



Aberdeen Harbour

2007

Annual  
Report  
and  
Financial  
Statements

## A b e r d e e n   H a r b o u r   B o a r d

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Administration, maintenance and improvement of the harbour is entrusted to Aberdeen Harbour Board, an independent statutory body formed under the terms of the Aberdeen Harbour Order Confirmation Act 1960. Certain modifications to this constitution were embodied in the Aberdeen Harbour Order Confirmation Act 1987 and the Aberdeen Harbour Revision (Constitution) Order 2002.

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## **Aberdeen Harbour Board**

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Year to 31st December 2007

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### **Chairman**

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D R Paton OBE

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### **Vice-Chairman**

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K K A Allan

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### **Members**

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Councillor Y Allan

A D J Amooore

R W Byth MBE      Resigned 28/02/2007

M W Goodlad      Appointed 01/01/2007

C Parker

Captain J J Procter

E K Reilly

A Scott

Captain J R Shaw

B Turnbull      Appointed 01/01/2007

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### **Principal Officers**

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C Parker      Chief Executive

J G Clark      Finance Director

I Jessiman      Board Secretary

Captain J R Shaw      Operations Director & Harbour Master

E K Reilly      Engineering Director

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## Chairman's Statement

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Aberdeen Harbour experienced continued growth in business during 2007, with new record tonnages of vessels and cargo handled. Building on the previous year's highs, the total gross tonnage of vessels grew to over 24 million tonnes and cargoes reached 5.13 million tonnes.

This high level of activity closely reflected the buoyant local economy, driven mainly by a strong oil price and the continued commitment of oil and gas operators to invest further in the North Sea and beyond. An economic impact assessment, commissioned by the Board from Ove Arup, ascertained that activities at Aberdeen Harbour injected over £420 million into the local economy and helped to sustain around 11,000 full time equivalent jobs.

Annual turnover also climbed to a new high of £20.9 million and pre-tax profits held up well at £9.5 million. All profits were retained for reinvestment in the port.

Continued investment by the Board to create additional, modern fit-for-purpose facilities for users took place, with old buildings removed and more secure and safe areas created to handle a wide variety of cargoes. A major boost for the supply of much needed land was achieved by the Board's acquisition of a long-term lease of the Nord Centre, adjacent to Telford Dock. This additional area secures around 8.25 acres of strategically located land and associated buildings for a number of port-related companies to support their marine activities.

The Board also approved a £57 million five-year capital expenditure plan to ensure the Harbour remains in the lead for modern facilities, efficient operations and cost effectiveness. Included in this plan is a feasibility study for the redevelopment of the berths on the south side of the River Dee where the increasing size of oil support vessels now using the port means that the current berth configuration no longer meets users' needs. A wide ranging consultation process has been carried out and discussions commenced with all relevant regulatory bodies. If delivered, the new layout would provide deeper berths, with stronger quays and safer navigation within the River Dee. Offshore support vessels could be fully serviced at one berth during their visit, thus reducing vessel movements and improving efficiency, cost effectiveness and safety.

I am delighted to welcome Raymond Bisset and Stephane Mauduit to the Board and to express my appreciation to Jeremy Procter for his contribution at the conclusion of his five-year membership. It is with great sadness, however, that I report the untimely death of Bob Byth, one of the Board's long-standing members, during 2007. Always a valued contributor to Board meetings, Bob's ever sharp legal mind will be greatly missed.

A busy port means that all those involved are likewise very active, and I wish to acknowledge and praise the efforts of the Board's staff and the many port users who have contributed to another successful year.

D R Paton OBE  
Chairman  
March 2007

## **Report of the Board**

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The Board present their Report and the Audited Financial Statements for the year ended 31st December 2007.

### **Principal Activities**

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The principal activities of the Board are the operation and maintenance of the port facilities and the provision of services ancillary thereto.

### **Health, Safety and Environment**

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As part of the Board's strategic plan for health and safety in 2007 there was a focus on updating the administration of the Health and Safety Management System. Continuing to adopt best practice has been a key factor throughout the revitalisation of the Management System. Health and Safety Inspections that focus on workplace, docks and transit sheds were programmed for the year and carried out monthly with an Action Tracking Register adopted to monitor remedial requirements. Fire Safety Awareness Training was reviewed towards the end of 2007 with employees gaining greater awareness for fire safety and adoption of current legislation changes.

