

COWES HARBOUR COMMISSION
ANNUAL REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023

COWES HARBOUR COMMISSION

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COWES HARBOUR COMMISSION

COMMISSION INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2023

| | | |
|-----------------------|--------------------------|--------------------------------------|
| COMMISSIONERS: | C Blount | (Appointed 2020) |
| | V Clifford | (Appointed 2019) |
| | J Evans | (Appointed 2018) |
| | F Fitzherbert-Brockholes | (Appointed 2021) |
| | P Hagen | (Appointed 2020, Chairman from 2022) |
| | G Hall | (Appointed 2021, Chief Executive) |
| | J Losty | (Appointed 2020) |
| | S Sheridan | (Appointed 2019) |
| | R White | (Appointed 2023, Resigned 2023) |

HARBOUR MASTER: Capt. J Kidd

REGISTERED OFFICE: Harbour Office
Town Quay
Cowes
Isle of Wight
PO31 7AS

AUDITORS: Harrison Black Limited
Statutory Auditor
East Quay
Kite Hill
Wootton Bridge
Isle of Wight
PO33 4LA

BANKERS: Lloyds Bank Plc
22 St Thomas' Square
Newport
Isle of Wight
PO30 1SQ

COWES HARBOUR COMMISSION

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Commissioners present their strategic report for the year ended 31 December 2023.

MISSION STATEMENT

Cowes Harbour Commission (CHC) will manage the harbour, its safety and sustainable improvement and deliver the Commission's strategic objectives.

STRATEGIC OBJECTIVES

The Commissioners have the following key strategic objectives for 2022-2027:

- Manage the Harbour in accordance with the principles in the DfT's Ports Good Governance Guidance document.
- Promote and deliver a safety-first culture ensuring the highest standards in health and safety for CHC employees and Harbour users whilst complying fully with the Port Marine Safety Code
- Commit to the sustainable management and conservation of the Harbour, estuary, and local environment
- Promote and deliver sustainable Harbour development policies to safeguard existing, and support new, business, services, investment, and employment
- Ensure that commercial and financial management is robust, market-led and enables CHC to deliver its statutory duties and strategic objectives and to fund Harbour improvements
- Create long-term value for CHC by aligning our business development activities, key stakeholder relationships and communications strategy with our strategic goals
- Support and maximise the potential of our employees by implementing policies and procedures that align to our strategic goals and addresses the needs of our employees and CHC
- Continue to communicate and engage with key stakeholders on the strategic development of the Harbour
- Support and develop marine employment

GOVERNANCE

The governance of the Commission is based on the Department of Transport Modernising Trusts Ports' and Combined Code. The Board met eight times in 2023 and sub-committees meet as required (Appointments, Finance, Audit, and Remuneration). Biographical details of each Commissioner and a register of interests is published on our website www.cowesharbourcommission.co.uk.

BUSINESS REVIEW 2023

Total operating income was similar to last year at £3,896,905 (2022: £3,919,743), this small decrease was mainly due to lower fuel prices in the year. Total operating expenditure decreased 3% to £3,330,525 (2022: £3,563,440), this decrease was mainly due to a pension revaluation credit of £155,000 plus lower cost of sale purchases such as fuel and replacement equipment. Consequently, operating surplus increased 59% to £566,380 (2022: £356,303).

Surplus before tax amounted to £580,791 (2022: £327,026).

The balance sheet totals for the year stood at £9,868,649 compared to £9,474,237 in the previous year

KEY PERFORMANCE INDICATORS

Profitability (Earnings before interest, tax and depreciation/turnover) 0.24 (2022: 0.18).

Current ratio (current assets/current liabilities) 3.34 (2022: 2.92).

COWES HARBOUR COMMISSION

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

BUSINESS RISK

The Commissioners approach to risk management is to identify key risks which are believed could be a threat and then develop policies to manage, to an acceptable level, the impact and likelihood of those risks.

General risk: Some factors which affect the harbour are beyond the control of the Commissioners for example the national economy. The business is also very seasonal and weather dependent.

Compliance risk: Cowes Harbour Commission operates a safety management system that includes preparation for emergencies. A comprehensive staff training programme is maintained to ensure the Harbour is compliant with the requirements of the Port Marine Safety Code.

Governance risk: The Commissioners have a strategic plan which sets out the key aims, objective and policies. Before recruitment of a new commissioner a review is undertaken of skills required for an effective Board.

Financial risk: Budgets are set annually to monitor financial performance. Budgetary and financial reports are produced and interpreted in a timely and accurate way.

Pollution risk: The Commission invests in specific oil spillage training for its staff and has contracted to have expert support and advice in the event of an incident.


Reliance upon key customers: We maintain a strong relationship with our existing customers and work hard to build good relationships with new customers based on quality and value. We continue to seek new business with the expansion of our mooring contract work to increase the diversification of our trading base.

FORWARD LOOK

CHC is actively working and exploring opportunities to work in partnership with other key stakeholder organisations including the Isle of Wight Council to maximise the potential of Cowes Harbour and its key strategic harbour sites for marine employment and the development of harbour and yachting facilities in the interests of all stakeholders.

Plans for a major investment project at Kingston Wharf in East Cowes to create a marine industrial park including an expanded boat storage facility have continued during the year and we hope to commence work in 2024.

