



# Annual Accounts

*For the year ended 31 December 2015*

**SHOREHAM PORT AUTHORITY**  
*REPORT AND FINANCIAL STATEMENTS*  
*FOR THE YEAR ENDED 31 DECEMBER 2015*

**SHOREHAM PORT AUTHORITY**  
*ANNUAL REPORT*  
For the year ended 31 December 2015

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**SHOREHAM PORT AUTHORITY**  
*MEMBERS*

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**Chairman**

S Condie (Appointed 1 January 2015)

**Deputy Chairman**

I Postlethwaite (Appointed 1 January 2015)

**Members**

R Stiles (Resigned 31 December 2015)

S Nicholls

C Dwyer (Appointed 1 February 2015)

A Foster (Appointed 1 February 2015)

T Giddings (Appointed 1 February 2015)

J Newell (Appointed 1 February 2015)

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

**SHOREHAM PORT AUTHORITY**  
*PRINCIPAL OFFICERS AND PROFESSIONAL ADVISORS*

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Chief Executive	R Lunn
Secretary/Finance Director & Deputy Chief Executive	S Bassett
Harbour Master/Director Marine Operations	J Seaman
Commercial/Operations Director	A Motterham
Director of Engineering	A Parker
Development Director	P Davies
Safety & HR Director	P Johnson
Auditor	RSM UK Audit LLP
Bankers	National Westminster Bank Plc

Nautilus House, 90-100 Albion Street, Southwick, Brighton, Sussex BN42 4ED

Tel: 01273 598100  
Fax: 01273 592492  
Website: <http://www.shoreham-port.co.uk>  
Email: [info@shoreham-port.co.uk](mailto:info@shoreham-port.co.uk)

# SHOREHAM PORT AUTHORITY

## STRATEGIC REPORT

For the year ended 31 December 2015

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### Summary

2015 was a good year for the Port, with all cargo groups performing well, and our commercial property was 98% let on average. The construction trade remained buoyant in London and the South East, thus pulling in the base cargoes of timber, steel and aggregates.

Our key focus remained not only on health and safety for our staff, contractors and visitors, but also on providing a first class service to our customers. Investment in training and new equipment ensured we were able to maintain this commitment.

During the year the Port's Health and Safety Management System and Port Marine Safety Code were externally audited, with very satisfactory results obtained in both.

### Results

The consolidated revenue was £12.7m. This was above the comparable prior year result, which is the 6<sup>th</sup> consecutive year of revenue growth.

Ship calls were 844, up 9.5% (73) compared to 2014. Tonnage was 1.8mt, up 2.3% on the previous year. Our tenants tonnage was just above 2014, whilst our Operations team's tonnage increased by 7.4%. Timber had their best year ever, with total imports of 395k cubic meters, up 3% on the prior year. Steel also performed well, with 113kt imported which was 7% up on 2014. Aggregates remained steady at 1.1mt, while the import of petroleum products continued to improve 100% to 31kt compared to 2014.

On the export side, cereals were steady at 119kt, whilst woodchip increased 17% to 45kt and glass remained at 17kt in comparison to 2014.

The Port continued to win new types of cargo including rookwool, housing units and telegraph poles, as well as handling their traditional spot cargoes of scrap, sand and salt.

In addition, during 2015 the Port handled their first cruise ship the Hebridean Princess which came in during a thunder storm in August. Other vessels which also started calling were the Offshore support vessels for the Rampion wind farm. These will be a regular feature at Shoreham over the next two years during construction.

Our commercial properties remained in high demand throughout the year, with customers enjoying a great water side setting, good parking, rail links and close to Brighton and Hove.

The Port's finances were tightly managed as usual, with positive cash flow generated from operating activities and all banking covenants were met. The financial statements have been prepared under New UK GAAP (FRS 102) and the main changes are set out in the Members' Report and financial statements.

### Developments

In line with the Port Masterplan, Free Wharf in the west arm was disposed off and proceeds will be reinvested back into property or land in the east arm.

# **SHOREHAM PORT AUTHORITY**

## **STRATEGIC REPORT**

For the year ended 31 December 2015

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The widening of the Power Station Quay was completed in early 2015, helped by a grant from the Regional Growth Fund. In order to handle the additional cargoes onto this quay, during May 2015, the Port took delivery of its fifth Sennebogen Crane, an 880 mobile classic.

A waste recycling firm's lease was not renewed in 2015, and the land in the east arm by the east turning basin was developed and paved in order to provide additional space for steel handling.

During the construction of the i360 in Brighton, not only did the Port handle the barge and provide assistance to the beach landing of the pods, but the Port also helped out by taking much of the material from the foundations, which has enhanced our beach defences.

Southwick Waterfront is now ready for redevelopment and in 2015 we chose the preferred development partner and are now reviewing the drawings and ideas, with further details to be published in 2016.

### **Stakeholders**

In order to keep our stakeholders fully up to date on Port operations and development, our website was refreshed and updated and our presence on social media increased through the use of Twitter, Facebook and LinkedIn.

In July we ran over two days continuous boat trips up and down the impounded basin, with commentary, in order to give our stakeholders a unique insight into the Port. Schools, business groups and local residents all benefited and given the success these will be run again in July 2016.

In 2015 we continued to build on the partnerships established with key local bodies through regular meetings for example with; Sussex Yacht Club, Coast to Capital LEP, Greater Brighton Economic Board, Coastal West Sussex and Adur Festival to name a few.

Each month our CSR (Corporate Social Responsibility) Committee met to discuss and consider all donation requests and we were delighted that we were able to help out many worthwhile projects, as well as pledging time and resources to assist others complete projects e.g. construction of playground decking.

Regular visits were made to our customers not only in the UK, but also in Sweden and Latvia to discuss operational details and other opportunities to ship cargo via Shoreham.

During 2015 we employed four new staff and three apprentices to bring our headcount to 110. Depending on the ships being worked, up to 30 agency workers can be working at the Port. Within the footprint of the Port, c1,600 local people are employed in the various businesses, making the Port a key economic driver.

Once again the Port made a great backdrop to a number of films and dramas, most notably BBC's 'Cuffs', and we were pleased to help out their film crews.

### **Environment**

In 2015 Shoreham Port was re-certified as an Eco-Port after its initial Port Environmental Review System (PERS) award in 2013. Presented by the European Sea Ports Organisation (ESPO) the PERS accreditation means that Shoreham Port continues to be a member of the Eco-Ports network, the only port sector specific environmental management standard.

# **SHOREHAM PORT AUTHORITY**

## **STRATEGIC REPORT**

For the year ended 31 December 2015

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Compliance with the PERS standard is independently assessed by Lloyd's Register Quality Assurance and the certificate has a validity of two years. Shoreham Port is one of only eleven ports in the UK to hold Eco-Port status. We continually assess our environmental impact to develop strategies that will improve the Port's carbon footprint.

