

PORTLAND HARBOUR AUTHORITY LIMITED

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



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**DUNCAN
& TOPLIS**
CHARTERED ACCOUNTANTS
AND BUSINESS ADVISERS

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FOR THE YEAR ENDED 31 DECEMBER 2018**

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PORTLAND HARBOUR AUTHORITY LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | |
|----------------------------------|--|
| DIRECTORS: | J C Langham R T N Best J M Langham W T Reeves A D Deves |
| SECRETARY: | A D Deves |
| REGISTERED OFFICE: | Bingham's Melcombe Dorchester Dorset DT2 7PZ |
| BUSINESS ADDRESS: | c/o Portland Harbour Authority Ltd Castletown Portland Dorset DT5 1PP |
| REGISTERED NUMBER: | 03002686 (England and Wales) |
| SENIOR STATUTORY AUDITOR: | Michael Argyle BSc ACA |
| AUDITORS: | Duncan & Toplis Limited, Statutory Auditor 3 Castlegate Grantham Lincolnshire NG31 6SF |

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018**

The directors present their report with the financial statements of the company for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of acting as the Statutory Harbour Authority at Portland, and to provide harbour and towage services.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

J C Langham
R T N Best
J M Langham
W T Reeves

Other changes in directors holding office are as follows:

A D Deves - appointed 19 April 2018

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors 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 directors 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company 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 directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

ON BEHALF OF THE BOARD:



.....
A D Deves - Secretary

Date:20/9/19.....

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PORTLAND HARBOUR AUTHORITY LIMITED

Opinion

We have audited the financial statements of Portland Harbour Authority Limited (the 'company') for the year ended 31 December 2018 which comprise the Income Statement, Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity 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 the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

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

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF PORTLAND HARBOUR AUTHORITY LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, the directors 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 directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

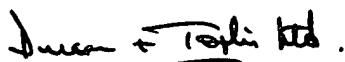
Auditors' responsibilities for the audit of the financial statements

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



Michael Argyle BSc ACA (Senior Statutory Auditor)
for and on behalf of Duncan & Toplis Limited, Statutory Auditor
3 Castlegate
Grantham
Lincolnshire
NG31 6SF

Date: 25 September 2019

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | Notes | 2018 £ | 2017 £ |
|---|-------|------------------|------------------|
| REVENUE | 3 | 2,971,610 | 3,282,111 |
| Cost of sales | | <u>2,480,396</u> | <u>1,984,485</u> |
| GROSS PROFIT | | 491,214 | 1,297,626 |
| Administrative expenses | | <u>592,703</u> | <u>665,788</u> |
| OPERATING (LOSS)/PROFIT | | (101,489) | 631,838 |
| Interest receivable and similar income | 5 | <u>17,266</u> | <u>16,139</u> |
| | | (84,223) | 647,977 |
| Interest payable and similar expenses | 6 | <u>(66)</u> | <u>1,187</u> |
| (LOSS)/PROFIT BEFORE TAXATION | 7 | (84,157) | 646,790 |
| Tax on (loss)/profit | 8 | <u>126,237</u> | <u>48,991</u> |
| (LOSS)/PROFIT FOR THE FINANCIAL YEAR | | <u>(210,394)</u> | <u>597,799</u> |

PORTLAND HARBOUR AUTHORITY LIMITED (REGISTERED NUMBER: 03002686)

**OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018**

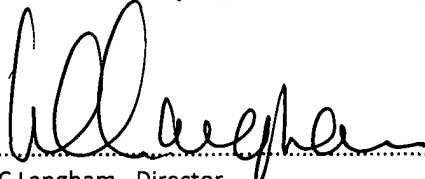
| | Notes | 2018 £ | 2017 £ |
|--|-------|-------------------------|-----------------------|
| (LOSS)/PROFIT FOR THE YEAR | | (210,394) | 597,799 |
| OTHER COMPREHENSIVE INCOME | | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u>(210,394)</u> | <u>597,799</u> |

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2018

| | Notes | 2018 £ | 2017 £ |
|--|-------|-------------------------|-------------------------|
| FIXED ASSETS | | | |
| Property, plant and equipment | 9 | 50,000 | 50,000 |
| Investments | 10 | 3 | 3 |
| | | <u>50,003</u> | <u>50,003</u> |
| CURRENT ASSETS | | | |
| Inventories | 11 | 40,601 | 64,458 |
| Debtors | 12 | 831,900 | 861,266 |
| Cash at bank - repair fund | | 1,719,699 | 1,710,000 |
| Cash at bank | | 1,516,771 | 1,859,877 |
| | | <u>4,108,971</u> | <u>4,495,601</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 13 | 953,584 | 1,127,115 |
| NET CURRENT ASSETS | | <u>3,155,387</u> | <u>3,368,486</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>3,205,390</u> | <u>3,418,489</u> |
| CREDITORS | | | |
| Amounts falling due after more than one year | 14 | 34,827 | 37,532 |
| NET ASSETS | | <u><u>3,170,563</u></u> | <u><u>3,380,957</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 18 | 497,778 | 497,778 |
| Capital redemption reserve | 19 | 22,222 | 22,222 |
| Retained earnings | 19 | 2,650,563 | 2,860,957 |
| SHAREHOLDERS' FUNDS | | <u><u>3,170,563</u></u> | <u><u>3,380,957</u></u> |

