

**PETERHEAD PORT AUTHORITY**

**REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31ST DECEMBER 2009**



**CHARTERED ACCOUNTANTS**

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**PETERHEAD PORT AUTHORITY**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2009**

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## **PETERHEAD PORT AUTHORITY**

### **FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2009**

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#### **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

**CONVENOR'S REPORT  
FOR THE YEAR ENDED 31ST DECEMBER 2009**

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**TRADING REVIEW**

Despite the harsh economic climate prevailing through 2009, Peterhead Port Authority enjoyed another very successful year. For the fourth consecutive year the Authority recorded its highest ever value of fish handled through the port - at £129m. This record has been achieved on the back of strong growth in the pelagic sector, which for the first time generated more income than white fish. Continued diversification by local processors into new species and attracting many foreign vessels to Peterhead were key to this achievement.

The number of commercial vessel movements was slightly lower than in 2008. This was mainly on account of a downturn in oil related exploration and development following the significant drop in oil prices during the latter part of 2008. Many drilling programmes were deferred or curtailed leading to a reduction in trade from this sector, however the drop in activity was not as great as budgeted. Growth in other trades partially compensated for the reduction, with a number of consignments of wind turbines for onshore installation being imported. Capacity at one of the main cargo handling berths was constrained during much of the year as the quayside was required to support construction activities for the Smith Embankment Development (SED).

**FINANCIAL REVIEW**

The results for the year and financial position of the Authority are shown on the attached Financial Statements.

Turnover for the year was £7.2m a drop of 1% on 2008 which was the highest achieved by the business. Cost of services decreased from £3.2m to £3.1m. Apart from depreciation, the largest components of this are wages, maintenance and power costs. The largest maintenance projects during the year included completion of a project to realign the slipway rails, work on the electrical earthing system around the port and demolishing an unused part of the Greenhill Fishmarket. The clear site has provided additional space for fishing vessels undergoing repair or net mending. Administrative costs were 9% higher than in 2008, with payroll expenditure accounting for the majority of the increase.

During the year there was much reduced income earned from cash reserves on account of the very low interest rates available for deposits. Much of the cash balance held at the start of the year has been used to fund the ongoing SED. Overall there was a net payment of interest of £0.3m.

The profit after tax of £2.4m was transferred to reserves.

**SMITH EMBANKMENT DEVELOPMENT (SED)**

As reported last year a contract was signed in January 2009 to construct the SED. The project will deliver an additional 200 metre long deepwater berth with 13,000 square metres of adjacent working area. The berth is protected from swell by an 85 metre long extension to the Albert Quay breakwater. Dredging of the area provides a 9 metre water depth in the approaches and 10 metre berthing pocket at the new quay.

Onsite work commenced in May. Good progress was made during the year with the dredging, land reclamation and Albert Quay breakwater extension all substantially completed by the end of 2009. The development is due to be completed in September 2010. At the end of 2009, capital expenditure on the project totalled £19.3m from a £33.5m budget. So far none of the loans secured to finance the project have been drawn down. The overall facility provides for a £7.0m loan and £2.0m overdraft through Clydesdale Bank. The loan is repayable over 15 years at a fixed interest rate of 5.55%. One partial grant payment has been received - representing £1.5m of the £5.2m awarded from the European Fisheries Fund and Scottish Executive.

The new quay will help service the growing pelagic industry and provide much needed capacity to expand business in other sectors such as subsea, quayside fabrication, oil related decommissioning and renewable energy.



**CONVENOR'S REPORT  
FOR THE YEAR ENDED 31ST DECEMBER 2009**

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**LOOKING FORWARD**

There remains a lot of hard work to be done to deliver SED on time and within budget. Timing for completion of the development looks to be fortuitous: as oil prices increase there are signs of a significant upturn in oil related development work for 2011 and 2012. Peterhead has been identified as one of the best sites in Scotland for future work associated with offshore renewables. Peterhead Decommissioning Ltd is a consortium of local companies which have got together to target decommissioning of offshore oil and gas infrastructure. These sectors will all be pursued to try and bring new business to Peterhead Port. Planning permission is being sought for the installation of two wind turbines at the port. Work on a major new port masterplan will be ongoing throughout 2010 and 2011 as the Board seeks to identify and prioritise future development opportunities while providing for the long term stability of the business.

