STATUTORY INSTRUMENTS

1969 No. 1296

HARBOURS, DOCKS, PIERS AND FERRIES

The Statutory Harbour Undertakings (Form of Accounts etc.) (Local Authorities) Regulations 1969

Made - - - -	12*th September* 1969
Laid before Parliament	23*rd September* 1969
Coming into Operation	26*th September* 1969

The Minister of Transport, in exercise of the powers conferred on him by section 42 of the Harbours Act 1964(a) and of all other powers enabling him in that behalf and after consultation with the National Ports Council, hereby makes the following Regulations:—

Citation and commencement

1. These Regulations may be cited as the Statutory Harbour Undertakings (Form of Accounts etc.) (Local Authorities) Regulations 1969 and shall come into operation on 26th September 1969.

Interpretation

2.—(1) For the purposes of these Regulations, unless the context otherwise requires:—

(*a*) The expression "provision" shall, subject to paragraph (2) of this Regulation, mean any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets or retained by way of providing for any known liability of which the amount cannot be determined with substantial accuracy;

(*b*) the expression "reserve" shall not, subject as aforesaid, include any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets or retained by way of providing for any known liability;

and in this Regulation the expression "liability" shall include all liabilities in respect of expenditure contracted for and all disputed or contingent liabilities.

(2) Where—

(*a*) any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets, not being an amount written off in relation to fixed assets before the commencement of these Regulations; or

(*b*) any amount retained by way of providing for any known liability;

is in excess of that which in the opinion of the authority is reasonably necessary for the purpose, the excess shall be treated for the purposes of these Regulations as a reserve and not as a provision.

3. For the purposes aforesaid, the expression "quoted investment" means an investment as respects which there has been granted a quotation or permission to deal on a recognised stock exchange, or on any stock exchange of repute

(a) 1964 c. 40.

outside Great Britain, and the expression "unquoted investment" shall be construed accordingly.

4. For the purposes aforesaid, the expression "long lease" means a lease in the case of which the portion of the term for which it was granted remaining unexpired at the end of the financial year is not less than fifty years, the expression "short lease" means a lease which is not a long lease and the expression "lease" includes an agreement for a lease.

5. For the purposes aforesaid, the expression "undertaking" means a statutory harbour undertaking to which these Regulations apply and the expression "authority" means the person by whom an undertaking is carried on.

6. For the purposes aforesaid, any reference to a balance sheet or revenue account shall include any notes thereon or document annexed thereto giving information which is required by these Regulations and is thereby allowed to be so given.

7. For the purposes aforesaid:—

(*a*) the expression "debenture" includes debenture stock, bonds, mortgages, loan stock and any other securities of an authority whether constituting a charge on the assets of the authority or not;

(*b*) the expression "financial year" in relation to an undertaking means the year for which the annual accounts relating to that undertaking are made up and, where the authority wishes to change the financial year, includes the transitional accounting period adopted for the purpose of effecting that change;

(*c*) the expression "goods dues" means charges in respect of goods brought into, taken out of or carried through a harbour by ship (but not including charges in respect of work performed, services rendered or facilities provided in respect of goods so brought, taken or carried);

(*d*) the expression "holding company" means a holding company as defined by section 154 of the Companies Act 1948;(**a**)

(*e*) the expression "investment grants" means grants made under the Industrial Development Act 1966(**b**);

(*f*) the expression "loan" includes an advance from a consolidated loans fund or loans pool and references to the repayment of loans shall be construed accordingly;

(*g*) the expression "officer" includes a servant;

(*h*) the expression "passenger dues" means charges for any passengers embarking or disembarking at a harbour (but not including charges in respect of any services rendered or facilities provided for them);

(*i*) the expression "port modernisation grants" means grants made under section 12 of the Harbours Act 1964;

(*j*) the expression "recognised stock exchange" has the same meaning as in the Prevention of Fraud (Investments) Act 1958(**c**);

(*k*) the expression "shares" includes stock;

(*l*) the expression "ship dues" means charges in respect of any ship for entering, using or leaving a harbour, including charges made on the ship in respect of marking or lighting the harbour;