The Port Environmental Review System was inspected and recertified by the ECOports Foundation in March, making Aberdeen the first port in Scotland and only the fourth in Europe to achieve this status. Environmental research in partnership with the University of Aberdeen continues; and the most significant project to date, a three-year Knowledge Transfer Partnership, was completed in July. This project received an 'outstanding' grade and resulted in the creation of a full-time, permanent Environmental Advisor post at the harbour. The Board has also contributed to the production of an action plan to further improve habitat quality in the River Dee Special Area of Conservation, which was publicly launched in November.

### **Harbour Operations**

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This year saw cargo handled through the port exceed 5 million tonnes for the second successive year. The total tonnage of vessels entering the port increased to 24.02 million tonnes, the ninth successive year there has been an increase. The number of vessels entering the port was also slightly up on 2006.

Imports and exports of general cargo remained buoyant with the portfolio of trading countries expanding further. Pulp imports increased by almost 50% to 147,000 tonnes which included the biggest single import of 10,725 tonnes.

Activity in the Oil and Gas industry maintained the same high levels as in 2006 as the price of oil reached record levels.

In the fishing industry, the number of white fish landings continued to decline, falling from 6,280 tonnes in 2006 to 3,179 tonnes in 2007. However, shellfish landings saw an increase by almost one half from 1,332 tonnes in 2006 to 1,987 tonnes in 2007.

### **Harbour Developments**

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In 2007 work continued on the redevelopment of Point Law peninsula. At a cost of £2.40 million, over 16,000 square metres of land was cleared and surfaced with reinforced concrete to provide much needed back-up land for cargo handling at Albert Quay. The Board also agreed to proceed with the construction of a multi-user quayside warehouse at a cost of £1.8 million to support cargo handling operations within the Point Law area.

In addition to Point Law, work started on the surfacing and development of the Waterloo Freight Yard. When complete this yard will have two railway sidings operated by Omya for their chalk slurry and two common user sidings in addition to over 17,000 square metres of yard.

The building of the Board's second new pilot boat was commissioned in 2007 at a cost of over £800,000. The boat is due to be launched in the spring of 2008.

## Harbour Developments (cont'd)

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The Board's commitment to providing facilities for customers was demonstrated by the £313,000 quayside office leased to Team Marine on Mearns Quay.

Other maintenance work started or completed last year included the resurfacing to Pocra Quay Roadway and further quay repair and corrosion prevention to Regent Quay East and West.

## Finance

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### Financial Results

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Turnover for the year amounted to £20.91 million, an increase of 4.1% compared with 2006. The profit for the year before taxation was £9.49 million compared with £9.03 million in 2006. The increase in profit is mainly due to increased traffic and rental income.

The profit for the year after taxation amounted to £6.60 million. All profits are retained for utilisation in the undertaking.

There has been only a 17% increase in main charges since 1983 compared to 153% for inflation in the same 25 year period.

### Market Value of Land and Buildings

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The Board estimate that the market value for land and buildings is in excess of the value shown in the balance sheet but, in accordance with accounting policy, such assets are not revalued.

## Payment of Accounts

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It is the policy of the Board to pay all verified accounts within agreed settlement terms.

I Jessiman  
Board Secretary  
31st March 2008.

## Statement of Responsibilities of the Board

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Law requires the Board to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the Board and of the profit or loss of the Board for that period.

In preparing those Financial Statements, the Board are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Board will continue in business

Financial Statements comply with the Harbours Act 1964 as amended by the Transport Act 1981. The Board are also responsible for safeguarding the port's assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board have taken all reasonable steps to ensure that the Board's auditors have received all the relevant information required to carry out the audit.

