

ANNUAL ACCOUNTS



FOR THE YEAR ENDED 31ST DECEMBER 2017



Power to the Pump House

30%

Approximately 30% of the electricity generated by the wind turbines goes directly to the Pump House. The remaining 70% goes into the National Grid.



SHOREHAM PORT AUTHORITY

MEMBERS

Chair S Condie (Term ended 31 December 2017)
A Foster (Appointed 1 January 2018)

Deputy Chair T Giddings (Appointed 1 January 2018)

Members S Nicholls
C Dwyer
J Newell
J Headley (Appointed 1 January 2017)
M Lemmon (Appointed 1 January 2018)

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

Chief Executive	R Lunn
Secretary/ Finance Director & Deputy Chief Executive	S Bassett
Harbour Master/ Director of Marine Operations	J Seaman
Commercial/ Operations Director	A Motterham (Resigned 31 December 2017) B Evans-Gay (Appointed 1 November 2017)
Director of Engineering	A Parker
Director of Property & Development	P Davies (Resigned 31 March 2017) T Hague (Appointed 1 April 2017)
Director of Compliance	P Johnson
Director of Corporate Services	N Goldsbrough
Registered office	Nautilus House 90-100 Albion Street Southwick Brighton BN42 4ED
Bankers	National Westminster Bank Plc
Auditor	RSM UK Audit LLP Chartered Accountants 3rd Floor Portland 25 High Street Crawley West Sussex RH10 1BG
Tel/ Fax:	01273 598100 / 01273 592492
Website:	http://www.shoreham-port.co.uk
Email:	info@shoreham-port.co.uk

SHOREHAM PORT AUTHORITY

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present the strategic report for the year ended 31 December 2017.

Summary

2017 was a good steady year for the Port with revenue and tonnage similar to the prior year, with all our key cargoes of timber, aggregates, steel, cereals and petroleum products moving reasonably well. Our property division continued to diversify and expand with the purchase of Maritime House, a serviced office block in the heart of the Port.

Whilst one of our key markets, the construction industry had its largest contraction since 2012, the London and South East sector continued to keep their pipeline of projects relatively full, with over 33% of UK construction firms based in this area.

Investment in staff training and maintenance of the Port facilities continued throughout the year to ensure an efficient and effective turnaround for all vessels using the Port's facilities, as well maintaining our property portfolio in good condition.

Results

The consolidated revenue for the Port was £13.3m, slightly above the prior year (0.7%) when compared on a like for like basis and before any yearend adjustments. The Port handled 781 commercial ships, down 13% on the prior year owing to larger vessels carrying more cargo, hence cargo tonnage was very similar to last year at just over 2 million tonnes.

Our key cargo tenants on the Port which includes aggregates, cereals and petroleum had a reasonable year with tonnage up 1.4% on the prior year. Aggregates continues to be a key base commodity for the Port and 1,373,000 tonnes was imported through the Port, up 3.2% compared to 2016.

Petroleum products handled through the Port were 68,000 tonnes, down just 8,000 tonnes compared to the prior year as the terminal continues to build its customer base and market share. Cereals had another steady year moving 144,000 tonnes similar to the previous year to key markets in the UK and Europe.

Our Operations Division handled 479,000 tonnes of cargo, which was 8.4% below the prior year. Imported timber from the Baltics was still very encouraging at 411,000 m3, but 6% down on prior year with a slower fourth quarter.

Steel for the construction industry and environmental defence was very similar to prior year at 89,000 tonnes, down just 3,000 tonnes, with work continuing in the west arm for flood defence.

Whilst the bulk terminal on Power Station Quay was busy with stone, sand and shingle some of the rock salt did not materialise as budgeted. Overall bulks handled by our team were down 11% at 38,000 tonnes compared to 2016.

Recycled glass and woodchip exported to the near continent and Northern Ireland was also down 20% at 45,000 tonnes owing to challenges at the receiving end.

Working with the fishing community was an important activity for the Port with fish landing up c30% compared to prior year. The ports c500 leisure berths were again mostly occupied.

In addition to the standard Port services provided, we were also able to provide dry dock facilities for visiting vessels of up to c50m in length, plus crew change and spares delivery to passing ships whilst assisting neighbouring ports with bed levelling using the tug Adurni. Once again the Port proved to be a very popular destination for vessels supporting the Rampion Offshore wind farm, owing to the calm non tidal water in the canal and equipment available.

The Port's thriving Property portfolio consists of c100 tenants, providing both short term and long term leases, with excellent parking facilities and location. Occupancy levels remained at 96% throughout the year, providing a very steady income stream.

SHOREHAM PORT AUTHORITY

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Masterplan

The Port remains on track with the Masterplan and refresh of the plan in 2016. When land and property becomes available in the east arm, the Port will endeavour to purchase, so that this area can continue to be open for shipping and our tenants.

Plans are well underway for the Lady Bee Enterprise Centre, which provide 14 light industrial units with mezzanine levels, ranging from 800 to 1,200 square feet. The units will be versatile and appropriate for a range of commercial uses. Planning will be sought in early 2018.

Discussions continued on the only derelict site in the Port at Britannia Wharf. We are hopeful that an agreement can be reached in 2018 to utilise this land again.

Stakeholders

The Port is in full view of the public and our neighbours along the A259 and thus we remain committed to being a good neighbour with any complaints immediately handled by a member of the senior leadership team. Only 19 complaints were made in 2017 and all were dealt with in a friendly and amicable manner with excellent feedback.

