Port of Inverness
Annual Report 2016

www.portofinverness.co.uk

Our Vision

Is for the Port to be a progressive, vibrant driver of growth for Inverness and the Highlands and to be recognised as such by the community and by industry.

- Harbour at Inverness for over 2,000 years
- One of Scotland's most sheltered deep water harbours
- £1.5 million turnover
- £219,000 surplus
- Main cargoes – wood, grain, oil, salt
- 646,000 tonnes handled
- Renewables expertise

Chairman’s Foreword

I am delighted to welcome you to this year’s Annual Report which demonstrates a prosperous year for the Port of Inverness.

We have enjoyed a busy year and a very strong trading performance with both imports and exports through the Port up significantly on last year.

There has been a harbour at Inverness for over 2000 years. The Port itself is one of the oldest businesses in Inverness, dating back over 800 years and we take our role as its Trustees very seriously. We continue to adhere to Scottish Government Guidelines on Trust Port Governance. There have been no changes to the Board during the period of this report and the steady guidance provided by our members is reflected in the excellent results reported here.

During a busy year, the hard work and commitment of our team of staff is vital and they have delivered their usual sterling performance and provided top class service to port users.

Angus Mackenzie
Chairman, Port of Inverness

Chief Executive’s Statement

“2015/2016 showed signs of an improvement in the economic outlook.”

I am delighted to report a strong set of results for the year ending 31st March 2016. Although it is difficult to undertake an exact comparison with the previously reported figures as they covered an 18 month period, our analysis suggests that turnover of £1.5m was ahead of last year. Most importantly, this year’s return of 14.5% was well ahead of that for the previous 18 month period, which underlines the excellent trading performance.

Operating costs on a like for like basis were similar to the previous 12 month period and both current and long term liabilities reduced over the year.

Our involvement with the renewables industry continues to grow and we were very busy with 20 and 23 turbines passing through the Port for the Moy and Corriegarth Wind Farms respectively. We also have on long term storage 99 blades for the Dunmaglass Wind Farm, which are highly visible to traffic crossing the Kessock Bridge. The tower sections are scheduled to arrive later.

Throughout the year the level of enquiries from both existing and prospective port users increased and we continue to seek out new opportunities across all sectors. This increase in activity underlined the improving economic situation and we also benefited from having no exposure to the downturn in the Oil and Gas sectors.

We continue to improve the Port facilities wherever possible and work closely with existing port users to support their business growth plans. This holistic approach was

underlined as we extended a transit shed to accommodate expansion.

As part of our Trust Port status, we actively engage with stakeholders and the wider business community throughout the Highlands to promote the facilities on offer at the Port.

The Port owns a 50% stake in Inverness Marina which continues to trade above expectations and has had another very busy and exciting year, attracting yachtsmen from all over the world.

Harbour Gait is the name given to the land held under our ownership out to and beyond the Kessock Bridge where there is the opportunity to create a first class waterfront development as the gateway to Inverness. As a result of the improving economic situation and at an early stage, we have been in discussions with Highland Council and other stakeholders to move these plans forward.

Sinclair Browne
Chief Executive, Port of Inverness

Harbour Master's Report

"The Port enjoyed a very busy year with both imports and exports significantly up on last year.."

A total 662,131 tonnes were handled through the Port, almost 100,000 tonnes more than last year - an 18% rise in cargoes overall.

Imports accounted for 476,173 tonnes, a 19% rise on last year while 169,439 tonnes of exports represented a rise of 14% on last year.

There was a sharp increase in the import of heavy fuel oil, salt, wind turbine equipment and logs. Light fuel oil imports remain steady. Timber for the building trades was up 20% while tonnages for carbon blocks and animal feed are only slightly down on last year.

A welcome project cargo to the Port was the importing through Inverness of 20,000 tonnes of concrete culverts, to be used in the construction of the Aberdeen bypass road.

On the export side, tonnages of grain and wood pellets both more than doubled. Exports of logs were up almost 60%.

The export of wood pellets is now firmly established with our recent expansion of No.3 transit shed a significant factor in allowing the increase in the tonnages passing through the Port.

Sterling board tonnages continue to decline slightly, however the planned expansion of the Norbord factory should see a marked reversal of this.

In June we appointed a new Deputy Harbour Master. Gordon Mackenzie was previously Harbour Master at Scrabster and we welcome him to our team.

The exceptionally high river flow in spring 2015 caused the partial infilling of the tanker berth dredged pocket. Wyre Marine attended and plough dredged the area allowing tanker imports to continue without interruption. The bulk dredging of the river will be carried out during the summer of 2016.