(*m*) the expression "statutory harbour undertaking" means an undertaking or part of an undertaking the activities whereof consist wholly or mainly in the improvement, maintenance or management of a harbour in the exercise of powers vested under the Harbours Act 1964, by another Act or by an order or other instrument (except a provisional order) made under another Act or by a provisional order in the person by whom the undertaking is carried on (other than river works powers as defined by section 57 of the Harbours Act 1964), in the performance of duties

(a) 1948 c. 38. (b) 1966 c. 34. (c) 1958 c. 45.

so vested in him (other than river works duties as so defined) or in the exercise and performance of powers so vested in him (other than river works powers as so defined) and duties so vested in him (other than river works duties as so defined);

(*n*) the expression "subsidiary" means a subsidiary as defined by section 154 of the Companies Act 1948;

(*o*) the expression "United Kingdom" does not include Northern Ireland.

8. For the purposes aforesaid, a loan shall be deemed to fall due for repayment, and an instalment of a loan shall be deemed to fall due for payment on the earliest date on which the lender could require repayment or, as the case may be, payment if he exercised all options and rights available to him.

9. In the application of these Regulations to Scotland, "land of freehold tenure" means land in respect of which the authority is the proprietor of the dominium utile or, in the case of land not held on feudal tenure, is the owner, and "land of leasehold tenure" means land of which the authority is the tenant under a lease.

10.—(1) Unless the context otherwise requires references in these Regulations to the provisions of any enactment shall be construed as references to those provisions as amended or re-enacted by any subsequent enactment.

(2) The Interpretation Act 1889(**a**) shall apply for the interpretation of these Regulations as it applies for the interpretation of an Act of Parliament.

Undertakings to which these Regulations apply

11. These Regulations shall apply to a statutory harbour undertaking which is carried on by a local authority specified in Schedule 1 to these Regulations.

Form of Accounts etc.

12. As respects any financial year ending more than three months after these Regulations come into operation the annual statement of accounts relating to an undertaking to which these Regulations apply shall, so far as it relates to that undertaking, be in the form, contain the particulars and be compiled in the manner, indicated in Schedule 2 to these Regulations.

Given under the Official Seal of the Minister of Transport the 12th September 1969.

(L.S.)

Richard Marsh,
Minister of Transport.

SCHEDULE 1

LOCAL AUTHORITIES WHO CARRY ON UNDERTAKINGS TO WHICH THESE REGULATIONS APPLY

Bideford Corporation
Boston Corporation
Bridgwater Corporation
Bridport Corporation
Bristol Corporation
Colchester Corporation
Exeter Corporation
Gillingham Corporation
Ilfracombe Urban District Council
Newport (Isle of Wight) Corporation
Norwich Corporation
Penryn Corporation
Penzance Corporation
Perth Corporation
Portsmouth Corporation
Preston Corporation
Ramsgate Corporation
Southend-on-Sea Corporation
Sunderland Corporation
Truro Corporation
Watchet Urban District Council
Weymouth and Melcombe Regis Corporation
Whitstable Urban District Council
Wisbech Corporation

(**a**) 1889 c. 63.

SCHEDULE 2

FORM, CONTENTS AND MANNER OF COMPILATION OF ANNUAL STATEMENT OF ACCOUNTS

Preliminary

1. The annual statement of accounts shall consist of a revenue account, a balance sheet and notes and statements showing the further particulars indicated below.

2. The balance sheet shall give a true and fair view of the state of affairs of the undertaking at the end of the financial year and the revenue account shall give a true and fair view of the surplus or deficit of the undertaking for the financial year. Paragraphs 3 to 12 of this Schedule apply to the balance sheet and 13 to 15 to the revenue account, and are subject to the provisions of paragraph 16 if the authority, in its capacity as a harbour authority, is a holding company.

Balance Sheet

3. The liabilities and assets shall be summarised with such particulars as are necessary to disclose the general nature of the liabilities and assets.

4. There shall be stated, so far as they are not written off, any discount and expenses incurred in connection with any issue of debentures for the purposes of the undertaking.

5.—(1) The reserves, provisions, liabilities and assets shall be classified under appropriate headings:

Provided that—

(*a*) where the amount of any class is not material, it may be included under the same heading as some other class; and

(*b*) where any assets of one class are not separable from assets of another class, those assets may be included under the same heading.

(2) Fixed assets, current assets and assets that are neither fixed nor current shall be separately identified.

