

PETERHEAD PORT AUTHORITY

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31ST DECEMBER 2008**

PETERHEAD PORT AUTHORITY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2008**

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PETERHEAD PORT AUTHORITY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2008**

MEMBERS

Mr W J M R Mackie	- Convenor
Mrs B Bruce	- Deputy Convenor
Mr J E Wallace	- Chief Executive and Secretary
Mr D Anderson	
Mr D Armstrong	
Mr J Buchan	
Mr B Davidson	
Mr I Davidson	
Mr J Maxwell	
Capt R Middleton	
Dr I Moir	

PRINCIPAL OFFICERS

Mr J E Wallace	- Chief Executive
Mr S Paterson	- Chief Financial Officer
Capt T Hemingway	- Harbour Master and Director of Port Operations
Mr D Buchan	- Senior Port Engineer

AUDITORS

Bain Henry Reid
28 Broad Street
Peterhead
AB42 1BY

PRINCIPAL BANKERS

Clydesdale Bank plc
43 Broad Street
Peterhead
AB42 1JB

SOLICITORS

Masson and Glennie
Broad House
Broad Street
Peterhead
AB42 1HY

MacKinnons
14 Carden Place
Aberdeen
AB10 1UR

PETERHEAD PORT AUTHORITY

CONVENOR'S REPORT FOR THE YEAR ENDED 31ST DECEMBER 2008

TRADING REVIEW

By all standards 2008 was a good trading year for the port. The value of fish handled increased for the third year running to a record £127 million (up 11.7%). Of particular note was the diversification of pelagic landings to include a range of other species which were processed for human consumption. These included sprats, capelin and blue whiting. This extended the pelagic season, allowing vessels and factories to work more efficiently. The value of white fish landed at other ports and consigned to be sold at Peterhead fishmarket increased by 31% to £11.2 million, reflecting Peterhead's buying power and premium prices paid for quality fish.

Commercial traffic numbers increased by 8% over 2007, and the 2,501 vessel movements represented 7,303,600 gross tonnes of shipping. Oil-related activity remained buoyant with increased numbers of subsea and diving support vessels operating from Peterhead. This activity reduced in the final months of the year as the oil price suffered a severe reduction on the back of reduced world demand for oil and wider global economic problems. The value of trade in agricultural products saw a welcome increase of 64% on 2007 but there still remains scope for Peterhead to increase its market share in this sector.

FINANCIAL REVIEW

The results for the year and financial position of the Authority are as shown in the annexed financial statements.

Turnover for the year was £7,305,000 up 10% from 2007 to the highest achieved by the business. Cost of services increased from £3,029,000 to £3,201,000 with the main contributor being an increase in maintenance costs. Administrative expenses were at a similar value to last year. Investment income dropped substantially on account of the realisation of the investment portfolio in April 2007 (prior to the severe decline in stock market prices) which produced a substantial gain on sale (£944,000) in that year.

The profit after tax of £2,915,550 has been transferred to reserves.

A harbour workboat/tug, 'Ugie Runner' was launched during the year. The total cost of the vessel was £551,000, of which £332,000 was incurred during 2008. A grant of £212,500 was awarded towards this cost from the European Union FIGG scheme

SMITH EMBANKMENT DEVELOPMENT (SED)

After more than two years of preparatory studies, investigations and analysis, a contract for construction of the Smith Embankment Development (SED) was signed in January 2009. The £33.5 million project will be funded from existing cash reserves, a new loan facility from Clydesdale Bank and a £5.25 million grant from the Scottish Government and European Fisheries Fund. Work commenced in March 2009 and is scheduled to be completed in July 2010. During 2008, expenditure of £269,933 was incurred on various studies and design assignments associated with the project.

This is one of the most ambitious developments ever to have been undertaken at Peterhead. The project will consolidate the port's position as the leading fishing port in the UK. The additional deepwater quayside will relieve congestion during the pelagic season and provide modern facilities to cater for the largest vessels. There will be spare capacity to handle a range of other trades with key target sectors being bulk cargoes, subsea, diving support, renewable energy and oil-related decommissioning.

PENSIONS

The Authority participates in three final salary pension schemes. There have been various developments during the year associated with the Pilots National Pension Scheme. Details are given in note 19 to the financial statements.