## Profit and Loss Account

for the year ended 31st December 2007

	Notes	2007 £000	2006 £000
<b>Turnover</b>	2	20,912	20,095
Cost of Services	3	(10,041)	(9,112)
<b>Gross Profit</b>		10,871	10,983
Administrative Expenses		(4,081)	(4,309)
<b>Operating Profit</b>		6,790	6,674
Interest Receivable and Similar Income	4	2,916	2,717
<b>Profit before Interest Payable</b>		9,706	9,391
Interest Payable	5	(215)	(363)
<b>Profit on ordinary activities before taxation</b>	6	9,491	9,028
Tax on profit on ordinary activities	9	(2,892)	(3,165)
<b>Retained Profit for year</b>		6,599	5,863

## Statement of Total Recognised Gains and Losses

for the year ended 31st December 2007

Retained Profit for year		6,599	5,863
Unrealised Gain on Investments		2,848	552
Deferred Tax associated with above Gain		(455)	-
Actuarial Gains/(Losses) relating to Pension Asset and Pension Liability	21(a)	4,399	2,397
Deferred Tax associated with Actuarial Gains/(Losses) relating to Pension Asset and Pension Liability		(1,318)	(719)
<b>Total Recognised Gains and Losses for year</b>		12,073	8,093

All amounts relate to continuing activities.

The notes on pages 9 to 17 form part of these Financial Statements.

## Balance Sheet

as at 31st December 2007

	Notes	2007 £000	2006 £000
<b>Fixed Assets</b>			
Tangible assets	10	69,542	55,444
Investments	11	25,173	24,367
		94,715	79,811
<b>Current Assets</b>			
Stocks		56	54
Debtors	13	4,157	4,019
Short Term Deposits		9,598	19,516
Cash at bank and in hand		153	213
		13,964	23,802
<b>Current Liabilities</b>			
<b>Creditors:</b> Amounts falling due within one year	14	(3,459)	(4,130)
<b>Net Current Assets</b>		10,505	19,672
<b>Total Assets less Current Liabilities</b>		105,220	99,483
<b>Creditors:</b> Amounts falling due after more than one year	15	(1,350)	(5,000)
<b>Provision for Liabilities</b>			
Deferred taxation	16	(1,713)	(1,037)
<b>Accruals and Deferred Income</b>			
Capital Investment Grants	17	(97)	(106)
<b>Net Assets excluding pension asset</b>		102,060	93,340
Pension Asset	21(b)	7,930	4,577
<b>Net Assets</b>		109,990	97,917
<b>Capital and Reserves</b>			
Revenue Reserves	18	107,104	97,365
Revaluation Reserve	18	2,886	552
		109,990	97,917

The notes on pages 9 to 17 form part of these Financial Statements.

The Financial Statements were approved by the Board on 31st March 2008.

D R Paton OBE      Chairman  
C Parker            Chief Executive

## Cash Flow Statement

for the year ended 31st December 2007

	Notes	2007 £000	2006 £000
<b>Net cash inflow from operating activities</b>	19(a)	11,332	12,264
<b>Return on Investments and Servicing of Finance</b>			
Interest and Dividends received		1,730	1,294
Interest paid		(261)	(361)
		1,469	933
<b>Taxation</b>		(3,288)	(2,443)
<b>Capital Expenditure</b>			
Payments to acquire tangible fixed assets		(18,225)	(5,100)
Receipts from sales of tangible fixed assets		6	9
Purchase of investments		(672)	(23,815)
Receipts from investments		3,000	24,297
		(15,891)	(4,609)
<b>Management of Liquid Resources</b>			
Short term deposits		9,918	(4,315)
<b>Financing</b>			
Loan paid		(3,600)	(1,750)
(Decrease)/Increase in cash		(60)	80
<b>Reconciliation of net cash flow to movement in net funds</b>			
	19(b)		
Movement in cash in the period		(60)	80
Movement in liquid resources		(9,918)	4,315
Movement in Investments		806	495
Movement in loan debt		3,600	1,750
<b>Change in net funds</b>		(5,572)	6,640
<b>Net funds at 1st January</b>		38,846	32,206
<b>Net funds at 31st December</b>		33,274	38,846

The notes on pages 9 to 17 form part of these Financial Statements.

## Notes to the Financial Statements

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for the year ended 31st December 2007

### 1. Accounting Policies

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of investments and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:-

#### Tangible Fixed Assets

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Tangible fixed assets are initially stated at cost.