(3) The method or methods used to arrive at the amount of the fixed assets under each heading shall be stated.

6.—(1) The method of arriving at the amount of any fixed asset shall, subject to the next following sub-paragraph, be to take the difference between—

(*a*) its cost or, if it stands in the authority's books at a valuation, the amount of the valuation; and

(*b*) the aggregate amount provided or written off since the date of acquisition or valuation, as the case may be, for depreciation or diminution in value;

and for the purposes of this paragraph the net amount at which any assets stand in the authority's books at the commencement of these Regulations (after deduction of the amounts previously provided or written off for depreciation or diminution in value) shall, if the figures relating to the period before the commencement of these Regulations cannot be obtained without unreasonable expense or delay, be treated as if it were the amount of a valuation of those assets made at the commencement of these Regulations and, where any of those assets are sold or appropriated by the local authority for other purposes, the said net amount less the amount of the sales or, as the case may be, the amount at which the assets in question are appropriated, shall be treated as if it were the amount of a valuation so made of the remaining assets.

(2) The foregoing sub-paragraph shall not apply—

(*a*) to assets for which the figures relating to the period beginning with the commencement of these Regulations cannot be obtained without unreasonable expense or delay; or

(*b*) to assets the replacement of which is provided for wholly or partly—

(i) by making provision for renewals and charging the cost of replacement against the provision so made; or

(ii) by charging the cost of replacement direct to revenue; or

(*c*) to any quoted investments or to any unquoted investments of which the value as estimated by the authority is shown either as the amount of the investments or by way of note; or

(*d*) to goodwill, patents or trade marks.

(3) For the assets under each heading whose amount is arrived at in accordance with sub-paragraph (1) of this paragraph, there shall be shown—

(*a*) the aggregate of the amounts referred to in paragraph (*a*) of that sub-paragraph; and

(*b*) the aggregate of the amounts referred to in paragraph (*b*) thereof.

(4) As respects the assets under each heading whose amount is not arrived at in accordance with the said sub-paragraph (1) because their replacement is provided for as mentioned in sub-paragraph (2)(*b*) of this paragraph, there shall be stated—

(*a*) the means by which their replacement is provided for; and

(*b*) the aggregate amount of the provision (if any) made for renewals and not used.

7. In the case of unquoted investments held for the purposes of the undertaking consisting in equity share capital (as defined by subsection (5) of section 154 of the Companies Act 1948) of other bodies corporate (other than any whose values as estimated by the authority are separately shown, either individually or collectively or as to some individually and as to the rest collectively, and are so shown either as the amount thereof, or by way of note), the matters referred to in the following heads shall, if not otherwise shown, be stated by way of note or in a statement annexed:—

(*a*) the aggregate amount of the authority's income for the financial year that is ascribable to the investments;

(*b*) the amount of the authority's share before taxation, and the amount of that share after taxation, of the net aggregate amount of the profits of the bodies in which the investments are held, being profits for the several periods to which accounts sent by them during the financial year to the authority related, after deducting those bodies' losses for those periods (or vice versa);

(*c*) the amount of the authority's share of the net aggregate amount of the undistributed profits accumulated by the bodies in which the investments are held since the time when the investments were acquired, after deducting the losses accumulated by them since that time (or vice versa);

(*d*) the manner in which any losses incurred by the said bodies have been dealt with in the authority's accounts.

8. The aggregate amounts respectively of reserves and provisions (other than provisions for depreciation, renewals or diminution in value of assets) shall be stated under separate headings:

Provided that this paragraph shall not require a separate statement of either of the said amounts which is not material.

9.—(1) There shall also be shown (unless it is shown in the revenue account or a statement annexed thereto, or the amount involved is not material)—

(*a*) where the amount of the reserves or of the provisions (other than provisions for depreciation, renewals or diminution in value of assets) shows an increase as compared with the amount at the end of the immediately preceding financial year, the source from which the amount of the increase has been derived; and

(*b*) where—

(i) the amount of the reserves shows a decrease as compared with the amount at the end of the immediately preceding financial year; or

(ii) the amount at the end of the immediately preceding financial year of the provisions (other than provisions for depreciation, renewals or diminution in value of assets) exceeded the aggregate of the sums since applied and amounts still retained for the purposes thereof;

the application of the amounts derived from the difference.