Trade for the first quarter of 2010 has been buoyant, with a general increase in activity across all key sectors. There are serious concerns about the profitability of the white fish fleet given further cuts in quota and days at sea. This is expected to reduce revenue from this area during the latter part of 2010. Several major maintenance projects have commenced including replacement of the roof at Alexandra House (£180,000) and maintenance dredging of a large part of the Fishing Harbours (£220,000).

Overall 2010 looks to be one of the busiest years for the Board and staff of Peterhead Port Authority. I would like to take this opportunity to congratulate them for past achievements and trust that the excellent results achieved will encourage them for the future.



William J M R Mackie  
Convenor

## **PETERHEAD PORT AUTHORITY**

### **MEMBERS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2009**

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The members present their report with the financial statements of the Authority for the year ended 31st December 2009.

#### **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 £6,250.

#### **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.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the Authority's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**PETERHEAD PORT AUTHORITY**

**MEMBERS' REPORT  
FOR THE YEAR ENDED 31ST DECEMBER 2009**

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**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 418 of the Companies Act 2006) 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            19th May 2010



## **PETERHEAD PORT AUTHORITY**

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

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We have audited the financial statements of Peterhead Port Authority for the year ended 31st December 2009 set out on pages 7 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 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 explained more fully in the Statement of Members' Responsibilities set out on page 4, the members 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 Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made; and the overall presentation of the financial statements.

#### **OPINION ON THE FINANCIAL STATEMENTS**

In our opinion:

- the financial statements give a true and fair view of the state of the Authority's affairs as at 31st December 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of 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 on pages 4 and 5 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 we are required to report to you if, in our opinion:

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



Gillian E Burns (Senior Statutory Auditor)  
For and on behalf of Bain Henry Reid  
Statutory Auditors  
Chartered Accountants  
28 Broad Street  
Peterhead  
AB42 1BY

Date 27th May 2010



**PETERHEAD PORT AUTHORITY**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST DECEMBER 2009**

|  | Notes | 2009<br>£               | 2008<br>£               |
|--|-------|-------------------------|-------------------------|
| <b>TURNOVER</b>                                      | 2     | 7,220,302               | 7,305,122               |
| Cost of services                                     |       | 3,103,032               | 3,201,488               |
| <b>GROSS PROFIT</b>                                  |       | <u>4,117,270</u>        | <u>4,103,634</u>        |
| Administrative expenses                              |       | 1,191,847               | 1,096,063               |
| <b>OPERATING PROFIT</b>                              |       | <u>2,925,423</u>        | <u>3,007,571</u>        |
| Share of profit of subsidiary undertaking            | 11    | 123,917                 | 171,396                 |
| Investment income                                    | 5     | 238,796                 | 801,627                 |
|  |       | <u>3,288,136</u>        | <u>3,980,594</u>        |
| Interest payable                                     | 6     | 552,993                 | 598,192                 |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b> | 7     | <u>2,735,143</u>        | <u>3,382,402</u>        |
| Tax on profit on ordinary activities                 | 8     | 294,104                 | 466,852                 |
| <b>RETAINED PROFIT FOR THE PERIOD</b>                |       | <u><u>2,441,039</u></u> | <u><u>2,915,550</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 2009**

|  | Notes | £                | 2009<br>£                | 2008<br>£                |
|--|-------|------------------|--------------------------|--------------------------|
| <b>FIXED ASSETS</b>  |       |                  |                          |                          |
| Tangible assets  | 9     |                  | 54,283,626               | 37,100,162               |
| Fixed asset investments  | 10    |                  | <u>1,347,101</u>         | <u>1,223,184</u>         |
|  |       |                  | 55,630,727               | 38,323,346               |
| <b>CURRENT ASSETS</b>  |       |                  |                          |                          |
| Stock  | 12    | 12,024           |                          | 13,396                   |
| Debtors  | 13    | 1,292,731        |                          | 1,183,248                |
| Cash at bank and in hand                                       |       | <u>4,060,115</u> |                          | <u>16,456,993</u>        |
|  |       | 5,364,870        |                          | 17,653,637               |
| <b>CREDITORS:</b> amounts falling due within one year          | 14    | <u>3,860,288</u> |                          | <u>1,893,839</u>         |
| <b>NET CURRENT ASSETS</b>                                      |       |                  | 1,504,582                | 15,759,798               |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |       |                  | <u>57,135,309</u>        | <u>54,083,144</u>        |
| <b>CREDITORS:</b> amounts falling due after more than one year | 15    |                  | <u>7,580,634</u>         | <u>8,254,736</u>         |
|  |       |                  | 49,554,675               | 45,828,408               |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>                  |       |                  |                          |                          |
| Accruals and deferred income                                   | 17    |                  | <u>5,689,267</u>         | <u>4,404,039</u>         |
|  |       |                  | 5,689,267                | 4,404,039                |
| <b>NET ASSETS</b>  |       |                  | <u><u>43,865,408</u></u> | <u><u>41,424,369</u></u> |
| <b>GENERAL RESERVES</b>  | 20    |                  | <u><u>43,865,408</u></u> | <u><u>41,424,369</u></u> |

