

SHOREHAM PORT AUTHORITY
REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2023

SHOREHAM PORT AUTHORITY

MEMBERS

Chair A Foster (Resigned 31 December 2023)
C May (Appointed 1 January 2024)

Deputy Chair M Lemmon

Members L Cilenti
R Jennings (Appointed 1 January 2024)
A Massey
D Messem
N Nadkarni (Resigned 31 December 2023)
A Dombey (Appointed 1 April 2024)

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	T Willis
Secretary / Finance Director & Deputy Chief Executive	S Bassett
Harbour Master / Director of Marine Operations	J Seaman
Commercial & Property Director	B Evans-Gay
Safety, Operations & Logistics Director	N Brown
Director of Engineering & IT	B Rousell
Registered office	Nautilus House 90-100 Albion Street Southwick Brighton BN42 4ED
Bankers	HSBC UK Bank plc 63-65 High Street, Shoreham-by-Sea West Sussex BN43 5DE
Auditor	RSM UK Audit LLP Chartered Accountants One London Square Cross Lanes Guildford Surrey GU1 1UN
Telephone:	01273 598100
Website:	http://www.shoreham-port.co.uk
Email:	info@shoreham-port.co.uk

SHOREHAM PORT AUTHORITY

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The members present the strategic report for the year ended 31 December 2023.

I am pleased to present this strategic report for the year ended 31st December 2023, our 263rd year of operation as a Trust Port at the heart of local communities. I am delighted to share the positive progress made by the Shoreham Port team against our Masterplan goals. Our purpose remains to 'improve our Port for everyone', in a way that is sustainable, in line with our values and responsibilities towards future generations.

I am very proud of our colleagues' achievements during the year; despite economic instability, a cost-of-living crisis, and the ongoing war in Ukraine the team delivered a year of record-breaking revenue growth.

Our Masterplan 2023 set the ambitious objective of 'All home safe and well daily'. We incurred no RIDDOR reportable accidents last year which is excellent.

As a Trust Port we perpetually reinvest our surpluses to continually improve. During the reporting year we invested over £1.94m, of this c£413k was funded from trading, £504k from a successful grant application and the remainder from additional borrowing. Major projects included finishing the construction of Lady Bee Studios, completing the refurbishment of the Prince Philip Lock Gates and reopening our Dry Dock, enabled in part through the Department for Environment Food and Rural Affairs UK Seafood Fund.

Port Kitchen and our Lady Bee Chandlery enjoyed their first full years of operation making a combined revenue contribution of c£746k. The successful expansion of our logistics business continued, generating £2.8m in revenues.

Alongside the development of the Port, we continued to place significant emphasis on our culture. 2023 was our third full year embedding our award-winning values, which continue to guide all aspects of our activity. Following rapid growth in employment during the prior year colleague numbers remained relatively static in 2023. As founding signatories, we remain committed to the Brighton and Hove Living Wage.

Our sector leading progress on diversity, equity and inclusion was recognised nationally through the Maritime UK Diversity Champion Award in March. Later in the year we were also pleased to be recognised in the Sustainable Business category at the Adur and Worthing Business Awards.

In a year of continued uncertainty within construction supply chains, the Port saw an 8.5% reduction in cargo ship calls from 575 in 2022 to 526. This decline resulted in a 3.7% reduction in total cargo tonnage. The key factor within this was tenant cargoes who collectively carried c118k tonnes less than prior year.

Leisure movements were recorded as 12,000. The total value of fish landed was £13m, a decrease of 17.8% on 2022. Despite this reduction we retained our position as the third largest fishing port by catch value in England.

Whilst there was a reduction in ship calls and total cargo tonnage, we achieved a third year of record-breaking turnover at £19.6m, this is 17.6% up on 2022, the largest annual increase in our history. It was our property investment strategy that helped drive the Port's turnover, with rental income increasing by 29% against prior year to £6.4m.

The cost of running the Port in 2023 was £18.1m, this is an increase of 2% compared to 2022. Key factors within this are the additional investment in HVO fuel to achieve our sustainability ambitions (£78k), Port Kitchen full year operational costs (£308k) and continued expansion of the HGV fleet and drivers (£523k). Despite challenges to costs, the Port made an operating profit of £1.6m.

As in prior years, our investment property portfolio was revalued, this resulted in a fair value loss of £3.1m. This was driven by a change in market conditions for the commercial property sector, as increased interest rates saw investors demanding higher returns, impacting on current valuations. The demand for offices has also reduced making the property market less buoyant.

Along with interest costs, the Port made a loss before taxation of £2.6m. A tax credit of £408k results in a loss for the financial year of £2.2m.

SHOREHAM PORT AUTHORITY

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Other comprehensive income shows an actuarial loss on the defined benefit scheme of £9.5m along with a tax credit of £2.4m resulting in a total comprehensive income loss for the year of £9.2m.

Previously, as per Financial Reporting Standard 102, a pension surplus can only be recognised to the extent that the entity is able to recover the surplus, either through reduced contributions in the future or through refunds from the scheme. Updated guidance, alongside an asset-ceiling paper provided by West Sussex LGPS actuary, has demonstrated that it is no longer appropriate to recognise this item as an asset on the balance sheet. As a result, the Port is derecognising the asset in line with the asset ceiling calculation.

On the Port's balance sheet, the cash position at £2.9m remains strong. Net assets excluding pension liability at £56.5m are broadly in line with the 2022 results. The impact of no longer recognising the pension scheme asset on our balance sheet sees a reduction in the net assets of the Port of £56.1m, down from £65.4m in 2022.

Our financial partnership with HSBC, who we appointed in November 2022, continued positively throughout the year. Total debt increased to £20m in line with our project delivery portfolio. We continue to retain optionality for additional funding should that be required.

The Port played a thriving role within communities, donating c£35k to local causes. Longer term partnerships with the Sea Scouts, Sussex Dolphin Project and Shoreham Academy all continued.

In addition to monitoring the Ports performance throughout the year against budget, the Board regularly reviews Key Performance Indicators (KPI's) for 2023, including the financial covenants with HSBC following the refinancing in 2022. Adjusted EBITDA for the year at £3.5m was up some 30% against the budget of £2.7m. Having taken additional debt when refinancing, to continue with the Ports investment plans, interest costs of £1.3m were ahead of budget due to Bank of England base rate rises, an element of the Ports facilities is variable. Loan to value remained at 39.8% as no further drawdowns to facilities took place. Port funded CAPEX projects at c£441k were 62% of the budgeted CAPEX of £702k as projects in the year were funded by grants or HSBC facilities. The Port met its financial covenants with HSBC for 2023.

