



Poole Harbour Commissioners

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

2021



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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 2021. The global coronavirus pandemic was a very significant influence on our operations with the first UK national lockdown commencing just a few days before the start of the 12-month period, and the year-end falling mid-way through the third lockdown.

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 throughout the lockdowns. However, restrictions on travel meant that cruise ship and cross-channel ferry sailings from Poole were suspended for much of the year and visitor berths in our marinas operated at lower-than-usual capacity to facilitate social distancing.

The cancellation of scheduled ferry and cruise ship sailings inevitably had an adverse impact with total turnover reducing by 17% compared to the previous year. The organisation took prompt action to protect jobs by temporarily furloughing staff across all teams as soon as HMRC's Coronavirus Job Retention Scheme was announced, and the use of the scheme allowed PHC to preserve many of the jobs directly impacted by the pandemic. In response to the pandemic, direct costs and overheads were well controlled by the management team and this was reflected in the year-on-year decrease in pre-tax profits being limited to just 3%, giving a pre-tax profit for the year of £852k.

Once again, I would like to thank all PHC's staff who, as key workers, have displayed tremendous flexibility, resolve and good humour to keep the Port operational throughout the pandemic. Strong financial management and operational planning have ensured that PHC has coped well with the coronavirus crisis and will start 2022 in a good position to take advantage of new opportunities as the economy recovers and 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. Despite the wider global challenges it is essential that PHC continues generating sufficient profits to invest in, and maintain, the port and make repayments on bank loans used to finance long-term investment projects. Investment during the year included £1.2m for a new port crane and £0.5m, as part of a 2-year project costing £5m, to provide the new UK Border Model infrastructure required following the UK's departure from the EU. The provision of these facilities is on-track to be completed by the UK Government's deadline of 31 December 2021 and ensures that Poole is well-positioned to grow freight and container vessel operations at the Port in the decades ahead.

Many of you will have followed Pip Hare throughout her incredible 95 day solo yacht race at the 2020-21 Vendée Globe, where Pip finished as the top-placed British competitor becoming only the eighth woman to complete the event. PHC's sponsorship of Pip started in early 2019, providing marina facilities for her boat, Medallia, enabling Pip to base her campaign in Poole. It is with great pleasure that the Commissioners have continued that support for Pip and her new boat, as she trains for the 2024-25 Vendée Globe race.

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 in this most unprecedented of years.

Professor Bob Cripps
24 September 2021



Poole Harbour Commissioners Annual Review 2020/21

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. COVID-19 had a substantial impact on the operations of a number of our customers, with all cruise ship visits and a significant volume of cross-channel passenger ferry services being cancelled, which did result in the temporary furlough of some staff using HMRC's Coronavirus Job Retention Scheme grant.

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

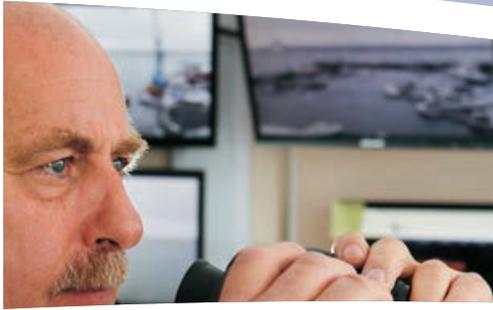
PHC is governed by a Board of twelve Commissioners, two drawn from the executive, one Trade Union Commissioner elected by employees and nine Commissioners appointed by independent selection panels. Commissioners are selected to serve a three-year term of office and are eligible to sit for up to three terms, however there is no automatic right to reappointment. Selection panels appoint 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. 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 year for the period of their appointment.

Port Marine Safety

	Board Meetings	Audit & Risk Committee Meetings	Remuneration Committee Meetings
B Cripps	10/10	1/1	2/2
J Stewart	9/10	1/1	2/2
R Bridewell	10/10	n/a	n/a
D Cramond	10/10	1/1	2/2
S Cripps (retired 31st October 2020)	6/6	1/1	1/1
P Goodwin	9/10	1/1	2/2
A Hall (appointed 1st November 2020)	4/4	n/a	1/1
L Hardy	10/10	1/1	2/2
B Murphy	10/10	n/a	n/a
D Norman	10/10	1/1	2/2
M Pate	10/10	1/1	2/2
A Piromalli	7/10	1/1	2/2
T Russell	10/10	1/1	2/2

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 Emergency Plan and the Oil Spill Preparedness and Response 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. PHC is also audited annually by Trinity House, the General Lighthouse Authority, regarding the administration, condition and availability of navigational aids within the harbour. The availability of aids to navigation lights for the reporting period was 99.3% (2020: 99.98%) with the required average being 98.6%.

The Harbour Master presents a report to the Commissioners at each monthly Board meeting and prepares an annual report as required by the Port Marine Safety Code.



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 which are all 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 was 1 reportable (RIDDOR) accident during the year (2019: nil).

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. In September 2020 Poole Quay Boat Haven was, once again, awarded 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 Maritime Transport Security Department.