Construction of two wind turbines was planned and approved in 2015, with construction scheduled for the first quarter of 2016. Additional solar panels were fitted on our sheds and we now have over 9000 solar panels in the Port.

Not only does the Port have an LED lighting programme underway to reduce energy consumption, we have also recently completed a water usage audit to identify cost savings and improve efficiencies.

The Port worked closely with the Environment Agency and Local Authorities to further enhance the coast protection, in which they installed and funded eight new groynes and steps costing c£1.5m, the shingle transfer from Shoreham to Southwick Beach to assist the littoral drift effect, and arm the new groynes with c38,000t of shingle ran smoothly.

All the appropriate authorities continued to work with the Port to find the source of the oil odour in the east arm and local residents have been kept informed of the progress via our website.

The Port is a working environment, with 20,000 residents living within one mile of its boundaries. Whilst we take every care not to create any annoying smells, noise or dust from our operations, we will occasionally fall short, with each incident investigated by a member of the Senior Leadership Team.

### **Outlook**

The outlook for the Port remains positive with new enquiries continuing to be received. The hinterland is reasonably buoyant, despite uncertainty in the greater economy.

Investment continues in key infrastructure and equipment, thus ensuring we can remain competitive and efficient.

The Board, under the Chair of Stuart Condie have been supportive throughout the year, and we would like to extend our thanks to Robert Stiles who steps down from the Board after seven years.

We have a dedicated workforce that is loyal and hard-working and I would like to thank them all for their support and input during 2015.

Rodney Lunn

Chief Executive



**SHOREHAM PORT AUTHORITY**  
**REPORT OF THE MEMBERS**  
**For the year ended 31 December 2015**

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The Members submit their report and the financial statements for the year ended 31 December 2015.

**Principal Activities**

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

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

**Results**

	<b>£000</b>
Consolidated profit for the year before taxation	1,749
Tax charge	(246)
Net profit after taxation	<u>1,503</u>

**Investments**

The Authority has three wholly owned subsidiaries: Shoreham Port Developments and Investments Limited, which is an investment holding company, Sussex Port Forwarding Limited (SPF) whose principal activities are stevedoring and freight forwarding, and The Port of Shoreham Trustee Company Limited whose principal activity is as corporate trustee to The Port of Shoreham Retirement and Death Benefit Scheme.

**Adoption of New UK GAAP**

The financial statements have been prepared in accordance with FRS 102. The most significant changes have been in reclassifying some of the Port's properties as investment properties and revaluing land on transition. Further details are set out in the financial statements.

**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 2015 and since are shown on page 1.

On 1 February 2015 C Dwyer was appointed as a Member of the Authority.  
On 1 February 2015 A Foster was appointed as a Member of the Authority.  
On 1 February 2015 T Giddings was appointed as a Member of the Authority.  
On 1 February 2015 J Newell was appointed as a Member of the Authority.  
On 31 December 2015 R Stiles resigned as a Member of the Authority.

**SHOREHAM PORT AUTHORITY**  
**REPORT OF THE MEMBERS**  
**For the year ended 31 December 2015**

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**Statement of Members' responsibilities**

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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 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. They are also responsible for safeguarding the assets of the group and the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Members are 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 financial statements may differ from legislation in other jurisdictions.

**Statement as to disclosure of information 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.

**SHOREHAM PORT AUTHORITY**  
**REPORT OF THE MEMBERS**  
**For the year ended 31 December 2015**

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**Audit Committee**

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

**Remuneration Committee**

The Remuneration Committee comprises three non-executive Members of the Board and was chaired during the year by I Postlethwaite. 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 Chief Executive's recommendations regarding the annual salary review for other employees. The Committee also makes recommendations to the Board in respect of the remuneration of non-executive Board Members, subject to independent review as considered necessary. The Committee meets as and when required. Mrs J Findlay has been an independent advisor to the Committee since 2007.

**Internal Control and Risk Management**

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

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

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

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

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

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

*Foreign exchange risk* is the risk that future cash flows will fluctuate because of changes in exchange rates. The Authority principally conducts its business in sterling, but occasionally purchases assets and hence incurs liabilities in other currencies. The Authority undertook a euro hedging transaction in the year for the purchase of the Sennebogen crane.

**SHOREHAM PORT AUTHORITY**  
*REPORT OF THE MEMBERS*  
**For the year ended 31 December 2015**

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**Performance Evaluation**

Evaluation of the Board and its Committees is undertaken to ensure that they remain effective. A collective evaluation of the Board and their skills was undertaken during 2015.

On behalf of the Port Authority

S Condie

Chairman

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

For the year ended 31 December 2015

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We have audited the group and Authority financial statements (the “financial statements”) on pages 11 to 41 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Authority’s Members, as a body. 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.

## **Respective responsibilities of members and auditors**

As more fully explained in the Members’ Responsibilities Statement set out on page 7, the Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board’s (APB’s) Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council’s website at <http://www.frc.org.uk/auditscopeprivate>

## **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group’s and the Authority’s affairs as at 31 December 2015 and of the group’s profit 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 Section 42 of 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.

## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and the Members’ Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where the terms of our engagement 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’s 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.

RSM UK AUDIT LLP  
Statutory Auditor  
Chartered Accountants  
Portland  
25 High Street  
Crawley RH10 1BG

17 March 2016

**SHOREHAM PORT AUTHORITY**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2015**

	Notes	2015 £000	2014 £000
TURNOVER	2	12,699	12,521
Cost of sales		(12,101)	(11,873)
<b>OPERATING PROFIT</b>		<u>598</u>	<u>648</u>
Profit on disposal of fixed assets		1,481	1
		<u>2,079</u>	<u>649</u>
Fair value gain on investment properties		147	1,496
Interest receivable	5	1	102
Interest payable and similar charges	6	(478)	(396)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>	3	<u>1,749</u>	<u>1,851</u>
Tax on profit on ordinary activities	8	(246)	(266)
<b>PROFIT FOR THE YEAR</b>		<u>1,503</u>	<u>1,585</u>
<b>OTHER COMPREHENSIVE INCOME (NET OF TAX)</b>			
Actuarial gain/(loss) on pension schemes	20	1,027	(800)
<b>Total Comprehensive Income for the year</b>		<u><u>2,530</u></u>	<u><u>785</u></u>

All operations are continuing.

The accompanying accounting policies and notes on pages 15 to 41 form an integral part of these financial statements.