2023 marked a decade of EcoPort certification; we held our third Sustainability Week in July with over 400 visitors attending the Port. We look forward to publishing our Sustainability Report for 2023, which shares progress on our journey towards Net Zero and on-site renewable energy generation.

As a Trust Port, our continued success is linked to how we engage, and importantly, listen to a wide variety of valued stakeholders. Therefore, please continue to get in touch with your views and suggestions via our social media channels or info@shoreham-port.co.uk. Everyone is also welcome to join us at our Annual Public Meeting, on the 11th June 2024. Details will be available at www.shoreham-port.co.uk.

I would like to thank everyone once again for their hard work, during a year of record-breaking growth at Shoreham Port.

.....
T Willis
Chief Executive

Date:

SHOREHAM PORT AUTHORITY

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

Outlook 2024

I am very honoured to have been appointed to succeed Amber Foster as Chair of the Board. I would like to thank her for handing the board over in good order and for her extensive contribution to the success of the Port over nine years, six as Chair.

The Port has developed and improved immensely over these years, and it is my goal to lead the Board to support our colleagues in continuing this growth, expansion and delivery of a first-class service as we diversify our revenue base and deliver on our sustainability ambitions.

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

The Port remains committed to achieving its sustainability goals, in line with our Masterplan, especially transitioning the Port's extensive fleet and craft to cleaner fuels. The transition from gas to liquid and to Hydrotreated Vegetable Oil (HVO) fuel results in a higher unit cost per litre. This, in most instances, is absorbed into very slim operating margins, which we accept is part of the impact of our journey to meet Scope 1 and 2 emission reduction targets by 2035.

The Port was successful in 2023 in securing a £1.3m grant award from Defra which is aimed at boosting the long term future and sustainability of our fishing infrastructure. The grant will be used to renovate Nicholson's Marina, doubling the existing 25 berths and increasing the overall quay space. The project will commence and be completed during 2024.

At the end of 2023 we said goodbye and thank you to Namrata Nadkarni who had served on our board since 2020. I am delighted to welcome Abigail Dombey and Richard Jennings to the Board this year. Abigail brings a wealth of engineering and sustainability experience, and Richard is experienced in the ports and shipping sectors and is also an enthusiastic advocate of short-sea shipping.

With continued economic challenges, our outlook for the next twelve months is cautious. Despite our sustained diversification efforts much of our core business remains reliant on the construction industry, a sector which faces continued uncertainty. Our key risks, which are monitored closely are considered to be interest rate risk, bad debt risk and economic uncertainty. We have encountered minimal bad debts and continue to undertake credit check on customers. We continue to monitor the economic situation and the movements in interest rates, considering the impact on planned expenditure.

However, we are confident our strong customer and supplier relationships, combined with our outstanding team of colleagues places us in a positive position. Our values will continue to provide guidance and are at the core of all that we do.

.....
C May
Chair

Date:

SHOREHAM PORT AUTHORITY

REPORT OF THE MEMBERS

FOR THE YEAR ENDED 31 DECEMBER 2023

The Members submit their report and the financial statements for the year ended 31 December 2023.

Principal activities

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

Strategic report

The Group has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the Group's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the review of the business, key performance indicators and future developments.

Results

The results for the year are set out on page 12.

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 2023 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 each of the group and Authority 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 2023

Statement of Members' responsibilities (continued)

The Members are 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 and was chaired during the year by 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, Finance Director & Deputy Chief Executive and Head of Finance are invited to attend, as are the external auditors as and when required.

People and Culture Committee (Remuneration and nominations committee)

The People and Culture 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, Finance Director & Deputy Chief Executive and Head of People 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.

Sustainability Committee

During the year the Sustainability Committee was established and chaired by L Cilenti. The Committee's key role is to ensure the Sustainability Strategy is considered as part of the setting of the Ports overall strategy, ensuring the Port is on track to achieve its Net Zero (Scope 1 & 2) targets of 2035 whilst being a catalyst for total estate emission reductions, and monitor the Ports Sustainability Linked Loan Key Performance Indicators with HSBC. The Committee meets at least twice a year.

SHOREHAM PORT AUTHORITY

REPORT OF THE MEMBERS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

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 group and Authority's operations are exposed include liquidity risk, credit risk, interest rate risk and foreign exchange risk.

Liquidity risk is the risk that the group and Authority will encounter difficulty in meeting its financial obligations as they fall due. The group and 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 group and Authority manages this risk by using only approved banks for deposits, and by close monitoring of debts due. The facility arrangement with HSBC is repayable in 2027, which gives some security to the Board on the debt arrangement for the Port.

Interest rate risk is the risk that future cash flows will be affected by changes in interest rates. The group and Authority mitigates interest rate risks with fixed rate debt along with a variable rate debt which has a natural commercial hedge in place with a Port tenant.

Foreign exchange risk is the risk that future cash flows will fluctuate because of changes in exchange rates. The group and 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.

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 Authority has a £20m facility along with a Revolving Credit Facility of £6m for a five-year term from HSBC UK Bank plc. To date only the £20m facility has been drawn which is repayable in full in 2027. The loan comprises of a £12m variable rate loan at Bank of England base rate plus 2.1% and a £8m 5.93% fixed rate loan.

Management have 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

.....
C May
Chair

Date:

.....
T Willis
Chief Executive

Date:

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

Opinion

We have audited the financial statements of Shoreham Port Authority (the 'Authority') and its subsidiaries (the 'group') for the year ended 31 December 2023 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 2023 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 Authority 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 members' 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 or the Authority'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 members' 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 members 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 Report of the Members for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Report of the Members 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 as required by the terms of our engagement

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

We have nothing to report in respect of the following matters in relation to which our engagement letter 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 members

As explained more fully in the Members' responsibilities statement set out on page 5, 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)

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 Authority operates in and how the group and 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), which requires the financial statements to be prepared in accordance with the requirements of 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, reviewing tax calculations and making enquiries of local tax advisors.

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 engagement team identified the risk of management override of controls and revenue manipulation around the year end as the areas 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, assessing whether any judgements made in making accounting estimates are indicative of a potential bias and evaluation of the business rationale of any significant transactions that are unusual or outside the normal course of business. We also performed specific testing focusing on revenue recognition around the year end.

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 28 March 2024. 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.