Engagement with Stakeholders

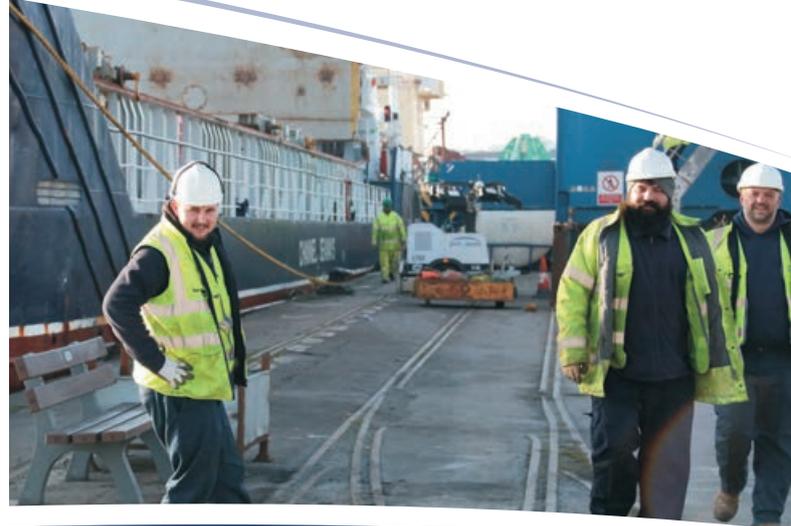
PHC's response to the coronavirus pandemic meant that the usual face-to-face liaison meetings with our stakeholders were replaced with on-line video conference meetings, where possible, with recent investment in our website and social media accounts providing regular updates, facilitating effective communication of information to our stakeholders.

PHC's annual open evening in March 2021 was an on-line event with strong attendance and support from our many and varied stakeholders. It is expected that the continued national progress with the COVID-19 vaccination programme will enable PHC to resume holding face-to-face liaison meetings during Autumn 2022.

Stakeholder Benefit

PHC's 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. Since 2019, PHC has been proud to provide Pip Hare with sponsorship for her Vendée Globe round-the-world solo yacht race campaign, providing marina berthing facilities to enable her campaign to be based in Poole. Completing the race in 95 days, Pip was the first British Skipper to finish the 2020-21 race and PHC are pleased to continue their sponsorship of Pip as she commences training for the 2024-25 race with her new boat 'Medallia'.



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) have complied with their key strategic objectives for 2020/21 and set out the following key strategic objectives for 2021/22:

- 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.
- Ensuring that PHC has all the necessary facilities required by the UK’s revised Border Operating Model which comes into effect on 31 December 2021.
- 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 2021

Financial Review

	2021 £'000	2020 £'000	Movement	
			£'000	%
Turnover	11,228	13,488	(2,260)	(17)
Gross Profit	4,697	5,358	(661)	(12)
Administrative Expenses	4,042	4,243	(201)	(5)
EBITDA	2,996	3,063	(67)	(2)
Depreciation & Amortisation	1,931	1,967	(36)	(2)
(Loss)/Profit on disposal of fixed assets	(36)	19	(55)	(289)
Pre-Tax Profit	852	874	(22)	(3)
Cash Flow From Operating Activities	3,162	3,279	(117)	(4)
Capital Expenditure	1,891	1,553	338	22
Net Debt	6,109	7,402	1,293	17
Net Current Assets	2,836	1,516	1,320	(87)
Reserves	21,979	21,728	251	1

PHC's profit before tax for the year to 31 March 2021 was £852k (2020: £874k). The year-on-year decrease in profits of £22k (3%) is a strong performance, despite the £2.3m (17%) year-on-year reduction in turnover arising due to cancelled ferry and cruise operations because of the coronavirus pandemic, reflecting the prompt actions taken by PHC's management team to control costs and maximise other revenue opportunities.

Cash flows generated from Operating Profits during the year remained strong at £3.2m (2020: £3.3m). 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 £1.9m in new capital projects. These included:

- £0.5m to commence construction of new facilities required by the UK's Border Operating Model. This is part of a two-year £5m investment project to provide new buildings and infrastructure for Border Force and customs/DEFRA checks on freight imports, together with new Port Operations facilities.
- £0.2m to lay the final heavy-duty asphalt course on South Quay.
- £1.2m for a new port crane, purchased in line with PHC's ongoing policy of replacing plant as it nears the end of its useful economic life.

These projects were financed from PHC's cash reserves and a new finance lease in respect of the port crane.

Other Comprehensive losses of £0.2m (2020: gain of £0.3m) relate to an actuarial loss arising from the pension scheme, unwinding the gain of the previous year which was attributable to high demand for government bonds caused by the onset of the coronavirus crisis in March 2020.

After taking into consideration corporation tax and Other Comprehensive Income, year-end reserves increased by £0.25m to £21.98m (2020: £21.73m).



Operational Review

Poole's two ferry operators, Brittany Ferries & Condor, experienced COVID-related disruption to their operations with a combined total of 226 (2020: 735) ferry sailings from Poole during the year, a year-on-year decrease of 69% due to the cancellation of ferry sailings to France and Channel Islands for much of the year because of the pandemic. As a direct result of the pandemic, Poole saw a 56% year-on-year decline in RoRo freight volume and a 92% reduction in RoRo passenger numbers during 2020-21. The pandemic has continued to disrupt sailing schedules through the summer and autumn of 2021, and pre-pandemic levels of activity are unlikely to resume until the 2022 season.

Bulk cargo volumes were not immune to the slow-down of the economy due to COVID-19. Annual volumes declined by 15% to 262k tonnes (2020: 309k tonnes). Despite the wider UK challenges faced by the sector during the past year, including the pandemic, Brexit and a shortage of UK freight-lorry drivers, modest year-on-year growth is expected in bulk cargo volumes handled by Port of Poole during 2021-22.

