

**SHOREHAM PORT AUTHORITY**  
**REPORT AND CONSOLIDATED FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 DECEMBER 2021**

# SHOREHAM PORT AUTHORITY

## MEMBERS

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<b>Chair</b>	A Foster
<b>Deputy Chair</b>	T Giddings (Resigned 31 December 2021)
<b>Members</b>	L Cilenti (Appointed 1 January 2022) C Dwyer J Headley (Resigned 31 December 2021) M Lemmon A Massey D Messeem (Appointed 1 January 2022) N Nadkarni (Appointed 1 January 2021)

The above Members are appointed in accordance with the Shoreham Port Authority Harbour Revision (Constitution) Order 2004.

# SHOREHAM PORT AUTHORITY

## PRINCIPAL OFFICERS AND PROFESSIONAL ADVISORS

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<b>Chief Executive</b>	T Willis
<b>Secretary/ Finance Director &amp; Deputy Chief Executive</b>	S Bassett
<b>Harbour Master/ Director of Marine Operations</b>	J Seaman
<b>Director of Safety, Operations &amp; Commercial</b>	B Evans-Gay
<b>Director for Infrastructure &amp; Sustainability</b>	A Parker (retired 8 January 2021)
<b>Director of Property &amp; Infrastructure</b>	T Hague
<b>People, Communications &amp; Sustainability Director</b>	N Brown (Maternity leave on 8 December 2021) S Woolven (Interim - Appointed 1 January 2022)
<b>Director of Engineering &amp; IT</b>	B Rousell
<b>Registered office</b>	Nautilus House 90-100 Albion Street Southwick Brighton BN42 4ED
<b>Bankers</b>	National Westminster Bank Plc
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 3rd Floor Portland 25 High Street Crawley West Sussex RH10 1BG
<b>Telephone:</b>	01273 598100
<b>Website:</b>	<a href="http://www.shoreham-port.co.uk">http://www.shoreham-port.co.uk</a>
<b>Email:</b>	<a href="mailto:info@shoreham-port.co.uk">info@shoreham-port.co.uk</a>

# SHOREHAM PORT AUTHORITY

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The members present the following reports for the year ended 31 December 2021.

We are pleased to provide this update on our performance during 2021, and share the positive progress made by the Shoreham Port team. We are both very proud of our colleagues' achievements especially set against a backdrop of challenges such as the Covid 19 pandemic, fuel shortages and continued disruption across supply chains.

As a Trust Port, our continued success is linked to how we engage, and most importantly, listen to our community, in and around the Port, so please continue to get in touch with your views and suggestions via [info@shoreham-port.co.uk](mailto:info@shoreham-port.co.uk). Every year we hold our Annual Public Meeting, everyone is welcome to join. In 2022, to maximise participation we are planning both in-person and online sessions, details are available at [www.shoreham-port.co.uk/need-to-know/events/](http://www.shoreham-port.co.uk/need-to-know/events/).

We continue to evolve our Masterplan, with the 2021 version tested and endorsed by multiple stakeholders. The first point of the plan reaffirms our commitment to get everyone home safe and well daily. Our purpose remains to 'improve the Port for everyone'. In 2021 we demonstrated this by investing just over £2m in the Port. Of this £600,000 was funded from reserves and the remainder from in-year trading.

Major projects included: -

- The ongoing redevelopment of our Adur Dock, creating a new operational facility, further commercial unit and Port Kitchen - our new hospitality offering.
- The first phase of our Inner Layby clearance, which increased cargo handling capacity.
- The introduction of a Lorry Park, funded in collaboration with the UK Government Port Infrastructure Fund.

In addition to these significant infrastructure developments, we were delighted to launch our own HGV service in March and share further news on our ambitious Green Energy Hub in November.

In a year of continued uncertainty, the Port saw a 3.6% reduction in commercial ship calls from 669 in 2020 to 646. Despite there being less ships, the Port handled a higher volume of cargo during the year - some 1.82m tonnes which was 1.1% higher than 2020. Oil, aggregates, steel, timber, and waste glass all exceeded 2020 volumes while cereals and some export volumes were down. It was a very successful year for timber with 349k tonnes being discharged by the team, this exceeds the previous record tonnage of 2020 by 6.4%.

We achieved record breaking turnover of £15.6m which was up 13.9% over 2020. Our property investment plans helped drive the Port's turnover with rental income increasing by over 7% year on year to £4.5m. The volume of timber through the Port as well as launching our own HGV service saw Port Operations turnover grow by 17%.

The cost of running the Port in 2021 was £10m, this is an increase of 22% compared to 2020. This is due to the additional costs of handling the volume of timber through the Port (£129k), investments in Covid-19 customer service resilience (£103k) and the set-up/ launch of the HGV fleet and drivers (£29k). We also incurred a pension accounting adjustment of £1.6m split over cost of sales and administrative expenses. Due to these increased expenses the Port made an operating loss of £821k. The Port revalued its investment properties and received a fair value gain of £1.09m. After taxation of £1.5m the Port made a loss in the year of £1.7m.

On the Port's balance sheet, the Investment Property value is £33m, up 4.6% over 2020, the cash position remained flat at £2.3m and the deficit of the Port's defined benefit pension schemes reduced from £2.9m to £453k. This has resulted in a 2.8% increase in the Port's Net Assets from £57.1m to £58.7m.

Alongside our achievements, we place real importance on how we conduct ourselves. We were thrilled that our Values (developed in 2020) were awarded 'Best SME People Management Initiative' at the CIPD People Management Awards in October. Our Values remain our cultural compass and we continue to adopt a long-term view to embedding them into everything we do.

Our commitment to sustainability continues and we were delighted to achieve EcoPorts certification for the eighth time. In September we held our first Sustainability Week, welcoming locals, academics, and speakers to the Port. We continue to play a key role within our local community, building on our partnerships with Shoreham Academy, Sussex Dolphin Project, and other important community schools and groups.

# SHOREHAM PORT AUTHORITY

## STRATEGIC REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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During 2021 we said goodbye and thank you to board members Trevor Giddings (Deputy Chair) and John Headley. At the start of this year, we welcomed Louisa Cilenti and Darran Messem to the board, and Mark Lemmon was promoted to the position of Deputy Chair.

Our outlook for the next twelve months is appropriately cautious. We recognise the unpredictable environment we are operating in, and we will continue to partner with our customers and stakeholders to find sustainable and commercial solutions to the challenges we are facing. In 2022 we will keep on managing risks attributed to the ongoing EU transition, Covid-19 recovery and the war in Ukraine and we are both excited by the launch of Port Kitchen and the further development of the Green Energy Hub at the Port. We believe we are well placed to maximise forthcoming opportunities and our values will continue to guide us during 2022.

Colleagues at Shoreham Port have continued to demonstrate remarkable resilience over the last twelve months, and we would like to thank everyone once again for their hard work, during an unprecedented year at Shoreham Port.

Approved on behalf of the Board/Members.

Amber and Tom

.....  
A Foster  
**Chair**

.....  
T Willis  
**Chief Executive**

# SHOREHAM PORT AUTHORITY

## REPORT OF THE MEMBERS

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The Members submit their report and the financial statements for the year ended 31 December 2021.

#### **Principal activities**

The principal activities are the provision of port services, maintaining and improving the Port's infrastructure and managing the Port's property portfolio.

A review of the Authority's business and its future development are included in the Strategic Report.

#### **Results**

The results for the year are set out on page 11.

#### **Investments**

The Authority has four wholly owned subsidiaries: Shoreham Port Developments and Investments Limited, which is an investment holding company, Sussex Port Forwarding Limited (SPF) whose principal activities are stevedoring and freight forwarding, Shoreham Port Solutions Limited whose principal activities are that of a recruitment agency for drivers and casual workers at Shoreham Port, and Port of Shoreham Trustee Company Limited whose principal activity is as corporate trustee to The Port of Shoreham Retirement and Death Benefit Scheme.

#### **Payment policy and practice**

It is the Authority's policy to pay all suppliers within their agreed credit terms.

#### **Auditor**

RSM UK Audit LLP has indicated its willingness to continue in office.