The new visitor centre in Nautilus House was completed in early 2017 which made a huge difference to the stakeholder engagement, particularly when we ran boat trips for the community with over 1,200 attending and enjoying a unique view of Port operations.

Our interaction with our stakeholders via the social media platforms of twitter, facebook, website and linkedIn continued unabated. Additionally our annual report and PortLife magazine continued to be very popular.

Shoreham Port is passionate about keeping its working areas neat, tidy and pleasing to the eye, thus giving comfort to our customers that we are taking the best care of their cargoes.

Once again we visited our key customers in the UK, Sweden and Latvia to discuss operations and any areas for improvement. We thank them for their continued support and have enjoyed working with them as one team to reach a common goal.

Environment

We very much value our Eco-Port status and were delighted to be presented with a new certification in 2017, which continues to underpin our environmental management plan.

The two onshore wind turbines powering the pump house have worked well and have been a welcome addition to the Port's environmental credentials. The flood defences being installed in the west arm by the Environment agency are well underway to providing the cover needed.

The beach defences along the whole of the Port frontage remain a key concern and thus our Spring and Autumn beach refilling campaigns were again carried out successfully.

Longer term plans are afoot as a significant amount of additional shingle, rock and groynes are required to protect the frontage from our east breakwater to Brighton Marina.

SHOREHAM PORT AUTHORITY

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

Outlook

Providing a safe, efficient and smooth service to our customers remains a key priority for the Port, thus any surplus is reinvested back into its infrastructure and equipment for their benefit.

Our workforce have again worked extremely hard in all weather conditions throughout the year and I would like to thank them for their efforts and very positive attitude to keep the Port open and turning the ships around quickly or keeping all of our properties maintained to a very high standard.

Alan Motterham our long standing Commercial & Operations Director retired at the end of 2017 after an excellent 20 years at the Port. We are delighted to welcome Beth Evans-Gay as the new Commercial & Operations Director who brings considerable Port management expertise, to build on the strong foundations left by Alan.

Stuart Condie after 7 years on the Board, the last 3 as Chair completed his term and we thank him for his great support and guidance over this time. We welcome Amber Foster formerly the deputy as the new Chair and also Mark Lemmon who joined as a Non-executive director.

Many questions remain on the impact Brexit will have on the tariffs, custom controls and trade, however, we remain in close contact with the Department for Transport and various ministers in order to keep pushing for clarity and a workable solution for all concerned.

Across all of the Port's markets, whether that be import or export cargo, or within our tenanted properties, the outlook for 2018 remains positive and optimistic.

R Lunn

Chief Executive

SHOREHAM PORT AUTHORITY

CHAIR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

It is very pleasing to report that Shoreham Port had a relatively good year with trading results showing that revenue was just ahead of the prior year at £13.3m (0.7% up), despite market conditions tightening during the year. The banking covenants were met and the cash flow was positive, as the Port continued to invest in additional property and other capital items for example, the new tug.

The number one priority for the Board and Port remained Health, Safety and Environment and was discussed in-depth at each Board meeting. I am very satisfied that the Port continued to meet the requirements of the Port Marine Safety Code, and was externally audited in May and December, with the designated person briefing the Board in January. On the Operations side (dry) of the Port an independent risk management company also audited our processes and procedures, with very good feedback.

My three year term as Chair concluded on 31st December 2017 after seven years on the Board. During this time I am very pleased to say that there has been substantial progress and development in the Port, both operationally and in Board governance and performance. The Masterclass sessions held at the end of the Board meetings have been extremely beneficial with outside experts briefing the Board on various topics.

Operationally the Board again approved and supported investment in the Port's equipment, property and infrastructure for the benefit of our stakeholders with many exciting plans in the pipeline for future expansion. To increase our bed levelling capacity and also with our existing tug Adurni reaching over 32 years in service, the Port have ordered a new tug. This is being built in the UK and expected to be in service mid 2018.

Shoreham Port remains at the heart of the community and with our trust port status allows us to make longer term decisions on investment and ensure that we continue as a key economic driver and local employer with over 1,600 jobs on the footprint of the Port. During the year, we invested further into property in east arm with the help of the local enterprise partnership and this alone secured over 200 jobs in a serviced office block that would have been converted to flats.

Once again we had an excellent turnout at our Annual Public meeting in Southwick's Barn Theatre. Engaging with our local stakeholders has ensured that we maintain an excellent relationship with our neighbours and have much appreciated the feedback on our activities. Twice a year in our Board room we also hold meetings with the Port Users Group and Local Area Liaison Committee with the local Councillors. These meetings have been very positive and welcome to ensure everyone is kept up to date on our activities.

Each year the Board review the strategic direction of the Port updating the five year rolling business plan and ensuring it remains aligned to the Masterplan. One of the key challenges for the Port is too ensure that it can raise sufficient capital to meet its expansion and development plans. The banks remained very supportive of the Port throughout the year.

Coastal ports like Shoreham remain vital to the UK economy and to assist reducing congestion on our road network and improving air quality, more freight should be shipped on the coastal ships. We very much supported the Connectivity Study conducted by Sir John Randall and look forward to the government following up on the study.

As mentioned at the end of 2017 I bid farewell to the Port and was delighted to hand over the Chair to Amber Foster who has been on the Board for three years the last year as my deputy. Amber brings considerable legal and governance expertise to the role and I wish her well.