**SHOREHAM PORT AUTHORITY**  
**STATEMENT OF FINANCIAL POSITION**  
**For the year ended 31 December 2015**

	Notes	Group 2015 £000	Group 2014 £000	Authority 2015 £000	Authority 2014 £000
<b>FIXED ASSETS</b>					
Tangible assets	9	52,179	52,579	48,377	49,307
Investment properties	9	17,234	17,087	17,234	17,087
<b>CURRENT ASSETS</b>					
Debtors due within one year	11	3,016	2,919	3,613	4,229
Cash at bank and in hand		862	1,037	835	479
		<u>3,878</u>	<u>3,956</u>	<u>4,448</u>	<u>4,708</u>
<b>CURRENT LIABILITIES</b>					
<b>Creditors:</b>					
Amounts falling due within one year	12	<u>(4,783)</u>	<u>(6,698)</u>	<u>(3,403)</u>	<u>(5,448)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(905)</u>	<u>(2,742)</u>	<u>1,045</u>	<u>(740)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
Creditors: Amounts falling due after more than one year	13	(10,329)	(9,839)	(8,685)	(8,743)
Provision for liabilities	15	<u>(3,319)</u>	<u>(3,360)</u>	<u>(2,946)</u>	<u>(3,051)</u>
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>					
		54,860	53,725	55,025	53,860
Pensions Asset		231	-	-	-
Pensions Liability	20	<u>(2,457)</u>	<u>(3,621)</u>	<u>(2,457)</u>	<u>(3,600)</u>
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>					
		<u>52,634</u>	<u>50,104</u>	<u>52,568</u>	<u>50,260</u>
<b>CAPITAL AND RESERVES</b>					
PROFIT & LOSS ACCOUNT		52,634	50,104	52,568	50,260
<b>TOTAL EQUITY</b>		<u>52,634</u>	<u>50,104</u>	<u>52,568</u>	<u>50,260</u>

The financial statements on pages 11 to 41 were approved and authorised for issue by the Port Authority on 17 March 2016 and were signed on its behalf by:

S Condie - Chairman  
R Lunn - Chief Executive

**SHOREHAM PORT AUTHORITY**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 31 December 2015**

<b>Group</b>	Notes	<b>Profit And Loss Account £000</b>	<b>Total £000</b>
Balance at 1 January 2014		49,319	49,319
Profit for the year		1,585	1,585
Other comprehensive income net of tax: Actuarial loss on defined benefit pension schemes	20	(800)	(800)
Total comprehensive income for the year		785	785
<b>Balance at 31 December 2014</b>		<b>50,104</b>	<b>50,104</b>
Profit for the year		1,503	1,503
Other comprehensive income net of tax: Actuarial gain on defined benefit pension schemes	20	1,027	1,027
Total comprehensive income for the year		2,530	2,530
<b>Balance at 31 December 2015</b>		<b>52,634</b>	<b>52,634</b>
<b>Authority</b>	Notes	<b>Profit And Loss Account £000</b>	<b>Total £000</b>
Balance at 1 January 2014		49,674	49,674
Profit for the year		1,411	1,411
Other comprehensive income net of tax: Actuarial loss on defined benefit pension schemes	20	(825)	(825)
Total comprehensive income for the year		586	586
<b>Balance at 31 December 2014</b>		<b>50,260</b>	<b>50,260</b>
Profit for the year		1,470	1,470
Other comprehensive income net of tax: Actuarial gain on defined benefit pension schemes	20	838	838
Total comprehensive income for the year		2,308	2,308
<b>Balance at 31 December 2015</b>		<b>52,568</b>	<b>52,568</b>



**SHOREHAM PORT AUTHORITY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2015**

	Note	2015 £000	2014 £000
<b>OPERATING ACTIVITIES</b>			
Cash generated from operations	22	1,990	3,357
Taxation		313	(1,069)
Interest paid		(477)	(396)
Net cash generated from operating activities		1,826	1,892
<b>Investing activities</b>			
Purchase of tangible fixed assets		(712)	(996)
Sale of tangible fixed assets		1,489	2
Interest received		-	102
Net cash from/(used in) investing activities		777	(892)
<b>Financing activities</b>			
Repayments of obligations under hire purchase		(207)	(371)
Repayments of borrowings		(3,421)	(2,677)
Proceeds of new borrowings		850	2,250
Net cash used in financing activities		(2,778)	(798)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(175)	202
Cash and cash equivalents at the beginning of the year		1,037	835
Cash and cash equivalents at the end of the year		862	1,037

**SHOREHAM PORT AUTHORITY**  
**ACCOUNTING POLICIES**  
**For the year ended 31 December 2015**

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**GENERAL INFORMATION**

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

The address of the Company's registered office and principal place of business is Nautilus House, 90-100 Albion Street, Southwick, Brighton, Sussex, BN42 4ED.

**Basis of Accounting**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value.

The financial statements are prepared in sterling which is the functional currency of the entity. Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

**Reduced disclosures**

In accordance with FRS 102, the Authority has taken advantage of the exemptions from the following disclosure requirements;

- Section 7 'Statement of Cash Flows' – *Presentation of a Statement of Cash Flow and related notes and disclosures.*
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – *Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income.*
- Section 33 'Related Party Disclosures' – *Compensation for key management personnel.*

**Basis of Consolidation**

These consolidated and Authority financial statements are the first financial statements of Shoreham Port Authority prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The consolidated and Authority financial statements of Shoreham Port Authority for the year ended 31 December 2014 were prepared in accordance with previous UK GAAP.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in retained earnings at the transition date.

The consolidated financial statements incorporate those of the Authority and 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 2015.

**SHOREHAM PORT AUTHORITY**  
**ACCOUNTING POLICIES**  
**For the year ended 31 December 2015**

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**Basis of consolidation (continued)**

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.

**Statement of Comprehensive Income**

As permitted by s408 of the Companies Act 2006, the Authority has not presented its own statement of comprehensive income.

The Authority's profit for the year was £1,470,000 (2014: £1,411,000) and total comprehensive income for the year was £2,308,000 (2014: £586,000).

There were no transactions with related parties other than group companies and The Port of Shoreham Retirement and Death Benefit Scheme during the year.

**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 on pages 3 to 5, and the Board's risk management policies are set out in the Report of the Members. The Group has net current liabilities at the balance sheet date. The Group has secure sources of income but is exposed to the continuing economic uncertainty that exists in the UK. Management has prepared detailed forecasts for 2016, and a five year business plan, and having considered the assumptions and conclusions made by management, and the availability of financial resources, the Members believe the Group has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus the Members continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**Turnover**

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

**SHOREHAM PORT AUTHORITY**  
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**Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets, other than freehold land and works under construction, by equal annual instalments over their estimated useful economic lives. The periods generally applicable are:

<b>Land and Buildings</b>	<b>Years</b>
Leasehold land – period of lease	60
Freehold buildings according to type	5 to 80
Wharves:	
Piling	40
Roads	23
Surfacing	20
Services	20
Harbour works according to type	15 to 60
Dredging	80

No depreciation is provided on freehold land.