PETERHEAD PORT AUTHORITY

**CONVENOR'S REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2008**

LOOKING FORWARD

The next 12 months will be a challenging time for the business. Whilst UK fish quotas have increased, days at sea restrictions are severely curtailing fishing effort. The increased supply of fish which has been supplemented by imports to the UK from Faroe and Iceland, has impacted on the average selling price – down 17% for the first three months of 2009 compared to the same period last year. Oil exploration and development activity has been cut back due to the low oil price and this situation will prevail until there are clear signs of a recovery in the price.

Construction of the SED will utilise a significant amount of time and resources to manage the project. This will be a challenging time for our employees and my fellow Board Members, all of whom I would like to thank for their dedication and enthusiasm during the past year.

William J M R Mackie
Convenor

PETERHEAD PORT AUTHORITY

MEMBERS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2008

The members present their report with the financial statements of the Authority for the year ended 31st December 2008.

PRINCIPAL ACTIVITIES

Peterhead Port Authority was established by the Peterhead Port Authority Harbour (Constitution) Revision Order, 2005. The Statutory Instrument transferred responsibility for the holding, managing, maintaining and developing Peterhead Bay Harbour from Peterhead Bay Authority to Peterhead Harbour Trustees. The enlarged organisation was then reconstituted and renamed Peterhead Port Authority.

Peterhead Port Authority caters mainly for the fishing and offshore oil and gas industries. Peterhead is the foremost fishing port in the UK and provides a comprehensive range of modern facilities for the industry, including the UK's largest fishmarket, ship repair facilities and a portfolio of fish processing and workshop properties. The port is also an important centre for servicing the offshore oil industry and is particularly well placed to act as a base for logistics and diving support operations. A range of commodities are handled and Peterhead is also a port of call for cruise ships and hosts a marina for leisure vessels, which is owned and operated by the Authority.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

See Convenor's Report on page 2.

CHARITABLE CONTRIBUTIONS

During the year the Authority made various charitable contributions totalling £5,800.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Authority's objectives are subject to a number of risks. The key business risks and uncertainties affecting the Authority relate to periodic downturns in the fishing and offshore oil and gas industries and to the potential loss of business to other ports. These risks and uncertainties are formally reviewed by the Board and processes are put in place to monitor them and to deal with them as far as possible.

STATEMENT OF MEMBERS' RESPONSIBILITIES

The members are responsible for preparing the financial statements in accordance with applicable law and regulations.

The members are required to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required to give a true and fair view of the state of affairs of the Authority and of the profit or loss of the Authority for that period. In preparing these financial statements, the members are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Authority will continue in business.

The members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Authority and to enable them to ensure that the financial statements comply with Section 42 of the Harbours Act 1964 as amended by Schedule 6 of the Transport Act 1981. They are also responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PETERHEAD PORT AUTHORITY

**MEMBERS' REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2008**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the members and principal officers are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the Authority's auditors are unaware, and each member and principal officer has taken all the steps that he or she ought to have taken in order to make himself or herself aware of any relevant audit information and to establish that the Authority's auditors are aware of that information.

AUDITORS

The auditors, Bain Henry Reid, will be proposed for re-appointment.

ON BEHALF OF THE BOARD:

John E Wallace - Chief Executive

Date

PETERHEAD PORT AUTHORITY

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PETERHEAD PORT AUTHORITY

We have audited the financial statements of Peterhead Port Authority for the year ended 31st December 2008 set out on pages seven to nineteen. These financial statements have been prepared under the historical cost convention and in accordance with the accounting policies set out therein.

This report is made solely to the members of Peterhead Port Authority. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditors' 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 Authority, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF MEMBERS AND AUDITORS

As described on page four the Authority's members are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Section 42 of the Harbours Act 1964 as amended by Schedule 6 of the Transport Act 1981. We also report to you, whether in our opinion the information given in the Members' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the Authority has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding members' emoluments and other transactions is not disclosed.

We read the Members' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the members in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion:

- the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Authority's affairs as at 31st December 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with Section 42 of the Harbours Act 1964 as amended by Schedule 6 of the Transport Act 1981; and
- the information given in the Members' Report is consistent with the financial statements.

