

Chichester Harbour Conservancy

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18th June 2010

ACCOUNTS AND AUDIT COMMITTEE

A meeting of the Conservancy's Accounts and Audit Committee will be held at **4.00 pm*** on **Monday 28th June 2010** at **County Hall, Chichester**.

* or at the conclusion of the Advisory Committee, whichever is later.

JOHN DAVIS

Manager & Harbour Master

AGENDA

1. Apologies

2. Minutes

To approve the minutes of the meeting of the Committee held on 28th September 2009 (page 3).

3. Declaration of Interests

Members and officers are invited to make declarations of personal or prejudicial interests that they may have in relation to items on the agenda and are reminded to make declarations at any stage during the meeting if it then becomes apparent that this may be required when a particular item or issue is considered.

4. Final Accounts 2009/10

To consider the report of the Treasurer and the Manager & Harbour Master on the Final Accounts for the year ending 31st March 2010. This (separate) document, printed on blue paper, is a combined report to the Accounts and Audit Committee and the Conservancy, with separate recommendations to each.

5. Audit Fee 2010/11

To note a letter concerning the fee to be charged for the services provided by the Audit Commission (attached).

6. Urgent Matters

Items not on the agenda which the Chairman of the meeting agrees should be considered as a matter of urgency due to special circumstances.

Members: Chairman of the Conservancy: Mrs Louise Goldsmith (Chairman)
Vice-Chairman of the Conservancy: Mr Tim Knight
Chairman of the Advisory Committee: Mr Peter Taylor

CHICHESTER HARBOUR CONSERVANCY

ACCOUNTS AND AUDIT COMMITTEE

Minutes of the meeting of the Accounts and Audit Committee held on 28th September 2009 at Edes House, County Hall, Chichester.

Present: Mrs Goldsmith (Chairman of the Conservancy), Mr Knight (Vice-Chairman of the Conservancy), and Mr Taylor (Chairman of the Advisory Committee)

APPOINTMENT OF CHAIRMAN

1. Mrs Goldsmith was appointed Chairman for the period to the 2010 Annual Meeting of the Conservancy.

MINUTES

2. **Resolved** that the minutes of the meeting of the Committee held on 25th June 2009 be approved as a correct record and signed by the Chairman.

AUDIT COMMISSION: ANNUAL GOVERNANCE REPORT

3. The Committee considered the Audit Commission's Annual Governance Report on its Audit of the Conservancy's accounts for the 2008/9 financial year (copy attached to the signed minutes).
4. Ms Emma Wootton from the Audit Commission presented the Report, and indicated that the District Auditor would shortly be issuing her Audit Letter giving an unqualified opinion on the Conservancy's 2008/9 accounts. She advised that the £500 error identified in Appendix 2 (for Audit fees) had now been corrected and could therefore be disregarded.
5. The Conservancy was asked to submit a letter of representation to the District Auditor in the terms set out in Appendix 3, confirming the completeness and probity of the audited accounts. The Committee questioned the wording of one part of the draft letter (references to alleged 'uncorrected mis-statements') which it was felt gave a misleading impression of the accuracy of the accounts.
6. The Treasurer responded to the Committee's concern, and confirmed that he took the view that the item in question, inclusion of a 'prior period adjustment' for valuation of pension fund investments, gave a more complete view of the accounts. Following discussion with the Audit Commission at the meeting it was suggested that the word 'unadjusted' should be substituted for 'uncorrected', and that the Treasurer's reason for not altering the financial statements to exclude the prior period adjustment be endorsed and included in the letter of representation.
7. The Committee was advised that this action would not affect the intention of the Audit Commission to issue an unqualified opinion on the accounts.

8. The Committee welcomed the confidence the Audit Commission's report gave in the Conservancy's accounting procedures.
9. **Resolved:**
 - (i) That the matters raised in the District Auditor's Report be noted;
 - (ii) That subject to amendment as set out in minute no. 6 above, the Treasurer be authorised to issue to the District Auditor on behalf of the Conservancy a representation letter as set out in Appendix 3;
 - (iii) That the District Auditor's Audit Letter be submitted to the next appropriate meeting of the Conservancy.

The meeting started at 10am and ended at 10.22am.

Chairman

ACCOUNTS AND AUDIT COMMITTEE

28th JUNE 2010 - Agenda item no. 4

CHICHESTER HARBOUR CONSERVANCY

8th JULY 2010 - Agenda item no. 11

REPORT BY THE TREASURER AND THE MANAGER & HARBOUR MASTER

FINAL ACCOUNTS 2009/10

Introduction

1. The final accounts for 2009/10 show a net surplus of £82,714. This compares with a revised budget surplus, approved in November 2009, of £5,900. The overall position is summarised in the table below.

	Revised Budget	Final Outturn	Variation
	£	£	£
Expenditure	1,681,700	1,636,506	-45,194
Operational Income	-1,411,500	-1,473,847	-62,347
Council Contributions	-319,400	-319,400	0
Net Cost of Services	-49,200	-156,741	-107,541
Investment Income	-10,000	-12,673	-2,673
Transfers to and from reserves	20,300	53,700	33,400
Pensions Financing	33,000	33,000	0
Net Surplus	-5,900	-82,714	-76,814

2. Details of income and expenditure are shown in Appendix 1. The formal accounting statements, subject to audit, are shown in Appendix 2. The accounting statements do not currently include an Audit Report. This will be added when the audit has been completed.

Income and Expenditure 2009/10

3. Variations between the revised budget and the final outturn exceeding £4,000 are detailed below.

EXPENDITURE

Pay (£-4,200). A saving of £1,800 occurred as a result of staff turnover during the year. The Solar Boat salary budget was underspent by £3,900.

Navigation Marks (£9,300). Expenditure on replacing the Eastoke and West Winner Beacons was less than budgeted.

Special Contingency (-£9,200). The Harbour Master's special contingency budget for 2009/10 was not spent in 2009/10.

INCOME

General Sales – Harbour (+£7,000). Sales of mooring tackle have exceeded expectations.

Harbour Dues (+£15,200). This variation, which represents 5% of the revised budget, is due to higher than anticipated demand, particularly for visitor dues collected by marinas on behalf of the Conservancy.

Conservancy Moorings (+£8,800). This variation, which is 2% of the revised budget, resulted from additional income generated by temporary hirers for the latter end of the season, after calculation of the revised budget. Income from temporary hirers is not included in the budget until it has been achieved, as it can not be guaranteed or accurately predicted.

Boat Park (+£4,500). The boat park has been under new management since spring 2007. The new management has been steadily building up the business, resulting in increased income for the Conservancy.

General Grants (+£5,900). Additional project funding of £6,000 has been approved by Natural England in relation to fencing work at Salterns Copse.

Other Income (+£6,500). Contributions to the snail survey at Fishbourne reed beds were received from Chichester District Council, (£500), and Southern Wildfowlers and Wetlands Management Association, (£400). West Sussex County Council contributed £750 towards the cost of repairs to the public footpath at Itchenor. £2,425 was received from Southern Water in respect of refunds dating back a number of years, following a correction to the basis for sewerage charges. The fuel rebate claim made for 2009/10 from HM Revenue and Customs was higher than that for the previous year, due to rising fuel costs and income from 'Harbour News' was higher than budgeted.

FINANCING & INVESTMENT INCOME AND EXPENDITURE

Depreciation (-£9,190). The latest valuation obtained for the Conservancy's land and buildings provided a breakdown of the values between land and buildings. In accordance with recommended accounting practice, only the buildings element of the new valuation has been depreciated for 2009/10.

ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

Depreciation (+£9,190). This entry is exactly equal and opposite to that described above. It is included to ensure that the notional depreciation charge does not impact upon the actual surplus for 2009/10.

TRANSFERS TO AND FROM RESERVES

Transfer to Earmarked Environmental Reserve (+£26,400). This represents the transfer of the underspending on the Environmental budget to the Earmarked Environmental Reserve, to be used in 2010/11. The under spending reflects the cumulative impact of variations highlighted above. It will be used in the first instance to fund committed projects which it was not possible to take forward in 2009/10, including phase II of the footpath condition audit (£11,500), phase II of Valuing Chichester Harbour (£5,500), completion of the revised Design Guidelines (£1,000), felling at Poors Land (£500) and other miscellaneous projects.

Terror Expenses (+£5,000). The restored oyster fishing boat Terror was launched in 2006. The restoration work formed part of the Heritage Lottery Fund application. Sponsorship from Friends of Chichester Harbour, a contribution from the Emsworth Food Festival and income from passenger charges have been used to finance the vessel's maintenance costs. A reserve of £5,000 to cover future maintenance costs has been established, financed from savings and additional income within the Environment budget.

Repairs and Renewals Fund expenditure

4. The cost of new batteries for the Solar Boat, (£6,432), was met from the Repairs and Renewals Fund.

Balance sheet as at 31 March 2009

5. The balance sheet is included within the draft Financial Report and Accounts at Appendix 2. The main items of interest to Members are highlighted below.

Repairs and Renewals fund

6. The Repairs and Renewals Fund has a closing balance of £204,897. Movements on the Fund during the year can be seen in note 19c on page 19 of the Accounts.