RSM UK Audit LLP
Chartered Accountants
One London Square
Cross Lanes
Guildford
Surrey, GU1 1UN

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SHOREHAM PORT AUTHORITY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 £	2022 £
Turnover	3	19,581,627	16,648,923
Cost of sales		(10,491,898)	(9,826,377)
Gross profit		9,089,729	6,822,546
Administrative expenses		(7,561,176)	(7,871,948)
Other operating income	3	47,327	87,723
Operating profit/(loss)	6	1,575,880	(961,679)
Interest receivable and similar income	8	407,062	137
Interest payable and similar expenses	9	(1,385,321)	(693,369)
Fair value (loss)/gain on investment properties	10	(3,159,116)	180,613
Loss before taxation		(2,561,495)	(1,474,298)
Taxation	11	407,947	296,285
Loss for the financial year	27	(2,153,548)	(1,178,013)
Other comprehensive income			
Actuarial (loss)/gain on defined benefit pension schemes		(9,456,000)	10,462,000
Tax relating to other comprehensive income		2,364,000	(2,615,500)
Total comprehensive income for the year		(9,245,548)	6,668,487

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 2023

	Notes	2023		2022	
		£	£	£	£
Fixed assets					
Goodwill	12		76,500		85,500
Tangible assets	13		47,754,973		48,044,635
Investment properties	14		31,208,777		34,508,717
			<u>79,040,250</u>		<u>82,638,852</u>
Current assets					
Stocks	17	179,519		92,014	
Debtors	18	4,118,815		4,516,497	
Cash at bank and in hand		2,948,308		3,354,217	
			<u>7,246,642</u>	<u>7,962,728</u>	
Creditors: amounts falling due within one year	19	(4,697,824)		(4,792,423)	
Net current assets			<u>2,548,818</u>		<u>3,170,305</u>
Total assets less current liabilities			81,589,068		85,809,157
Creditors: amounts falling due after more than one year	20		(20,000,000)		(20,733,789)
Provisions for liabilities	23		(5,028,314)		(8,121,066)
Net assets excluding pension (liability)/surplus			56,560,754		56,954,302
Defined benefit pension (liability)/surplus	25		(377,000)		8,475,000
Net assets			<u>56,183,754</u>		<u>65,429,302</u>
Reserves					
Profit and loss reserves	27		56,183,754		65,429,302

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

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C May
Chair

.....
T Willis
Chief Executive

SHOREHAM PORT AUTHORITY

AUTHORITY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Notes	2023		2022	
		£	£	£	£
Fixed assets					
Goodwill	12		76,500		85,500
Tangible assets	13		46,556,694		46,651,333
Investment properties	14		31,208,777		34,508,717
Investments	15		2		2
			<u>77,841,973</u>		<u>81,245,552</u>
Current assets					
Stocks	17	179,519		92,014	
Debtors falling due after one year	18	1,069,017		-	
Debtors falling due within one year	18	3,111,043		4,342,310	
Cash at bank and in hand		2,859,091		3,320,360	
			<u>7,218,670</u>	<u>7,754,684</u>	
Creditors: amounts falling due within one year	19	<u>(4,014,519)</u>		<u>(4,191,400)</u>	
Net current assets			<u>3,204,151</u>		<u>3,563,284</u>
Total assets less current liabilities			<u>81,046,124</u>		<u>84,808,836</u>
Creditors: amounts falling due after more than one year	20		(20,000,000)		(20,593,666)
Provisions for liabilities	23		(4,980,047)		(8,072,870)
Net assets excluding pension (liability)/surplus			<u>56,066,077</u>		<u>56,142,300</u>
Defined benefit pension (liability)/surplus	25		-		8,972,000
Net assets			<u><u>56,066,077</u></u>		<u><u>65,114,300</u></u>
Reserves					
Profit and loss reserves	27		<u><u>56,066,077</u></u>		<u><u>65,114,300</u></u>

As permitted by s408 Companies Act 2006, the Authority has not presented its own profit and loss account and related notes as it prepares group accounts. The Authority's loss for the year was £1,959,223 (2022 - £1,451,664 loss) and total comprehensive expense for the year was £9,048,223 (2022 - £4,213,086 income).

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

.....
C May
Chair

.....
T Willis
Chief Executive

SHOREHAM PORT AUTHORITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Profit and loss reserves £
Balance at 1 January 2022	58,760,815
Year ended 31 December 2022:	
Loss for the year	(1,178,013)
Other comprehensive income:	
Actuarial gain on defined benefit plans	10,462,000
Tax relating to other comprehensive income	(2,615,500)
Total comprehensive income for the year	6,668,487
Balance at 31 December 2022	65,429,302
Year ended 31 December 2023:	
Loss for the year	(2,153,548)
Other comprehensive income:	
Actuarial loss on defined benefit plans	(9,456,000)
Tax relating to other comprehensive income	2,364,000
Total comprehensive income for the year	(9,245,548)
Balance at 31 December 2023	56,183,754

SHOREHAM PORT AUTHORITY

AUTHORITY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Profit and loss reserves £
Balance at 1 January 2022	60,901,214
Year ended 31 December 2022:	
Loss for the year	(1,451,664)
Other comprehensive income:	
Actuarial gain on defined benefit plans	7,553,000
Tax relating to other comprehensive income	(1,888,250)
Total comprehensive income for the year	4,213,086
Balance at 31 December 2022	65,114,300
Year ended 31 December 2023:	
Loss for the year	(1,959,223)
Other comprehensive income:	
Actuarial loss on defined benefit plans	(9,452,000)
Tax relating to other comprehensive income	2,363,000
Total comprehensive income for the year	(9,048,223)
Balance at 31 December 2023	56,066,077

SHOREHAM PORT AUTHORITY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023		2022	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	28	4,260,084		747,172	
Interest paid		(1,385,321)		(415,703)	
Income taxes paid		(422,898)		(165,171)	
Net cash inflow from operating activities		2,451,865		166,298	
Investing activities					
Purchase of unincorporated business		-	(150,000)		
Purchase of tangible fixed assets	(1,494,649)		(1,784,971)		
Proceeds on disposal of tangible fixed assets		1,250	91,114		
Purchase of investment property	(402,628)		(956,829)		
Interest received		62	137		
Net cash used in investing activities		(1,895,965)		(2,800,549)	
Financing activities					
Proceeds of new bank loans		-	20,000,000		
Repayment of bank loans	(716,494)		(16,269,246)		
Payment of finance leases obligations	(245,315)		(105,192)		
Net cash (used in)/generated from financing activities		(961,809)		3,625,562	
Net (decrease)/increase in cash and cash equivalents		(405,909)		991,311	
Cash and cash equivalents at beginning of year		3,354,217		2,362,906	
Cash and cash equivalents at end of year		2,948,308		3,354,217	

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 requirements of 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 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 2023. 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 2023

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 Shoreham Port group have a £20m facility along with a Revolving Credit Facility of £6m for a five-year term from HSBC UK Bank plc. To date only the £20m facility has been drawn which is repayable in full in 2027. The loan comprises of a £12m variable rate loan at Bank of England base rate plus 2.1% and a £8m 5.93% fixed rate loan.

Management have 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.

