31st March 2019 the Commissioners have future minimum lease payments under non-cancellable operating leases as follows:

	2019 Land and Buildings £000	2019 Other £000	2018 Land and Buildings £000	2018 Other £000
Leases which expire:				
Within one year	-	7	-	6
Within two to five years	9	20	14	33
After five years	949	-	980	-

23. Borrowing powers

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

24. Related party transactions

During the year Poole Harbour Commissioners purchased services totaling £318,712 (2018: £270,863) from Poole Stevedoring Services Limited, a company in which Mr T. James, a Commissioner, is a director.

During the year Poole Harbour Commissioners purchased services totaling £196 (2018: £3,750) from Lets Rise Limited (formerly Rock Recruitment Solutions Ltd), a company in which Ms A. Piromalli, a Commissioner, is a director.



Annual Environmental Summary 2018/19

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.

Robert Cripps – Chairman
Date: 26 July 2019.



Review of 2018/19 Environmental Performance

Poole Harbour Steering Group

The Chief Executive continues to chair the Poole Harbour Steering Group which remains active in conserving the Harbour. The annual recreational boat count at the Harbour Entrance and Lake Pier was carried out as usual on 31 days between June and August.

In addition, PHC commissioned a Wader and Seafowl Roost survey during the core winter months of December to March.

Marine Planning

The Commissioners were involved in the consultation for the 3rd Tranche of Marine Conservation Zones, and in May 2019 DEFRA announced the results of the designations, which included both Studland Bay and Purbeck Coast.

This is in addition to the Poole Harbour SPA (Dorset Coast, In-shore Waters), which was classified in October 2017 by UK Government. Poole Harbour is now subject to the provisions of The Conservation of Habitats & Species Regulations 2017.

Maintenance Dredging Protocol (MDP)

The MDP is a live document used as the baseline for the consents process for dredging and disposal in the Harbour. We continue to review and update this document.

Dredging & Disposal

No capital dredging was carried out during the current financial year. The Commissioners' own dredger, CH Horn, was used to keep Poole Quay Boat Haven and Port of Poole Marina maintained to their advertised depths, with 6,000m³ being disposed at Brownsea Roads, the in-harbour disposal site established to retain silt within the Harbour.

Other contractors also made use of Brownsea Roads, disposing 14,500m³ from various boatyards in the Harbour. PHC charges a small fee per m³ for the use of Brownsea Roads, which goes towards the cost of the licence and monitoring of the disposal ground.

Resource Management

Water Use

PHC monitor water consumption with various meters installed throughout the Port Estate. Meter readings are recorded and analysed for comparison purposes, and tenants are charged on usage.

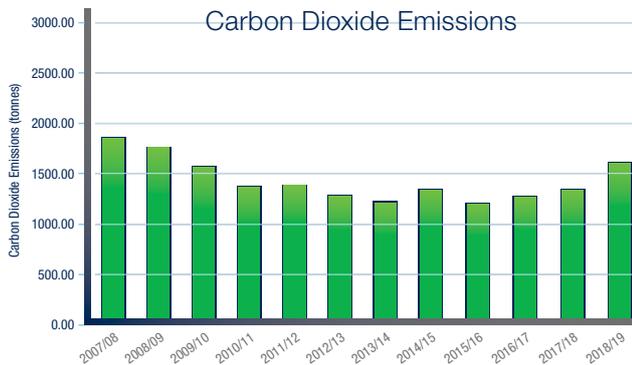
Water leaks do occur and major leaks are rectified without delay. It is, however, recognised that minor leaks still occur and such leaks are harder to locate. It is our intention to minimise leakage as far as practicable.



Carbon Dioxide Emissions

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

Although there has been an increase in the CO2 emissions since last year, a programme is underway to implement energy efficiency measures.



Waste Management

Port Waste Management Plan

Brexit may require significant changes in the acceptance of ships' waste from vessels visiting the Port from anywhere other than UK waters, and PHC will ensure compliance as required.

Waste Management

PHC continues to encourage recycling on the Port with some success. An 1,100 litre recycling bin was added to the waste stockade on Town Quay for use by the passenger boat operators and tenants in the Pilots Office.

Pollution Prevention and Control

Poole Harbour Commissioners 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. This is especially necessary given the environmental designations within the Harbour.



PHC have an Oil Pollution Preparedness and Response Plan to deal with such incidents. The Plan is tested and reviewed regularly and approved by the Maritime & Coastguard Agency (MCA) every 5 years. It will be due for re-approval in 2021.

Poole Harbour Commissioners 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.

The CEO, Harbour Master and Assistant Harbour Masters are all trained pollution Incident Commanders in order to manage any incident and coordinate other appropriately trained employees within the Harbour Masters Department.

The most recent triennial oil pollution exercise was conducted in October 2017 overseen by the MCA. Table top, notification and equipment deployment exercises are undertaken on a regular basis in accordance with MCA requirements.

The Harbour Masters Department responded to 7 minor pollution incidents in the Harbour from April 2018 to March 2019.



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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Poole Harbour Commissioners
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Poole BH15 4AF

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Poole Harbour Commissioners

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