The financial statements were approved and authorised for issue by the Board of Directors on 2019/19 and were signed on its behalf by:


J C Langham - Director

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

| | Called up share capital £ | Retained earnings £ | Capital redemption reserve £ | Total equity £ |
|------------------------------------|------------------------------------|---------------------------|---------------------------------------|----------------------|
| Balance at 1 January 2017 | 497,778 | 2,263,158 | 22,222 | 2,783,158 |
| Changes in equity | | | | |
| Total comprehensive income | - | 597,799 | - | 597,799 |
| Balance at 31 December 2017 | <u>497,778</u> | <u>2,860,957</u> | <u>22,222</u> | <u>3,380,957</u> |
| Changes in equity | | | | |
| Total comprehensive income | - | (210,394) | - | (210,394) |
| Balance at 31 December 2018 | <u>497,778</u> | <u>2,650,563</u> | <u>22,222</u> | <u>3,170,563</u> |

The notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

1. GENERAL INFORMATION

Portland Harbour Authority Limited is a limited company incorporated in England and Wales. The address of the registered office is given in the company information on page one of these financial statements. The nature of the company's operations and principal activities are detailed in the report of the directors on page two.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

The company is a subsidiary of Langham Industries Limited. Consolidated financial statements of Langham Industries Limited can be obtained from:

Companies House
Crown Way
Cardiff
CF14 3UZ

Significant judgements and estimates

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods if the revision affects both current and future periods.

There are no significant accounting judgements or estimation uncertainties that, in the opinion of the directors, will have a material effect on the financial statements.

Revenue

Revenue represents sales at invoice value less trade discounts allowed and excluding value added tax. Revenue is recognised in the period in which services are performed.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES - continued

Property, plant and equipment

The company's only fixed asset consists of freehold property. In the opinion of the directors any depreciation charge would not be significant.

Inventories

Inventory is valued at the lower of cost and fair value less costs to complete and sell. Stocks are accounted for on a first-in-first-out basis.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company is a member of the Langham Industries Limited Pension Plan and the Langham Industries Group Personal Pension Plan.

The Langham Industries Limited Pension Plan was closed from 1 January 2004 and since that date contributions on behalf of members have been made into the Langham Industries Group Personal Pension Plan. In addition to this, the company has made contributions to the Langham Industries Limited Pension Plan in order to eliminate the deficit on that Plan. These contributions are charged to the income statement. Assets for both Plans are held in separate trustee administered funds.

The Langham Industries Limited Pension Plan provides benefits based on final pensionable pay. Contributions to the scheme are charged to the income statement so as to spread the cost of pensions over employees' working lives within the company. The underlying assets of the scheme are not specifically allocated to individual companies and therefore the company is unable to identify its share of the underlying assets of the scheme. There is no contractual agreement or stated policy for allocating the net defined benefit cost to the individual group entities. Accordingly, the net defined benefit cost for the plan as a whole is recognised in the individual financial statements of the parent company, Langham Industries Limited, as the entity that is legally responsible for the plan. The company therefore accounts for the scheme as a defined contribution scheme and contributions payable for the year are charged to the income statement. Full details of the scheme are included in the consolidated accounts of Langham Industries Limited.

The Langham Industries Group Personal Pension Plan is a money purchase scheme and contributions payable for the year are charged to the income statement.

The company is also a member of an industry wide defined benefit scheme. Further details are recorded in note 23.

Consolidated accounts

Consolidated accounts have not been prepared since the company is a subsidiary of Langham Industries Limited and is exempted from the requirement to prepare group accounts under Section 400 of the Companies Act 2006.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

2. ACCOUNTING POLICIES - continued

Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Basic financial liabilities, including trade and other creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

3. REVENUE

The revenue and profit before taxation are attributable to the one principal activity of the company.

The company's principal activity was carried on within the United Kingdom.

4. EMPLOYEES AND DIRECTORS

| | 2018 £ | 2017 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 1,095,346 | 1,065,904 |
| Social security costs | 95,081 | 96,026 |
| Other pension costs | 38,121 | 43,364 |
| | <u>1,228,548</u> | <u>1,205,294</u> |

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

| | 2018 | 2017 |
|----------------|-----------|-----------|
| Direct | 27 | 25 |
| Administration | 9 | 10 |
| Directors | 5 | 4 |
| | <u>41</u> | <u>39</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

4. EMPLOYEES AND DIRECTORS - continued

As stated in note 22, a group company operates a payroll facility and payroll costs as above have been recharged from that company.