Intangible fixed assets - goodwill

Goodwill represents the excess of the cost of acquisition of a business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on a systematic basis over its expected life, which is 10 years.

Impairment tests are carried out on goodwill at the end of the first full financial year following acquisition and in subsequent years if events or changes in circumstances indicate that the carrying value may not be recoverable.

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 40 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.

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

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 13 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.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

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.

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

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.

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.

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

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.

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 2023

1 Accounting policies (Continued)

Retirement benefits

For Shoreham Port Authority and Sussex Port Forwarding Limited, 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 2022 the employer contributions have been set at 21% 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.

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.

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

1 Accounting policies (Continued)

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 members 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 2023 are valued at £31,208,777 (2022: £34,508,717). Please refer to note 14 for further information regarding the valuation.

Defined benefit pension scheme

The group has recognised a defined benefit pension scheme on the statement of financial position. At 31 December 2023 the deficit was £377,000 (2022: £8,475,000 surplus). Changes to actuarial assumptions could result in a material change within the next financial year. Please refer to note 25 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 2023

3 Turnover and other revenue

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

	2023 £	2022 £
Turnover analysed by class of business		
Dues on commercial vessels	1,222,562	1,137,485
Dues on yachts and fishing vessels	333,432	294,271
Dues on cargo	603,212	568,535
Port operations	9,758,336	8,275,319
Rents (operating leases)	6,386,295	4,938,462
Pilotage (note 4)	739,731	724,735
Miscellaneous income	538,059	710,116
	<u>19,581,627</u>	<u>16,648,923</u>
Grants received	<u>47,327</u>	<u>37,723</u>

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

Other income of £47,327 (2022: £37,723) represents grant income in respect of government grants received. More information on the government grants can be found in note 19.

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:

	2023 £	2022 £
Turnover		
Provision of pilotage service	640,148	623,223
Use of exemption certificates	99,582	101,512
	<u>739,730</u>	<u>724,735</u>
Expenditure		
Provision of pilots and boats including administration	<u>713,797</u>	<u>692,892</u>
Net profit	<u>25,933</u>	<u>31,843</u>

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

5 Employees

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

	Group 2023 Number	2022 Number	Authority 2023 Number	2022 Number
Operational	171	144	86	70
Administrative	42	40	31	29
	<u>213</u>	<u>184</u>	<u>117</u>	<u>99</u>

Their aggregate remuneration comprised:

	Group 2023 £	2022 £	Authority 2023 £	2022 £
Wages and salaries	6,246,915	5,761,586	3,489,809	3,289,399
Social security costs	627,382	612,705	338,910	345,054
Pension costs	1,129,233	2,797,200	558,081	1,476,281
	<u>8,003,530</u>	<u>9,171,491</u>	<u>4,386,800</u>	<u>5,110,734</u>

Members' fees were as follows:

	2023 £	2022 £
Members' fees aggregate	72,722	68,601
Chairman's fees and expenses	27,090	26,601
	<u>99,812</u>	<u>95,202</u>

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

	2023 Number	2022 Number
£5,001 to £10,000	-	3
£10,001 to £15,000	5	2
£15,001 to £20,000	1	1
£20,001 to £25,000	-	-
£25,001 to £30,000	1	1

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

6	Operating profit/(loss)	2023	2022
		£	£
	Operating profit/(loss) for the year is stated after charging/(crediting):		
	Exchange losses	740	1,282
	Government grants	(47,327)	(37,723)
	Depreciation of owned tangible fixed assets	1,784,311	1,512,437
	Depreciation of tangible fixed assets held under finance leases	-	154,360
	Profit on disposal of tangible fixed assets	(1,250)	(20,429)
	Amortisation of intangible assets	9,000	4,500
	Operating lease charges	917,157	733,074
		<u> </u>	<u> </u>
7	Auditor's remuneration	2023	2022
		£	£
	Fees payable to the group's auditor and associates:		
	For audit services		
	Audit of the financial statements of the group and Authority	70,000	64,800
		<u> </u>	<u> </u>
8	Interest receivable and similar income	2023	2022
		£	£
	Interest income		
	Interest on bank deposits	62	137
	Net interest on the net defined benefit asset	407,000	-
		<u> </u>	<u> </u>
	Total income	407,062	137
		<u> </u>	<u> </u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	62	137
		<u> </u>	<u> </u>
9	Interest payable and similar expenses	2023	2022
		£	£
	Interest on bank loans	1,340,676	627,021
	Interest on finance leases and hire purchase contracts	42,743	44,348
	Net interest on the net defined benefit liability	-	22,000
	Other interest	1,902	-
		<u> </u>	<u> </u>
	Total finance costs	1,385,321	693,369
		<u> </u>	<u> </u>
10	Other gains and losses	2023	2022
		£	£
	Changes in the fair value of investment properties	(3,159,116)	180,613
		<u> </u>	<u> </u>

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

11 Taxation

	2023	2022
	£	£
Current tax		
UK corporation tax on profits for the current period	278,439	188,406
Adjustments in respect of prior periods	10,569	(55,028)
	<u>289,008</u>	<u>133,378</u>
Deferred tax		
Origination and reversal of timing differences	(715,475)	(327,545)
Changes in tax rates	-	(103,421)
Adjustment in respect of prior periods	18,520	1,303
	<u>(696,955)</u>	<u>(429,663)</u>
Total tax credit	<u>(407,947)</u>	<u>(296,285)</u>

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

	2023	2022
	£	£
Loss before taxation	(2,561,495)	(1,474,298)
	<u>(2,561,495)</u>	<u>(1,474,298)</u>
Expected tax credit based on the standard rate of corporation tax in the UK of 23.52% (2022: 19.00%)	(602,464)	(280,117)
Tax effect of expenses that are not deductible in determining taxable profit	25,152	20,548
Tax effect of income not taxable in determining taxable profit	-	(37,720)
Adjustments in respect of prior years	10,569	(55,028)
Deferred tax adjustments in respect of prior years	18,520	1,302
Deferred tax on investment property movement	-	(143)
Chargeable losses	-	34,316
Fixed asset differences	182,866	123,978
Remeasurement of deferred tax for changes in tax rates	(42,590)	(103,421)
	<u>(407,947)</u>	<u>(296,285)</u>
Taxation credit	<u>(407,947)</u>	<u>(296,285)</u>

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

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:

	2023 £	2022 £
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	(2,364,000)	2,615,500
	<u> </u>	<u> </u>

12 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 January 2023 and 31 December 2023	90,000
	<u> </u>
Amortisation and impairment	
At 1 January 2023	4,500
Amortisation charged for the year	9,000
	<u> </u>
At 31 December 2023	13,500
	<u> </u>
Carrying amount	
At 31 December 2023	76,500
	<u> </u>
At 31 December 2022	85,500
	<u> </u>

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

12 Intangible fixed assets (Continued)

Company	Goodwill £
Cost	
At 1 January 2023 and 31 December 2023	90,000
Amortisation and impairment	
At 1 January 2023	4,500
Amortisation charged for the year	9,000
At 31 December 2023	13,500
Carrying amount	
At 31 December 2023	76,500
At 31 December 2022	85,500

During the prior year, the Group and Authority purchased an unincorporated business for consideration of £150,000 which included stock of £60,000. The excess consideration being recognised as goodwill. Management will review impairment indicators on the goodwill on a periodic basis.