The Financial Statements were approved on 19th May 2010 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 2009**

|   | Notes | 2009<br>£           | 2008<br>£        |
|---|-------|---------------------|------------------|
| <b>NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES</b>                         | 19    | 3,652,498           | 4,030,464        |
| <b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>                              |       |                     |                  |
| Interest received   |       | 372,605             | 993,407          |
| Dividends received  |       | -                   | 938              |
| Interest paid   |       | (554,579)           | (592,867)        |
| <b>Cash inflow / (outflow) from returns on investments and servicing of finance</b> |       | <u>(181,974)</u>    | <u>401,478</u>   |
| <b>TAXATION</b>   |       |                     |                  |
| UK Corporation tax paid   |       | <u>(405,068)</u>    | <u>(630,288)</u> |
| <b>CAPITAL EXPENDITURE</b>  |       |                     |                  |
| Payments to acquire tangible fixed assets   |       | (16,305,662)        | (715,441)        |
| Receipts from sale of tangible fixed assets   |       | 935                 | 6,500            |
| Government grants received  |       | 1,473,364           | 161,896          |
| <b>Cash outflow from capital expenditure</b>  |       | <u>(14,831,363)</u> | <u>(547,045)</u> |
| <b>NET CASH INFLOW/ (OUTFLOW)</b>   |       | <u>(11,765,907)</u> | <u>3,254,609</u> |
| <b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>                     |       |                     |                  |
| Increase / (Decrease) in cash in period   |       | <u>(11,765,907)</u> | <u>3,254,609</u> |
| Movement in net funds in the period   |       | (11,765,907)        | 3,254,609        |
| Net funds at 1st January 2009   |       | 7,571,287           | 4,316,678        |
| <b>NET FUNDS AT 31ST DECEMBER 2009</b>  |       | <u>(4,194,620)</u>  | <u>7,571,287</u> |



**PETERHEAD PORT AUTHORITY**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31ST DECEMBER 2009**

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**ANALYSIS OF CHANGE IN NET FUNDS**

|                                  | <b>At 1st<br/>January<br/>2009<br/>£</b> | <b>Cash<br/>flows<br/>£</b> | <b>At 31st<br/>December<br/>2009<br/>£</b> |
|----------------------------------|--|-----------------------------|--|
| Analysis of change in net funds: |  |                             |  |
| Cash and bank balances           | 16,456,993                               | (12,396,878)                | 4,060,115                                  |
| Bank loans                       | (8,885,706)                              | 630,971                     | (8,254,735)                                |
|                                  | <u>7,571,287</u>                         | <u>(11,765,907)</u>         | <u>(4,194,620)</u>                         |

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2009**

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**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.

**Deferred taxation**

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the Authority's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

Deferred tax assets and liabilities are not discounted.

**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.

**Pension costs and other post-retirement benefits**

The Authority operates a defined contribution pension scheme. Contributions are charged to the profit and loss account for the year in which they are payable to the scheme. Differences between contributions payable and contributions actually paid in the year are shown as either accruals or prepayments at the year end.

The Authority participates in a multi-employer defined benefit pension scheme. Contributions payable to the scheme are charged to the profit and loss account so as to spread the cost of the pension over the employee's expected working life. The pension charge is calculated on the basis of actuarial advice. The contributions are invested separately from the Authority's assets.

