

**FALMOUTH HARBOUR COMMISSIONERS**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

# FALMOUTH HARBOUR COMMISSIONERS

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## FALMOUTH HARBOUR COMMISSIONERS

### LIST OF COMMISSIONERS, PRINCIPAL OFFICERS AND PROFESSIONAL ADVISORS (as at 31 December 2011)

Commissioners:                      Captain M Sansom              Chief Executive and Harbour Master  
   D Ellis                              Chairman  
   P Fish                                Deputy Chairman  
   P Hamilton  
   J Langan  
   R Reed  
   G Tomlinson  
   R Yates

Deputy Harbour Master:              Captain D Paul (*Acting*)

Leisure Services Manager:              B Buist

Finance and Admin Manager:              L Allan

Falmouth Harbour Commissioners      44 Arwenack Street  
   Falmouth

Bankers:                                      Barclays Bank plc  
   Killigrew Street  
   Falmouth

   HSBC Bank plc  
   Market Street  
   Falmouth

Auditors:                                      Francis Clark LLP  
   Lowin House  
   Tregolls Road  
   Truro TR1 2NA

Solicitors:                                      Hine Downing  
   8/10 Berkeley Vale  
   Falmouth

# FALMOUTH HARBOUR COMMISSIONERS

## COMMISSIONERS' REPORT

The Commissioners present their report and financial statements of Falmouth Harbour for the year ended 31 December 2011.

### Principal activities

The principal activities of the Harbour Commissioners are the administration of the affairs of Falmouth Harbour and the administration of pilotage services as a competent harbour authority under the Pilotage Act 1987.

### State of affairs

These financial statements record a surplus of £369,383 as set out on page 5. The surplus reflects a solid performance from a year in which commercial shipping activities were broadly similar to those in 2010. The high number of vessels calling for bunkers compared to pre 2007 is thought to be largely due to the continuing effect of the low sulphur fuel regulations. The Board are satisfied with the year's results.

New guidelines for the governance of Trust Ports were issued by the Department for Transport in 2009. The Board set up a sub-committee to ensure that their activities complied with the standards laid down in the guidelines. The 2010 Annual Report issued in September was able to demonstrate that in general, the guidance is being followed whilst identifying any specific instances where it is impracticable or unreasonable to do so.

### Pilots pension fund

The Trustee of the Pilots National Pension Fund commenced court proceedings in order to determine which parties could be compelled to contribute to a recovery scheme required due to a deficit in the fund. Falmouth Harbour Commissioners appointed specialist solicitors and followed the case closely to ensure that all arguments relevant to them were put by the representative of the classes concerned. Judgement was received in the second quarter of 2010 and appeals were submitted during 2011. The deadline to deal with appeals has been extended to 15<sup>th</sup> August 2012. It is expected that the nature of the liabilities and the plans for a recovery scheme will emerge during the course of the coming year. Due to the high level of uncertainty in both the allocation and extent of liabilities and the possible recovery options no provision has been made in these financial statements.

### Commissioners

The following Commissioners held office during the year:

#### Existing Commissioners:

Captain M Sansom	Chief Executive and Harbour Master
D Ellis	Chairman
P Fish	Deputy Chairman
J Langan	
R Reed	
R Yates	

#### Appointments:

P Hamilton	Appointed 1.1.11
G Tomlinson	Appointed 1.1.11

## FALMOUTH HARBOUR COMMISSIONERS

### COMMISSIONERS' REPORT (continued)

#### Commissioners' responsibilities

Relevant law requires the Commissioners to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the undertaking and of the surplus or deficit of the undertaking for that period. In preparing those financial statements, 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the undertaking will continue in business.

The Commissioners are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the undertaking and to enable them to ensure that the financial statements comply with the Statutory Harbour Undertakings (Accounts etc) Regulations 1983, the Falmouth Harbour Orders 1870-1991 and the Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988. They are also responsible for safeguarding the assets of the undertaking and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as each Commissioner is aware, there is no relevant information of which auditors are unaware, and each Commissioner has taken all the steps that he or she ought to have taken as a Commissioner to make his or herself aware of any relevant audit information and to establish that the auditors are aware of the information.