(2) Where the heading showing the reserves or any of the provisions aforesaid is divided into sub-headings, this paragraph shall apply to each of the separate amounts shown in the sub-headings instead of applying to the aggregate amount thereof.

10.—(1) There shall be shown under separate headings—

(*a*) the aggregate amounts respectively of the authority's quoted investments and unquoted investments held for the purposes of the undertaking, distinguishing in each case between sinking fund investments and other investments;

(*b*) if the amount of the goodwill and of any patents and trade marks or part of that amount is shown as a separate item in or is otherwise ascertainable from the books of the authority, or from any contract for the sale or purchase of any property to be acquired by the authority for the purposes of the undertaking, or from any documents in the possession of the authority relating to the stamp duty payable in respect of any such contract or the conveyance of any such property, the said amount so shown or ascertained so far as not written off or, as the case may be, the said amount so far as it is so shown or ascertainable and as so shown or ascertained, as the case may be;

(*c*) the aggregate amount of bank loans and overdrafts incurred by the authority for the purposes of the undertaking and the aggregate amount of loans made to the authority for those purposes which—

(i) are repayable otherwise than by instalments and fall due for repayment after the expiration of the period of five years beginning with the day next following the expiration of the financial year; or

(ii) are repayable by instalments any of which fall due for payment after the expiration of that period;

not being, in either case, bank loans or overdrafts.

(2) Nothing in head (*b*) of the foregoing sub-paragraph shall be taken as requiring the amount of the goodwill, patents and trade marks to be stated otherwise than as a single item.

(3) The heading showing the amount of the quoted investments shall be sub-divided, where necessary, to distinguish the investments as respects which there has, and those as respects which there has not, been granted a quotation or permission to deal on a recognised stock exchange.

(4) In relation to each loan falling within head (*c*) of sub-paragraph (1) of this paragraph (other than a bank loan or overdraft), there shall be stated by way of note (if not otherwise stated) the terms on which it is repayable and the rate at which interest is payable thereon:

Provided that if the number of loans is such that, in the opinion of the authority, compliance with the foregoing requirement would result in a statement of excessive length, it shall be sufficient to give a general indication of the terms on which the loans are repayable and the rates at which interest is payable thereon.

11. Where any liability of the authority incurred for the purposes of the undertaking is secured otherwise than by operation of law on any assets of the authority, the fact that that liability is so secured shall be stated, but it shall not be necessary to specify the assets on which the liability is secured.

12.—(1) The matters referred to in the following sub-paragraphs shall be stated by way of note, or in a statement annexed, if not otherwise shown.

(2) The general nature of any contingent liabilities not provided for and, where practicable, the aggregate amount or estimated amount of those liabilities, if it is material.

(3) Where practicable the aggregate amount or estimated amount, if it is material, of contracts for capital expenditure, so far as not provided for and, where practicable, the aggregate amount or estimated amount, if it is material, of capital expenditure authorised by the authority for the purposes of the undertaking which has not been contracted for.

(4) In the case of fixed assets under any heading whose amount is required to be arrived at in accordance with paragraph 6(1) of this Schedule (other than unquoted investments) and is so arrived at by reference to a valuation, the years (so far as they are known to the authority) in which the assets were severally valued and the several values, and, in the case of assets that have been valued during the financial year, the names of the persons who valued them or particulars of their qualifications for doing so and (whichever is stated) the bases of valuation used by them.

(5) If there are included amongst fixed assets under any heading (other than investments) assets that have been acquired during the financial year, the aggregate amount of the assets acquired as determined for the purpose of making up the balance sheet, and if during that year any fixed assets included under a heading in the balance sheet made up with respect to the immediately preceding financial year (other than investments) have been disposed of or destroyed, the aggregate amount thereof as determined for the purpose of making up that balance sheet.

(6) Of the amount of fixed assets consisting of land, how much is ascribable to land of freehold tenure and how much to land held on long lease and how much to land held on short lease.

(7) The cost of any capital works which are in process of construction or, in the alternative, the value to the authority of such works as estimated by the authority. If the latter alternative is adopted, the basis or bases of valuation shall be stated.

(8) If in the opinion of the authority any of the current assets have not a value, on realisation in the ordinary course of carrying on the undertaking, at least equal to the amount at which they are stated, the fact that the authority are of that opinion.