#### **Members**

The Members of the Authority who served during 2021 and since are shown on page 1.

#### **Statement of Members' responsibilities**

The Members are responsible for preparing the Strategic Report, the Report of the Members and the financial statements in accordance with applicable law and regulations.

Applicable law requires the Members to prepare financial statements for each financial year. Under that law the Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under applicable law the Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the Authority and of the profit or loss of the group for that period.

In preparing those financial statements, the Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Authority will continue in business.

The Members are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the Authority's transactions and disclose with reasonable accuracy at any time the financial position of the group and the Authority and enable them to ensure that the financial statements comply with the Harbours Act 1964 as amended by the Transport Act 1981, which requires that the financial statements be prepared in accordance with the requirements of the Companies Act 2006. The Members are also responsible for safeguarding the assets of the group and the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# SHOREHAM PORT AUTHORITY

## REPORT OF THE MEMBERS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### **Statement of Members' responsibilities**

The Members are also responsible for the maintenance and integrity of the corporate and financial information included on the Authority's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

#### **Statement of disclosure to auditor**

The Members who were in office at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the Members have confirmed that they have taken all the steps they ought to have taken as Members in order to make themselves aware of any related audit information and to establish that it has been communicated to the auditor.

#### **Statement on corporate governance**

The Board of Shoreham Port Authority is committed to operating a system of corporate governance that follows the principles laid out in the UK Corporate Governance Code, to the extent considered appropriate to the size and nature of the Authority.

Following the making of the Shoreham Port Authority Harbour Revision (Constitution) Order 2004, all Board Members are appointed via an openly advertised process and are required to have special knowledge, experience or ability in a number and complementary range of matters relevant to the efficient, effective and economic discharge by the Authority of its functions.

#### **Audit and Finance committee**

The Audit Committee normally comprises three non-executive Members of the Board. During the year it was chaired by J Headley. New Co-Chairs were appointed 1 January 2022 M Lemmon and D Messem. It reviews the Annual Report and Financial Statements prior to submission to the Board. The terms of reference of the Committee include reviewing the scope and results of the external audit to ensure an appropriate control environment, reviewing any major financial risks, and generally overseeing financial risk management within Shoreham Port. This is to ensure that the financial risk management policy is effective and consistent with the Board's policy towards risk. The Committee also meets to provide detailed consideration of budgets prior to their submission to the full Board. The Committee meets not less than three times a year. The Chief Executive and Finance Director & Deputy Chief Executive are invited to attend, as are the external auditors as and when required.

#### **Remuneration and nominations committee**

The Remuneration and Nominations Committee comprised three non-executive Members of the Board and was chaired during the year by M Lemmon. The Committee advises the Board on the remuneration of the Chief Executive, reviews the Chief Executive's recommendations in respect of the senior leadership team, and also reviews the benchmarking process and results at the Port. The Committee also makes recommendations to the Board in respect of the remuneration of non-executive Board Members, subject to independent review as considered necessary. The Committee meets as and when required. The Chief Executive and Director of Corporate Services are invited to attend. An independent advisor will be invited to join the Committee when required.

#### **Business Risk & Safety committee**

During the year the Business Risk & Safety committee was chaired by A Massey. The Committee's key role is to scrutinise and monitor the Port's compliance with relevant legal and regulatory requirements. The Committee reviews the audits of the Port Marine Safety Code and Occupational Health and Safety, along with an annual review of the Port's Risk and Management Strategy. The Committee meets at least twice a year.

#### **Internal control and risk management**

The Board is responsible for the systems of internal control and risk management and for reviewing the effectiveness of those systems. Such systems are designed to manage the risk of failure to achieve business objectives. To this extent any system can provide only reasonable and not absolute assurance against material misstatement or loss.

The management of the Port is subject to a number of business and financial risks.

# SHOREHAM PORT AUTHORITY

## REPORT OF THE MEMBERS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### Internal control and risk management

The financial risks to which the Authority's operations are exposed include liquidity risk, credit risk, interest rate risk and foreign exchange risk.

Liquidity risk is the risk that the Authority will encounter difficulty in meeting its financial obligations as they fall due. The Authority mitigates this risk by managing its working capital to ensure it has sufficient funds for its operations through the use of cash flow forecasts.

Credit risk is the risk that the other party to a financial instrument such as cash at bank, or debts receivable, will default. The Authority manages this risk by using only approved banks for deposits, and by close monitoring of debts due. These mainly comprise rents due from tenants, who undergo a reference procedure at the commencement of a lease.

Interest rate risk is the risk that future cash flows will be affected by changes in interest rates. The Authority is exposed to interest rate risk on its variable rate borrowings. This is mitigated to some extent by using some fixed rate borrowings.

Foreign exchange risk is the risk that future cash flows will fluctuate because of changes in exchange rates. The Authority principally conducts its business in sterling, but occasionally purchases assets and hence incurs liabilities in other currencies.

### Performance evaluation

Evaluation of the Board and its Committees is undertaken to ensure that they remain effective. A collective evaluation of the Board and their skills was undertaken during 2021.

### Going concern

The activities of the Authority and group together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report, and the Board's risk management policies are set out in the Report of the Members. The group has secure sources of income but is exposed to the continuing economic uncertainty that exists in the UK.

The Port has just completed a refinancing exercise and have appointed HSBC UK Bank plc to be their new financial/banking partner. The aim of the refinancing is to consolidate existing debt, repay any outstanding asset finance as well as seeking additional borrowings.

HSBC UK Bank plc have made available to the Port a loan of £20m along with a Revolving Credit Facility of £6m for a five-year term. As the funds have already been drawn the NatWest loans have all been repaid.

HSBC UK Bank plc £20m facility is a bullet loan repayable in 2027. It is a £12m variable rate loan at Bank of England base rate plus 2.1% and a £8m 5.93% fixed rate loan. Only interest is payable annually until the repayment in 2027.

Due to undertaking this process, Management have had produced a financial model, including Profit and Loss, Balance Sheet, and Cash-flow to 2031. Having considered the assumptions and conclusions made by management, and the availability of financial resources, the Members have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, and as a minimum for a period of at least 12 months from the date of approval of these financial statements.

Given the position outlined above the Members continue to adopt the going concern basis of accounting in preparing the annual financial statements.

On behalf of the board

.....  
A Foster  
**Chair**

.....  
T Willis  
**Chief Executive**



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHOREHAM PORT AUTHORITY

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## Opinion

We have audited the financial statements of Shoreham Port Authority (the 'parent entity') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, the consolidated and Authority statements of financial position, the consolidated and Authority statements of changes in equity, the consolidated statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the Authority's affairs as at 31 December 2021 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of Section 42 of the Harbours Act 1964 (as amended by the Transport Act 1981) which requires the financial statements to be prepared in accordance with the requirements of the Companies Act 2006.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions on other matters as required by the terms of our engagement

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the Members' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Members' report has been prepared in accordance with applicable legal requirements.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHOREHAM PORT AUTHORITY (CONTINUED)**

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the Authority and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the Members' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Authority, or returns adequate for our audit have not been received from branches not visited by us; or
- the Authority financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the Members' responsibilities statement set out on page 7, the Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Members are responsible for assessing the group's and the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Members either intend to liquidate the group or the Authority or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses, and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHOREHAM PORT AUTHORITY (CONTINUED)

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In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the group and parent authority operates in and how the group and parent authority are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Section 42 of the Harbours Act 1964 (as amended by the Transport Act 1981), the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting correspondence with local tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to health and safety. We performed audit procedures to inquire of management, including discussion with the Director of Safety, Operations and Commercial, whether the group is in compliance with these law and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates applied in the calculation of fair value adjustments of defined benefit pension scheme valuations and investment properties within the financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Authority's members, as a body, in accordance with our engagement letter dated 15 December 2021 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Zoe Rudling (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
3rd Floor  
Portland  
25 High Street  
Crawley  
West Sussex, RH10 1BG  
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# SHOREHAM PORT AUTHORITY

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
<b>Turnover</b>	<b>3</b>	15,624,190	13,726,679
Cost of sales		(10,048,158)	(8,234,328)
<b>Gross profit</b>		<u>5,576,032</u>	<u>5,492,351</u>
Administrative expenses		(6,483,763)	(5,241,993)
Other operating income	<b>3</b>	87,097	62,300
<b>Operating (loss)/profit</b>	<b>6</b>	<u>(820,634)</u>	<u>312,658</u>
Interest receivable and similar income	<b>8</b>	2,540	34,783
Interest payable and similar expenses	<b>9</b>	(464,083)	(444,369)
Fair value gain/(loss) on investment properties	<b>10</b>	1,085,730	(1,606,994)
<b>Loss before taxation</b>		<u>(196,447)</u>	<u>(1,703,922)</u>
Taxation	<b>11</b>	(1,481,247)	(320,721)
<b>Loss for the financial year</b>	<b>25</b>	<u>(1,677,694)</u>	<u>(2,024,643)</u>
<b>Other comprehensive income</b>			
Actuarial gain/(loss) on defined benefit pension schemes		4,111,000	(3,550,000)
Tax relating to other comprehensive income		(781,090)	674,500
<b>Total comprehensive income for the year</b>		<u><u>1,652,216</u></u>	<u><u>(4,900,143)</u></u>

The Consolidated Statement of Comprehensive Income has been prepared on the basis that all operations are continuing operations.

