

Annual Report

to September 2010



FOWEY HARBOUR COMMISSIONERS

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Fowey Harbour Commissioners

Annual Report and Annual Accounts 2010



Fowey Harbour Commissioners

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CHAIRMAN'S REPORT

This year has been one of change for the Fowey Harbour Commissioners and the first change to note is the retirement of Gerry Williams as Chairman.

Gerry joined the Board in 1973 and became Chairman in 1999. He brought to the Board an encyclopaedic knowledge and great love of the port and all its operations. He will be greatly missed by the current Board members and our grateful thanks are due to him for his Chairmanship over the last nine years.

Peter Reseigh and Mike Ripley have also retired as Board members, both of whom had brought their knowledge and skills to the Board; Peter from the world of banking and Mike from the china clay industry. We thank them too for their contribution.

To fill these vacancies we have two new members, Will Mitchell and Russ Hall. Will was Deputy Harbour Master in the port and is now a pilot and so has an in-depth knowledge of all our operations. Russ is a neighbourhood police sergeant and a harbour user. He brings a great insight into community relations which are very significant in the operation of a Trust Port. We look forward to learning and benefiting from their skills and knowledge.

Our pattern of trade is also changing. We can no longer rely on the export of large volumes of china clay to support our operations and this year we have also seen a reduction in our leisure traffic. Tony Berkeley and Ben Jones, two of our Commissioners, together with the Chief Executive, have been actively involved with Imerys and aggregate producers in promoting the use of secondary aggregates derived from china clay working and more particularly the export of these aggregates from Fowey. A very successful open day was held and this year we have seen real progress in this direction. We are hopeful that the construction industry will use increasing amounts of secondary aggregates for some applications and that despite the economic problems faced by the country, some of the planned large-scale projects will come to fruition.

Another significant change in our trading has been the increase in revenue from outside towage. When the Harbour Authority purchased the tug Morgawr it was with the express purpose of securing work outside Fowey. This intention has been fulfilled and Morgawr has spent a large part of her time in Plymouth and Falmouth. The service provided by the Commissioners covers the south west approaches.

This period of change is set to continue. As I write this report there is an advertisement in the press for a new CEO/Harbour Master. Next year Capt. Mike Sutherland will retire after twenty eight years of service to the port. The advertisement is already attracting a lot of interest and I am looking forward to being involved in what I hope will be a difficult task of choosing the best person from a list of strong candidates.

M. J. Pemberton
Chairman

INTRODUCTION



The governance arrangements for Trust Ports continues to play an integral role in both the day-to-day operations and long-term planning of the Harbour Commissioners.

As the Trust is run for the benefit of all the Stakeholders, surpluses, which are relatively small, are re-invested within the operation of the Trust. This is not only a policy of the Board, but a duty of the Trust. The Port of Fowey operates within an overall national framework and carries out its functions within existing legislation. The core purpose is to secure the long term viability of the harbour by operating efficiently, in surplus and without compromise to safety or a detriment to the environment. There are no shareholders and Fowey Harbour Commissioners seek to return value to Stakeholders by operating safely and successfully, in profit, providing direct and indirect employment and ensuring the harbour is able to react to theirs and the maritime communities changing world.

The policy of the Board is that non-executive members of the Board receive no remuneration except occasional expenses. The Board, as a conservancy operation, believe the harbour Stakeholders and users receive "dividends", in their widest sense, from the efficient operation of the harbour and most cost-effective services it can provide.

The Port of Fowey has had a long and changing history as an important trading link for Cornwall and the south west. This continues today.

Trading through the harbour goes back to the middle ages and beyond. Origins are traced to the Iron Age and it was a busy port in Roman times. Trade through the port through the ages has been mainly linked to the mining activities and the Duchy of Cornwall's business. Tin through Lostwithiel and later copper from the Fowey Consols mines in Par were exported, whilst salt, coal and other cargoes came in. In 1869 china clay exports began. The coming of the railway into what is now the port area encouraged this trade. Travel in the south west and in particular to Cornwall was extremely

difficult until the advent of the railway. Until the mid 1800's coastal traffic between harbours was the main trading and communication route. Today that coastal traffic hardly exists, although short sea shipping may return as an important function linking Fowey, with its deep water safe haven, to other ports and harbours, especially in the south, as well as the continent of Europe. Ports are logistical connections in the modern delivery chain and the export of china clay, mainly to northern European destinations, forms the basis of the port's business with exports of aggregates, imports of clay and some cruise ship visits forming a changing trade pattern that has been part of the port's history.

The Boards' Corporate vision to maintain its image as the most highly regarded cargo handling and leisure port in the south west is supported by the strategic priorities. These priorities include reviewing and building on present operations and services. It is our intention to provide continuing quality support and services to our users whilst working to expand our involvement and develop new opportunities. There is a continuing policy on diversification and the Commissioners work closely with Imerys and others in the port, not only in cargo operations, to achieve this.

Capt. M J Sutherland
Chief Executive & Harbour Master

CHAIRMAN *Max Pemberton*

Appointed to Board Sept 1999 - 1st term as Chairman ends 2013



Max is a retired ECC International Production Manager and is Chairman of Fowey Grammar School Trust. For many years he served as Vice Commodore of FGSC. Max became Chairman in July 2010 and chairs various sub committees, having been appointed Vice Chairman from 2001. He is a pension trustee.

VICE-CHAIRMAN *Allen Toms*

Appointed to Board Sept 1984 - Final term ends 2012



Allen is Managing Director of Toms Boatyard and the Bodinnick and Polruan Ferry companies and is a keen yachtsman. He is a licenced boatman and is the ex-Chairman of Lanteglos P.C. and chairs Polruan Branch R.N.L.I. He is the longest serving Commodore of Fowey Gallants S.C. and supports many marine charities. Allen is a member of the Pay and

Conditions Committee and a member of the Imerys Liaison Group.

Rob Briggs

Appointed to Board July 2002 - Final term ends 2011



Rob was previously a Merchant Navy Officer he has worked in the Healthcare, Information Technology, Public Sector and Shipping Sectors. He retired as Vice-President of Information Systems for Canadian Pacific Shipping. He is a member of St. Veep Parish Council. The owner of a 35 foot ketch, he has considerable leisure experience. Rob is a member of the Imerys Liaison Group and pilotage committee.

Lord Tony Berkeley

Appointed to Board Aug. 2006 - 2nd. term Re-selection 2011- final 2014



A member of the House of Lords, Tony is Chairman of Rail Freight Group and President of the U.K. Marine Pilots Association. He is a member of the European Commission's Transport & Energy Policy Advisory Forum and President of the Aviation Environment Federation. He is an alternate member of the European Energy and Transport Forum and a Board Member of the European Rail Freight Association. A civil engineer, Tony is a member of the Institution of Civil Engineers and a Fellow of the Chartered Institute of Transport. He is a boat owner with wide leisure experience. Lord Berkeley chairs the Ports Working Group promoting new business through the port.

Melissa Hartwell

Appointed to Board Oct. 2009 - 1st term re-appoint 2012



Melissa joined the Board having served as an Executive Board Member of the Port of Tyne having joined the Port in 1983. A qualified solicitor, she is a director of Tourism Tyne and Wear and has represented the Port of Tyne on many committees and organisations. Now living in Fowey, Melissa has many local interests and brings a wide experience of the

ports industry.

Will Mitchell

Appointed to Board July 2010 - 1st term re-appoint 2013



Will grew up in and still lives in Polruan. He went to sea qualifying for his Masters Certificate before gaining command experience in the North Sea. He served as Deputy Harbour Master in Fowey before transferring to the Ports pilotage service. Will is operations manager of Fowey Lifeboat RNLi and has experience of operations in other harbours in the South West.

He owns his own boat. Will has health and safety responsibilities on the Board.

Steve Kerridge

Appointed to Board Sept. 2008 - 1st term re-appoint 2011



Steve graduated from Glasgow University with an Hons. Degree in Applied Microbiology. He held both senior management and Director roles in various companies before starting his own companies, dealing with outsourcing and pharmaceutical business and software. Steve is presently Chairman of a specialist healthcare software company. Interests include sailing, fishing, skiing and walking. He has a house in Polruan and is keenly interested in the Fowey Estuary. Steve serves on the Pay and Conditions Committee.

Ben Jones

Appointed to Board Sept. 2009 - 1st term re-appoint 2012



Ben is the Cornwall and Devon Manager for Denholm Barwill a firm of international Shipping Agents, having started employment in the china clay industry he is a qualified shipbroker being a Fellow of the Institute of Shipbrokers and Chairman of the Wales and SW branch. Ben is Vice Chairman of the Fowey Missions to Seafarers and a boat owner. He is a core member of the ports diversification work group.