**Plant and Machinery**

Floating craft and plant:	
Tug	20
Hoppers, boats & pontoons	10 to 25
Plant and machinery according to type	1 to 30
Motor vehicles	3 to 5
Computer equipment	3 to 5
Office equipment	5 to 10

**Impairments 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.

**Investment properties**

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

The Companies Act 2006 requires all properties to be depreciated. However, this requirement conflicts with the generally accepted accounting principle set out in FRS 102. The directors consider that, because investment properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view.

If this departure from the Companies Act 2006 had not been made in order to give a true and fair view, the profit for the financial year would have been reduced by depreciation. However the amount of depreciation cannot reasonably be quantified, because depreciation is only one of many factors reflected in the annual valuation and the amount relating to the depreciation of the property cannot be separately identified.

**SHOREHAM PORT AUTHORITY**  
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**Heritage assets**

The land owned by the Port includes Shoreham Old Fort (a site of historical interest). The Port Authority accepts its obligation to protect this historic monument for future generations. The Board considers however that due to the unusual nature of the Fort, conventional valuation approaches lack sufficient reliability and that even if a valuation could be obtained the cost could not be justified by reference to the benefit to the Port or the users of the financial statements. As a result no value is reported for the Fort in the financial statements.

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

Further information is given in note 9 to the financial statements.

**Capitalisation of interest**

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

**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 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 or 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/Authority to consume substantially all of its economic benefits), deferred tax is measured using the tax rates and allowances that apply to the sale of the asset or property.

Current and deferred tax is charged or credited in 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.

**SHOREHAM PORT AUTHORITY**  
**ACCOUNTING POLICIES**  
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**Taxation (continued)**

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 a net basis or to realise the asset and settle the liability simultaneously.

**Leases**

*Finance Leases*

An asset and corresponding liability are recognised for leasing agreements that transfer to the Group substantially all of the risks and rewards incidental to ownership ("finance leases"). The amount capitalised is the fair value of the leased asset or, if lower, the present value of the minimum lease payments payable during the lease term, both determined at inception of the lease. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are expensed as incurred.

*Operating Leases*

All other leases are operating leases and the annual rentals are charged to profit or loss on a straight line basis over the term of the lease.

Rent free periods or other incentives received for entering into an operating lease are accounted for as a reduction to the expense and are recognised, on a straight-line basis over the lease term.

**Employee benefits**

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

**SHOREHAM PORT AUTHORITY**  
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**Retirement benefits**

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

The scheme is administered by the Council pursuant to the Local Government Superannuation Regulations 1986 made by the Secretary of State for the Environment under powers in sections 7 and 12 of the Superannuation Act 1978. Further to the Actuarial Valuation as at 31 March 2013 the employer contributions have been set at 18.3% of employee's pay with effect from 1 April 2014.

Sussex Port Forwarding Limited (SPF) operates a defined benefit pension scheme for the benefit of the employees which is contracted out of the state scheme. The assets of the scheme are administered by trustees in a fund independent from those of the company. Further to the Actuarial Valuation as at 31 December 2013 the employer contributions have been set at 27.4% of employee's pay.

*Defined Benefit Plans*

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

*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

*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.

**SHOREHAM PORT AUTHORITY**  
**ACCOUNTING POLICIES**  
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**Financial instruments**

***Financial assets***

*Trade debtors*

Trade debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in profit or loss.

*Authority*

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.

Interests in subsidiaries are assessed for impairment at each reporting date. Any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

***Financial liabilities and equity***

Financial instruments are classified as liabilities and equity instruments 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.

*Trade creditors*

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

*Borrowings*

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.



**SHOREHAM PORT AUTHORITY**  
*ACCOUNTING POLICIES*  
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**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.

**SHOREHAM PORT AUTHORITY**  
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**1. Critical accounting estimates and areas of judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

*Critical accounting estimates and assumptions*

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Investment properties will require annual revaluations, the value will be subject to fluctuations in rental income and yields. Investment properties at 31st December 2015 are valued at £17.234m.

The group has recognised a defined benefit pension scheme asset on the statement of financial position. At 31st December 2015 the asset was £231,000. Changes to actuarial assumptions could result in a material change within the next financial year.

*Critical areas of judgement*

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

**2 Turnover**

Turnover is analysed as follows:

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Dues		
- on commercial vessels	1,188	1,063
- on yachts and fishing vessels	149	145
- on cargo	580	537
	<u>1,917</u>	<u>1,745</u>
Port operations	7,289	7,433
Rents (Operating leases)	2,756	2,697
Pilotage (See Note 4)	737	646
	<u><u>12,699</u></u>	<u><u>12,521</u></u>

Turnover arises solely in the United Kingdom.

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<b>3 Profit on Ordinary Activities before Taxation is stated after charging</b>	<b>2015 £000</b>	<b>2014 £000</b>
Operating and maintenance	6,320	6,182
Dredging	1,022	1,015
Pilotage operating expenditure (see Note 4)	472	522
Depreciation - owned assets	1,357	1,353
- assets held under hire purchase	512	423
Administrative expenditure	2,006	2,123
Auditor's remuneration - audit	36	31
- taxation services	8	7
Hire of plant and machinery under operating leases	300	219
	<u>          </u>	<u>          </u>

**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:

	<b>2015 £000</b>	<b>2014 £000</b>
<b>Turnover</b>		
Provision of pilotage service	650	560
Use of exemption certificates	87	86
	<u>737</u>	<u>646</u>
<b>Expenditure</b>		
Provision of pilots and boats including administration:	472	522
	<u>          </u>	<u>          </u>
<b>Net profit</b>	<u>265</u>	<u>124</u>

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

<b>5 Interest receivable</b>	<b>2015 £000</b>	<b>2014 £000</b>
Interest on pension scheme liabilities	1	102
	<u>1</u>	<u>102</u>

<b>6 Interest payable and similar charges</b>	<b>2015 £000</b>	<b>2014 £000</b>
On hire purchase obligations	73	77
On bank loans	290	319
Interest on pension scheme liability	115	-
	<u>478</u>	<u>396</u>

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**7 Members and employees**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Staff costs during the year were as follows:		
Wages and salaries	3,363	3,321
Social security costs	293	293
Other pension costs	745	674
Total	<u>4,401</u>	<u>4,288</u>

The average number of employees of the group during the year was:

	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
Operational	69	67
Administrative	29	29
	<u>98</u>	<u>96</u>

Members' fees were as follows:

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Members' fees aggregate, which includes Chairman's fees and expenses	55	66
	<u>24</u>	<u>22</u>

The emoluments of other Members were in the following ranges:

	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
£5,001 to £10,000	6	5
£10,001 to £15,000	<u>1</u>	<u>1</u>