Other pension costs include £Nil (2017 - £nil) paid into the Langham Industries Limited Pension Plan in order to eliminate the deficit on that Plan - further details are shown in note 23 to the financial statements.

| | 2018 | 2017 |
|--|--------------|--------------|
| | £ | £ |
| Directors' remuneration | 100,636 | 104,368 |
| Directors' pension contributions to money purchase schemes | <u>6,698</u> | <u>6,502</u> |

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

| | 2018 | 2017 |
|------------------------|----------|----------|
| | | |
| Money purchase schemes | <u>1</u> | <u>1</u> |

Retirement benefits are accruing to one director under a money purchase pension scheme.

No pension contributions are made by the company for the remaining directors.

In accordance with the pensions accounting policy, the above figure for Directors' pension contributions to money purchase schemes includes £Nil (2017 - £nil) payments to the Langham Industries Limited Pension Plan in order to eliminate the deficit on that Plan.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2018 | 2017 |
|--------------------------|---------------|---------------|
| | £ | £ |
| Bank interest receivable | <u>17,266</u> | <u>16,139</u> |

6. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2018 | 2017 |
|------------------------|-------------|--------------|
| | £ | £ |
| Other interest payable | <u>(66)</u> | <u>1,187</u> |

7. (LOSS)/PROFIT BEFORE TAXATION

The loss (2017 - profit) is stated after charging:

| | 2018 | 2017 |
|------------------------|---------------|---------------|
| | £ | £ |
| Auditors' remuneration | <u>13,155</u> | <u>12,773</u> |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

8. TAXATION

Analysis of the tax charge

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

| | 2018 £ | 2017 £ |
|--|----------------|---------------|
| Current tax: | | |
| Adjustment re previous year - group relief | 125,810 | 48,595 |
| Deferred tax | 427 | 396 |
| Tax on (loss)/profit | 126,237 | 48,991 |

Reconciliation of total tax charge included in profit and loss

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

| | 2018 £ | 2017 £ |
|--|----------------|---------------|
| (Loss)/profit before tax | (84,157) | 646,790 |
| (Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.250%) | (15,990) | 124,507 |
| Effects of: | | |
| Expenses not deductible for tax purposes | - | 3,345 |
| Effect of change in tax rate | - | 26 |
| Adjustment in respect of previous years | 125,810 | 48,595 |
| Group loss relief (claimed) / surrendered | 16,002 | (128,080) |
| Other | 415 | 598 |
| Total tax charge | 126,237 | 48,991 |

Losses of £84,000 (2017 - £nil) were surrendered for utilisation by other group companies.

9. PROPERTY, PLANT AND EQUIPMENT

| | Freehold property £ |
|---|---------------------------|
| COST | |
| At 1 January 2018 and 31 December 2018 | 50,000 |
| NET BOOK VALUE | |
| At 31 December 2018 | 50,000 |
| At 31 December 2017 | 50,000 |

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

10. FIXED ASSET INVESTMENTS

During the year the company held 2 ordinary shares of £1 each in Portland Pilotage Limited, a company registered in England and Wales, being 100% of the issued share capital. Portland Pilotage Limited did not trade during the year.

During the year the company held 80 ordinary shares of £1 each in Portland Towage Limited, a company registered in England and Wales, being 80% of the issued share capital which was acquired for a consideration of £1. Portland Towage Limited did not trade during the year.

11. INVENTORIES

| | 2018 | 2017 |
|-------------|---------------|---------------|
| | £ | £ |
| Consumables | <u>40,601</u> | <u>64,458</u> |

Inventories recognised as an expense in the period were £44,927 (2017 - £47,565).

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 | 2017 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Trade debtors | 576,492 | 447,338 |
| Other debtors and prepayments | 249,027 | 131,440 |
| Amounts owed by group undertakings | - | 275,680 |
| Deferred tax asset | | |
| Deferred pension payments | <u>6,381</u> | <u>6,808</u> |
| | <u>831,900</u> | <u>861,266</u> |

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2018 | 2017 |
|------------------------------------|----------------|------------------|
| | £ | £ |
| Trade creditors | 41,074 | 29,839 |
| Other creditors and accruals | 136,582 | 180,490 |
| Amounts owed to group undertakings | <u>775,928</u> | <u>916,786</u> |
| | <u>953,584</u> | <u>1,127,115</u> |

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

| | 2018 | 2017 |
|-----------------|---------------|---------------|
| | £ | £ |
| Other creditors | <u>34,827</u> | <u>37,532</u> |