#### Depreciation

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Depreciation is calculated on a straight line basis on the asset costs using asset lives consistent with past practice, subject to a maximum useful life of 40 years. Plant is depreciated on the basis of an economic life of 3 to 20 years depending on the nature of the asset. Buildings are depreciated over periods of between 20 and 40 years. Land is not depreciated.

#### Capital Investment Grants

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Capital investment grants are credited to Profit and Loss account over the expected useful lives of the relevant fixed assets.

#### Deferred Taxation

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Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### Stocks

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Stocks are valued at the lower of invoice cost on an average cost basis and estimated net realisable value. Provision is made for obsolescence.

#### Turnover

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Revenue is measured at the fair value of the consideration received or receivable in respect of services provided in the normal course of business stated net of Value Added Tax. Rents receivable are recognised on a straight line basis over the lease term.

#### Investments

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Investments held as fixed assets are stated at market value.

#### Financial Instruments

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Financial instruments are classified and accounted for, according to the substance of the contractual arrangement as either financial assets or financial liabilities.

#### Leasing Commitments

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

#### Retirement Benefits

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The Board operates a defined benefits pension scheme. In accordance with FRS17, the service cost of pension provision relating to the year, together with the cost of any benefits relating to past service, is charged to operating profit. A charge equal to interest on the scheme liabilities and a credit equivalent to the long term expected return on assets are included in the profit and loss account under 'Interest Receivable and Similar Income'. The difference between the market value of the assets of the scheme and the present value of the accrued pension liabilities is shown as an asset or liability on the balance sheet net of deferred tax. Any difference between the expected return on the assets and that actually achieved is recognised in the statement of total recognised gains and losses along with differences which arise from other experience or assumption changes.

**Notes to the Financial Statements** (continued)

	Notes	2007 £000	2006 £000
<b>2. Turnover</b>			
Revenue from Harbour Activities			
Dues: On Ships		7,567	7,497
On Goods		6,302	6,463
On Passengers		95	100
		13,964	14,060
Crannage and Metage		295	297
Storage		190	241
Rent		4,731	3,973
Revenue from Associated Activities:			
Pilotage		1,598	1,445
Other Revenue		134	79
		20,912	20,095
<b>3. Cost of Services</b>			
Operating and Maintenance		4,925	3,966
Dredging		299	234
Major Maintenance		519	1,228
Depreciation (Net of Grants)		3,811	3,690
Loss/(Gain) on Disposal of Fixed Assets		487	(6)
		10,041	9,112
<b>4. Interest Receivable and Similar Income</b>			
Interest Receivable on Short Term Deposits (gross)		865	790
Interest Receivable on Bonds (gross)		-	60
Interest Receivable on tax overpaid		-	9
Gain on Sale of Investments		286	425
(Loss)/Gain on Foreign Exchange transactions		-	(14)
Dividends Receivable (net)		717	660
		1,868	1,930
Return on Pension Scheme Assets	21(c)	2,782	2,405
Interest on Pension Scheme Liabilities	21(d)	(1,734)	(1,618)
		2,916	2,717
<b>5. Interest Payable</b>			
On bank loans, overdrafts and other loans:			
Repayable after more than 5 years		211	363
Interest Paid on tax underpaid		4	-
		215	363
<b>6. Profit on Ordinary Activities</b>			
Stated after accounting for the following:			
Direct Costs of Pilotage		1,178	963
Hire of Plant and Machinery		23	25
Hire of Other Assets - Operating Lease		132	118
Major Maintenance			
Quay refurbishment		-	341
Low water corrosion repairs		488	304
Refurbishment of Offices at 14 Regent Quay		31	583
Auditors' Remuneration		17	17
Depreciation		3,890	3,753
Capital Investment Grants		(9)	(9)
Loss/(Gain) on Disposal of Fixed Assets		487	(6)

## Notes to the Financial Statements (continued)

	Notes	2007 £000	2006 £000
<b>7. Employees</b>			
Staff costs during the year were:			
Wages and salaries		3,991	3,826
Social Security Costs		338	329
Pension Costs	21(e)	1,226	1,115
		5,555	5,270

The average number of persons employed during the year was:	Number	Number
Executive Board Member	3	3
Administrative and Managerial	40	39
Operating and Maintenance	71	73
	114	115

<b>8. Board Members</b>	<b>£000</b>	<b>£000</b>
The aggregate of emoluments paid to Board members was (including Executive Board Members):	374	375
Emoluments of the highest paid Board Member	117	100

Three members are accruing retirement benefits under the Board's defined benefit pension scheme. (2006 Three)  
Amount accrued in respect of the highest paid Board Member at 31/12/2007 was £67,237.