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**8 Taxation**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
The tax charge represents		
<b>UK Corporation Tax</b>		
On the results for the year	467	101
In respect of prior years	(20)	(153)
<b>Total tax charge for the year</b>	<u>447</u>	<u>(52)</u>
Deferred taxation		
Origination of timing differences	92	318
- Effect of tax rate change on opening balance	(293)	-
<b>Total deferred tax</b>	<u>(201)</u>	<u>318</u>
<b>Total tax on profit on ordinary activities</b>	<u>246</u>	<u>266</u>

The current tax charge for the period is higher than the effective standard rate of corporation tax in the UK of 20.25% (2014: 21.5%). The differences are explained as follows:

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities before tax	<u>1,749</u>	<u>1,851</u>
Profit on ordinary activities multiplied by effective standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	354	398
Effect of:		
Income not taxable for tax purposes	(2)	-
Expenses not deductible for tax purposes	9	5
Fixed asset differences	273	211
Losses carried back	19	-
Adjustments to tax charge in respect of previous periods	(20)	(153)
Marginal relief	-	(4)
Adjust closing deferred tax to average rate of 20.25%	(373)	(153)
Adjust opening deferred tax average rate of 20.25%	36	144
Deferred tax on investment property movements	(49)	(18)
Deferred tax not recognised	-	(164)
Deferred tax on land fair value uplift	(1)	-
<b>Total tax charge for year</b>	<u>246</u>	<u>266</u>

In addition to the amount charged to profit and loss, £261,000 (2014: [deferred tax gain of £200,000](#)) has been recognised in other comprehensive income, which comprises of deferred tax relating to the actuarial gains/losses.

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**9 Tangible fixed assets**

<b>Group</b>	<b>Land and buildings £000</b>	<b>Plant and machinery £000</b>	<b>Office and computer equipment £000</b>	<b>Motor vehicles £000</b>	<b>Works under construction and payments on account £000</b>	<b>Total £000</b>
Cost or valuation						
At 1 January 2015	68,351	9,561	1,057	94	380	79,443
Additions	-	1,073	55	49	300	1,477
Disposals	(1)	(80)	(14)	(9)	-	(104)
Intra-group transfers	279	380	-	-	(659)	-
At 31 December 2015	<u>68,629</u>	<u>10,934</u>	<u>1,098</u>	<u>134</u>	<u>21</u>	<u>80,816</u>
Depreciation						
At 1 January 2015	20,850	4,983	941	90	-	26,864
Charge for the year	1,087	721	51	10	-	1,869
Disposals	-	(80)	(14)	(2)	-	(96)
At 31 December 2015	<u>21,937</u>	<u>5,624</u>	<u>978</u>	<u>98</u>	<u>-</u>	<u>28,637</u>
Net book value						
At 31 December 2015	<u>46,692</u>	<u>5,310</u>	<u>120</u>	<u>36</u>	<u>21</u>	<u>52,179</u>
Net book value						
At 31 December 2014	<u>47,501</u>	<u>4,578</u>	<u>116</u>	<u>4</u>	<u>380</u>	<u>52,579</u>

	<b>2015 £000</b>	<b>2014 £000</b>
The net book value of Land and Buildings comprises		
Freehold	46,634	47,441
Long leasehold	58	60
	<u>46,692</u>	<u>47,501</u>

Included in the net book value of plant and machinery is £3,212,674 (2014: £2,532,429) relating to assets held under hire purchase contracts. The depreciation charge in the financial statements in the year in respect of such assets amounted to £512,323 (2014: £422,880).

Under the transitional provisions of FRS102 the Group revalued certain land and has included this valuation as deemed cost. Note 23 sets out the impact of these changes to fixed assets, investment property and the provision for deferred tax.

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**9 Tangible fixed assets (continued)**

<b>Authority</b>	<b>Land and buildings £000</b>	<b>Plant and machinery £000</b>	<b>Office and computer equipment £000</b>	<b>Motor vehicles £000</b>	<b>Works under construction and payments on account £000</b>	<b>Total £000</b>
Cost or valuation						
At 1 January 2015	68,351	4,468	602	57	-	73,478
Additions	-	-	24	12	300	336
Disposals	(1)	(80)	-	-	-	(81)
Intra-group transfers	279	-	-	-	(279)	-
At 31 December 2015	<u>68,629</u>	<u>4,388</u>	<u>626</u>	<u>69</u>	<u>21</u>	<u>73,733</u>
Depreciation						
At 1 January 2015	20,851	2,702	564	54	-	24,171
Charge for the year	1,087	153	20	5	-	1,265
Disposals	-	(80)	-	-	-	(80)
At 31 December 2015	<u>21,938</u>	<u>2,775</u>	<u>584</u>	<u>59</u>	<u>-</u>	<u>25,356</u>
Net book value						
At 31 December 2015	<u>46,691</u>	<u>1,613</u>	<u>42</u>	<u>10</u>	<u>21</u>	<u>48,377</u>
Net book value						
At 31 December 2014	<u>47,500</u>	<u>1,766</u>	<u>38</u>	<u>3</u>	<u>-</u>	<u>49,307</u>

Under the transitional provisions of FRS102 the Authority revalued certain land and has included this valuation as deemed cost. Note 23 sets out the impact of these changes to fixed assets, investment property and the provision for deferred tax.

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**9 Tangible fixed assets (continued)**

<b>Investment properties</b>	<b>Total £000</b>
Fair Value	
1 January 2015	17,087
Revaluation	<u>147</u>
<b>31 December 2015</b>	<b><u>17,234</u></b>

If investment properties were stated on an historical cost basis rather than a fair value basis, the amounts would have been included as follows:

	<b>Land and buildings</b>	
	<b>2015 £000</b>	<b>2014 £000</b>
Cost	5,206	5,206
Accumulated depreciation	<u>(1,732)</u>	<u>(1,661)</u>
Carrying amount	<u>3,474</u>	<u>3,545</u>

**Shoreham Old Fort**

The land owned by the Port includes Shoreham Old Fort which was acquired under the statutes establishing the Port. There have been no acquisitions or disposals of Heritage assets in the last 5 years. The Port Authority accepts its obligation to maintain access to the Fort and has consulted English Heritage in relation to the maintenance and repair of the Fort. English Heritage provided a grant in 2010 to carry out certain works, and as a result the Fort is open to the public all year round ([www.shorehamfort.co.uk](http://www.shorehamfort.co.uk)).

**10 Fixed asset investments**

Investments in subsidiary undertakings are as follows:

<b>COMPANY</b>	<b>% HELD BY GROUP</b>	<b>% HELD BY AUTHORITY</b>	<b>PRINCIPAL ACTIVITY</b>
Shoreham Port Developments & Investments Limited	100%	100%	Investment holding company
Sussex Port Forwarding Limited	100%	0%	Stevedoring and freight forwarding
The Port of Shoreham Trustee Company Limited	100%	0%	Corporate trustee to The Port of Shoreham Retirement & Death Benefit Scheme

All the subsidiaries are registered and operate in England and Wales. The cost of the investment in Shoreham Port Developments & Investments Limited is £2, being ordinary share capital.