ON BEHALF OF THE BOARD:



.....
P Hagen – Commissioner/Chairman

Date: 24 June 2024

COWES HARBOUR COMMISSION

REPORT OF THE COMMISSIONERS FOR THE YEAR ENDED 31 DECEMBER 2023

The Commissioners present their report with the financial statements of the Commission for the year ended 31 December 2023.

CONSTITUTION

Cowes Harbour Commission (CHC or "the Commission") is the Statutory Harbour Authority for Cowes Harbour and the River Medina as far south as the Folly Inn. It is an independent Trust Port constituted by the Cowes Harbour Acts and Orders 1897 to 2012.

As a Trust Port any surpluses made by the Commission are retained for the benefit of stakeholders and invested in a variety of projects that benefit harbour users. Every person, Commission or other organisation that has an interest in Cowes Harbour or the River Medina is a stakeholder in the Commission.

PRINCIPAL ACTIVITY

The principal activities of the Commission in the year under review were acting as the Statutory Harbour Authority and the provision of harbour facilities, including yacht and commercial moorings and fuel.

COMMUNICATION WITH STAKEHOLDERS

The Commission is accountable to its stakeholders and ultimately to the Secretary of State for transport. The Commissioners encourage comments, questions and suggestions from its stakeholders and factor this input into their decision-making process. Methods used to communicate on a regular basis with stakeholders include:

- An annual public meeting held in May or June
- A website (www.cowes.co.uk) with a section explaining the operation of the Commission
- A regular e-newsletter
- A Cowes Harbour Advisory Committee
- An "open door" policy for stakeholders to raise issues

COMMISSIONERS

The Board of Commissioners consists of ten Commissioners together with a maximum of two Commissioners co-opted for specific purposes for a maximum period of one year. Commissioners are appointed by the Commissioners on the recommendation of an appointments panel consisting of the Chairman, an independent member and the chief executive. Commissioners are appointed by an openly advertised recruitment process for an initial term of 3 years and usually serve 2 terms. Commissioners are required to have knowledge, experience or ability in a number and complementary range of matters relevant to the efficient, effective and economic discharge by the Commission of its functions.

The chairman of the Commissioners is appointed by the Commissioners from among their number for a term of 3 years.

The Commissioners meet eight times a year (2023: eight meetings) with ad hoc meetings held when necessary. A quorum of Commissioners is five people.

COWES HARBOUR COMMISSION

REPORT OF THE COMMISSIONERS FOR THE YEAR ENDED 31 DECEMBER 2023

The year of appointment of the current Commissioners is shown on the Commission information page. The performance of each Commissioner is evaluated annually. The post of Commissioner is not remunerated.

The Commissioners are collectively and individually responsible for the proper exercise of the Commission's Statutory Duties.

The following held office as Commissioners and their attendance at regular meetings during the year.

C Blount - 8/8 or 100%
V Clifford - 8/8 or 100%
J Evans - 8/8 or 100%
F Fitzherbert-Brockholes - 8/8 or 100%
P Hagen (Chairman) - 8/8 or 100%
G Hall (Chief Executive) - 8/8 or 100%
J Losty - 7/8 or 88%
S Sheridan - 6/8 or 75%
R White - 4/4 or 100%

R White joined as Commissioner 10 March 2023 and resigned as Commissioner 15 September 2023.

STATEMENT ON CORPORATE GOVERNANCE

The Commission is committed to operating a system of corporate governance that follows the principles and guidance laid down in "Modernising Trust Ports (second edition)" published in 2009 by the Department of Transport, to the extent considered appropriate to the size and nature of the Commission.

The Commission has developed its governance procedures including the establishment of a remuneration committee and an audit committee.

The latest statement of governance can be found on the Cowes Harbour Commission website www.cowes.co.uk.

STATEMENT OF COMMISSIONERS' RESPONSIBILITIES

The Commissioners are responsible for preparing the Strategic Report, the Report of the Commissioners and the financial statements in accordance with applicable law and regulations.

Commission law requires the Commissioners to prepare financial statements for each financial year. Under that law the Commissioners have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Commissioners must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Commission and of the surplus or deficit of the Commission for that period. In preparing these financial statements, the Commissioners are required to:

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

COWES HARBOUR COMMISSION

REPORT OF THE COMMISSIONERS FOR THE YEAR ENDED 31 DECEMBER 2023

STATEMENT OF COMMISSIONERS' RESPONSIBILITIES - continued

The Commissioners are responsible for keeping adequate accounting records that are sufficient to show and explain the Commission's transactions and disclose with reasonable accuracy at any time the financial position of the Commission and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Commission and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Commissioners are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Commission's auditors are unaware, and each Commissioner has taken all the steps that he or she ought to have taken as a Commissioner in order to make himself or herself aware of any relevant audit information and to establish that the Commission's auditors are aware of that information.

