



REPORT AND FINANCIAL STATEMENTS
For The Year Ended
31 December 2010

PETERHEAD PORT AUTHORITY

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31ST DECEMBER 2010**



CHARTERED ACCOUNTANTS

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PETERHEAD PORT AUTHORITY

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2010**

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PETERHEAD PORT AUTHORITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2010

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

McKinnons
14 Carden Place
Aberdeen
AB10 1UR

**CONVENOR'S REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2010**

TRADING REVIEW

By all standards 2010 was an excellent trading year for the port. The value of fish handled increased for the sixth consecutive year to a record £148 million (up 15.6% on 2009 and 54% since 2005). Peterhead has increased its market share of Scottish landings and consolidated its position as the top UK fishing port. However, this growth masks the very difficult time being experienced by much of the white fish industry. Rising operating costs, reduced quota and effort restrictions are all placing a heavy toll on the fleet and the service sector is also suffering as the number of fishing vessels decrease.

Commercial traffic remained buoyant throughout 2010. The total gross tonnage of vessels increased by 15% over 2009 to 7.8 million tonnes. Oil-related activity continues to recover with regular use of the port by subsea and diving support vessels. Peterhead was heavily involved in the mobilisation of vessels and equipment for an exploration drilling campaign off Greenland. Total cargo handled was up 21% to 1.6 million tonnes. Of particular note was the volume of exports of agricultural products which saw another very welcome increase of 122% on 2009.

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 £8,307,166, up 15% from 2009 and the highest achieved by the business. All main sectors of operation contributed to the growth which was achieved against a very tough economic climate. Cost of services increased from £3,103,032 to £3,913,824 with the main contributor being an increase in maintenance costs. 2010 was a busy year with significant expenditure on a number of projects which included dredging the inner harbours (£148,376) and repairing the roof on Alexandra House (£145,552). Depreciation increased reflecting the new allowance associated with the completion of Smith Quay. There were also increases in the cost of rates and electricity. The increase in administrative expenses was mainly payroll related.

Interest charges increased on account of cash resources being depleted to fund capital works and increased borrowings. Overall there was a net payment of interest of £743,241.

The profit after tax of £2,250,934 was transferred to reserves.

The main items of capital expenditure during the year were on Smith Embankment (£11,182,872) and for replacing the marina at Port Henry which is primarily provided for small inshore fisheries vessels (£316,203). The Smith Embankment project was awarded a £5,250,000 grant from the European Fisheries Fund and Scottish Government, the full amount of which has been successfully drawn down.

SMITH EMBANKMENT DEVELOPMENT (SED)

At a cost of £30,566,184, the Smith Embankment project achieved practical completion on 30th September 2010 and was officially opened by the First Minister for Scotland the Right Honourable Alex Salmond on 21st March 2011. This extensive and complicated marine development was completed on time and within budget. I would like to thank all those employees, contractors and others associated with the scheme for their assistance in delivering this landmark project for the port and Peterhead.

The development will consolidate Peterhead'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. The heavy lift berth has the capacity to handle a range of other trades with key target sectors being subsea, renewable energy and oil-related decommissioning. During the first months of operation the quay has proven popular with subsea vessels because of the extensive working area and secure operating environment.

**CONVENOR'S REPORT
FOR THE YEAR ENDED 31ST DECEMBER 2010**

LOOKING FORWARD

The next 12 months will be a challenging time for the fishing industry. Whilst UK fish quotas have increased, days at sea restrictions are severely curtailing fishing effort. A 93% cut in the quota for blue whiting along with the row over mackerel quota between the European Union and Faroe/Iceland will impact pelagic landings. White fish vessels have enjoyed a reasonable increase in the average selling price of their catch but have been burdened with increased costs, particularly for fuel. Oil exploration and development activity is expected to be very buoyant throughout 2011 and into 2012 which augers well for operations at ASCO and Smith Quay.

The port is actively engaged in the renewable energy industry. A planning application has been lodged to construct two wind turbines at the port. Shipments of turbines for erection on wind farms around Aberdeenshire are a regular trade. Peterhead has been recognised in the Scottish Government's "National Renewables Infrastructure Plan" as one of the best locations in Scotland for an operations and maintenance base to service future offshore wind farms. We are actively marketing the port to this new industry, both on our own and through a joint initiative with ASCO. This is a busy but exciting 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 2010

The members present their report with the financial statements of the Authority for the year ended 31st December 2010.

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 subsea 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 £5,201.

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, failure of a major customer 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.