Amortisation charge is recognised within administrative expenses.

13 Tangible fixed assets

Group	Land and buildings £	Assets under construction £	Plant and machinery £	Office and computer equipment £	Motor Vehicles £	Total £
Cost						
At 1 January 2023	68,768,465	588,632	12,023,189	1,051,855	112,484	82,544,625
Additions	5,974	925,378	494,814	33,983	34,500	1,494,649
Disposals	-	-	(85,000)	-	(22,895)	(107,895)
Transfers	731,814	(757,455)	25,641	-	-	-
At 31 December 2023	69,506,253	756,555	12,458,644	1,085,838	124,089	83,931,379
Depreciation						
At 1 January 2023	25,390,019	-	8,080,153	984,062	45,756	34,499,990
Depreciation charged in the year	1,248,858	-	452,482	50,945	32,026	1,784,311
Eliminated in respect of disposals	-	-	(85,000)	-	(22,895)	(107,895)
At 31 December 2023	26,638,877	-	8,447,635	1,035,007	54,887	36,176,406
Carrying amount						
At 31 December 2023	42,867,376	756,555	4,011,009	50,831	69,202	47,754,973
At 31 December 2022	43,378,446	588,632	3,943,036	67,793	66,728	48,044,635

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

13 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 2023	67,928,766	588,632	7,081,911	562,693	77,529	76,239,531
Additions	5,974	856,130	494,814	16,823	-	1,373,741
Disposals	-	-	-	-	(12,190)	(12,190)
Transfers	731,814	(757,455)	25,641	-	-	-
At 31 December 2023	68,666,554	687,307	7,602,366	579,516	65,339	77,601,082
Depreciation						
At 1 January 2023	25,369,787	-	3,667,767	517,399	33,245	29,588,198
Depreciation charged in the year	1,172,815	-	253,072	29,425	13,068	1,468,380
Eliminated in respect of disposals	-	-	-	-	(12,190)	(12,190)
At 31 December 2023	26,542,602	-	3,920,839	546,824	34,123	31,044,388
Carrying amount						
At 31 December 2023	42,123,952	687,307	3,681,527	32,692	31,216	46,556,694
At 31 December 2022	42,558,979	588,632	3,414,144	45,294	44,284	46,651,333

The carrying value of land and buildings comprises:

	Group 2023 £	2022 £	Authority 2023 £	2022 £
Freehold	42,079,619	43,449,597	42,079,619	43,449,597
Long leasehold	44,333	46,083	44,333	46,083
	42,123,952	43,495,680	42,123,952	43,495,680

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

	Group 2023 £	2022 £	Authority 2023 £	2022 £
Plant and machinery	-	268,331	-	-

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

13 Tangible fixed assets (Continued)

During the year, the remaining liability in respect of assets held under finance leases was repaid as part of the group refinancing.

Depreciation charge in the Group of £1,710,923 (2022: £1,627,395) was recognised within cost of sales and £73,388 (2022: £39,402) within administrative expenses.

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 7 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.

14 Investment property

	Group 2023 £	Authority 2023 £
Fair value		
At 1 January 2023	34,508,717	34,508,717
Additions	402,628	402,628
Net gains or losses through fair value adjustments	(3,159,116)	(3,159,116)
Government grants utilised	(543,452)	(543,452)
	<u>31,208,777</u>	<u>31,208,777</u>
At 31 December 2023	<u>31,208,777</u>	<u>31,208,777</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 the board with the assistance of commercial property valuers and utilising information from an external valuation undertaken by a RICS qualified valuer. 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 8% to 10% and included allowance for maintenance expenditure where appropriate, but not purchasers acquisition costs.

15 Fixed asset investments

		Group 2023 £	2022 £	Authority 2023 £	2022 £
	Notes				
Investments in subsidiaries	16	-	-	2	2
		<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

15 Fixed asset investments (Continued)

Movements in fixed asset investments Authority

	Shares in group undertakings
	£
Cost	
At 1 January 2023 and 31 December 2023	2
	<hr/>
Carrying amount	
At 31 December 2023	2
	<hr/> <hr/>
At 31 December 2022	2
	<hr/> <hr/>

16 Subsidiaries

Details of the Authority's subsidiaries at 31 December 2023 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

17 Stocks

	Group 2023 £	2022 £	Company 2023 £	2022 £
Finished goods and goods for resale	179,519	92,014	179,519	92,014
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

18 Debtors

	Group 2023	2022	Authority 2023	2022
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,753,380	2,336,345	574,044	1,362,278
Amounts owed by group undertakings	-	-	576,851	1,151,288
Other debtors	515,159	303,600	451,764	257,115
Prepayments and accrued income	1,733,484	1,739,615	1,508,384	1,571,629
	<u>4,002,023</u>	<u>4,379,560</u>	<u>3,111,043</u>	<u>4,342,310</u>
Deferred tax asset (note 24)	116,792	136,937	-	-
	<u>4,118,815</u>	<u>4,516,497</u>	<u>3,111,043</u>	<u>4,342,310</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	1,069,017	-
	<u>-</u>	<u>-</u>	<u>1,069,017</u>	<u>-</u>
Total debtors	<u>4,118,815</u>	<u>4,516,497</u>	<u>4,180,060</u>	<u>4,342,310</u>

Included within debtors are fully impaired amounts due from group undertakings totalling £1,015,775 (2022: £1,015,775).

19 Creditors: amounts falling due within one year

		Group 2023	2022	Authority 2023	2022
	Notes	£	£	£	£
Bank loans	21	-	122,828	-	122,828
Obligations under finance leases	22	-	105,192	-	-
Trade creditors		1,389,001	1,376,531	955,001	1,126,963
Amounts due to group undertakings		-	-	2,245	-
Corporation tax payable		96,588	230,478	95,397	229,447
Other taxation and social security		279,081	144,172	202,266	80,614
Government grants		594,488	778,139	594,488	778,139
Other creditors		613,962	533,241	543,848	465,350
Accruals and deferred income		1,724,704	1,501,842	1,621,274	1,388,059
		<u>4,697,824</u>	<u>4,792,423</u>	<u>4,014,519</u>	<u>4,191,400</u>

Included within group other creditors are unpaid pension contributions amounting to £124,575 (2022: £109,098), of which £70,244 (2022: £61,944) 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 was conditional upon the creation of 4 jobs which must be maintained for 3 years. The condition was met and 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 £44,718 (2022: £51,599) was included within government grants, to be released as qualifying expenditure in incurred in future years.

