

BRIGHTLINGSEA HARBOUR COMMISSIONERS
STRATEGIC REPORT, REPORT OF THE COMMISSIONERS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018

BAKER, CHAPMAN & BUSSEY
Chartered Accountants

COLCHESTER

and

BRAINTREE

BRIGHTLINGSEA HARBOUR COMMISSIONERS

**BUSINESS INFORMATION
FOR THE YEAR ENDED 31ST MARCH 2018**

CHAIRMAN: Mr. J. Addison

HARBOUR MASTER: Mr. J. Thomas

REGISTERED OFFICE: 4 Copperas Road
Brightlingsea
Essex
CO7 0AP

AUDITORS: Baker Chapman & Bussey
Chartered Accountants and Registered Auditor
3 North Hill
Colchester
CO1 1DZ

BRIGHTLINGSEA HARBOUR COMMISSIONERS

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FOR THE YEAR ENDED 31ST MARCH 2018**

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BRIGHTLINGSEA HARBOUR COMMISSIONERS

STRATEGIC REPORT OF THE COMMISSIONERS FOR THE YEAR ENDED 31ST MARCH 2018

The Commissioners present their strategic report for the year ended 31st March 2018.

INTRODUCTION

Brightlingsea Harbour is a Trust Port and as such is an independent statutory body governed by its own unique statute. There are no shareholders or owners, and any surplus is ploughed back into the port for the benefit of the stakeholders of the Trust Port. This annual report encompasses the advice within the Ports' Good Governance Guidance March 2018 publication which highlights a need for a general improvement in the openness and accountability with which Trust Ports conduct their business. The UK Corporate Government Code sets out the purpose of corporate governance as being 'to facilitate effective, entrepreneurial and prudent management that can deliver the long term success of a company'. This is relevant to the activities of Strategic Harbour Authorities, concerned as they are with the long term success and sustainability of a harbour.

Brightlingsea Harbour is a small mixed leisure and commercial Port with a rich heritage and is within a nature conservation area of international importance. The harbour comprises of a commercial wharf, a marina and several boatyards and provides a total of about 500 berths and moorings which can accommodate boats of up to 50 feet (15m) and 8 feet (2.5m) draft. Facilities at the harbour have steadily been upgraded over recent years and now include a water taxi and ferry service, fuelling facilities, scrubbing posts, access to toilets and showers, and a laundry.

Brightlingsea Harbour was established by an Act of Parliament in 1927 as a Trust Port. It is an independent statutory body governed by a board of Trustees known as Commissioners, comprising the Chairman, the Harbour Master, and a number of other non-executive Commissioners. The Chairman and non-executive Commissioners are all unpaid volunteers and their appointment is based on the skills and knowledge they bring to the organisation. They are selected and appointed, after the positions are publicly advertised, for a four year period. They meet as a minimum on 12 occasions throughout the year. The Harbour Master is a Commissioner as well as a full time employee.

As Trustees for the harbour, Brightlingsea Harbour Commissioners (BHC) have responsibilities to the Department of Transport and stakeholders to serve local and regional interests, with an ultimate goal to safeguard the Harbour and to hand it on in the same or better condition to succeeding generations. Stakeholders are not specifically defined but are considered to include Harbour users, the local community, local businesses and central government.

The Commissioners, under the Port Marine Safety Code, are accountable for marine safety within the Harbour and as such are required to formally and actively consider the safety of people using the Harbour and its environment. This responsibility includes the requirement to conduct channel surveys, maintain navigation marks and prepare for civil contingencies.

The limits of the statutory harbour includes all the waters in Brightlingsea Creek to the east of a line drawn between the Martello Tower at Point Clear and Bateman's Tower in Brightlingsea, with the exception of the area of St Osyth boatyard. Following the closure of the Port of Colchester, Brightlingsea Harbour Commissioners assumed the responsibility for maintaining all the navigation marks and providing pilotage in the River Colne downstream of Roman River. The regulation of these waters is governed by Brightlingsea Harbour Acts and Orders 1927 to 2002, and the Colchester Borough Council Act 2001.

BHC are publicly accountable for the execution of their duties and have the power to enforce Harbour dues to cover the costs of discharging their statutory obligations. These dues are payable by all users of the Harbour. As a Trust Port it should be run as a commercial business, seeking to generate a surplus that can be ploughed back into the port.