I would just like to finish by thanking my fellow Board members for their terrific support, the senior leadership team for implementing and driving the port forward, but above all I would like to thank all the other employees in the Port who work long hours to keep the Port open, competitive and a friendly place for the customers to visit.

S Condie
Chair

SHOREHAM PORT AUTHORITY

CHAIR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

I am very honoured to be taking over as Chair from Stuart Condie and would like to thank him for his handover and great contribution to the Board and Port.

The Port has developed and improved immensely over the last 7 years, and it is my goal to continue this growth, expansion and delivery of a first class service as we diversify our revenue base.

Considerable investment will continue in our workforce, infrastructure, equipment and warehouses, as these are essential for running a modern, competitive and efficient port.

I am delighted to welcome Mark Lemmon to the Board, who brings a wealth of expertise in infrastructure investment and obtaining capital for key projects.

There are many challenges ahead but 2018 has started off well and we look forward to continuing to work and develop together with our stakeholders and customers.

A Foster
Chair

SHOREHAM PORT AUTHORITY

REPORT OF THE MEMBERS

FOR THE YEAR ENDED 31 DECEMBER 2017

The Members submit their report and the financial statements for the year ended 31 December 2017.

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 13.

Investments

The Authority has three 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, 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 2017 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.

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.

SHOREHAM PORT AUTHORITY

REPORT OF THE MEMBERS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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 Newell. 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 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 comprises three non-executive Members of the Board and was chaired during the year by C Dwyer. 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. Mrs J Findlay has been an independent advisor to the Committee since 2007.

Compliance committee

Established in 2016 the Compliance Committee is chaired by S Nicholls. 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.

SHOREHAM PORT AUTHORITY

REPORT OF THE MEMBERS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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.

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 2017.

On behalf of the board

A Foster
Chair

R Lunn
Chief Executive

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

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 2017 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 2017 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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)

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 pages 8 - 10, 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.

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

This report is made solely to the Authority's members, as a body, in accordance with our engagement letter dated 8 January 2018. 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.

Jonathan Ericson BA FCA (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
23 March 2018

SHOREHAM PORT AUTHORITY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
Turnover	3	13,295,800	13,200,007
Cost of sales		(6,562,101)	(7,003,287)
Gross profit		6,733,699	6,196,720
Administrative expenses		(6,309,400)	(5,691,710)
Operating profit	6	424,299	505,010
Interest receivable and similar income	8	60	-
Interest payable and similar expenses	9	(424,561)	(398,306)
Fair value gains on investment properties		109,115	5,334,793
Profit before taxation		108,913	5,441,497
Taxation	10	(199,266)	(608,812)
(Loss)/profit for the financial year	25	(90,353)	4,832,685
Other comprehensive income			
Actuarial gain/(loss) on defined benefit pension schemes		1,553,000	(547,000)
Tax relating to other comprehensive income		(298,953)	144,800
Total comprehensive income for the year		1,163,694	4,430,485

The 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 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	11	50,257,449		51,606,149	
Investment properties	12	28,019,704		23,558,558	
		<u>78,277,153</u>		<u>75,164,707</u>	
Current assets					
Debtors	15	3,863,665	3,832,523		
Cash at bank and in hand		1,612,765	612,643		
		<u>5,476,430</u>	<u>4,445,166</u>		
Creditors: amounts falling due within one year	16	(6,689,489)	(4,448,244)		
Net current liabilities		<u>(1,213,059)</u>		<u>(3,078)</u>	
Total assets less current liabilities		77,064,094		75,161,629	
Creditors: amounts falling due after more than one year	17	(13,819,518)		(11,580,340)	
Provisions for liabilities	21	(3,982,430)		(3,980,837)	
Net assets excluding pension liability		<u>59,262,146</u>		<u>59,600,452</u>	
Defined benefit pension liability	23	(1,034,000)		(2,536,000)	
Net assets		<u>58,228,146</u>		<u>57,064,452</u>	
Reserves					
Profit and loss reserves	25	<u>58,228,146</u>		<u>57,064,452</u>	

The financial statements were approved by the board of directors and authorised for issue on 22 March 2018 and are signed on its behalf by:

A Foster
Chair

R Lunn
Chief Executive

SHOREHAM PORT AUTHORITY

AUTHORITY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	11	47,777,847		48,470,377	
Investment properties	12	28,019,704		23,558,558	
Investments	13		2		2
			<u>75,797,553</u>		<u>72,028,937</u>
Current assets					
Debtors	15	4,518,746		4,564,953	
Cash at bank and in hand		1,571,888		399,588	
			<u>6,090,634</u>		<u>4,964,541</u>
Creditors: amounts falling due within one year	16	(5,760,507)		(3,343,435)	
Net current assets			<u>330,127</u>		<u>1,621,106</u>
Total assets less current liabilities			<u>76,127,680</u>		<u>73,650,043</u>
Creditors: amounts falling due after more than one year	17	(12,837,597)		(10,267,266)	
Provisions for liabilities	21	(3,782,914)		(3,717,944)	
Net assets excluding pension liability			<u>59,507,169</u>		<u>59,664,833</u>
Defined benefit pension liability	23	(78,000)		(1,990,000)	
Net assets			<u><u>59,429,169</u></u>		<u><u>57,674,833</u></u>
Reserves					
Profit and loss reserves	25	59,429,169		57,674,833	

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 profit for the year was £241,081 (2016: £4,848,241 profit).