East Head Defence Fund

7. The East Head Defence Fund is held to meet future maintenance liabilities at East Head. The Fund balance at 1 April 2009 was £17,760. Expenditure during the year was £348. Interest of £231 was added during the year, giving a closing balance of £17,643.

Harbour Development Fund

8. The Harbour Development Fund is held to provide resources to meet the Conservancy's AONB objectives and investment for maritime purposes. The closing balance on the Development Fund is £1,811,732; an increase of £30,822 during the year. The Fund is described as the 'General Fund' in the Accounts and a summary of movements during the year can be found on page 9.

Revenue Balances

9. The closing Revenue Balance is £160,510. This provides working capital and a general contingency for the Conservancy's operations, and is based on 10% of the budgeted 2010/11 gross expenditure. A summary of movements can be found in

Note 19c to the Accounts.

Treasury Management

10. It is confirmed that the borrowing and lending undertaken by the Treasurer during 2009/10 has been in accordance with the standards as apply in West Sussex County Council's Treasury Management Policy Statement.

West Winner Beacons

11. The Eastoke and West Winner beacons were replaced in 2009/10. Funds were earmarked from the surplus generated in 2008/09 and added to the revised budget for Navigation Marks for 2009/10 to finance this work. As reported above, this budget was under spent by £9,300. Problems have since arisen in relation to the West Winner Beacon, which has suffered from a phenomenon known as vortex shedding. As reported to the Conservancy on 9 April 2010, Walcon Ltd. will replace it with a steel pile and pay for the costs of driving it, while the Conservancy will pay for the new pile. It is recommended that the £9,300 under spend on Navigation Marks be carried forward to the revised 2010/11 budget for Navigation Marks to cover the cost of the replacement pile.

Recommendations

- (i) That the **Accounts and Audit Committee** approves the draft Financial Report and Accounts for the year ended 31 March 2010, shown in Appendix 2, for submission to the Audit Commission for audit.
- (ii) That the **Conservancy** agrees the outturn position for the year ended 31 March 2010.
- (iii) That the **Conservancy** agrees the transfer of £5,000 from the Environment budget to a new reserve for Terror maintenance.
- (iv) That the **Conservancy** agrees the transfer of the underspending on the Environment budget to the Earmarked Environmental Reserve.
- (v) That the **Conservancy** agrees to earmark up to £9,300 of the funds held in the Development Fund for the 2010/11 revised budget for Navigation Marks.

RICHARD HORNBY
Treasurer

JOHN DAVIS
Manager & Harbour Master

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CHICHESTER HARBOUR CONSERVANCY

DETAILED BUDGET AND OUTTURN 2009-10

ACTUALS		APPROVED	REVISED	FINAL	VARIATION	2 WAY SPLIT 2009-10				
2008-09		BUDGET	BUDGET	OUTTURN	ON REVISED	HARBOUR		ENVIRONMENT		TOTAL
2009-10		2009-10	2009-10	2009-10	2009-10	%	£	%	£	£
£		£	£	£	£					
EXPENDITURE										
635,884	Pay	654,800	654,800	650,567	-4,233	59%	385,160	41%	265,407	650,567
9,427	Dell Quay Teachers	11,400	11,400	7,880	-3,520	0%	0	100%	7,880	7,880
46,157	National Insurance	47,600	47,700	46,448	-1,252	59%	27,627	41%	18,821	46,448
95,448	Pension Costs	97,100	96,200	95,401	-799	57%	54,543	43%	40,858	95,401
3,000	FRS 17 pensions adjustment	0	-33,000	-33,000	0		-33,000		0	-33,000
2,964	Scheme of Financial Recognition	3,000	3,000	2,964	-36	69%	2,049	31%	915	2,964
2,335	Training	6,400	6,400	8,447	2,047	67%	5,647	33%	2,800	8,447
1,313	Other Expenses	800	800	1,435	635	4%	62	96%	1,373	1,435
4,937	Added years and Compensation for Loss of Office	5,000	5,000	4,800	-200	100%	4,800	0%	0	4,800
801,465		826,100	792,300	784,942	-7,358		446,888		338,054	784,942
21,199	Building Maintenance	4,700	4,700	5,408	708	74%	4,028	26%	1,381	5,408
1,250	Minor Improvements	2,200	2,200	39	-2,161	100%	39	0%	0	39
0	Bar Survey	2,500	3,500	5,250	1,750	100%	5,250	0%	0	5,250
0	Water Quality Testing	0	5,000	4,370	-630	100%	4,370	0%	0	4,370
4,977	Quays, Jetties & Hards	6,400	6,400	3,336	-3,064	100%	3,336	0%	0	3,336
13,169	Cleaning	13,300	13,300	13,222	-78	85%	11,241	15%	1,981	13,222
40,596		29,100	35,100	31,625	-3,475		28,264		3,361	31,625
6,566	Fuel (Gas and Electricity)	7,700	7,700	7,117	-583	83%	5,924	17%	1,194	7,117
13,897	Rent	14,400	14,500	15,099	599	48%	7,293	52%	7,806	15,099
18,827	Rates	19,400	19,800	19,764	-36	79%	15,671	21%	4,092	19,764
1,843	Water and sewerage	2,400	2,400	923	-1,477	83%	769	17%	154	923
2,504	Building Insurance	8,000	3,100	3,133	33	68%	2,122	32%	1,010	3,133
211,976	Leases	218,700	219,100	218,896	-204	100%	218,896	0%	0	218,896
255,613		270,600	266,600	264,932	-1,668		250,676		14,256	264,932
11,946	Vehicles	16,300	15,300	11,444	-3,856	64%	7,348	36%	4,096	11,444
9,968	Travel allowances	12,500	12,500	10,736	-1,764	17%	1,803	83%	8,933	10,736
47,666	Vessels	47,400	47,400	45,632	-1,768	72%	32,785	28%	12,847	45,632
69,580		76,200	75,200	67,812	-7,388		41,936		25,876	67,812
1,668	Office equipment and furniture	2,800	2,800	2,620	-180	79%	2,074	21%	545	2,620
29,866	Computer equipment	10,700	10,700	14,535	3,835	73%	10,658	27%	3,876	14,535
5,074	Workshop tools	5,500	5,500	4,145	-1,355	100%	4,145	0%	0	4,145
7,544	Navigation marks	10,000	58,000	48,700	-9,300	100%	48,700	0%	0	48,700
25,566	Moorings maintenance	30,000	30,000	29,941	-59	100%	29,941	0%	0	29,941
595	Radio	1,200	1,200	445	-755	100%	445	0%	0	445
3,513	Small equipment and craft	5,100	5,100	2,196	-2,904	88%	1,938	12%	258	2,196
73,825		65,300	113,300	102,582	-10,718		97,902		4,680	102,582

CHICHESTER HARBOUR CONSERVANCY

DETAILED BUDGET AND OUTTURN 2009-10

ACTUALS		APPROVED	REVISED	FINAL	VARIATION	2 WAY SPLIT 2009-10				
2008-09		BUDGET	BUDGET	OUTTURN	ON REVISED	HARBOUR		ENVIRONMENT		TOTAL
£		£	£	£	£	%	£	%	£	£
5,548	Clothing and laundry	5,100	5,100	4,457	-643	83%	3,696	17%	761	4,457
308	Books & Materials	1,200	1,200	395	-805	89%	353	11%	42	395
24,044	Printing and stationery	26,700	27,700	26,869	-831	96%	25,826	4%	1,043	26,869
12,725	Postage	17,000	15,000	12,705	-2,295	97%	12,378	3%	326	12,705
5,182	Telephones	6,200	6,200	4,602	-1,598	84%	3,886	16%	716	4,602
47,807		56,200	55,200	49,028	-6,172		46,140		2,888	49,028
6,862	Travel and subsistence	7,700	7,700	6,007	-1,693	88%	5,300	12%	707	6,007
17,098	External insurance	20,600	17,100	17,307	207	100%	17,307	0%	0	17,307
8,022	Subscriptions	5,700	5,700	5,313	-387	85%	4,512	15%	801	5,313
8,822	Bank	8,700	8,700	6,859	-1,841	91%	6,213	9%	646	6,859
8,491	Legal	10,300	13,300	15,245	1,945	84%	12,837	16%	2,408	15,245
9,020	Audit	9,000	9,900	9,864	-36	100%	9,864	0%	0	9,864
9,753	Consultancy (Property, Surveys & Website Maintenance)	10,800	10,800	9,869	-931	66%	6,468	34%	3,401	9,869
6,101	Special contingency	10,000	10,000	791	-9,209	77%	605	23%	186	791
1,489	Oil Spill Response	2,900	2,900	2,758	-142	100%	2,758	0%	0	2,758
75,658		85,700	86,100	74,013	-12,087		65,864		8,149	74,013
158,105	AONB & Environmental Management projects	79,400	150,900	154,610	3,710	0%	0	100%	154,610	154,610
1,126	AONB Management Plan	8,000	6,700	6,682	-18	0%	0	100%	6,682	6,682
61,962	AONB Sustainable Development Fund projects	61,700	60,000	59,980	-20	0%	0	100%	59,980	59,980
3,677	Eames Farm project (revenue costs)	0	0	0	0	0%	0	100%	0	0
224,869		149,100	217,600	221,272	3,672		0		221,272	221,272
2,000	Clerk	2,000	2,000	2,000	0	70%	1,400	30%	600	2,000
35,300	Treasurer	35,000	35,300	35,300	0	67%	23,600	33%	11,700	35,300
3,000	Personnel	3,000	3,000	3,000	0	83%	2,500	17%	500	3,000
40,300		40,000	40,300	40,300	0		27,500		12,800	40,300
1,629,714	TOTAL EXPENDITURE	1,598,300	1,681,700	1,636,506	-45,194		1,005,170		631,336	1,636,506