BRIGHTLINGSEA HARBOUR COMMISSIONERS

STRATEGIC REPORT OF THE COMMISSIONERS (Cont'd) FOR THE YEAR ENDED 31ST MARCH 2018

STAKEHOLDERS AND PRINCIPAL ACTIVITIES

It is important to understand who Brightlingsea Harbour's stakeholders are; it is not simply the marine community. Port users, the local Brightlingsea community of 10,000 people, local businesses, port employees, related interest groups and the national economy are also considered. Stakeholders are the interested parties in the Port so the interests of these groups will be served by the board at all times. If conflicts of interest between stakeholders occur the board will exercise its duty to strike a balance which respects the interests of all stakeholders in the light of the objectives of the Port, including commercial considerations, and what constitutes the 'common good' for all stakeholders (current and future) and the port itself using the following guiding principles:

- Ensure sufficient water depth is established and maintained,
- Maintain, protect and enhance our natural environment,
- Maintain similar mix and number of moorings,
- Establish enhanced facilities for visiting boats,
- Identify gaps in services and, where appropriate, either work with others to provide or provide ourselves,
- Work towards achieving relevant quality standards (eg. ISO, Eco Port),
- Establish a financial model which ensures sustainability, phased capital equipment replacement and a regular maintenance schedule,
- Maintain and build strong working relationships with all harbour users and stakeholders,
- Provide value for money.

Six monthly meetings of the Commercial Advisory and Leisure and Recreational Advisory Groups have been held, and provided valuable input to the harbour commissioners. Greater use of the harbour's website, Twitter and Facebook to promulgate information, including minutes of commissioners' meetings, has been made. Stakeholder engagement is welcomed and opportunities for more information exchange will continue to be explored.

REVIEW OF THE YEAR

The demand for mid-stream pontoon moorings remained high, whilst the Harbour had spare capacity in the more traditional swinging and fore and aft moorings.

The number of visiting boats, water taxi and ferry passengers increased by 25%, 21% and 38% respectively on the previous year.

Commercial activity to Oliver's Wharf increased by 74%, whilst sales of fuel dropped by 8% to 238,000 litres in the year. However, fuel provision remains a key service provided to Harbour users and will be retained for as long as it is viable.

The continued management of the Colne River Navigation to Wivenhoe from the Bench Head buoy on behalf of Colchester Borough Council.

Involvement in charitable events, donations, schools' engagement and schools' week, where the Harbour engages with schools to educate and stimulate future harbour users.

The Commissioners have allocated £280,000 from reserves for a project to ensure the water depths in the Harbour are retained or enhanced. During the initial stages of this project, and in liaison with four European partners, a European Union grant was obtained to support and increase the capacity of this four year project. More details are available via the Harbour website; www.brightlingseaharbour.org.

BRIGHTLINGSEA HARBOUR COMMISSIONERS

STRATEGIC REPORT OF THE COMMISSIONERS (Cont'd) FOR THE YEAR ENDED 31ST MARCH 2018

FINANCIAL POSITION

A budget was set for the 2017/18 financial year which aimed to achieve approximately 7% contribution to reserves at the end of the year. The turnover for the year ending 31st March 2018 was £708,130, with a loss after taxation of £5,064. This loss was once again the result of expenditure on the USAR dredging costs, of which 60% is reclaimable as grant income.

BHC remains in a sound financial position with a satisfactory level of reserves. The current Commissioners' approach to allocating these reserves is as follows:-

- £250,000 was set aside in 2016 and a further £30,000 in 2017 to cover the net costs of the EU funded project. This year £184,398 was allocated against the fund and is now fully utilised.

- To maintain a minimum of £300,000 to ensure BHC has the ability to cover a full year's operational expenditure,

- A proportion of the remaining reserves allocated on a year on year basis to BHC's Capital Equipment Replacement programme.

EQUIPMENT

The current cost to replace or where appropriate repair all of the Harbour's operational assets would be a minimum of £775,000. For FY 2017/18 a fully costed comprehensive repair and replacement plan was established. With prices based on costs as at 2017, the plan requires at least £60,000 to be transferred to reserves annually.

DREDGING

The harbour requires sufficient depth of water to maintain its commercial activities therefore a requirement to dredge frequently exists in three specific areas:

Commercial

- The Harbour's main channel entrance up to the town pontoon, maintaining a depth of 1m below Chart Datum (CD),

- The Town pontoon to Oliver's Wharf and Fuel Barge, maintaining a depth of 0.75m below CD,

- Area of the Fuel Barge, maintaining a depth of 0.75m below CD.

Leisure Harbour

- The moorings in the South channel dredged to a depth of 0.75m below CD.

Leisure Marina

- The Marina depth maintained frequently ensuring that sediment is always in suspension and periodically dredged to a depth of 2m.

In addition to grant funding, reserves will be set aside to maintain these depths.

MARINE ACTIVITIES

Leisure Moorings

The pontoons out in the Creek are at capacity so the demand is high with a number of applicants on a waiting list. We need to manage the lifespan of these assets so have planned to invest £150,000 in FY 18/19 to replace the Piling on Cindery Pontoon. It is envisaged that over the next few years, as we add or replace piles and carry out pontoon maintenance, that it may be possible to accommodate an increase in numbers.

BRIGHTLINGSEA HARBOUR COMMISSIONERS

STRATEGIC REPORT OF THE COMMISSIONERS (Cont'd) FOR THE YEAR ENDED 31ST MARCH 2018

Marina

We now manage the Waterside Marina facility and have developed a detailed financial plan. Some restructuring, comprehensive maintenance and an enhanced maintenance dredging programme have been developed. In addition, in FY 18/19 we plan to invest in showers and toilets. We have made provision of £35,000 to cover rental and costs, which will be recovered from revenues generated by residents and visitors.