The financial statements were approved by the board of directors and authorised for issue on 22 March 2018 and are signed on its behalf by:

A Foster
Chair

R Lunn
Chief Executive

SHOREHAM PORT AUTHORITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Profit and loss reserves £
Balance at 1 January 2016	52,633,967
Year ended 31 December 2016:	
Profit for the year	4,832,685
Other comprehensive income:	
Actuarial gains on defined benefit plans	(547,000)
Tax relating to other comprehensive income	144,800
Total comprehensive income for the year	4,430,485
Balance at 31 December 2016	57,064,452
Year ended 31 December 2017:	
Loss for the year	(90,353)
Other comprehensive income:	
Actuarial gains on defined benefit plans	1,553,000
Tax relating to other comprehensive income	(298,953)
Total comprehensive income for the year	1,163,694
Balance at 31 December 2017	58,228,146

SHOREHAM PORT AUTHORITY

AUTHORITY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Profit and loss reserves £
Balance at 1 January 2016	52,567,992
Year ended 31 December 2016:	
Profit for the year	4,848,241
Other comprehensive income:	
Actuarial gains on defined benefit plans	279,000
Tax relating to other comprehensive income	(20,400)
Total comprehensive income for the year	5,106,841
Balance at 31 December 2016	57,674,833
Year ended 31 December 2017:	
Profit for the year	241,081
Other comprehensive income:	
Actuarial gains on defined benefit plans	1,874,000
Tax relating to other comprehensive income	(360,745)
Total comprehensive income for the year	1,754,336
Balance at 31 December 2017	59,429,169

SHOREHAM PORT AUTHORITY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	29	2,428,090		1,596,675	
Interest paid		(359,561)		(324,306)	
Income taxes paid		(294,619)		(405,868)	
Net cash inflow from operating activities		1,773,910		866,501	
Investing activities					
Purchase of tangible fixed assets		(579,189)		(1,407,906)	
Proceeds on disposal of tangible fixed assets		150		36,344	
Purchase of investment property		(4,352,031)		(989,765)	
Interest received		60		-	
Government grants received		1,100,000		-	
Net cash used in investing activities		(3,831,010)		(2,361,327)	
Financing activities					
Proceeds of new bank loans		3,950,000		3,000,000	
Repayment of bank loans		(561,625)		(1,417,831)	
Payment of finance leases obligations		(331,153)		(336,773)	
Net cash generated from financing activities		3,057,222		1,245,396	
Net increase/(decrease) in cash and cash equivalents		1,000,122		(249,430)	
Cash and cash equivalents at beginning of year		612,643		862,073	
Cash and cash equivalents at end of year		1,612,765		612,643	

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

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 Section 42 of the Harbours Act 1964 (as amended by the Transport Act 1981), 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 Instrument 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, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- 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.

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

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 2017. 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.

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 net current assets at the balance sheet date. The group has secure sources of income but is exposed to the continuing economic uncertainty that exists in the UK. Management has prepared detailed forecasts for 2018, and a five year business plan, and 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. Thus 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 in the course of 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 2017

1 Accounting policies (Continued)

Investment properties

Investment properties are initially measured at cost and subsequently measured at fair value whilst 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. The Board considers however that due to the unusual nature of the Fort, conventional valuation approaches lack sufficient reliability and that even if a valuation could be obtained the cost could not be justified by reference to the benefit to the Port or the users of the financial statements. As a result no value is reported for the Fort in the financial statements.

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 11 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.

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

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.

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, bank loans and amounts due to fellow group companies 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. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

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.

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

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.

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.

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

Retirement benefits

For Shoreham Port Authority, 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 with effect from 1 April 2014.

Sussex Port Forwarding Limited (SPF) operates a defined benefit pension scheme for the benefit of the employees which is contracted out of the state scheme. The assets of the scheme are administered by trustees in a fund independent from those of the company. Further to the Actuarial Valuation as at 31 December 2016 the employer contributions have been set at 27.4% of employee's pay.

Defined Benefit Plans

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

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.

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies (Continued)

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 assets 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.

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.

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

2 Judgements and key sources of estimation uncertainty (Continued)

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 2017 are valued at £28,019,704 (2016: £23,558,558). Please refer to note 12 for further information regarding the valuation.

Defined benefit pension scheme

The group has recognised a defined benefit pension scheme liability on the statement of financial position. At 31 December 2017 the liability was £1,034,000 (2016: £2,536,000). 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.

3 Turnover and other revenue

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

	2017 £	2016 £
Turnover analysed by class of business		
Dues on commercial vessels	1,209,364	1,339,246
Dues on yachts and fishing vessels	186,405	137,063
Dues on cargo	422,026	428,418
Port operations	6,284,708	6,789,412
Rents (operating leases)	3,876,089	3,478,746
Pilotage (note 4)	738,792	780,054
Miscellaneous income	578,416	247,068
	<u>13,295,800</u>	<u>13,200,007</u>

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

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

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:

	2017 £	2016 £
Turnover		
Provision of pilotage service	620,318	675,054
Use of exemption certificates	118,474	105,000
	<u>738,792</u>	<u>780,054</u>
Expenditure		
Provision of pilots and boats including administration	528,664	554,000
Net profit	<u>210,128</u>	<u>226,054</u>

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

5 Employees

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

	Group 2017 Number	2016 Number	Authority 2017 Number	2016 Number
Operational	76	73	40	34
Administrative	33	30	18	19
	<u>109</u>	<u>103</u>	<u>58</u>	<u>53</u>