# SHOREHAM PORT AUTHORITY

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12	47,997,146		47,850,619	
Investment properties	13	33,371,275		31,904,805	
		<u>81,368,421</u>		<u>79,755,424</u>	
<b>Current assets</b>					
Debtors	16	3,791,876	4,488,939		
Cash at bank and in hand		2,362,906	2,643,043		
		<u>6,154,782</u>	<u>7,131,982</u>		
<b>Creditors: amounts falling due within one year</b>	17	<u>(16,011,563)</u>	<u>(13,577,696)</u>		
<b>Net current liabilities</b>			<u>(9,856,781)</u>		<u>(6,445,714)</u>
<b>Total assets less current liabilities</b>			<u>71,511,640</u>		<u>73,309,710</u>
Creditors: amounts falling due after more than one year	18	(5,835,298)	(8,754,234)		
Provisions for liabilities	21	(6,462,527)	(4,519,877)		
<b>Net assets excluding pension liability</b>			<u>59,213,815</u>		<u>60,035,599</u>
Defined benefit pension liability	23	(453,000)	(2,927,000)		
<b>Net assets</b>			<u><u>58,760,815</u></u>		<u><u>57,108,599</u></u>
<b>Reserves</b>					
Profit and loss reserves	25	58,760,815	57,108,599		

The financial statements were approved by the board of directors and authorised for issue on ..... and are signed on its behalf by:

.....  
A Foster  
Chair

.....  
T Willis  
Chief Executive

# SHOREHAM PORT AUTHORITY

## AUTHORITY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021		2020	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	12	46,816,063		46,890,540	
Investment properties	13	33,371,275		31,904,805	
Investments	14		2		2
			<u>80,187,340</u>		<u>78,795,347</u>
<b>Current assets</b>					
Debtors	16	3,372,642		3,816,098	
Cash at bank and in hand		2,255,420		2,202,740	
		<u>5,628,062</u>		<u>6,018,838</u>	
<b>Creditors: amounts falling due within one year</b>	17	(15,113,144)		(12,526,044)	
<b>Net current liabilities</b>			<u>(9,485,082)</u>		<u>(6,507,206)</u>
<b>Total assets less current liabilities</b>			70,702,258		72,288,141
<b>Creditors: amounts falling due after more than one year</b>	18		(5,589,983)		(8,403,727)
<b>Provisions for liabilities</b>	21		(6,385,061)		(4,486,013)
<b>Net assets excluding pension surplus</b>			58,727,214		59,398,401
<b>Defined benefit pension surplus</b>	23		2,174,000		301,000
<b>Net assets</b>			<u>60,901,214</u>		<u>59,699,401</u>
<b>Reserves</b>					
Profit and loss reserves	25		60,901,214		59,699,401

As permitted by s408 Companies Act 2006, the Authority has not presented its own statement of comprehensive income and related notes as it prepares group accounts. The Authority's loss for the year was £969,797 (2020: £1,793,311 loss).

The financial statements were approved by the board of directors and authorised for issue on ..... and are signed on its behalf by:

.....  
A Foster  
Chair

.....  
T Willis  
Chief Executive

# SHOREHAM PORT AUTHORITY

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

---

	<b>Profit and loss reserves £</b>
<b>Balance at 1 January 2020</b>	62,008,742
	<hr/>
<b>Year ended 31 December 2020:</b>	
Loss for the year	(2,024,643)
Other comprehensive income:	
Actuarial loss on defined benefit plans	(3,550,000)
Tax relating to other comprehensive income	674,500
	<hr/>
Total comprehensive income for the year	(4,900,143)
	<hr/>
<b>Balance at 31 December 2020</b>	57,108,599
	<hr/>
<b>Year ended 31 December 2021:</b>	
Loss for the year	(1,677,694)
Other comprehensive income:	
Actuarial gain on defined benefit plans	4,111,000
Tax relating to other comprehensive income	(781,090)
	<hr/>
Total comprehensive income for the year	1,652,216
	<hr/>
<b>Balance at 31 December 2021</b>	58,760,815
	<hr/> <hr/>

# SHOREHAM PORT AUTHORITY

## AUTHORITY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

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	<b>Profit and loss reserves £</b>
<b>Balance at 1 January 2020</b>	63,226,112
<b>Year ended 31 December 2020:</b>	
Loss for the year	(1,793,311)
Other comprehensive income:	
Actuarial loss on defined benefit plans	(2,140,000)
Tax relating to other comprehensive income	406,600
Total comprehensive income for the year	(3,526,711)
<b>Balance at 31 December 2020</b>	59,699,401
<b>Year ended 31 December 2021:</b>	
Loss for the year	(969,797)
Other comprehensive income:	
Actuarial gain on defined benefit plans	2,681,000
Tax relating to other comprehensive income	(509,390)
Total comprehensive income for the year	1,201,813
<b>Balance at 31 December 2021</b>	60,901,214



# SHOREHAM PORT AUTHORITY

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	26	3,672,527		1,974,117	
Interest paid		(415,083)		(444,369)	
Income taxes paid		(169,602)		(32,633)	
<b>Net cash inflow from operating activities</b>		<b>3,087,842</b>		<b>1,497,115</b>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(1,863,129)		(1,311,667)	
Proceeds on disposal of tangible fixed assets		87,623		14,500	
Purchase of investment property		(380,740)		(2,510,826)	
Interest received		2,540		18,783	
<b>Net cash used in investing activities</b>		<b>(2,153,706)</b>		<b>(3,789,210)</b>	
<b>Financing activities</b>					
Proceeds of new bank loans		10,534,606		1,263,405	
Repayment of bank loans		(11,570,008)		(1,054,701)	
Payment of finance leases obligations		(178,871)		(176,318)	
<b>Net cash (used in)/generated from financing activities</b>		<b>(1,214,273)</b>		<b>32,386</b>	
<b>Net (decrease) in cash and cash equivalents</b>		<b>(280,137)</b>		<b>(2,259,709)</b>	
Cash and cash equivalents at beginning of year		2,643,043		4,902,752	
<b>Cash and cash equivalents at end of year</b>		<b>2,362,906</b>		<b>2,643,043</b>	

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 1 Accounting policies

#### General information

Shoreham Port Authority is an unincorporated entity domiciled in England and Wales. The group consists of Shoreham Port Authority and all of its subsidiaries. The principal activities of the Port (and the group) are the provision of port services, maintaining and improving the Port's infrastructure and managing the Port's property portfolio.

The registered office and principal place of business is Nautilus House, 90-100 Albion Street, Southwick, Brighton, BN42 4ED.

#### Accounting convention

These financial statements have been prepared in accordance with The Harbour Docks and Piers Clauses act 1847 as well as FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the group. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties at fair value.

The principal accounting policies are set out below.

#### Reduced disclosures

The Authority is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including the Authority, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The Authority has therefore taken advantage of exemptions from the following disclosure requirements for parent only information presented within the consolidated financial statements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the Authority are consolidated in these financial statements, which are available from Shoreham Port Authority's registered office, Nautilus House, 90-100 Albion Street, Southwick, Brighton, BN42 4ED.