The works to conclude the River Ness Flood Prevention scheme ran on into early 2016. The installation of the scheme is now complete.

Routine low water inspections of the Port's infrastructure continue to be carried out. Sheet piling thicknesses of the main Longman quay have also been carried out by Stork. These allow for the scheduling of installation of cathodic protection measures in the future.

All navigation lights owned and in use by the Port are termed Category 2 Aids to Navigation (AtoN). These must meet "availability criteria for operation" as set down by the Northern Lighthouse Board. They must be functioning for at least 99% of the year. Our actual availability was greater than requirement.

The Port's two pilot vessels, PV Ardgowan & PV Carnarc both continue to give excellent service with PV Ardgowan undergoing an extensive overhaul ashore this year.

We continue to meet our statutory obligations under the International Ship & Port Facility Security Code (ISPS), the Oil Spill (OPRC) Regulations, the Port Waste Management Regulations and most importantly the Port Marine Safety Code (PMSC). A full live trial of our ISPS system was held during the year. All was found to be satisfactory. An audit of our PMSC procedures was also completed satisfactorily.

On the environmental side we continue to engage with the MF (SAC) Management Group and the Dolphin Space Programme. There is presently an onerous Scottish Government proposal for the implementation of a Special Protection Area (SPA) for bird species around the Moray Firth, which would include all of our Harbour waters. The Port is fully engaged with Marine Scotland and the environmental bodies to minimise any operational constraints caused by this issue.

Various stakeholder engagements have been held throughout the year, including talks to professional organisations and school visits.

Captain Ken Maclean
Harbour Master, Port of Inverness


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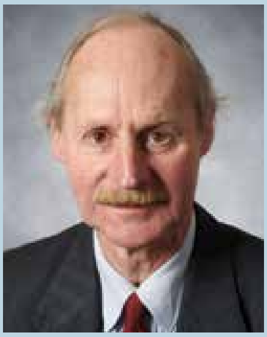
The Board

April 2015 – March 2016



Angus Mackenzie

Chairman

A chartered accountant, Angus worked in the Highlands & Islands for Ernst & Young for 19 years, 15 of which were as a partner. Since then he has held various directorships, including board membership of Highlands & Islands Enterprise from 2003 to 2011, and in his own family start-up company which was sold in 2009. Appointed to the chair in 2014, Angus has been a trustee since 2010.

Chris Fraser

Vice Chairman

A retired chartered surveyor, Chris worked for 33 years in the valuation office agency of the Inland Revenue. He currently sits on committees of the Law Society of Scotland including Council and Board. Chris has been a trustee since 2009 and vice chairman from 2014.

Susan Clark

Susan was brought up in a family business environment and on graduating spent over 20 years in a variety of senior management roles across the rail, water and construction sectors. Susan now runs her own consultancy business which specialises in renewables, community projects and assisting small businesses setting up business processes and reviewing governance. Susan is also a trustee of Scottish Autism, a business advisor for Young Enterprise and is heavily involved in voluntary activities in her local community.

Brian Sherret

Since 2001 Brian has been part of the team developing Grampian Highland Resources Limited (GHRL), one of Scotland's leading interim management and business support providers. Brian's key interests lie in service innovation and business development. Prior to that Brian spent 21 years in the shipping and logistics industry, particularly in support of the oil and gas sector.

Russell Thomson

Following 10 years' service as a deck officer in the Merchant Navy, Russell moved ashore to the Isle of Skye in 1989 to take up the position of port manager with Caledonian MacBrayne on the Kyle-Kyleakin service. When that route closed, he became Skye Bridge manager and then moved to Inverness in 2004 to be waterway manager for the Caledonian Canal. Russell was recently appointed head of customer operations for Scottish Canals and, whilst this is a Scotland wide role, he remains based in Inverness.

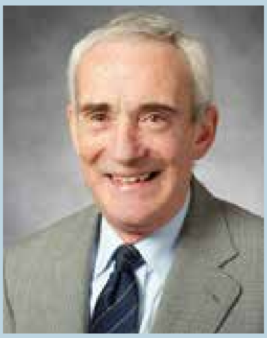
Sinclair Browne

Chief Executive

Sinclair Browne was appointed chief executive of Inverness Harbour Trust in July 2011 and is a qualified chartered surveyor. He has over 30 years' experience in the commercial property market where he was involved in a number of high profile projects. Before joining the Harbour Trust he was a partner in an international firm of property consultants.

Tony Mitchell

Tony Mitchell joined the board in February 2012. He is retired managing director of Tulloch Timber (Nairn) Ltd and sister company Perthshire Timber Co Ltd. He has worked in the timber industry for 40 years. He is a past president of the United Kingdom Forest Products Association and is still a member of its executive board council.