Russ Hall

Appointed to Board July 2010 - 1st term re-appoint 2013



Coming from a seafaring family Russ joined the Royal Navy in 1980. In 1987 he joined the Devon and Cornwall Constabulary rising to the rank of Sergeant. Qualifying as a yacht master with RYA dinghy and power boat proficiencies he is a member of a number of clubs and owns his own boats. Russ has many professional and personal links with the community and sits on the ports security committee.

CHIEF EXECUTIVE, HARBOURMASTER

Captain M.J. Sutherland

M.B.E., F.N.I., M.R.N.I., Master Mariner



Mike joined the Harbour Commissioners in 1983, being appointed to present position in 1986 and the Board in 2001. A member of the British Ports Council, previously holding office as Vice Chairman and Treasurer and was Vice President of the U.K. Harbourmasters Association. He has been Chairman of MNWB S.W. Regional Committee. Mike also became first President of the Federation of Channel Ports in September 2006. Outside work, he is Chairman of the Fowey branch of the Missions to Seafarers in addition to being Hon. Agent for the Shipwrecked Mariners. Mike is an experienced sailor and a keen mariner and ports photographer. Mike was awarded an MBE for services to the Ports Industry in the South West.



BOARD MEMBERS ATTENDANCES 2010

There were 10 Board meetings held in the financial year. (No meetings in August and December.)

Board Meetings of the Fowey Harbour Commissioners - Attendance Record

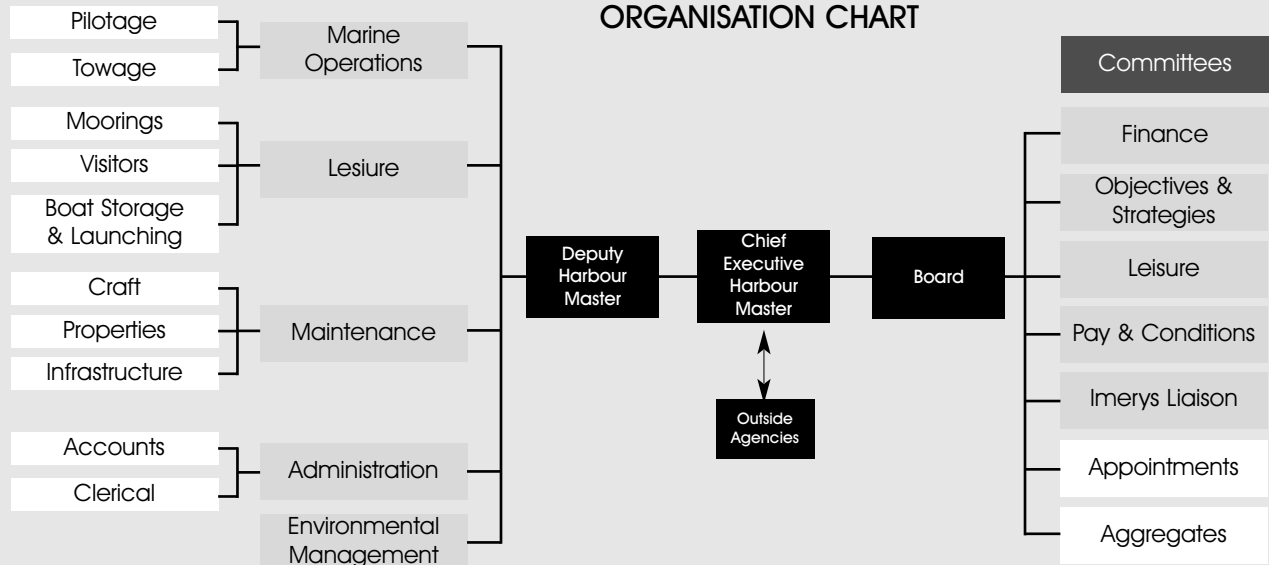
Date Appointed	Name	Jan	Feb	Mar	Apr	May	June	July	Sept	Oct	Nov	Total
January 1973	A.G. Williams	1	1	1	1	0	0	0	T			4
September 1999	M.J. Pemberton	1	1	1	1	1	1	1	1	1	1	10
September 1984	J.A. Toms	0	1	1	1	1	1	1	1	1	1	9
January 2002	P.J. Reseigh	1	1	1	1	1	1	1	T			7
July 2002	R.W. Briggs	1	1	1	1	1	0	1	1	1	1	9
September 2006	A. Berkeley	1	1	1	0	1	1	1	1	1	1	9
September 2008	S. Kerridge	0	1	1	1	0	1	1	1	1	0	7
October 2009	B. Jones	1	1	1	0	1	1	1	1	0	1	8
November 2009	M. Hartwell	1	1	1	1	1	0	1	1	1	1	9
July 2010	W. Mitchell							0	1	1	1	3
July 2010	R. Hall							1	1	1	1	4
September 2001	M.J. Sutherland	1	1	1	1	1	1	1	1	1	1	10
*T = Completed term in office.	Total at meeting	8	10	10	8	8	7	10	10	9	9	89
	DHM	1	1	1	1	1	1	1	1	1	0	9

THE HARBOUR COMMISSIONERS STRUCTURES

FOWEY HARBOUR COMMISSIONERS COMMITTEES & WORK GROUPS



ORGANISATION CHART



THE FOWEY HARBOUR PEOPLE

Chief Executive / Harbour Master Captain Mike Sutherland
 Deputy Harbour Master / Port Security Officer Captain Matt Hodson

Marine Operations		Position	Duties
	Steve Barker	Tug Master	Towage / security / leisure
	Keith Mutton	Engineer	Towage / leisure
	Jonathan Pritchard	Tug Master	Towage / security/ leisure
	Fran Crapp	Engineer	Towage / engineering maintenance
	John Burgess	V.T.S.Tug Master	Towage / ordering / security
Maintenance			
	Steve Tabb	Chargehand	Maintenance / towage
	Dougie Nicholson	Chargehand	Maintenance / fabrication
	Scott Pritchard	Engineer	Maintenance / towage
	Brian Mutton	Shipwright	Maintenance / towage
	Graham Dean	Maintenance operative	Maintenance/ nav aids
	Rob Farley	Maintenance operative	Maintenance / towage
	Ben Pearce	Boatman	Maintenance/ towage / leisure
Leisure			
	Brett Daniel	Marine operative	Maintenance/ towage/ leisure / security
	Andy Rowe	Marine operative	Maintenance/ towage/ leisure
	Steve Perrin	Marine operative	Maintenance/ towage/ leisure
	Bruce Douglas	Marine operative	Maintenance/ leisure
Administration			
Accounts	Michele Tuckley	Accounts administrator	Accounts / leisure
Reception & office	Chrissie Cheshire	Office administration	Admin / HR
	Janet Ford	Office administration	Admin / training
	Vonnie Talling	Office administration	Admin / records
Environment	Claire Hoddinoff	Environmental Officer	
PILOTAGE – on contract			
	Pilots	Capt. C. Wood, Capt. W. P. Mitchell, Capt. P. Thomas	
	Pilot boatmen	M.Elliott, E.Teuton, N.Perkins, J. Allen,	



CHIEF EXECUTIVE'S REPORT

The period covered by this report has been another positive and successful one for the authority in both financial and operational terms. Objectives have been met in difficult national and world financial times when changes are often out of the control of the Board and Stakeholders.

There has been a programme of refurbishment and updating of plant and machinery and properties have been maintained and modernised to build towards the future. Ageing craft have either been upgraded or are in the process of being upgraded and this process is essential for the Commissioners' craft to be fit for purpose.

The future of Fowey Harbour looks positive with some signs of recovery with continuing investment being made by Imerys, not only in the port area but elsewhere in their production process. The port of Fowey is well placed to respond to any upturn and new ventures which I believe, with sound regional and national policies, will be attainable.

The financial success was small but a positive one at a time of financial constraints. In the previous year sale of property assets boosted the surplus. This past year has been one of containment and the Board took the decision to set charges that would assist Stakeholders and potentially boost trade through the harbour. There is a duty however to operate in surplus. This has been largely possible by the diversification of the towage operations into other ports and harbours in the south west. This business has continued and has made a substantial impact on the accounts. The towage operation in Fowey Harbour runs at a loss, given the large downturn in use. The viability of the towage operation continues to be a high concern for the Board whilst the business in other ports, especially Devonport, has been buoyant. Future government policies may see reductions in demand so keeping charges to meet Fowey's needs are therefore essential.