ON BEHALF OF THE BOARD:


.....
P Hagen – Commissioner/Chairman

Date: 24 June 2024

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF COWES HARBOUR COMMISSION

Opinion

We have audited the financial statements of Cowes Harbour Commission (the 'Commission') for the year ended 31 December 2023 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and Notes to the Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Commission's affairs as at 31 December 2023 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of Section 42 of the Harbours Act 1964 (as amended by the Transport Act 1981) which requires the financial statements to be prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Commission in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Commissioners' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Commission's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Commissioners with respect to going concern are described in the relevant sections of this report.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF COWES HARBOUR COMMISSION

Other information

The Commissioners are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Commissioners, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Commissioners for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Commissioners have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Commission and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Commissioners.

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

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

Responsibilities of Commissioners

As explained more fully in the Statement of Commissioners' Responsibilities set out on pages five and six, the Commissioners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Commissioners determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioners are responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Commissioners either intend to liquidate the Commission or to cease operations, or have no realistic alternative but to do so.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF COWES HARBOUR COMMISSION

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing the risks of material misstatement in respect of irregularities, we have considered the following:

- The nature of the industry in which the entity operates, gaining an understanding of the legal and regulatory frameworks applicable. We consider the most significant laws and regulations which have a direct impact on the financial statements are FRS 102, Section 42 of the Harbours Act 1964 (as amended by the Transport Act 1981), the Companies Act 2006, Health and Safety and tax compliance regulations. We considered non-compliance of such regulatory requirements and designed our work accordingly, enquiring of management how they ensured compliance with such legislation and discussing the outcome of such procedures. External specialists were relied upon, where necessary in areas such as pension actuarial legislation.
- The management structure and control environment. We considered whether remuneration or bonus levels would give rise to incentive for fraud and in which audit areas gave the greatest potential for such fraud. We designed our testing to focus on areas such as complex transactions, unusual journals and recognition of income. We are also required to perform specific procedures to respond to the risk of management override, as is common in all audits under ISAs (UK).
- The appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures. We considered the consistency of such policies and estimates and whether they were still appropriate, who performed the work and their expertise in doing so, whether any adjustments were made in according with the relevant accounting framework.

Our work was carried out using systematic testing methods, analytical review, results of communication with management, professional scepticism, observation of controls and systems, and our experience and knowledge of the entity.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF COWES HARBOUR COMMISSION

Use of our report

This report is made solely to the Commission's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Commission's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Commission and the Commission's members as a body, for our audit work, for this report, or for the opinions we have formed.

A S Garner BA(Hons) FCA (Senior Statutory Auditor)
for and on behalf of Harrison Black Limited
Statutory Auditor
East Quay
Kite Hill
Wootton Bridge
Isle of Wight
PO33 4LA

Date: 18 June 2024

COWES HARBOUR COMMISSION

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

| | Notes | 2023 £ | 2022 £ |
|--|-------|-----------------------|-----------------------|
| TURNOVER | 3 | 3,896,905 | 3,919,743 |
| Cost of sales | | <u>2,599,061</u> | <u>2,832,804</u> |
| GROSS SURPLUS | | 1,297,844 | 1,086,939 |
| Administrative expenses | | <u>731,464</u> | <u>730,636</u> |
| OPERATING SURPLUS | 5 | 566,380 | 356,303 |
| Interest receivable and similar income | | 29,206 | 4,687 |
| Other finance income | 18 | <u>23,000</u> | <u>-</u> |
| | | 52,206 | 4,687 |
| | | 618,586 | 360,990 |
| Interest payable and similar expenses | 6 | 37,795 | 22,964 |
| Other finance costs | 18 | <u>-</u> | <u>11,000</u> |
| | | 37,795 | 33,964 |
| SURPLUS BEFORE TAXATION | | 580,791 | 327,026 |
| Tax on surplus | 7 | <u>122,129</u> | <u>67,526</u> |
| SURPLUS FOR THE FINANCIAL YEAR | | <u>458,662</u> | <u>259,500</u> |

The notes form part of these financial statements

COWES HARBOUR COMMISSION**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

| | Notes | 2023 £ | 2022 £ |
|---|-------|------------------------|-------------------------|
| SURPLUS FOR THE YEAR | | 458,662 | 259,500 |
| OTHER COMPREHENSIVE INCOME | | | |
| Actuarial gain/loss on pension scheme | | (34,000) | 1,008,000 |
| Income tax relating to other comprehensive income | | <u>(30,250)</u> | <u>(252,500)</u> |
| OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX | | <u>(64,250)</u> | <u>755,500</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u>394,412</u> | <u>1,015,000</u> |

The notes form part of these financial statements


COWES HARBOUR COMMISSION

STATEMENT OF FINANCIAL POSITION 31 DECEMBER 2023

| | Notes | 2023 £ | 2022 £ |
|--|-------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible assets | 8 | 10,930,450 | 11,113,812 |
| CURRENT ASSETS | | | |
| Stocks | 9 | 48,261 | 46,442 |
| Debtors | 10 | 372,413 | 282,566 |
| Cash at bank and in hand | | <u>2,817,966</u> | <u>2,629,319</u> |
| | | 3,238,640 | 2,958,327 |
| CREDITORS | | | |
| Amounts falling due within one year | 11 | <u>968,941</u> | <u>1,038,022</u> |
| NET CURRENT ASSETS | | <u>2,269,699</u> | <u>1,920,305</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 13,200,149 | 13,034,117 |
| CREDITORS | | | |
| Amounts falling due after more than one year | 12 | (3,096,107) | (3,239,132) |
| PROVISIONS FOR LIABILITIES | 16 | (777,393) | (741,748) |
| PENSION ASSET | 18 | <u>542,000</u> | <u>421,000</u> |
| NET ASSETS | | <u>9,868,649</u> | <u>9,474,237</u> |
| RESERVES | | | |
| Retained earnings | 17 | <u>9,868,649</u> | <u>9,474,237</u> |
| | 22 | <u>9,868,649</u> | <u>9,474,237</u> |