APPENDIX 1 (cont)

CHICHESTER HARBOUR CONSERVANCY

DETAILED BUDGET AND OUTTURN 2009-10

ACTUALS		APPROVED	REVISED	FINAL	VARIATION	2 WAY SPLIT 2009-10				
2008-09		BUDGET	BUDGET	OUTTURN	ON REVISED	HARBOUR		ENVIRONMENT		TOTAL
£		£	£	£	£	%	£	%	£	£
INCOME										
15,306	General sales - Harbour	5,100	12,400	19,366	6,966	100%	19,366	0%	0	19,366
10,586	General sales - Environment	4,000	4,000	5,969	1,969	0%	0	100%	5,969	5,969
94	General sales - Dell Quay	300	300	5	-295	0%	0	100%	5	5
685	Training Income - Environment	1,000	1,000	3,540	2,540	0%	0	100%	3,540	3,540
15,322	Training Income - Dell Quay Education and Activity	12,400	12,400	13,942	1,542	0%	0	100%	13,942	13,942
314,792	Harbour dues	311,900	311,900	327,084	15,184	100%	327,084	0%	0	327,084
458,761	Conservancy moorings	451,500	470,300	479,098	8,798	100%	479,098	0%	0	479,098
142,013	Mooring site rentals	149,600	149,600	149,828	228	100%	149,828	0%	0	149,828
22,064	Moorings on private land	23,900	23,900	23,730	-170	100%	23,730	0%	0	23,730
24,903	Other harbour charges	23,900	22,400	23,563	1,163	91%	21,448	9%	2,115	23,563
23,632	Solar Boat Income	31,600	30,000	28,032	-1,968	0%	0	100%	28,032	28,032
1,468	Passenger dues	2,500	1,500	2,342	842	50%	1,171	50%	1,171	2,342
27,919	Boat park	18,000	22,000	26,469	4,469	100%	26,469	0%	0	26,469
32,570	Harbour rents	31,400	45,100	46,010	910	51%	23,528	49%	22,482	46,010
9,967	Rechargeable works	11,000	9,000	11,978	2,978	100%	11,978	0%	0	11,978
200	Works licences	400	400	650	250	100%	650	0%	0	650
800	Legal charges	500	500	1,000	500	100%	1,000	0%	0	1,000
194,816	General grants	179,500	188,900	194,816	5,916	0%	0	100%	194,816	194,816
35,698	Donations	20,000	15,000	18,921	3,921	0%	50	100%	18,871	18,921
0	Contribution from WSCC to water quality testing	0	5,000	5,000	0	0%	5,000	0%	0	5,000
14,365	Agri-environment payments - Rural Payments Agency	10,000	700	836	136	0%	0	100%	836	836
57,400	Car parks contribution	59,100	59,100	59,100	0	88%	52,000	12%	7,100	59,100
25,650	Other income	18,400	26,100	32,568	6,468	65%	21,099	35%	11,469	32,568
1,429,011	TOTAL INCOME FROM OPERATIONS	1,366,000	1,411,500	1,473,847	62,347		1,163,498		310,349	1,473,847
Council contributions										
152,400	West Sussex County Council	159,700	159,700	159,700	0	0%	0	100%	159,700	159,700
152,400	Hampshire County Council	159,700	159,700	159,700	0	0%	0	100%	159,700	159,700
304,800	TOTAL COUNCIL CONTRIBUTIONS	319,400	319,400	319,400	0		0		319,400	319,400
-104,097	NET COST OF SERVICES	-87,100	-49,200	-156,741	-107,541		-158,328		1,587	-156,741

APPENDIX 1 (cont)

CHICHESTER HARBOUR CONSERVANCY

DETAILED BUDGET AND OUTTURN 2009-10

ACTUALS		APPROVED BUDGET	REVISED BUDGET	FINAL OUTTURN	VARIATION ON REVISED	2 WAY SPLIT 2009-10				
2008-09		2009-10	2009-10	2009-10	2009-10	HARBOUR		ENVIRONMENT		TOTAL
£		£	£	£	£	%	£	%	£	£
Financing and Investment Income and Expenditure										
-48,825	Investment Income	-41,000	-10,000	-12,673	-2,673	73%	-9,286	27%	-3,387	-12,673
73,941	Depreciation	71,200	78,500	69,310 2.	-9,190	100%	69,310	0%	0	69,310
-14,238	Government Grants Deferred amortisation	-14,200	-14,200	-14,238 3.	-38	100%	-14,238	0%	0	-14,238
10,000	Pensions interest and return on assets	0	55,000	55,000 1.	0	100%	55,000		0	55,000
-83,219	SURPLUS(-)/DEFICIT ON PROVISION OF SERVICES	-71,100	60,100	-59,342	-119,442		-57,542		-1,800	-59,342
Adjustments between accounting basis and funding basis under regulations										
-73,941	Depreciation	-71,200	-78,500	-69,310	9,190	88%	-69,310	0%	0	-69,310
14,238	Government Grants Deferred amortisation	14,200	14,200	14,238	38	100%	14,238	0%	0	14,238
-13,000	Net charges made for retirements benefits under FRS17	0	-22,000	-22,000 1.	0	100%	-22,000	0%	0	-22,000
-155,922	SURPLUS(-)/DEFICIT BEFORE TRANSFERS TO EARMARKED RESERVES	-128,100	-26,200	-136,414	-110,214		-134,614		-1,800	-136,414
Transfers to/from(-) Earmarked Reserves										
Transfers to/from Earmarked Environmental Reserve:										
-42,460	- Underspending from previous financial year b/fwd	0	-40,300	-40,265	35	0%	0	100%	-40,265	-40,265
40,265	- Underspending on Environment budget c/fwd	0	0	26,386	26,386	0%	0	100%	26,386	26,386
42,000	Contribution to Repairs and Renewal Fund	47,000	47,000	47,000	0	98%	45,900	2%	1,100	47,000
0	Contribution to Insurance Fund	3,000	3,000	5,000	2,000	100%	5,000	0%	0	5,000
0	Contribution to CHIMET	1,000	1,000	1,000	0	100%	1,000	0%	0	1,000
-15,000	Transfer to / from(-) Terror maintenance reserve	0	0	5,000	5,000	0%	0	100%	5,000	5,000
2,868	Eames Farm rental income transferred to a reserve	7,100	9,600	9,579	-21	0%	0	100%	9,579	9,579
27,674		58,100	20,300	53,700	33,400		51,900		1,800	53,700
-128,249	SURPLUS ON HARBOUR OPERATIONS FOR YEAR	-70,000	-5,900	-82,714	-76,814		-82,714		0	-82,714

1. These figures relate to the FRS17 report that is produced for the Conservancy by the pension fund administrators at the year end. Although required by accounting standards, they have no impact on the overall financial position of the Conservancy. Figures are not available until the year end, so the revised budget has been amended retrospectively for the purposes of this report, to avoid the appearance of variations that have not in reality occurred.
2. This is notional depreciation, relating to assets held by the Conservancy. It has no impact on the budget surplus, as it is reversed out of the calculations.
3. This shows grants received and used to fund capital assets being written down against depreciation over the life of those assets.

**CHICHESTER
HARBOUR
CONSERVANCY**

FINANCIAL REPORT &
ACCOUNTS 2009/2010



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Financial Report

This Statement of Accounts presents the overall financial position of Chichester Harbour Conservancy for the year ended 31st March 2010. The Accounts are produced in the format stipulated by the Chartered Institute of Public Finance and Accountancy (CIPFA) in accordance with best accounting practice.

Revenue performance

The Conservancy's gross expenditure for 2009/10 was £1,904,358 and its gross income was £1,588,106. This is shown in the Income and Expenditure Account on page 8.

The Statement of Movement on the General Fund on page 9 shows the full impact on the General Fund of all sources of income and expenditure, including investment and precept income, and of movements to and from reserves. The General Fund increased by £30,822 during 2009/10.

An under spending of £26,386 on environmental activities was carried forward to 2010/11 and will be spent on agreed commitments. The carry forward forms part of the transfers to earmarked reserves in the Accounts.

Harbour dues and mooring fee income were not adversely affected by the economic conditions of 2009-10. However, the economic climate had a significant impact on interest income, which fell from £160,583 in 2008-09 to £42,634 in 2009-10.

Balances and reserves

The Conservancy's Harbour Development Fund is held to provide resources to meet the Conservancy's AONB objectives and investment for maritime purposes. It is referred to in the body of these Accounts as the General Fund, in accordance with CIPFA requirements. The balance on the Fund at the end of the year was £1,811,732; an increase of £30,822 during 2009/10.