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

19 Creditors: amounts falling due within one year (Continued)

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, £nil (2022: £543,452) was included within government grants, during the year this was released against the cost of the heat pump installed in the premises.

During the prior year, the Authority received a government grant relating to green energy from Brighton & Hove County Council. The grant supports the Port in respect of planning work necessary to build wind turbines and a hydrogen plant. At the balance sheet date, £59,727 (2022: £80,550) was included within government grants, to be released in future years against expenditure costs.

Included within government grants is an amount 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, £91,145 (2022: £102,538) was included within government grants, to be released over the next 10 years, commencing from January 2022.

During the year, the Authority received a government grant relating to Dry Dock refurbishment. The grant is conditional upon expenditure being made on the dry dock and the department for environment, food and rural affairs. The grant received has allowed the Authority to restore the existing dry dock to be fully equipped for inspections, maintenance and the repairs of vessels. At the balance sheet date, £398,898 was included within government grants, to be released in future years against expenditure costs. The department for environment, food and rural affairs, who issued the grant, are required to consent to any disposals of funded assets.

20 Creditors: amounts falling due after more than one year

		Group		Authority	
		2023	2022	2023	2022
	Notes	£	£	£	£
Bank loans	21	20,000,000	20,593,666	20,000,000	20,593,666
Obligations under finance leases	22	-	140,123	-	-
		<u>20,000,000</u>	<u>20,733,789</u>	<u>20,000,000</u>	<u>20,593,666</u>

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

Payable other than by instalments	-	102,359	-	102,359	
		<u>-</u>	<u>102,359</u>	<u>-</u>	<u>102,359</u>

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

21 Borrowings

	Group 2023 £	2022 £	Authority 2023 £	2022 £
Bank loans	20,000,000	20,716,494	20,000,000	20,716,494
Payable within one year	-	122,828	-	122,828
Payable after one year	20,000,000	20,593,666	20,000,000	20,593,666
Amounts included above which fall due after five years:				
Payable other than by instalments	-	102,359	-	102,359

During the prior year, the Port completed a refinancing exercise and appointed HSBC UK Bank plc to be their financial/banking partner. The aim of the refinancing was 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. The £6m revolving credit facility hasn't been drawn down at the year end.

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. HSBC holds a fixed and floating charge over all of the assets in the group.

The Port Authority had an asset finance arrangement with Santander UK plc, the facility is subject to interest at 2.03% above the Base Rate. During the year this was repaid in full.

22 Finance lease obligations

	Group 2023 £	2022 £	Authority 2023 £	2022 £
Future minimum lease payments due under finance leases:				
Less than one year	-	127,249	-	-
Between one and five years	-	169,506	-	-
	-	296,755	-	-
Less: future finance charges	-	(51,440)	-	-
	-	245,315	-	-

Finance lease payments relate to the acquisition of one crane. During the year the company purchased the crane by repaying the remaining outstanding finance lease liability. The average lease term was 10 years and was subject to interest rates at Bank of England Base +1.92%. All leases were on a fixed repayment basis and no arrangements had been entered into for contingent rental payments. The liabilities were secured on the assets to which they relate.

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

23 Provisions for liabilities

	Notes	Group 2023 £	2022 £	Authority 2023 £	2022 £
Pension		64,500	76,152	64,500	76,152
Oil terminal provision		83,638	83,638	83,638	83,638
		148,138	159,790	148,138	159,790
Deferred tax liabilities	24	4,880,176	7,961,276	4,831,909	7,913,080
		5,028,314	8,121,066	4,980,047	8,072,870

Movements on provisions apart from deferred tax liabilities:

Group	Pension £	Oil terminal provision £	Total £
At 1 January 2023	76,152	83,638	159,790
Utilisation of provision	(11,652)	-	(11,652)
At 31 December 2023	64,500	83,638	148,138

Authority	Pension £	Oil terminal provision £	Total £
At 1 January 2023	76,152	83,638	159,790
Utilisation of provision	(11,652)	-	(11,652)
At 31 December 2023	64,500	83,638	148,138

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 £64,500 (2022: £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 2023

23 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.

24 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 2023 £	Liabilities 2022 £	Assets 2023 £	Assets 2022 £
Fixed asset timing differences	1,117,318	1,205,120	-	-
Rolled over gains	-	-	-	15
Short term timing differences - pension	-	2,203,520	104,591	136,871
Investment property value	3,762,858	4,552,636	-	-
Other timing differences	-	-	12,201	51
	<u>4,880,176</u>	<u>7,961,276</u>	<u>116,792</u>	<u>136,937</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
	Liabilities 2023	Liabilities 2022	Assets 2023	Assets 2022
Authority	£	£	£	£
Fixed asset timing differences	1,081,072	1,156,924	-	-
Short term timing differences - pension	-	2,203,520	-	-
Investment property value	3,762,858	4,552,636	-	-
Other timing differences	(12,021)	-	-	-
	<u>4,831,909</u>	<u>7,913,080</u>	<u>-</u>	<u>-</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
			Group 2023	Authority 2023
Movements in the year:			£	£
Liability at 1 January 2023			7,824,339	7,913,080
Credit to profit or loss			(696,955)	(718,171)
Credit to other comprehensive income			(2,364,000)	(2,363,000)
Liability at 31 December 2023			<u>4,763,384</u>	<u>4,831,909</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 2023

25 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 which has now closed to future accrual.