**By Order of the Commissioners;**



.....  
D Ellis  
Chairman

Date: 20/7/12

FALMOUTH HARBOUR COMMISSIONERS

REPORT OF THE AUDITORS TO FALMOUTH HARBOUR COMMISSIONERS

We have audited the financial statements of Falmouth Harbour Commissioners for the year ended 31 December 2011 on pages 5 to 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Commissioners, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Commissioners those matters we are required to state to them in a Report of the Auditors 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.

**Respective responsibilities of commissioners and auditors**

As explained more fully in the Statement of Commissioners responsibilities set out on page 3, the Commissioners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Commissioners; and the overall presentation of the financial statements.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the undertaking's affairs as at 31 December 2011 and of its surplus for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the provisions of the Statutory Harbour Undertakings (Accounts etc) Regulations 1983, the Falmouth Harbour Orders 1870–1991 and the Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988 applicable to small undertakings.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Commissioners for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Commissioners' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Thomas Roach FCA (Senior Statutory Auditor)  
Francis Clark LLP  
Chartered Accountants and Statutory Auditors  
Lowin House  
Tregolls Road  
Truro TR1 2NA



Date: 3/8/12

**FALMOUTH HARBOUR COMMISSIONERS**  
**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	£	2011 £	£	2010 £
Turnover			3,277,625		3,070,117
Staff Costs	4	1,676,074		1,395,011	
Depreciation	6	183,972		208,901	
Other operating charges		1,031,834		1,036,145	
		-----		-----	
			(2,891,880)		(2,640,057)
			-----		-----
<b>Operating surplus</b>	<b>2</b>		<b>385,745</b>		<b>430,060</b>
Interest receivable and similar income	3	27,250		18,057	
Other finance income		5,189		17	
Grant income		2,225		2,225	
Interest payable		(10,877)		(33,332)	
		-----		-----	
			23,787		(13,033)
			-----		-----
<b>Surplus for the year before taxation</b>			<b>409,532</b>		<b>417,027</b>
Taxation	5		(40,149)		(85,158)
			-----		-----
<b>Surplus for the financial year</b>			<b>369,383</b>		<b>331,869</b>
			=====		=====

**Continuing operations**

None of the undertakings' activities were acquired or discontinued during the above two financial years.

**FALMOUTH HARBOUR COMMISSIONERS**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

	Note	2011 £	2010 £
Surplus for the financial year	12	369,383	331,869
Actuarial (loss)/gain on pension scheme	16	(161,000)	351,000
UK deferred tax attributable to actuarial loss/(gain)	11	25,200	(122,100)
<b>Total recognised gains for the year</b>		<u>233,583</u>	<u>560,769</u>

The accounting policies and notes on pages 9 to 19 form an integral part of these financial statements.

FALMOUTH HARBOUR COMMISSIONERS

BALANCE SHEET

AS AT 31 DECEMBER 2011

	Note	£	2011 £	£	2010 £
<b>Fixed assets</b>					
Tangible assets	6		1,643,417		1,645,080
<b>Current assets</b>					
Stock		6,147		69,217	
Debtors	7	512,752		558,513	
Cash at bank and in hand		2,322,390		2,112,151	
		<u>2,841,289</u>		<u>2,739,881</u>	
<b>Creditors: amounts due within one year</b>	8	<u>(465,119)</u>		<u>(685,420)</u>	
Net current assets			2,376,170		2,054,461
<b>Net assets</b>			<u>4,019,587</u>		<u>3,699,541</u>
<b>Creditors: amounts due after one year</b>	9		-		(37,312)
<b>Accruals and deferred income</b>	10		(24,463)		(26,688)
<b>Pension liability</b>	16		(702,000)		(576,000)
			<u>3,293,124</u>		<u>3,059,541</u>
<b>Reserves</b>					
Accumulated funds	12		3,198,736		2,965,153
Revaluation reserve	12		94,388		94,388
			<u>3,293,124</u>		<u>3,059,541</u>