The Conservancy's other funds are earmarked reserves, held for specific purposes. Details of movements on these are shown in note 19c, on page 19.

Pensions Liability

Under FRS17 requirements the Conservancy's accounts show the total future costs of pension liabilities in the Balance Sheet on page 10. It is important to note that, as the liability is "matched" by a reserve, the figures do not have any impact on the Conservancy's overall financial position. On 31st March 2010 the liability was £1,474,000, compared to £676,000 in the previous year. The majority of this increase results from changes in actuarial assumptions between the two valuations.

Capital spending and finance

No capital assets were acquired or sold during 2009-10. The Repairs and Renewals Fund financed replacement batteries for the Solar Boat at a cost of £6,432. This expenditure was not capitalised, as it falls below the £10,000 de-minimus level. A contribution of £47,000 was made to the fund to finance future capital expenditure.

Looking ahead

As a leisure provider, the Conservancy is exposed to the national economic situation. Although levels of demand from Harbour users currently remain steady, there is a risk that this position may change, particularly if the recession is long lasting or if recovery is slow. Should this happen, there would undoubtedly be an impact upon the Conservancy, but since the underlying state of its finances is sound, this should allow it to manage any implications successfully.

On the other hand, reducing funding from Natural England continues to be a cause for concern. Funding in 2009/10 was at the same level as in 2008/09, £194,816, representing a reduction in real terms. Given the outlook for Government spending, it is difficult to see a more favourable settlement being provided in the short to medium term. As a result the Environment budget is likely to pose an increasing challenge.

The Chichester Harbour Trust is now well established and will continue to provide a source of funding to purchase land, sites and buildings within the Chichester Harbour Area of Outstanding Natural Beauty.

Accounting changes

The Statement of Recommended Practice for 2009, guidance produced by CIPFA, the regulatory body for local authority accounts in England and Wales, did not introduce any major changes to the preparation of the accounts for 2009/10. Major changes are anticipated for the accounts for 2010/11, when International Financial Reporting Standards will be adopted by public sector bodies.

Since 2006/07 the Income and Expenditure Account has excluded appropriations from reserves, with the intention of that statement accurately reflecting the year's financial performance without distortion. This approach has the disadvantage that the Income and Expenditure Account does not fully explain the year's financial position without reference to the supporting "Statement of Movement on the General Fund". This brings into account those items, such as appropriations to and from reserves, which are excluded from the Income and Expenditure Account. For example, the surplus on the Income and Expenditure Account does not reflect funds set aside for future capital purchases.

Statement of Accounting Policies

1. General Principles

The accounts have been prepared in accordance with the current Code of Practice on Local Authority Accounting in the United Kingdom issued in 2009, by the Chartered Institute of Public Finance and Accountancy, the CIPFA/LASAAC Statement of Recommended Practice on "The Application of Accounting Standards (SSAP's) to local authorities in Great Britain" and FRS18.

The accounting policies and estimation techniques applied have been selected and exercised having regard to the accounting principles and concepts set out in FRS18. In particular

- the qualitative characteristics of financial information:
 - relevance
 - reliability
 - comparability
 - understandability
- materiality
- pervasive accounting concepts
 - accruals
 - going concern
 - primacy of legislative requirements

2. Fixed Assets

The system of accounting for fixed assets was introduced fully by Chichester Harbour Conservancy from 1st April 1995. Fixed assets are shown in the balance sheet at the value certified by Henry Adams and Partners estate agency, for all buildings, at cost for land, and at a written down historic cost for infrastructure and vehicles and equipment.

A de-minimis level for capital expenditure of £10,000 has been applied generally, except for vehicles, so as to exclude individual assets or works below this figure from the asset registers.

The balance sheet shows assets at their initial valuation plus additions for capital expenditure in the year and revaluations, less disposals and depreciation. The value is shown for the purposes of capital accounting requirements and does not purport to represent the market value of assets owned by the Conservancy. The total value of fixed assets is offset in the balance sheet by the amounts shown in the Revaluation Reserve, the Capital Adjustment Account and the Government Grants Deferred Account.

Infrastructure costs, including Jetties and Pontoons, are based on an estimated assessment of current costs and in the case of the Itchenor and Dell Quay Pontoons actual cost.

3. Intangible Fixed Assets

From April 2004 intangible fixed assets in the balance sheet would represent any software licenses or internally developed software where there is a readily ascertainable market value. In 2009/10 the Conservancy had none.

4. Basis of Depreciation Charge

Depreciation is charged on buildings, infrastructure and equipment over the individual estimated life.

5. Debtors and Creditors

The Income and Expenditure account is maintained on an accruals basis in accordance with the Code of Practice. As such the accounts are prepared on the basis of income becoming due and expenditure becoming payable in the financial year to 31st March 2010.

Payments in advance and receipts in advance are shown separately in the balance sheet.

An examination of debtors outstanding at 31st March 2010 has been made and in the light of past experience it is not considered necessary to make specific provision for bad debts.

6. Stocks and Work in Progress

From 2000/2001 all expenditure on stocks and stores has been charged to the revenue account in the year of purchase.

7. Reserves

The Conservancy maintains a reserve for financing capital expenditure, (the Repairs and Renewals Fund), and a working balance based on 10% of budgeted gross expenditure, to meet day to day requirements on the revenue account, (the Revenue Balance Reserve). The Conservancy also maintains a number of other reserves for specific purposes. These are shown as earmarked reserves in the Statement of Accounts. Details of these reserves can be found in the disclosure note 19c.

Any surplus of income over expenditure, after provision of the working balance, is transferred to the Harbour Development Fund. The Development Fund is referred to in these Accounts as the General Fund.

8. Pensions

The Conservancy participates in the local government pension scheme administered by West Sussex County Council, which provides members with defined benefits related to pay and service.

Employees, subject to certain qualifying criteria, are eligible to join this scheme. The pension costs that are charged to the Conservancy's accounts in respect of these employees are paid to the funded pension scheme. Further costs arise in respect of certain pensions paid to retired employees on an unfunded basis.

The pension costs included in the accounts in respect of this scheme have been determined in accordance with relevant government regulations. As far as FRS 17 requirements are concerned the information regarding this is set out in note 1 of the Notes to the Financial Statements.

These accounting policies represent a change to those applied prior to 2003/04. Policy prior to that year was to recognise liabilities in relation to retirement benefits only when employers contributions become payable to the pension fund or payments fell due to the pensioners for which the Conservancy was directly responsible. The new policies better reflect the commitment in the long term to increase contributions to make up any shortfall in attributable net assets in the pension fund.

9. Investments

It is confirmed that the lending undertaken by the Treasurer during 2009/10 has been in accordance with the standards as apply in West Sussex County Council's Treasury Management Policy Statement.

10. Grants

Grant income is brought into the revenue account on the basis of the relevant percentage of eligible expenditure for the year together with any adjustments relating to previous years' accounts.

11. Precept Income

Precept income for the year is included at the figure precepted on Hampshire County Council and West Sussex County Council and is not subject to revision.

Statement of Responsibilities and Member Approval

The Conservancy's responsibilities

The Conservancy is required under the terms of the 1999 Local Government Finance Act:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Treasurer to the Conservancy;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

The Treasurer to the Conservancy's responsibilities

West Sussex County Council's Finance Director, as Treasurer to the Conservancy, is responsible for the preparation of the Conservancy's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("A Statement of Recommended Practice"), is required to present fairly the financial position of the Conservancy at the accounting date and its income and expenditure for the year ended 31st March 2010.

In preparing this statement of accounts, the Treasurer to the Conservancy has:

- selected suitable accounting policies and then applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- complied with the Statement of Recommended Practice.

The Treasurer to the Conservancy has also:

- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Richard Hornby
Treasurer

Certificate of approval by Chichester Harbour Conservancy

I confirm that these accounts were approved by the Accounts and Audit Committee of Chichester Harbour Conservancy on 28 June 2010.

Louise Goldsmith
Chairman of Chichester Harbour Conservancy

**Income and Expenditure Account
for the year ended 31st March 2010**

2008/09 Net Expend		2009/10 Gross Expenditure	2009/10 Gross Income	2009/10 Net Expenditure
£		£	£	£
227,253	Net Cost of Harbour Operations	1,904,358	1,588,106	316,252
	Other Operating Expenditure			
-9,251	Gain (-) / Loss on sale of Fixed Assets			-42,634
-160,583	Investment Income			55,000
10,000	Pensions Financing			12,366
-159,834				
67,419	Net Operating Expenditure			328,618
	This was financed by -			
-304,800	Precepts contributions			-319,400
-237,381	Surplus (-) or Deficit for the Year			9,218

Statement of Movement on the General Fund

The Income and Expenditure Account shows the Conservancy's actual financial performance for the year, measured in terms of the resources consumed and generated over the last twelve months. However, the Conservancy, as a public sector body, accounts for its financing on a different accounting basis, the main differences being:

- a. Capital investment is accounted for as it is financed rather than when the fixed assets are consumed.
- b. Retirement benefits are charged as amounts become payable to pension funds and pensioners, rather than as future benefits are earned.

The General Fund Balance shows whether the Conservancy has over or under spent against the income that it raised for the year, taking into account the use of reserves built up in the past and contributions to reserves earmarked for future expenditure.

