

FALMOUTH HARBOUR COMMISSIONERS
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

FALMOUTH HARBOUR COMMISSIONERS

ORGANISATION INFORMATION

Commissioners	Mr M Carden Mr N Tipple Mr M Chanter Mr A Williams Mr J Elliott Mr G Pitts Mrs N Collings-Costello Ms K Penney Mr A Wright Mr M Glanville Mr J Langley	Chief Executive Chair (Appointed December 2025) Chair (Resigned December 2025) Deputy Chair (Appointed December 2025) Deputy Chair (Resigned December 2025) (Resigned December 2025) (Appointed January 2026) (Appointed January 2026)
Harbour Master	Mr I Pedley	
General Commercial Manager	Mr T Rowe	
Finance Manager	Mrs A Harvey Mrs R Squibb	
Business address	44 Arwenack Street Falmouth Cornwall TR11 3JQ	
Bankers	Barclays Bank plc Killigrew Street Falmouth Cornwall TR11 3RD Lloyds Bank plc Killigrew Street Falmouth Cornwall TR11 3RA	
Solicitors	Ashfords LLP Stephens Scown LLP	
Auditors & Accountants	Phillips Frith LLP 9 Tregarne Terrace St Austell Cornwall PL25 4DD	

FALMOUTH HARBOUR COMMISSIONERS

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FALMOUTH HARBOUR COMMISSIONERS

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

The Non-Executive Directors of Falmouth Harbour present the strategic report for the year ended 31 December 2025.

Principal activities

The principal activities of Falmouth Harbour managed by a Board of Commissioners are the administration of the affairs of Falmouth Harbour as a Statutory Harbour Authority and the administration of pilotage services as a Competent Harbour Authority under the Pilotage Act 1987.

Fair review of the business

These financial statements record a surplus of £31,917 (2024: surplus £236,673) before tax, which was a reduced level from expectations, mainly as a result of challenging Commercial Shipping Revenues in the second half of 2025, whilst the organisation, advanced key strategic growth initiatives and operational efficiency programmes, aimed at strengthening long-term resilience. Grant income supported aspects of this work, but delivery activity contributed to increased expenditure. Also, Operational expenses increased, namely depreciation linked to the new Pilot Boat and updated asset useful lives review. Rising staff & pension costs, and unplanned vessel fleet costs, that included repairs, replacement engines, and issues with the electric patrol vessel. However the post taxation position is a surplus of £7k vs a deficit of £35k in 2024.

Exceptional costs for pension scheme contributions totaled £207,190 (2024: £187,596), with further net service cost and interest adjustments in respect of the defined benefit pension schemes of £nil (2024: £12,000) for this financial year. The Pilots National Pension Fund (PNPF) pension contributions were reclassified in 2022 and are no longer recognised in the income and expenditure account.

Purchase of new Pilot Boat

Following on from the arrival of a state of the art pilot boat in October 2024, we have now had the opportunity to return the boat to the ship building yard in 2025, for additional work to be completed on specification rectification areas, and updating systems to ensure the boat is as good as it can be for its important duty service. The balance of the payment for the boat was also released post this work. A small retention remains outstanding.

Deferred Tax

2025 includes a deferred tax liability and asset, which gives rise to a deficit for the year. The deferred tax recognises that tax relief has been claimed upfront for the pilot boat, ahead of its depreciable life which then creates tax losses which will be relieved in future.

Principal risks and uncertainties

Pilots National Pension Fund

A court ruling gave the Fund Trustee of the Pilots National Pension Fund (PNPF) wide powers to seek deficit contributions from Competent Harbour Authorities (CHA) engaged or having been previously engaged in employing or authorising pilots and Falmouth Harbour Commissioners has a liability on this basis. A plan for repaying this liability over a term was agreed with the Trustee.

The details relating to other pension scheme liabilities are shown in note 14.

FALMOUTH HARBOUR COMMISSIONERS

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

Development and performance

Investment powers, policy and performance

Falmouth Harbour has the power to make any investment that they consider appropriate and investment performance is reviewed regularly throughout the year.