(9) The aggregate market value of the authority's quoted investments held for the purposes of the undertaking where it differs from the amount of such investments as stated, and the stock exchange value of any such investments of which the market value is shown (whether separately or not) and is taken as being higher than their stock exchange value.

(10) If the amount carried forward for stock in trade or work in progress is material for the appreciation of the state of affairs of the undertaking or of its surplus or deficit for the financial year, the manner in which that amount has been computed.

(11) Moneys owed to each government department in respect of the principal of loans for the capital purposes of the undertaking. In this sub-paragraph and in paragraph 22(*c*) of this Schedule references to loans for capital purposes include references to loans made to enable the authority to repay the principal of, or interest on, loans for capital purposes.

(12) Port modernisation grants and investment grants received or receivable but not credited to the revenue account.

(13) Except in the case of the first financial year to which these Regulations apply, the corresponding amounts at the end of the immediately preceding financial year for all the items shown in the balance sheet.

Revenue Account

13.—(1) There shall be shown—

(*a*) revenue, indicating separately:—

(i) ship dues;

(ii) goods dues;

(iii) passenger dues;

(iv) revenue from cargo handling;

(v) revenue from cranes and plant;

(vi) revenue from warehousing and storage;

(vii) revenue from sundry services and facilities;

(viii) other revenue;

Provided that if it is not possible to make a precise apportionment of revenue between any two or more of the heads specified above the apportionment between such heads may be made on an estimated basis and the fact that it is made on that basis shall be stated by way of note;

(*b*) expenditure, indicating separately:—

(i) operating and maintenance expenditure (except in relation to the maintenance of dredging equipment and administrative buildings and equipment);

(ii) dredging expenditure;

(iii) cargo handling expenditure;

(iv) administrative and other general expenditure;

(*c*) so much of port modernisation grants and investment grants and any other grants from government departments as is credited to the revenue account;

(*d*) the amount charged to revenue by way of provision for depreciation, renewals or diminution in value of fixed assets;

(*e*) the amount of the interest on loans of the following kinds made to the authority for the purposes of the undertaking (whether on the security of debentures or not), namely, bank loans, overdrafts and loans which, not being bank loans or overdrafts,—

(i) are repayable otherwise than by instalments and fall due for repayment before the expiration of the period of five years beginning with the day next following the expiration of the financial year; or

(ii) are repayable by instalments the last of which falls due for payment before the expiration of that period;

and the amount of the interest on loans of other kinds so made (whether on the security of debentures or not), and where any such loan was made by a government department indicating that fact and naming the department concerned;

(*f*) the amount provided for redemption of loans;

(*g*) the amount, if material, set aside or proposed to be set aside to, or withdrawn from, reserves;

(*h*) the amount, if material, set aside to provisions other than provisions for depreciation, renewals or diminution in value of assets or, as the case may be, the amount, if material, withdrawn from such provisions and not applied for the purposes thereof;

(*i*) the amounts respectively of income from quoted investments held for the purposes of the undertaking and income from unquoted investments held for those purposes.

(2) If, in the case of any assets in whose case an amount is charged to revenue by way of provision for depreciation or diminution in value, an amount is also so charged by way of provision for renewal thereof, the last-mentioned amount shall be shown separately.

(3) If the amount charged to revenue by way of provision for depreciation or diminution in value of any fixed assets (other than investments) has been determined otherwise than by reference to the amount of those assets as determined for the purpose of making up the balance sheet, that fact shall be stated.

14. The amount of any charge incurred for the purposes of the undertaking arising in consequence of the occurrence of an event in a preceding financial year and of any credit so arising shall, if not included in a heading relating to other matters, be stated under a separate heading.

15.—(1) The matters referred to in the following sub-paragraphs shall be stated by way of note, if not otherwise shown.

(2) If depreciation or replacement of fixed assets is provided for by some method other than a depreciation charge or provision for renewals, or is not provided for, the method by which it is provided for or the fact that it is not provided for, as the case may be.

(3) Any material respects in which any items shown in the revenue account are affected—

(*a*) by transactions of a sort not usually undertaken by the authority, in its capacity as a harbour authority, or otherwise by circumstances of an exceptional or non-recurrent nature; or

(*b*) by any change in the basis of accounting.