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11 Debtors: Amounts due within one year	GROUP		AUTHORITY	
	2015 £000	2014 £000	2015 £000	2014 £000
Trade debtors	1,583	1,329	830	713
Amounts due from group undertakings	-	-	1,619	2,122
Corporation tax	20	102	-	102
Other debtors	162	96	-	5
Accrued Income	1,032	891	1,026	874
Prepayments	219	501	138	413
	<u>3,016</u>	<u>2,919</u>	<u>3,613</u>	<u>4,229</u>

12 Creditors: Amounts falling due within one year	GROUP		AUTHORITY	
	2015 £000	2014 £000	2015 £000	2014 £000
Bank loans	811	3,324	811	3,324
Hire purchase obligations	337	326	-	-
Trade creditors	1,245	1,025	639	726
Corporation tax	467	50	467	-
Other taxation & social security	100	89	65	56
Other creditors	403	424	332	371
Accruals & deferred income	1,420	1,460	1,089	971
	<u>4,783</u>	<u>6,698</u>	<u>3,403</u>	<u>5,448</u>

Included within other creditors (group) are unpaid pension contributions amounting to £75,304 (2014: £68,126).

In relation to the Authority within other creditors are unpaid pension contributions amounting to £38,971 (2014: £35,842).

13 Creditors: Amounts falling due after more than one year	GROUP		AUTHORITY	
	2015 £000	2014 £000	2015 £000	2014 £000
Bank loan	8,685	8,743	8,685	8,743
Hire purchase obligations	1,644	1,096	-	-
	<u>10,329</u>	<u>9,839</u>	<u>8,685</u>	<u>8,743</u>

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**13 Creditors: Amounts due falling after more than one year (continued)**

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

- There is a £3 million facility which is repayable on 26 November 2020, subject to interest at 1.95% above LIBOR, and is secured by an unlimited cross composite guarantee between the Group companies and against certain assets at the port.
- There is a £10 million facility which commenced repayment in June 2013 and is subject to interest at 2% above Base Rate. The loan is secured against assets of the Port.
- NatWest holds a debenture over all assets of the Port.

The maturity of bank loans due after more than one year is as follows:

Amounts payable:	GROUP		AUTHORITY	
	2015 £000	2014 £000	2015 £000	2014 £000
Repayable between one and two years	692	978	692	978
Repayable between two and five years	2,925	2,075	2,925	2,075
Repayable after more than five years	5,068	5,690	5,068	5,690
	<u>8,685</u>	<u>8,743</u>	<u>8,685</u>	<u>8,743</u>
<b>14 NET OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS</b>	<b>2015 £000</b>	<b>2014 £000</b>	<b>2015 £000</b>	<b>2014 £000</b>
Repayable within one year	337	326	-	-
Repayable between one and five years	1,159	896	-	-
Repayable after more than five years	485	200	-	-
	<u>1,981</u>	<u>1,422</u>	<u>-</u>	<u>-</u>

Hire purchase contracts relate to the acquisition of four cranes, 3 funded by Lloyds TSB Commercial Finance and 1 funded by Santander Finance. At the balance sheet date the agreements have outstanding instalments of 1, 42, 67 and 112 months and are subject to interest rates at Bank of England Base +0.85%, Bank of England Base +2.50%, 2.89% and 1.92% respectively. The liabilities are secured on the assets to which they relate.

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**15 Provisions for liabilities**

**GROUP**

	<b>Pension £000</b>	<b>Oil Terminal Provision £000</b>	<b>Deferred Taxation £000</b>	<b>Total £000</b>
1 January 2015	157	300	2,903	3,360
Utilised in the year	(9)	(92)	-	(101)
Release to the profit and loss account	-	-	(201)	(201)
Charge to other comprehensive income	-	-	261	261
31 December 2015	<u>148</u>	<u>208</u>	<u>2,963</u>	<u>3,319</u>

**AUTHORITY**

	<b>Pension £000</b>	<b>Oil Terminal Provision £000</b>	<b>Deferred Taxation £000</b>	<b>Total £000</b>
1 January 2015	157	300	2,594	3,051
Utilised in the year	(9)	(92)	-	(101)
Release to profit and loss account	-	-	(217)	(217)
Charge to other comprehensive income	-	-	213	213
31 December 2015	<u>148</u>	<u>208</u>	<u>2,590</u>	<u>2,946</u>

	<b>Group</b>		<b>Authority</b>	
	<b>2015 £000</b>	<b>2014 £000</b>	<b>2015 £000</b>	<b>2014 £000</b>
Provision for deferred tax has been made as follows:				
Deferred tax liabilities	3,448	3,674	3,068	3,353
Deferred tax assets	(485)	(771)	(478)	(759)
Net position at 31 December	<u>2,963</u>	<u>2,903</u>	<u>2,590</u>	<u>2,594</u>

The deferred tax asset of £485,000 (2014 £771,000) is expected to reverse within 12 months and relates to the utilisation of tax losses against future expected profits of the same period.

The deferred tax liability of £3,448,000 (2014 £3,674,000) is not expected to reverse within 12 months with a significant proportion relating to properties which are not expected to be sold.

The major deferred tax liabilities and assets recognised are:

	<b>GROUP</b>		<b>AUTHORITY</b>	
	<b>2015 £000</b>	<b>2014 £000</b>	<b>2015 £000</b>	<b>2014 £000</b>
Deferred tax liabilities:				
Fixed asset timing differences	762	752	424	431
Rolled over gains	184	205	184	205
Investment property value	2,023	2,228	2,023	2,228
Land fair value uplift	437	489	437	489
Other timing differences	42	-	-	-
	<u>3,448</u>	<u>3,674</u>	<u>3,068</u>	<u>3,353</u>

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**15 Provisions for liabilities (continued)**

Deferred tax assets:

	GROUP		AUTHORITY	
	2015 £000	2014 £000	2015 £000	2014 £000
Short term timing differences – pension	449	724	442	720
Other short term timing differences	36	47	36	39
	<u>485</u>	<u>771</u>	<u>478</u>	<u>759</u>

**Pension**

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

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

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 £148,000, 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.

**Oil terminal provision**

The £208,000 Oil Terminal Provision is for on-going monitoring works on the site.