We will spend a minimum of £10,000 annually on maintenance dredging that will be conducted regularly to avoid drying out berths, with the aims to extend the periods between more comprehensive dredging and reduce costs.

Taxi

The water taxi facility enables resident mooring holders and visitors to cross between boats and the Town Jetty. It runs throughout the year during office hours. Taxi hours are extended into the evenings at weekends and during the main season. The Harbour wishes to maintain this subsidised service to users, working towards 'break even' at best. Greater use of tokens has been revenue positive delivering an increase of 21%.

Colne Navigation

The Harbour's management of the River Colne navigation from the Bench Head Buoy to Wivenhoe continues. The inspection, maintenance, repair and replacement of buoys is carried out at regular intervals to ensure it is fit for purpose in providing safe navigation for mariners using the River Colne. The capital value of the Buoys is £118,000, whilst the cost to inspect, replace, service and maintain buoys annually is approximately £82,500.

Personal Water Craft (PWC)

The Harbour committed to investing £10,000 over two financial years in the education, control and policing of the Harbour and River Colne by users of faster personal watercraft. Large signs have been erected at launching locations, waterproof leaflets have been distributed to users, alongside visits to clubs and PWC launch areas. There have also been several prosecutions. In FY 18/19 the Harbour will invest £40,000 in a new PWC pontoon and partner with a PWC Club. Users and Harbour staff continue to report a reduction in incidents of speeding and many more examples of compliance.

Visitors

The Harbour has a part to play in attracting visitors. In this 2017/18 financial year, we invested £4,000 in advertising, visited other ports, produced leaflets and continued with the Visitors' guide. This has resulted in an increase in visitor numbers of 25%. There is always more that we can do, but ultimately visitors come to visit Brightlingsea not just the Harbour. The Harbour will continue to work closely with the Town to build its profile.

Ferry

The Ferry does not attract public subsidy. The Ferry to Point Clear and East Mersea, although not a commuter line, does offer passengers the ability to travel between locations which would have otherwise a longer journey by car or bus. In FY 17/18 there was an increase in revenue of 38%. For FY 18/19, the Harbour have sought ways of reducing costs and passing on savings to customers. The outcome is to increase the service timings, enhance the variety of offerings, and make dogs and babies free to use alternative methods to cash including tokens to pay for trips.

Wharf and commercial activity

Oliver's Wharf still provides a working trade platform for import and export from the UK. The Wharf is run by a local businessman who relies on the Harbour to maintain a channel depth of 1m below CD. The first year of the dredging plan achieved this. The Harbour will maintain the dredged depth. This year there has been an increase in use of the Wharf by 74%.

The Harbour continues to engage with other commercial operators to provide support where required in the same manner as it does with Orsted the largest commercial operator within its customer base. There has been an increase in short term commercial operators using the Harbour as a base for their activities.

BRIGHTLINGSEA HARBOUR COMMISSIONERS

STRATEGIC REPORT OF THE COMMISSIONERS (Cont'd) FOR THE YEAR ENDED 31ST MARCH 2018

Sponsorship and use of local services

Wherever possible the Harbour will use local service provision at the market rate to carry out its functions. It will also at times sponsor specific activities by stakeholders.

Charitable causes

Many of the projects the Harbour supports are non-profit making and in most cases are at a cost to the Harbour. One such example is 'Schools' Week'; the stakeholders (school children) spend a day being shown the marine environment aboard fishing vessels, ferries and historical smacks. This is not only educational but aims to inspire potential future Harbour users. The Harbour invested £3,800 in the project in this financial year and will continue to do so in the future.

The Harbour also regularly donates sums to local charities - Brightlingsea Regatta, 'Brightlingsea in Bloom', the local RNLI, St Helena Hospice and First Responders, to name but a few.

In addition, the Harbour provides free use of passage on its resources to those engaged in charitable work.

OTHER ACTIVITIES

The Harbour does not operate in isolation and is therefore reliant on positive business relationships across the marine sector locally. When any of those services ceases or requires support, we are prepared to assist or, where appropriate, replace until such time as that business can be handed over. Budgets will be decided on a case by case basis.

STAFFING

The staffing element of the Harbour is made up of a small permanent cadre of staff which is supported by locally available incremental staff during busier periods. The balancing of individual needs and requirements is a sensitive one and continually under review. The only way to guarantee a steady and consistent team is to ensure that revenue is maintained and enhanced by the Harbour actively engaging in advertising its activities and continuing to improve its offer.

On behalf of the Board of Commissioners:

Chairman: Mr. J. Addison

Harbour Master: Mr. J. Thomas

Dated: 11th September 2018

BRIGHTLINGSEA HARBOUR COMMISSIONERS

REPORT OF THE COMMISSIONERS FOR THE YEAR ENDED 31ST MARCH 2018

The Commissioners present their report with the financial statements of BHC for the year ended 31st March 2018.