(4) The amount, if material, charged to revenue in respect of sums payable for the hire of plant and machinery.

(5) The amount of the remuneration of the auditors. For the purposes of this sub-paragraph any sums paid by the authority in respect of the auditors' expenses shall be deemed to be included in the expression "remuneration".

(6) Except in the case of the first financial year to which these Regulations apply the corresponding amounts for the immediately preceding financial year for all items shown in the revenue account.

Special provisions where authority is a holding company

16.—(1) This paragraph shall apply where the authority, in its capacity as a harbour authority, is a holding company.

(2) The aggregate amount of assets consisting of shares in, or amounts owing (whether on account of a loan or otherwise) from the authority's subsidiaries, distinguishing shares from indebtedness, shall be set out in the balance sheet separately from all other assets of the authority, and the aggregate amount of indebtedness (whether on account of a loan or otherwise) to the authority's subsidiaries shall be so set out separately from all its other liabilities and—

(*a*) the references in this Schedule to the authority's investments (except those in paragraphs 12(5) and 13(3)) shall not include investments in its subsidiaries required by this paragraph to be separately set out; and

(*b*) paragraph 6, sub-paragraph (1)(*d*) of paragraph 13, and sub-paragraph (2) of paragraph 15 of this Schedule shall not apply in relation to fixed assets consisting of interests in the authority's subsidiaries.

(3) There shall be annexed to the balance sheet a statement showing—

(*a*) the net aggregate amount, so far as it concerns the authority and is not otherwise dealt with in its accounts, of the subsidiaries' profits after deducting the subsidiaries' losses (or vice versa)—

(i) for the respective financial years of the subsidiaries ending with or during the financial year of the authority; and

(ii) for their previous financial years since they respectively became the authority's subsidiary;

(*b*) the net aggregate amount of the subsidiaries' profits after deducting the subsidiaries' losses (or vice versa)—

(i) for the respective financial years of the subsidiaries ending with or during the financial year of the authority; and

(ii) for their other financial years since they respectively became the authority's subsidiary;

so far as those profits are dealt with, or provision is made for those losses, in the authority's accounts;

(*c*) any qualifications contained in the report of the auditors of the subsidiaries on their accounts for their respective financial years ending as aforesaid, and any note or saving contained in those accounts to call attention to a matter which, apart from the note or saving, would properly have been referred to in such a qualification, in so far as the matter which is the subject of the qualification or note is not covered by the authority's own accounts and is material;

or in so far as the information required by this sub-paragraph is not obtainable, a statement that it is not obtainable.

(4) Paragraphs (*a*) and (*b*) of the last foregoing sub-paragraph shall apply only to profits and losses of a subsidiary which may properly be treated in the authority's accounts as revenue profits or losses, and the profits or losses attributable to any shares in a subsidiary for the time being held by the authority or any other of its subsidiaries shall not (for that or any other purpose) be treated as aforesaid so far as they are profits or losses for the period before the date on or as from which the shares were acquired by the authority or any of its subsidiaries and for the purpose of determining whether any profits or losses are to be treated as profits or losses for the said period the profit or loss for any financial year of the subsidiary may, if it is not practicable to apportion it with reasonable accuracy by reference to the facts, be treated as accruing from day to day during that year and be apportioned accordingly.

Emoluments etc. of officers

17.—(1) The annual statement of accounts shall show—

(*a*) the amount of any loans made during the financial year to—

(i) any officer of the authority employed wholly or mainly in connection with the undertaking; or

(ii) any person who, after the making of the loan, became during that year an officer of the authority employed wholly or mainly in connection with the undertaking;

by the authority or a subsidiary thereof or by any other person under a guarantee from or on a security provided by the authority or a subsidiary thereof (including any such loans which were repaid during that year); and

(*b*) the amount of any loans made in manner aforesaid to any such officer or person as aforesaid at any time before the financial year and outstanding at the expiration thereof.

(2) The foregoing sub-paragraph shall not require the inclusion in the annual statement of accounts of particulars of a loan made by the authority or a subsidiary thereof to an employee of the authority or subsidiary, as the case may be, if the loan does not exceed two thousand pounds and is certified by the appropriate officer of the authority or subsidiary, as the case may be, to have been made in accordance with any practice adopted or about to be adopted by the authority or subsidiary with respect to loans to its employees not being a loan made by the authority under a guarantee from or on a security provided by a subsidiary thereof or a loan made by a subsidiary of the authority under a guarantee from or on a security provided by the authority or any other subsidiary thereof.