This reconciliation statement summarises the differences between the outturn on the Income and Expenditure Account and the General Fund (Development Fund) Balance.

2008/09		2009/10
£		£
-237,381	Surplus (-)/deficit from the Income and Expenditure Account	9,218
129,594	Net additional amount required by Statute and non-statutory proper practices to be debited or credited to the General Fund Balance for the year	-40,040
-107,787	Increase (-)/Decrease in General Fund Balance for the year	-30,822
-1,673,123	Balance brought forward	-1,780,910
-1,780,910	Balance carried forward	-1,811,732

Statement of Total Recognised Gains and Losses (STRGL)

2008/09		2009/10
£		£
237,381	Surplus/ (deficit) for the year on the Income and Expenditure Account	-9,218
0	Surplus/ (deficit) arising on the revaluation of fixed assets	173,741
-435,000	Actuarial gains/(losses) on pension fund assets	-776,000
-197,619	Total recognised gains for the year	-611,477

The Balance Sheet

At 31 st March 2009			At 31 st March 2010	
£	£		£	£
		Fixed Assets		
		Operational Assets		
709,259		Land and Buildings	873,733	
157,275		Amenity Land	157,275	
435,569		Vessels, Plant and Vehicles	390,496	
187,935		Infrastructure	172,964	
		Non - operational Assets		
		Assets under Construction	0	
<u>0</u>			<u>0</u>	
	1,490,038			1,594,469
	0	Long - term Investments		0
	0	Long - term Debtors		0
	<u>1,490,038</u>	Net long- term Assets		<u>1,594,469</u>
		Current Assets		
3,137,711		Temporary Investments	3,438,024	
335,825		Debtors	144,201	
97,437		Payments in Advance	44,600	
<u>1,060</u>		Harbour Master's Imprest	<u>1,060</u>	
	3,572,033			3,627,885
		Current Liabilities		
-250,236		Creditors	-244,940	
<u>-759,969</u>		Receipts in Advance	<u>-753,263</u>	
	-1,010,205			-998,204
	<u>2,561,827</u>	Net Current Assets		<u>2,629,681</u>
	-138,922	Government Grants Deferred Account		-124,684
	<u>-676,000</u>	Pensions Liability*		<u>-1,474,000</u>
	<u>3,236,943</u>	Total Net Assets		<u>2,625,466</u>
		Financed by:		
	0	Revaluation Reserve	173,741	
	1,351,116	Capital Adjustment Account	1,296,044	
	-676,000	Pensions Reserve*	-1,474,000	
	0	Capital Receipts	0	
	780,917	Earmarked Revenue Reserves	817,949	
	<u>1,780,910</u>	General (Development) Fund Balance	<u>1,811,732</u>	
	<u>3,236,943</u>		<u>2,625,466</u>	

These financial statements were authorised at the meeting of Chichester Harbour Conservancy on 8 July 2010.

Richard Hornby
Treasurer

8 July 2010

Cash Flow Statement

2008/2009		Item	2009/2010	
£	£		£	£
		Conservancy Activities		
		<i>Cash outflows</i>		
797,102		Cash paid to or on behalf of employees	854,052	
<u>899,608</u>	1,696,710	Other operating cash payments	<u>980,693</u>	1,834,745
		<i>Cash inflows</i>		
-304,800		Council Contributions	-319,400	
-231,753		Grants and Donations	-261,622	
-1,326,610		Cash received for goods and services	-1,393,453	
	-1,863,163	Other operating cash receipts		-1,974,475
	<u>-166,453</u>	Net cash flow		<u>-139,730</u>
		Returns on Investments and Servicing of Finance		
		<i>Cash outflows</i>		
0		Interest paid	0	
		<i>Cash inflows</i>		
-165,846		Interest received	-160,583	
<u>-165,846</u>			<u>-160,583</u>	
		Capital Activities		
		<i>Cash outflows</i>		
261,177		Purchase of fixed assets	0	
<u>0</u>		Other capital cash payments	<u>0</u>	
<u>261,177</u>			<u>0</u>	
		<i>Cash inflows</i>		
-9,251		Sale of fixed assets	0	
<u>0</u>		Capital grants & contributions received	<u>0</u>	
<u>0</u>			<u>0</u>	
	86,080	Net cash inflow(-)/outflow before financing		-160,583
	-80,373			-300,313
		Management of Liquid Resources		
	80,373	Net increase/decrease (-) in deposits		300,313
		Financing		
	0	Cash Outflows		0
	0	Cash Inflows		0
	<u>0</u>	Net (increase)/decrease in cash		<u>0</u>

Notes to the Financial Statements

1. Pension Scheme

Local Government Pension Scheme: The Conservancy paid an employer's contribution of £95,448 in to the pension fund, representing 16.1% of pensionable pay. The contribution rate is determined by the fund's actuary, based on triennial actuarial valuations, the review covering 2008/09 being at 31 March 2004. Under pension fund regulations, contribution rates were set to meet 100% of the overall liabilities of the fund and to recover deficits relating to previous years, when 75% funding applied. The deficiency has been spread over the average future working lifetime of the active members.

In addition, the Conservancy is responsible for all pension payments relating to added years benefits it has awarded, together with the related increases.

In accordance with Financial Reporting Standard No. 17 - "Retirement Benefits" (FRS 17) Chichester Harbour Conservancy is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees.

As part of the terms and conditions of employment of its officers and other employees, the Chichester Harbour Conservancy offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Conservancy has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Conservancy participates in the Local Government Pension Scheme for civilian employees, administered by West Sussex County Council - this is a funded scheme, meaning that the Conservancy and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The cost of retirement benefits is recognised below in the illustrative impact to the Conservancy's revenue account over the financial year when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge which is required to be made is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the revenue account.

2008/09		2009/10
£'000		£'000
-95	Pension Contributions	-95
-5	Unfunded Discretionary Benefits	-5
79	Current service costs	67
24	Past service costs	0
0	Impact of settlements & curtailments	0
180	Interest Cost	179
-170	Return on assets	-124
-13	Credit from Pension Reserve	-22

Assets in the County Council Pension Fund consist of the following categories, by proportion of the total assets held by the Fund:

	31st March 2009	31st March 2010
	%	%
Equities	70	76
Bonds	19	15
Property	8	6
Other	3	3
Total	100	100

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The underlying assets and liabilities for retirement benefits attributable to Chichester Harbour Conservancy, measured in accordance with the requirements of FRS 17, at 31 March 2010 are as follows:

	31st March 2009	31st March 2010
	£'000	£'000
Estimated assets in scheme	1,922	2,729
Estimated liabilities in scheme	-2,598	-4,203
Net asset / (liability)	- 676	-1,474

The liabilities show the underlying commitments that the Conservancy has in the long run to pay retirement benefits. The deficit will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Liabilities have been assessed on an actuarial basis which involves an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The County Council Fund liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. The main assumptions used in their calculations have been as follows:

	31st March 2009	31st March 2010
Discount rate	6.9%	5.5%
Rate of increase in salaries	4.6%	5.3%
Rate of increase in pensions in payments	3.1%	3.8%
Rate of inflation	3.1%	3.8%
Rate of return on Equities	7.0%	7.8%
Rate of return on Bonds	5.4%	5.0%
Rate of return on Property	4.9%	5.8%
Rate of return on Other assets	4.0%	4.8%

Life expectancy is based on the PFA92 and PMA92 tables, projected to calendar year 2033 for non pensioners and 2017 for pensioners. Based on these assumptions, the average future life expectancies at age 65 are summarized below:

Mortality	Males	Females
Current Pensioners	22.7 years	26.1 years
Future Pensioners	24.8 years	28.3 years

Historic mortality assumptions are shown in the following table:

Year Ended	Prospective Pensioners	Pensioners
31 March 2010	Year of birth, medium cohort & 1% p.a. minimum improvements from 2007	Year of birth, medium cohort & 1% p.a. minimum improvements from 2007
31 March 2009	Calendar year 2033	Calendar year 2017
31 March 2008	Calendar year 2033	Calendar year 2017
31 March 2007	Calendar year 2017	Calendar year 2009
31 March 2006	Calendar year 2017	Calendar year 2009
31 March 2005	Calendar year 2017	Calendar year 2009

Age ratings are applied to the above tables based on membership profile. Please note that the allowance for future life expectancy has changed at this year end.

A commutation allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum additional tax-free cash for post-April 2008 service.

FINANCIAL REPORT AND ACCOUNTS 2009/2010

The movement in the net pension liability for the year to 31 March 2010 is as follows:

	Year to 31st March 2009 £'000	Year to 31st March 2010 £'000
Beginning of Year Deficit	-228	-676
Employer contributions	95	95
Contributions in respect of unfunded benefits	5	5
Current service cost	-79	-67
Past service costs	-24	0
Impact of settlements and curtailments	0	0
Net return on assets	-10	-55
Interest on pension scheme liabilities	0	0
Actuarial loss/gain	-435	-776
Other income/expenditure	0	0
End of Year Deficit	-676	-1,474

An analysis of the projected amount to be charged to operating profit for pensions for the year to 31 March 2011 is shown below:

Year ended 31 March 2011:	£(000)	% of pay
Projected Current Service Cost	140	23.4%
Interest on Obligation	234	39.1%
Expected Return on Plan Assets	-198	-33.1%
Past Service Cost	-	-
Losses/(Gains) on Curtailments & Settlements	-	-
Total	176	29.4%

Employer's contributions for the year to 31 March 2011 will be approximately £97,000.