**PETERHEAD PORT AUTHORITY****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2009****2. TURNOVER****2009  
£****2008  
£**

Turnover consists entirely of sales made in the United Kingdom.

|                              |                  |                  |
|------------------------------|------------------|------------------|
| Dues on ships                | 1,218,921        | 1,345,880        |
| Dues on goods and passengers | 4,002,588        | 3,996,846        |
|                              | <u>5,221,509</u> | <u>5,342,726</u> |
| Rental income                | 1,035,000        | 1,041,345        |
| General revenue and services | 963,793          | 921,051          |
|                              | <u>7,220,302</u> | <u>7,305,122</u> |

**3. NON-EXECUTIVE MEMBERS' EMOLUMENTS**

|                       |               |               |
|-----------------------|---------------|---------------|
| Aggregate emoluments  | 65,494        | 62,520        |
| Social security costs | 1,045         | 1,196         |
|                       | <u>66,539</u> | <u>63,716</u> |

**4. STAFF COSTS**

|   |                  |                  |
|---|------------------|------------------|
| Wages and salaries                                      | 1,496,954        | 1,422,239        |
| Social security costs                                   | 143,475          | 137,968          |
| Pension costs   | 160,666          | 143,054          |
|   | <u>1,801,095</u> | <u>1,703,261</u> |
| Less staff costs recovered from Peterhead Port Services | 297,622          | 281,961          |
|   | <u>1,503,473</u> | <u>1,421,300</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     | 29        | 31        |
|                               | <u>62</u> | <u>64</u> |

**5. INVESTMENT INCOME**

|                          |                |                |
|--------------------------|----------------|----------------|
| From listed investments  | -              | 938            |
| Bank interest receivable | 238,796        | 800,689        |
|                          | <u>238,796</u> | <u>801,627</u> |



**PETERHEAD PORT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2009**

| <b>6. INTEREST PAYABLE</b> | <b>2009<br/>£</b> | <b>2008<br/>£</b> |
|----------------------------|-------------------|-------------------|
| Bank loan interest         | 552,476           | 595,366           |
| Other interest             | 517               | 2,826             |
|                            | <u>552,993</u>    | <u>598,192</u>    |

**7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

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

|  |                  |                  |
|--|------------------|------------------|
| (Gain)/Loss on sale of tangible fixed assets | (935)            | 9,312            |
| Auditors' remuneration for audit             | 7,000            | 7,000            |
| Auditors' remuneration - non audit fees      | 2,000            | 2,300            |
| Depreciation of tangible fixed assets        | 1,215,120        | 1,212,471        |
| Amortisation of grants                       | <u>(188,136)</u> | <u>(179,803)</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             | 294,104        | 466,852        |
| Deferred            | -              | -              |
|                     | <u>294,104</u> | <u>466,852</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>2,735,143</u> | <u>3,382,402</u> |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008: 28.5%) | 765,840          | 963,985          |
| Effects of:   |                  |                  |
| Expenses not deductible for tax purposes  | 1,138            | 1,390            |
| Capital allowances in excess of depreciation  | 16,249           | (67,431)         |
| Share of profit of subsidiary undertaking   | (34,697)         | (48,848)         |
| Losses utilised   | (454,426)        | (381,977)        |
| Franked investment income   | -                | (267)            |
|   | <u>294,104</u>   | <u>466,852</u>   |

**PETERHEAD PORT AUTHORITY****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2009****9. TANGIBLE FIXED ASSETS**

|                        | <b>Current<br/>Developments<br/>£</b> | <b>Land,<br/>Buildings &amp;<br/>Improvements<br/>£</b> | <b>Plant,<br/>Vehicles &amp;<br/>Equipment<br/>£</b> | <b>Total<br/>£</b> |
|------------------------|---------------------------------------|---|--|--------------------|
| <b>Cost</b>            |                                       |   |  |                    |
| At 31st December 2008: | 1,008,797                             | 49,697,007  | 3,400,594  | 54,106,398         |
| Additions              | 18,374,515                            | -   | 24,069   | 18,398,584         |
| Disposals              | -                                     | -   | (17,787)   | (17,787)           |
| At 31st December 2009: | <u>19,383,312</u>                     | <u>49,697,007</u>                                       | <u>3,406,876</u>                                     | <u>72,487,195</u>  |
| <b>Depreciation</b>    |                                       |   |  |                    |
| At 31st December 2008: | -                                     | 15,070,637  | 1,935,599  | 17,006,236         |
| Charge for year        | -                                     | 1,009,314   | 205,806  | 1,215,120          |
| Disposals              | -                                     | -   | (17,787)   | (17,787)           |
| At 31st December 2009: | <u>-</u>                              | <u>16,079,951</u>                                       | <u>2,123,618</u>                                     | <u>18,203,569</u>  |
| <b>Net Book Value</b>  |                                       |   |  |                    |
| At 31st December 2009  | <u>19,383,312</u>                     | <u>33,617,056</u>                                       | <u>1,283,258</u>                                     | <u>54,283,626</u>  |
| At 31st December 2008  | <u>1,008,797</u>                      | <u>34,626,370</u>                                       | <u>1,464,995</u>                                     | <u>37,100,162</u>  |