Bain Henry Reid
Chartered Accountants
Registered Auditors
28 Broad Street
Peterhead

Date

PETERHEAD PORT AUTHORITY

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2008**

	Notes	2008 £	2007 £
TURNOVER	2	7,305,122	6,625,472
Cost of services		3,201,488	3,028,830
GROSS PROFIT		<u>4,103,634</u>	<u>3,596,642</u>
Administrative expenses		1,096,063	1,092,852
OPERATING PROFIT		<u>3,007,571</u>	<u>2,503,790</u>
Share of profit of subsidiary undertaking	11	171,396	201,724
Investment income	5	<u>801,627</u>	<u>1,675,654</u>
		3,980,594	4,381,168
Interest payable	6	598,192	617,109
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	<u>3,382,402</u>	<u>3,764,059</u>
Tax on profit on ordinary activities	8	466,852	(2,540,373)
RETAINED PROFIT FOR THE PERIOD		<u><u>2,915,550</u></u>	<u><u>6,304,432</u></u>

CONTINUING OPERATIONS

None of the Authority's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The Authority has no recognised gains or losses other than the profits for the current year or previous year.

PETERHEAD PORT AUTHORITY

**BALANCE SHEET
AT 31ST DECEMBER 2008**

	Notes	£	2008 £	2007 £
FIXED ASSETS				
Tangible assets	9		37,100,162	37,642,990
Fixed asset investments	10		<u>1,223,184</u>	<u>1,051,788</u>
			38,323,346	38,694,778
CURRENT ASSETS				
Stock	12	13,396		10,444
Debtors	13	1,183,248		1,571,581
Investments	14	-		-
Cash at bank and in hand		<u>16,456,993</u>		<u>13,795,772</u>
		17,653,637		15,377,797
CREDITORS: amounts falling due within one year	15	<u>1,893,839</u>		<u>2,249,784</u>
NET CURRENT ASSETS			15,759,798	13,128,013
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>54,083,144</u>	<u>51,822,791</u>
CREDITORS: amounts falling due after more than one year	16		<u>8,254,736</u>	<u>8,885,708</u>
			45,828,408	42,937,083
PROVISIONS FOR LIABILITIES AND CHARGES				
Accruals and deferred income	18		<u>4,404,039</u>	<u>4,428,264</u>
			4,404,039	4,428,264
NET ASSETS			<u>41,424,369</u>	<u>38,508,819</u>
GENERAL RESERVES	21		<u>41,424,369</u>	<u>38,508,819</u>

The Financial Statements were approved on and signed by:

W J M R Mackie - Convenor

J E Wallace - Chief Executive

PETERHEAD PORT AUTHORITY**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2008**

	Notes	2008 £	2007 £
NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES	20	4,030,464	3,593,495
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		993,407	372,763
Dividends received		938	43,642
Interest paid		(592,867)	(625,055)
Cash inflow / (outflow) from returns on investments and servicing of finance		<u>401,478</u>	<u>(208,650)</u>
TAXATION			
UK Corporation tax paid		<u>(630,288)</u>	<u>(524,157)</u>
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(715,441)	(1,210,370)
Receipts from sale of tangible fixed assets		6,500	20,095
Government grants received		161,896	220,523
Cash outflow from capital expenditure		<u>(547,045)</u>	<u>(969,752)</u>
MANAGEMENT OF LIQUID RESOURCES			
Purchase of current asset investments		-	(104,222)
Proceeds from sale of current asset investments		-	5,219,964
Cash inflow from management of liquid resources		<u>-</u>	<u>5,115,742</u>
NET CASH INFLOW		3,254,609	7,006,678
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase in cash in period		3,254,609	7,006,678
Cash inflow from decrease in liquid resources		-	(5,115,742)
Change in net funds resulting from cash flows		<u>3,254,609</u>	<u>1,890,936</u>
Other non-cash changes		-	944,301
Movement in net funds in the period		3,254,609	2,835,237
Net funds at 1st January 2008		4,316,678	1,481,441
NET FUNDS AT 31ST DECEMBER 2008		<u><u>7,571,287</u></u>	<u><u>4,316,678</u></u>

PETERHEAD PORT AUTHORITY

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2008**

ANALYSIS OF CHANGE IN NET FUNDS

	At 1st January 2008	Cash flows	Other non-cash changes	At 31st December 2008
	£	£	£	£
Analysis of change in net funds:				
Cash and bank balances	13,795,772	2,661,221	-	16,456,993
Bank loans	(9,479,094)	593,388	-	(8,885,706)
	<u>4,316,678</u>	<u>3,254,609</u>	<u>-</u>	<u>7,571,287</u>

PETERHEAD PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2008

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents the invoiced value of services supplied, excluding value added tax and trade discounts.