Many people, especially at regional and national policy level, do not understand the economic significance of ports. The role of ports in the economy is massive. The industry and Fowey's port community needs to do more to promote itself and influence policies which would be helpful to ports and therefore the nation. Ports and their related industrial and amenity areas are a critical economical and social component in the district and for the country as a whole. Ports are hubs of industry, business and leisure and logistical activities. They are economic lynchpins supporting 95% by weight and 75% by value of imports & exports. Fowey is Cornwall's and one of the south-west's lynchpins. The Board will be working to incorporate their "Objectives and Strategies" in the Port Masterplan to be produced with Imerys and others, further demonstrating the importance of Fowey Harbour.

Fowey Harbour Commissioners seek to attract, promote and develop sustainable port operations, meeting their environmental targets. Leisure, tourism and the port's amenities are important economic drivers.

In conclusion, may I briefly reflect on my 25 years at the helm, a small part in the history of the harbour and during which time we have seen many changes. Yes, the commercial traffic has reduced but the change in the effect it has had on our operations has I believe been successfully managed. The leisure sector has been built on and we are always looking for and introducing new ideas and ways to look after and serve our users. Fowey has a high reputation for that "look after" factor.

I have been helped enormously by a very faithful, trustworthy and supportive staff, many of whom have been with me and the harbour throughout. I am indebted and privileged to work with them and all who serve the harbour. I am thankful for the support of the Chairmen and Boards through my term.

I am immensely proud to have operated tugs and to have expanded the towage service out of the port. Also to have a superb pilotage team, the very best leisure setup and a hugely diverse port operation and on top of that to look after a stunningly beautiful estuary and all that we have achieved together.

I am confident that my successor and the Board will continue the Fowey Harbour tradition whilst steering a steady course. Where we lead others follow. The future is a positive one.

Captain Mike Sutherland Chief Executive and Harbour Master

COMMERCIAL OPERATION



Fowey Harbour Commissioners provide marine services to the Port of Fowey, a Statutory Port Authority covering operations within Fowey Harbour and the pilotage authority for the ports of Par and Charlestown. The commercial operations continue to be the mainstay of the port's business.

Fowey is the principal port used for the exportation of china clay produced in the south west. Imerys Minerals continue to use the port and as such the port is a one-user operation. In 2009 the number of ships using the port dropped to 284 and there was a reduction in tonnages through the port.

Filler clays produced from the Cornish pits continue to form the bulk of the exported tonnage with ceramic clay exports used in many other productions making up about 25% of the overall tonnage. Throughout, ceramic clay figures have remained fairly level however, the world economy continues to affect this area, especially in products used in building and there has been a downturn in trade to southern Europe and Mediterranean countries. There have been recent encouraging signs of improving trade patterns and the Harbour Commissioners are encouraged by the positive initiatives and investments being made by Imerys Minerals in the ports infrastructure and the industry in the region.

The diversification in cargo handling through the port has continued. Exports of aggregates have taken place and considerable quantities of road salt needed through the recent cold weather have been welcome inward shipments. The efforts to use Fowey as an exporting port for aggregates as previously reported continues.

The success of the port and the region go hand in hand and the Commissioners are working together with the County Council to further joint aims and policies. The sustainability of the port in keeping costs down to the china clay industry is linked to the use of the port for other cargoes. This is a major factor affecting Cornwall and the region.



1988 848 ships handling 1,860,000 tonnes



2009 229 ships handling 774,000 tonnes

The Role of the Port

The process of developing a Port Masterplan along with Imerys Minerals Port Operations and others is scheduled to start in the Spring of 2011 and will include consultations with Stakeholders at the various stages.

The Masterplan will identify the present and intended role the harbour will play and how it slots into the wider plans for the district, its hinterland and the region. Not only will it look at the commercial operation but also the important leisure sector and its importance to the community it serves and is a vital part of.

Full details of the ports commercial performance is contained within the separate Statistics Performance Report.



PILOTAGE AND LINES SERVICE

Fowey Harbour Commissioners are the CHA for the ports of Fowey, Par and Charlestown.

Ports of Par and Charlestown

Whilst the Port of Par and Charlestown are closed to commercial traffic, the Harbour Commissioners, as the CHA, continues to facilitate the provision of the service as needed. The service is based on the operations in Fowey. Par has been used for some service craft and Charlestown is used by the Square rig fleet whose masters have limited authorisation certificates (PEC's).

Port of Fowey

Pilotage is provided by the Fowey Pilots Association, supported by the Fowey Pilot Boatmen's Association who operate the Fowey Harbour Commissioners owned pilot cutters and tenders. Three pilots and four boatmen now service the Port of Fowey and the other CHA commitments. Pilotage acts carried out within the CHA area have dropped to approximately 650 per year.

TOWAGE OPERATION

Tugs have been assisting ships in and out of Fowey Harbour for over 120 years. Since the mid 1950's the Harbour Commissioners have owned their own tugs and in 1966 the Commissioners took over the non-statutory role of commercial towage from the Fowey Towage Company. Up until 1988 when the dredging pontoon and barges were disposed of, the tugs were also used to tow barges to sea for dumping.

From January 2008 the service provided became a "one tug" operation, requiring tighter parameters of working but reducing port costs as well as revenue. Whilst the second tug is available, it is used for ships over the one tug limit which do not meet the new working parameters.

The provision of a viable towage service continues to be of concern to the Harbour Commissioners.

Trade patterns in Fowey affecting towage operations.

Since 2005 or earlier there has been a marked downturn in tug usage and the number of tons of cargo being carried by ships using tugs.

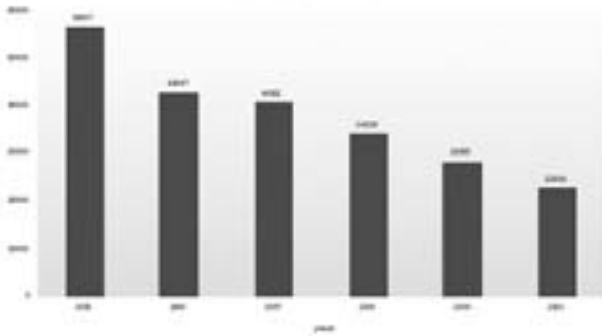


These changes have been accompanied by the gradual introduction of new larger ships with better ship handling characteristics. More frequent use of exemptions and less port use, giving more manoeuvring space, also reduces tug use. The number of large ships requiring tugs has fallen.

The need to keep a towage service available to the port, even in a slimmed down version, is a priority for the Board as its withdrawal would, the Board believe, have a serious impact on the overall exports of china clay and even the industry viability and the economy of the region.

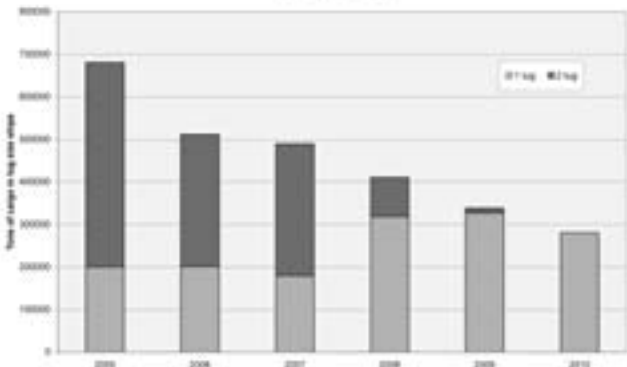
The reduction of towage encouraged the Commissioners to diversify the towage service and Morgawr has been successfully deployed to work in Falmouth, Plymouth and even the Channel Islands. With the increased coastal activity in the offshore energy field, the Board believed there would be increased demand for tugs in the south west. The towage income received from this operation has resulted in the service operating a breakeven/small profit in the year to date.

Average monthly tug total tonnages



There has been a very marked shift from two tug operations to single tug moves. This has been brought about by the loss of the Port Hawkesbury business, together with the reductions in large Russian vessels used in the trade to Halden which has seen a downturn. There has also been a shift in cargoes going to Rauma with smaller ships not requiring tugs being used on a more frequent basis.

Annual Tug tonnages





Cruise Liner Visits

2010 cruise visits were similar to previous years, however, there is a trend for ship sizes and numbers of passengers on board to increase. Silver Seas, our regular customer, had three calls in 2010. 'The World' paid a return visit, staying once again for three days and the visit by 'Black Watch', her first, equalled the longest ship handled in the port at 205.5m. Her 786 passengers made a considerable impact on people visiting the port. Large numbers of passengers visit the town itself as well as attractions in the area. The cruise business is important, not only for the port, but also its hinterland within the region. In addition to the Harbours own marketing for cruise line business, the Commissioners are principle members of Destination South West, a ports and destinations organisation to market the regions ports. Funding has been withdrawn by the RDA and others due to the economical climate, however, the main marketing will still be carried out.