<b>9. Taxation</b>		
Corporation Tax at 30% Based on the profits for the year	2,553	2,650
Under/(Over) provision in respect of prior years	1	-
	2,554	2,650
Deferred Taxation		
Accelerated capital allowances	221	480
Other timing differences	117	35
	338	515
	2,892	3,165

### Factors affecting Tax charge for period

Profit on ordinary activities before tax	9,491	9,028
Profit on ordinary activities multiplied by standard rate of corporation tax of 30%	2,847	2,708
<i>Effects of:</i>		
Items not deductible for tax purposes	16	17
Timing differences	(117)	(35)
Capital allowances for period in excess of depreciation	70	153
Differences on sale of investments	(48)	5
Dividends already taxed	(215)	(198)
Prior year adjustment	1	-
Current tax charge for period	2,554	2,650

## Notes to the Financial Statements (continued)

### 10. Fixed Assets - Tangible Assets

	Freehold land and buildings £000	Dredging £000	Dock Structures Roads & Permanent Way £000	Floating Craft £000	Plant and Equip- ment £000	Capital Works in Progress £000	Total £000
<b>At Cost</b>							
At 31 December 2006	40,671	2,668	51,452	925	10,340	520	106,576
Additions	13,800		54		101	4,526	18,481
Disposals	(1,865)				(62)		(1,927)
Transfers	371		2,350			(2,721)	-
At 31 December 2007	52,977	2,668	53,856	925	10,379	2,325	123,130
<b>Depreciation</b>							
At 31 December 2006	12,322	1,745	30,344	369	6,352	-	51,132
Provided during year	2,560	28	790	46	466		3,890
Disposals	(1,372)				(62)		(1,434)
At 31 December 2007	13,510	1,773	31,134	415	6,756	-	53,588
<b>Net Book Value</b>							
At 31 December 2007	39,467	895	22,722	510	3,623	2,325	69,542
At 31 December 2006	28,349	923	21,108	556	3,988	520	55,444

Land, which is not depreciated, included in Freehold Land and Buildings above amounts to £5,425,883 (2006 - £5,114,893). Assets are shown at their original cost to the Board where known, and in other cases at an estimated cost as at the date of acquisition.

### 11.(a) Fixed Assets - Listed Investments

	UK Unit Trusts £000
<b>At Market Value</b>	
At 31 December 2006	24,367
Additions	672
Revaluation	2,848
Disposals	(2,714)
At 31 December 2007	25,173
<b>At Cost</b>	
At 31 December 2007	21,833
At 31 December 2006	23,815

## Notes to the Financial Statements (continued)

	2007 £000	2006 £000
<b>11.(b) Fixed Assets - Unlisted Investments</b>		
<p>Aberdeen Harbour Board own 100% of the issued share capital of Aberdeen Harbour Limited, a company incorporated in Scotland. Aberdeen Harbour Limited is engaged in the business of renting out property.</p> <p>The results of Aberdeen Harbour Limited are not material and therefore group accounts have not been prepared.</p> <p>At 31st December 2007, Aberdeen Harbour Limited owed Aberdeen Harbour Board £115,000 (2006 - £Nil).</p>		
<b>12.(a) Capital and Major Maintenance Commitments</b>		
Capital and major maintenance expenditure which has been contracted for but has not been provided for in the accounts	2,684	2,128
<b>12.(b) Commitments Under Operating Leases</b>		
<p>As at 31st December 2007, the Board had annual commitments under non-cancellable operating leases of £260,757 in respect of Land and Buildings (2006 - £118,000). The expiry period is after five years.</p>		
<b>13. Current Assets - Debtors</b>		
Amounts falling due within one year:		
Trade debtors	3,523	3,202
Other debtors	472	598
Prepayments	162	219
	4,157	4,019
<b>14. Creditors</b>		
Amounts falling due within one year:		
Current instalments due on loan	300	250
Rent payments received on account	803	952
Trade creditors	286	311
Corporation Tax	1,354	2,088
Other taxation and social security payable	116	140
Other creditors	122	89
Accruals	478	300
	3,459	4,130