The financial statements were approved by the Board of Commissioners and authorised for issue on 15 June 2024 and were signed on its behalf by:


P Hagen – Commissioner/Chairman


G Hall – Commissioner/Chief Executive

The notes form part of these financial statements

COWES HARBOUR COMMISSION

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

| | Retained earnings £ | Total equity £ |
|------------------------------------|------------------------------------|-------------------------------|
| Balance at 1 January 2022 | 8,459,237 | 8,459,237 |
| Changes in equity | | |
| Total comprehensive income | <u>1,015,000</u> | <u>1,015,000</u> |
| Balance at 31 December 2022 | <u>9,474,237</u> | <u>9,474,237</u> |
| Changes in equity | | |
| Total comprehensive income | <u>394,412</u> | <u>351,166</u> |
| Balance at 31 December 2023 | <u><u>9,868,649</u></u> | <u><u>9,825,403</u></u> |

The notes form part of these financial statements

COWES HARBOUR COMMISSION

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

| | | 2023 £ | 2022 £ |
|---|---|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Cash generated from operations | 1 | 448,983 | 545,702 |
| Interest paid | | (37,795) | (22,964) |
| Tax paid | | <u>(25,759)</u> | <u>(101,267)</u> |
| Net cash from operating activities | | <u>385,429</u> | <u>421,471</u> |
| Cash flows from investing activities | | | |
| Purchase of tangible fixed assets | | (183,832) | (371,849) |
| Sale of tangible fixed assets | | - | 10,299 |
| Provisions | | 15,805 | 30,000 |
| Interest received | | <u>29,206</u> | <u>4,687</u> |
| Net cash from investing activities | | <u>(138,821)</u> | <u>(326,863)</u> |
| Cash flows from financing activities | | | |
| Loan repayments in year | | <u>(57,961)</u> | <u>(62,305)</u> |
| Net cash from financing activities | | <u>(57,961)</u> | <u>(62,305)</u> |
| Increase in cash and cash equivalents | | <u>188,647</u> | <u>32,303</u> |
| Cash and cash equivalents at beginning of year | 2 | <u>2,629,319</u> | <u>2,597,016</u> |
| Cash and cash equivalents at end of year | 2 | <u><u>2,817,966</u></u> | <u><u>2,629,319</u></u> |

The notes form part of these financial statements

COWES HARBOUR COMMISSION

NOTES TO THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

1. RECONCILIATION OF SURPLUS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

| | 2023 | 2022 |
|--|-----------------------|-----------------------|
| | £ | £ |
| Surplus before taxation | 580,791 | 327,026 |
| Depreciation charges | 360,009 | 343,173 |
| Loss on disposal of fixed assets | 7,183 | 3,510 |
| Difference on pension charge & cash contribution | (132,000) | (13,000) |
| Finance costs | 37,795 | 22,964 |
| Pension costs | (23,000) | 11,000 |
| Finance income | (29,206) | (4,687) |
| | <u>801,572</u> | <u>689,986</u> |
| (Increase)/decrease in stocks | (1,819) | 5,687 |
| (Increase)/decrease in trade and other debtors | (89,847) | 13,184 |
| Decrease in trade and other creditors | (260,923) | (163,155) |
| Cash generated from operations | <u>448,983</u> | <u>545,702</u> |

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2023

| | 31.12.23 | 1.1.23 |
|---------------------------|------------------|------------------|
| | £ | £ |
| Cash and cash equivalents | <u>2,817,966</u> | <u>2,629,319</u> |

Year ended 31 December 2022

| | 31.12.22 | 1.1.22 |
|---------------------------|------------------|------------------|
| | £ | £ |
| Cash and cash equivalents | <u>2,629,319</u> | <u>2,597,016</u> |

The notes form part of these financial statements

COWES HARBOUR COMMISSION

NOTES TO THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

3. ANALYSIS OF CHANGES IN NET FUNDS

| | At 1.1.23 £ | Cash flow £ | At 31.12.23 £ |
|---------------------------------|------------------|----------------|------------------|
| Net cash | | | |
| Cash at bank and in hand | <u>2,629,319</u> | <u>188,647</u> | <u>2,817,966</u> |
| | <u>2,629,319</u> | <u>188,647</u> | <u>2,817,966</u> |
| Debt | | | |
| Debts falling due within 1 year | (59,701) | (8,771) | (68,472) |
| Debts falling due after 1 year | <u>(516,054)</u> | <u>66,733</u> | <u>(449,321)</u> |
| | <u>(575,755)</u> | <u>57,962</u> | <u>(517,793)</u> |
| Total | <u>2,053,564</u> | <u>246,609</u> | <u>2,300,173</u> |

The notes form part of these financial statements

COWES HARBOUR COMMISSION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. INFORMATION ON THE COMMISSION

Cowes Harbour Commission is an Independent Trust Port constituted by the Cowes Harbour Acts and Orders 1897 to 2012 and its principal place of business and registered office is Harbour Office, Town Quay, Cowes, Isle of Wight, PO31 7AS.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods, facilities and services, excluding value added tax.