Approved on behalf of the Board:



D Ellis  
Chairman



Captain M Sansom  
Chief Executive and Harbour Master

Date: 20/7/12

**FALMOUTH HARBOUR COMMISSIONERS**  
**NOTE OF HISTORICAL COST SURPLUS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

	2011 £	2010 £
Surplus before taxation	409,532	417,027
Difference between historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	-	-
Historical surplus before taxation	<u>409,532</u>	<u>417,027</u>

FALMOUTH HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES

a) Accounting convention

The financial statements are prepared under the historical cost convention, modified to include the revaluation of freehold land and buildings.

b) Turnover

Turnover represents income net of value added tax.

Income is calculated so as to spread the income over the period that it covers. Any deferred income is included within creditors and released in the period to which it relates.

c) Tangible fixed assets

Tangible fixed assets are included at cost, being purchase price, less accumulated depreciation. It is the policy of Falmouth Harbour Commissioners not to capitalise items under £500 or have an expected useful life of less than 18 months.

d) Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows:

Freehold property (excluding land)	0%	
Office equipment, Harbour Master's Craft and Buoys	10% or 20%	p.a. reducing balance
Pilot Boats	13% or 15%	w.d.v. until nbv = 25% cost
Computers	20% or 33.33%	p.a. straight line
Yacht Haven:		
- Dredging	10%	p.a. straight line
- Pontoons	4%, 5% or 6.66%	p.a. straight line
Equipment:		
- Pilotage	33.33%	p.a. straight line
- Grant funded	20% or 33.33%	p.a. straight line
Fuel Barge	4%	p.a. straight line

For the freehold property re-valued prior to the implementation of FRS 15, the transitional provisions are being followed and the valuation has not been updated since.

e) Stocks

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

f) Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes.

g) Pension costs

The company operates both a defined benefit and defined contribution pension scheme.

Defined Contribution Scheme

The assets of the defined contribution scheme are held separately from those of the company in an independently administered fund. The amount charged against the surplus represents the contributions payable to the scheme in respect of the accounting period.

Defined Benefit Scheme

Full details of the defined benefit pension scheme are given in note 16.

FALMOUTH HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

h) **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against the surplus as incurred.

i) **Grants**

The grant in respect of capital expenditure is credited to deferred revenue. This grant is released to the income and expenditure account over the expected useful life of the assets.

The grant in respect of revenue expenditure is released to the income and expenditure account as the related expenditure is incurred.

2. **Operating surplus**

Operating surplus is stated after charging:

	2011 £	2010 £
Auditors' remuneration	6,044	4,586
Non audit costs	10,376	2,755
Elected Commissioners' fees	31,225	32,404
Operating lease rentals – Plant and Machinery	9,866	8,893

3. **Interest receivable and similar income**

	2011 £	2010 £
Bank interest	27,250	18,057

4. **Staff costs**

Operating surplus is stated after charging:

	2011 £	2010 £
Wages and salaries	781,257	689,249
Pilots' fees	783,362	794,001
Social security costs	58,937	50,926
Other pension costs/(gains)	52,518	(139,165)
	<u>1,676,074</u>	<u>1,395,011</u>

**Other pension costs/(gains):**

Balance included in Other Creditors b/fwd	(10,481)	(10,484)
Amounts paid on the year	94,203	90,838
Service cost adjustments	(42,000)	(230,000)
Balance included in Other Creditors c/fwd	10,796	10,481
	<u>52,518</u>	<u>(139,165)</u>

**Number of employees**

The average monthly number of employees during the year was:

	2011	2010
Departmental administration	23	22
Pilot boat crew	10	10
	<u>33</u>	<u>32</u>