#### Basis of consolidation

The consolidated financial statements incorporate those of Shoreham Port Authority and all of its subsidiaries (i.e. entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits).

All financial statements are made up to 31 December 2021. All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 1 Accounting policies (Continued)

#### Going concern

The activities of the Authority and group together with the factors likely to affect its future development, performance and financial position are set out in the Strategic Report, and the Board's risk management policies are set out in the Report of the Members. The group has secure sources of income but is exposed to the continuing economic uncertainty that exists in the UK.

The Port has just completed a refinancing exercise and have appointed HSBC UK Bank plc to be their new financial/banking partner. The aim of the refinancing is to consolidate existing debt, repay any outstanding asset finance as well as seeking additional borrowings.

HSBC UK Bank plc have made available to the Port a loan of £20m along with a Revolving Credit Facility of £6m for a five-year term. As the funds have already been drawn the NatWest loans have all been repaid.

HSBC UK Bank plc £20m facility is a bullet loan repayable in 2027. It is a £12m variable rate loan at Bank of England base rate plus 2.1% and a £8m 5.93% fixed rate loan. Only interest is payable annually until the repayment in 2027.

Due to undertaking this process, Management have had produced a financial model, including Profit and Loss, Balance Sheet, and Cash-flow to 2031. Having considered the assumptions and conclusions made by management, and the availability of financial resources, the Members have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future, and as a minimum for a period of at least 12 months from the date of approval of these financial statements.

Given the position outlined above the Members continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Turnover

Turnover consists of amounts received/receivable in respect of shipping services, port operations, property rental and logistics services provided to third parties, excluding VAT. Revenue is recognised when the provision of the service is complete. Revenue from property is recognised when amounts are receivable under third party tenancy agreements, excluding VAT.

#### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	5 to 80 years straight line
Plant and machinery	1 to 30 years straight line
Office and computer equipment	3 to 10 years straight line
Motor vehicles	3 to 5 years straight line

Freehold land and assets under construction are not depreciated.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### Capitalisation of interest

Interest directly attributable to the construction of tangible fixed assets, incurred up to the time that identifiable major capital projects are ready for service, is capitalised as part of the cost of the assets.

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 1 Accounting policies (Continued)

#### **Investment properties**

Investment properties are initially measured at cost and subsequently measured at fair value where a reliable measure of fair value is available without undue cost or effort. Changes in fair value are recognised in profit or loss.

#### **Heritage assets**

The land owned by the Port includes Shoreham Old Fort (a site of historical interest). The Port Authority accepts its obligation to protect this historic monument for future generations. Due to the nature of this asset, it is held at a cost of zero value.

The cost of repairs is recognised in the Consolidated Statement of Comprehensive Income in the year in which it is incurred.

Further information is given in note 12 to the financial statements.

#### **Fixed asset investments**

In the separate accounts of the Authority, interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### **Impairment of fixed assets**

An assessment is made at each reporting date of whether there are indications that a fixed asset may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the group estimates the recoverable amount of the asset.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term liquid investments with original maturities of three months or less.

#### **Financial instruments**

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 1 Accounting policies (Continued)

#### ***Impairment of financial assets***

Financial assets are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

#### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled.

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

#### ***Basic financial liabilities***

Basic financial liabilities, including trade and other creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the group's contractual obligations are discharged, cancelled, or they expire.

#### **Equity instruments**

Equity instruments issued by the group are recorded at the fair value of the proceeds received, net of direct issue costs.

#### **Taxation**

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 1 Accounting policies (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is not discounted.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is recognised on income and expenses from subsidiaries that will be assessed to or allow for tax in a future period except where the group is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

For non-depreciable assets measured using the revaluation model and investment properties measured at fair value (except investment property with a limited useful life held by the group to consume substantially all of its economic benefit), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

#### **Provisions**

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be capitalised as a tangible fixed asset.

#### **Retirement benefits**

For Shoreham Port Authority and Sussex Port Forwarding Limited's new scheme, the pension scheme contributions were made to the Superannuation Scheme of West Sussex County Council in conformity with contributions notified by the scheme administrators. The scheme is a defined benefit scheme where the underlying assets and liabilities are pooled.

The scheme is administered by the Council pursuant to the Local Government Superannuation Regulations 1986 made by the Secretary of State for the Environment under powers in sections 7 and 12 of the Superannuation Act 1978. Further to the Actuarial Valuation as at 31 March 2016 the employer contributions have been set at 18.3% of employee's pay.

Sussex Port Forwarding Limited (SPF) operates a defined benefit pension scheme, The Port of Shoreham Retirement and Death Benefit scheme, for the benefit of the employees which is contracted out of the state scheme and closed to future accrual.

#### ***Defined Benefit Plans***

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method.

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 1 Accounting policies (Continued)

#### *Gains/Losses*

Gains or losses recognised in profit or loss:

- The change in the net defined benefit liability arising from employee service during the year is recognised as an employee cost.
- The cost of plan introductions, benefit changes, settlements and curtailments are recognised as incurred.
- Net interest on the net defined benefit asset/liability comprises the interest cost on the defined benefit obligation and interest income on the plan assets, calculated by multiplying the fair value of the plan assets at the beginning of the period by the rate used to discount the benefit obligations.

Gains or losses recognised in other comprehensive income:

- Actuarial gains and losses.
- The difference between the interest income on the plan assets and the actual return on the plan assets.

#### *Asset/Liability*

The net defined benefit asset/liability represents the present value of the defined benefit obligation minus the fair value of plan assets out of which obligations are to be settled. Any asset resulting from this calculation is limited to the present value of available refunds or reductions in future contributions to the plan.

The rate used to discount the benefit obligations to their present value is based on market yields for high quality corporate bonds with terms and currencies consistent with those of the benefit obligations.

#### **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the asset's fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### **Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received. Grants relating to assets are included within creditors falling due within one year and released to profit or loss over the expected useful life of the assets to which they relate.

Grants relating to investment property are classified within creditors and recognised in income in line with the associated cost incurred in relation to the asset of which the grant funding was provided for.

#### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. All translation differences are taken to profit or loss.

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

---

### 2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### **Critical judgements**

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

#### ***Categorisation of leases***

In categorising leases as finance leases or operating leases, management make judgements as to whether significant risks and rewards of ownership have transferred to the group as lessee.

#### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### ***Investment property revaluations***

Investment properties require annual revaluations, the value will be subject to fluctuations in rental income and yields. Investment properties at 31 December 2021 are valued at £33,371,275 (2020: £31,904,805). Please refer to note 13 for further information regarding the valuation.

The internal valuers for investment properties noted within their reports that as at 31 December 2021, there was a material valuation uncertainty relating to the valuation. This highlights the significant estimation uncertainty regarding the valuation of investment property due to the Covid-19 pandemic. The valuations as at the current balance sheet date should therefore be treated with additional caution.

#### ***Defined benefit pension scheme***

The group has recognised a defined benefit pension scheme liability on the statement of financial position. At 31 December 2021 the liability was £453,000 (2020: £2,927,000 liability). Changes to actuarial assumptions could result in a material change within the next financial year. Please refer to note 23 for further information regarding the assumptions used in the valuation.



# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 3 Turnover and other revenue

An analysis of the group's turnover is as follows:

	2021 £	2020 £
<b>Turnover analysed by class of business</b>		
Dues on commercial vessels	1,144,574	1,080,297
Dues on yachts and fishing vessels	287,768	260,723
Dues on cargo	619,862	371,696
Port operations	7,620,903	6,549,359
Rents (operating leases)	4,493,536	4,229,645
Pilotage (note 4)	688,373	650,474
Miscellaneous income	769,174	584,485
	<u>15,624,190</u>	<u>13,726,679</u>
Grants received	<u>87,097</u>	<u>62,300</u>

The total turnover of the group for the year has been derived from activities wholly undertaken in the United Kingdom.

Other income of £8,543 (2020: £62,300) represents grant income in respect of the Coronavirus Job Retention Scheme and £78,554 (2020: £nil) represents grant income in respect of government grants received. More information on the government grants can be found in note 17.