2. Members' allowances

Members' allowances were introduced in November 2001. No allowances were paid during 2009/10 for work performed on behalf of the Conservancy.

3. Officers' emoluments

Under the Accounts and Audit Regulations 2003 the Conservancy is required to disclose the number of employees whose emoluments exceed £50,000 per annum in bands of £10,000. Emoluments include salary and taxable benefits such as cars but exclude direct reimbursement of costs incurred. The number in each band is as follows:

2008/09	2009/10
1 £50,000 to £59,999	1

4. Related Parties

The Conservancy is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Conservancy or to be controlled or influenced by the Conservancy. Disclosure of these transactions allows readers to assess the extent to which the Conservancy might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Conservancy. The following bodies made contributions to the Conservancy during 2008/09:

	£
Precepts	West Sussex County Council 159,700
	Hampshire County Council 159,700
Grants	Natural England 194,816

Two members of the Conservancy are involved with the Chichester Harbour Trust. One member of the Conservancy is also a member of Fishbourne Parish Council.

5. Trading Operations

During 2009/10 the Conservancy did not operate any trading operations.

FINANCIAL REPORT AND ACCOUNTS 2009/2010

6. External Audit Costs

The Audit Commission is the external auditor for the Conservancy. For 2009/10 the following fees relating to external audit and statutory inspection were incurred:

2008/09 £'000	2009/10 £'000
9.5 Fees payable to the Audit Commission	9.9

7. Trust Funds

The Conservancy made payments totalling £96,036 to Chichester Harbour Trust during 2009/10. This represented a £10,000 contribution to administration costs, £11,036 in respect of legal and survey costs arising from land acquisitions, a contribution of £25,000 to the purchase of land at Apuldram and a contribution of £50,000 towards the purchase of land at Cot Lane.

8. Leasing Commitments

The Conservancy has entered into operating lease agreements in relation to areas of Chichester Harbour used to provide mooring facilities and in relation to land on which car parks are operated. Total payments on these leases for 2009-10 amounted to £258,588. Leasing commitments payable for 2010-11 are as follows:

Period in which lease expires	Amount due 2010-11 £
Between 1 and 5 years from 31 March 2010	147,186
In more than 5 years from 31 March 2010	119,200
	266,386

9. Reconciliation of other movements in the General Fund Balance not transferred from Income and Expenditure Account

2008/09 £		2009/10 £
	Amounts included in the Income and Expenditure Account but required by Statute to be excluded when determining the Movement on the General Fund Balance for the year	
0	Amortisation of intangible fixed assets	0
-73,941	Depreciation and impairment of fixed assets	-69,310
14,238	Government Grants Deferred amortisation	14,238
0	Write downs of deferred charges to be financed from capital resources	0
9,251	Net gain / loss (-) on sale of fixed assets	0
-13,000	Net charges made for retirements benefits in accordance with FRS17	-22,000
	Amounts not included in the Income and Expenditure Account but required to be included by Statute when determining the Movement on the General Fund Balance for the year	
132,330	Capital expenditure charged in year to the General Fund Balance	0
0	Transfers to or from the General Fund Balance that are required to be taken into account	0
0	Voluntary revenue provision for capital financing	0
69,796	Net transfer to or from (-) Capital Reserve	0
-9,080	Net transfer to or from (-) Revenue Earmarked Reserves	37,032
129,594	Net additional amount required to be debited/ credited (-) to the General Fund Balance for the year	-40,040

FINANCIAL REPORT AND ACCOUNTS 2009/2010

10. Fixed Assets

The movements in the Conservancy's fixed assets during the financial year were as follows:-

	Assets under construction	Land and Buildings	Amenity Land	Vehicles and equipment	Infra-structure	Total
	£	£	£	£	£	£
Certified valuation at 31 March 2009	0	755,346	157,275	602,904	259,197	1,774,722
Accumulated depreciation		-46,087	0	-167,335	-71,262	-284,684
Net book value of assets at 31 March 2009	0	709,259	157,275	435,569	187,935	1,490,038
Additions	0	0	0	0	0	0
Revaluations	0	173,741	0	0	0	173,741
Disposals	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Depreciation	0	-9,267	0	-45,073	-14,970	-69,310
Net Book Value of Assets at 31st March 2010	0	873,733	157,275	390,496	172,965	1,594,469

The following statement is a summary of how the Conservancy's assets have been valued. Details of the basis of these valuations are given below.

	Assets under construction	Land and Buildings	Amenity Land	Vehicles and equipment	Infra-structure	Total
	£	£	£	£	£	£
Valued at historical cost	0		157,275	419,904	259,197	836,376
Valued at current value 2009/10		883,000				883,000
2006/07				183,000		183,000
Total	0	883,000	157,275	602,904	259,197	1,902,376

Operational land and buildings: valued at April 2009. These assets are valued at open market value. The valuations have been made by Henry Adams who is an external valuer. Both FRS11 and FRS15 on accounting for fixed assets have been applied to the accounts. The Statement of Recommended Practice by the Chartered Institute of Public Finance and Accountancy states that buildings must be revalued every five years. A revaluation of the Conservancy's buildings was carried out during 2009/10. FRS11 requires an annual assessment of impairment, however this is not considered significant, and no adjustment has therefore been made.

Amenity land: these assets are recorded at their original cost of purchase.

Infrastructure (Jetties and pontoons): valued at 31st March 2003 on estimated depreciated historic cost except the new pontoons at Itchenor and Dell Quay which are valued at actual depreciated historic cost.

Vessels, plant and vehicles: valued at depreciated historic cost apart from the Moorings Barge which was revalued at £183,000 during 2006/07. This has been recognised in the accounts

Officers have reviewed fixed assets held at historic cost and consider that any difference between historic cost and market value would not lead to a material misstatement in the financial statements.

10. Leasing

No assets were acquired during the year through finance or operating leases.

11. Capital Receipts

The Conservancy did not receive any capital receipts during the year ended 31st March 2010 and no capital receipts unapplied were brought forward from 2008/09.

12. Financing of Fixed Asset Expenditure

The Conservancy did not purchase any fixed assets during 2009/10.

13. Details of Assets held by the Conservancy

Descriptions of the Conservancy's physical assets are shown below.

Harbour office	1
Dell Quay	1
Westlands Estate	1
Mooring barge	1
Vessels-Large and small	9
Jetties	2
Solar Powered Boat	1
Jetty Piles	3
Pontoons	3
Pontoon Piles	2
Vehicles	4
Bar beacon	1
West Pole	1
JCB	1

They have been depreciated over the following periods:

	Years
Operational land and buildings	
Harbour Premises	50
Dell Quay Sailing Club & Office	75
Westlands Marine	25
Jetties and Pontoons	15
Jetty and Pontoon Piles	40
Bar beacon	15
West Pole	20
Vehicles	5
Vessels	
-RIB	5
-Mooring Barge	30
-Solar Powered Boat	10
-Terror	30

14. Investments

The Conservancy held no long-term investments at 31st March 2010. Short-term investments of surplus funds at 31st March 2010 amounted to £3,438,024 and were held in an HSBC bank account. Balances on this account are managed by West Sussex County Council, who invest the funds and credit the Conservancy with the accrued interest accordingly. The Conservancy had no temporary borrowing as at 31st March 2010.

15. Long-term Borrowing

The Conservancy had no long term borrowings at 31st March 2010.

16. Post Balance Sheet Events

There are no post balance sheet events.

17. Trust Funds

The Conservancy does not hold any trust funds

18. Contingent Liabilities

There were no contingent liabilities at 31st March 2010.

19. Reserves

The Conservancy keeps a number of reserves on the Balance Sheet. Details of all reserves held are given below:

Reserve	Balance 1 st April 2009	Net Movement in year	Balance 31 st March 2010	Purpose of reserve	Further details of movements
	£	£	£		
Revaluation Reserve	0	173,741	173,741	Reflects changes in the value of assets compared to their historical cost.	
Capital Adjustment Account	1,351,116	-55,072	1,296,044	Accumulates capital financing set aside to fund past capital expenditure.	See note 19a below
Usable capital receipts	0	0	0	Proceeds of fixed assets sales available to meet future capital expenditure.	See note 19b below
Pension Reserve	-676,000	-798,000	-1,474,000	Balancing Account to allow inclusion of Pensions Liability in the Balance sheet.	
Earmarked Revenue Reserves	780,917	37,032	817,949	Reserves set aside for specific purposes	See note 19c below
General Fund	1,780,910	30,822	1,811,732	Resources available to meet future running costs	See note 19c below
	<u>3,236,943</u>		<u>2,625,466</u>		
Change in net worth		-611,477			

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19a	Capital Adjustment Account
	£
Capital receipts applied in 2009/10:	0
Assets financed by Deferred Government Grant	14,238
Assets funded in year by charge to General Fund	0
Depreciation charge for the year	-69,310
Assets funded by capital reserve (R&R Fund)	0
Total movement on account in 2009/10	-55,072
Balance brought forward at 1st April 2009	1,351,116
Balance carried forward at 31st March 2010	1,296,044

19b Usable capital receipts

The Conservancy applies all proceeds from the sale of capital assets in the year of receipt to finance capital expenditure.