Plans to develop marina facilities

Falmouth Harbour considers making investments in their business on a case by case basis with the aim of achieving business growth. Completion of a Marine Development Feasibility Plan in 2024, and further feasibility and public consultation occurred in 2025, this will form the basis of development over the next 3-10 years. Further feasibility and studies to develop detailed business plans will occur in 2026.

Going concern

The balance sheet shows that Falmouth Harbour has a net gain on reserves of £1,940,009 (2024: £1,933,307). In preparing and approving these financial statements the Harbour Board of Commissioners have given due consideration to going concern risks.

The Harbour Board of Commissioners consider that it is appropriate for the accounts to continue to be prepared on a going concern basis for the reasons set out below:

- The Harbour Board of Commissioners are committed to ensuring that annual income covers liabilities, and to this end have acted to ensure that their facilities are operated commercially and costs are mitigated. Falmouth Harbour holds cash of £349,141 at the balance sheet date.
- As discussed, the liability of the Pilots National Pension Fund was agreed and annual contributions payable in 2025 were £387k rising by approximately 8% each year (2026 - £ 411k) until the year ending 31 December 2028. This equates to £1.303 million payable 2026 through to 2028.
- With respect to meeting pension scheme obligations, Falmouth Harbour have due raising powers and have increased commercial and leisure boating revenues. They therefore expect to be able to trade with sufficient reserves to cover the necessary repayments on an annual basis going forward.

On behalf of the Falmouth Harbour Board

Nigel Tipple

[Nigel Tipple \(Apr 29, 2026 11:38:57 GMT+1\)](#)

Mr N Tipple

Chair

29/04/2026

Date:

FALMOUTH HARBOUR COMMISSIONERS

COMMISSIONERS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2025

The Commissioners present their annual report and financial statements for the year ended 31 December 2025.

Commissioners

The Commissioners who held office during the year and up to the date of signature of the financial statements were as follows:

Mr M Carden	Chief Executive
Mr N Tipple	Chair (Appointed December 2025)
Mr M Chanter	Chair (Resigned December 2025)
Mr A Williams	Deputy Chair (Appointed December 2025)
Mr J Elliott	Deputy Chair (Resigned December 2025)
Mr G Pitts	(Resigned December 2025)
Mrs N Collings-Costello	
Ms K Penney	
Mr A Wright	
Mr M Glanville	(Appointed January 2026)
Mr J Langley	(Appointed January 2026)

Future developments

A long term investment strategy is in development by the Commissioners. The Commissioners will look at opportunities to improving the customer offer, marina expansion and provision of additional berths for small vessels, and that will further drive revenue and returns business growth.

Strategic report

The commissioners have to set out further information in the strategic report - see pages 1 to 2.

Statement of disclosure to auditor

So far as each person who was a Commissioner at the date of approving this report is aware, there is no relevant audit information of which the organisation's auditor is unaware. Additionally, the Commissioners individually have taken all the necessary steps that they ought to have taken as Commissioners in order to make themselves aware of all relevant audit information and to establish that the organisation's auditor is aware of that information.

On behalf of the board

Nigel Tipple

[Nigel Tipple \(Apr 29, 2026 11:38:57 GMT+1\)](#)

Mr N Tipple

Chair

29/04/2026

Date:

FALMOUTH HARBOUR COMMISSIONERS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FALMOUTH HARBOUR COMMISSIONERS

Opinion

We have audited the financial statements of Falmouth Harbour Commissioners for the year ended 31 December 2025, which comprise the Income and Expenditure Account, Statement of Comprehensive Income, Balance Sheet, 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 organisation's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Harbours Act 1964, as amended by the Transport Act 1981 and subsequent legislation.

Basis of 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 organisation 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 organisation's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were 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 Commissioners are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

FALMOUTH HARBOUR COMMISSIONERS

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF FALMOUTH HARBOUR COMMISSIONERS

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the organisation 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 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.