The Commissioners shown below have held office during the period from 1st April 2017 to the date of this report unless shown otherwise.

J. Thomas (Harbour Master)
J. Addison (Chairman)
A. Scott (Vice Chairman)
D Nicholson
N. Munro (resigned 30th August 2017)
J. Carr
N. Taylor
P. Hatswell (appointed 3rd January 2018)
F. Brown

STATEMENT OF COMMISSIONERS' RESPONSIBILITIES

The Harbours Act 1964 as amended by subsequent legislation requires the Commissioners to prepare financial statements for each year which comply with the Companies Act 2006 and are in accordance with United Kingdom Generally Accepted Accounting Practice. 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 Brightlingsea Harbour Commissioners (BHC) and of the results of BHC for that period. In preparing those 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;

The Commissioners are responsible for keeping adequate accounting records that are sufficient to show and explain BHC transactions and disclose with reasonable accuracy at any time the financial position of BHC and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of BHC 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 BHC auditors are unaware, and each Commissioner has taken all the steps that he ought to have taken as a Commissioner in order to make himself aware of any relevant audit information and to establish that the BHC auditors are aware of that information.

On behalf of the Board:

Chairman: Mr. J. Addison

Harbour Master: Mr. J. Thomas

Dated: 20th September 2018

REPORT OF THE INDEPENDENT AUDITORS TO THE OFFICERS OF BRIGHTLINGSEA HARBOUR COMMISSIONERS

Qualified Opinion

We have audited the financial statements of Brightlingsea Harbour Commissioners (BHC) for the year ended 31st March 2018 which comprise the Profit and Loss Account, Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report the financial statements:

- give a true and fair view of the state of BHC affairs as at 31st March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with the requirements of the Harbours Act 1964 as amended by the Transport Act 1981 and subsequent legislation, the Statutory Harbour Undertakings (Accounts, etc) Regulations 1983, the Brightlingsea Harbour Orders 1927 to 2002 in so far as the provisions of those Orders apply to these financial statements and with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Qualified Opinion

As explained in note 8 of the financial statements describing the inclusion by BHC of £169,638 as a fully recoverable debtor. We have been unable to obtain independent evidence or carry out alternative tests or procedures to verify that this amount will be received and are unable to form an opinion on this matter. Consequently, we were unable to determine whether any adjustments to this amount were necessary.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under the those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of BHC in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 qualified opinion.

Other information

The Commissioners are responsible for the other information. The other information comprises the information in 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 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, 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.

Opinion on other matters prescribed by the Harbours Act 1964

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

- the information given in the Commissioners' and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and
- the Commissioners' Report has 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 entity and its environment obtained in the course of the audit, we have not identified material misstatements in the Commissioners' and Strategic Report.

We have nothing to report in respect of the following matters where the applicable law and regulatory requirements requires us to report to you if, in our opinion:

- adequate accounting records have not been kept,
- 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE OFFICERS OF BRIGHTLINGSEA HARBOUR COMMISSIONERS (Cont'd)

Responsibilities of Commissioners

As explained more fully in the Statement of Commissioners' Responsibilities set out on page 6, the Commissioners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Commissioners determine 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 entity'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 entity or to cease operations, or has no realistic alternative but to do so.

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.

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.

Use of our report

This report is made solely to the Commissioners, as a body, in accordance with the Harbours Act 1964 as amended by the Transport Act 1981 and subsequent legislation and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Commissioners 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 Commissioners, as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew Taylor (Senior Statutory Auditor)
For and on behalf of Baker Chapman & Bussey
Statutory Auditor
3 North Hill
Colchester
Essex
CO1 1DZ

Date: 1st October 2018

BRIGHTLINGSEA HARBOUR COMMISSIONERS

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH 2018**

	Notes	2018 £	2017 £
TURNOVER			
- Sale of goods		175,200	174,034
- Sale of services		532,930	417,418
		<hr/>	<hr/>
		708,130	591,452
Cost of sales		(935,199)	(683,389)
		<hr/>	<hr/>
GROSS (LOSS)		(227,069)	(91,937)
Administrative expenses		(135,807)	(138,737)
Other operating income			
- Grants	14	329,248	182,446
- Other income		22,732	7,003
		<hr/>	<hr/>
OPERATING (LOSS)		(10,896)	(41,225)
Interest receivable and similar income		4,644	4,932
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(6,252)	(36,293)
Tax on loss on ordinary activities	5	1,188	7,947
		<hr/>	<hr/>
LOSS FOR THE FINANCIAL YEAR		(£5,064)	(£28,346)
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 13 to 17 form part of these financial statements

