Sutton Harbour Company
Directors' report and financial statements
Registered number: ZC000187
Year ended 31 March 2022

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Company information

Company registration number	ZC000187
Registered office	Sutton Harbour Office Guy's Quay Plymouth PL4 0ES
Directors	Philip H Beinhaker Graham S Miller Natasha C Gadsdon Sean J Swales Corey B Beinhaker
Company secretary	Natasha C Gadsdon
Bankers	NatWest 14 Old Town Street Plymouth PL1 1DG
Independent auditors	PKF Francis Clark Centenary House Peninsula Park Rydon Lane Exeter Devon EX2 7XE

Directors' report

The Directors present their annual report and the audited financial statements of the Company for the year ended 31 March 2022.

Principal activities

The principal activities of the Company continue to be those of a statutory harbour authority and as such the Company derives its income from providing facilities for the fishing industry, recreational boating and from property rentals. No change in the activities of the Company is anticipated.

Business review

There was a loss for the year after taxation amounting to £39,000 (2021: loss of £1,406,000).

Plymouth Fisheries trading improved during the year with both landings of fish and fuel sales increasing over 2021. Fishing remains an important component of the Harbour's vibrancy and supports direct and indirect employment. The Company is working closely with Plymouth City Council and other stakeholders on a new plan to stimulate Fisheries-related activity through the provision of new facilities which will better meet future needs of the industry and provide public access to and enjoyment of Plymouth's fishing tradition.

The Marina at Sutton Harbour traded well throughout the season with occupancy much higher than last year.

Rental income was stable compared to the previous year, with strong interest being shown in the few available units.

Principal risks and uncertainties:
Sutton Harbour Group plc and its subsidiaries, of which the Company is one, are referred to as "the Group". The management of the business and the execution of the Company's strategy are subject to a number of risks and uncertainties, which are managed in accordance with Group policies and procedures. The key business risks and uncertainties affecting the Company are considered to relate to economic conditions specifically the current increase in inflation and financing. The Group maintains a regular dialogue with bankers over progress of the Group and operates to a business plan to remain within bank facility terms. The Group regularly reviews interest rates and may enter into SONIA SWAP arrangements to manage interest risk exposure, as agreed by the Board. No SWAPs were entered into during the year.

Directors' report (continued)

Key performance indicators:
The growth and performance of the marine division of Sutton Harbour Group plc, which includes the Company, is discussed in the Executive Chairman's Report in Sutton Harbour Group plc's annual report, which does not form part of this report.

Financial risk management:
Financial risk is managed in accordance with Group policies and procedures which are discussed in the annual report of Sutton Harbour Group plc, which does not form part of this report.

Dividend

The Directors do not recommend the payment of a final dividend (2021: £nil).

Going concern

The Company meets its day to day working capital requirements through funding and is therefore reliant on bank finance in the form of Group wide term loan and revolving credit facilities. In December 2019, Sutton Harbour Group plc and subsidiary companies (the "Group") renewed its banking facilities until December 2023 (with the possibility of extending for an additional year), with two term loans totalling £22.4m and a £2.5m revolving credit facility. A £2m extension to the revolving credit was agreed in May 2021 to provide additional funding to manage the Group through the Covid-19 lockdown and recovery period. The extension expired in May 2022.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of the facilities and covenants over a period of at least twelve months from the date of approval of these financial statements.

In light of the above and considering the Group's forecast covenant compliance, in the Directors' opinion it remains appropriate to adopt the going concern basis of preparation for these financial statements.

Directors

The Directors who held office during the year and up to the date of signing the financial statements, except as otherwise stated, are detailed below:

Philip H Beinhaker
Graham S Miller
Natasha C Gadsdon
Sean J Swales
Corey B Beinhaker

A directors' and officers' liability insurance policy was maintained throughout the financial year.

Market value of land and buildings

In the opinion of the directors, the market value of the land and buildings of the Company does not significantly exceed the book values of these assets at 31 March 2022.

The Company's property assets were revalued in March 2022 by an independent external valuer.