Responsibilities of the Commissioners

As explained more fully in the Statement of Commissioners' Responsibilities (set out on page 6), 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 these 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

As part of our audit planning, through discussions with management, we obtained an understanding of the legal and regulatory framework that is applicable to the organisation and the sector in which it operates to identify the key laws and regulations affecting the organisation.

The key laws and regulations we identified were health and safety, port authority laws and regulations and licensing regulations. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, primarily the Companies Act 2006, relevant tax compliance regulations in the UK, and the reporting framework (FRS 102).

We discussed with management how the compliance with these laws and regulations is monitored and we discussed the policies and procedures in place. We also identified the individuals who have responsibility for ensuring that the organisation complies with laws and regulations and deals with reporting any issues if they arise. As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the organisation's ability to continue trading and the risk of material misstatement to the accounts.

FALMOUTH HARBOUR COMMISSIONERS

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF FALMOUTH HARBOUR COMMISSIONERS

Auditor's responsibilities for the audit of the financial statements (continued)

Base on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved the following:

- enquiries of management and those charges with governance regarding their knowledge of any non compliance with laws and regulations that could affect the financial statements;
- reviewed legal and professional costs to identify any possible non compliance or legal costs in respect of non compliance; and
- reviewed Board Minutes

As part of our enquiries we discussed with management whether there have been any known instances, allegations or suspicions of fraud, of which there were none.

Auditor's responsibilities for the audit of the financial statements (continued)

We also evaluated the risk of fraud through management override including that arising from management's incentives. The key risks we identified were misappropriation of cash and meeting organisation targets.

In response to the identified risk, as part of our audit work we:

- Tested a sample of journal entries throughout the year, for appropriateness;
- Evaluated the business rationale of significant transactions outside the normal course of business;
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates; and
- Carried out a review of legal fee invoices for any indication of contentious issues.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the organisation's members, 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 organisation's members 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 organisation and the organisation's members as a body, for our audit work, for this report, or for the opinions we have formed.

Amy Sole FCA
Senior Statutory Auditor
For and on behalf of Phillips Frith LLP

Date:

Chartered Accountants
Statutory Auditor

9 Tregarne Terrace
St Austell
Cornwall
PL25 4DD

FALMOUTH HARBOUR COMMISSIONERS

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025			2024		
		Operations	Pensions	Total	Operations	Pensions	Total
Turnover		3,818,508	-	3,818,508	3,821,214	-	3,821,214
Other operating income		-	-	-	-	-	-
		<u>3,818,508</u>	<u>-</u>	<u>3,818,508</u>	<u>3,821,214</u>	<u>-</u>	<u>3,821,214</u>
Staff costs and Pilots' fees	3	(1,711,149)	-	(1,711,149)	(1,759,727)	-	(1,759,727)
Amortisation and depreciation		(246,473)	-	(246,473)	(161,051)	-	(161,051)
Pension fund deficit contributions and other professional pension costs		-	(207,190)	(207,190)	-	(187,596)	(187,596)
Other operating expenses		(1,614,979)	-	(1,614,979)	(1,480,144)	-	(1,480,144)
		<u>(3,572,601)</u>	<u>(207,190)</u>	<u>(3,779,791)</u>	<u>(3,400,922)</u>	<u>(187,596)</u>	<u>(3,588,518)</u>
Operating surplus/ (deficit)	2	245,907	(207,190)	38,717	420,292	(187,596)	232,696
Net service cost and interest adjustments in respect of the defined benefit pension schemes		-	-	-	-	12,000	12,000
(Deficit) on disposal of assets		(10,148)	-	(10,148)	(11,667)	-	(11,667)
Unrealised gain / (loss) on investments		-	-	-	(8,336)	-	(8,336)
Other interest payable		-	-	-	(104)	-	(104)
Other interest receivable and similar income		3,348	-	3,348	12,084	-	12,084
		<u>(6,800)</u>	<u>-</u>	<u>(6,800)</u>	<u>(8,023)</u>	<u>12,000</u>	<u>3,977</u>
Surplus/ (deficit) for the year before taxation		239,107	(207,190)	31,917	412,269	(175,596)	236,673
Taxation	4	(25,215)	-	(25,215)	(271,681)	-	(271,681)
Surplus/ (deficit) for the financial year		<u>213,892</u>	<u>(207,190)</u>	<u>6,702</u>	<u>140,588</u>	<u>(175,596)</u>	<u>(35,008)</u>

The above results have been prepared on the basis that all operations are continuing operations.