19c Earmarked Reserves	Balance at 1st April 2009	Revenue Approp- riations	Actuarial Gains/ Losses	Balance at 31st March 2010
	£	£	£	£
Repairs & Renewals Fund	162,051	42,846	0	204,897
Self Insurance Fund	54,216	5,724	0	59,940
East Head Defence Fund	17,760	-117	0	17,643
Weather Station Fund	4,718	-328	0	4,390
Revenue Balance Reserve	167,100	-6,590	0	160,510
Chidham Bund Fund	334,807	4,376	0	339,183
Environmental Reserve	40,265	-13,879	0	26,386
Terror Expenses Reserve	0	5,000	0	5,000
Earmarked Revenue Reserves as per Balance Sheet	780,917	37,032	0	817,949
Pension Reserve	-676,000	0	-798,000	-1,474,000
General Fund Balance	1,780,910	30,822	0	1,811,732
Total Revenue Reserves	1,885,827			1,155,681

- **Repairs and Renewals Fund:** This fund holds resources set aside to finance future capital purchases. Replacement batteries for the Solar Boat were financed from the fund in 2009/10. (At £6,432 these were below the de-minimus level for capitalisation). A contribution of £47,000 was made to the fund during the year. The fund was also credited with notional interest of £2,278.

- **Self Insurance Fund:** This fund was established to enable the Conservancy to provide for risks of damage to aids to navigation and the cost of the removal of wrecks from its own resources. In November 2008, the Conservancy agreed to make annual contributions of £3,000 to the fund from 2009/10 until it reaches £70,000. The transfer to the fund in 2009/10 included this annual transfer of £3,000 plus £2,000 received from Scottish and Southern Energy for marking the location of a concrete base left when an electricity pylon was removed from the harbour at Langstone. Notional interest of £724 was attributed to the fund.

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- **East Head Defence Fund:** The net appropriation from the fund for 2009/10 reflects notional interest of £231 and an appropriation from the fund of £348, to fund membership of the East Head Coastal Issues Advisory Group.
- **Weather Station:** The appropriation from this fund for 2009/10 represents contributions of £2,250, including £1,250 from external bodies, and expenditure on the weather station of £2,578.
- **Revenue Balance Reserve:** An appropriation of £6,590 was made from this fund in 2009/10 to make the balance equivalent to 10% of budgeted gross expenditure for 2010/11, which amounts to £160,510.
- **Chidham Bund Fund:** This fund was credited with notional interest of £4,376.
- **Earmarked Environmental Reserve:** This fund is credited each year with any under spend on the Environment budget and an amount equivalent to the under spend brought forward from the previous year is transferred out of the fund. This ensures that funds earmarked to be spent on the Environment are used appropriately. For 2009/10, the surplus carried forward from 2008/09 was £40,265 and the surplus for 2009/10 was £26,386.
- **Terror Expenses Reserve:** This fund has been established with a contribution of £5,000 to cover future maintenance costs relating to the oyster fishing boat, Terror, restored using Heritage Lottery Fund contributions and launched in 2006.

20. Capital Commitments

The Conservancy had no capital commitments as at 31 March 2010.

21. Financial Instruments

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long-Term		Current	
	As at 31 March 2009 £'000	As at 31 March 2010 £'000	As at 31 March 2009 £'000	As at 31 March 2010 £'000
Financial liabilities at amortised cost	-	-	-126	-99
Loans and receivables	-	-	3,364	3,478
Financial assets at fair value through profit and loss	-	-	-	-
Total financial Instruments			3,238	3,379

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Financial instruments gains/losses

The gains and losses recognised in the Income and Expenditure Account and the Statement of Total Recognised Gains and Losses in relation to financial instruments are made up as follows:

	Financial Liabilities	Financial Assets		Total
	Liabilities measured at amortised cost	Loans and receivables	Assets measured at fair value through profit and loss	
	£'000	£'000	£'000	£'000
Interest expense	-	-	-	-
Interest payable and similar charges	-	-	-	-
Interest income	-	-43	-	-43
Capital gains/losses	-	-	-	-
Interest and investment income	-	-43	-	-43

Fair value of assets and liabilities carried at amortised cost

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

Interest rates at 31 March 2010 were 0.99%

No early repayment or impairment is recognised

Where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value

The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31 March 2009		31 March 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
	£'000	£'000	£'000	£'000
Financial liabilities	-126	-126	-99	-99
Loans and receivables	3,364	3,364	3,478	3,478

Disclosure of nature and extent of risks arising from financial instruments

The Conservancy's activities expose it to a variety of financial risks:

Credit risk – the possibility that other parties might fail to pay amounts due to the conservancy

Liquidity risk – the possibility that the conservancy might not have the funds available to meet its commitments to make payments

Market risk – the possibility that the conservancy might suffer a financial loss as a result of changes in such measures as interest rates and stock market movements.

The Conservancy's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. The West Sussex County Council treasury team make short term investments on behalf of the conservancy, under policies approved by the

FINANCIAL REPORT AND ACCOUNTS 2009/2010

Conservancy. West Sussex County Council has written principles for overall risk management, together with written policies covering specific areas, such as credit risk and the investment of surplus cash.

Credit risk

Credit risk arises from the lending of surplus funds to banks, building societies and other local authorities as well as credit exposures to the conservancy's customers. It is the policy of the conservancy, via the WSCC treasury, to place deposits only with a limited number of high quality banks and building societies whose credit rating is independently assessed as sufficiently secure and to restrict lending to a prudent maximum amount for each institution.

Liquidity risk

As the conservancy is debt-free and has a substantial level of investments, there is no significant risk that it will be unable to meet its commitments under financial instruments.

Market risk

Interest rate risk

The conservancy is exposed to risk in terms of its exposure to interest rate movements on its investments. A rise in interest rates would have the following effects:

Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise

Investments at fixed rates – the fair value of the assets will fall.

During 2009/10, interest of £42,634 was receivable – an average interest rate of 1.32%. If the average rate had been 1% less (i.e. 0.32%) then the conservancy would have received £32,298 less income.

Price risk

The conservancy has no investments in equity shares and thus has no exposure to loss arising from movements in the price of shares.

Foreign exchange risk

The conservancy has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

22. Reconciliation of revenue cash flow

	2008/09 £	2009/10 £
Surplus(-)/Deficit for the Year	-237,381	9,218
Non-cash transactions		
Pension financing and other FRS17 charges	-13,000	-22,000
Depreciation and impairment of fixed assets	-73,941	-69,310
Capital expenditure charged in year to the General Fund Balance	0	0
Government grant deferred amortization	14,238	14,238
Loss(-) /Gain on sale of fixed assets	9,251	0
Items on an accruals basis		
Increase/Decrease(-)in Creditors and Debtors	-26,203	-114,510
Servicing of Finance	160,583	42,634
Revenue Activities Net Cash Flow	-166,453	-139,730

23. Movement in other current assets and liabilities

Analysis of Net Debt

	Balance as at 31st March 2009	Movement in year	Balance as at 31st March 2010
	£	£	£
Debtors	-433,262	244,461	-188,801
Creditors	1,010,205	-12,002	998,203
	576,943	232,459	809,402

Annual Governance Statement

Scope of responsibility

Chichester Harbour Conservancy is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, the Conservancy is also responsible for putting in place proper arrangements for the governance of its affairs which facilitate the effective exercise of the Conservancy's functions and which include arrangements for the management of risk.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the Conservancy is directed and controlled, and its activities through which it accounts to, engages with and leads the community. It enables the Conservancy to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of the Conservancy's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Conservancy for the year ended 31 March 2010 and up to the date of approval of the Financial Report and Accounts.

The Governance Framework

Establishing and monitoring the achievement of the Conservancy's objectives

Establishing and monitoring the achievement of the Conservancy's objectives is rooted in the development and approval of the Management Plan and budgeting process.

The Management Plan is the keystone of the Conservancy's governance framework and is the benchmark of management of the AONB emanating from the Countryside and Rights of Way Act 2000.

The process which culminates in the production of the Management Plan is increasingly informed by the Conservancy's work with Local Authorities, English Nature and those who live or work within Chichester Harbour.

Each Management Plan is five years in duration and is reviewed and updated in its final year to review progress and to provide a starting point for the development of the next five year plan.

Roles and responsibilities

The Conservancy is the ultimate decision making body, and comprises 15 members. Eight represent the two County Councils, four represent the two District and Borough Councils, and three are appointed by the statutory Advisory Committee. The Advisory Committee considers all reports prior to consideration by the Conservancy itself. The Conservancy delegates responsibilities to its Planning Committee and the Accounts and Audit Committee. Chairman's Advisory groups are established from time to time to deal with specific projects, and report to the Conservancy.

The scheme of delegation is contained within Standing Orders and Financial Regulations.