A sale of goods is recognised on despatch of the goods to the customer which is the point at which all the risks and rewards of ownership of the goods pass to the customer.

Turnover in respect of services is recognised when the Commission obtains the right to receive consideration for the services rendered to its customer.

Tangible fixed assets

Tangible fixed assets, other than investment property, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|------------------------|----------------|
| Freehold property | - 2-4% on cost |
| Cowes breakwater | - 2% on cost |
| Eastern Channel dredge | - 4% on cost |
| Harbour equipment | - 10% on cost |
| Vessels | - 5% on cost |
| Office equipment | - 33% on cost |

Freehold land is not depreciated.

Grants

Grants are credited to deferred revenue under the accruals method. Grants towards capital expenditure are released to the income statement using the straight line method over the expected useful life of the assets. Grants towards revenue expenditure are released to the income statement as the related expenditure is incurred.

Government grants which do not impose specified future performance related conditions (including Coronavirus Job Retention Scheme and Retail, Hospitality and Leisure Grant) are recognised when received or receivable.

COWES HARBOUR COMMISSION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2023

2. ACCOUNTING POLICIES - continued

Stocks

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

Cost is based on the cost of purchase on a first in, first out basis.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is provided in full on timing differences which result in an obligation at the statement of financial position date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and laws. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Pension costs and other post-retirement benefits

The Commission participates in the Isle of Wight Council Pension scheme, a defined benefit statutory scheme. Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method. The net surplus or deficit is presented separately from other net assets on the statement of financial position. The current service costs and costs from settlements and curtailments are charged against operating surplus. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on the scheme assets are included net in other finance costs/income. Actuarial gains/losses are reported in the statement of other comprehensive income. Entry for new members to this pension was stopped in May 2008.

The Commission also operates a defined contribution pension scheme. Contributions payable to the Commission's pension scheme are charged to the income statement in the period to which they relate.

COWES HARBOUR COMMISSION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2023

2. ACCOUNTING POLICIES - continued

Financial instruments

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

(ii) Financial liabilities

Basic financial liabilities, including trade creditors and other payables including bank loans are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the Commission has a present obligation (legal or constructive) as a result of a past event, it is probable that the Commission will be required to settle the obligation and a reliable estimate can be made of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Employee benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

COWES HARBOUR COMMISSION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2023

2. ACCOUNTING POLICIES - continued

Critical accounting judgements and estimation uncertainty

The Commission makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

In preparing these financial statements, the commissioners have made the following judgements:

- Determine whether leases entered into by the Commission either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the Commission's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether the Commission has a present obligation (legal or constructive) as a result of a past event, if it is probable that the Commission will be required to settle such obligation and if a reliable estimate can be made of the amount of such obligation.

Key estimation uncertainties are:

- Tangible fixed assets, other than investment property, are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- The amount the Commission recognises as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.
- Defined Benefit pension scheme. The Commission has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Managements estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and trends. See note 18 for the disclosures relating to the defined benefit pension scheme.

COWES HARBOUR COMMISSION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2023

3. TURNOVER

The turnover and surplus before taxation are attributable to the one principal activity of the Commission.

An analysis of turnover by class of business is given below:

| | 2023 | 2022 |
|-----------------------------|-------------------------|-------------------------|
| | £ | £ |
| Harbour dues | 926,317 | 807,931 |
| Pilotage | 119,996 | 141,997 |
| Fuel sales | 835,337 | 983,714 |
| Capital grant released | 63,120 | 63,120 |
| Other commercial operations | <u>1,952,135</u> | <u>1,922,981</u> |
| | <u>3,896,905</u> | <u>3,919,743</u> |

4. EMPLOYEES AND COMMISSIONERS

| | 2023 | 2022 |
|-----------------------|-------------------------|-------------------------|
| | £ | £ |
| Wages and salaries | 956,286 | 882,674 |
| Social security costs | 93,288 | 87,374 |
| Other pension costs | <u>36,330</u> | <u>185,388</u> |
| | <u>1,085,904</u> | <u>1,155,436</u> |

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

| | 2023 | 2022 |
|---------------|------------------|------------------|
| Harbour staff | <u>34</u> | <u>30</u> |

The number of Commissioners to whom retirement benefits were accruing was as follows:

| | | |
|-----------------------------|-----------------|-----------------|
| Defined contribution scheme | <u>1</u> | <u>1</u> |
|-----------------------------|-----------------|-----------------|

Except for the Chief Executive, Commissioners are not remunerated.