### 4 Pilotage

The turnover and expenditure of the pilotage service included in these financial statements and required to be shown by the Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988 amount to:

	2021 £	2020 £
<b>Turnover</b>		
Provision of pilotage service	564,301	517,501
Use of exemption certificates	124,072	132,973
	<u>688,373</u>	<u>650,474</u>
<b>Expenditure</b>		
Provision of pilots and boats including administration	660,031	609,303
	<u>660,031</u>	<u>609,303</u>
<b>Net profit</b>	<u>28,342</u>	<u>41,171</u>

The operating expenditure line above does not include any depreciation for the Port's pilotage vessels.

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 5 Employees

The average monthly number of persons employed during the year was:

	<b>Group 2021 Number</b>	<b>2020 Number</b>	<b>Authority 2021 Number</b>	<b>2020 Number</b>
Operational	106	95	41	37
Administrative	42	36	27	23
	148	131	68	60
	148	131	68	60

Their aggregate remuneration comprised:

	<b>Group 2021 £</b>	<b>2020 £</b>	<b>Authority 2021 £</b>	<b>2020 £</b>
Wages and salaries	5,041,497	4,505,398	2,759,445	2,630,146
Social security costs	525,365	457,720	287,858	274,836
Pension costs	2,782,601	1,563,455	1,430,335	708,218
	8,349,463	6,526,573	4,477,638	3,613,200
	8,349,463	6,526,573	4,477,638	3,613,200

Members' fees were as follows:

	<b>2021 £</b>	<b>2020 £</b>
Members' fees aggregate	67,052	66,426
Chairman's fees and expenses	26,270	26,010
	93,322	92,436
	93,322	92,436

The emoluments of the Members and the Chairman were in the following ranges:

	<b>2021 Number</b>	<b>2020 Number</b>
£5,001 to £10,000	2	1
£10,001 to £15,000	3	4
£15,001 to £20,000	1	1
£20,001 to £25,000	-	-
£25,001 to £30,000	1	1
	1	1

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

<b>6 Operating (loss)/profit</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses	813	615
Government grants	(87,097)	(62,300)
Depreciation of owned tangible fixed assets	1,420,688	1,376,046
Depreciation of tangible fixed assets held under finance leases	290,306	407,136
Profit on disposal of tangible fixed assets	(82,015)	(11,385)
Operating lease charges	345,194	321,260
	<u>          </u>	<u>          </u>
<b>7 Auditor's remuneration</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Fees payable to the group's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and Authority	54,000	51,000
	<u>          </u>	<u>          </u>
<b>8 Interest receivable and similar income</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Interest income</b>		
Interest on bank deposits	2,540	17,913
Net interest on the net defined benefit asset	-	16,000
Other interest income	-	870
	<u>          </u>	<u>          </u>
Total income	2,540	34,783
	<u>          </u>	<u>          </u>
Investment income includes the following:		
Interest on financial assets not measured at fair value through profit or loss	2,540	18,783
	<u>          </u>	<u>          </u>
<b>9 Interest payable and similar expenses</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Interest on bank loans	375,971	397,798
Interest on finance leases and hire purchase contracts	39,112	46,571
Net interest on the net defined benefit liability	49,000	-
	<u>          </u>	<u>          </u>
Total finance costs	464,083	444,369
	<u>          </u>	<u>          </u>
<b>10 Other gains and losses</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Changes in the fair value of investment properties	1,085,730	(1,606,994)
	<u>          </u>	<u>          </u>

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 11 Taxation

	2021 £	2020 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	223,515	171,422
Adjustments in respect of prior periods	59,931	(166,571)
Total current tax	<u>283,446</u>	<u>4,851</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	48,978	202,743
Changes in tax rates	1,154,031	-
Adjustment in respect of prior periods	(5,208)	113,127
Total deferred tax	<u>1,197,801</u>	<u>315,870</u>
Total tax charge	<u>1,481,247</u>	<u>320,721</u>

Changes to UK corporation tax rates were substantively enacted by the Finance Bill 2021 on 24 May 2021. These included an increase of the corporation tax rate to 25% from 1 April 2023. As this change was substantively enacted at the balance sheet date, deferred tax is recognised at a rate of 25% in the current year (2020: 19%).

The charge for the year can be reconciled to the profit per the income statement as follows:

	2021 £	2020 £
Loss before taxation	<u>(196,447)</u>	<u>(1,703,922)</u>
Expected tax credit based on the effective rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(37,325)	(323,745)
Tax effect of expenses that are not deductible in determining taxable profit	8,545	314,707
Tax effect of income not taxable in determining taxable profit	(207,705)	(1,198)
Adjustments in respect of prior years	59,931	(53,444)
Deferred tax adjustments in respect of prior years	(5,208)	-
Deferred tax on investment property movement	(5,563)	(188)
Chargeable losses	185,066	(316,177)
Fixed asset differences	166,315	214,724
Deferred tax adjustments	<u>1,317,191</u>	<u>486,042</u>
Taxation charge for the year	<u>1,481,247</u>	<u>320,721</u>

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 11 Taxation (Continued)

In addition to the amount charged to profit or loss, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2021 £	2020 £
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	781,090	(674,500)

### 12 Tangible fixed assets

Group	Land and buildings	Assets under construction	Plant and machinery	Office and computer equipment	Motor Vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 January 2021	66,582,571	1,245,033	12,025,407	1,098,470	162,865	81,114,346
Additions	635,201	961,261	231,500	35,167	-	1,863,129
Disposals	(40,563)	(625)	(1,610,744)	(136,363)	(82,191)	(1,870,486)
Transfers	667,580	(1,539,670)	833,889	38,201	-	-
At 31 December 2021	67,844,789	665,999	11,480,052	1,035,475	80,674	81,106,989
<b>Depreciation</b>						
At 1 January 2021	23,393,085	-	8,763,081	983,862	123,699	33,263,727
Depreciation charged in the year	1,101,853	-	530,518	69,729	8,894	1,710,994
Eliminated in respect of disposals	(37,117)	-	(1,610,744)	(136,363)	(80,654)	(1,864,878)
At 31 December 2021	24,457,821	-	7,682,855	917,228	51,939	33,109,843
<b>Carrying amount</b>						
At 31 December 2021	43,386,968	665,999	3,797,197	118,247	28,735	47,997,146
At 31 December 2020	43,189,486	1,245,033	3,262,326	114,608	39,166	47,850,619

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 12 Tangible fixed assets (Continued)

Authority	Land and buildings	Assets under construction	Plant and machinery	Office and computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 January 2021	66,582,571	1,240,745	5,704,885	487,875	94,713	74,110,789
Additions	635,201	591,586	-	30,151	-	1,256,938
Disposals	(40,563)	(625)	-	-	(34,039)	(75,227)
Transfers	667,580	(1,530,784)	833,889	29,315	-	-
At 31 December 2021	67,844,789	300,922	6,538,774	547,341	60,674	75,292,500
<b>Depreciation</b>						
At 1 January 2021	23,393,085	-	3,301,994	467,210	57,960	27,220,249
Depreciation charged in the year	1,101,853	-	194,574	22,899	8,018	1,327,344
Eliminated in respect of disposals	(37,117)	-	-	-	(34,039)	(71,156)
At 31 December 2021	24,457,821	-	3,496,568	490,109	31,939	28,476,437
<b>Carrying amount</b>						
At 31 December 2021	43,386,968	300,922	3,042,206	57,232	28,735	46,816,063
At 31 December 2020	43,189,486	1,240,745	2,402,891	20,665	36,753	46,890,540

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 12 Tangible fixed assets (Continued)

The carrying value of land and buildings comprises:

	<b>Group 2021</b>	<b>2020</b>	<b>Authority 2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Freehold	42,706,434	43,139,903	42,706,434	43,139,903
Long leasehold	47,833	49,583	47,833	49,583
	<u>42,754,267</u>	<u>43,189,486</u>	<u>42,754,267</u>	<u>43,189,486</u>

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases:

	<b>Group 2021</b>	<b>2020</b>	<b>Authority 2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Plant and machinery	<u>422,691</u>	<u>712,997</u>	<u>-</u>	<u>-</u>

#### Shoreham Old Fort

The land owned by the Port includes Shoreham Old Fort which was acquired under the statutes establishing the Port. There have been no acquisitions or disposals of Heritage assets in the last 6 years. The Port Authority accepts its obligation to maintain access to the Fort and has consulted English Heritage in relation to the maintenance and repair of the Fort. English Heritage provided a grant in 2010 to carry out certain works, and as a result the Fort is open to the public all year round ([www.shorehamfort.co.uk](http://www.shorehamfort.co.uk)). As explained in the accounting policies, no value is reported for the Fort in the financial statements.