Their aggregate remuneration comprised:

	Group 2017 £	2016 £	Authority 2017 £	2016 £
Wages and salaries	3,879,398	3,874,505	2,222,941	2,234,896
Social security costs	409,930	393,597	233,982	224,177
Pension costs	1,051,286	805,584	576,505	433,632
	<u>5,340,614</u>	<u>5,073,686</u>	<u>3,033,428</u>	<u>2,892,705</u>

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

5 Employees (Continued)

Members' fees were as follows:

	2017 £	2016 £
Members' fees aggregate	57,000	56,583
Chairman's fees and expenses	24,000	24,000
	<u>81,000</u>	<u>80,583</u>

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

	2017 Number	2016 Number
£5,001 to £10,000	5	5
£10,001 to £15,000	1	1
£20,001 to £25,000	1	1

6 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange losses	651	488
Depreciation of owned tangible fixed assets	1,385,753	1,409,166
Depreciation of tangible fixed assets held under finance leases	542,136	542,136
Profit on disposal of tangible fixed assets	(150)	(7,279)
Operating lease charges	237,312	250,219

7 Auditor's remuneration

	2017 £	2016 £
Fees payable to the group's auditor and associates:		
For audit services		
Audit of the financial statements of the group and Authority	31,250	31,000
For other services		
Taxation compliance services	5,850	5,000
Other taxation services	2,195	9,000
All other non-audit services	10,250	10,000
	<u>18,295</u>	<u>24,000</u>

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

8 Interest receivable and similar income

	2017 £	2016 £
Interest income		
Interest on bank deposits	60	-

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	60	-
--	----	---

9 Interest payable and similar expenses

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	298,439	259,488
Other finance costs:		
Interest on finance leases and hire purchase contracts	61,122	64,818
Net interest on the net defined benefit liability	65,000	74,000
Total finance costs	424,561	398,306

10 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	199,727	294,619
Adjustments in respect of prior periods	(2,065)	(41,294)
Total current tax	197,662	253,325
Deferred tax		
Origination and reversal of timing differences	1,604	520,098
Changes in tax rates	-	(164,611)
Total deferred tax	1,604	355,487
Total tax charge	199,266	608,812

During the year, the UK main corporation tax rate was reduced from 20% to 19% from 1 April 2017 as announced in the Finance (No 2) Act 2015 on 26 October 2015. The UK main corporation tax rate will reduce to 17% from 1 April 2020, which was announced in the Finance Bill 2016 and was substantively enacted on 12 September 2016. The changes have been substantively enacted at the balance sheet date and are therefore recognised in these financial statements in the measurement of the Authority's deferred tax assets and liabilities.

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

10 Taxation (Continued)

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

	2017 £	2016 £
Profit before taxation	108,913	5,441,497
Expected tax charge based on the effective rate of corporation tax in the UK of 19.25% (2016: 20.00%)	20,966	1,088,299
Tax effect of expenses that are not deductible in determining taxable profit	5,838	5,960
Change in unrecognised deferred tax assets	30,090	(829)
Adjustments in respect of prior years	(2,065)	(41,294)
Deferred tax on investment property movement	(6,632)	(409,877)
Other short timing differences	(160)	-
Fixed asset differences	187,026	197,485
Deferred tax adjustments	(35,797)	(230,932)
Taxation charge for the year	199,266	608,812

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

	2017 £	2016 £
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	298,953	(144,800)

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

11 Tangible fixed assets

Group	Land and buildings	Assets under construction	Plant and machinery	Office and computer equipment	Motor Vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2017	67,852,089	7,500	10,759,200	1,003,255	125,882	79,747,926
Additions	82,126	484,297	-	12,766	-	579,189
Disposals	-	-	-	-	(6,500)	(6,500)
At 31 December 2017	67,934,215	491,797	10,759,200	1,016,021	119,382	80,320,615
Depreciation						
At 1 January 2017	20,857,516	-	6,257,931	930,761	95,569	28,141,777
Depreciation charged in the year	1,104,167	-	755,850	54,471	13,401	1,927,889
Eliminated in respect of disposals	-	-	-	-	(6,500)	(6,500)
At 31 December 2017	21,961,683	-	7,013,781	985,232	102,470	30,063,166
Carrying amount						
At 31 December 2017	45,972,532	491,797	3,745,419	30,789	16,912	50,257,449
At 31 December 2016	46,994,573	7,500	4,501,269	72,494	30,313	51,606,149

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

11 Tangible fixed assets (Continued)

Authority	Land and buildings	Assets under construction	Plant and machinery	Office and computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2017	67,852,089	7,500	4,337,926	527,067	61,125	72,785,707
Additions	82,126	484,297	-	8,859	-	575,282
Disposals	-	-	-	-	(6,500)	(6,500)
At 31 December 2017	67,934,215	491,797	4,337,926	535,926	54,625	73,354,489
Depreciation						
At 1 January 2017	20,857,516	-	2,910,538	500,384	46,892	24,315,330
Depreciation charged in the year	1,104,167	-	139,554	19,973	4,118	1,267,812
Eliminated in respect of disposals	-	-	-	-	(6,500)	(6,500)
At 31 December 2017	21,961,683	-	3,050,092	520,357	44,510	25,576,642
Carrying amount						
At 31 December 2017	45,972,532	491,797	1,287,834	15,569	10,115	47,777,847
At 31 December 2016	46,994,573	7,500	1,427,388	26,683	14,233	48,470,377

The carrying value of land and buildings comprises:

	Group 2017 £	2016 £	Authority 2017 £	2016 £
Freehold	45,917,699	46,937,990	45,917,699	46,937,990
Long leasehold	54,833	56,583	54,833	56,583
	45,972,532	46,994,573	45,972,532	46,994,573

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

	Group 2017 £	2016 £	Authority 2017 £	2016 £
Plant and machinery	2,128,402	2,670,538	-	-
Depreciation charge for the year in respect of leased assets	542,136	542,136	-	-

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

11 Tangible fixed assets (Continued)

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). As explained in the accounting policies, no value is reported for the Fort in the financial statements.