COWES HARBOUR COMMISSION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2023

5. OPERATING SURPLUS

The operating surplus is stated after charging:

| | 2023 | 2022 |
|-------------------------------------|---------------|---------------|
| | £ | £ |
| Depreciation - owned assets | 360,011 | 343,173 |
| Deficit on disposal of fixed assets | 7,183 | 3,510 |
| Chief Executive's remuneration | 109,041 | 98,712 |
| Auditors' remuneration | 4,700 | 4,850 |
| Auditors' remuneration (non audit) | 2,600 | 2,600 |
| Capital grant released | <u>63,120</u> | <u>63,120</u> |

6. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2023 | 2022 |
|--------------------|---------------|---------------|
| | £ | £ |
| Bank loan interest | <u>37,795</u> | <u>22,964</u> |

7. TAXATION

Analysis of the tax charge

The tax charge on the surplus for the year was as follows:

| | 2023 | 2022 |
|--------------------|-----------------|---------------|
| | £ | £ |
| Current tax: | | |
| UK corporation tax | 132,538 | 25,773 |
| Deferred tax | <u>(10,409)</u> | <u>41,753</u> |
| Tax on surplus | <u>122,129</u> | <u>67,526</u> |

COWES HARBOUR COMMISSION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2023

7. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

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

| | 2023 £ | 2022 £ |
|--|-----------------|----------------|
| Surplus before tax | <u>580,791</u> | <u>327,026</u> |
| Surplus multiplied by the standard rate of corporation tax in the UK of 25% (2022 - 19%) | 136,602 | 62,135 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 9,245 | 7,771 |
| Income not taxable for tax purposes | (47,773) | (11,993) |
| Capital allowances in excess of depreciation | - | (32,140) |
| Depreciation in excess of capital allowances | 34,464 | - |
| Deferred tax | <u>(10,409)</u> | <u>41,753</u> |
| Total tax charge | <u>122,129</u> | <u>67,526</u> |

Tax effects relating to effects of other comprehensive income

| | 2023 Gross £ | 2023 Tax £ | Net £ |
|---|--------------------|------------------|-----------------|
| Actuarial surplus/deficit on pension scheme | <u>(34,000)</u> | <u>(30,250)</u> | <u>(64,250)</u> |
| | 2022 Gross £ | 2022 Tax £ | Net £ |
| Actuarial surplus/deficit on pension scheme | <u>1,008,000</u> | <u>(252,500)</u> | <u>755,500</u> |

COWES HARBOUR COMMISSION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2023

8. TANGIBLE FIXED ASSETS

| | Freehold property £ | Cowes breakwater £ | Eastern Channel dredge £ |
|------------------------|---------------------------|--------------------------|-----------------------------------|
| COST | | | |
| At 1 January 2023 | 3,722,048 | 7,333,990 | 337,800 |
| Additions | - | - | - |
| Disposals | - | - | - |
| At 31 December 2023 | <u>3,722,048</u> | <u>7,333,990</u> | <u>337,800</u> |
| DEPRECIATION | | | |
| At 1 January 2023 | 284,335 | 1,043,825 | 49,544 |
| Charge for year | 29,587 | 146,528 | 13,512 |
| Eliminated on disposal | - | - | - |
| At 31 December 2023 | <u>313,922</u> | <u>1,190,353</u> | <u>63,056</u> |
| NET BOOK VALUE | | | |
| At 31 December 2023 | <u>3,408,126</u> | <u>6,143,637</u> | <u>274,744</u> |
| At 31 December 2022 | <u>3,437,713</u> | <u>6,290,165</u> | <u>288,256</u> |

| | Harbour equipment £ | Vessels £ | Office equipment £ | Totals £ |
|------------------------|---------------------------|----------------|--------------------------|-------------------|
| COST | | | | |
| At 1 January 2023 | 3,572,639 | 887,118 | 95,767 | 15,949,362 |
| Additions | 181,814 | - | 2,018 | 183,832 |
| Disposals | (13,729) | - | (567) | (14,296) |
| At 31 December 2023 | <u>3,740,724</u> | <u>887,118</u> | <u>97,218</u> | <u>16,118,898</u> |
| DEPRECIATION | | | | |
| At 1 January 2023 | 2,777,774 | 592,577 | 87,495 | 4,835,550 |
| Charge for year | 123,921 | 41,941 | 4,522 | 360,011 |
| Eliminated on disposal | (6,546) | - | (567) | (7,113) |
| At 31 December 2023 | <u>2,895,149</u> | <u>634,518</u> | <u>91,450</u> | <u>5,188,448</u> |
| NET BOOK VALUE | | | | |
| At 31 December 2023 | <u>845,575</u> | <u>252,600</u> | <u>5,768</u> | <u>10,930,450</u> |
| At 31 December 2022 | <u>794,865</u> | <u>294,541</u> | <u>8,272</u> | <u>11,113,812</u> |

COWES HARBOUR COMMISSION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2023

8. TANGIBLE FIXED ASSETS - continued

Tangible fixed assets with a carrying value of £1,191,949 (2022: £1,191,949) are pledged as security for the bank loan.