Marine Operations

The Board of the Harbour Commissioners as the "Duty of Care Holder" regard marine safety as a priority.

Marine operations are the fundamental role of the Harbour Commissioners' operations as a port authority. Without a safe and efficient marine operation, the other functions of the harbour and port would not take place. In the wider context, ports are often only regarded as centres of cargo handling, however, the successful management of the marine operation is the primary role of any port or harbour authority. There are ever-increasing statutory functions and responsibilities to be met. These have been met to a high standard by Fowey Harbour.

As part of the port operations, the harbour handles large ships in close and restricted areas, highly populated in the summer months by large numbers of visiting and local craft. These are often carried out within a tidal window and with the aid of tugs. The Port Marine Safety Management System has to be and is therefore robust, pro-active and successful.



Port Marine Safety

The Harbour Commissioners declare that the port meets the standards set out in the Port Marine Safety Code. The code is a national standard, first established in 2000, for all aspects of marine safety within ports. To meet the standards, the Board adopts safety practices based on a Marine Safety Management System which is externally audited in the autumn each year. The audit report is presented to the Board and published on the Commissioners' website. In addition, monthly reports are made to the Board on all matters. The Marine Safety Policy is reviewed, along with all other documents, annually and adopted by the Board.

The Commissioners are committed to performing their duties and responsibilities in a safe and efficient manner.

The Board and staff, together with the Pilotage Service, are committed to:

- (a) Facilitating the safety of navigation in the harbour and its approaches.
- (b) Providing a high quality and efficient pilotage service throughout the CHA area.
- (c) Regulating the activities within the harbour, ensuring national legislation and byelaws are complied with and enforced.
- (d) Reviewing at regular intervals all plans, policies and procedures.
- (e) Operating a towage service that meets the safety criteria of the port's needs.

The Marine Safety Policy augments the Harbour Commissioners' existing Health and Safety Policy required by the Health and Safety at Work Act and relates to marine operations and the provisions of the Port Marine Safety Code.

All port operations are risk assessed with a target to ensure maximum safety whilst maintaining efficiency and cost effectiveness and good environmental management.

Navigational Functions

Further to the annual review of navigational aids, the navigational beacon at Lamp Rock was replaced in May 2010. The green light from the shore has been transferred to the beacon on the rock. A programme to upgrade the light at St. Catherine's is planned for winter 2010/11.

Under the UK Government's Port Marine Safety Code "all aids to navigation maintained by Harbour Authorities and any other existing LLAs must be maintained in accordance with the availability criteria laid down by the GLAs and must be subject to periodic review. The characteristics of these AtoN must comply with Guidelines and Recommendations laid down by the International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA)". In addition, the GLAs require Harbour Authorities and any other existing LLAs to be responsible for ensuring that any third party AtoN, within their area of responsibility, are also established and maintained to the same standards.

Further updates have been carried out during the year on the port's radar surveillance. CCTV systems and VHF radio recording has been added to the comprehensive package.



Hydrographic Surveys

The Harbour Commissioners publish their annual harbour surveys on their website in addition to making them available to Pilots and Masters of ships. The information is forwarded to the Hydrographic Office for updates of the Chart 31.

Data from the surveys provides the information for dredging requirements. Modern technology is used where possible to enhance data and on alternate years, side scan surveys are carried out looking for any underwater objects or hazards.



Dredging

Comparing hydrographic surveys indicates where it may be necessary to undertake dredging. Dredging is costly and may affect the marine environment within the harbour and dump site. The priority is therefore to meet the current needs of the port and the effect it may have on this environment. Most of the sediment is river-borne sand and alluvium and there is an ongoing programme of monitoring. The dredging programme normally takes place in the winter months or early spring when the harbour is quieter and there is less environmental impact.

The Commissioners no longer own dredging plant and engage contractors to undertake programmes which largely cover the Mixtow Reach off the jetties and the area off Penleath Point in the lower harbour. The harbour entrance is being gradually deepened to provide greater under-keel clearance for deep ships. About 30,000 tons of material is removed annually, down from 120,000 tons in the mid '80's.



Port Maintenance

There is a continuous programme of works to maintain repairs and improve the harbour's infrastructure.

A rolling programme of maintenance of the Harbour Commissioner infrastructure buildings, including navigation structures and public areas is in place.

Vessel Traffic Information Service

Comprehensive port information is published by the Harbour Commissioners and made available to all harbour users. The Port Guide is regularly revised and incorporated on a new version of the website.

The port's radar surveillance and CCTV has been updated during the year. The system integrates VHF, radar, AIS and CCTV. Information is recorded and is used in incident investigation, port advice, surveillance and security.

The radar/CCTV system continues to prove effective in speed management and directing patrols to incidents.

LEISURE SECTOR

The leisure sector of the port operations is and increasingly more important part of the port operations. In the last financial year revenue from this sector represented 32% of the port's income. The sector is closely related to the wider tourism and leisure industry by providing the infrastructure, services, facilities and accommodation for the people who participate in the marine leisure sector. Fowey Harbour serves as a major visitor attraction in its' own right.

Every effort is made to manage the "potential" conflict between the commercial and leisure sectors in a busy geographically constrained harbour where both play an important part in harbour life. The Board believe this is successfully achieved and hard work continues to maintain and where possible improve this.

The demand for and use of moorings facilities from the "resident" users remains high and ways of increasing the density of moorings are being looked at. Year by year the total length of boats located in the harbour increases, putting pressure on the dedicated mooring zones.

Visiting numbers improved over the last two years however and were slightly higher than the ten year average. As the economy improves, increased visitor numbers may result. The single biggest controlling factor on the numbers of visiting craft is however the weather.

The 2010 season has been a further year of consolidation with no major new facilities in the harbour. Boat parking has, since the acquisition of Penmarlam, become an important part of the facilities provided. When Penmarlam was purchased, 40 boats were stored there. In 2010 this has become 130 boats and/or trailers all year round, together with parking. Winter storage and summer launching facilities are accommodated. During the winter, boat storage is also provided at the Imerys owned, FHC managed Old Station Yard site in Fowey.

As part of looking at other ways of increasing the services and income from the leisure sector, different ways of storage are being looked at by the Board. These include joint arrangements with other land owners and stacking systems.

To ensure that the Harbour is able to cope with expected demand, changes in use and statutory requirements, the Harbour Commissioners conduct a yearly review of the Leisure Sector. Issues such as storage, increased moorings and charges are looked at and fed into the Objectives and Strategies document and the Port Masterplan. From this, the Commissioners' Policies for this sector are set for the forthcoming year and into the future. Development however should not compromise environmental management and the Board has decided to continue the policy of maintaining the sizes of the eight geographical mooring areas within the harbour. The size of these areas are determined by the need for commercial ship movements and environmental constraints which need to be protected for the long term.

Further details on leisure performances are provided in the Statistics and Performance Reports published to support the Annual Report.



Mooring Maintenance Plant

The Commissioners newly converted mooring maintenance and general purpose craft "Voyager" entered service during late winter of 2009/10 and proved very successful. Unfortunately, due to a failure in the cooling water piping system in one hull, she sank at her moorings in early summer. Re-floated and with a hydraulic power pack on board, the maintenance programme was completed on target. With the help of insurers, the craft is being refurbished to ensure a busy winter programme will be met. "Sealion", a steel craft in the fleet, was converted to carry out small moorings maintenance and "Sea Otter", purchased in 1995 for the South West Water sewage project, was scrapped.

Patrol / Harbour Operations Craft

The mainstay of the leisure sector and in particular for visiting craft is the "magic roundabout" patrol craft. Having appropriate patrol craft that are used to welcome and assist visitors and to assist in the regulating of the harbour is essential. Work craft have to comply with constructional and safety codes and the Commissioners programme of upgrades and replacements continues.



The Community Leisure Facilities

The Commissioners' slipway at Penmarlam is a mainstay in the launching and recovery of both local and visitor boats to the estuary. This is supplemented by the Cornwall Council owned slipway at Caffa Mill. The Harbour Commissioners manage the day to day responsibility of the launching site with FHC staff based there. The discussions on future controls and management in this area are ongoing.

In addition to their own operations at many sites, the Commissioners' staff clean public slips and paddling pools as well as provide and maintain the bathing platform at Readymoney. Pressures on public funding may affect this in the future.

Increased efforts have been made to clean the foreshore and the harbour from floating debris and waste, much of which arrives from outside sources. A campaign to encourage people to keep their harbour clean continues. Sammy the Sea Serpent takes this message to school children and their parents.

Landing pontoons are increasingly used by the public for a variety of activities including crabbing/fishing, strolls for harbour views and others. So the pontoons have to be managed with increased wear and tear to the systems and increased non-boat-operator liabilities for the harbour.