FALMOUTH HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

5. Taxation

Tax on the surplus on ordinary activities

Analysis of charge in period:

	2011 £	2010 £
<b>Current tax</b>		
UK Corporation Tax	34,355	81,758
<b>Deferred tax</b>		
Timing differences, origination and reversal	5,794	3,400
	<u>40,149</u>	<u>85,158</u>
Total	<u>40,149</u>	<u>85,158</u>

Factors affecting tax charge for the period:

	2011 £	2010 £
Surplus on ordinary activities	409,532	417,027
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.00% (31 December 2010: 22.52%)	81,906	93,914
Expenses not deductible for tax purposes *	3,702	15,778
Surplus on pilot boat operations	(66,072)	(48,295)
Effect of change in tax rate	418	-
Capital allowances for the period less than depreciation	14,401	20,361
	<u>34,355</u>	<u>81,758</u>
Current tax charge period	<u>34,355</u>	<u>81,758</u>

\* including non-allowable depreciation

FALMOUTH HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

6. Tangible fixed assets	Freehold Property	Office Furniture and Computer Equipment	Craft	Pontoons and Fuel Barge	Equipment	Total
	£	£	£	£	£	£
<b>Cost or valuation</b>						
At 1 January 2011	388,086	153,825	1,491,371	665,761	57,562	2,756,605
Additions	43,307	-	52,106	9,289	77,607	182,309
Disposals	-	-	-	-	-	-
At 31 December 2011	<u>431,393</u>	<u>153,825</u>	<u>1,543,477</u>	<u>675,050</u>	<u>135,169</u>	<u>2,938,914</u>
<b>Depreciation</b>						
At 1 January 2011	105,134	108,193	553,467	303,547	41,184	1,111,525
Charge for the year	-	13,893	131,046	26,296	12,737	183,972
Eliminated on disposal	-	-	-	-	-	-
At 31 December 2011	<u>105,134</u>	<u>122,086</u>	<u>684,513</u>	<u>329,843</u>	<u>53,921</u>	<u>1,295,497</u>
<b>Written down values</b>						
At 31 December 2011	<u>326,259</u>	<u>31,739</u>	<u>858,964</u>	<u>345,207</u>	<u>81,248</u>	<u>1,643,417</u>
At 31 December 2010	<u>282,952</u>	<u>45,632</u>	<u>937,904</u>	<u>362,214</u>	<u>16,378</u>	<u>1,645,080</u>

The freehold property at 44 Arwenack Street, Falmouth was revalued on an open market basis on 18 March 1997 by Stratton Creber Chartered Surveyors. The historical cost of the freehold land and buildings included above at the revaluation of £1,125,000 was £2,692 and the aggregate depreciation thereon would have been £1,346 (2010 - £1,346).

FALMOUTH HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

7. Debtors

	2011 £	2010 £
Operating debtors	275,445	305,469
Other debtors	138,809	180,823
Prepayments	45,538	38,667
Deferred tax asset	52,960	33,554
	<u>512,752</u>	<u>558,513</u>

The deferred tax asset of £52,960 is due after more than one year.

8. Creditors: amounts falling due within one year

	2011 £	2010 £
Bank loans and overdrafts	37,312	38,195
Operating creditors	315,442	479,588
Other creditors	18,296	15,475
Corporation tax	34,355	81,758
Other taxation and social security	19,432	17,401
Accruals	40,282	53,003
	<u>465,119</u>	<u>685,420</u>

The undertaking has adopted a policy of setting all outstanding creditor invoices not under dispute within 32 days of the end of the month of receipt.

9. Creditors: amounts falling due after one year

	2011 £	2010 £
Due between two and five years: Bank loans and overdrafts	<u>-</u>	<u>37,312</u>

The bank loan noted in notes 8 and 9 totalling £37,312 (2010 - £75,507) is secured on the Arrow pilot boat.