Additionally, the port handled 104k tonnes (2020: 94k tonnes) of private cargoes during the year.

PHC is targeting growth in new markets, facilitated by South Quay, a new deep-water 200m quay facility. Interest in the facility is high and the Commissioners are confident that significant new business will come to the Port as the

pandemic-related travel restrictions unwind and now that the post transitional period details of trade between the UK and EU are known.

The marine leisure market on the South Coast remains healthy and PHC was pleased to be awarded the 2020 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.

Connectivity to the Port

Significant local road projects within Poole town centre improved road links to the Port for many years to come.

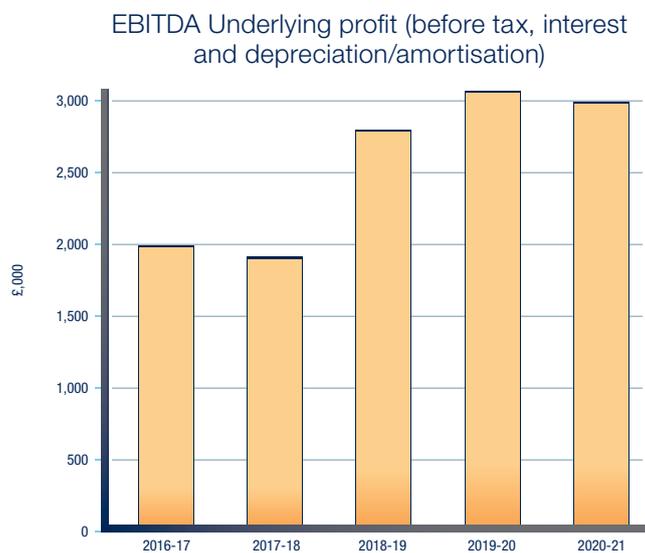
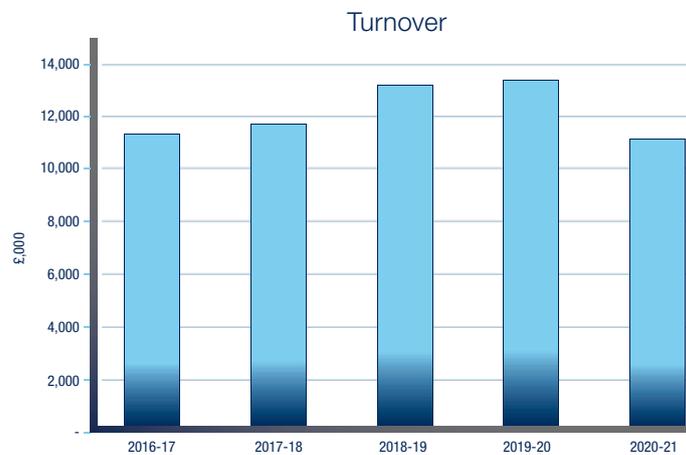
Prospects

PHC's financial and commercial outlook remains strong, although the COVID-19 crisis will inevitably mean a further year of subdued turnover and profits for 2021-22. Despite the pandemic Poole's recently enhanced facilities, including South Quay and new infrastructure which is fully compliant with the UK Government's post-Brexit Border Operating Model, is generating strong interest in key target markets and PHC continues to receive 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 24 September 2021 and signed on their behalf by:

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 employees and nine appointed by independent selection panels.

The Commissioners below comprised the Poole Harbour Commissioners' Board as at 24 September 2021.

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 38 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 Rob Bridewell

The Port of Poole has always been a great part of Rob's life, living here in New Quay Road until the age of 7.

In 1986, as the son of a Poole Docker, Rob started his 35 year Port career, the latter 16 years as foreman, with special emphasis upon leading teams on all the various jobs both on the Terminal and Conventional Quay.

Rob has great experience in the day to day running of the port and a good relationship with people within all departments.

A training instructor for 24 years, Rob also trains new stevedores to become competent drivers of the many pieces of plant, and the importance of health and Safety.

As a commissioner Rob represents our workforce, having an input into growth of the working Port, securing jobs for future generations, whilst maintaining the preservation of the harbour.

6. Commissioner Doug Cramond

Doug Cramond is in the Royal Town Planning Institute. Living in Poole for 40 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.

7. 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).

8. Commissioner Dr Alice Hall

Dr Alice Hall is a marine biologist who currently works for Bournemouth University and is involved in various international research projects associated with Poole Harbour. Alice's 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.



Board Membership Continued

9. Commissioner Lee Hardy OBE

Born in Poole and anchored in Dorset throughout his life, Lee Hardy concluded a long, operationally focused, career in the Royal Navy in 2015 while leading an Overseas Territory on behalf of the UK government. His broad experience of marine and maritime matters was gained in frontline and staff appointments at sea and then exploited in the training environment, in the development of capability requirements and procurement, in specialist intelligence both in the UK and overseas, and in Command. He was appointed an Officer in the Military Division of the Most Excellent Order of the British Empire in 2016.

Upon leaving service life he established an independent consultancy company and now advises a variety of public and private entities on a range of Blue Economy matters, particularly those relating to innovative technology, maritime domain awareness and enforcement. He is also fully engaged in the local voluntary sector.

10. 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.

11. 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.

