

ENCLOSURE 1
TO BHAG MEETING of 7th FEB 19

Members: BHAG Committee - 10th January 2019

Dear Ladies and Gentlemen,

At the last BHAG meeting on 06/12/2018, Fiona and I were asked to consider your advice that we become more transparent on the financial aspects relating to the Harbour for BHT's benefit.

To start off with, please allow me to confirm the current position regarding the corporate structure and financial status of all companies involved:

As you are aware, Fiona and I privately own the companies involved with the harbour; bar our bankers [and I suppose the tax man], nobody has any rights - whether legally, commercially or indeed morally - to see any management accounts or detailed figures relative to these companies.

Our annual accounts are published on the Companies House website plus issued to the Isle of Wight Council and the DfT to meet our legal commitments.

Bar our obligations to the IOWC and DfT, this is the normal and recognised procedure for the management of all privately owned companies.

In the various companies I have managed over the years either as owner or co-owner, I have never been asked to show any management accounts or detailed figures to any third parties bar my bankers.

It was suggested that we might use an independent accountant to review our accounts. The practicality of engaging in such a process is not a simple matter, where the following would need to be considered:

Single or multiple trading year review or since our corporate purchase in 2011.

Definition of the specific criteria and purpose for such review.

Identifying a suitable independent accountant, terms of reference and responsibility for fees.

Whether a review or an audit.

To whom to address the report.

Warranty benefit.

Whether relative to the Harbour Company or all companies.

The list is probably even more exhaustive than above. However the above would only be the start of an overall process through which the report would emerge.

On production of the report, there is no doubt that BHT will then issue numerous questions

relating to various aspects, as well as continuing to criticise the Harbour even more - this is on the assumption that BHT even accepts the report in the first instance.

Our management team will have to spend many hours answering and responding to such questions, more than likely on the basis that BHT will never accept the contents of such responses going on previous experiences.

I therefore doubt whether it will come as any surprise in such circumstances that we cannot contemplate following such a process and will continue to retain our financial records in total confidence.

Out of interest and as a follow up from our meeting with Sir Paul Kenny on 10/12/2018, he has since raised a similar request.

The views of BHAG members are very important and we take them very seriously; I can assure you that this decision has been taken after much thought.

Our best wishes for 2019

Malcolm

Malcolm P Thorpe

Bembridge Harbour Authority - Bembridge Boat Storage - Bembridge Investments Ltd

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