BRIGHTLINGSEA HARBOUR COMMISSIONERS

**BALANCE SHEET
31ST MARCH 2018**

	Notes	2018		2017	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		302,982		289,788
CURRENT ASSETS					
Stocks	7	6,637		8,505	
Debtors: amounts falling due within one year	8	351,467		213,787	
Prepayments and accrued income		15,330		7,304	
Cash at Bank and in Hand		463,840		702,391	
		<hr/>		<hr/>	
		837,274		931,987	
		<hr/>		<hr/>	
CREDITORS					
Amounts falling due within one year	9	241,610		316,877	
		<hr/>		<hr/>	
NET CURRENT ASSETS			595,664		615,110
			<hr/>		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			898,646		904,898
PROVISION FOR LIABILITIES	11		(11,886)		(13,074)
			<hr/>		<hr/>
NET ASSETS			£886,760		£891,824
			<hr/> <hr/>		<hr/> <hr/>
RESERVES					
Retained earnings	12		£886,760		£891,824
			<hr/> <hr/>		<hr/> <hr/>

These financial statements were approved by the Board of Commissioners on 1st August 2018 and were signed on its behalf by:

Chairman: Mr. J. Addison

The notes on pages 13 to 17 form part of these financial statements

BRIGHTLINGSEA HARBOUR COMMISSIONERS

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2018**

	Reserve fund	Dredging project fund	Retained earnings	Total equity
	£	£	£	£
Balance at 1st April 2016	300,000	250,000	370,170	920,170
Changes in equity				
Total comprehensive income	0	0	(28,346)	(28,346)
Transfers	0	(119,079)	119,079	0
Transfers	0	30,000	(30,000)	0
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31st March 2017	300,000	160,921	430,903	891,824
	<hr/>	<hr/>	<hr/>	<hr/>
Changes in equity				
Total comprehensive income	0	0	(5,064)	(5,064)
Transfers	0	(160,921)	160,921	0
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31st March 2018	300,000	0	586,760	886,760
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Dredging Project Reserve

£250,000 was set aside in 2016 and a further £30,000 in 2017 to cover the net costs of the EU funded project. The fund has been fully utilised during the year.

Reserve Fund

A minimum of £300,000 to ensure BHC has the ability to cover a full year's operational expenditure.

The notes on pages 13 to 17 form part of these financial statements

BRIGHTLINGSEA HARBOUR COMMISSIONERS

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2018**

	Notes	2018		2017	
		£	£	£	£
Cash outflows from operating activities					
Profit (loss) before taxation			(6,252)		(36,293)
Depreciation charges		32,877		27,728	
(Profit) loss on disposal of fixed assets		(8,550)		960	
Decrease (increase) in stocks		1,868		(3,192)	
(Increase) in debtors		(148,220)		(41,211)	
(Decrease) increase in creditors		(75,267)		78,526	
Finance income		(4,644)		(4,932)	
			<hr/>	<hr/>	
			(201,936)		57,879
Cash inflow / (outflow) from operations					
Tax received (paid)			(208,188)		21,586
			2,514		(2,124)
			<hr/>	<hr/>	
Net cash inflow / (outflow) from operating activities			(205,674)		19,462
Capital expenditure and cash flows from investing activities					
Purchase of tangible fixed assets			(46,071)		(19,355)
Sale of tangible fixed assets			8,550		0
Interest received			4,644		4,932
			<hr/>	<hr/>	
Net cash outflow from investing activities			(32,877)		(14,423)
Increase (decrease) in cash and cash equivalents					
			(238,551)		5,039
Cash and cash equivalents at beginning of year			702,391		697,352
			<hr/>	<hr/>	
Cash and cash equivalents at end of year			£463,840		£702,391
			<hr/> <hr/>	<hr/> <hr/>	

The notes on pages 13 to 17 form part of these financial statements

BRIGHTLINGSEA HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

1. STATUTORY INFORMATION

Brightlingsea Harbour Commissioners was established by an Act of Parliament in 1927 as a Trust Port. It is an independent statutory body governed by a board of eight trustees known as Commissioners. The registered office is 4 Copperas Road, Brightlingsea, Essex CO7 0AP.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The 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 harbour, mooring and pilotage dues and income from Colchester Borough Council, ferry, town hard, and boat park, wind farm, fuel sales and sundry income at invoice value excluding Value Added Tax. Turnover is recognised when services are performed or for the period the services are provided.

Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	No depreciation
Ferry Boats	20% on cost
Harbour Boats	20% on cost
Boat Engines	33.33% on cost
Pontoons	10% on cost
Mooring and Scrubbing posts	5% on cost
Equipment and Fittings	20% and 33.33% on cost
Fuel Barge and Pontoon	10% and 20% on cost

The freehold property consists of office buildings, workshop and stores, the Wreck House and the oyster beds which in the Commissioners opinion, if they were depreciated would not show a true and fair view. If depreciation had been charged the Commissioners estimate that the charge would be £3,928 (2017: £3,648) which is not considered material.

At each balance sheet date, the Commissioners review the carrying amount of tangible fixed assets to determine whether there is any indication of impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss.

Deferred Tax

Deferred Tax is recognised in respect of all timing differences where the transactions or events that give the Commissioners an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. The tax rate used is the estimated rate expected to apply when the timing differences are expected to reverse.

Stock

Stock of fuel is valued at the lower of cost and net realisable value.