Included within land and buildings are long leasehold structures with a NBV of £18,465,728 (2008: £18,866,882) and short leasehold structures with a NBV of £6,252,931 (2008: £6,585,252).

**10. FIXED ASSET INVESTMENTS**

**2009**  
**£**

**Peterhead Port Services:**

|                                  |                  |
|----------------------------------|------------------|
| At 1st January 2009              | 1,223,184        |
| Profit/(loss) for year (note 11) | 123,917          |
| At 31st December 2009            | <u>1,347,101</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 2009 have been incorporated in note 11 to the accounts.

**PETERHEAD PORT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2009**

**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 2009 are summarised as follows:

|   | <b>2009</b>      | <b>2008</b>      |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| <b>Revenue and Expenditure Account</b>              |                  |                  |
| Revenue from pilotage services                      | <u>544,056</u>   | <u>575,870</u>   |
| Aggregate expenditure incurred on:                  |                  |                  |
| Providing the services of a pilot                   | 162,738          | 147,589          |
| Providing, maintaining and operating the pilot boat | 119,384          | 168,329          |
| Administration and other costs                      | 123,328          | 105,940          |
| Total pilotage expenditure                          | <u>405,450</u>   | <u>421,858</u>   |
| Profit on pilotage activities                       | 138,606          | 154,012          |
| Profit on other activities                          | 31,287           | 60,205           |
| Taxation  | (45,976)         | (42,821)         |
| Surplus for year                                    | <u>123,917</u>   | <u>171,396</u>   |
| <b>Balance Sheet</b>                                |                  |                  |
| Fixed assets, at cost                               | 629,958          | 629,958          |
| Aggregate depreciation                              | <u>(548,907)</u> | <u>(543,587)</u> |
|   | <u>81,051</u>    | <u>86,371</u>    |
| Current assets:                                     |                  |                  |
| Debtors   | 127,165          | 133,982          |
| Investments   | 78,405           | 78,405           |
| Cash and bank balances                              | <u>1,181,083</u> | <u>1,022,190</u> |
|   | <u>1,386,653</u> | <u>1,234,577</u> |
| Creditors: amounts falling due within one year:     |                  |                  |
| Creditors and accruals                              | 73,645           | 49,366           |
| Corporation tax                                     | <u>46,958</u>    | <u>48,398</u>    |
|   | <u>120,603</u>   | <u>97,764</u>    |
| Net current assets                                  | <u>1,266,050</u> | <u>1,136,813</u> |
| Provision for liabilities and charges               | <u>-</u>         | <u>-</u>         |
| Net assets  | <u>1,347,101</u> | <u>1,223,184</u> |



**PETERHEAD PORT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2009**

**12. STOCK**

|                             | <b>2009</b>   | <b>2008</b>   |
|-----------------------------|---------------|---------------|
|                             | <b>£</b>      | <b>£</b>      |
| Spare parts and consumables | <u>12,024</u> | <u>13,396</u> |

**13. DEBTORS**

**Amounts falling due within one year:**

|                                |                  |                  |
|--------------------------------|------------------|------------------|
| Trade debtors                  | 705,222          | 784,052          |
| Other debtors                  | 372,853          | 195,134          |
| Prepayments and accrued income | 214,656          | 204,062          |
|                                | <u>1,292,731</u> | <u>1,183,248</u> |