9. STOCKS

| | 2023 | 2022 |
|------------------|---------------|---------------|
| | £ | £ |
| Fuel | 37,162 | 32,802 |
| Goods for resale | 11,099 | 13,640 |
| | <u>48,261</u> | <u>46,442</u> |

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2023 | 2022 |
|---------------|----------------|----------------|
| | £ | £ |
| Trade debtors | 314,328 | 196,232 |
| Other debtors | 13,275 | 14,408 |
| Prepayments | 44,810 | 71,926 |
| | <u>372,413</u> | <u>282,566</u> |

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2023 | 2022 |
|---|----------------|------------------|
| | £ | £ |
| Bank loans and overdrafts (see note 13) | 68,472 | 59,701 |
| Trade creditors | 48,893 | 102,755 |
| Corporation tax | 132,538 | 25,759 |
| Social security and other taxes | 24,091 | 21,223 |
| VAT | 18,731 | 4,098 |
| Other creditors | 168,079 | 162,787 |
| Accruals & deferred income | 445,017 | 598,579 |
| Deferred capital grants | 63,120 | 63,120 |
| | <u>968,941</u> | <u>1,038,022</u> |

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 2023 | 2022 |
|--------------------------|------------------|------------------|
| | £ | £ |
| Bank loans (see note 13) | 449,321 | 516,054 |
| Other creditors | 65,124 | 78,296 |
| Deferred capital grants | 2,581,662 | 2,644,782 |
| | <u>3,096,107</u> | <u>3,239,132</u> |

COWES HARBOUR COMMISSION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2023

Included in "other creditors" in both notes 11 and 12 is an amount of £78,420 payable in instalments over the next 6 years to the Trustees of the Pilots National Pension Fund (PNPF) representing PNPF's estimates of CHC's share of the deficit in the Fund. PNPF have stated that amount payable may not be the final liability. It has not been possible to quantify the amount of the additional liability, if any.

13. LOANS

An analysis of the maturity of loans is given below:

| | 2023 £ | 2022 £ |
|---|----------------|----------------|
| Amounts falling due within one year or on demand: | | |
| Bank loans | <u>68,472</u> | <u>59,701</u> |
| Amounts falling due between one and two years: | | |
| Bank loans | <u>70,935</u> | <u>63,289</u> |
| Amounts falling due between two and five years: | | |
| Bank loans | <u>227,615</u> | <u>213,615</u> |
| Amounts falling due in more than five years: | | |
| Repayable by instalments | | |
| Bank loans | <u>150,771</u> | <u>239,150</u> |

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

| | 2023 £ | 2022 £ |
|----------------------------|----------------|----------------|
| Within one year | 62,022 | 59,470 |
| Between one and five years | 275,999 | 262,660 |
| In more than five years | <u>400,178</u> | <u>393,800</u> |
| | <u>738,199</u> | <u>715,930</u> |

Lease payments recognised as an expense in the year were £59,361 (2022: £56,971).

COWES HARBOUR COMMISSION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2023

15. SECURED DEBTS

The following secured debts are included within creditors:

| | 2023 | 2022 |
|------------|----------------|----------------|
| | £ | £ |
| Bank loans | <u>517,793</u> | <u>575,755</u> |

The bank loan is secured by a 1st legal charge over the land on the South West of Kingston Road and the land adjoining Shepherds Wharf Marina.

16. PROVISIONS FOR LIABILITIES

| | 2023 | 2022 |
|--|---------------------|-------------------------|
| | £ | £ |
| Deferred tax | | |
| Gain rolled over | 350,061 | 351,634 |
| Pension asset | 135,500 | 105,250 |
| Investment property revaluation | (77,500) | (77,500) |
| Accelerated capital allowances | 267,554 | 263,890 |
| Deferred tax other timing | | |
| Pension accrual | <u>(12,500)</u> | <u>-</u> |
| | <u>663,115</u> | <u>643,274</u> |
| Other provisions | <u>114,278</u> | <u>98,474</u> |
| Aggregate amounts | <u>777,393</u> | <u>741,748</u> |
| | Deferred tax | Other provisions |
| | £ | £ |
| Balance at 1 January 2023 | 643,274 | 98,474 |
| Credit to Income Statement during year | (10,409) | - |
| Maintenance dredge provision | - | 15,804 |
| Charge to other comprehensive income | <u>30,250</u> | <u>-</u> |
| Balance at 31 December 2023 | <u>663,115</u> | <u>114,278</u> |

COWES HARBOUR COMMISSION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2023

16. PROVISIONS FOR LIABILITIES - continued

The net deferred tax liability expected to reverse in 2024 is £40,875. This primarily relates to the reversal of timing differences on capital allowances.

Maintenance dredge provision

The maintenance dredge provision is calculated by considering the likely cost of such dredging as a result of the condition of the harbour at the end of the financial year. The expenditure is expected to be incurred during 2024/25.

17. RESERVES

| | Income and expenditure account £ |
|--|--|
| At 1 January 2023 | 9,474,237 |
| Surplus for the year | 458,662 |
| Other recognised gains | (34,000) |
| Movement on deferred tax relating to pension asset | <u>(30,250)</u> |
| At 31 December 2023 | <u>9,868,649</u> |

18. EMPLOYEE BENEFIT OBLIGATIONS

The commission operates a defined benefit pension scheme in the UK. A full actuarial valuation was carried out in 2022 and updated to 31 December 2023 by a qualified independent actuary.