FALMOUTH HARBOUR COMMISSIONERS

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

		2025			2024	
	Operations	Pension	Total	Operations	Pension	Total
Surplus / (deficit) for the financial year	213,892	(207,190)	6,702	140,588	(175,596)	(35,008)
Other comprehensive income						
Actuarial gain/(loss) on defined benefit pension schemes	-	-	-	-	172,000	172,000
Total comprehensive income for the year	213,892	(207,190)	6,702	140,588	(3,596)	136,992

FALMOUTH HARBOUR COMMISSIONERS

BALANCE SHEET

AS AT 31 DECEMBER 2025

	Notes	2025		2024	
		£	£	£	£
Fixed assets					
Intangible assets	5		-		-
Tangible assets	6		3,297,890		3,362,970
Current assets					
Stocks		13,104		10,590	
Debtors	7	556,520		561,412	
Cash at bank and in hand		349,141		481,844	
		<u>918,765</u>		<u>1,053,846</u>	
Creditors: amounts falling due within one year	8	<u>(912,381)</u>		<u>(729,611)</u>	
Net current assets			<u>6,384</u>		<u>324,235</u>
Total assets less current liabilities			<u>3,304,274</u>		<u>3,687,205</u>
Creditors: amounts falling due after more than one year	9		(892,392)		(1,303,368)
Provisions for liabilities					
Deferred tax liability	10	471,873		450,530	
Cornwall Council Pension Scheme	14	<u>-</u>		<u>-</u>	
			<u>(471,873)</u>		<u>(450,530)</u>
Net assets			<u>1,940,009</u>		<u>1,933,307</u>
Capital and reserves					
Revaluation reserve	11		48,208		48,208
Revaluation reserve - investments	11		-		-
Accumulated funds	11		1,891,801		1,885,099
			<u>1,940,009</u>		<u>1,933,307</u>
Total equity			<u>1,940,009</u>		<u>1,933,307</u>

29/04/2026

The financial statements were approved by the board on and are signed on its behalf by:

Nigel Tipple
[Nigel.Tipple.\(Apr.29.2026.11:38:57 GMT+1\)](#)
 Mr N Tipple
 Chair

Miles Carden
[Miles Carden \(Apr 30, 2026 12:31:51 GMT+1\)](#)
 Mr M Carden
 Chief Executive

FALMOUTH HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1 Accounting policies

General information

Falmouth Harbour Commissioners is an unincorporated organisation set up for the administration of the affairs of Falmouth Harbour and the administration of the pilotage services as a Competent Harbour Authority under the Pilotage Act 1987.

The address of its primary office is 44 Arwenack Street, Falmouth, Cornwall, TR11 3JQ.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Accounting convention

These financial statements have been prepared using the historical cost convention, except that as disclosed in the accounting policies certain items are shown at fair value.

The financial statements are prepared in sterling, which is the functional currency of the organisation. Monetary amounts in these financial statements are rounded to the nearest £.

The organisation's financial statements have been prepared in accordance with FRS102 - The Financial Reporting Standard applicable to the UK and Republic of Ireland.

1.2 Going concern

The balance sheet shows that Falmouth Harbour Commissioners has a net gain on reserves of £1,940,009 (2024: £1,933,307). In preparing and approving these financial statements the Commissioners have given due consideration to going concern risks.