Wi-Fi Coverage

The extended Wi-Fi coverage has proved popular and has resulted in increased use by leisure users, commercial and householders.

OTHER PORT OPERATIONS

Port Security

Port security is a necessary function, not only to ensure the security of Fowey but to provide coverage as part of the nation's international commitment. The International Ship and Port Facility Security Code (ISPS) is complied with in a joint facility operation with Imerys Ports Security. With Imerys Ports being responsible for ships alongside loading jetties and the Commissioners for vessels, especially cruise liners, in the harbour. The Commissioners are considering CCTV at Polruan Quay in conjunction with the Polruan Town Trust and upgrades to the coverage at Penmarlam Boat Park and pontoon and other security improvements.

Personnel Report

None of the harbour's operations and services could be met without a dedicated, trained and friendly staff. Once again the Board of the Harbour Commissioners note this for special mention in their Annual Report. Without them and their special efforts the achievements, high standards of safety and professionalism are not possible. The FHC staff have met the highly important out-of-port towage role with enthusiasm, bringing credit to the port of Fowey

Terms and conditions are kept under continual review as are the pension arrangements in a time when economic conditions are difficult.

The Harbour Commissioners have a stable workforce which can only benefit the users and Stakeholders. Longer term this will bring problems of replacement and recruiting staff with the necessary skills and experience in the future is likely to prove difficult. Difficulties have already been experienced recruiting qualified marine engineering staff to meet STCW 95 regulations.

Staff Numbers

The numbers of staff employed in the harbour has halved over the last twenty years, averaging at just over 20 plus pilotage staff for all the operations. The part time staff augments the full time members, in particular in the busy summer period. In relative terms, compared with similar port-type operations, our staff numbers are small, especially given the numerous activities undertaken.

To ensure that a 24 hour tug and towage service operates and to comply with the Hours of Work Directive and other health and safety requirements, including rest periods, the three / four man crew roster has to be maintained with some modifications down to a three crew, dependant on the vessel used. In addition to doing their day work, tug crews are called out during the night and at weekends on a roster basis to provide this necessary service to the port. The 'out of port' towage service brings new manning requirements, with crews spending often a week at a time working in adjacent ports or on coastal work. This sometimes involves long hours and extra cover arrangements. Management and staff work closely in ensuring best practice and operations but without the considerable staff input, these operations cannot be achieved.

Training

Staff have continued on a programme of training throughout the year. Some of this training has been to acquire new skills, some refresher courses and some to meet compliance requirements.

Pensions

The Trustees report regularly to the Board on the Companies' Pensions Scheme. In the past the funding rate has been within the limits set by the Board to continue a final salary scheme. An actuarial review dated April 2009 and carried out between October and June 2010 indicated a deficit, due mainly to the downturn in the equities market and new actuarial assumptions. This is covered in the Annual Accounts and a programme of funding to deal with the deficit and longer term pensions provisions is ongoing. Measures are being taken by the Board to address deficits and future pension arrangements with the closure of the final salary scheme.

Age and Service Profile

The average age of staff is 49 years whilst the average length of service is 17.5 yrs which indicates the small turnover, however, the age profile could create manning problems in the future. With the previous need to reduce staff and a freeze on new staff it is impossible to reduce the age profile without introduction of younger members of staff. This profile affects pension and life cover costs.

Staff Attendance

The staff attendance record is excellent and little need has been made of the package that provides for full pay for 28 weeks sickness in a year.

FOWEY HARBOUR - PART OF THE COMMUNITY

As a Trust Port, Fowey's role is to serve its Stakeholders, with a priority on user Stakeholders. Trust Ports are independent statutory bodies, each governed by their own unique local legislation and controlled by an independent board. Fowey Harbour Commissioners are committed to re-investing any surpluses for the good of users and Stakeholders. Its community policy focuses on supporting and enabling projects that generate economic activity, employment and recreational opportunities around the harbour. The authority assists voluntary and community organisations in setting up and developing projects, events and profile raising. As part of the community, they are a catalyst for networking between new and existing groups and organisations.

Close liaison has been maintained with schools and colleges and work experience continues to be provided to pupils from colleges in the area. Work links with Plymouth, Exeter and Cornwall Universities continue. A Knowledge Transfer Project to collate and record the history of the harbour was agreed by the Board in the summer of 2010. The liaison is closest with the primary schools, serving the communities in the estuary, particularly with visits to the tugs, the woodland at Polruan and foreshore trips discovering all about life in the estuary and harbour. School projects are catered for and there are links with other interest groups, including the Friends of the Fowey Estuary. The Environmental Officer is an important link with our community.

The well-being of local people in all senses depends on the harbour and the Board place this high in their considerations in managing the various aspects of the harbour operations.

Port visits, often given with co-operation and support from Imerys Minerals Ltd., encourage users and Stakeholders to understand the port, its operations and management further and these continue to be a success.

In June the Commissioners supported an industry Open Day for the export of Cornish granite through the port. A wide range of delegates were shown by Imerys Minerals and the aggregate companies the extent and production of aggregates. This was linked to the ports by railway company D.B. Shenker and the shipping interests by Denholm Barwil Shipping Agents. Such events are important in ensuring people understand the potentials of Fowey and our region.

The Harbour Commissioners support the Fowey in Bloom initiative. The provision of flowers and displays at the various FHC owned sites was increased. These include the Harbour Office, Berrill's Yard and in particular at Old Station Yard and the entrance to the commercial docks. It is part of the Boards' policy to enhance areas around the harbour, ensuring they are increasingly pleasing to those who enjoy it so much.

The Commissioners joined with the Cornwall Council library service staff in Fowey to engage the whole community to tell in mural form their role in the Fowey Community. Over 50 organisations participated, providing a colourful record around the library at Caffa Mill. Funds raised are going to help other community projects.

As reported in the leisure sector, extensive resources are used to work with the community and to organise events such as regatta week, the classics, rowing, canoeing events, fun water events at Lerryn, swimming races and cross harbour swims, together with many events organised to finish in Fowey. The Harbour Commissioners appreciate the efforts of all concerned in making them of benefit and fun and enjoyment to all.



Fowey and Altarnun Primary Schools visit to the harbour office, tugs and harbour

SAFETY MANAGEMENT

A high priority for the Commissioners is the health and safety of its staff and contractors engaged on their behalf. The high standards and low incident and accident rate continue as in previous years.

The Board reviews and adopts the Health and Safety Policy annually. This links with the Marine Safety Policy and both are externally audited. Internal audits are an ongoing process.

Regular safety and management meetings are held. The pilots and pilot boatmen, who have their own Safety Management System, also attend these meetings to ensure the working arrangements between all sectors of the port are covered. These measures help:-

- Ensure the safety of the workforce
- Avoid enforcement action
- Enhance community, Stakeholder and corporate image
- Improve future port opportunities
- Strengthen employee and Stakeholder awareness and morale
- Focus management direction and accountability
- Negotiate with insurance brokers and underwriters to control insurance costs
- Develop and maintain a safety culture

Safety Around The Harbour

The Board provide support to the RNLI and the operation of the two lifeboats together with maintaining some 70 lifebuoys around the harbour. The harbour patrol is always available and ready to react to any situation.

Close liaison is maintained with the MCA (Coastguards) in their role as SAR co-ordinators and their involvement in oil pollution and incident reporting. The Commissioners are concerned with the gradual reduction in services and the move to centralisation which leads to confusion and delay and poor use of local facilities and services. The Polruan National Coast Watch Station continues to manage the storm signals at the lookout and the Harbour Commissioners continue to provide support to the National Coast Watch who host their weather station equipment.

The Board extend their thanks to the voluntary services and organisations which provide safety support for the harbour community and its users, especially the RNLI and NCI, the Fowey Fire Brigade and MCA Auxiliary Coastguards.

Licensed Boats and Boatmen

The Harbour Commissioners are the licensing authority for all passenger boats, together with boatmen operating within the harbour or smooth water limits and works closely with the MCA who have similar roles for larger boats and those which proceed to sea.



PORT EMERGENCY and OPERATIONS PLANS

Port Marine Emergency Plan

These plans, together with Imerys Port Plans, have been reviewed and desk top exercised during the year. Whenever possible and dependent on the availability of "blue light" organisations, full scale exercises are carried out.



Oil Contingency Planning

The Oil Contingency Plan has been exercised and used on a number of occasions for small scale incidents in the harbour. Fowey Harbour equipment is one of the most comprehensive anywhere in the south west marine environment, safeguarding the 25 miles of shoreline and 1,000 acres of water within the estuary. The MCA, Cornwall Council Emergency Planning and the Environment Agency, together with the local authorities, are involved in any arrangements, training and exercises.