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

| | Defined benefit pension plans | |
|---------------------------------------|----------------------------------|------------------|
| | 2023 | 2022 |
| | £ | £ |
| Present value of funded obligations | (2,666,000) | (2,532,000) |
| Fair value of plan assets | <u>3,208,000</u> | <u>2,953,000</u> |
| | 542,000 | 421,000 |
| Present value of unfunded obligations | <u>-</u> | <u>-</u> |
| Net Asset | <u>542,000</u> | <u>421,000</u> |

COWES HARBOUR COMMISSION**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023****18. EMPLOYEE BENEFIT OBLIGATIONS - continued**

The amounts recognised in surplus or deficit are as follows:

| | Defined benefit pension plans | |
|--|--|-----------------------------|
| | 2023 | 2022 |
| | £ | £ |
| Current service cost | 8,000 | 13,000 |
| Net interest from net defined benefit asset/liability | (22,000) | 11,000 |
| Past service cost | - | - |
| | <u>(14,000)</u> | <u>24,000</u> |
| Actual return on plan assets | <u>233,000</u> | <u>(138,000)</u> |

Changes in the present value of the defined benefit obligation are as follows:

| | Defined benefit pension plans | |
|--------------------------------------|--|-------------------------|
| | 2023 | 2022 |
| | £ | £ |
| Opening defined benefit obligation | 2,532,000 | 3,748,000 |
| Current service cost | 8,000 | 13,000 |
| Contributions by scheme participants | 2,000 | 2,000 |
| Interest cost | 118,000 | 70,000 |
| Actuarial surplus/(deficit) | 127,000 | (1,205,000) |
| Benefits paid | <u>(121,000)</u> | <u>(96,000)</u> |
| | <u>2,666,000</u> | <u>2,532,000</u> |

COWES HARBOUR COMMISSION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2023

18. EMPLOYEE BENEFIT OBLIGATIONS - continued

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

| | Defined benefit pension plans | |
|--------------------------------------|--|------------------|
| | 2023 | 2022 |
| | £ | £ |
| Opening fair value of scheme assets | 2,953,000 | 3,159,000 |
| Contributions by employer | 141,000 | 26,000 |
| Contributions by scheme participants | 2,000 | 2,000 |
| Expected return | 140,000 | 59,000 |
| Actuarial surplus/(deficit) | 93,000 | (197,000) |
| Benefits paid | (121,000) | (96,000) |
| | <u>3,208,000</u> | <u>2,953,000</u> |

The amounts recognised in other comprehensive income are as follows:

| | Defined benefit pension plans | |
|-----------------------------|--|------------------|
| | 2023 | 2022 |
| | £ | £ |
| Actuarial (deficit)/surplus | (34,000) | 1,008,000 |
| | <u>(34,000)</u> | <u>1,008,000</u> |

The major categories of scheme assets as a percentage of total scheme assets are as follows:

| | Defined benefit pension plans | |
|----------|--|-------------|
| | 2023 | 2022 |
| Equities | 73% | 70% |
| Bonds | 15% | 16% |
| Property | 5% | 6% |
| Cash | 7% | 8% |
| | <u>100%</u> | <u>100%</u> |

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

| | 2023 | 2022 |
|--------------------------|-------------|-------------|
| Discount rate | 4.55% | 4.75% |
| Future salary increases | 3.85% | 3.55% |
| Future pension increases | 2.85% | 3.05% |

COWES HARBOUR COMMISSION

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE YEAR ENDED 31 DECEMBER 2023

18. EMPLOYEE BENEFIT OBLIGATIONS - continued

Mortality

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7) initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. for both males and females. Based on these assumptions, average future life expectancies at age 65 are summarised below.

| | Males | Females |
|--------------------|-------------------|----------------|
| Current pensioners | 22.7 years | 25.2 years |
| Future pensioners | 21.8 years | 25.4 years |

Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits.

Defined contribution scheme

The Commissioners operate a defined contribution pension scheme. The assets of the scheme are held separately from those of the Commission in an independently administered fund. The pension cost charge represents contributions payable by the Commission to the fund.

The defined contribution scheme costs for the year amounted to £109,192 (2022: £72,744) and £2,902 (2022: £449) was outstanding at the year end.

19. CAPITAL COMMITMENTS

| | 2023 | 2022 |
|---|-------------|--------------|
| | £ | £ |
| Contracted but not provided for in the financial statements | <u>-</u> | <u>2,583</u> |

In 2022 contracts were placed for the purchase of a weather station and boat cradles. These commitments were completed in 2023.

20. RELATED PARTY DISCLOSURES

During the year the Commissioners occupied boat storage and mooring facilities provided by the Commission amounting to £2,744 (2022: £9,949). All transactions were carried out on normal commercial terms save for key management who received the normal staff discount. The total outstanding at the balance sheet was £nil (2022: £nil).

21. ULTIMATE CONTROLLING PARTY

There is no ultimate controlling party.

COWES HARBOUR COMMISSION

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2023**

22. RECONCILIATION OF MOVEMENTS IN RESERVES

| | 2023 | 2022 |
|---|------------------|-------------|
| | £ | £ |
| Surplus for the financial year | 458,662 | 259,500 |
| Other comprehensive income relating to the year (net) | (64,250) | 755,500 |
| Net addition to reserves | 394,412 | 1,015,000 |
| Opening reserves | 9,474,237 | 8,459,237 |
| Closing reserves | 9,868,649 | 9,474,237 |