12. 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.





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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. 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 2021.

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 trade union representative elected by employees (Robert Bridewell) and nine appointed by independent selection panels.

The 2020 independent selection panel appointed Dr Alice Hall for a three-year term to 31 October 2023.

Financial Results for Year ended 31st March 2021

Poole Harbour Commissioners’ turnover decreased by 16.8% (2020: *increase of 1.3%*) to £11.23 million (2020: *£13.49 million*), producing a gross profit of £4.70 million (2020: *£5.36 million*) and a profit before taxation of £852k (2020: *£874k*).

A tax charge of £403k (2020: £1,294k), resulted in a profit for the financial year after tax of £449k (2020: loss of £420k).

There was an actuarial loss arising from the defined benefit pension scheme of £198k (2020: gain of £262k) which is recognised within other comprehensive income, resulting in a total comprehensive income for the year of £251k (2020: total comprehensive loss of £158k).

EU exit (Brexit)

Following the UK's departure from the EU on 31 January 2020 a transition period was implemented, which ended on 31 December 2020. Since then, 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 are required to be completed by 31 December 2021 and PHC is on-track to deliver all the required facilities by that date. PHC's management team meet continue to meet regularly with local authorities, Dorset Police and UK Government departments to ensure that appropriate plans are in place for all foreseeable scenarios.

COVID-19

In response to the emergence of COVID-19, the UK Government imposed a full lockdown on 23 March 2020, 9 days before the start of the 2020-21 financial year and continuing until June 2020. There were further lockdowns in November 2020 and from January 2021 until most social distancing restrictions were lifted in early summer 2021. Restrictions and testing requirements for international travel continue to adversely impact demand for cross-channel ferry and cruise-ship services, however, with a return to pre-pandemic sailing schedules unlikely until the 2022 season.

As a result of the pandemic, PHC experienced a significant decline in RoRo ferry and cruise ship operational activity during the year. The impact of these 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 temporary furloughing of staff in accordance with the 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 the measures outlined above, PHC strengthened its balance sheet with net current assets increasing by 87% to £2,836k (2020: £1,516k) and net debt reducing by 17% to £6,109k (2020: £7,402k). PHC met all its bank loan financial covenants for the 2020-21 financial year

Management Accounts for the first quarter since the year-end demonstrate that the actions taken by the management team in response to the pandemic have been successful in limiting the ongoing impact into 2021-22, to a manageable level. A full financial forecast for the year ended 31 March 2022 has been prepared, which includes cautious assumptions around the timings of the resumption of key revenue streams. PHC started the 2021-22 financial year with healthy cash balances and, whilst these are expected to reduce over the period due to the resumption of capital repayments on debt, the financial forecast projections show that sufficient cash will always remain available to the Commissioners, throughout the period.

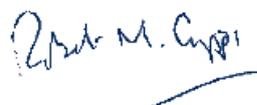
Going concern

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

A revised plan to fund the Poole Harbour Commissioners' Retirement Benefits Scheme deficit was agreed with the Trustees in July 2019. The scheme is expected to achieve a 100% funding level by 2026 and, in accordance with the 2019 plan, the Commissioners made no deficit reduction payments to the scheme during the year (2020: nil).

Approved by Poole Harbour Commissioners on 24 September 2021 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 2021 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 2021 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.

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.

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 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 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 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.

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 identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the Commissioners' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of 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 and significant one-off or unusual transactions.

Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit



procedures included but were not limited to:

- Discussing with the Commissioners and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our 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.

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 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 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

24 September 2021

Profit and loss account for the year ended 31st March 2021

	Note	2021 £000	2020 £000
Turnover	(3)	11,228	13,488
Cost of sales	(4)	(6,531)	(8,130)
Gross profit		4,697	5,358
Other income		482	105
Administrative expenses		(4,042)	(4,243)
Operating profit	(6)	1,137	1,220
Interest receivable and similar income	(8)	4	12
Interest payable and similar charges	(9)	(289)	(358)
Profit on ordinary activities before taxation		852	874
Tax on profit on ordinary activities	(10)	(403)	(1,294)
Profit/(Loss) for the financial year		449	(420)
Other comprehensive income			
Actuarial (losses)/ gains			
In respect of defined benefit scheme		(244)	279
Deferred tax in respect of above		46	(17)
Fair Value Movement of Investment Property		0	0
Total comprehensive income/(loss) for the financial year		251	(158)

All of the activities are classed as continuing.

Notes on pages 25 to 45 form an integral part of these accounts.

Statement of Changes in Equity for the year ended 31st March 2021

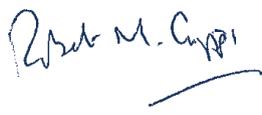
	Revaluation reserve	Capital reserve £000	Profit & loss account £000	Total £000
Balance at 1st April 2019	8,158	746	12,982	21,886
Comprehensive income for the year				
Loss for the year	-	-	(420)	(420)
Other recognised gains and losses	-	-	262	262
Total comprehensive loss for the year	-	-	(158)	(158)
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
As at 31st March 2021	8,158	746	13,075	21,979