Tangible fixed assets

Depreciation is provided on a straight line basis in order to write off each asset over its estimated useful life:

Harbour structures	- 25 to 50 years
Buildings and improvements	- 25 to 50 years
Plant and equipment	- 5 to 15 years
Motor vehicles	- 4 years
Leasehold improvements	- over the lease term

Investments in subsidiary

The profits or losses of the Authority's subsidiary, Peterhead Port Services, are accounted for under a separate heading in the profit and loss account. The fixed asset investment is increased by the profits or losses of Peterhead Port Services, and reduced by any distributions actually received from the subsidiary. No distributions have ever been received.

Stock

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Current asset investments

Current asset investments are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date.

Government grants

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related asset's useful life. Other grants are credited to the profit and loss account when received.

PETERHEAD PORT AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2008**

2. TURNOVER	2008	2007
	£	£
Turnover consists entirely of sales made in the United Kingdom.		
Dues on ships	1,345,880	1,235,151
Dues on goods and passengers	3,996,846	3,603,971
	<u>5,342,726</u>	<u>4,839,122</u>
Rental income	1,041,345	935,982
General revenue and services	921,051	850,368
	<u>7,305,122</u>	<u>6,625,472</u>
3. NON-EXECUTIVE MEMBERS' EMOLUMENTS		
Aggregate emoluments	62,520	58,544
Social security costs	1,196	1,120
	<u>63,716</u>	<u>59,664</u>
4. STAFF COSTS		
Wages and salaries	1,422,239	1,332,339
Social security costs	137,968	126,877
Pension costs	143,054	120,549
	<u>1,703,261</u>	<u>1,579,765</u>
Less staff costs recovered from Peterhead Port Services	281,961	267,665
	<u>1,421,300</u>	<u>1,312,100</u>
The average weekly number of employees during the year was as follows:		
Non-executive members	10	10
Administrative and managerial	23	23
Operating and maintenance	31	31
	<u>64</u>	<u>64</u>
5. INVESTMENT INCOME		
From listed investments	938	43,643
Bank interest receivable	800,689	687,709
Gain on realisation of investments	-	944,302
	<u>801,627</u>	<u>1,675,654</u>

PETERHEAD PORT AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2008**

6. INTEREST PAYABLE	2008	2007
	£	£
Bank loan interest	595,366	617,109
Other interest	2,826	-
	<u>598,192</u>	<u>617,109</u>

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after (crediting)/charging:

(Gain)/Loss on realisation of investments	-	(944,302)
(Gain)/Loss on sale of tangible fixed assets	9,312	(15,343)
Auditors' remuneration for audit	7,000	6,600
Auditors' remuneration - non audit fees	2,300	2,150
Depreciation of tangible fixed assets	1,212,471	1,253,558
Amortisation of grants	<u>(179,803)</u>	<u>(170,174)</u>

8. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

UK corporation tax:		
Current	466,852	597,288
Deferred	-	(3,137,661)
	<u>466,852</u>	<u>(2,540,373)</u>

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

Profit on ordinary activities before tax	<u>3,382,402</u>	<u>3,764,059</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.5% (2007: 30%)	963,985	1,129,218
Effects of:		
Expenses not deductible for tax purposes	1,390	2,794
Capital allowances in excess of depreciation	(449,408)	(349,323)
Share of profit of subsidiary undertaking	(48,848)	(60,517)
Franked investment income	(267)	(11,590)
Indexation allowance	-	(113,294)
	<u>466,852</u>	<u>597,288</u>

No deferred tax provision is required following the withdrawal of balancing adjustments on the disposal of assets on which industrial buildings allowance has been claimed. Therefore the deferred tax provision at 31st December 2006 of £3,137,661 was transferred to Profit and Loss Account during the year ended 31st December 2007.