The Commissioners consider that it is appropriate for the accounts to continue to be prepared on a going concern basis for the reasons set out below:

- The Board are committed to ensuring that annual income covers liabilities, and to this end have acted to ensure that their facilities are operated commercially and costs are mitigated.
- As discussed the liability of the Pilots National Pension Fund was agreed and annual contributions payable in 2026 are £411k rising by approximately 8% each year until the year ending 31 December 2028. This equates to £1.303 million payable from 2026 through to 2028.
- With respect to meeting pension scheme obligations, Falmouth Harbour Commissioners have dues raising powers and have increased commercial and leisure boating revenues. They therefore expect to be able to trade with sufficient reserves to cover the necessary repayments on an annual basis going forward.

1.3 Turnover

Turnover represents the amount derived from the amount derived from the provision of goods and services falling within the organisation's activities after deduction 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.

Finance income and costs policy

Turnover is recognised as interest accrued using the effective interest method.

1.4 Intangible fixed assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

FALMOUTH HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

1 Accounting policies

(Continued)

Amortisation is provided on intangible assets so as to write off the cost less any estimated residual value, over their useful life as follows:

Software	33.33% per annum on the straight line method
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1.5 Tangible fixed assets

Tangible assets are stated in the Balance Sheet at cost, less accumulated depreciation and accumulated impairment losses. It is the policy of Falmouth Harbour Commissioners not to capitalise items under £5,000 or have an expected useful life of less than 18 months. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is charged on all tangible fixed assets, other than freehold land, so as to write off the cost of assets over their estimated useful lives, as follows:

Freehold property	No depreciation
Equipment	5%, 6.67% and 10% per annum on the straight line method
Office furniture & computer equipment	10% and 20% per annum on the straight line method
Craft	5%, 10%, 20% and 33.3% per annum on the straight line method
Pontoons & fuel barge	10% per annum on the straight line method

Assets in the course of construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Freehold property is not depreciated as the Commissioners consider that the residual value of the freehold property is not less than the book value.

For the freehold property re-valued prior to the implementation of FRS102, the transitional provisions are being followed and the valuation has not been updated since. For the property that was re-valued prior to the implementation of FRS102, the excess over the carrying value of the asset was taken to the revaluation reserve.

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 Financial instruments

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

FALMOUTH HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Commissioners' liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

FALMOUTH HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Retirement benefits

Defined Contribution Pension Obligation

The assets of the defined contribution scheme are held separately from those of the organisation 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 Pension Obligation

Full details of the defined benefit pension schemes are given in note 12.

1.11 Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Income and Expenditure account on a straight-line basis over the period of the lease.

2 Operating surplus / (deficit)

	2025	2024
	£	£
Arrived at after charging:		
Auditors' remuneration	5,000	5,000
Commissioners' fees	45,707	44,779
Depreciation of owned tangible fixed assets	246,472	161,051
Loss on disposal of tangible fixed assets	10,148	11,667
Operating lease charges	42,814	25,549
	<u> </u>	<u> </u>

FALMOUTH HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

3 Employees

The average monthly number of persons (including Commissioners) employed by the organisation during the year was:

	2025	2024
	Number	Number
FHC staff (including Commissioners)	18	21
Falmouth Pilot Services	12	11
Falmouth Haven	12	8
	<hr/>	<hr/>
Total	42	40
	<hr/> <hr/>	<hr/> <hr/>

The payroll costs (including Commissioners' remuneration) were as follows:

	2025	2024
	£	£
Wages and salaries	1,239,210	1,231,670
Social security costs	145,311	121,679
Pension costs	1,195	4,477
Pilots' fees	325,433	401,901
	<hr/>	<hr/>
	1,711,149	1,759,727
	<hr/> <hr/>	<hr/> <hr/>

4 Taxation

	2025	2024
	£	£
Deferred tax		
Origination and reversal of timing differences	25,215	271,681
	<hr/>	<hr/>

The entity has unused tax losses of £699,906 (2024: £715,396) available for carry forward against future trading profits.