Balance sheet as at 31st March 2021

	Note	2021 £000	2020 £000
Fixed assets			
Intangible assets	(11)	125	175
Property, Plant & Equipment	(12)	22,550	22,639
Investment Properties	(13)	10,570	10,570
Investments	(14)	-	-
		33,245	33,384
Current assets			
Stocks	(15)	20	33
Debtors	(16)	1,636	1,401
Cash at bank and in hand		5,191	2,920
		6,847	4,354
Creditors: amounts falling due within one year	(17)	(4,011)	(2,838)
		2,836	1,516
Net current Assets			
		36,081	34,900
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	(18)	(9,752)	(9,340)
Deferred income: grants	(20)	(1,497)	(1,416)
		24,832	24,144
Provision for liabilities			
Deferred taxation	(21)	(1,690)	(1,477)
Pension liability	(7)	(1,163)	(939)
		21,979	21,728
Net assets			
Reserves			
Capital reserve		746	746
Revaluation Reserve		8,158	8,158
Profit and loss account		13,075	12,824
		21,979	21,728
Capital employed/Commissioners' funds			

Notes on pages 25 to 45 form an integral part of these accounts.

The Accounts were approved by the Commissioners on 24 September 2021 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 2021

	Note	2021 £000	2020 £000
Cash inflow from operating activities	A.	3,162	3,279
Returns on investments and servicing of finance			
Interest received		4	12
Interest paid		(258)	(314)
Net cash outflow from returns on investments and servicing of finance		(254)	(302)
Taxation			
Corporation tax refund received/(paid)		26	(182)
Capital expenditure and financial investment			
Payments for tangible fixed assets		(1,891)	(1,553)
Disposal proceeds from sale of fixed assets		62	157
Net cash outflow for capital expenditure		(1,829)	(1,396)
Cash inflow before financing		1,105	1,399
Financing			
Bank loan repayments		(8,524)	(646)
Finance lease repayments		(130)	(282)
Additional bank financing		8,469	-
Additional finance leases		1,163	-
Additional grant funding		188	187
Increase in cash in the period	C.	2,271	658

Notes on pages 25 to 45 form an integral part of these accounts.

Notes to the cash flow statement for the year ended 31st March 2021

A. Reconciliation of operating profit to operating cash flows

	2021 £000	2020 £000
Operating profit	1,137	1,220
Depreciation	1,881	1,917
Loss/(Profit) on disposal of fixed assets	36	(19)
Amortisation of deferred income: grants	(108)	(105)
Amortisation of intangible assets	50	50
Decrease in stocks	13	49
(Increase)/Decrease in debtors	(254)	437
Decrease/(Increase) in creditors	407	(270)
Net cash inflow from operating activities	3,162	3,279

B. Analysis of net debt

	As at 1 April 2020	Cash Flow	As at 31 March 2021
Cash at bank and in hand	2,920	2,271	5,191
Bank loan	(8,894)	55	(8,839)
Finance leases	(1,428)	(1,033)	(2,461)
Total	(7,402)	1,293	(6,109)

Notes to the cash flow statement for the year ended 31st March 2021

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

	2021 £000	2020 £000
Increase in cash in the period	2,271	658
Bank loan repayments	8,524	646
Bank loan financing	(8,469)	-
Finance lease repayments	130	282
New finance leases	(1,163)	-
Movement in net debt	1,293	(1,586)
Net debt as at 31st March 2020	(7,402)	(8,988)
Net debt as at 31st March 2021	(6,109)	(7,402)

Notes to the accounts for the year ended 31st March 2021

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 £449k and as at 31 March 2021 had net current assets of £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 is expected to continue to adversely impact cross-channel ferry operations from Poole until March 2022. During the financial year, in response to the Covid-19 pandemic, PHC 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 traded profitably, despite the pandemic. The measures taken during 2020-21 will continue to mitigate the adverse financial impacts of the pandemic in 2021-22, 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 2021

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 2021

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 2021

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 2021

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. The next external professional valuation is due no later than 31 March 2022.

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.

3. Turnover

All Turnover arose within the United Kingdom.

Turnover is derived from the following sources:

	2021 £000	2020 £000
Dues on commercial vessels	745	1,552
Dues on cargoes and passengers	485	1,417
Cargo handling	4,916	5,757
Pilotage	544	653
Marina Operations	1,249	1,368
Other revenue	3,290	2,741
	11,229	13,488

Notes to the accounts for the year ended 31st March 2021

4. Cost of sales

	2021 £000	2020 £000
Cost of sales consists of:		
Dredging	77	292
Pilotage	454	509
Harbour operation and maintenance	1,817	2,182
Cargo handling wages and plant costs	3,551	4,261
Marina Operations	607	741
Other	25	145
	6,531	8,130

5. Pilotage revenue and expenditure

	2021 £000	2020 £000
Revenue from charges in respect of:		
Providing pilotage services	544	653
Expenditure incurred in respect of:		
Providing the service of pilots	368	448
Other Direct Costs – Pilot Boat Maintenance and operation	86	61
Administrative Expenses:		
Depreciation of vessels	24	24
Administration expenses	130	144
Interest Payable	5	8
	612	685