Port Waste Management Plan

This meets the MCA and Marpol requirements, with the addition of the never used "collection of non EU foodstuffs waste". Close liaison with Ships Agents meets the need for reporting requirements.

Continued efforts to carry out more recycling, from the leisure waste in particular, have been undertaken, with close liaison and good co-operation from Serco on behalf of the local authority. The Board acknowledge the assistance of these organisations in meeting our targets.

The Harbour Commissioners provide free sewerage pump out facilities for leisure craft at their Berrill's Yard pontoon together with a free rubbish afloat collection service in the peak season.



ENVIRONMENTAL MANAGEMENT

Fowey is situated in an Area of Outstanding Natural Beauty (ANOB), has a Voluntary Marine Conservation area and is adjacent to an SSSI.

The Board's Environmental Management Policy sets the framework for the management of the marine environment within the estuary and harbour together with the woodland and other areas owned and operated by them. The Commissioners work with the County Council, Natural England, Environment Agency, Rivers Trust and other organisations to maintain and improve the status of the estuary. Carbon emissions are targeted within FHC's own operations and harbour users are encouraged to tackle theirs. The use of hydro carbon fuels is closely monitored and where reductions can be made effectively these are being introduced. The number of units of electricity used is being reduced by close monitoring and light sensors and motion activated systems have been installed, including ones to control the use of water in wash areas.

Ports work within a transport system that is regarded as being one of the most environmentally friendly when compared with road, rail and aviation. Certainly for moving bulk products such as aggregates and china clay shipping, port operations are the lowest polluters. More work can be done in this field and the Commissioners work with Imerys and others to achieve this.



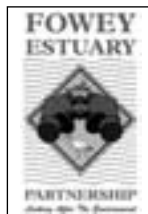
Environmental management is bench-marked by accreditation under PERS (Port Environmental Review System) and the European Seaports Organisation (ESPO) supported by Lloyds of London. Proud as we are of Fowey Harbour becoming the 10th port in Europe

and 4th in the U.K. to obtain this highly valued accreditation, we continue to improve where we can.

Further work has continued on sediment transportation within the estuary system aimed at enabling further reductions in dredging.

Estuary Partnership

The Commissioners continue as the lead body in the Fowey Estuary Partnership, bringing together many of the main influencing bodies as an advisory and specialised consultation group.



Environmental Performance

Full details of the environmental performance can be found in the Environmental Report and the Harbour Performance Statistics Report.



COMMISSIONERS PROPERTIES

The Harbour Commissioners have carried out a full maintenance programme on all the properties, which include:-

- The Harbour Office
- Brazen Island Maintenance Yard and slipway
- Whitehouse Quay
- North Street Yard
- Penmarlam Boat Park and slipway,
- St. Saviour's Site, Polruan
- St. Catherine's Lighthouse
- Golant embankments and hut
- Lerryn landings

All of the Harbour Commissioners' properties have been maintained and kept in good order, with the necessary maintenance schedules and programmes being undertaken. Wall repairs and installation of surround railings has been undertaken at North Street Yard. At Berrill's Yard there has been extensive repairs to the cement pointing on the South West Water sea wall. At Brazen Island, extensive rail maintenance has been carried out on the slipway.

A rebuild of Penmarlam Quay was undertaken during the year and a section of wall at Berrill's Yard had to be rebuilt following a sewage incident.



CONSULTATION

Consultation Process

The Harbour Commissioners consult extensively with the many organisations, bodies and Stakeholders involved in the harbour. Regular consultation with Imerys Minerals, with regard to the use of the Port of Fowey as major Stakeholders, continues to be fruitful and essential for the long term wellbeing of the harbour and its commercial operations. The efforts of the joint working group, whilst working for the primary benefit of the commercial Stakeholder, will benefit all users.

An Open Meeting was held in Fowey Town Hall on Thursday 24th June. Such meetings are poorly attended but necessary. A Harbour Open Day for all organisations involved in the life of the harbour is planned for the spring of 2011.

Statutory Consultation Group

The Commissioners, in consultation with the group itself, have increased the Consultees to 23 members. These are the first of the many Consultees provided with information and in particular the Strategy and Objectives Document. The group, under Chairman Sir Robert Owen QC, a boat owner, discuss issues and concerns and have an input to the Board. Sir Michael Thompson succeeds as Chairman from September 2010.

The independent website, linked to the Fowey Harbour Website for user access, publishes their minutes and is available for direct comment by users and Stakeholders. The consultation process is open and accountable and accessible to all. The web site address is www.foweyharbourconsultees.co.uk

In addition to the Consultation Group, documents and other communications are sent to numerous other Consultees. The Harbour Commissioners Annual Reports, Accounts, Objectives & Strategy Document and Environmental Report are available to all.

The Harbour Commissioners' own website has been updated during the year and all of the information refreshed. It is being expanded to allow users to make comments and ask questions.



Trade Organisations

The Harbour Commissioners ensure that as wide a consultation as possible is available by being involved in the following trade organisations:

- British Ports Association
- S.W. Regional Ports Association
- British Tug Owners Association
- Channel Ports Federation
- UK Harbour Masters Association
- SW Standing Committee for Small Craft Group
- Destination South West
- Cornwall Maritime
- Business Link

The Board is involved in many local organisations, either as a direct member or attending meetings in an ex-officio capacity.

Professional Advice

Managing the operations of the port and ensuring the various professional aspects for which the Board is responsible is met by the Chief Executive to the Harbour Commissioners and their staff.

To meet the often complex and specialised areas of port and business operations, the following professional advisors have been appointed.

Legal

Stephens & Scown Solicitors, St Austell
 Evershed, Parliamentary Agents and Legal advisors, London
 Bond Pearce, Plymouth

Financial

Phillips Frith Accountants, St Austell
 Barclays Bank Plc - Bankers to the Commissioners
 Lloyds Bank Plc - investment bankers
 Scottish Widows Pensions and Investment Advisors
 Heath Lambert Insurance Advisors and Brokers
 Financial Advisors & Pensions Consultees - Pope Anderson

THE HARBOUR COMMISSIONERS WEBSITE

Fowey Harbour, to achieve their open and accountable policy and practices, publish all documents and reports on their website. This is regularly updated. A new modern version has been developed during 2010 and is now available.

Detailed information includes:-

- Full details on the Commissioners and how to become one
- Policies including: Port Marine Safety, Safety and Environment
- FHC Charter
- Annual Reports
- Financial Information and Reports
- Objectives and Strategy Document
- Port Statistics
- Pilotage Arrangements
- Towage Provisions
- Leisure Requirements
- Safety Advice
- Notices to Mariners
- Details of Craft



The Board's Thanks

The Board of the Fowey Harbour Commissioners extend their sincere thanks to staff, Pilots, Boatmen, the Imerys management and staff and the ships agents together with all those who work in the harbour on the ferries, licensed boats and in the boatyards. All of whom look after the people who use the harbour - our customers. Without their input, support and efforts Fowey Harbour would not be the successful and friendly port that it is. A very big thank you.

If you want to know more about Fowey Harbour we commend you to our website, contact the harbour office or pop in.

Website address:- www.foweyharbour.co.uk

For further information on Fowey Harbour or the Harbour Commissioners contact:-

Harbour Office, Albert Quay, Fowey, Cornwall, PL23 1AJ

Telephone: 01726 832471

Fax: 01726 833738

Email: fhc@foweyharbour.co.uk

Website: www.foweyharbour.co.uk

PDF Charts information for Fowey Harbour can be found on the FHC Website.





FOWEY HARBOUR COMMISSIONERS

REPORT AND FINANCIAL STATEMENTS

for the period
1 APRIL 2009 to 31 MARCH 2010

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Report of the Commissioners

Report of the Auditors

Profit and Loss Account

Statement of Total Recognised Gains & Losses

Balance Sheet

Notes to the Financial Statements

The Fowey Harbour Commissioners present their annual report and the audited financial statements for the year ended 31 March 2010.



PRINCIPAL ACTIVITIES

The principal activities carried out by the Commissioners are the provision of general harbour facilities for commercial and non-commercial vessels; the provision of the services of tugs, when required, by vessels entering or leaving the harbour and at other harbours; and the provision of pilotage services at Fowey.

RESULTS

The profit for the year after taxation amounted to £24,412 (2009: £122,265).

SIGNIFICANT CHANGES IN FIXED ASSETS

The movement on fixed assets is shown in Note 8 to the financial statements.

STATEMENT OF RESPONSIBILITIES OF THE COMMISSIONERS

The purpose of this statement is to distinguish the Commissioners' responsibilities for the financial statements from those of the auditors.

Company 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). 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 Commissioners and of the profit or loss of the Commissioners 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 estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Commissioners will continue in business.