FINANCIAL RISK MANAGEMENT

The Authority's financial instruments, other than derivatives, comprise borrowings, cash and liquid resources and various items such as trade debtors, trade creditors etc, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Authority's operations.

The Authority has also entered into derivative transactions in the form of interest rate swaps the purpose of which is to manage the interest rate risk arising from the Authority's operations and its sources of finance.

The main risk arising out of the Authority's financial instruments is interest rate risk which is reviewed by the Board and policies are agreed for managing this risk in order to generate the desired interest rate profile and to manage the Authority's exposure to interest rate fluctuations.

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.

PETERHEAD PORT AUTHORITY

MEMBERS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2010

STATEMENT OF MEMBERS' RESPONSIBILITIES cont'd

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.

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 18th May 2011

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 2010 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 2010 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 MA CA (Senior Statutory Auditor)

For and on behalf of Bain Henry Reid

Statutory Auditors

Chartered Accountants

28 Broad Street

Peterhead

AB42 1BY

Date 18th May 2011

PETERHEAD PORT AUTHORITY

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2010**

	Notes	2010 £	2009 £
TURNOVER	2	8,307,166	7,220,302
Cost of services		3,913,824	3,103,032
GROSS PROFIT		4,393,342	4,117,270
Administrative expenses		1,334,990	1,191,847
OPERATING PROFIT		3,058,352	2,925,423
Share of profit of subsidiary undertaking	11	143,783	123,917
Investment income	5	7,545	238,796
		3,209,680	3,288,136
Interest payable	6	743,241	552,993
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	7	2,466,439	2,735,143
Tax on profit on ordinary activities	8	215,505	294,104
RETAINED PROFIT FOR THE PERIOD		2,250,934	2,441,039

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 2010**

	Notes	£	2010 £	2009 £
FIXED ASSETS				
Tangible assets	9		64,549,926	54,283,626
Fixed asset investments	10		1,490,884	1,347,101
			66,040,810	55,630,727
CURRENT ASSETS				
Stock	12	12,475		12,024
Debtors	13	2,225,724		1,292,731
Cash at bank and in hand		1,455,006		4,060,115
		3,693,205		5,364,870
CREDITORS: amounts falling due within one year	14	2,812,368		3,860,288
NET CURRENT ASSETS			880,837	1,504,582
TOTAL ASSETS LESS CURRENT LIABILITIES			66,921,647	57,135,309
CREDITORS: amounts falling due after more than one year	15		11,553,788	7,580,634
			55,367,859	49,554,675
PROVISIONS FOR LIABILITIES AND CHARGES				
Accruals and deferred income	17		9,251,517	5,689,267
			9,251,517	5,689,267
NET ASSETS			46,116,342	43,865,408
GENERAL RESERVES	20		46,116,342	43,865,408

The Financial Statements were approved on 18th May 2011 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 2010**

	Notes	2010 £	2009 £
NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES	19	4,317,824	3,652,498
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		8,996	372,605
Other interest received		(575)	-
Interest paid		(740,694)	(554,579)
Cash inflow / (outflow) from returns on investments and servicing of finance		(732,273)	(181,974)
TAXATION			
UK Corporation tax paid		(262,000)	(405,068)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(13,184,347)	(16,305,662)
Receipts from sale of tangible fixed assets		32,500	935
Government grants received		2,861,361	1,473,364
Cash outflow from capital expenditure		(10,290,486)	(14,831,363)
NET CASH INFLOW/ (OUTFLOW)		(6,966,935)	(11,765,907)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase / (Decrease) in cash in period		(6,966,935)	(11,765,907)
Movement in net funds in the period		(6,966,935)	(11,765,907)
Net funds at 1st January 2010		(4,194,620)	7,571,287
NET FUNDS AT 31ST DECEMBER 2010		(11,161,555)	(4,194,620)

PETERHEAD PORT AUTHORITY

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2010**

ANALYSIS OF CHANGE IN NET FUNDS

	At 1st January 2010 £	Cash flows £	At 31st December 2010 £
Analysis of change in net funds:			
Cash and bank balances	4,060,115	(2,605,109)	1,455,006
Bank loans	(8,254,735)	(4,361,826)	(12,616,561)
	<u>(4,194,620)</u>	<u>(6,966,935)</u>	<u>(11,161,555)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2010**

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 group personal pension scheme (money purchase defined contribution scheme). Contributions are charged to the profit and loss account for the year in which they are payable to the scheme.

The Authority also 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.

Contributions are charged to the profit and loss account for the year in which they are payable to the scheme.

PETERHEAD PORT AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2010**

2. TURNOVER

**2010
£**

**2009
£**

Turnover consists entirely of sales made in the United Kingdom.