### 13 Investment property

	<b>Group 2021</b>	<b>Authority 2021</b>
	<b>£</b>	<b>£</b>
<b>Fair value</b>		
At 1 January 2021	31,904,805	31,904,805
Additions	380,740	380,740
Net gains or losses through fair value adjustments	1,085,730	1,085,730
	<u>33,371,275</u>	<u>33,371,275</u>

The fair value of the investment property has been arrived at by the Members on the basis of a valuation carried out at the reporting date by an internal valuer, Tim Hague MRICS, Shoreham Port Authority's Director of Property and Development. The valuation was made on an open market value basis by reference to market evidence of transaction prices and rental yields for similar properties and in accordance with RICS Valuation Professional Standards January 2014 including the International Valuation Standards. Rental yields applied ranged from 6% to 8% and included allowance for maintenance expenditure where appropriate, but not purchasers acquisition costs.

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 14 Fixed asset investments

	Notes	Group 2021 £	2020 £	Authority 2021 £	2020 £
Investments in subsidiaries	15	-	-	2	2

#### Movements in fixed asset investments

Authority	Shares in group undertakings
	£
<b>Cost or valuation</b>	
At 1 January 2021 and 31 December 2021	2
<b>Carrying amount</b>	
At 31 December 2021	2
At 31 December 2020	2

### 15 Subsidiaries

Details of the Authority's subsidiaries at 31 December 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Shoreham Port Developments & Investments Limited	Nautilus House, 90-100 Albion Street, Southwick Brighton, BN42 4ED	Investment holding company	Ordinary	100.00	
Sussex Port Forwarding Limited	As above	Stevedoring and freight forwarding	Ordinary		100.00
Port of Shoreham Trustee Company Limited	As above	Corporate trustee to The Port of Shoreham Retirement & Death Benefit Scheme	Ordinary		100.00
Shoreham Port Solutions Limited	As above	Recruitment agency for drivers and casual workers at Shoreham Port	Ordinary		100.00



# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 16 Debtors

	Group 2021	2020	Authority 2021	2020
Amounts falling due within one year:	£	£	£	£
Trade debtors	1,528,968	2,287,438	695,416	1,323,649
Corporation tax recoverable	-	-	-	50,734
Amounts owed by group undertakings	-	-	1,243,547	1,015,775
Other debtors	73,804	47,516	16,220	-
Prepayments and accrued income	1,524,869	1,496,433	1,417,459	1,425,940
	<u>3,127,641</u>	<u>3,831,387</u>	<u>3,372,642</u>	<u>3,816,098</u>
Deferred tax asset (note 22)	664,235	657,552	-	-
	<u>3,791,876</u>	<u>4,488,939</u>	<u>3,372,642</u>	<u>3,816,098</u>

Within amounts due from group undertakings are amounts receivable in more than one year of £1,015,775 (2020: £1,015,775).

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 17 Creditors: amounts falling due within one year

	Notes	Group 2021 £	2020 £	Authority 2021 £	2020 £
Bank loans	19	11,395,757	9,617,415	11,395,757	9,617,415
Obligations under finance leases	20	105,192	178,871	-	-
Trade creditors		1,647,666	1,108,024	1,068,640	561,682
Amounts due to group undertakings		-	-	1,913	137,805
Corporation tax payable		262,271	148,427	267,004	-
Other taxation and social security		196,942	217,150	132,045	162,733
Government grants		715,862	680,485	715,862	680,485
Other creditors		465,237	389,019	403,847	332,017
Accruals and deferred income		1,222,636	1,238,305	1,128,076	1,033,907
		<u>16,011,563</u>	<u>13,577,696</u>	<u>15,113,144</u>	<u>12,526,044</u>

Included within other creditors (group) are unpaid pension contributions amounting to £107,498 (2020: £98,792), of which £57,539 (2020: £57,638) relates to the Authority.

Included within government grants is a discretionary capital grant of £103,200 received in 2015 from the Coast to Capital Local Enterprise Partnership which covered part of the cost of a project to widen wharves at the Port. The grant is conditional upon the creation of 4 jobs which must be maintained for 3 years. Those jobs were created during 2015 and maintained to the balance sheet date, at which point there was no indication that the positions would cease to exist within the required period. The grant is being released over 15 years, in line with the depreciation charged on the wharves for which it was received. At the balance sheet date £58,479 (2020: £65,932) was included within government grants, to be released as qualifying expenditure in incurred in future years.

Also included within government grants is a discretionary capital grant of £1,100,000 received in 2017 from the Coast to Capital Local Enterprise Partnership which covered part of the cost of the acquisition of Maritime House. The grant is conditional upon the development of the property and the safeguarding of jobs over 5 years following the receipt of the grant. The grant is being released in line with these conditions. At the balance sheet date, £543,452 (2020: £614,553) was included within government grants, to be released in future years.

During the year the Authority received a government grant relating to a HGV lorry park. The grant enables the Authority to provide a waiting area for HGV drivers that ensures health protection, passenger and vehicle safety and security. At the balance sheet date, £113,931 was included within government grants, to be released over the next 10 years, commencing from January 2022.

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 18 Creditors: amounts falling due after more than one year

	Notes	Group 2021 £	2020 £	Authority 2021 £	2020 £
Bank loans	19	5,589,983	8,403,727	5,589,983	8,403,727
Obligations under finance leases	20	245,315	350,507	-	-
		<u>5,835,298</u>	<u>8,754,234</u>	<u>5,589,983</u>	<u>8,403,727</u>

Amounts included above which fall due after five years are as follows:

Payable by instalments	905,097	701,842	905,097	701,842
	<u>905,097</u>	<u>701,842</u>	<u>905,097</u>	<u>701,842</u>

### 19 Borrowings

	Group 2021 £	2020 £	Authority 2021 £	2020 £
Bank loans	16,985,740	18,021,142	16,985,740	18,021,142
Payable within one year	11,395,757	9,617,415	11,395,757	9,617,415
Payable after one year	5,589,983	8,403,727	5,589,983	8,403,727
	<u>16,985,740</u>	<u>18,021,142</u>	<u>16,985,740</u>	<u>18,021,142</u>

Amounts included above which fall due after five years:

Payable by instalments	905,097	701,842	905,097	701,842
	<u>905,097</u>	<u>701,842</u>	<u>905,097</u>	<u>701,842</u>

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 19 Borrowings (Continued)

The Port Authority has six bank facilities with NatWest Bank PLC:

- The £3 million facility was repaid in full by 31 July 2021. The loan was subject to interest at 1.95% above LIBOR, and was secured by an unlimited cross composite guarantee between the group companies and against certain assets at the port;
- The £10 million facility was repaid in full by 31 July 2021. It commenced repayment in June 2013 and was subject to interest at 2% above Base Rate and was secured against assets of the Port;
- There is a £950k facility which is being repaid on a monthly basis with the final repayment due in February 2032. The facility is subject to interest at 2% above the Base Rate;
- There is a £2.15 million facility which is being repaid on a monthly basis with the final repayment due in April 2022. The facility is subject to interest at 2.1% above the Base Rate;
- There is an £850k facility which commenced repayment in January 2018 and is being paid on a monthly basis with the final repayment due in December 2022. The facility is subject to interest at 2.1% above the Base Rate;
- There is an £5 million facility which commenced repayment in January 2020 and is being repaid on a monthly basis. The final repayment is due in October 2024. The facility is subject to interest at 2.1% above the Base Rate.
- There is a £9.9m Tranche A loan facility which was taken out during the year and is repayable on 31 July 2022 in full. The facility is subject to interest at 2% above the Base Rate; and
- There is a £657k Tranche B loan facility which was taken out during the year and is repaid on a monthly basis. The final repayment is due in August 2022. The facility is subject to interest at 2% above the Base Rate.