Notes to the accounts for the year ended 31st March 2021

6. Operating profit

	2021 £000	2020 £000
Operating profit is stated after charging/(crediting) the following:		
Commissioners' emoluments (including officers):		
Aggregate emoluments for managerial services	398	391
Aggregate employer's pension scheme contributions	28	28
Emoluments of the highest paid Commissioner (the Chief Executive):		
Total emoluments	163	150
Pension contributions to money purchase pension schemes	14	14
Auditor's remuneration:		
Audit fees	23	23
Non-audit services:		
Audit of pension schemes	-	8
Taxation	4	4
Consultancy	13	11
Depreciation	1,881	1,917
Loss/(Profit) on disposal of fixed assets	36	(19)
Rentals under operating leases:		
Hire of plant and machinery	5	9
Other	12	12
Amortisation of deferred income: grants	(108)	(105)
Amortisation of intangible assets	50	50
Other grants (including Coronavirus Job Retention Scheme grant)	374	-
	2021 No	2020 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 2021

7. Employees

	2021 No.	2020 No.
The average monthly number of staff (including paid Commissioners) employed during the year was:		
Dock workers	35	38
Other manual workers	38	42
Management, technical and administrative	39	44
	111	124

	2021 £000	2020 £000
Staff costs were:		
Wages and salaries	3,740	4,135
Social security costs	385	422
Pension costs (see below)	299	323
	4,423	4,880

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 2021

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 2018 and updated to 31 March 2021 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:

	2021 %	2020 %
Discount rate	2.05	2.30
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	3.50
Rate of increase in pensions in payment after 2005	3.00	3.00
Expected return on scheme assets	n/a	n/a
Inflation (RPI)	3.40	2.90
Inflation (CPI)	2.55	1.90

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:

	2021 £000	2020 £000
Expected return on scheme assets	257	266
Interest on scheme liabilities	(284)	(300)
Total charge to the profit and loss account	(27)	(34)

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 2021

7. Employees continued

The amounts recognised in the balance sheet are as follows:

	2021 £000	2020 £000
Present value of funded obligations	(13,152)	(12,716)
Fair value of scheme assets	11,722	11,557
	(1,430)	(1,159)
Related deferred tax assets	267	220
Net pension liability	(1,163)	(939)

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:

	2021 £000	2020 £000
Net finance cost (note 9)	(27)	(34)
Employer contributions	-	-
Other comprehensive income	(198)	262
	(225)	228

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

	2021 £000	2020 £000
Equities	6,447	5,574
Gilts and bonds	4,572	4,722
Cash and deposits	703	1,261
Total market value of assets	11,722	11,557

During the year the actual return on scheme assets was a profit of £971,000 (2019: profit of £465,000).

Notes to the accounts for the year ended 31st March 2021

7. Employees continued

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

	2021 £000	2020 £000
Opening fair value of schemes' assets	11,557	11,617
Expected return on schemes' assets	257	266
Contributions by employer	-	-
Actuarial gains	714	199
Benefits paid	(806)	(525)
Closing fair value of schemes' assets	11,722	11,557

The Commissioners' contributions during the accounting period amounted to £nil (2020: £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:

	2021 £000	2020 £000
Opening defined benefit obligation	12,716	13,021
Interest on scheme liabilities	284	300
Actuarial gains	958	(80)
Benefits paid	(806)	(525)
Closing defined benefit obligation	13,152	12,716

Notes to the accounts for the year ended 31st March 2021

7. Employees continued

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

	2021 £000	2020 £000	2018 £000	2017 £000	2016 £000
Defined benefit obligation	(13,152)	(12,716)	(13,021)	(14,002)	(14,605)
Fair value of scheme assets	11,722	11,557	11,617	11,784	12,223
Deficit in the scheme	(1,430)	(1,159)	(1,404)	(2,218)	(2,382)
Difference between the expected and actual return on scheme assets	(244)	(279)	(872)	(225)	1,282
Experience gains/(losses) on scheme liabilities	103	(53)	24	(204)	(986)

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 2021.

	2021 £000	2020 £000
Total pension costs are summarised as follows:		
Contributions	248	270
Consultancy and other professional fees	49	53
	299	323

8. Interest receivable and similar income

	2021 £000	2020 £000
Other interest receivable	4	12

Notes to the accounts for the year ended 31st March 2021

9. Interest payable and similar charges

	2021 £000	2020 £000
Bank loans and overdraft	262	324
Net finance expense in respect of defined benefit pension scheme (note 7)	27	34
	289	358

10. Taxation

	2021 £000	2020 £000
The tax charge on profit on ordinary activities is made up as follows:		
United Kingdom corporation tax at 19% (2020: 19%)	190	161
Adjustments in respect of prior periods	-	(187)
Adjustment to previously recognised provisions		
Deferred taxation:		
Adjustments in respect of changes in tax rates	-	138
Capital allowances in excess of depreciation	213	1,182
	403	1,294
Profit on ordinary activities before tax	852	874
Standard rate of corporation tax in the UK	19%	19%
Profit on ordinary activities multiplied by the standard rate of corporation tax	162	166
Adjusted for:		
Expenses not deductible for tax purposes	1	41
Capital allowances for period less than depreciation	23	(52)
Defined benefit pension adjustments	4	6
	190	161

Notes to the accounts for the year ended 31st March 2021

11. Intangible fixed assets

	Goodwill £000
Cost	
At 1st April 2020 and as 31st March 2021	1,002
Amortisation	
At 1st April 2020	827
Provided in year	50
As at 31st March 2021	877
Net Book Value	
At 31st March 2020	175
At 31st March 2021	125

Goodwill is an individually material amount arising from the acquisition of Poole Quay Boat Haven. It has a remaining useful economic life of 2 years (2020: 3 years)