The Commissioners are responsible for keeping adequate accounting records that are sufficient to show and explain the Commissioners' transactions and disclose with reasonable accuracy at any time the financial position of the Commissioners and enable them to ensure that the financial statements comply with Section 42 of the Harbour Act 1964 and the Statutory Harbour Undertakings (form of accounts etc) (General) Regulations 1983. They are also responsible for safeguarding the assets of the Commissioners and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

STATEMENT OF DISCLOSURE TO AUDITORS

(a) The Commissioners confirm that so far as they are aware, there is no relevant audit information of which the Commissioners' auditors are unaware; and

(b) they have taken all the steps that they ought to have taken as Commissioners in order to make them aware of any relevant audit information and to establish that the Commissioners' auditors are aware of that information.

A resolution proposing the reappointment of Phillips Frith as auditors to the Commissioners will be put to the annual reports meeting.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By Order of the Board

(signed) Capt M J Sutherland
Chief Executive


INDEPENDENT AUDITORS' REPORT TO THE FOWEY HARBOUR COMMISSIONERS

We have audited the financial statements of Fowey Harbour Commissioners for the year ended 31 March 2010 set out on pages ? to ??. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the Commissioners, as a body. Our audit work has been undertaken so that we might state to the Commissioners those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Commissioners as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF COMMISSIONERS AND AUDITORS

As explained more fully in the Commissioners' responsibilities statement, set out on page ?, the Commissioners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Commissioners' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Commissioners and the overall presentation of the financial statements.

QUALIFIED OPINION ON FINANCIAL STATEMENTS ARISING FROM DISAGREEMENT ABOUT ACCOUNTING TREATMENT

Whilst disclosure has been made in note 7 to the accounts about the assets and liabilities of the defined benefit pension scheme operated by the commissioners, the full requirements of FRS 17 to recognise the assets and liabilities and losses and gains in the financial statements have not been met.

Except for the failure to fully apply FRS 17, in our opinion the financial statements:

- give a true and fair view of the state of the Commissioners' affairs as at 31 March 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been properly prepared in accordance with the provisions of Section 42 of the Harbours Act 1964 and comply with the Statutory Harbour Undertakings (form of accounts etc) (General) Regulations 1983.

(continued)

INDEPENDENT AUDITORS' REPORT (continued)

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Commissioners' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records 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.

Jane Webb (Senior Statutory Auditor) for and on behalf of Phillips Frith LLP
Chartered Accountants, Statutory Auditors 9 Tregarne Terrace, ST AUSTELL, Cornwall PL25 4DD

PROFIT AND LOSS ACCOUNT

For the period 1 April 2009 to 31 March 2010

	Notes	2010 £	2009 £
TURNOVER	2	1,820,945	1,610,363
Cost of sales		(1,279,798)	(1,105,054)
GROSS PROFIT		541,147	505,309
Overhead expenses		(540,643)	(491,050)
		504	14,259
Other operating income	3	27,929	18,289
Other interest receivable and similar income		3,161	21,955
Interest payable and similar charges		(43)	-
Profit/(Loss) on disposal of fixed assets		(1,298)	(98,545)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	30,253	153,048
Tax on profit on ordinary activities	6	(5,841)	(30,783)
PROFIT/(LOSS) FOR THE YEAR	12	24,412	122,265

There is no material difference between the profit for the year as disclosed above and that on the historical cost basis.
The notes form part of these financial statements.

BALANCE SHEET

31 March 2010

	Notes	2010		2009	
		£	£	£	£
FIXED ASSETS					
Tangible assets	8		3,871,321		2,928,018
CURRENT ASSETS					
Stocks		12,871		12,871	
Debtors	9	317,564		249,640	
Cash at bank and in hand		646,968		560,230	
		977,403		822,741	
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	10	(160,578)		(89,159)	
NET CURRENT ASSETS			816,825		733,582
TOTAL ASSETS LESS CURRENT LIABILITIES			4,688,146		3,661,600
PROVISION FOR LIABILITIES					
Deferred taxation	11		(186,910)		(184,776)
			4,501,236		3,476,824
RESERVES					
Profit and loss account			2,196,561		2,172,149
Other Reserves			2,256,850		1,256,850
Pilotage Reserve			47,825		47,825
			4,501,236		3,476,824

The notes form part of these financial statements.
These financial statements were approved by the Commissioners.

1 ACCOUNTING POLICIES

(i) Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with the Financial Reporting Standards for Smaller Entities (effective April 2008).

(ii) Depreciation of tangible fixed assets

Depreciation is calculated on the reducing balance and straight line methods having regard to the estimated useful lives of various categories of assets as detailed below:-

	Rate
Plant and equipment	- 5% - 33 ¹ / ₃ % per annum
Tugs	- 10% - 20% per annum
Leisure facilities	- 5% - 33 ¹ / ₃ % per annum
Pilot boats and equipment	- 5% - 10% per annum
Freehold buildings	- 2% per annum
Harbour Improvements	- 10% & 15% per annum

No depreciation is charged on land.

(iii) Stock

Stock is valued at the lower of cost and net realisable value and consists of consumable stores.

(iv) Deferred taxation

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

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

2 TURNOVER

Turnover represents revenue (net of VAT) receivable from harbour activities, pilotage, boat storage and car park revenue. All turnover arises in the United Kingdom.

3 OTHER OPERATING INCOME

	2010	2009
	£	£
Rent receivable	<u>27,929</u>	<u>18,289</u>

4 EMPLOYEES

	2010	2009
	£	£
Aggregate payroll costs were:		
Wages and salaries	658,984	582,964
Social security costs	36,751	59,530
Other staff costs	-	1,300
	<u>722,735</u>	<u>643,794</u>

No remuneration is paid to Commissioners other than the Chief Executive who is the Harbour Master.

Staff numbers:	2010	2009
	No.	No.
Full time	17	17
Part time administration	2	2
	<u>19</u>	<u>19</u>

The remainder of the workforce is employed on a part time seasonal basis and can be a pool of up to 8 employees. The increased payroll costs have arisen from the manning of the out of port towage activities which have generated significant additional income for the Commissioners.

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2010	2009
	£	£
Auditor's remuneration	5,550	5,350
Depreciation	121,945	108,586
Loss/(Profit) on disposal of tangible fixed assets	<u>1,298</u>	<u>(98,545)</u>

During the year, the cottage used for holiday letting was disposed of realising a profit of £166,212. This disposal was made in line with the objectives set out in the Objectives & Strategies publication issued in 2007.

As at 31 March 2008, redundancy payments totalling £116,926 (2007: £72,387) had been made in respect of five employees during the last three years.

6 TAXATION

	2010	2009
	£	£
Corporation tax at 21% (2009: 21%)	3,707	1,514
Deferred tax at 21% (2009: 21%)	<u>2,134</u>	<u>29,269</u>
	<u>5,841</u>	<u>30,783</u>

7 PENSIONS

Defined benefit pension scheme

The Commissioners operate a retirement pension scheme (The Fowey Harbour Commissioners Benefits Scheme) providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Commissioners, being invested with insurance companies. Contributions to the scheme are charged to the revenue account so as to spread the cost of pensions over employees' working lives with the Commissioners. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was as at 1 April 2006. The assumptions that have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rate of increase in salaries and pensions. It was assumed that the investment returns in the period to retirement would be 6.8% per year, that salary increases would increase by 0.5% per year over price inflation of 3% per year and that pensions accrued prior to 1 April 2001 would increase at the rate of 5% per year, and pensions accrued thereafter would increase at a maximum Limited Price Indexation of 5%.

The pension charge for the year was £61,959 (2009: £55,303).

The most recent actuarial valuation showed that the market value of the scheme's assets was £2,906,000. The funding level against technical provisions was 112%.

The contributions of the employer will remain at 12%. The existing employees pay 4% of earnings and new members (those joined after 1 April 2005) 6%.

The Commissioners meet the administration costs of the scheme. In addition to the contributions to the pension scheme, the Commissioners pay for additional insurance elements to obtain life assurance and death in service. Premiums paid in the year were £4,768 (2009: £3,990). A refund totalling £2,711 was received for death in service payments and was included in the accounts for the year ended 31 March 2010.

An actuarial valuation at 1.4.09 is in the process of being prepared. The results of this will be reported when known and the contributions to the scheme will be reported when known and the contributions to the scheme will be adjusted accordingly. The board of Commissioners is however aware that there is a potential deficit which requires an action plan to address.

The Commissioners have considered the implications of full compliance with FRS 17 which requires the assets and liabilities and gains and losses of the scheme to be recognised in the financial statements.

The information needed for full compliance could be obtained from the scheme's actuary at considerable cost.