NatWest holds a debenture over all assets of the Port.

The Port Authority also has an asset finance arrangement with Santander UK plc, this is a £871,362 loan. The facility is subject to interest at 2.03% above the Base Rate.

The Port has just completed a refinancing exercise and have appointed HSBC UK Bank plc to be their new financial/banking partner. The aim of the refinancing is to consolidate existing debt, repay any outstanding asset finance as well as seeking additional borrowings. HSBC UK Bank plc have made available to the Port a loan of £20m along with a Revolving Credit Facility of £6m for a five-year term. As the funds have already been drawn the NatWest loans have all been repaid. HSBC UK Bank plc £20m facility is a bullet loan repayable in 2027. It is a £12m variable rate loan at Bank of England base rate plus 2.1% and a £8m 5.93% fixed rate loan. Only interest is payable annually until the repayment in 2027.

### 20 Finance lease obligations

	Group 2021 £	2020 £	Authority 2021 £	2020 £
Future minimum lease payments due under finance leases:				
Less than one year	127,249	220,394	-	-
Between one and five years	296,784	417,951	-	-
	<u>424,033</u>	<u>638,345</u>	<u>-</u>	<u>-</u>
Less: future finance charges	(73,526)	(108,967)	-	-
	<u>350,507</u>	<u>529,378</u>	<u>-</u>	<u>-</u>

Finance lease payments relate to the acquisition of one crane. The leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 10 years and they are subject to interest rates at Bank of England Base +1.92%. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The liabilities are secured on the assets to which they relate.

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 21 Provisions for liabilities

	Notes	Group 2021 £	2020 £	Authority 2021 £	2020 £
Pension		76,152	119,076	76,152	119,076
Oil terminal provision		83,638	83,638	83,638	83,638
		159,790	202,714	159,790	202,714
Deferred tax liabilities	22	6,302,737	4,317,163	6,225,271	4,283,299
		6,462,527	4,519,877	6,385,061	4,486,013

Movements on provisions apart from deferred tax liabilities:

Group	Pension £	Oil terminal provision £	Total £
At 1 January 2021	119,076	83,638	202,714
Utilisation of provision	(42,924)	-	(42,924)
At 31 December 2021	76,152	83,638	159,790

  

Authority	Pension £	Oil terminal provision £	Total £
At 1 January 2021	119,076	83,638	202,714
Utilisation of provision	(42,924)	-	(42,924)
At 31 December 2021	76,152	83,638	159,790

#### Pension

The Pilot's National Pension Fund (PNPF) is a centralised, multi-employer defined benefit scheme for non-associated employers which provide benefits for employed and self-employed pilots.

In 2009 when the Authority was first notified that it may be obliged to contribute to the PNPF's deficit, provision of £504,000 was made based on the best estimate of the likely liability available at the time relating to three pilots who operated at the Port in the 1980s.

During 2013 the Trustees of the scheme agreed a recovery plan, and the Authority has been notified of the contributions due over the period of the recovery plan which is 16 years. The total contributions now due are £76,152, on an undiscounted basis.

The total obligation is not material to the total assets of the group, nor is the annual cost or the discount which would be applied, and the Members do not believe there would be any benefit in terms of improved reporting in obtaining actuarial information for disclosure of the group's share of the assets or liabilities of the scheme, or other details.

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 21 Provisions for liabilities (Continued)

##### Oil terminal provision

The Oil Terminal Provision is for on-going monitoring works on the site. The provision recognised the deferral of income received from a previous tenant in 2014 in respect of site remediation work. The timing of the remaining payments is uncertain; the provision will be released as costs are incurred in this respect.

#### 22 Deferred taxation

Deferred tax assets and liabilities are offset where the group or Authority has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

Group	Liabilities	Liabilities	Assets	Assets
	2021	2020	2021	2020
	£	£	£	£
Fixed asset timing differences	1,281,913	1,043,810	-	-
Short term timing differences - pension	513,341	32,731	656,750	613,320
Investment property value	4,507,483	3,240,622	-	-
Other timing differences	-	-	7,485	44,232
	<u>6,302,737</u>	<u>4,317,163</u>	<u>664,235</u>	<u>657,552</u>
Authority	Liabilities	Liabilities	Assets	Assets
	2021	2020	2021	2020
	£	£	£	£
Fixed asset timing differences	1,204,447	1,009,946	-	-
Short term timing differences - pension	513,341	32,731	-	-
Investment property value	4,507,483	3,240,622	-	-
	<u>6,225,271</u>	<u>4,283,299</u>	<u>-</u>	<u>-</u>
Movements in the year:			Group	Authority
			2021	2021
			£	£
Liability at 1 January 2021			3,659,611	4,283,299
Charge to profit or loss			1,197,801	1,432,582
Charge to other comprehensive income			781,090	509,390
			<u>5,638,502</u>	<u>6,225,271</u>

The majority of the group's deferred tax asset is expected to reverse in more than 12 months and relates to short term timing differences on the defined benefit pension obligation.

The group's deferred tax liability is not expected to reverse within 12 months, with a significant proportion relating to properties which are not expected to be sold.

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 23 Retirement benefit schemes

#### Defined benefit schemes

The Authority and its subsidiary company Sussex Port Forwarding Limited contribute to defined benefit pension schemes for the benefit of employees who are eligible and willing to participate in the schemes.

Shoreham Port Authority contributes to the West Sussex County Council Superannuation Scheme. The assets of the scheme are administered by the Council pursuant to the Local Government Superannuation Regulations 1987 made by the Secretary of State for the Environment under powers in sections 7 and 12 of the Superannuation Act 1978.

Sussex Port Forwarding Limited operates The Port of Shoreham Retirement and Death Benefit Scheme (PoSRaDBS) which was closed to future accrual during the prior year where the assets of the scheme are administered by trustees in a fund independent from the assets of the company. SPF also contributes to the West Sussex County Council Local Government Pension Scheme (WSCCLGPS) which SPF joined on 1 April 2019 and is available to all employees of the company. This scheme is a centralised defined benefits scheme with the assets held in separate trustee-administered funds.

Costs and liabilities of all schemes are based on actuarial valuations. The latest full actuarial valuations of the schemes were completed on 31 December 2021 (SPA 's and SPF's WSCCLGP scheme) and 31 December 2019 (SPF 's PoSRaDBS ). These valuations have been updated to 31 December 2021 using the projected unit method by qualified independent actuaries.

The key assumptions used by the actuaries in valuing the costs and liabilities of the Shoreham Port Authority scheme were:

	SPA WSCCLGPS		SPF WSCCLGPS	
	2021 %	2020 %	2021 %	2020 %
<i>Key assumptions</i>				
Discount rate	1.90%	1.30%	1.90%	1.35%
Expected rate of increase of pensions in payment	2.90%	2.50%	2.85%	2.45%
Expected rate of salary increases	3.40%	3.00%	3.35%	2.95%
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
			PoSRaDBS	
			2021	2020
<i>Key assumptions</i>			%	%
Discount rate			1.80%	1.30%
Expected rate of increase of pensions in payment			3.05%	2.85%
Expected rate of salary increases			n/a	n/a
Inflation - RPI			3.35%	3.10%
Inflation - CPI			2.70%	2.40%
			<u>          </u>	<u>          </u>

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 23 Retirement benefit schemes (Continued)