Notes to the accounts for the year ended 31st March 2021

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 2020	9,079	28,871	1,808	11,727	-	51,485
Additions	-	161	-	1,245	485	1,891
Disposals	(33)	(3)	-	(686)	-	(722)
At 31st March 2021	9,046	29,029	1,808	12,286	485	52,654
Depreciation						
At 31st March 2020	4,449	16,236	1,260	6,901	-	28,846
Provided in year	222	689	51	919	-	1,881
Disposals	(33)	(1)	-	(589)	-	(623)
At 31st March 2021	4,638	16,924	1,311	7,231	-	30,104
Net Book Value						
At 31st March 2020	4,630	12,635	548	4,826	-	22,639
At 31st March 2021	4,408	12,105	497	5,055	485	22,550

Included in Plant & Equipment are tangible fixed assets owned under finance leases with a net book value of £2,763,651 (2020: £1,616,338).

Included in Dock Structures, Quays & Dredging is capitalised interest with a cost of £97,860 (2020: £97,860) and net book value of £89,472 (2020: £92,268).

Notes to the accounts for the year ended 31st March 2021

13. Investment Properties

	Investment Assets £000
Valuation	
At 1st April 2020	10,570
As at 31st March 2021	10,570
Net Book Value	
At 31st March 2020	10,570
At 31st March 2021	10,570

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. The next external professional valuation is due no later than 31 March 2022.

14. Investments

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

15. Stocks

	2021 £000	2020 £000
Materials, spares and consumables	20	33

16. Debtors

	2021 £000	2020 £000
Trade debtors	1,557	1,281
Other debtors	40	1
Corporation tax	-	24
Prepayments and accrued income	39	95
	1,636	1,401

Notes to the accounts for the year ended 31st March 2021

17. Creditors amounts falling due within one year

	2021 £000	2020 £000
Bank loans and overdrafts	695	693
Trade creditors	887	388
Other creditors	99	306
Corporation tax	190	-
Other taxes and social security	98	124
Accruals and deferred income	1,189	1,037
Finance lease obligations	853	290
	4,011	2,838

18. Creditors amounts falling due after more than one year

	2021 £000	2020 £000
Bank loan: instalments falling due within five years	8,144	8,201
Finance lease obligations	1,608	1,139
	9,752	9,340

19. Total bank borrowings

	2021 £000	2020 £000
Amounts repayable:		
In one year or less or on demand	695	693
In two to five years	2,400	8,201
In more than five years	5,744	-
	8,839	8,894

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 2021

20. Deferred income: grants

	2021 £000
Received and receivable:	
At 1st April 2020	2,520
Additions	188
As at 31 March 2021	2,708
Amortisation:	
At 1st April 2020	1,104
Released to profit and loss account	107
At 31st March 2021	1,211
Net balance at 31st March 2020	1,416
Net balance at 31st March 2021	1,497

21. Deferred taxation

	2021 £000	2020 £000
The provision for deferred taxation is made up as follows:		
At 1st April 2020	1,477	295
Profit and loss account charge for the year	213	1,182
As 31st March 2021	1,690	1,477
Represented by tax on:		
Capital allowances in advance of related depreciation	1,358	1,215
Short Term Timing Differences	(179)	(249)
Revaluation of investment property	511	511
Dredging costs charged against profit in advance of capital allowances	-	-
As 31st March 2021	1,690	1,477

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 upon 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 (2020: £685,000)

Notes to the accounts for the year ended 31st March 2021

22. Operating lease commitments

At 31st March 2021 the Commissioners have future minimum lease payments under non-cancellable operating leases as follows:

	2021 Land and Buildings £000	2021 Other £000	2020 Land and Buildings £000	2020 Other £000
Within one year	35	3	35	9
Within two to five years	124	5	127	9
After five years	729	-	754	-