Ensuring compliance with relevant laws, regulations and policies

The Conservancy is required under its Act of Parliament to appoint such officers as is necessary for the efficient discharge of their functions. The Manager and Harbour Master, has the prime responsibility for ensuring that decisions are properly made. The role of the Clerk is to act as the Monitoring Officer to the Conservancy as though the Conservancy were a local authority and is consulted by the Manager and Harbour Master on draft reports, minutes and agendas, other than purely routine matters, to enable the discharge of this responsibility.

The West Sussex County Council Finance Director is the nominated Treasurer and the Chief Internal Auditor of the Council has direct access to the Treasurer and to the Manager and Harbour Master.

Chichester Harbour Conservancy has approved Financial Regulations and Standing Orders that govern financial procedures and how it conducts its meetings and decision making. They require Members and the Manager and Harbour Master to ensure that all decisions are compliant with policies, procedures, laws and regulations.

Processes have been developed that will facilitate the identification and monitoring of controls within the Conservancy and will include compliance with established policies, procedures, laws and regulations.

These include:

- Clear statements of objectives and goals for the organisation as a whole, these being used as the cornerstone for managing performance and therefore performance related risk.
- Clear statements of the responsibilities of members and officers.
- Formal risk identification, analysis, ownership and review procedures for all major project work and related programmes, evidence of these being available from project plans etc.
- A requirement for material decision risks to be formally identified in all decision reports.
- A variety of risk management practices produced under the Port Marine Safety Code at operational level reflecting best practice in the various areas of work which the Conservancy gets involved with in providing services/meeting statutory and consumer led obligations.

The Conservancy believes these to be effective and conducts annual reviews of risk assessments. While believing its risk management arrangements to be effective, the Conservancy is working to improve them further. This is reflected in the Conservancy's Port Marine Safety Code, which is subject to independent audit.

The Port Marine Safety Code, Harbour Office Standing Instructions, Financial Regulations and Standing Orders govern how the Conservancy should hold itself accountable for the discharge of its duties and powers to a set standard. This ensures that risk management awareness is embedded deep into the organisation. This is seen as key to successful risk management.

Maintenance and review of the effectiveness of governance arrangements

The Conservancy has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework including the system of internal control. This is informed by the work of Internal Audit and the Manager and Harbour Master who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the Conservancy's external auditors and other review agencies and inspectorates.

Responsible officers review internal controls routinely as an integral part of the risk management process.

Internal Audit provides an independent appraisal of all major financial systems on a cyclical basis and undertakes annual compliance testing. This includes adherence to established policies, procedures, laws and regulations. An annual audit is carried out each year and during 2009/10 this was conducted in December 2009.

Significant Governance Issues

Following their annual audit of the Conservancy's activities, Internal Audit recommended that adoption of the SAP purchase order system used by West Sussex County Council would improve the recording of outstanding purchase orders. System modifications currently being undertaken by the County Council have prevented this from taking place. Improvements to the manual purchase order system operated by the Conservancy have been implemented, with the introduction of a computerised database and instructions on its correct operation have been communicated to spending officers.

John Davis
Manager & Harbour Master
28 June 2010

Louise Goldsmith
Chairman of the Conservancy
28 June 2010

Audit Report

Independent auditor's report to the Members of Chichester Harbour Conservancy

Glossary of Financial Terms

Accounting Policies	Rules and Practices set by the Accounting Standards Board that have been adopted by the Conservancy and dictate how transactions and events are presented in the financial statements.
Accruals	Income and expenditure are recognised as they are earned or incurred, not as money is received or paid.
Actuary	An independent professional who advises on the position of the pension fund.
Actuarial Valuation	The Actuary reviews the assets and liabilities of the pension fund every three years.
Appropriation	The assignment of revenue for a specific purpose.
Balance Sheet	A statement of recorded assets and liabilities as at the end of an accounting period.
Capital Expenditure	Expenditure on the acquisition or construction of new assets, or the enhancement existing assets, that have a long-term value to the Conservancy e.g. vessels and jetties.
Capital Receipts	Income from the sale of assets, which can only be used to finance new capital expenditure or repay outstanding debt on assets financed from loan.
Creditors	Amounts owed by the Conservancy for goods and services received where payment has not been made as at the Balance Sheet date.
Debtors	Amounts owed to the Conservancy for goods and services provided but are unpaid as at the Balance Sheet date.
Depreciation	A reduction of value of a fixed asset due to age, wear and tear, deterioration or obsolescence.
Gross Expenditure	Total expenditure before deducting income.
Income and Expenditure Account	A statement of net cost for the year of all the Conservancy's services, together with how this cost is financed.
Outturn	The actual level of income and expenditure for the financial year.
Reserves	Reserves are set up to meet expenditure occurring in future years. They include working balances and reserves for financing capital spending.
Revenue Expenditure	Regular expenditure incurred in providing services e.g. employee costs,
Statement of Recommended Practice (SORP)	Recommendations on accounting practices issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

26 March 2010

John Davis
Harbour Master
Chichester Harbour Conservancy
Harbour Office
Itchenor, Chichester
West Sussex PO20 7AW

Direct line 08447981790
Email helen-
thompson@audit-
commission.gov.uk

Dear John

Chichester Harbour Conservancy Annual Audit Fee 2010/11

Further to our discussions with Executive Director of Finance and Performance, I am writing to confirm the audit work that we propose to undertake for the 2010/11 financial year at Chichester Harbour Conservancy. The fee is based on the risk-based approach to audit planning as set out in the Code of Audit Practice and work mandated by the Commission for 2010/11.

As I have not yet completed my audit for 2009/10, the audit planning process for 2010/11, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary.

A summary of the indicative fee is shown in the table below.

Audit area	Planned fee 2010/11	Planned fee 2009/10
Financial statements	£9,650	£8,510
VFM Conclusion	£1,350	£1,350
Total audit fee	£11,000	£9,860

The Audit Commission has published its work programme and scales of fees for 2010/11. The planned audit fee for 2010/11 is set at 17% below the scale fee.

The increase in fee for the financial statements element of the audit reflects the costs of additional work arising from the introduction of international financial reporting standards in 2010/11. The Audit Commission Chief Executive wrote to all councils in February 2009 to announce measures to rebate part of the cost of the increase. A schedule of rebates has now been published. In order to verify the Harbour Conservancy's eligibility, you will need to contact the dedicated IFRSrebate@audit-commission.gov.uk email address. Changes in international

auditing standards will increase the audit procedures I need to carry out. However, the Audit Commission has agreed to absorb the cost of additional requirements within the fee for certain bodies.

In setting the fee for 2010/11, I have assumed that:

- you will inform us of significant developments impacting on our audit;
- the controls over your key material financial systems are operating effectively and we are able to place reliance on these controls for the purposes of our audit;
- good quality working papers and records will be provided to support the financial statements;
- requested information will be provided within agreed timescales; and
- prompt responses will be provided to draft reports.

Where these assumptions are not met, I will be required to undertake additional work which is likely to result in an increased audit fee.

A separate opinion plan for the audit of the financial statements will be issued by March 2011. This will detail the risks identified, planned audit procedures and any changes in fee. If I need to make any significant amendments to the audit fee during the course of the audit, I will first discuss this with the Executive Director of Finance and Performance and then prepare a report outlining the reasons why the fee needs to change for discussion with the Accounts and Audit Committee.

I have identified two significant risks in relation to my opinion and value for money conclusion. For each risk, I consider the arrangements put in place by the Conservancy to mitigate the risk, and plan my work accordingly. My initial risk assessment for opinion and value for money audit work is shown in the table below:

Risk	Planned work	Timing of work
International Financial Reporting Standards will apply to the production of the Conservancy's financial statements for 2010/11. This will pose a recognised risk for all authorities and the adoption is likely to be challenging.	We will review the Conservancy's approach to the adoption of IFRS and will undertake our work to ensure that the financial statements comply with the new standards.	October 2010 – September 2011
On 13 October 2009 the Auditing Practices Board (APB) issued new clarified international standards on auditing (UK&I). The revised standards will apply to our audit of the Conservancy's financial statements for 2010/11.	We will undertake our audit of the financial statements under the new standards. This may mean additional work in some areas but this cost will not be passed on the Conservancy.	On-going throughout the year

I will issue a number of reports relating to my work over the course of the audit. These are listed at Appendix 1.

The above fee excludes work the Commission may agree to undertake using its advice and assistance powers. Each piece of work will be separately negotiated and a detailed project specification agreed with you.

The key members of the audit team for the 2010/11 audit are:

Audit Manager – Emma Wootton 0844 798 1792

Team Leader – Tom Wilkins 0844 798 4684

I am committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact the South East Head of Operations, Neil Childs (n-childs@audit-commission.gov.uk).

Yours sincerely

Helen Thompson
District Auditor

cc Richard Hornby, Executive Director of Finance and Performance
Cllr Louise Goldsmith, Chair of Chichester Harbour Conservancy

Appendix 1: Planned outputs

Our reports will be discussed and agreed with the appropriate officers before being issued to the Accounts and Audit Committee.

Table 1

Planned output	Indicative date
Opinion Audit plan	March 2011
Annual governance report	September 2011
Auditor's report giving the opinion on the financial statements and value for money conclusion	September 2011
Annual audit letter	November 2011