Costs and liabilities of all schemes are based on actuarial valuations. The latest full actuarial valuations of the schemes were completed on 31 March 2022 (SPA 's and SPF's WSCCLGP scheme) and 31 December 2022 (SPF 's PoSRaDBS). These valuations have been updated to 31 December 2023 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	
	2023 %	2022 %	2023 %	2022 %
<i>Key assumptions</i>				
Discount rate	4.55%	4.75%	4.55%	4.75%
Expected rate of increase of pensions in payment	2.85%	3.05%	2.75%	2.95%
Expected rate of salary increases	4.35%	3.55%	4.25%	3.45%
	=====	=====	=====	=====
			PoSRaDBS	
			2023 %	2022 %
<i>Key assumptions</i>				
Discount rate			4.45%	4.70%
Expected rate of increase of pensions in payment			3.10%	2.95%
Expected rate of salary increases			n/a	n/a
Inflation - RPI			3.25%	3.20%
Inflation - CPI			2.85%	2.95%
			=====	=====

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

25 Retirement benefit schemes (Continued)

<i>Mortality assumptions</i>	WSCCLGPS		PoSRaDBS	
	2023 Years	2022 Years	2023 Years	2022 Years
Assumed life expectations on retirement at age 65:				
Retiring today				
- Males	21.60	21.90	20.90	21.50
- Females	24.10	24.20	23.90	24.40
Retiring in 20 years				
- Males	22.10	22.80	22.20	22.80
- Females	26.10	25.90	25.30	25.80
<i>Amounts recognised in the income statement</i>			2023 £	2022 £
Current service cost			947,000	2,650,000
Net interest on defined benefit (asset)/liability			(407,000)	22,000
Administration costs			122,000	90,000
Total costs			662,000	2,762,000
<i>Amounts taken to other comprehensive income</i>			2023 £	2022 £
Actual return on scheme assets			(3,200,000)	6,155,000
Calculated interest element			1,518,000	709,000
Return on scheme assets excluding interest income			(1,682,000)	6,864,000
Actuarial changes related to obligations			1,670,000	(17,326,000)
Movement in unrecognised plan surplus			9,468,000	-
Total costs / (income)			9,456,000	(10,462,000)

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

25 Retirement benefit schemes (Continued)

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 2023	2022	Authority 2023	2022
	£	£	£	£
Present value of defined benefit obligations	26,314,000	23,388,000	18,890,000	17,022,000
Fair value of plan assets	(35,405,000)	(31,863,000)	(28,146,000)	(25,994,000)
(Surplus)/deficit in scheme	(9,091,000)	(8,475,000)	(9,256,000)	(8,972,000)
Asset not recognised due to asset ceiling	9,468,000	-	9,256,000	-
Total liability/(asset) recognised	<u>377,000</u>	<u>(8,475,000)</u>	<u>-</u>	<u>(8,972,000)</u>

	Group 2023	Authority 2023
	£	£
<i>Movements in the present value of defined benefit obligations</i>		
Liabilities at 1 January 2023	23,388,000	17,022,000
Current service cost	947,000	549,000
Benefits paid	(1,176,000)	(924,000)
Contributions from scheme members	374,000	218,000
Actuarial gains and losses	1,670,000	1,221,000
Interest cost	1,111,000	804,000
At 31 December 2023	<u>26,314,000</u>	<u>18,890,000</u>

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 2023

25 Retirement benefit schemes (Continued)

	Group 2023	Authority 2023
	£	£
<i>Movements in the fair value of plan assets</i>		
Fair value of assets at 1 January 2023	31,863,000	25,994,000
Interest income	1,518,000	1,231,000
Return on plan assets (excluding amounts included in net interest)	1,682,000	1,025,000
Benefits paid	(1,176,000)	(924,000)
Contributions by the employer	1,266,000	602,000
Contributions by scheme members	374,000	218,000
Administration costs	(122,000)	-
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At 31 December 2023	35,405,000	28,146,000
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The analysis of the scheme assets at the reporting date were as follows:

	Group		Authority	
	2023	2022	2023	2022
	£	£	£	£
Equity instruments	18,630,000	16,362,000	14,636,000	13,257,000
Property	4,031,000	4,455,000	3,659,000	4,159,000
Bonds	10,543,000	8,911,000	9,570,000	8,318,000
Cash	342,000	357,000	281,000	260,000
Multi-sector credit	1,859,000	1,778,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	35,405,000	31,863,000	28,146,000	25,994,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

25 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 2023:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	359
1 year increase in member life expectancy	4%	756
0.1% increase in Salary Increase Rate	0%	27
0.1% increase in the Pension Increase Rate (CPI)	2%	337

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 2023:	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	3%	92
1 year increase in member life expectancy	4%	106
0.1% increase in Salary Increase Rate	0%	-
0.1% increase in the Pension Increase Rate (CPI)	4%	93

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 4.45%, a 0.10% increase in Discount rate would result in a 3% decrease in scheme liabilities.

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

26 Borrowing powers at 31 December 2023

ACT OR ORDER	Total £
1985 (as amended by the Shoreham Port Authority Harbour Revision (Constitution) Order 2004) Indexation to 31 December 2023	50,000,000 35,401,000
Revised Borrowing Powers at 31 December 2023	85,401,000

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.

27 Reserves

Profit and loss reserves

Cumulative profit and loss.

28 Cash generated from group operations

	2023 £	2022 £
Loss for the year after tax	(2,153,548)	(1,178,013)
Adjustments for:		
Taxation credited	(407,947)	(296,285)
Finance costs	1,385,321	693,369
Investment income	(407,062)	(137)
Gain on disposal of tangible fixed assets	(1,250)	(20,429)
Amortisation and impairment of intangible assets	9,000	4,500
Depreciation and impairment of tangible fixed assets	1,784,311	1,666,797
Other gains and losses	3,159,116	(180,613)
Pension scheme non-cash movement	(197,000)	1,512,000
Decrease in provisions	(11,652)	-
Movements in working capital:		
Increase in stocks	(87,505)	(32,014)
Decrease/(increase) in debtors	377,537	(1,507,585)
Increase in creditors	810,763	85,582
Cash generated from operations	4,260,084	747,172

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

29 Analysis of changes in net debt - group

	1 January 2023 £	Cash flows £	31 December 2023 £
Cash at bank and in hand	3,354,217	(405,909)	2,948,308
Borrowings excluding overdrafts	(20,716,494)	716,494	(20,000,000)
Obligations under finance leases	(245,315)	245,315	-
	<u>(17,607,592)</u>	<u>555,900</u>	<u>(17,051,692)</u>

30 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 2023 £	2022 £	Authority 2023 £	2022 £
Within one year	543,160	567,050	-	-
Between one and five years	284,170	827,330	-	-
	<u>827,330</u>	<u>1,394,380</u>	<u>-</u>	<u>-</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 2023 is around 3 years, excluding low-value long-term lease arrangements for which remaining lease terms range between 43 and 947 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 £6,386,295 (2022: £4,938,462).

31 Financial commitments, guarantees and contingent liabilities

Shoreham Port Authority has 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 25).