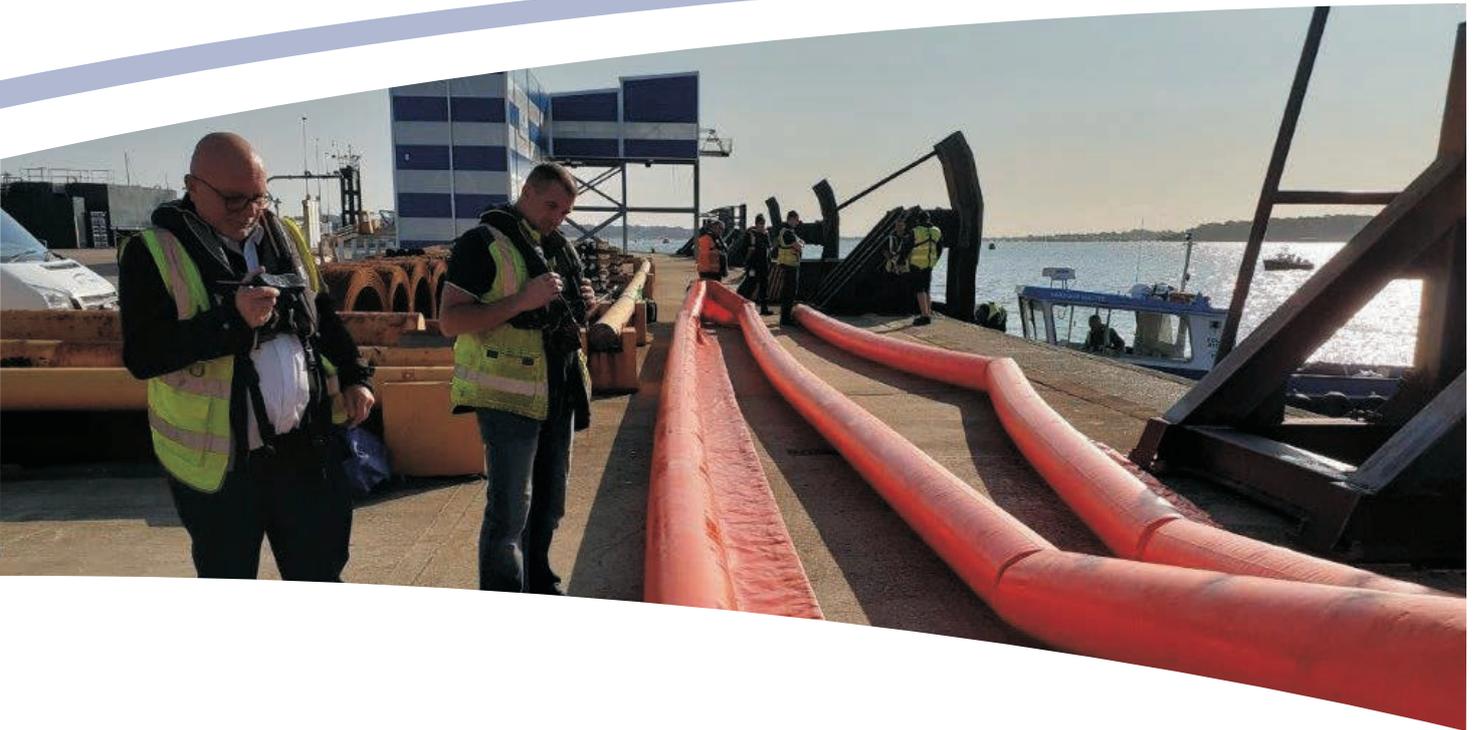
23. Borrowing powers

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

24. Related party transactions

During the prior year Poole Harbour Commissioners purchased services totaling £226,955 from Poole Stevedoring Services Limited, a company in which Mr T. James, who retired as a Commissioner on 31 October 2019, is a director.

Mr T. James was not a related party during the year ended 31 March 2021 and, therefore, the value of services purchased during the year ended 31 March 2021 has not been disclosed.



Annual Environmental Summary 2020/21

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: 24 September 2021.



Review of 2020/21 Environmental Performance

Poole Harbour Steering Group

PHC's Chief Executive continues to chair the Poole Harbour Steering Group, which remains active in conserving the Harbour. The summer 2020 recreational and watercraft survey had to be deferred, due to the pandemic, and resumed as usual in summer 2021.

A meeting of the Steering Group was held via video-conference in October 2020 when the updating of the Poole Harbour Aquatic Management Plan was discussed.

Maintenance Dredging Protocol (MDP)

The MDP is a baseline document for the consents process for 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

During March 2021, Boskalis' vessel 'Scheldt River' was contracted by BCP Council to dredge 35,000m³ sand from the Swash Channel for the replenishment of local beaches.

Due to COVID-related restrictions less dredging than usual was undertaken at boatyards in the Harbour. A

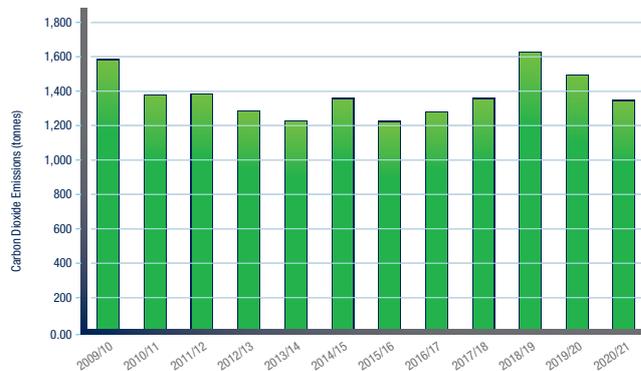
total of 13,350m³ was dredged which was all disposed of at Brownsea Roads, in line with the MDP's goal to retain silt within the Harbour. The total dredged included:

- Poole Quay Boat Haven where 4,350m³ was dredged.
- Cobbs Quay dredging of 7,100m³.
- 1,900m³ dredged from Parkstone Bay Marina, Dorset Lake Shipyard, Moriconium Quay and Jenkins Marine berth on the Port.

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.



Carbon Dioxide Emissions



During the year all high-mast lighting on the Port was upgraded to LED, with an on-going programme to replace all remaining lighting almost completed.

Water Use

Water consumption by PHC and its tenants on the port estate increased by approximately 44%. The port's ageing water pipe infrastructure is prone to new leaks developing as old leaks are fixed and the Harbour Engineer is working with specialist contractors to establish the best long term solution.

Waste Management

Port Waste Management Plan

Minor amendments were made to The Port Waste Management Plan during the year, with all changes receiving MCA approval.

Waste Management

The Port's general waste contract is halfway through its contractual term with Biffa.

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.

A major exercise was conducted in October 2020 and a consultative review of the Response Plan followed which was approved by the MCA in July 2021, for a further 5 years.

The Harbour Masters Department responded to 6 minor pollution incidents in the Harbour between April 2020 and March 2021.



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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