5 Intangible fixed assets

	Software
	£
Cost	
At 1 January 2025 and 31 December 2025	42,575
	<hr/>
Amortisation and impairment	
At 1 January 2025 and 31 December 2025	42,575
	<hr/>
Carrying amount	
At 31 December 2025	-
	<hr/> <hr/>
At 31 December 2024	-
	<hr/> <hr/>

FALMOUTH HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

6 Tangible fixed assets

	Freehold property	Equipment	Office furniture & computer equipment	Craft	Pontoons & fuel barge	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 January 2025	1,102,093	158,606	178,123	3,008,716	1,370,317	5,817,855
Additions	6,567	-	-	194,473	-	201,040
Disposals	-	-	-	(42,499)	-	(42,499)
At 31 December 2025	1,108,660	158,606	178,123	3,160,690	1,370,317	5,976,396
Depreciation and impairment						
At 1 January 2025	103,688	78,233	129,085	1,121,225	1,022,654	2,454,885
Depreciation charged in the year	-	11,305	7,765	169,539	57,863	246,472
Eliminated in respect of disposals	-	-	-	(22,851)	-	(22,851)
At 31 December 2025	103,688	89,538	136,850	1,267,913	1,080,517	2,678,506
Carrying amount						
At 31 December 2025	1,004,972	69,068	41,273	1,892,777	289,800	3,297,890
At 31 December 2024	998,405	80,373	49,038	1,887,491	347,663	3,362,970

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 £125,000 was £2,692 and the aggregate depreciation thereon would have been £1,346.

7 Debtors

	2025 £	2024 £
Amounts falling due within one year:		
Trade debtors	268,985	287,227
Other debtors	35,264	10,298
Prepayments	77,294	85,038
	381,543	382,563
Amounts falling due after more than one year:		
Deferred tax asset (note 10)	174,977	178,849
Total debtors	556,520	561,412

FALMOUTH HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

8 Creditors: amounts falling due within one year

	2025	2024
	£	£
Trade creditors	220,894	87,359
Corporation tax	-	-
Taxation and social security	31,011	26,900
Other creditors	660,476	615,352
	<u>912,381</u>	<u>729,611</u>

9 Creditors: amounts falling due after more than one year

	2025	2024
	£	£
Other creditors	892,392	1,303,368
	<u>892,392</u>	<u>1,303,368</u>

10 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2025	Liabilities 2024	Assets 2025	Assets 2024
	£	£	£	£
Balances:				
Accelerated capital allowances	471,873	450,530	-	-
Tax losses	-	-	174,977	178,849
	<u>471,873</u>	<u>450,530</u>	<u>174,977</u>	<u>178,849</u>

	2025
	£
Movements in the year:	
Liability at 1 January 2025	271,681
Charge to profit or loss	25,215
	<u>296,896</u>

FALMOUTH HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

11 Reserves

	At 1 January 2025	Surplus/ Deficit for the year	Gains/ (Losses)	Transfers	At 31 December 2025
	£	£	£	£	£
Reserves					
Revaluation reserve	48,208	-	-	-	48,208
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated funds					
Operations	7,595,060	213,892	-	-	7,808,952
Pensions	(5,709,961)	(207,190)	-	-	(5,917,151)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total accumulated reserves	1,885,099	6,702	-	-	1,891,801
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total reserves	1,933,307	6,702	-	-	1,940,009
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

12 Capital commitments

Other financial commitments

Pilots Pension Fund

A court ruling gave the Fund Trustee of the Pilots National Pension Fund (PNPF) wide powers to seek deficit contributions from Competent Harbour Authorities (CHA) engaged or having been previously engaged in employing or authorising pilots and Falmouth Harbour Commissioners has a liability on this basis. A plan for repaying this liability over a suitable term has been agreed with the Trustee. The liability is included in the accounts in creditors amounts falling due within one year and after one year.

Cornwall Council Pension Fund

Falmouth Harbour Commissioners also have a pension liability in the Local Government Pension Scheme (LGPS); however, due to the fact that the majority of their employees are active members of the scheme, the risk of the liability becoming immediately due is considered negligible. The FRS102 report as at 31 December 2025 shows a surplus of £991,000, (2024: surplus £625,000). The details relating to the pension scheme liabilities are shown in note 14.