PETERHEAD PORT AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2008**

9. TANGIBLE FIXED ASSETS

	Current Developments £	Land, Buildings & Improvements £	Plant, Vehicles & Equipment £	Total £
Cost				
At 31st December 2007:	738,864	49,697,007	3,013,472	53,449,343
Additions	269,933	-	415,522	685,455
Disposals	-	-	(28,400)	(28,400)
At 31st December 2008:	<u>1,008,797</u>	<u>49,697,007</u>	<u>3,400,594</u>	<u>54,106,398</u>
Depreciation				
At 31st December 2007:	-	14,040,024	1,766,329	15,806,353
Charge for year	-	1,030,613	181,858	1,212,471
Disposals	-	-	(12,588)	(12,588)
At 31st December 2008:	<u>-</u>	<u>15,070,637</u>	<u>1,935,599</u>	<u>17,006,236</u>
Net Book Value				
At 31st December 2008	<u>1,008,797</u>	<u>34,626,370</u>	<u>1,464,995</u>	<u>37,100,162</u>
At 31st December 2007	<u>738,864</u>	<u>35,656,983</u>	<u>1,247,143</u>	<u>37,642,990</u>

Included within land and buildings are long leasehold structures with a NBV of £18,866,882 (2007: £19,268,036) and short leasehold structures with a NBV of £6,585,252 (2007: £6,917,573).

10. FIXED ASSET INVESTMENTS

**2008
£**

Peterhead Port Services:

At 1st January 2008	1,051,788
Profit/(loss) for year (note 11)	171,396
At 31st December 2008	<u>1,223,184</u>

Peterhead Port Authority wholly owns Peterhead Port Services which is an unincorporated association providing pilotage services within the Port of Peterhead.

The financial statements prepared for Peterhead Port Services for the year ended 31st December 2008 have been incorporated in note 11 to the accounts.

PETERHEAD PORT AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2008**

11. PILOTAGE

The Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988 require the separate disclosure of revenue and expenditure applicable to pilotage activities. Pilotage at Peterhead is undertaken by Peterhead Port Services, which provides pilotage services for vessels visiting the Port of Peterhead. The financial statements of Peterhead Port Services for the year ended 31st December 2008 are summarised as follows:

	2008	2007
	£	£
Revenue and Expenditure Account		
Revenue from pilotage services	<u>575,870</u>	<u>502,490</u>
Aggregate expenditure incurred on:		
Providing the services of a pilot	147,589	139,216
Providing, maintaining and operating the pilot boat	168,329	149,402
Administration and other costs	105,940	97,206
Total pilotage expenditure	<u>421,858</u>	<u>385,824</u>
Profit on pilotage activities	154,012	116,666
Profit on other activities	60,205	114,897
Taxation	(42,821)	(29,839)
Surplus for year	<u>171,396</u>	<u>201,724</u>
Balance Sheet		
Fixed assets, at cost	629,958	629,958
Aggregate depreciation	<u>(543,587)</u>	<u>(512,200)</u>
	<u>86,371</u>	<u>117,758</u>
Current assets:		
Debtors	133,982	124,247
Investments	78,405	78,405
Cash and bank balances	<u>1,022,190</u>	<u>868,274</u>
	<u>1,234,577</u>	<u>1,070,926</u>
Creditors: amounts falling due within one year:		
Creditors and accruals	49,366	96,224
Corporation tax	48,398	35,095
	<u>97,764</u>	<u>131,319</u>
Net current assets	<u>1,136,813</u>	<u>939,607</u>
Provision for liabilities and charges	<u>-</u>	<u>5,577</u>
Net assets	<u>1,223,184</u>	<u>1,051,788</u>

PETERHEAD PORT AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2008**

12. STOCK	2008	2007
	£	£
Spare parts and consumables	<u>13,396</u>	<u>10,444</u>
13. DEBTORS	2008	2007
	£	£
Amounts falling due within one year:		
Trade debtors	784,052	943,378
Other debtors	195,134	451,108
Prepayments and accrued income	204,062	177,095
	<u>1,183,248</u>	<u>1,571,581</u>
14. INVESTMENTS	2008	2007
	£	£
Listed investments at cost		
At 1st January 2008	-	4,171,441
Additions	-	-
Disposals	-	(4,171,441)
At 31st December 2008	<u>-</u>	<u>-</u>
Market value	<u>-</u>	<u>-</u>
15. CREDITORS: amounts falling due within one year:	2008	2007
	£	£
Current instalment due on loans	630,970	593,386
Trade creditors	328,862	298,635
Corporation tax	250,852	414,288
Other taxes and social security costs	56,593	57,595
Other creditors and accruals	626,562	885,880
	<u>1,893,839</u>	<u>2,249,784</u>
16. CREDITORS: amounts falling due after more than one year:		
Bank Loans	8,254,736	8,885,708
	<u>8,254,736</u>	<u>8,885,708</u>

PETERHEAD PORT AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2008**

17. BANK LOANS	2008	2007
	£	£
Repayable by instalments over 20 years to 2020 Bank loan at 7.5% per annum (fixed)	2,313,785	2,428,513
Repayable by instalments over 15 years to 2018 Bank loan at 5.99% per annum (fixed)	6,571,921	7,050,581
	<u>8,885,706</u>	<u>9,479,094</u>
Included in current liabilities	630,970	593,386
Included in non-current liabilities	8,254,736	8,885,708
	<u>8,885,706</u>	<u>9,479,094</u>

Bank loans are secured by standard securities over heritable property and by assignment of revenues from Peterhead Port Authority.