Dues on ships	1,488,884	1,218,921
Dues on goods and passengers	4,668,268	4,002,588
	6,157,152	5,221,509
Rental income	1,114,415	1,035,000
General revenue and services	1,035,599	963,793
	8,307,166	7,220,302

3. NON-EXECUTIVE MEMBERS' EMOLUMENTS

Aggregate emoluments	67,242	65,494
Social security costs	1,250	1,045
	68,492	66,539

4. STAFF COSTS

Wages and salaries	1,615,358	1,496,954
Social security costs	157,006	143,475
Pension costs	166,982	160,666
	1,939,346	1,801,095
Less staff costs recovered from Peterhead Port Services	310,145	297,622
	1,629,201	1,503,473

The average weekly number of employees during the year was as follows:

Non-executive members	10	10
Administrative and managerial	24	23
Operating and maintenance	29	29
	63	62

5. INVESTMENT INCOME

From listed investments	-	-
Bank interest receivable	7,545	238,796
	7,545	238,796

PETERHEAD PORT AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2010**

6. INTEREST PAYABLE	2010 £	2009 £
Bank loan interest	743,241	552,476
Other interest	-	517
	<u>743,241</u>	<u>552,993</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	(13,893)	(935)
Auditors' remuneration for audit	7,500	7,000
Auditors' remuneration - non audit fees	2,000	2,000
Depreciation of tangible fixed assets	1,353,951	1,215,120
Amortisation of grants	<u>(214,386)</u>	<u>(188,136)</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	215,505	294,104
Deferred	-	-
	<u>215,505</u>	<u>294,104</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>2,466,439</u>	<u>2,735,143</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009: 28%)	690,603	765,840
Effects of:		
Expenses not deductible for tax purposes	1,935	1,138
Capital allowances in excess of depreciation	48,117	16,249
Share of profit of subsidiary undertaking	(40,259)	(34,697)
Losses utilised	(484,891)	(454,426)
Franked investment income	-	-
	<u>215,505</u>	<u>294,104</u>

PETERHEAD PORT AUTHORITY**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2010****9. TANGIBLE FIXED ASSETS**

	Current Developments £	Land, Buildings & Improvements £	Plant, Vehicles & Equipment £	Total £
Cost				
At 31st December 2009:	19,383,312	49,697,007	3,406,876	72,487,195
Additions	11,182,872	-	455,987	11,638,859
Disposals	-	-	(60,335)	(60,335)
At 31st December 2010:	30,566,184	49,697,007	3,802,528	84,065,719
Depreciation				
At 31st December 2009:	-	16,079,951	2,123,618	18,203,569
Charge for year	144,000	1,009,314	200,637	1,353,951
Disposals	-	-	(41,727)	(41,727)
At 31st December 2010:	144,000	17,089,265	2,282,528	19,515,793
Net Book Value				
At 31st December 2010	30,422,184	32,607,742	1,520,000	64,549,926
At 31st December 2009	19,383,312	33,617,056	1,283,258	54,283,626

Included within land and buildings are long leasehold structures with a NBV of £18,064,574 (2009: £18,465,728) and short leasehold structures with a NBV of £5,920,610 (2009: £6,252,931).

10. FIXED ASSET INVESTMENTS

**2010
£**

Peterhead Port Services:

At 1st January 2010	1,347,101
Profit/(loss) for year (note 11)	143,783
At 31st December 2010	1,490,884

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 2010 have been incorporated in note 11 to the accounts.

PETERHEAD PORT AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2010**

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 2010 are summarised as follows:

	2010 £	2009 £
Revenue and Expenditure Account		
Revenue from pilotage services	<u>667,135</u>	<u>544,056</u>
Aggregate expenditure incurred on:		
Providing the services of a pilot	175,299	162,738
Providing, maintaining and operating the pilot boat	168,052	119,384
Administration and other costs	122,142	123,328
Total pilotage expenditure	<u>465,493</u>	<u>405,450</u>
Profit on pilotage activities	201,642	138,606
Profit on other activities	19,354	31,287
Pension deficit contributions	(37,927)	-
Interest payable	(314)	-
Taxation	(38,972)	(45,976)
Surplus for year	<u>143,783</u>	<u>123,917</u>
Balance Sheet		
Fixed assets, at cost	629,958	629,958
Aggregate depreciation	<u>(554,227)</u>	<u>(548,907)</u>
	<u>75,731</u>	<u>81,051</u>
Current assets:		
Debtors	162,644	127,165
Investments	78,405	78,405
Cash and bank balances	<u>1,319,751</u>	<u>1,181,083</u>
	<u>1,560,800</u>	<u>1,386,653</u>
Creditors: amounts falling due within one year:		
Creditors and accruals	106,595	73,645
Corporation tax	39,052	46,958
	<u>145,647</u>	<u>120,603</u>
Net current assets	<u>1,415,153</u>	<u>1,266,050</u>
Provision for liabilities and charges	-	-
Net assets	<u>1,490,884</u>	<u>1,347,101</u>