10. Accruals and deferred income

	2011 £	2010 £
At 1 January 2011	26,688	28,913
Released in the year	(2,225)	(2,225)
At 31 December 2011	<u>24,463</u>	<u>26,688</u>
Deferred income due in over 5 years	<u>13,338</u>	<u>15,563</u>

FALMOUTH HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

Pension Scheme (continued)

The scheme is a multi-employer scheme and the assets in the scheme and the expected rates of return are:

	Long term rate of return expected for 31/03/2012 % p.a.	Assets at 31/03/2012 £,000	Long term rate of return expected for 31/03/2011 % p.a.	Assets at 31/03/2011 £,000	Long term rate of return expected for 31/03/2010 % p.a.	Assets at 31/03/2010 £,000
Equities	6.2%	1,293	7.5%	1,267	7.8%	1,219
Bonds	4.0%	304	4.9%	246	5.0%	254
Property	4.4%	133	5.5%	123	5.8%	102
Cash	3.5%	171	4.6%	123	4.8%	118
Total value of assets	5.5%	1,901	6.8%	1,759	7.0%	1,693
Present value of scheme liabilities		2,603		2,335		2,823
<b>Deficiency in scheme</b>		<b>(702)</b>		<b>(576)</b>		<b>(1,130)</b>
Related deferred tax asset *		140		115		237
<b>Net pension liability</b>		<b>(562)</b>		<b>(461)</b>		<b>(893)</b>

\* This assumes a corporation tax rate of 20% for 31/03/2012 and 20% for 31/03/2011 and 21 % for 31/03/2010.

Analysis of amounts charged to operating surplus

	Year to 31 March 2012 £,000	Year to 31 March 2011 £,000
Service cost	103	107
Past service (gains) **	-	(246)
	<b>103</b>	<b>(139)</b>

\*\* With effect from 22 June 2010 calculations of future pension increases are linked to the Consumer Prices Index (CPI) and not the Retail Prices Index (RPI). The effect of this change is reflected as a past service gain.

FALMOUTH HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

Pension scheme (continued)

Analysis of amount debited to interest payable

	Year to 31 March 2012 £,000	Year to 31 March 2011 £,000
Expected return on employer assets	123	116
Interest cost	(130)	(143)
	-----	-----
Net cost	(7)	(27)
	=====	=====
Net revenue account cost/(gain)	110	(112)
	=====	=====
Actual return on plan assets	37	162
	=====	=====

Reconciliation of defined benefit obligation

	Year to 31 March 2012 £,000	Year to 31 March 2011 £,000
Defined benefit obligation at 1 January 2011	2,335	2,823
Movement in year;		
Current service cost	103	107
Interest cost	130	143
Contributions by members	35	31
Actuarial losses/(gains)	75	(336)
Past service (gains)	-	(246)
Estimated benefits paid	(75)	(187)
	-----	-----
Defined benefit obligation at 31 December 2011	2,603	2,335
	=====	=====

Reconciliation of fair value of employer assets

	Year to 31 March 2012 £,000	Year to 31 March 2011 £,000
Fair value of employer assets at 1 January 2011	1,759	1,693
Expected return on assets	123	116
Contributions by members	35	31
Employer contributions	145	91
Estimated benefits paid	(75)	(187)
Actuarial (losses)/gain	(86)	15
	-----	-----
Fair value of employer assets at 31 December 2011	1,901	1,759
	=====	=====

Analysis of the amount recognised in statement of total recognised gains and losses (STRGL)

	Year to 31 March 2012 £,000	Year to 31 March 2011 £,000
Actual return less expected return on pension scheme assets	(86)	46
Experience (losses) arising on scheme liabilities	(13)	(147)
Changes on financial assumptions underlying the present value of scheme liabilities	(62)	452
	-----	-----
Actuarial (loss)/gain recognised in STRGL	(161)	351
	=====	=====

The above reflects the effect on the STRGL that has been made for the scheme deficit to be reflected in these financial statements.