18. ACCRUALS AND DEFERRED INCOME	2008	2007
	£	£
Grants		
At 1st January 2008	4,428,264	4,422,617
Received during year	155,578	175,821
Amortisation in year	(179,803)	(170,174)
At 31st December 2008	<u>4,404,039</u>	<u>4,428,264</u>

PETERHEAD PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2008

19. PENSION ARRANGEMENTS

Peterhead Port Authority

Peterhead Port Authority (PPA) operates a money purchase (defined contribution) scheme. The assets of the scheme are held separately from those of the Authority in an independently administered fund.

PPA also participates in the Aberdeen City Council Pension Fund which is part of the local Government Pension Scheme (Scotland), a multi-employer, defined benefits scheme. The contribution rate required for PPA is set on a grouped basis, combining the experience of the employer with a number of other employers also participating in the Fund.

Assets and liabilities of the Fund are not separately identified between the various employers participating as part of the triennial actual valuation and cannot otherwise be separately identified on a consistent and reasonable basis. As a result PPA is unable to identify its relevant share of underlying assets and liabilities in the Fund. These accounts have therefore been drawn up in accordance with FRS17 on the basis that the pension cost is accounted for as a defined contribution scheme.

Information about the overall funding position of the Aberdeen City Council Pension Fund has been provided by the actuary to the Fund on the actuarial valuation of the Scheme at 31st March 2008. The valuation reported a deficit of £372.3 million (representing an 83% funding level). PPA currently has nine employees contributing to the scheme.

Peterhead Port Services

Peterhead Port Services (PPS) is a member of two multi-employer final salary pension schemes both of which are currently in deficit.

The Pilots National Pension Fund (PNPF) had its last published actuarial valuation at 31st December 2004 which reported a deficit of £105 million (representing a 76% funding level). The next actuarial valuation at 31st December 2007 has not yet been completed. In 2008 the Fund Trustees initiated legal proceedings to seek the court's determination as to which parties could be held responsible for meeting a share of the deficit. The questions which the court has been asked to consider are complex and varied and consequently there is a wide range of potential financial outcomes for PPS - ranging from exiting the scheme with no liability to having to pay additional sums on account of incurring an 'employment cessation event' under 10 Section 75 of the Pensions Act 1995. This liability was provisionally assessed by the PNPF as £803,475 in July 2006 but since then it is likely the scheme funding position has deteriorated. An outcome of the case is not expected until late in 2010. PPS does not currently have any employees contributing to the scheme.

The Merchant Navy Officers Pension Scheme had its last actuarial valuation at 31st March 2006 which reported a deficit £151 million (representing a 93% funding level). A funding plan was instigated which aims to bring the scheme back into surplus by September 2014 of which PPS's contribution amounted to £8067. PPS currently has one employee contributing to the scheme.

PETERHEAD PORT AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2008**

20. NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES

	2008	2007
	£	£
Operating profit	3,007,571	2,503,790
Depreciation of tangible fixed assets	1,212,471	1,253,558
(Gain)/Loss on sale of tangible fixed assets	9,312	(15,343)
Amortisation of grants	(179,803)	(170,174)
(Increase)/Decrease in stock	(2,952)	31
(Increase)/Decrease in debtors	189,297	(102,451)
Increase/(Decrease) in creditors	(205,432)	124,084
Net cash inflow from continuing operating activities	<u>4,030,464</u>	<u>3,593,495</u>

21. GENERAL RESERVES

	2008
	£
At 1st January 2008	38,508,819
Retained profit for the year	2,915,550
At 31st December 2008	<u>41,424,369</u>

22. FINANCIAL COMMITMENTS

At 31st December the Authority had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	Other operating leases
Expiring within 1 year	-	-
Expiring within 2-5 years	-	16,375
Expiring in over 5 years	<u>53,821</u>	-