**16 Financial instruments**

The carrying amounts of the Group's/Authority's financial instruments at 31 December were:

	Group		Authority	
	2015 £000	2014 £000	2015 £000	2014 £000
<b>Financial assets:</b>				
Debt instruments measured at amortised cost:				
Trade debtors	1,583	1,329	830	713
Amounts due from group undertakings	-	-	1,619	2,210
Other debtors	162	96	-	5
Accrued income	1,032	891	1,026	874
Total	<u>2,777</u>	<u>2,316</u>	<u>3,475</u>	<u>3,802</u>
<b>Financial liabilities:</b>				
Measured at amortised cost:				
Trade creditors	1,245	1,025	639	726
Other creditors	403	424	332	371
Accruals	1,420	1,460	1,089	971
Bank loans	9,496	12,067	9,496	12,067
Hire purchase obligations	1,981	1,422	-	-
Total	<u>14,545</u>	<u>16,398</u>	<u>11,556</u>	<u>14,135</u>

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**17 Borrowing powers at 31 December 2015**

ACT OR ORDER	<b>Total £000</b>
1985 (as amended by the Shoreham Port Authority Harbour Revision (Constitution) Order 2004)	50,000
Indexation to 31 December 2015	14,792
Revised Borrowing Powers at 31 December 2015	<u>64,792</u>

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

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

**18 Capital commitments**

The group had capital commitments at 31 December 2015 of £1,583,311 (2014: £911,557). Shoreham Port Authority had capital commitments at 31 December 2015 of £1,566,941 (2014: £11,000). At 31 December 2015 the group had capital commitments totalling £48,311 which had been contracted, but not provided for in the financial statements, and expenditure of £1,535,000 had been approved but not contracted.

**19 Related party transactions**

The company has taken advantage of the exemptions provided by Section 33 of FRS 102 'Related Party Disclosures' and has not disclosed transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by a member of that group.

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**20 Retirement benefits**

	<b>Gross Pension Provision £000</b>
<b>THE GROUP</b>	
At 1 January 2015	(3,621)
Movement in the year	1,164
At 31 December 2015	<u>(2,457)</u>
At 1 January 2014	(2,946)
Movement in the year	(674)
At 31 December 2014	<u>(3,620)</u>
<b>THE AUTHORITY</b>	
At 1 January 2015	(3,600)
Movement in the year	1,143
At 31 December 2015	<u>(2,457)</u>
At 1 January 2014	(2,862)
Movement in the year	(738)
At 31 December 2014	<u>(3,600)</u>

**Defined Benefit Pension Schemes**

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

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

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

Costs and liabilities of both schemes are based on actuarial valuations. The latest full actuarial valuations of the schemes were completed on 31 March 2013 (SPA scheme) and 31 December 2013 (SPF scheme). These valuations have been updated to 31 December 2015 using the projected unit method by qualified independent actuaries. The main assumptions used by the actuaries were:

	<b>SPA Scheme</b>		<b>SPF Scheme</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>% pa</b>	<b>% pa</b>	<b>% pa</b>	<b>% pa</b>
Rate of increase in salaries	3.80	3.70	2.40	2.30
Rate of increase for pensions in payment	2.40	2.30	3.30	3.20
Discount rate for scheme liability	3.80	3.40	4.00	3.60
Inflation	2.40	2.30	3.40	3.30

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**20 Retirement benefits (continued)**

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	SPA Scheme		SPF Scheme	
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
Retiring today/current pensioners				
Males	24.4	24.4	20.6	20.9
Females	25.8	25.8	23.1	23.3
Retiring in 20 years/future pensioners				
Males	26.9	26.9	22.3	22.6
Females	28.3	28.5	25.0	25.2

The expected contribution to be paid to the schemes for the next accounting period is £904,000; SPA contributions £666,000.

The expected return on scheme assets was determined by considering the expected returns available on the net assets underlying the current investment portfolio. Expected yields on bonds are based on gross redemption yields at the balance sheet date whilst expected returns on the equity and property investments reflect the long-term real rates of return experienced in the respective markets.

The actual return on assets was £634,000 (2014: £1,732,000). SPA scheme actual return on assets was a profit of £555,000 (2014: profit £1,396,000).

The assets of the schemes were:

	SPA Scheme		SPF Scheme		Total	
	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	2014 £000
Equities	10,534	9,862	1,877	1,856	12,411	11,718
Bonds	2,309	2,192	1,603	1,405	3,912	3,597
Property	1,299	959	661	610	1,960	1,569
Cash	288	685	48	75	336	760
Total market value of assets	14,430	13,698	4,189	3,946	18,619	17,644
Present value of scheme liabilities	(16,887)	(17,298)	(3,958)	(3,967)	(20,845)	(21,265)
(Liability)/asset for the scheme	(2,457)	(3,600)	231	(21)	(2,226)	(3,621)
Related deferred tax asset/(liability)	442	720	(35)	5	407	725
Net pension (liability)/asset	(2,015)	(2,880)	196	(16)	(1,819)	(2,896)

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**20 Retirement benefits (continued)**

The expected long term rates of return for each scheme were:

	SPA Scheme		SPF Scheme	
	2015	2014	2015	2014
	% pa	% pa	% pa	%pa
Equities	4.00	3.40	4.00	3.60
Bonds	4.00	3.40	4.00	3.60
Property	4.00	3.40	4.00	3.60
Cash	4.00	3.40	4.00	3.60

Analysis of the amount charged to P&L:

	SPA Scheme		SPF Scheme		Total	
	2015	2014	2015	2014	2015	2014
	£000	£000	£000	£000	£000	£000
Current service cost	(464)	(398)	(291)	(254)	(755)	(652)
Net interest on pension scheme liabilities	(119)	70	4	32	(115)	102
<b>Total</b>	<b>(583)</b>	<b>(328)</b>	<b>(287)</b>	<b>(222)</b>	<b>(870)</b>	<b>(550)</b>

The movement in the deficit in the year was:

	SPA Scheme		SPF Scheme		Total	
	2015	2014	2015	2014	2015	2014
	£000	£000	£000	£000	£000	£000
Deficit in scheme at beginning of year	(3,600)	(2,862)	(21)	(84)	(3,621)	(2,946)
Current service cost	(464)	(398)	(291)	(254)	(755)	(652)
Contributions	675	621	302	254	977	875
Other finance income	(119)	70	4	32	(115)	102
Actuarial (losses)/gains	1,051	(1,031)	237	31	1,288	(1,000)
<b>(Deficit)/surplus in scheme at end of year</b>	<b>(2,457)</b>	<b>(3,600)</b>	<b>231</b>	<b>(21)</b>	<b>(2,226)</b>	<b>(3,621)</b>

The actuarial gain above of £1,288,000 (2014: loss of £1,000,000) is shown in the statement of other comprehensive income net of a deferred tax charge of £261,000 (2014: credit of £200,000).