Grants

Grants received are recognised in the Profit and Loss Account in the period that they are due unless they are received as a contribution towards specific expenditure on fixed assets, in which case the income is matched to the expenditure and therefore recognised over the expected useful economic life of the related asset.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the Profit and Loss Account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the Profit and Loss Account on a straight line basis over the period of the lease.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Cash and cash equivalents

Cash is represented by bank and cash in hand and deposits with financial institutions. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

BRIGHTLINGSEA HARBOUR COMMISSIONERS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

3. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2018	2017
	£	£
Depreciation - owned assets	32,877	27,728
Loss (profit) on disposal of fixed assets	(8,550)	960
Auditors remuneration	5,500	4,500
Non-Audit services - Other	4,950	6,000
- Taxation	500	500
Operating leases	9,513	10,836
	<hr/> <hr/>	<hr/> <hr/>

4. STAFF COSTS

	2018	2017
	£	£
Salaries	240,809	242,647
Social security costs	17,327	18,174
Pension - Auto enrolment defined contributions	1,397	727
	<hr/>	<hr/>
	259,533	261,548
	<hr/> <hr/>	<hr/> <hr/>

The average monthly number of employees including paid commissioners during the year was management and administrative 4, workers 17. (2017: 4, 17).

Aggregate remuneration paid to Commissioners was £50,294 (2017: £34,710).

5. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	-	-
Adjustment in respect of prior periods	-	13
Deferred tax:		
Origination and reversal of timing differences	1,896	(3,571)
Losses carried forward	(3,084)	(3,337)
Change in tax rate	-	(1,052)
	<hr/>	<hr/>
Tax credit on loss on ordinary activities	(1,188)	(7,947)
	<hr/> <hr/>	<hr/> <hr/>

BRIGHTLINGSEA HARBOUR COMMISSIONERS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

6. TANGIBLE FIXED ASSETS

	Fuel Barge	Boats	Pontoons, Moorings & Scrubbing posts	Equipment & Fittings	Freehold Property	TOTAL
COST OR VALUATION	£	£	£	£	£	£
At 1st April 2017	158,220	138,100	322,680	63,998	182,431	865,429
Additions		21,513	-	10,558	14,000	46,071
Disposals	-	(20,803)	-	-	-	(20,803)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 2018	158,220	138,810	322,680	74,556	196,431	890,697
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
DEPRECIATION						
1st April 2017	99,380	133,241	286,160	56,860	-	575,641
Charge for year	14,083	9,378	6,546	2,870	-	32,877
Eliminated on disposal	-	(20,803)	-	-	-	(20,803)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 2018	113,463	121,816	292,706	59,730	-	587,715
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUE						
At 31st March 2018	44,757	16,994	29,974	14,826	196,431	302,982
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 2017	58,840	4,859	36,520	7,138	182,431	289,788
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

7. STOCKS

	2018 £	2017 £
Fuel	6,637	8,505
	<hr/>	<hr/>

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	21,474	12,704
Other debtors	328,376	198,569
Social security and other taxes	1,617	2,514
	<hr/>	<hr/>
	351,467	213,787
	<hr/>	<hr/>

Other debtors include the grant receivable from the USAR dredging project amounting to £309,877 (2017: £186,955).

BRIGHTLINGSEA HARBOUR COMMISSIONERS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (Cont'd)

Brightlingsea Harbour Commissioners are one of five partners undertaking the USAR dredging and research project which is part funded by a European Grant. At the year end the 4th grant claim for £169,638, included in the debtor of £309,877, was approved by the grant scheme Auditors; MHA MacIntyre Hudson, and submitted for payment but was rejected by USAR as the spend exceeded the allocated cost allowed for Brightlingsea Harbour Commissioners at the start of the project. The Commissioners have been informed that the total costs for the project will be reallocated between the participating partners which should increase the allowable spend for Brightlingsea Harbour Commissioners and enable the 60% recovery of all its costs on the project. The full amount of £169,638 has been included in these accounts as a debtor.

The Commissioners recognise that this requires agreement of all partners and USAR and should a reallocation of cost not be agreed then the excess spend will be met from reserves.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2018	2017
	£	£
Trade Creditors	19,593	33,641
Social security and other taxes	5,168	46,646
Deferred Income	172,463	141,827
Accruals - General	34,581	23,563
Accruals - Dredging costs	9,805	71,200
	<hr/>	<hr/>
	241,610	316,877
	<hr/> <hr/>	<hr/> <hr/>

10. LEASING COMMITMENTS

Total future minimum lease payments under non-cancellable operating leases:	2018	2017
	£	£
Lease which expires	7,895	7,125
Within one year	<hr/>	<hr/>
	7,895	7,125
	<hr/> <hr/>	<hr/> <hr/>

Brightlingsea Harbour Commissioners has a lease on the site for the fuel barge for which it pays an index linked annual rent of £5,000 and a variable 5p per litre charge based on volumes sold, subject to a £5,000 pa limit. The lease provided for a break clause in December 2016 and then yearly thereafter. The commitment shown above is to the next break point. The lease payments recognised as an expense in the accounts were £9,513 (2017: £10,836).