12 Investment property

	Group 2017 £	Authority 2017 £
Fair value		
At 1 January 2017	23,558,558	23,558,558
Additions through external acquisition	4,352,031	4,352,031
Net gains or losses through fair value adjustments	109,115	109,115
	<u>28,019,704</u>	<u>28,019,704</u>
At 31 December 2017	<u>28,019,704</u>	<u>28,019,704</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.

13 Fixed asset investments

		Group 2017 £	2016 £	Authority 2017 £	2016 £
	Notes				
Investments in subsidiaries	14	-	-	2	2

Movements in fixed asset investments

Authority	Shares in group undertakings £
Cost or valuation	
At 1 January 2017 and 31 December 2017	2
Carrying amount	
At 31 December 2017	2
At 31 December 2016	2

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

14 Subsidiaries

Details of the Authority's subsidiaries at 31 December 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Port of Shoreham Trustee Company Limited	Nautilus House, 90-100 Albion Street, Southwick Brighton, BN42 4ED	Corporate trustee to The Port of Shoreham Retirement & Death Benefit Scheme	Ordinary		100.00
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	Nautilus House, 90-100 Albion Street, Southwick Brighton, BN42 4ED	Stevedoring and freight forwarding	Ordinary		100.00

Goodwill of £1,282,663 arose on acquisition of subsidiaries, which was fully amortised during 2007.

15 Debtors

	Group 2017 £	2016 £	Authority 2017 £	2016 £
Amounts falling due within one year:				
Trade debtors	1,846,442	1,790,488	1,167,005	1,147,049
Amounts owed by group undertakings	-	-	1,706,267	1,673,007
Other debtors	102,042	100,879	-	-
Prepayments and accrued income	1,619,568	1,356,119	1,517,566	1,259,802
	<u>3,568,052</u>	<u>3,247,486</u>	<u>4,390,838</u>	<u>4,079,858</u>
Deferred tax asset (note 22)	295,613	585,037	127,908	485,095
	<u>3,863,665</u>	<u>3,832,523</u>	<u>4,518,746</u>	<u>4,564,953</u>

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

16 Creditors: amounts falling due within one year

	Notes	Group 2017 £	2016 £	Authority 2017 £	2016 £
Bank loans and overdrafts	19	1,629,552	811,508	1,629,552	811,508
Obligations under finance leases	20	331,153	331,153	-	-
Trade creditors		1,068,560	661,479	742,126	296,289
Amounts due to group undertakings		-	-	-	9,578
Corporation tax payable		197,500	294,457	184,555	235,874
Other taxation and social security		197,776	232,334	159,124	185,306
Government grants		1,186,000	92,880	1,186,000	92,880
Other creditors		327,813	281,895	283,924	237,575
Accruals and deferred income		1,751,135	1,742,538	1,575,226	1,474,425
		<u>6,689,489</u>	<u>4,448,244</u>	<u>5,760,507</u>	<u>3,343,435</u>

Included within other creditors (group) are unpaid pension contributions amounting to £81,322 (2016: £90,974), of which £44,025 (2016: £47,469) relates to the Authority.

Included within accruals and deferred income is deferred income of £525,000 in relation to an option fee received for the sale of freehold property owned by Shoreham Port Authority, which is included in investment property at a valuation of £5,250,000. This option fee was received from a property developer and grants the option to purchase the property from Shoreham Port Authority for £5,250,000 before 31 January 2019 but no earlier than 16 July 2018. The option fee is repayable to the developer under certain conditions that would result in the sale not completing.

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 £86,000 (2016: £92,880) was included within government grants, to be released in future years.

The remainder of the government grants relates to 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 the next 5 years. The grant is being released in line with these conditions.

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

17 Creditors: amounts falling due after more than one year

	Notes	Group 2017 £	2016 £	Authority 2017 £	2016 £
Bank loans and overdrafts	19	12,837,597	10,267,266	12,837,597	10,267,266
Obligations under finance leases	20	981,921	1,313,074	-	-
		<u>13,819,518</u>	<u>11,580,340</u>	<u>12,837,597</u>	<u>10,267,266</u>

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

Payable by instalments	<u>5,311,562</u>	<u>4,878,193</u>	<u>5,090,258</u>	<u>4,501,233</u>
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18 Financial instruments

	Group 2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	<u>4,910,817</u>	<u>3,626,129</u>
Carrying amount of financial liabilities		
Measured at amortised cost	<u>17,383,596</u>	<u>13,890,375</u>