**14. CREDITORS:** amounts falling due within one year:

|                                       |                  |                  |
|---------------------------------------|------------------|------------------|
| Current instalment due on loans       | 674,101          | 630,970          |
| Trade creditors                       | 332,805          | 328,862          |
| Corporation tax                       | 139,888          | 250,852          |
| Other taxes and social security costs | 61,068           | 56,593           |
| Other creditors and accruals          | 2,652,426        | 626,562          |
|                                       | <u>3,860,288</u> | <u>1,893,839</u> |

**15. CREDITORS:** amounts falling due after more than one year:

|            |                  |                  |
|------------|------------------|------------------|
| Bank Loans | 7,580,634        | 8,254,736        |
|            | <u>7,580,634</u> | <u>8,254,736</u> |

**PETERHEAD PORT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2009**

| <b>16. BANK LOANS</b>  | <b>2009<br/>£</b> | <b>2008<br/>£</b> |
|--|-------------------|-------------------|
| Repayable by instalments over 20 years to 2020<br>Bank loan at 7.5% per annum (fixed)  | 2,190,623         | 2,313,785         |
| Repayable by instalments over 15 years to 2018<br>Bank loan at 5.99% per annum (fixed) | 6,064,112         | 6,571,921         |
|  | <u>8,254,735</u>  | <u>8,885,706</u>  |
| Included in current liabilities  | 674,101           | 630,970           |
| Amounts falling due between one and two years  | 718,579           | 674,101           |
| Amounts falling due between two and five years   | 2,450,457         | 2,298,294         |
| Amounts falling due in more than five years  | 4,411,598         | 5,282,339         |
|  | <u>8,254,735</u>  | <u>8,885,704</u>  |

Bank loans are secured by a legal charge over property at Peterhead Harbour.

**17. ACCRUALS AND DEFERRED INCOME**

**Grants**

|                       |                  |                  |
|-----------------------|------------------|------------------|
| At 1st January 2008   | 4,404,039        | 4,428,264        |
| Received during year  | 1,473,364        | 155,578          |
| Amortisation in year  | (188,136)        | (179,803)        |
| At 31st December 2008 | <u>5,689,267</u> | <u>4,404,039</u> |

## **18. 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 still 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 Fund had its last actuarial valuation at 31st March 2009 which reported a deficit of £557 million (representing a 76% funding level). A funding plan, the objective of which is to pay off the deficit over a period of 12 years is currently being considered. At this stage, PPS has not been advised of its share of the deficit contribution which will be payable during 2010. PPS currently has one employee contributing to the fund.



**PETERHEAD PORT AUTHORITY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST DECEMBER 2009**

**19. NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES**

|   | <b>2009</b>      | <b>2008</b>      |
|---|------------------|------------------|
|   | <b>£</b>         | <b>£</b>         |
| Operating profit  | 2,925,423        | 3,007,571        |
| Depreciation of tangible fixed assets                       | 1,215,120        | 1,212,471        |
| (Gain)/Loss on sale of tangible fixed assets                | (935)            | 9,312            |
| Amortisation of grants                                      | (188,136)        | (179,803)        |
| (Increase)/Decrease in stock                                | 1,372            | (2,952)          |
| (Increase)/Decrease in debtors                              | (243,292)        | 189,297          |
| Increase/(Decrease) in creditors                            | (57,054)         | (205,432)        |
| <b>Net cash inflow from continuing operating activities</b> | <b>3,652,498</b> | <b>4,030,464</b> |

**20. GENERAL RESERVES**

|                              | <b>2009</b>       |
|------------------------------|-------------------|
|                              | <b>£</b>          |
| At 1st January 2009          | 41,424,369        |
| Retained profit for the year | 2,441,039         |
| At 31st December 2009        | <b>43,865,408</b> |

**21. FINANCIAL COMMITMENTS**

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

|                           | <b>Land<br/>and<br/>buildings</b> | <b>Other<br/>operating<br/>leases</b> |
|---------------------------|-----------------------------------|---------------------------------------|
| Expiring within 1 year    | -                                 | -                                     |
| Expiring within 2-5 years | -                                 | 16,375                                |
| Expiring in over 5 years  | <b>54,027</b>                     | <b>-</b>                              |

**22. CAPITAL COMMITMENTS**

|   | <b>2009</b>       | <b>2008</b> |
|---|-------------------|-------------|
|   | <b>£</b>          | <b>£</b>    |
| Contracted but not provided for in the financial statements | <b>10,306,569</b> | <b>-</b>    |