BRIGHTLINGSEA HARBOUR COMMISSIONERS

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2018**

11. PROVISIONS FOR LIABILITIES	2018	2017
	£	£
<u>Deferred Taxation</u>		
Balance at 1st April 2017	13,074	21,034
Released to Profit and Loss Account during the year	(1,188)	(7,960)
	<hr/>	<hr/>
Balance at 31st March 2018	11,886	13,074
	<hr/> <hr/>	<hr/> <hr/>

12. RESERVES

	Retained earnings £	Dredging project	Reserve fund £	Totals £
At 1st April 2017	430,903	160,921	300,000	891,824
Loss for the year	(5,064)	0	0	(5,064)
Transfer to/from reserve fund	160,921	(160,921)	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 2018	586,760	0	300,000	886,760
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

There is no issued share capital and the Commissioners do not hold any personal interest in the reserves of the undertaking.

13. RELATED PARTIES

The Commissioners do from time to time use the services provided by the entity, but these are always provided at commercial rates.

The Commissioners; J Thomas and J Carr were employed by Brightlingsea Harbour Commissioners and were paid salaries at commercial rates.

14. GRANTS

Brightlingsea Harbour Commissioners, with four European partners, secured funding in 2016 for a 'Using Sediment as a Resource' project, which seeks to research various ways of using marine-dredged sediment.

There are three main purposes for this project as far as Brightlingsea Harbour is concerned:-

- Dredging of the main and south channels in order to establish water levels between 0.5m and 1.0m below chart datum,
- To enhance the saltmarsh areas already designated as sites of special scientific interest,
- To evaluate the most effective ways of maintaining water levels within the Harbour in future.

By joining with four partners and committing to the European grant the Commission assured of external expertise to assist with immediate dredging and silt removal issues and long term solutions to the Harbour accretion and sediment build up. In addition the European grant helps keep costs to a manageable level. The reserve fund for the project has been fully utilised during the year, but there is the possibility of further funding in the future.

Grant Income for the year includes £326,687 from USAR. (2017 £181,085)

BRIGHTLINGSEA HARBOUR COMMISSIONERS

**DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2018**

	Notes	2018 £	2017 £
INCOME			
Mooring Dues		264,326	188,580
Commercial (sect.26) Harbour Light Dues		51,327	43,144
Pilotage Charges (Pilotage Act 1987)		20,706	11,442
Colchester Borough Council		102,500	99,106
Dredging of Marina		1,393	4,973
Repair and Service Pontoon		-	8,000
Ferry Income		35,927	25,966
Town Boat Park		12,004	11,341
Town Hard Income		1,377	6,647
Town Jetty repairs		5,133	2,470
Marine Services		11,992	497
Water Taxi Income		15,872	13,152
		<hr/>	<hr/>
		522,557	415,318
Sundry Income		22,732	7,003
Bank Interest Received		4,644	4,932
Grants Received		2,561	1,361
		<hr/>	<hr/>
		552,494	428,614
Less:			
Expenses	3	450,667	406,607
Less: element of USAR grant attributable to staff and overhead costs		(62,663)	(34,957)
Depreciation	4	10,244	14,605
		<hr/>	<hr/>
		154,246	42,359
Fuel net profit	1	23,900	24,446
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES		178,146	66,805
USAR Dredging Grant net cost	2	(184,398)	(103,098)
		<hr/>	<hr/>
PROFIT (LOSS) BEFORE TAXATION		(£6,252)	(£36,293)
		<hr/> <hr/>	<hr/> <hr/>

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BRIGHTLINGSEA HARBOUR COMMISSIONERS

**DETAILED INCOME STATEMENT - NOTES
FOR THE YEAR ENDED 31ST MARCH 2018**

1. FUEL	2018		2017	
	£	£	£	£
Income	175,200		166,034	
Annual standing charge	10,373		10,100	
	<hr/>		<hr/>	
		185,573		176,134
Opening fuel stock	8,505		5,313	
Purchases	128,090		129,055	
Berthing rights	6,013		5,836	
Commission paid	3,500		3,576	
Tank hire and maintenance	8,119		2,330	
Depreciation	14,083		14,083	
Closing fuel stock	(6,637)		(8,505)	
	<hr/>		<hr/>	
		161,673		151,688
		<hr/>		<hr/>
Total Net Profit		£23,900		£24,446
		<hr/> <hr/>		<hr/> <hr/>

2. DREDGING PROJECT AND USAR GRANT COSTS	2018		2017	
	£	£	£	£
Income		-		-
Direct costs excluding staff and overheads		(448,422)		(249,226)
		<hr/>		<hr/>
Net costs		(448,422)		(249,226)
Grant receivable		326,687		181,085
Element of grant attributable to staff and overhead costs		(62,663)		(34,957)
		<hr/>		<hr/>
Total net cost		(£184,398)		(£103,098)
		<hr/> <hr/>		<hr/> <hr/>

USAR Project

In 2016 Brightlingsea Harbour Commissioners entered into a four year project that aims to increase the adoption of new solutions for a more efficient use of natural resources and materials using sediment as a resource. The project is partially funded by a European grant which will repay 60% of the eligible costs. Net costs are borne by Brightlingsea Harbour Commissioners.