## Notes to the Financial Statements (continued)

	2007 £000	2006 £000
<b>15. Creditors</b>		
Amounts falling due after more than one year		
Loan		
Repayable by instalments		
Clydesdale Bank plc	1,650	5,250
Amount due within 1 year included in Current Liabilities	(300)	(250)
	1,350	5,000
Amount due in 1-2 years	300	250
Amount due in 2-5 years	900	900
Amount due in over 5 years	150	3,850
	1,350	5,000

The Bank holds a standard security over the property for which the loan was executed.  
Interest is paid on the loan at rate of Base Rate plus 0.75%.

### 16. Deferred Taxation

The total Potential Liability has been fully provided for in the accounts and is made up as follows:

Accelerated Capital Allowances	1,258	1,037
Unrealised Gain on Investments	455	-
	1,713	1,037
Provision at the start of period	1,037	1,895
Charge in profit and loss account (note 9)	221	480
Charge in statement of total recognised gains and losses	455	-
Transfer to revenue reserve on sale of investments	-	(1,338)
At 31st December	1,713	1,037

The provision for deferred taxation has been increased by £120,000 due to the change in legislation in respect of Industrial Buildings Allowances.

### 17. Capital Investment Grants

At 1st January	106	115
Transferred to Profit and Loss Account	(9)	(9)
At 31st December	97	106

**Notes to the Financial Statements** (continued)

<b>18. Capital and Reserves</b>	<b>Revenue £000</b>	<b>Revaluation £000</b>
At 31st December 2006	97,365	552
Profit for year	6,599	
Transfer on Realisation of Investments (net)	59	(59)
Increase in Valuation of Investments		2,848
Deferred Tax on Increase in Valuation of Investments		(455)
Actuarial Gains/(Losses) relating to Pension Asset and Pension Liability net of Deferred Tax	3,081	
At 31st December 2007	107,104	2,886

<b>19. Notes to the Cash Flow Statement</b>	<b>2007 £000</b>	<b>2006 £000</b>
<b>(a) Reconciliation of operating profit to net cash inflow from operating activities</b>		
Operating profit	6,790	6,674
Depreciation (net of grants)	3,881	3,744
Loss/(Gain) on disposal of assets	487	(6)
Difference between pension charge and contributions paid	658	669
Movement in stocks	(2)	(5)
Movement in debtors	(286)	871
Movement in creditors	(196)	317
	11,332	12,264

<b>(b) Analysis of changes in net funds</b>	<b>At 1.1.2007 £000</b>	<b>Cash Flows £000</b>	<b>Non-cash changes £000</b>	<b>At 31.12.2007 £000</b>
Investments	24,367	806	-	25,173
Cash at bank and in hand	213	(60)	-	153
Short term deposits	19,516	(9,918)	-	9,598
	44,096	(9,172)	-	34,924
Debt due within one year	(250)	3,600	(3,650)	(300)
Debt due after one year	(5,000)	-	3,650	(1,350)
	(5,250)	3,600	-	(1,650)
	38,846	(5,572)	-	33,274

## Notes to the Financial Statements (continued)

### 20. Pension Schemes

The Board operates a pension scheme providing benefits based on final pensionable pay. The assets of the Scheme are held separately from those of the Board, being invested with Fund Managers. Contributions to the Scheme are charged to the Profit and Loss Account so as to spread the cost of pensions over employees' working lives with the Board. The contributions are determined by a qualified actuary on the basis of valuations carried out at least triennially. The most recent valuation was at 31st March 2005. The 2005 valuation showed that the market value of the Scheme's assets was £32.5 million and that the actuarial value of those assets represented 119% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the Board and employees in 2007 were 13.1% (2006 13.1%) and 5% of earnings respectively, including contributions in respect of Death in Service. Amounts, based on the average working lives of employees, have been charged to the Profit and Loss Account in respect of adjustments to the Scheme's surplus in variation of Funding Plan requirements.