19 Borrowings

	Group 2017 £	2016 £	Authority 2017 £	2016 £
Bank loans	<u>14,467,149</u>	<u>11,078,774</u>	<u>14,467,149</u>	<u>11,078,774</u>
Payable within one year	1,629,552	811,508	1,629,552	811,508
Payable after one year	<u>12,837,597</u>	<u>10,267,266</u>	<u>12,837,597</u>	<u>10,267,266</u>

Amounts included above which fall due after five years:

Payable by instalments	<u>5,090,258</u>	<u>4,501,233</u>	<u>5,090,258</u>	<u>4,501,233</u>
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SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

19 Borrowings (Continued)

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

- There is a £3 million facility which is repayable on 26 November 2020, subject to interest at 1.95% above LIBOR, and is secured by an unlimited cross composite guarantee between the group companies and against certain assets at the port;
- There is a £10 million facility which commenced repayment in June 2013 and is subject to interest at 2% above Base Rate. The loan is secured against assets of the Port;
- There is a £950k facility which was taken out in the year and is being repaid on a monthly basis with the final repayment in February 2032. The facility is subject to interest at 2% above the Base Rate;
- There is a £2.15 million facility which was taken out in the year and is being repaid on a monthly basis with the final repayment in April 2022. The facility is subject to interest at 2.1% above the Base Rate; and
- There is an £850k facility which was taken out in the year and will be repaid on a monthly basis commencing January 2018 with the final repayment in December 2022. The facility is subject to interest at 2.1% above the Base Rate.

NatWest holds a debenture over all assets of the Port.

20 Finance lease obligations

	Group 2017 £	2016 £	Authority 2017 £	2016 £
Future minimum lease payments due under finance leases:				
Less than one year	404,065	404,065	-	-
Between one and five years	937,015	1,227,992	-	-
After five years	263,813	376,960	-	-
	<u>1,604,893</u>	<u>2,009,017</u>	<u>-</u>	<u>-</u>
Less: future finance charges	(291,819)	(364,790)	-	-
	<u>1,313,074</u>	<u>1,644,227</u>	<u>-</u>	<u>-</u>

Finance lease payments relate to the acquisition of three cranes, two of which are funded by Lloyds TSB Commercial Finance and one is funded by Santander Finance. 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. At the balance sheet date the agreements have outstanding instalments of 18, 43 and 88 months and are subject to interest rates at Bank of England Base +2.50%, 2.89% and 1.92% respectively. 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 2017

21 Provisions for liabilities

	Notes	Group 2017 £	2016 £	Authority 2017 £	2016 £
Pension		128,940	138,480	128,940	138,480
Oil terminal provision		83,638	83,638	83,638	83,638
		<u>212,578</u>	<u>222,118</u>	<u>212,578</u>	<u>222,118</u>
Deferred tax liabilities	22	3,769,852	3,758,719	3,570,336	3,495,826
		<u>3,982,430</u>	<u>3,980,837</u>	<u>3,782,914</u>	<u>3,717,944</u>

Movements on provisions apart from deferred tax liabilities:

Group	Pension £	Oil terminal provision £	Total £
At 1 January 2017	138,480	83,638	222,118
Utilisation of provision	(9,540)	-	(9,540)
At 31 December 2017	<u>128,940</u>	<u>83,638</u>	<u>212,578</u>

Authority	Pension £	Oil terminal provision £	Total £
At 1 January 2017	138,480	83,638	222,118
Utilisation of provision	(9,540)	-	(9,540)
At 31 December 2017	<u>128,940</u>	<u>83,638</u>	<u>212,578</u>

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 £128,940, 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 2017

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 2017 £	Liabilities 2016 £	Assets 2017 £	Assets 2016 £
Fixed asset timing differences	704,447	705,813	-	-
Rolled over gains	171,077	172,661	-	-
Short term timing differences - pension	-	-	175,780	461,210
Investment property value	2,481,992	2,469,300	-	-
Land fair value uplift	408,322	410,945	-	-
Other timing differences	4,014	-	119,833	123,827
	<u>3,769,852</u>	<u>3,758,719</u>	<u>295,613</u>	<u>585,037</u>
Authority	Liabilities 2017 £	Liabilities 2016 £	Assets 2017 £	Assets 2016 £
Fixed asset timing differences	504,931	442,920	-	-
Rolled over gains	171,077	172,661	-	-
Short term timing differences - pension	-	-	13,260	368,390
Investment property value	2,481,992	2,469,300	-	-
Land fair value uplift	408,322	410,945	-	-
Other timing differences	4,014	-	114,648	116,705
	<u>3,570,336</u>	<u>3,495,826</u>	<u>127,908</u>	<u>485,095</u>
Movements in the year:			Group 2017 £	Authority 2017 £
Liability at 1 January 2017			3,173,682	3,010,731
Charge to profit or loss			1,604	70,952
Charge to other comprehensive income			298,953	360,745
Liability at 31 December 2017			<u>3,474,239</u>	<u>3,442,428</u>

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

22 Deferred taxation (Continued)

The majority of the deferred tax asset of £295,613 (2016: £585,037) is expected to reverse within 12 months and relates to short term timing differences on the defined benefit pension obligation.

The deferred tax liability of £3,769,852 (2016: £3,758,719) 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 2017

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 contributes to The Port of Shoreham Retirement and Death Benefit Scheme. The assets of the scheme are administered by trustees in a fund independent from the assets of the company.