Murdo Macleod

Murdo MacLeod is the former chief executive of Inverness Harbour Trust and was appointed to the board after his retirement in 2011. He is a master mariner with 22 years' sea going experience. He joined Inverness Harbour in 1981 and spent many years as harbourmaster before becoming the Harbour Trust's first chief executive in 2003.

Port of Inverness

A Trust Port

Ships and boats have been using Inverness Harbour for more than 2,000 years. The first Inverness Harbour Trust was formed by seven councillors, five merchants and five ship owners after parliament passed the first Harbour Act in 1847. This marked the start of the modernisation and development of the port – a process that continues today.

What is a Trust Port?

Trust ports like the Port of Inverness are independent statutory bodies, whose powers, structures and functions are set out in local legislation - Harbour Orders. Trusts operate on a commercial basis, independently of government and in line with their local legislation and good business practice. Trust ports are independent but are accountable to their local stakeholders. They cannot be owned by other companies or shareholders and reinvest their profits for the benefit of the port and its stakeholders.

The guidelines and laws surrounding Trust Ports have been updated a number of times since our foundation in 1847. Most recently, in January 2002, the Government completed their review of Trust Ports and published “Modernising Trust Ports – A Guide to Good Governance”. This guide outlines standards of accountability for all ports in the UK, including the Port of Inverness.

We now have seven trustees, appointed by the harbour following strict guidelines and with assistance from an independent assessor. The chief executive also sits on the Board.

Commercial Activities

As a Trust Port we rely on income from port users. Our income comes from different activities:

- piloting ships in and out of the Port;
- dues paid by companies for loading and unloading cargoes; and
- berthing fees paid by individuals keeping yachts in the marina.

As one of Scotland’s most sheltered deep water harbours, Inverness is well placed to handle trade between the UK and countries in Scandinavia, the European Union, the Baltics, Turkey and the Mediterranean.

A diverse range of cargo passes through the harbour, including wind turbines, oil, timber, carbon blocks, wood pellets, Sterling Board, animal feed and grain. Our customers have access to spacious, modern transit sheds as well as large areas of open storage.

The marina is owned and managed by Inverness Marina Limited, a company jointly owned by Inverness Harbour Trust and Caley Marina. With 150 berths and a full range of high quality facilities including showers, toilets, a laundry and electricity and fresh water on all berths, the marina is an established destination for sailors, attracting enthusiasts from all over the world.

The marina features one of the most up-to-date boat hoists in Europe which can lift large and small craft, allowing us to cater for yachts of all sizes.

Inverness Harbour Trust Accounts

SUMMARY OF RESULTS

The Trust returned a net surplus for the 12 months to 31 March 2016 of £219,276. Previous accounting period was for the 18 months ending 31 March 2015. A summary of the result is shown below:

	2016 £	2015 £
Turnover	**1,506,118**	1,810,847
Costs and Overheads	**1,238,406**	1,535,550
Operating Surplus/(Deficit)	**267,712**	275,297
Investment Income	**969**	956
Interest Payable	**49,405**	73,063
Gains/(Losses) on Sale of Assets & Investments	**0**	(742)
Surplus/(Deficit)	**219,276**	**202,448**

BALANCE SHEET

The Trust had net assets of £8,466,840 at 31 March 2016 (March 2015 - £8,247,564) a summary of which is shown below:

	2016 £	2015 £
Fixed Assets including under Construction	**12,018,551**	12,064,906
Current Assets	**825,172**	686,817
Long Term Debtors	**195,000**	195,000
Current Liabilities	**(469,973)**	(454,756)
Deferred Income	**(2,045,234)**	(2,123,254)
Long Term Liabilities	**(1,607,684)**	(1,644,657)
Provisions	**(448,992)**	(476,492)
Net Assets	**8,466,840**	**8,247,564**

Full Accounts audited by Johnston Carmichael CA are available for inspection at the Harbour Office.

FIVE YEAR STATISTICAL REVIEW

	2015/16	2013/15	2012/13	2011/12	2010/11
Number of ships arriving	**258**	309	255	216	241
Gross Tonnage ('000)	**653**	775	673	538	595
Goods throughput ('000 tonnes)					
Oil	**252**	354	259	241	329
Other	**410**	544	343	318	325
	662	**898**	**602**	**559**	**654**

	2015/16 £	2013/15 £	2012/13 £	2011/12 £	2010/11 £
Turnover (£000's)	**1,506**	1,811	1,301	971	1,006
Surplus/(Deficit) for year (£000's)	**219**	202	219	(652)	(109)

For more information about the port, please contact

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Chief Executive

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