Five of the Board's current employees are members of the Pilots' National Pension Fund. The most recent valuation of the Fund was carried out at 31st December 2004. This valuation showed that the assets of the Fund totalled £339 million which represented 76% of the benefits accruing to members after allowing for future increases. The Fund's actuary has calculated that as at 31st December 2005, the Fund had a deficit of £107 million.

The PNPf is unusual in that the membership of the Fund includes both employed and self employed members. The Fund rules do not clarify how past service deficits are to be dealt with. The Board has sought the Opinion of Senior Counsel on its potential liabilities to the PNPf. Counsel has stated that in his opinion the Board would only be responsible for that part of the deficit properly attributable to its current and former employees and their widows.

At this stage there is insufficient information available to allow the Board to determine its share of any PNPf deficit and therefore, in accordance with FRS 17, transactions with the PNPf are accounted for as if the Fund were a defined contribution scheme. During the year employer contributions paid to the PNPf amounted to £123,000 (2006 £33,000). These have been included in Cost of Services in the Profit and Loss Account.

### 21. Pension Disclosures - FRS 17

#### Pension cost note

#### Composition of the scheme

The actuarial valuation carried out at 31/03/2005 was updated to 31/12/2007 by a qualified independent actuary. The major assumptions used by the actuary were (in nominal terms):

	Notes	At 31/12/2007		At 31/12/2006		At 31/12/2005	
		£000	%	£000	%	£000	%
Rate of increase in salaries and wages			5.40		5.00		4.80
Rate of increase of pensions in payment			3.40		3.00		3.00
Rate of increase of pensions in deferment			4.10		3.80		3.66
Discount rate			5.80		5.10		4.80
Inflation assumption			3.40		3.00		2.80
The assets in the scheme and the expected rate of return were:							
Equities		35,178	7.50	31,759	7.50	29,455	7.00
Bonds		9,256	4.80	8,325	4.80	7,625	4.40
Cash		785	5.25	392	4.75	635	4.25
Total market value of assets		45,219		40,476		37,715	
Actuarial value of liability		(33,891)		(33,937)		(33,691)	
Recoverable surplus in the scheme	21(f)	11,328		6,539		4,024	
Deferred tax @ 30%		(3,398)		(1,962)		(1,208)	
Net pension asset	21(b)	7,930		4,577		2,816	

The actuarial valuation at 31st December 2007 showed a surplus of £11.328 million. The surplus at the beginning of the year was £6.539 million. There were no improvements in benefits made in 2007 and employer contributions were £0.445m (13.1% of pensionable pay).

Notes to the Financial Statements (continued)

21. Pension Disclosures - FRS 17 (contd.)

Analysis of notional amount chargeable to operating profit

	Notes	Year to 31/12/2007 £000	Year to 31/12/2006 £000
Service cost	21(e)	1,103	1,082
Past service cost			
Total operating cost		1,103	1,082

Analysis of notional net return on pension scheme

Expected return on pension scheme assets	21(c)	2,782	2,405
Interest on pension liabilities	21(d)	(1,734)	(1,618)
		1,048	787

Analysis of notional amount recognised in the statement of total recognised gains and losses (STRGL)

Actual return less expected return on assets		2,478	973
Experience gains and losses on liabilities		(4)	(35)
Changes in assumptions		1,925	1,459
Actuarial gain/(loss) recognised in STRGL	21(a)	4,399	2,397
Adjustment due to surplus cap		-	-
Net gain/(loss) recognised		4,399	2,397

Notional movement in surplus during the year

Surplus in the scheme at the beginning of the year		6,539	4,024
Movement in the year:			
Current service cost		(1,103)	(1,082)
Contributions		445	413
Past service costs		-	-
Net return on assets/(interest cost)		1,048	787
Actuarial gain/(loss)		4,399	2,397
Surplus in the scheme at the end of the year	21(f)	11,328	6,539