<i>Mortality assumptions</i>	<b>WSCCLGPS</b>		<b>PoS RaDBS</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Assumed life expectations on retirement at age 65:	<b>Years</b>	<b>Years</b>	<b>Years</b>	<b>Years</b>
Retiring today				
- Males	22.10	22.20	21.40	21.40
- Females	24.40	24.20	24.30	24.30
Retiring in 20 years				
- Males	23.10	23.30	22.80	22.80
- Females	26.10	25.90	25.80	25.70
<i>Amounts recognised in the income statement</i>			<b>2021</b>	<b>2020</b>
			<b>£</b>	<b>£</b>
Current service cost			2,665,000	1,439,000
Net interest on defined benefit liability/(asset)			49,000	(16,000)
Administration costs			115,000	108,000
Total costs			2,829,000	1,531,000
<i>Amounts taken to other comprehensive income</i>			<b>2021</b>	<b>2020</b>
			<b>£</b>	<b>£</b>
Actual return on scheme assets			(2,171,000)	(3,624,000)
Calculated interest element			456,000	623,000
Return on scheme assets excluding interest income			(1,715,000)	(3,001,000)
Actuarial changes related to obligations			(2,396,000)	6,551,000
Total expense/(income)			(4,111,000)	3,550,000

The amounts included in the statement of financial position arising from the group and Authority's obligations in respect of defined benefit plans are as follows:

	<b>Group</b>		<b>Authority</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Present value of defined benefit obligations	37,899,000	37,715,000	27,082,000	27,354,000
Fair value of plan assets	(37,446,000)	(34,788,000)	(29,256,000)	(27,655,000)
Surplus/(deficit) in scheme	453,000	2,927,000	(2,174,000)	(301,000)



# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 23 Retirement benefit schemes (Continued)

	Group 2021 £	Authority 2021 £
<i>Movements in the present value of defined benefit obligations</i>		
Liabilities at 1 January 2021	37,715,000	27,354,000
Current service cost	2,665,000	1,432,000
Benefits paid	(942,000)	(774,000)
Contributions from scheme members	352,000	203,000
Actuarial gains and losses	(2,396,000)	(1,494,000)
Interest cost	505,000	361,000
	<hr/>	<hr/>
At 31 December 2021	37,899,000	27,082,000
	<hr/> <hr/>	<hr/> <hr/>

The defined benefit obligations arise from plans which are wholly or partly funded.

	Group 2021 £	Authority 2021 £
<i>Movements in the fair value of plan assets</i>		
Fair value of assets at 1 January 2021	34,788,000	27,655,000
Interest income	456,000	360,000
Return on plan assets (excluding amounts included in net interest)	1,715,000	1,187,000
Benefits paid	(942,000)	(774,000)
Contributions by the employer	1,192,000	625,000
Contributions by scheme members	352,000	203,000
Administration costs	(115,000)	-
	<hr/>	<hr/>
At 31 December 2021	37,446,000	29,256,000
	<hr/> <hr/>	<hr/> <hr/>

*The analysis of the scheme assets at the reporting date were as follows:*

	Group 2021 £	2020 £	Authority 2021 £	2020 £
Equity instruments	19,074,840	17,680,150	15,213,120	14,657,150
Property	2,764,530	1,994,850	2,633,040	1,935,850
Gilts	1,576,000	2,658,000	-	-
Bonds	11,672,460	10,257,800	11,117,280	9,955,800
Cash	362,170	1,307,200	292,560	1,106,200
Multi-sector credit	1,996,000	890,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	37,446,000	34,788,000	29,256,000	27,655,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 23 Retirement benefit schemes (Continued)

#### WSCCLGPS - SPA

##### Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 December 2021:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	513
1 year increase in member life expectancy	4%	1,083
0.1% increase in Salary Increase Rate	0%	36
0.1% increase in the Pension Increase Rate (CPI)	2%	471

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%.

#### WSCCLGPS - SPF

##### Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 December 2021:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	3%	102
1 year increase in member life expectancy	4%	123
0.1% increase in Salary Increase Rate	0%	-
0.1% increase in the Pension Increase Rate (CPI)	3%	101

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, we estimate that a one year increase in life expectancy would approximately increase the Employer's Defined Benefit Obligation by around 3-5%.

#### PoS RaDBS

##### Sensitivity analysis

The sensitivities of the schemes liability to the discount rate assumption is as follows, discount rate applied is currently 1.8%, a 0.1 % increase in Discount rate would result in a 2% decrease in scheme liabilities.

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 24 Borrowing powers at 31 December 2021

ACT OR ORDER	Total £
1985 (as amended by the Shoreham Port Authority Harbour Revision (Constitution) Order 2004) Indexation to 31 December 2021	50,000,000 24,354,000
Revised Borrowing Powers at 31 December 2021	<u>74,354,000</u>

The 1985 Order also authorises additional borrowing of £1 million by bank overdraft.

The Shoreham Port Authority Harbour Revision (Constitution) Order 2004 provides that the borrowing powers be adjusted in line with any movement in the Consumer Price Index which occurred during the year ended on 31 December.

### 25 Reserves

**Profit and loss reserves**  
Cumulative profit and loss.

### 26 Cash generated from group operations

	2021 £	2020 £
Loss for the year after tax	(1,677,694)	(2,024,643)
Adjustments for:		
Taxation charged	1,481,247	320,721
Finance costs	464,083	444,369
Investment income	(2,540)	(34,783)
Gain on disposal of tangible fixed assets	(82,015)	(11,385)
Depreciation and impairment of tangible fixed assets	1,710,994	1,783,182
Other gains and losses	(1,085,730)	1,606,994
Pension scheme non-cash movement	1,588,000	476,000
Decrease in provisions	(42,924)	-
Movements in working capital:		
Decrease/(increase) in debtors	703,746	(500,448)
Increase/(decrease) in creditors	615,360	(85,890)
<b>Cash generated from operations</b>	<u>3,672,527</u>	<u>1,974,117</u>

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 27 Analysis of changes in net debt - group

	1 January 2021 £	Cash flows £	31 December 2021 £
Cash at bank and in hand	2,643,043	(280,137)	2,362,906
Borrowings excluding overdrafts	(18,021,142)	1,035,402	(16,985,740)
Obligations under finance leases	(529,378)	178,871	(350,507)
	<u>(15,907,477)</u>	<u>934,136</u>	<u>(14,973,341)</u>

### 28 Operating lease commitments

#### Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2021 £	2020 £	Authority 2021 £	2020 £
Within one year	338,608	530,653	-	161
Between one and five years	725,314	1,924,819	-	-
	<u>1,063,922</u>	<u>2,455,472</u>	<u>-</u>	<u>161</u>

#### Authority as a lessor

The Authority acts as a lessor, holding rental contracts with tenants under non-cancellable operating lease arrangements. The average remaining lease term at 31 December 2021 is between 4 and 5 years, excluding low-value long-term lease arrangements for which remaining lease terms range between 36 and 939 years on an amount of annual rent of £167. Rent reviews occur periodically on certain leases, generally between 2 and 5 years, and where break clauses exist these are at intervals specific to each lease. Rental income earned in the year under these lease agreements is included within turnover and amounted to £4,493,536 (2020: £4,229,645).

### 29 Financial commitments, guarantees and contingent liabilities

During the year, Shoreham Port Authority entered into a guarantee agreement with the Port of Shoreham Trustee Company Limited. Under the guarantee, Shoreham Port Authority will pay any amounts due to the Port of Shoreham Retirement and Death Benefit Scheme that would otherwise be due to the scheme from Sussex Port Forwarding limited. The associated pension scheme liabilities are included within the consolidated statement of financial position (see note 23).

# SHOREHAM PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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### 30 Capital commitments

The group has the following capital commitments not provided for in the financial statements:

	<b>Group 2021 £</b>	<b>2020 £</b>	<b>Authority 2021 £</b>	<b>2020 £</b>
Acquisition of tangible fixed assets	614,749	727,215	614,749	727,215

### 31 Events after the reporting date

The Port has just completed a refinancing exercise and have appointed HSBC UK Bank plc to be their new financial/banking partner. The aim of the refinancing is to consolidate existing debt, repay any outstanding asset finance as well as seeking additional borrowings. HSBC UK Bank plc have made available to the Port a loan of £20m along with a Revolving Credit Facility of £6m for a five-year term. As the funds have already been drawn the NatWest loans have all been repaid. HSBC UK Bank plc £20m facility is a bullet loan repayable in 2027. It is a £12m variable rate loan at Bank of England base rate plus 2.1% and a £8m 5.93% fixed rate loan. Only interest is payable annually until the repayment in 2027.

### 32 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel is as follows:

	<b>2021 £</b>	<b>2020 £</b>
Aggregate compensation	987,517	1,048,529