(3) References in this paragraph to a subsidiary shall be taken as referring to a subsidiary at the end of the financial year (whether or not a subsidiary at the date of the loan).

18.—(1) In the annual statement of accounts there shall be shown by reference to each pair of adjacent points on a scale whereon the lowest point is £10,000 and the succeeding ones are successive integral multiples of £2,500 beginning with that in the case of which the multiplier is five, the number (if any) of persons employed by the authority wholly or mainly in connection with the undertaking whose several emoluments exceeded the lower point but did not exceed the higher, other than persons employed by the authority throughout the financial year to which the annual statement of accounts relates who worked wholly or mainly during that year outside the United Kingdom or if employed by the authority for part only of that year worked wholly or mainly during that part outside the United Kingdom.

Special provisions where authority is a holding company or subsidiary

18.—(1) This paragraph shall apply where the authority is a holding company, whether or not it is itself a subsidiary of another body corporate.

(2) The aggregate amount of assets consisting of shares in, or amounts owing (whether on account of a loan or otherwise) from the authority's subsidiaries, distinguishing shares from indebtedness, shall be set out in the balance sheet separately from all other assets of the authority, and the aggregate amount of indebtedness (whether on account of a loan or otherwise) to the authority's subsidiaries shall be so set out separately from all its other liabilities and—

(*a*) the references in this Schedule to the authority's investments (except those in paragraphs 14(8) and 15(3)) shall not include investments in its subsidiaries required by this paragraph to be separately set out; and

(*b*) paragraph 6, sub-paragraph (1)(*d*) of paragraph 15, and sub-paragraph (2) of paragraph 17 of this Schedule shall not apply in relation to fixed assets consisting of interests in the authority's subsidiaries.

(3) There shall be shown by way of note on the balance sheet or in a statement annexed thereto the number, description and amount of the shares in and debentures of the authority held by its subsidiaries or their nominees, but excluding any of those shares or debentures in the case of which the subsidiary is concerned as personal representative or in the case of which it is concerned as trustee and neither the authority nor any subsidiary thereof is beneficially interested under the trust, otherwise than by way of security only for the purposes of a transaction entered into by it in the ordinary course of a business which includes the lending of money.

(4) There shall be annexed to the balance sheet a statement showing—

(*a*) the net aggregate amount, so far as it concerns the authority and is not otherwise dealt with in its accounts, of the subsidiaries' profits after deducting the subsidiaries' losses (or vice versa)—

(i) for the respective financial years of the subsidiaries ending with or during the financial year of the authority; and

(ii) for their previous financial years since they respectively became the authority's subsidiary;

(*b*) the net aggregate amount of the subsidiaries' profits after deducting the subsidiaries' losses (or vice versa)—

(i) for the respective financial years of the subsidiaries ending with or during the financial year of the authority; and

(ii) for their other financial years since they respectively became the authority's subsidiary;

so far as those profits are dealt with, or provision is made for those losses, in the authority's accounts;

(*c*) any qualifications contained in the report of the auditors of the subsidiaries on their accounts for their respective financial years ending as aforesaid, and any note or saving contained in those accounts to call attention to a matter which, apart from the note or saving, would properly have been referred to in such a qualification, in so far as the matter which is the subject of the qualification or note is not covered by the authority's own accounts and is material;

or in so far as the information required by this sub-paragraph is not obtainable, a statement that it is not obtainable.

(5) Paragraphs (*a*) and (*b*) of the last foregoing sub-paragraph shall apply only to profits and losses of a subsidiary which may properly be treated in the authority's accounts as revenue profits or losses, and the profits or losses attributable to any shares in a subsidiary for the time being held by the authority or any other of its subsidiaries shall not (for that or any other purpose) be treated as aforesaid so far as they are

(4) Where, in the case of an authority, advantage is taken of the last foregoing sub-paragraph there must be included in the statement required by this paragraph the information that it deals only with the subsidiaries carrying on such businesses as are referred to in that sub-paragraph.