FALMOUTH HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

Pension scheme (continued)

History of experience gains and losses

	Year to 31 March 2012 £,000	Year to 31 March 2011 £,000	Year to 31 March 2010 £,000	Year to 31 March 2009 £,000	Year to 31 March 2008 £,000
Difference between the expected and actual return on assets	(86)	46	282	(492)	(168)
Value of assets	1,901	1,759	1,693	1,256	1,610
% of assets	(4.5%)	2.6%	16.7%	(39.2%)	(10.4%)
Experience (losses)/gain on liabilities	(13)	(147)	-	50	(42)
Total present value of liabilities	2,603	2,335	2,823	1,671	1,683
% of the total present value of the liabilities	(0.5%)	(6.3%)	-%	3.0%	(2.5%)
Actuarial (losses)/gain recognised in STRGL	(161)	351	(709)	(333)	188
Total present value of liabilities	2,603	2,335	2,823	1,671	1,683
% of the total present value of the liabilities	(6.2%)	15.0%	(25.1%)	(19.9%)	11.2%
(Deficit)	(702)	(576)	(1,130)	(415)	(73)

**Estimated contributions for the year ended 31 March 2013**

The estimated employer's contributions for the year to 31 March 2013 are approximately £152,000.

## FALMOUTH HARBOUR COMMISSIONERS

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

#### 17. Deferred Tax Provisions

Deferred tax provisions have been calculated at the rate of 20% which is consistent with the effective tax rate at the Balance Sheet date which the Commissioners believe will be incurred by the business in the future.

#### 18. Pilots National Pension Fund

The Trustee of the Pilots National Pension Fund commenced court proceedings in order to determine which parties could be compelled to contribute to a recovery scheme required due to a deficit in the fund. Falmouth Harbour Commissioners appointed specialist solicitors and followed the case closely to ensure that all arguments relevant to them were put by the representative of the classes concerned. Judgement was received in the second quarter of 2010 and appeals were submitted during 2011. The deadline to deal with appeals has been extended to 15<sup>th</sup> August 2012. It is expected that the nature of the liabilities and the plans for a recovery scheme will emerge during the course of the coming year. Due to the high level of uncertainty in both the allocation and extent of liabilities and the possible recovery options no provision has been made in these financial statements.

#### 19. Pilot Boat Funds

The Commissioners maintain funds accumulated from the surplus of the pilot boat operations and interest received upon these funds, which have been allocated for the replacement of pilot boats. The balance of the fund excluding the pilot boat, as at 31 December 2011 was £923,521 (2010 £566,910).

#### 20. Remuneration of Commissioners and Related Party Transactions

	2011	2010
	£	£
Elected Commissioners remuneration	31,225	32,404

We are committed to ensuring that our Board remains balanced and fit for purpose. The skills identified as being of particular relevance to the management of the Harbour have been identified and are listed in the Falmouth Harbour Revision Order 2004. When vacancies occur, the Board will decide which special skills are most appropriate for the new Commissioner and a job description and person specification will be drawn up. Vacancies are advertised regionally as well as locally and the recruitment process is open to all. Appropriate remuneration is paid to commissioners and the levels kept under review to help ensure that Board membership remains attractive.

The Chairman of the Board has a specific responsibility to ensure continuity and Commissioner development; appraisals are undertaken to ensure there are suitable candidates to take over as Chair and Deputy Chair when the time comes.

During the year Falmouth Harbour Commissioners had transactions with the following companies in which a Commissioner had an ownership interest:

Challenger Marine Ltd (John Langan has a controlling shareholding). During the year Falmouth Harbour Commissioners made purchases from Challenger Marine Ltd of £9,135 and made sales to the company of £162. At the 31 December 2011 a net balance of £289 was owing to the company.

Triskel Marine Ltd (Mark Sansom and his wife each have a 10% shareholding). During the year Falmouth Harbour Commissioners made purchases from Triskel Marine Ltd of £6,900.

FALMOUTH HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

The following pages are for the commissioners only