SHOREHAM PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

32 Capital commitments

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

	Group 2023 £	2022 £	Authority 2023 £	2022 £
Acquisition of tangible fixed assets	98,127	854,768	98,127	854,768

33 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows:

	2023 £	2022 £
Aggregate compensation	978,805	1,065,061

SHOREHAM PORT AUTHORITY

MANAGEMENT INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2023

THE FOLLOWING PAGES DO NOT FORM PART OF THE FINANCIAL STATEMENTS

SHOREHAM PORT AUTHORITY

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT - AUTHORITY FOR THE YEAR ENDED 31 DECEMBER 2023

		2023		2022
	£	£	£	£
Turnover				
Sales of goods		10,865,264		8,934,406
Sundry income		505,124		614,259
		<u>11,370,388</u>		<u>9,548,665</u>
Cost of sales				
Finished goods purchases	344,075		214,824	
Wages and salaries	1,801,401		1,736,639	
Social security costs	206,151		198,187	
Staff pension costs defined benefit	328,587		863,451	
Equipment repairs	1,301,295		1,047,589	
Hire of equipment (not operating lease)	31,871		17,681	
Motor running expenses	77,433		98,996	
Depreciation	1,394,992		1,338,714	
		<u>(5,485,805)</u>		<u>(5,516,081)</u>
Gross profit	51.75%	5,884,583	42.23%	4,032,584
Other operating income				
Government grants receivable and released	47,327		37,723	
Other operating income	-		50,000	
		<u>47,327</u>		<u>87,723</u>
Administrative expenses		(4,246,855)		(5,229,163)
Operating profit/(loss)		<u>1,685,055</u>		<u>(1,108,856)</u>
Investment revenues				
Bank interest received	62		137	
		<u>62</u>		<u>137</u>
Interest payable and similar expenses				
Bank interest on loans	1,340,676		627,021	
Interest on overdue taxation - not financial liabilities	1,902		-	
Net interest on defined benefit liability	(427,000)		(34,000)	
		<u>(915,578)</u>		<u>(593,021)</u>
Other gains and losses				
Increase/(decrease) in fair value of investment property		(3,159,116)		180,613
Loss before taxation	21.02%	<u>(2,389,577)</u>	15.93%	<u>(1,521,127)</u>

SHOREHAM PORT AUTHORITY

SCHEDULE OF ADMINISTRATIVE EXPENSES - AUTHORITY FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	£	£
Administrative expenses		
Wages and salaries	1,240,371	1,250,708
Social security costs	132,759	146,867
Temporary staff	403,903	252,358
Staff recruitment costs	1,504	14,002
Staff welfare	10,207	2,806
Staff training	32,960	20,713
Staff pension costs defined benefit (allocation)	229,494	612,830
Other staff costs	44,134	49,694
Rates	255,786	207,249
Power, light and heat	863,307	625,536
Travelling expenses	10,265	5,553
Accommodation and subsistence	13,949	5,474
Postage, courier and delivery charges	5,066	2,984
Professional subscriptions	30,826	31,295
Legal and professional fees	208,265	285,728
Accountancy	72,963	68,339
Bank charges	197,536	73,759
Bad and doubtful debts	317	1,079,383
Insurances (not premises)	286,644	307,270
Printing and stationery	3,566	5,853
Advertising	15,290	31,266
Telecommunications	21,902	34,451
Entertaining	4,620	4,401
Sundry expenses	77,921	63,033
Protective equipment	1,745	4,222
Amortisation	9,000	4,500
Depreciation	73,388	39,402
(Profit)/loss on sale of tangible assets	(833)	(513)
	<hr/>	<hr/>
	4,246,855	5,229,163
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SHOREHAM PORT AUTHORITY

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT - GROUP FOR THE YEAR ENDED 31 DECEMBER 2023

		2023		2022
	£	£	£	£
Turnover				
Sales of services		19,303,874		15,908,922
Sales of services		(247,191)		29,885
Sundry income		524,944		710,116
		<u>19,581,627</u>		<u>16,648,923</u>
Cost of sales				
Subcontract labour	3,532		21,349	
Finished goods purchases	344,075		214,824	
Wages and salaries	3,138,022		2,975,052	
Social security costs	346,259		332,034	
Staff pension costs defined benefit	808,210		1,244,546	
Equipment repairs	1,827,660		1,506,395	
Hire of equipment (not operating lease)	131,103		127,123	
Motor running expenses	1,143,229		1,001,317	
Depreciation	1,710,923		1,627,395	
Haulage payable	370,956		253,320	
Miscellaneous cargo handling	75,767		92,386	
Casual / temporary staff costs	592,162		430,186	
Property repairs and maintenance	-		450	
		<u>(10,491,898)</u>		<u>(9,826,377)</u>
Gross profit	46.42%	9,089,729	40.98%	6,822,546
Other operating income				
Government grants receivable and released	47,327		37,723	
Other operating income	-		50,000	
		<u>47,327</u>		<u>87,723</u>
Administrative expenses		(7,561,176)		(7,871,948)
Operating profit/(loss)		1,575,880		(961,679)
Investment revenues				
Net interest on defined benefit asset	407,000		-	
Bank interest received	62		137	
		<u>407,062</u>		<u>137</u>
Interest payable and similar expenses				
Net interest on defined benefit liability	-		22,000	
Bank interest on loans	1,340,676		627,021	
Interest on overdue taxation - not financial liabilities	1,902		-	
Hire purchase interest payable	42,743		44,348	
		<u>(1,385,321)</u>		<u>(693,369)</u>
Other gains and losses				
Increase/(decrease) in fair value of investment property		(3,159,116)		180,613
Loss before taxation	13.08%	<u>(2,561,495)</u>	8.86%	<u>(1,474,298)</u>

SHOREHAM PORT AUTHORITY

SCHEDULE OF ADMINISTRATIVE EXPENSES - GROUP FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 £	2022 £
Administrative expenses		
Bad and doubtful debts	317	67,308
Wages and salaries	2,635,452	2,469,556
Social security costs	281,123	280,671
Temporary staff	403,903	252,358
Staff recruitment costs	1,504	14,002
Staff welfare	11,045	4,294
Staff training	41,807	30,259
Staff pension costs defined benefit (allocation)	321,023	1,552,654
Other staff costs	69,538	64,620
Rates	255,786	207,249
Power, light and heat	863,307	625,536
Travelling expenses	25,564	19,103
Accommodation and subsistence	30,731	23,056
Postage, courier and delivery charges	5,420	3,144
Professional subscriptions	61,760	56,675
Legal and professional fees	306,619	379,281
Accountancy	120,926	116,628
Bank charges	198,293	74,927
Insurances (not premises)	678,218	597,186
Printing and stationery	22,346	22,634
Advertising	15,290	31,266
Telecommunications	39,987	49,837
Entertaining	5,856	5,415
Sundry expenses	120,226	130,838
Protective equipment	42,631	31,953
Amortisation	9,000	4,500
Depreciation	73,388	39,402
(Profit)/loss on sale of tangible assets	(1,250)	(20,429)
Leasing - plant and machinery	917,157	733,074
Charitable donations	90	60
Credit card charges	(308)	315
Loss on foreign exchange	740	1,282
Computer running costs	3,687	3,294
	<u>7,561,176</u>	<u>7,871,948</u>