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**20 Retirement benefits (continued)**

Asset and liability reconciliation

	SPA Scheme		SPF Scheme		Total	
	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	2014 £000
Reconciliation of liabilities						
Liabilities at start of period	17,298	15,110	3,967	3,641	21,265	18,751
Current Service cost	464	398	291	254	755	652
Interest cost	587	691	141	169	728	860
Employee contributions	126	122	66	56	192	178
Actuarial loss/(gain)	(964)	1,665	(303)	104	(1,267)	1,769
Benefits paid	(624)	(668)	(204)	(257)	(828)	(925)
Past Service credit		-		-		-
Liabilities at end of period	<b>16,887</b>	<b>17,318</b>	<b>3,958</b>	<b>3,967</b>	<b>20,845</b>	<b>21,285</b>
Reconciliation of assets						
Assets at start of period	13,698	12,248	3,946	3,557	17,644	15,805
Expected return on assets	87	761	145	201	232	962
Actuarial gain	468	634	(66)	135	402	769
Employer contributions	675	621	302	254	977	875
Employee contributions	126	122	66	56	192	178
Benefits paid	(624)	(688)	(204)	(257)	(828)	(945)
Assets at end of period	<b>14,430</b>	<b>13,698</b>	<b>4,189</b>	<b>3,946</b>	<b>18,619</b>	<b>17,644</b>

**21 Operating lease commitments**

	Group		Authority	
	2015 £000	2014 £000	2015 £000	2014 £000
Total minimum payments under non-cancellable operating leases				
Amounts due:				
Within one year	282	12	3	2
Between one and five years	480	234	33	-
After five years	-	-	-	5
	<b>762</b>	<b>246</b>	<b>36</b>	<b>7</b>

**22 Reconciliation of Profit after Tax to Net Cash Generated From Operations**

	2015 £000	2014 £000
Profit after tax	1,503	1,585
Depreciation of tangible fixed assets	1,869	1,774
Fair value gain on investment property	(147)	(1,496)
(Decrease)/increase in provisions/pension liability	(237)	168
Interest receivable	-	(102)
Interest payable	477	396
Taxation	246	266
Gain on disposal of fixed assets	(1,481)	(1)
<b>Operating cash flows before movements in workings capital</b>	<b>2,230</b>	<b>2,590</b>
(Increase)/decrease in debtors and pension asset	(410)	363
Increase in creditors	170	404
<b>Cash generated from operations</b>	<b>1,990</b>	<b>3,357</b>

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**23 First time adoption of FRS 102**

These consolidated and authority financial statements are the first consolidated and authority financial statements of the Group prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The consolidated and authority financial statements of the Group for the year ended 31 December 2014 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in retained earnings at the transition date.

Reconciliations and descriptions of the effect of the transition to FRS 102 on;

- (i) the consolidated equity at the date of transition to FRS 102;
- (ii) the consolidated equity at the end of the comparative period;
- (iii) the consolidated profit or loss for the comparative period reported under previous UK GAAP.
- (iv) the authority equity at the date of transition to FRS 102;
- (v) the authority equity at the end of the comparative period.

Under FRS 102, the Consolidated Statement of Cash Flows presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand and overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities and financing activities separately. Under previous UK GAAP, the Consolidated Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, equity dividends paid, management of liquid resources, and financing.

<b>Reconciliations of Consolidated Equity</b>	<b>Note</b>	<b>1 January 2014 £000</b>	<b>31 December 2014 £000</b>
	<b>A</b>		
Consolidated Equity as previously stated		21,902	21,403
Fair value gain on investment properties		15,590	17,086
Revaluation of tangible assets		18,082	18,082
Transfer of net book value of freehold property		(3,616)	(3,616)
Deferred tax impact of adjustments:			
Investment property		(2,150)	(2,433)
Tangible assets		(489)	(489)
Depreciation charge reversed		-	71
Consolidated Equity as restated under FRS 102		<u>49,319</u>	<u>50,104</u>

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**23 First time adoption of FRS 102 (continued)**

<b>Reconciliation of Consolidated Profit and Loss</b>	<b>Note A</b>	<b>31 December 2014 £000</b>
Consolidated profit as previously reported under previous UK GAAP		301
Fair value gain on investment properties		1,496
Deferred tax on investment properties		(283)
Depreciation charge reversed		71
Consolidated profit reported under FRS 102		<u>1,585</u>

<b>Reconciliations of Authority Equity</b>	<b>1 January 2014 £000</b>	<b>31 December 2014 £000</b>
Capital and reserves as previously stated	22,257	21,559
Fair value gain on investment properties	15,590	17,086
Revaluation of tangible assets	18,082	18,082
Transfer of net book value of freehold property	(3,616)	(3,616)
Deferred tax impact of adjustments:		
Investment properties	(2,150)	(2,433)
Tangible assets	(489)	(489)
Depreciation charge reversed	-	71
Capital and reserves as restated under FRS 102	<u>49,674</u>	<u>50,260</u>

<b>Reconciliation of Authority Profit and Loss</b>	<b>31 December 2014 £000</b>
Profit as previously reported under previous UK GAAP	127
Fair value gain on investment properties	1,496
Deferred tax on investment properties	(283)
Depreciation charge reversed	71
Profit reported under FRS 102	<u>1,411</u>

**A – Investment property and tangible fixed assets**

Due to the change in definitions of investment properties from previous UK GAAP to FRS 102, several of the Authority's buildings were required to be reclassified from Land and Buildings to Investment Properties.

The Group considers investment properties to be those which generate income independent of the operating activities of the port and also property held for resale or development.

The properties and land were valued internally by a RICS qualified surveyor, with input from a local RICS firm. The investment properties were valued taking into account of market value and existing

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lease terms. The freehold land was valued based on the condition of the site, ongoing operational use with reference to recent transactions in port property purchase and sales.

The fair value adjustment in respect of investment properties on transition totalled £15,590,000. Deferred tax was provided on this amount, after taking into account indexation and estimate of March 1982 values, totalling £2,150,000. A further adjustment in respect of depreciation charged was made in the year ended 31 December 2014 and 2015 of £71,000 per annum.

During the year ended 31 December 2014, fair value gains on investment properties of £1,496,000 were recognised directly in reserves under previous UK GAAP. Under FRS 102, those fair value gains and losses are recognised in profit or loss, together with the associated deferred tax of £283,000.

The adjustment to the carrying value of freehold land at 1 January 2014 was £18,082,000. Deferred tax was provided on this amount, after taking into account indexation and estimate of March 1982 values, totalling £489,000.

**Summary of the restatement impact of FRS102**

The adoption of FRS102 has resulted in the reclassification of several Port properties as investment properties with a revaluation to fair value. In addition the Port took the decision to revalue the majority of the Port land and treat this as deemed cost on transition. At 31 December 2014 the impact of these two changes was an increase in Consolidated Equity of £13,470,000 and £18,082,000 respectively. The impact of accounting for the deferred tax arising on the changes was a reduction in the Consolidated Equity of £2,922,000. The total impact of adopting FRS102 on the Consolidated Equity as previously reported for 31 December 2014 was an increase of £28,701,000 from £21,403,000 as reported in the last Annual Report to £50,104,000 as shown on the Statement of Financial Position at 31 December 2015 on page 12 of this report.