Having given due regard to any possible benefits of including this information, the Commissioners do not believe that incurring the additional costs would be a worthwhile application of the funds generated from the port users.

8 TANGIBLE FIXED ASSETS

	Cost or valuation					Depreciation				Net book value	
	As at 31.3.09 £	Re-valuation £	Addns. in year £	Disposals £	As at 31.3.10 £	As at 31.3.09 £	Provided during year £	Disposals £	As at 31.3.10 £	As at 31.3.10 £	As at 31.3.09 £
Land & Buildings											
At valuation	1,685,000	1,000,000	-	-	2,685,000	44,000	7,100	-	51,100	2,633,900	1,641,000
At cost	14,169	-	-	-	14,169	903	129	-	1,032	13,137	13,266
	1,699,169	1,000,000	-	-	2,699,169	44,903	7,229	-	52,132	2,647,037	1,654,266
Harbour Improvements											
At cost	290,145	-	9,298	-	299,443	90,656	6,891	-	97,547	201,896	199,489
Plant and Equipment											
Sundry harbour, slipway & office											
At valuation in April 1957	912	-	-	-	912	910	1	-	911	1	2
At cost	568,185	-	18,509	(24,267)	562,427	365,542	29,957	(22,267)	373,232	189,195	202,643
	569,097	-	18,509	(24,267)	563,339	366,452	29,958	(22,267)	374,143	189,196	202,645
Tugs at cost											
Craft	550,679	-	1,050	-	551,729	140,109	41,573	-	181,682	370,047	410,570
Radio equipment etc	4,165	-	-	-	4,165	3,835	33	-	3,868	297	330
	554,844	-	1,050	-	555,894	143,944	41,606	-	185,550	370,344	410,900
Leisure Facilities											
At cost	512,116	-	11,582	-	523,698	241,972	26,476	-	268,448	255,250	270,144
Pilot Boats and Equipment											
At cost	97,058	-	-	-	97,058	21,230	4,510	-	25,740	71,318	75,828
Penmarlam at cost											
Plant and equipment	50,766	-	1,296	-	52,062	24,168	4,017	-	28,185	23,877	26,598
Property improvements	88,148	-	25,513	-	113,661	-	1,258	-	1,258	112,403	88,148
	138,914	-	26,809	-	165,723	24,168	5,275	-	29,443	136,280	114,746
	3,861,343	1,000,000	67,248	(24,267)	4,904,324	933,325	121,945	(22,267)	1,033,003	3,871,321	2,928,018

Land and buildings previously valued at 31.3.1948 and 2.2.1996 were revalued in June 2010 by J Greenhalgh FRICS of May Whetter & Grose on the basis of open market value. The excess of £1,000,000 has been credited to the revaluation reserve. The valuation of freehold buildings on which depreciation is charged amounted to £355,000. There is no historical cost of these buildings.



9 DEBTORS

	2010	2009
	£	£
Trade debtors	265,297	197,554
Other debtors	5,684	4,500
Prepayments	46,583	47,586
	<u>317,564</u>	<u>249,640</u>

**10 CREDITORS:
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2010	2009
	£	£
Trade creditors	86,954	29,732
Corporation tax	3,707	1,514
Other taxation and social security costs	21,518	19,541
Accruals and deferred income	41,025	38,372
Unpaid pension contributions	7,374	1,463
	<u>160,578</u>	<u>89,159</u>

11 DEFERRED TAXATION

	Full Potential Liability	2009
	2010	£
	£	£
Accelerated capital allowances	186,910	184,776
Movement in the provision:		£
Provision at 1 April 2009		184,776
Transferred from profit and loss account		2,134
Provision at 31 March 2010		<u>186,910</u>

**12 RESERVES**

	Profit and Loss Account	Other Reserves	Pilotage Reserves	Total
	£	£	£	£
At 31 March 2009	2,172,149	1,256,850	47,825	3,476,824
Profit retained	24,412	-	-	24,412
Revaluation	-	1,000,000	-	1,000,000
At March 2010	<u>2,196,561</u>	<u>2,256,850</u>	<u>47,825</u>	<u>4,501,236</u>

There is no issued share capital and the Commissioners do not hold any personal interest in the reserves of the undertaking which is incorporated under the Pier and Harbour Orders 1937 to 2001.

The Pilotage Reserve arose on the revaluation of assets and funds acquired from Trinity House in 1988. The remaining reserve represents funds given by Trinity House in 1988 for vessel maintenance.

13 CONTINGENCIES**Pilots National Pension Fund**

The Pilots National Pension Scheme has contacted all ports to inform them that there is a very substantial deficit on the Pilots National Pension Fund. The Fowey Harbour Commissioners have never employed pilots under contracts of employment and have, with ports in a similar position, sought legal advice to strongly resist the suggestion that they will be required to contribute to remedy the shortfall.

At the date that the Commissioners approved these accounts, the outcome of this matter could not be predicted.

REVENUE ACCOUNT

For the period 1 April 2009 TO 31 March 2010

	Harbour £	Tugs £	Pilotage £	Leisure £	TOTAL £	£
OPERATING REVENUE						
Commercial dues	333,331					
Non-commercial dues				354,919		
Other Harbour Charges and Dues (linesmen)			79,050			
Charges and Dues		478,818	335,423			
Harbour and Slipway Services	21,334			9,444		
Rent				27,929		
Car park revenue				65,232		
Environmental waste management	11,003				118,529	
Penmarlam Boat Storage Revenue					1,453	
Miscellaneous income	12,409					
TOTAL OPERATING REVENUE	378,077	478,818	414,473	577,506	1,848,874	
OPERATING EXPENDITURE						
Operating and Maintenance Penmarlam		336,973	327,716	205,892		
Harbour Operations	228,270			39,770		
Dredging	35,110					
Insurance	10,985	9,660	4,684	13,147		
Subscriptions	6,646	720		225		
TOTAL OPERATING EXPENDITURE	341,011	347,353	332,400	259,034	1,279,798	
NET OPERATING REVENUE	37,066	131,465	82,073	318,472		569,076
OVERHEAD EXPENDITURE						
Salaries: Management & admin	88,566	38,075	19,038	53,305	198,984	
Other staff costs	1,027	490	245	685	2,447	
Pension costs	25,047	14,615	4,024	18,273	61,959	
Rent and rates	63,886			8,345	72,231	
Administrative expenses	22,223	921	739	4,665	28,548	
Printing, Stationery, Advertising and Postage	10,663	1,900	1,542	7,169	21,274	
Legal and Professional	16,075		1,532		17,607	
Accountancy and Audit	2,160	1,200	3,040	1,600	8,000	
Environmental management costs	7,627			21	7,648	
TOTAL OVERHEAD EXPENDITURE	237,274	57,201	30,160	94,063		(418,698)
Depreciation	44,078	41,606	4,510	31,751		(121,945)
NET REVENUE AFTER OVERHEADS	(244,286)	32,658	47,403	192,658		28,433
Interest payable						(43)
Interest receivable						3,161
						31,551
Loss on disposal of fixed assets						(1,298)
PROFIT FOR THE YEAR BEFORE TAXATION						30,253
Taxation						(5,841)
PROFIT RETAINED FOR THE YEAR						24,412



ANALYSIS OF OPERATING EXPENSES

For the period from 1 April 2009 TO 31 March 2010

	2010				
	Tugs £	Leisure £	Harbour £	Dredging £	Pilotage £
Wages and salaries	198,630	140,578	176,879	-	7,664
Payments to pilotage agency:					
Acts of pilotage	-	-	-	-	179,693
Linesman charges	-	-	-	-	125,853
Dredging costs	-	-	-	30,610	-
Repairs (replacement and spare parts and general repairs)	95,595	98,705	102,372	-	9,903
Fuel	42,748	6,379	2,782	-	4,254
Sundries	-	-	2,794	-	-
Administrative expenses (training)	-	-	3,443	-	349
Licences	-	-	-	4,500	-
	336,973	245,662	288,270	35,110	327,716

	2009				
	Tugs £	Leisure £	Harbour £	Dredging £	Pilotage £
Wages and salaries	151,454	141,248	152,677	-	5,562
Payments to pilotage agency:					
Acts of pilotage	-	-	-	-	189,152
Linesman charges	-	-	-	-	133,121
Dredging costs	-	-	-	10,350	-
Repairs (replacement and spare parts and general repairs)	42,001	76,170	88,757	-	10,316
Fuel	25,007	6,380	1,444	-	6,448
Sundries	-	-	1,631	-	-
Administrative expenses (training)	240	-	8,556	-	-
Licences	-	-	640	4,567	-
	218,702	223,798	253,705	14,917	344,599