History of experience gains and losses

	2007	2006	2005	Financial year ending in	
				2004	2003
Difference between expected and actual return on scheme assets:					
Amount (£000s)	2,478	973	4,262	1,686	2,904
Percentage of scheme assets	5%	2%	11%	5%	10%
Experience gains and losses on scheme liabilities:					
Amount (£000s)	(4)	(35)	442	(444)	85
Percentage of scheme liabilities	0%	0%	1%	-2%	0%
Total amount recognised in the statement of total recognised gains and losses:					
Amount (£000s)	4,399	2,397	1,750	(685)	1,719
Percentage of scheme liabilities	13%	7%	5%	-2%	7%

## **Independent Auditors' Report to the members of Aberdeen Harbour Board**

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We have audited the Financial Statements of Aberdeen Harbour Board for the year ended 31st December 2007, which comprise the Profit and Loss Account, Statement of Total recognised Gains and Losses, Balance Sheet, Cash Flow Statement and the related Notes. These Financial Statements have been prepared under the historical cost convention as modified by the revaluation of investments and the Accounting Policies set out therein.

This report is made solely to the members of Aberdeen Harbour Board. Our audit work has been undertaken so that we might state to the members those matters we are required to state to them in our Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board for our audit work for this report, or for the opinions we have formed.

### Respective responsibilities of the Board and Auditors

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As described in the Statement of Responsibilities of the Board, the Board are responsible for the preparation of Financial Statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Policies).

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial Statements give a true and fair view and are properly prepared in accordance with the Harbours Act 1964 as amended by the Transport Act 1981. We also report to you if, in our opinion, the Report of the Board is not consistent with the Financial Statements, if the Board have not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding Board Members' remuneration and transactions with the Board is not disclosed.

We read the Report of the Board and consider the implications for our report if we become aware of any apparent misstatement in it.

### Basis of Opinion

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We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the Financial Statements and of whether the accounting policies are appropriate to the Board's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

### Opinion

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In our opinion:-

the Financial Statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Board's affairs as at 31st December 2007 and of its profit for the year ended :

the Financial Statements have been properly prepared in accordance with the Harbours Act 1964 as amended by the Transport Act 1981: and

the information given in the Report of the Board is consistent with the Financial Statements for year ended 31 December 2007.

BOWER + SMITH, C.A.  
Registered Auditors and Chartered Accountants  
6 Rubislaw Place, ABERDEEN  
31st March 2008.

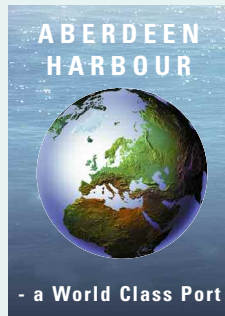
## Shipping and Traffic Statistics

	2007	2006	2005	2004	2003
<b>Shipping Statistics</b>					
<b>Number of Vessels</b>					
European Union	1,610	1,573	1,560	1,562	1,529
Foreign (excl.EU)	220	246	188	191	215
Offshore Oil	5,687	5,677	5,248	5,002	4,343
White Fishing	327	514	915	1,109	1,114
Fishing - Other	631	417	414	463	247
Cruise	6	6	10	7	8
	8,481	8,433	8,335	8,334	7,456
<b>Tonnage of Vessels (Thousand Gross Tonnes)</b>					
European Union	7,325	7,240	7,249	7,192	7,170
Foreign (excl.EU)	996	1,082	899	765	819
Offshore Oil	15,578	15,000	13,297	12,888	10,764
White Fishing	39	78	129	148	180
Fishing - Other	66	38	39	44	10
Cruise	18	22	44	29	32
	24,022	23,460	21,657	21,066	18,975
<b>Traffic Statistics (Thousand Tonnes)</b>					
<b>Goods Inwards</b>					
Commercial Traffic	1,880	1,882	1,790	1,739	1,456
Offshore Oil Traffic	566	593	550	521	438
Fishing	13	16	23	22	15
	2,459	2,491	2,363	2,282	1,909
<b>Goods Outwards</b>					
Commercial Traffic	587	540	521	463	554
Offshore Oil Traffic	2,084	2,081	1,966	1,815	1,355
	2,671	2,621	2,487	2,278	1,909
<b>Total Goods Inwards and Outwards</b>	5,130	5,112	4,851	4,560	3,818
<b>Number of Passengers</b>	137,330	141,154	140,952	132,340	110,949

## NOTES

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