Costs and liabilities of both schemes are based on actuarial valuations. The latest full actuarial valuations of the schemes were completed on 31 March 2016 (SPA scheme) and 31 December 2016 (SPF scheme). These valuations have been updated to 31 December 2017 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:

	2017 %	2016 %
<i>Key assumptions</i>		
Discount rate	2.5	2.7
Expected rate of increase of pensions in payment	2.4	2.5
Expected rate of salary increases	3.1	3.2
<i>Mortality assumptions</i>	2017 Years	2016 Years
Assumed life expectations on retirement at age 65:		
Retiring today		
- Males	23.6	23.6
- Females	25	25
Retiring in 20 years		
- Males	26	26
- Females	27.8	27.8
	2017 £	2016 £
<i>Amounts recognised in the income statement</i>		
Current service cost	972,000	798,000
Net interest on defined benefit liability/(asset)	65,000	74,000
Administration costs	123,000	-
Total costs	1,160,000	872,000

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

23 Retirement benefit schemes (Continued)

	2017 £	2016 £
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	(3,105,000)	(3,715,000)
Less: calculated interest element	630,000	724,000
	<u>(2,475,000)</u>	<u>(2,991,000)</u>
Return on scheme assets excluding interest income	(2,475,000)	(2,991,000)
Actuarial changes related to obligations	922,000	3,538,000
	<u>922,000</u>	<u>3,538,000</u>

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:

	Group 2017 £	2016 £	Authority 2017 £	2016 £
Present value of defined benefit obligations	27,340,000	25,287,000	20,879,000	19,839,000
Fair value of plan assets	(26,306,000)	(22,751,000)	(20,801,000)	(17,849,000)
	<u>1,034,000</u>	<u>2,536,000</u>	<u>78,000</u>	<u>1,990,000</u>
Deficit in scheme	1,034,000	2,536,000	78,000	1,990,000

	Group 2017 £	Authority 2017 £
<i>Movements in the present value of defined benefit obligations</i>		
Liabilities at 1 January 2017	25,287,000	19,839,000
Current service cost	972,000	639,000
Benefits paid	(756,000)	(604,000)
Contributions from scheme members	220,000	142,000
Actuarial gains and losses	922,000	325,000
Interest cost	695,000	538,000
	<u>27,340,000</u>	<u>20,879,000</u>
At 31 December 2017	27,340,000	20,879,000

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

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

23 Retirement benefit schemes (Continued)

	Group 2017 £	Authority 2017 £
<i>Movements in the fair value of plan assets</i>		
Fair value of assets at 1 January 2017	22,751,000	17,849,000
Interest income	630,000	485,000
Return on plan assets (excluding amounts included in net interest)	2,475,000	2,199,000
Benefits paid	(756,000)	(604,000)
Contributions by the employer	1,109,000	730,000
Contributions by scheme members	220,000	142,000
Other	(123,000)	-
At 31 December 2017	26,306,000	20,801,000

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

	Group 2017 £	2016 £	Authority 2017 £	2016 £
Equity instruments	12,895,530	14,859,000	11,024,530	13,030,000
Property	2,235,080	1,940,000	1,664,080	1,428,000
Gilts	1,363,000	1,280,000	-	-
Bonds	7,830,360	3,183,000	7,488,360	2,856,000
Cash	962,030	698,000	624,030	535,000
Diversified growth funds	863,000	657,000	-	-
Other assets	157,000	134,000	-	-
	26,306,000	22,751,000	20,801,000	17,849,000

24 Borrowing powers at 31 December 2017

ACT OR ORDER	Total £
1985 (as amended by the Shoreham Port Authority Harbour Revision (Constitution) Order 2004) Indexation to 31 December 2017	50,000,000 18,527,000
Revised Borrowing Powers at 31 December 2017	68,527,000

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.

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

25 Reserves

Profit and loss reserves

Cumulative profit and loss.

26 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 2017 £	2016 £	Authority 2017 £	2016 £
Within one year	230,532	237,881	8,237	10,006
Between one and five years	251,158	519,469	-	8,237
	<u>481,690</u>	<u>757,350</u>	<u>8,237</u>	<u>18,243</u>

27 Capital commitments

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

	Group 2017 £	2016 £	Authority 2017 £	2016 £
Acquisition of tangible fixed assets	<u>1,805,000</u>	<u>1,350,000</u>	<u>1,805,000</u>	<u>1,350,000</u>

Of the group's capital commitments at 31 December 2017, £909,000 (2016: £1,350,000) relates to expenditure which had been approved and contracted for a new tug and £135,000 (2016: £nil) approved and contracted for the purchase of 2 Nicholsons Wharf. The remaining £761,000 (2016: £nil) relates to capital improvements for Maritime House which have been approved but not contracted.

28 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows:

	2017 £	2016 £
Aggregate compensation	<u>936,303</u>	<u>911,711</u>

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2017

29 Cash generated from group operations

	2017 £	2016 £
(Loss)/profit for the year after tax	(90,353)	4,832,685
Adjustments for:		
Taxation charged	199,266	608,812
Finance costs	424,561	398,306
Investment income	(60)	-
Gain on disposal of tangible fixed assets	(150)	(7,279)
Depreciation and impairment of tangible fixed assets	1,927,889	1,951,302
Other gains and losses	(109,115)	(5,334,793)
Pension scheme non-cash movement	(14,000)	(311,000)
(Decrease) in provisions	(9,540)	(133,882)
Movements in working capital:		
(Increase) in debtors	(320,566)	(251,245)
Increase/(decrease) in creditors	420,158	(156,231)
Cash generated from operations	2,428,090	1,596,675