PETERHEAD PORT AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2010**

12. STOCK

	2010	2009
	£	£
Spare parts and consumables	12,475	12,024

13. DEBTORS

Amounts falling due within one year:

Trade debtors	929,348	705,222
Other debtors	1,064,375	372,853
Prepayments and accrued income	232,001	214,656
	2,225,724	1,292,731

14. CREDITORS: amounts falling due within one year:

Current instalment due on loans	1,062,773	674,101
Trade creditors	350,538	332,805
Corporation tax	93,393	139,888
Other taxes and social security costs	70,054	61,068
Other creditors and accruals	1,235,610	2,652,426
	2,812,368	3,860,288

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

Bank Loans	11,553,788	7,580,634
	11,553,788	7,580,634

PETERHEAD PORT AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2010**

16. BANK LOANS

	2010	2009
	£	£
Repayable by instalments over 20 years to 2020		
Bank loan at 5.68% per annum (fixed by interest rate swap)	2,090,987	2,190,623
Repayable by instalments over 15 years to 2018		
Bank loan at 5.99% per annum (fixed)	5,524,093	6,064,112
Repayable by instalments over 15 years to 2025		
Bank loan at 5.55% per annum (fixed by interest rate swap)	5,001,481	-
	12,616,561	8,254,735
Included in current liabilities	1,062,773	674,101
Amounts falling due between one and two years	1,106,113	718,579
Amounts falling due between two and five years	3,627,453	2,450,457
Amounts falling due in more than five years	6,820,222	4,411,598
	12,616,561	8,254,735

At 31st December 2010, in addition to the above loans, the Authority had interest rate swaps in place on £716,875 at 4.43% to 30th June 2025.

Bank loans are secured by a legal charge over property and quays at Peterhead Port.

17. ACCRUALS AND DEFERRED INCOME

Grants

At 1st January 2010	5,689,267	4,404,039
Received during year	3,776,636	1,473,364
Amortisation in year	(214,386)	(188,136)
At 31st December 2010	9,251,517	5,689,267

18. PENSION ARRANGEMENTS (DEFINED BENEFIT SCHEMES)

Peterhead Port Authority

PPA 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 had its last actuarial valuation at 31st December 2004 which reported a deficit of £105 million (representing a 76% funding level). A voluntary payment scheme for participating employers was instigated to eliminate £15.1 million of this deficit of which PPS's contribution amounted to £49,005 as reported in the Financial Statements for the year ended 30th September 2005. The next actuarial valuation at 31st December 2007 remains outstanding.

In 2008 the voluntary payments scheme was terminated and 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 were asked to consider are complex and varied. The judgement was favourable to PPS in that it was determined that no employment cessation event had occurred and cast the net very widely when deciding who was responsible for contributing towards the deficit. Since the judgement, various parties have lodged an appeal which is expected to be heard by the end of 2011. The fund Trustees have confirmed that they cannot complete the 2007 or 2010 actuarial valuations until the legal case is concluded and will not provide any updated potential liability figures.

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 has been agreed. PPS was required to pay a deficit contribution of £38,927 which was settled in full 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 2010**

19. NET CASH INFLOW FROM CONTINUING OPERATING ACTIVITIES

	2010	2009
	£	£
Operating profit	3,058,352	2,925,423
Depreciation of tangible fixed assets	1,353,951	1,215,120
(Gain)/Loss on sale of tangible fixed assets	(13,893)	(935)
Amortisation of grants	(214,386)	(188,136)
(Increase)/Decrease in stock	(451)	1,372
(Increase)/Decrease in debtors	(18,595)	(243,292)
Increase/(Decrease) in creditors	152,846	(57,054)
Net cash inflow from continuing operating activities	<u>4,317,824</u>	<u>3,652,498</u>

20. GENERAL RESERVES

	2010
	£
At 1st January 2010	43,865,408
Retained profit for the year	2,250,934
At 31st December 2010	<u>46,116,342</u>

21. 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>74,309</u>	<u>-</u>

22. CAPITAL COMMITMENTS

	2010	2009
	£	£
Contracted but not provided for in the financial statements	<u>577,528</u>	<u>10,306,569</u>