The grant allows for a recovery of staff and overhead costs based on a fixed percentage of direct costs. The staff and overheads are not specifically matched to the project and this element of the grant is offset against the Commissions' overheads.

BRIGHTLINGSEA HARBOUR COMMISSIONERS

**DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2018**

	2018	2017
	£	£
3 EXPENDITURE		
Advertising	4,092	2,392
Audit and Accountancy	10,950	11,930
Bank Charges and Exchange Differences	3,636	2,511
Colne Boat Costs	4,316	1,560
Colne Buoy Maintenance	6,160	8,645
Colne Ranger – Water Taxi	563	843
Dredging of Marina	-	6,868
Environmental Costs	4,859	5,076
Ferry Costs	6,821	6,138
General Expenses	10,045	6,640
Harbour Boat Costs	8,110	9,362
Harbour Equipment Maintenance	14,597	6,088
Heating and Lighting	2,568	2,641
Insurances	20,015	21,492
Legal Fees	2,303	1,978
Office Costs	12,926	12,970
Pilot Fees	9,574	688
Rates	6,404	6,345
Rent	3,120	3,390
Repairs to Property	3,845	5,947
Safety Clothing and Equipment	1,156	2,512
Salaries	259,533	261,548
Subscriptions	3,296	2,127
Schools Sailing	4,884	7,800
Telephone	1,316	1,454
Town Jetty / Boat Park Costs	2,576	204
Town Hard Costs	262	596
Training	3,644	850
Travelling	957	650
Waterside Marina	38,139	-
Wreck recovery costs	-	5,362
	<hr/>	<hr/>
	£450,667	£406,607
	<hr/> <hr/>	<hr/> <hr/>
4 DEPRECIATION		
Pontoons & Moorings & Scrubbing posts	6,546	6,557
Equipment & Fittings	2,870	2,872
Boats	9,378	4,216
Loss (profit) on disposal	(8,550)	960
	<hr/>	<hr/>
	£10,244	£14,605
	<hr/> <hr/>	<hr/> <hr/>

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BRIGHTLINGSEA HARBOUR COMMISSIONERS

**DETAILED INCOME STATEMENT - NOTES
FOR THE YEAR ENDED 31ST MARCH 2018**

INCOME

	2018						Total £
	CBC £	Harbour £	Pilotage £	Ferry £	Dredging £	Fuel £	
Harbour Dues		51,327					51,327
Pilotage			20,706				20,706
Mooring Dues		264,326					264,326
Colchester Borough Council	102,500						102,500
Ferry				35,927			35,927
Town Hard and Boat Park		18,514					18,514
Marine Services		11,992					11,992
Repair and Service Pontoon							0
Dredging					1,393		1,393
Water Taxi		15,872					15,872
Fuel						185,573	185,573
	<u>£102,500</u>	<u>£362,031</u>	<u>£20,706</u>	<u>£35,927</u>	<u>£1,393</u>	<u>£185,573</u>	<u>£708,130</u>

	2017						Total £
	CBC £	Harbour £	Pilotage £	Ferry £	Dredging £	Fuel £	
Harbour Dues		43,144					43,144
Pilotage			11,442				11,442
Mooring Dues		188,580					188,580
Colchester Borough Council	99,106						99,106
Ferry				25,966			25,966
Town Hard and Boat Park		20,458					20,458
Marine Services		497					497
Repair and Service Pontoon		8,000					8,000
Dredging					4,973		4,973
Water Taxi		13,152					13,152
Fuel						176,134	176,134
	<u>£99,106</u>	<u>£273,831</u>	<u>£11,442</u>	<u>£25,966</u>	<u>£4,973</u>	<u>£176,134</u>	<u>£591,452</u>

EXPENDITURE

	2018				2017			
	Harbour £	Pilotage £	Fuel £	Dredging £	Harbour £	Pilotage £	Fuel £	Dredging £
Operating Costs	301,283	9,574	147,590	452,425	260,314	688	137,605	256,094
Administration	135,807				138,737			
Depreciation	10,244		14,083		14,605		14,083	
	<u>£447,334</u>	<u>£9,574</u>	<u>£161,673</u>	<u>£452,425</u>	<u>£413,656</u>	<u>£688</u>	<u>£151,688</u>	<u>£256,094</u>
Total	<u>£1,071,006</u>				<u>£822,126</u>			

TOWN COUNCIL HARD, JETTY AND BOAT PARK

	2018 £	2017 £
Income	13,574	20,458
Costs:		
Maintenance and Repairs	(2,838)	(4,420)
Salaries	(17,635)	(17,324)
Net loss / profit	(£6,899)	(£1,286)

The Commission is licensed by Brightlingsea Town Council to maintain and repair these areas and it charges fees to the public to cover these costs.