21.—(1) Subject to the provisions of this paragraph, if, at the end of a financial year, an authority, in its capacity as a harbour authority, holds shares of any class comprised in the equity share capital of another body corporate (not being its subsidiary) exceeding in nominal value one tenth of the nominal value of the issued shares of that class, there shall be stated in the annual statement of accounts for that year—

(*a*) the name of that other body corporate;

(*b*) the identity of the class and the proportion of the nominal value of the issued shares of that class represented by the shares held; and

(*c*) if the authority also holds shares in that other body corporate of another class (whether or not comprised in its equity share capital), or of other classes (whether or not so comprised), the like particulars as respects that other class or, as the case may be, each of those other classes.

(2) If, at the end of a financial year, an authority, in such capacity as aforesaid, holds shares in another body corporate (not being its subsidiary) and the amount of all the shares therein which it holds exceeds one tenth of the amount of its assets, there shall be stated in the annual statement of accounts for that year—

(*a*) the name of that other body corporate; and

(*b*) in relation to shares in that other body corporate of each class held, the identity of the class and the proportion of the nominal value of the issued shares of that class represented by the shares held.

(3) If, at the end of a financial year an authority falls within sub-paragraph (1) of this paragraph in relation to more bodies corporate than one, and the number of them is such that, in the opinion of the authority, compliance with that sub-paragraph would result in particulars of excessive length being given, compliance with that sub-paragraph shall not be requisite except in the case of the bodies carrying on the businesses the results of the carrying on of which, in the opinion of the authority, principally affected the amount of the surplus or deficit of the undertaking or the amount of the assets comprised therein.

(4) Where, in the case of an authority, advantage is taken of the last foregoing sub-paragraph there must be included in the statement dealing with the bodies last mentioned in that sub-paragraph the information that it deals only with them.

(5) For the purposes of this paragraph shares of a body corporate shall be treated as being held, or as not being held, by another such body if they would, by virtue of section 154(3) of the Companies Act 1948 (but on the assumption that paragraph (*b*)(ii) had been omitted therefrom), be treated as being held or, as the case may be, as not being held, by that other body for the purpose of determining whether the first-mentioned body is its subsidiary.

(6) In this paragraph "equity share capital" has the meaning assigned to it by section 154(5) of the Companies Act 1948.

Miscellaneous

22. The annual statement of accounts shall include particulars of—

(*a*) the increases during the financial year in the interest charged to capital and of the decreases during that year in the interest so charged except in so far as any such decrease forms part of the amount provided in the annual statement of accounts for the depreciation of fixed assets;

(*b*) the borrowing powers relating to the undertaking and the extent to which they have been exercised;

(*c*) the increases and decreases in the moneys owing to each government department in respect of the principal of loans for the capital purposes of the undertaking.

23. The annual statement of accounts shall—

(*a*) if significant changes in the fixed assets of the undertaking or, where the authority, in its capacity as a harbour authority, has subsidiaries, in the fixed assets of any of those subsidiaries, have occurred in that year, contain particulars of the changes, and, if, in the case of such of those assets as consist of interests in land, the market value thereof (as at the end of that year) differs substantially from the amount at which they are included in the balance sheet and the difference is significant, in the opinion of the authority, indicate the difference with such degree of precision as is practicable;

(*b*) if, in that year, the authority has, for the purposes of the undertaking, issued any debentures, state the reason for making the issue, the classes of debentures issued and, as respects each class of debenture the amount issued and the consideration received by the authority for the issue;

(*c*) contain particulars of any matters not otherwise required by this Schedule to be disclosed which are material for the appreciation of the state of affairs of the undertaking, being matters the disclosure of which will not, in the opinion of the authority, be harmful to the business of the undertaking or of any of the authority's subsidiaries.

EXPLANATORY NOTE

(*This Note is not part of the Regulations.*)

These regulations, made under section 42 of the Harbours Act 1964, prescribe the form of, the particulars to be contained in, and the manner of compilation of, the annual statements of accounts relating to statutory harbour undertakings which are carried on by the local authorities specified in schedule 1 to the regulations.

2. Under section 42 an obligation is laid upon persons carrying on statutory harbour undertakings to prepare annual statements of accounts relating to the undertaking and to send copies of them and auditor's reports thereon to the Minister and to the National Ports Council.