13 Related party transactions

Summary of transactions with persons with significant interest

The Commissioners' Remuneration for the year amounted to £45,707 (2024 - £44,779).

The Commissioners are committed to ensuring that the 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.

FALMOUTH HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

14 Pension schemes

Cornwall Council Defined Benefit Scheme

The organisation operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the organisation to the scheme and amounted to £207,190 (2024 - £193,119).

The organisation also operates a defined benefit scheme through Cornwall Council. An actuarial valuation was carried out at 31 December 2025 for the purposes of FRS102 by a qualified independent actuary. These figures have therefore been incorporated into the financial statements.

The total cost adjustment relating to the defined benefit scheme for the year recognised in the Income and Expenditure account was £nil (2024: £12,000). Outstanding total pension contributions included in other creditors as at the year end amount to £24,520 (2024 - £21,082).

The total income relating to the defined benefit scheme for the year included in the statement of comprehensive income was £nil (2024: £172,000). In 2025 the valuation included a pension asset cap of £991,000 (2024: £625,000) which was required because while the valuation showed a surplus of assets over liabilities on the chosen basis, this was not readily realisable by the organisation. At 31st December 2025 and 31st December 2024 the valuation gave no liability as shown in the note below.

Reconciliation of scheme assets and liabilities to assets and liabilities recognised

The amounts recognised in the statement of financial position were as follows:

	2025	2024
	£	£
Fair value of scheme assets	5,902,000	5,559,000
Present value of defined benefit obligation	(4,911,000)	(4,934,000)
Pension asset cap adjustment	(991,000)	(625,000)
	<hr/>	<hr/>
Defined benefit pension scheme net asset/(deficit)	-	-
	<hr/> <hr/>	<hr/> <hr/>

Defined benefit obligation

Changes in the defined benefit obligation are as follows:

	2025	2024
	£	£
Present value at start of year	4,934,000	5,428,000
Current service cost	136,000	173,000
Interest cost	264,000	243,000
Actuarial gains / (losses)	(235,000)	(720,000)
Benefits paid	(262,000)	(258,000)
Contributions by scheme participants	74,000	68,000
	<hr/>	<hr/>
Present value at end of year	4,911,000	4,934,000
	<hr/> <hr/>	<hr/> <hr/>

FALMOUTH HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(Continued)

14 Pension schemes

Fair value of scheme assets

Changes in the fair value of scheme assets are as follows:

	2025	2024
	£	£
Fair value at start of year	5,559,000	5,245,000
Interest income	269,000	239,000
Actuarial gains / (losses)	62,000	76,000
Employer contributions	206,000	195,000
Contributions by scheme participants	74,000	68,000
Benefits paid	(262,000)	(258,000)
Administration expense	(6,000)	(6,000)
	<u>5,902,000</u>	<u>5,559,000</u>

Analysis of assets

The fund is assumed to be invested in each main asset class in the following proportions:

	2025	2024
	% of fund	% of fund
Equities	35.15	34.51
Government bonds	-	-
Corporate bonds	-	-
Property	5.45	5.66
Other	56.83	57.23
Cash	2.57	2.60
	<u>100</u>	<u>100</u>

Return on scheme assets

	2025	2024
	£	£
Return on scheme assets	<u>331,000</u>	<u>315,000</u>

Principal actuarial assumptions

The principal actuarial assumptions at the statement of financial position date are as follows:

	2025	2024
	%	%
Discount rate	5.55	5.45
Future salary increases	2.55	2.70
Future pension increases	2.55	2.70
CPI inflation / CARE benefits revaluation	<u>2.55</u>	<u>2.70</u>

FALMOUTH HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2025

(Continued)

14 Pension schemes

Post retirement mortality assumptions

	2025	2024
	Years	Years
Current UK pensioners at retirement age - male	20.80	20.50
Current UK pensioners at retirement age - female	23.70	23.60
Future UK pensioners at retirement age - male	21.40	21.10
Future UK pensioners at retirement age - female	25.20	25.10
	<u> </u>	<u> </u>