Included within other creditors is £21,858 (2017 - £25,442) relating to pension obligations which is due in annual instalments after five years.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

15. LEASING AGREEMENTS
Operating leases - lessor

Total future minimum lease payments receivable under non-cancellable operating leases are as follows:

| | 2018 £ | 2017 £ |
|----------------------------|----------------|----------------|
| Within one year | 88,239 | 80,000 |
| Between one and five years | 264,717 | 260,000 |
| In more than five years | - | - |
| | <u>352,956</u> | <u>340,000</u> |

16. FINANCIAL INSTRUMENTS

The company has the following financial instruments:

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Financial assets that are debt instruments measured at amortised cost | | |
| Trade debtors | 576,492 | 447,338 |
| Other debtors | 249,027 | 131,440 |
| Amounts owed by group undertakings | - | 275,680 |
| Financial liabilities measured at amortised cost | | |
| Trade creditors | 41,074 | 29,839 |
| Other creditors | 136,582 | 180,490 |
| Amounts owed to group undertakings | 775,928 | 916,786 |

The total interest income and interest expense for financial assets and financial liabilities that are not measured at fair value through profit or loss was nil (2017 - £nil) and nil (2017 - £nil) respectively.

17. DEFERRED TAX

| | £ |
|------------------------------|----------------|
| Balance at 1 January 2018 | (6,808) |
| Transfer to income statement | 427 |
| Balance at 31 December 2018 | <u>(6,381)</u> |

A deferred tax asset has been recognised in respect of pension obligations to an industry wide pension plan as described in note 23.

The expected reversal of the deferred tax asset during the following period is not expected to be significant, based on the recovery plan contributions.

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018

18. CALLED UP SHARE CAPITAL

| Allotted, issued and fully paid: | | Nominal value: | 2018 | 2017 |
|----------------------------------|--------------|-------------------|----------------|----------------|
| Number: | Class: | | £ | £ |
| 432,534 | 'A' Ordinary | £1 | 432,534 | 432,534 |
| 65,244 | 'B' Ordinary | £1 | 65,244 | 65,244 |
| | | | <u>497,778</u> | <u>497,778</u> |

Each class of share capital holds equal voting rights.

19. RESERVES

| | Retained earnings £ | Capital redemption reserve £ | Totals £ |
|----------------------|---------------------------|---------------------------------------|------------------|
| At 1 January 2018 | 2,860,957 | 22,222 | 2,883,179 |
| Deficit for the year | (210,394) | | (210,394) |
| At 31 December 2018 | <u>2,650,563</u> | <u>22,222</u> | <u>2,672,785</u> |

20. ULTIMATE PARENT COMPANY

The ultimate parent company is Langham Industries Limited which is registered in England and Wales.

The ultimate controlling party of Langham Industries Limited is the Langham family.

21. CONTINGENT LIABILITIES

The purchase price of the former naval base is subject to further payments which are conditional on certain events occurring.

The company also has a possible obligation to contribute towards the costs of maintaining the breakwaters. It is not possible to quantify the potential costs that would be incurred, should the obligation arise.

22. RELATED PARTY DISCLOSURES

During the year Portland Harbour Authority Limited was charged £1,196,644 for plant hire (2017 - £830,461) and £117,593 (2017 - £132,906) for management levies by group companies.

One of the group companies operates a payroll facility for both itself and Portland Harbour Authority Limited. These costs are shown in note 4 to the accounts. Other sundry amounts are recharged as appropriate.

The total amount due to group companies at the year end was £775,928 (2017 - £641,106). All loans are repayable on demand.

During the year, one of the directors charged the company £25,167 (2017 - £7,250) in consultancy fees.

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 DECEMBER 2018**

23. PENSION SCHEMES

The company is a member of the Langham Industries Limited Pension Plan and the Langham Industries Group Personal Pension Plan.

The Langham Industries Limited Pension Plan is a defined benefit scheme and is separately funded and administered. Further details of the scheme can be found in the financial statements of Langham Industries Limited.

From 1 January 2004 all active members of the Langham Industries Limited Pension Plan and the Langham Pension Savings Scheme were transferred to a new money purchase scheme, the Langham Industries Group Personal Pension Plan. This is separately funded and administered and open to all employees.

The Pilots National Pension Fund is an industry-wide defined benefits scheme. The company's share of the pension deficit was assessed at 0.023% at 1 January 2013, and under the deficit recovery plan Portland Harbour Authority Limited is making payments towards the funding of the deficit over a 16 year period starting from January 2013.

As the directors do not regard the company's share of the pension liability to be material to the financial statements, the pension liability is accounted for as a defined contribution plan. The total liability that arises from the company's obligations to make contributions towards the funding of the deficit, adjusted for the time value of money and assuming a discount factor of 2.8%, is included within other creditors.

A deferred tax asset has been recognised in respect of the pension liability.