Directors' report (continued)

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board

Natasha C Gadsdon
Company Secretary
19 July 2022

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with UK - adopted IAS. Under company law the Directors 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK - adopted IAS, 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 Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Natasha C Gadsdon

Director
19 July 2022

Independent Auditor's Report to the members of Sutton Harbour Company

Opinion

We have audited the financial statements of Sutton Harbour Company (the 'company') for the year ended 31 March 2022, which comprise the Income Statement, the Statement of other comprehensive income, the Balance sheet, the Statement of changes in equity, the Cash Flow Statement and the 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 UK-adopted International Accounting Standards (UK- adopted IAS).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with UK-adopted IAS; and
- have been 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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

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

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

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

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

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

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 5 the directors 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 directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We obtained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates. We identified the principal risks of non-compliance with laws and regulations as relating to breaches around health and safety and specifically the Port Marine Safety Code. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as financial reporting legislation (including the Companies Act 2006) and relevant taxation legislation. We considered the extent to which any non-compliance with these laws and regulations may have a negative impact on the company's ability to continue trading and the risk of a material misstatement in the financial statements.

We also evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risks related to the misstatement of the result for the year. We considered the adequacy of the design and implementation of internal controls in relation to supplier payments and cash collection.

Based on this understanding we designed our audit procedures to identify irregularities. Our procedures involved the following:

- We made enquiries of senior management as to their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements. As part of these enquiries we also discussed with management whether there have been any known instances of material fraud.
- We identified the individuals with responsibility for ensuring compliance with laws and regulations and discussed with them the procedures and policies in place.
- We obtained and reviewed the annual review of the Port Marine Safety Code and general health and safety management of Sutton Harbour performed by an external health and safety consultant.
- We reviewed minutes of meetings of senior management and those charged with governance.
- We challenged the assumptions and judgements made by management in its significant accounting estimates.
- We audited the risk of management override of controls, including through substantively testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Glenn Nicol (Senior Statutory Auditor)
PKF Francis Clark
Statutory Auditor
Centenary House
Peninsula Park
Rydon Lane
Exeter
EX2 7XE

PKF Francis Clark

19 July 2022

Income Statement

for the year ended 31 March 2022	*Note*	**2022**	2021
		£000	£000
Revenue	*4*	**4,883**	3,783
Cost of sales		**(3,589)**	(2,611)
Gross profit	*4*	**1,294**	1,172
Surplus/(deficit) on revaluation of freehold investment properties	*12*	**763**	(565)
(Deficit)/surplus on revaluation of owner occupied assets	*11*	**(186)**	(1,061)
Administrative expenses		**(546)**	(573)
Operating Profit/(loss)	*5*	**1,325**	(1,027)
Finance income	*8*	**191**	178
Finance costs	*8*	**(579)**	(562)
Profit/(loss) before tax on continuing operations		**937**	(1,411)
Taxation (charge)/credit on profit on continuing operations	*9*	**(976)**	5
(Loss)/profit for the year from continuing operations		**(39)**	(1,406)

All figures relate to continuing operations.

Statement of other comprehensive income

for the year ended 31 March 2022	*Note*	**2022**	2021
		£000	**£000**
(Loss)/profit for the year		**(39)**	(1,406)
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of property, plant and equipment	*11*	**4,531**	2,795
Deferred tax in respect of property revaluation	*9*	**(478)**	-
Total comprehensive income for the year		**4,014**	1,389

The notes on pages 13 to 35 form part of these financial statements.

Balance sheet

As at 31 March 2022

	Note	2022 £000	2021 £000
Non-current assets			
Tangible assets: other	11	**23,958**	19,752
Tangible assets: investment properties	12	**12,840**	12,030
Investments	13	**15**	15
		36,813	31,797
Current assets			
Inventories,	15	**266**	176
Trade and other receivables (including £8,890,000 due after more than one year)	16	**10,086**	9,591
Cash and cash equivalents		**942**	908
		11,294	10,675
Total assets		**48,107**	42,472
Current liabilities			
Trade and other payables	18	**1,007**	942
Finance lease liabilities	19	**165**	141
Deferred income	17	**1,691**	1,405
		2,863	2,488
Non-current liabilities			
Bank loans		**22,400**	22,500
Finance lease liabilities	19	**75**	184
Deferred tax liabilities	14	**3,226**	1,771
		25,701	24,455
Total liabilities		**28,564**	26,943
Net assets		**19,543**	15,529
Issued capital and reserves			
Called up share capital	21	**192**	192
Share premium account	21	**142**	142
Preference shares	21	**72**	72
Revaluation reserve	21	**8,566**	4,513
Retained earnings	21	**10,571**	10,610
Total equity		**19,543**	15,529

The notes on pages 13 to 35 form part of these financial statements. The financial statements were approved and authorised for issue by the Board of Directors on 19 July 2022 and were signed on its behalf by:

Natasha C Gadsdon
Director

Company number: ZC000187

Statement of changes in equity
for the year ended 31 March 2022

	Share capital £000	Share premium account £000	Preference shares £000	Revaluation reserve £000	Profit and loss account £000
At 1 April 2020	192	142	72	1,718	12,016
Loss for the year	-	-	-	-	(1,406)
Surplus on revaluation of freehold	-	-	-	2,795	-
At 31 March 2021	192	142	72	4,513	10,610
At 1 April 2021	**192**	**142**	**72**	**4,513**	**10,610**
Loss for the year	-	-	-	-	**(39)**
Deferred tax on revaluation	-	-	-	**(478)**	-
Surplus on revaluation of freehold	-	-	-	**4,531**	-
At 31 March 2022	**192**	**142**	**72**	**8,566**	**10,571**

Cash flow statement

for the year ended 31 March 2022

	2022 £000	2021 £000
Cash generated from total operating activities (note 25)	**741**	324
Cash flows from investing activities		
Net expenditure on investment property	**(47)**	(10)
Expenditure on property, plant and equipment	**(85)**	-
Net cash used in investing activities	**(132)**	(10)
Cash flows from financing activities		
Net Interest paid	**(388)**	(384)
Net repayment of capital element of finance leases	**(87)**	239
Loan repaid	**(100)**	-
Net cash (used in)/generated from financing activities	**(575)**	(145)
Net increase in cash and cash equivalents	**34**	169
Cash and cash equivalents at beginning of the year	**908**	739
Cash and cash equivalents at end of the year	**942**	908

Reconciliation of financing activities for the year ended 31 March 2022

	2022 £000	**Cash flow £000**	2021 £000	Cash flow £000	2020 £000
Bank loans	**22,400**	**(100)**	22,500	-	22,500
Finance leases	**240**	**(85)**	325	236	89
Long term debt	**22,640**	**(185)**	22,825	236	22,589

The notes on pages 13 to 35 are an integral part of these consolidated financial statements.

Notes to the Financial Statements

1 Accounting policies

Sutton Harbour Company ("the Company") is a limited company incorporated in the United Kingdom under the Companies Act 2006.

Basis of preparation

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Company financial statements. These financial statements have been prepared in accordance with UK – adopted IAS and the Companies Act 2006 applicable to companies reporting under IFRS.

Judgements made by the Directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3 to these financial statements.

Going concern

The Company meets its day to day working capital requirements through funding and is therefore reliant on bank finance in the form of Group wide term loan and revolving credit facilities. In December 2019, the Group renewed its banking facilities for three years, with two term loans totalling £22.4m and a £2.5m revolving credit facility. A £2m extension to the revolving credit was agreed in May 2021 to provide additional funding to manage the Group through the Covid-19 lockdown and recovery period. The extension expired in May 2022.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of the facilities and covenants over a period of at least twelve months from the date of approval of these financial statements. The Directors have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern.

In light of the above and considering the Group's forecast covenant compliance, in the Directors' opinion it remains appropriate to adopt the going concern basis of preparation for these financial statements.

Measurement convention
The financial statements are prepared on the historical cost basis as modified by the fair value of property.

The functional currency of the Company is pounds sterling and therefore balances are shown in the financial statements in thousands of pounds sterling, unless otherwise stated.

Property, plant and equipment

Property, plant and equipment can be divided into the following classes:

Land and buildings
Assets in the course of construction
Plant, machinery and equipment
Fixtures and fittings

Land and buildings
Land and buildings include:

Freehold and leasehold land. Where a lease has an unexpired term of more than 50 years it is considered to share the same characteristics as freehold land and is shown as such.

Properties that are mainly owner-occupied, or that are an integral part of the Company's trading operations (marina including the lock, quays, marina buildings, the fishmarket building and car parks).

Notes (continued)
(forming part of the financial statements)

1 Accounting policies ***(continued)***

Owner occupied assets are initially recorded at cost and are subsequently revalued and stated at their fair values. Fair value is based on regular valuations by an external independent valuer and is determined from market-based evidence by appraisal. Valuations are performed with sufficient regularity (at least annually) to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Where owner occupied assets (such as marinas, the fishmarket and car parks) comprise land, buildings, plant and machinery the valuation is of the asset as a whole. Any valuation movement is allocated to land and buildings only in proportion to their carrying values: plant and machinery continue to be carried at cost less accumulated depreciation (see below).

Any revaluation surplus is credited to the revaluation reserve except to the extent that it reverses a decrease in the carrying value of the same asset previously recognised in the income statement, in which case the increase is recognised in the income statement. Any revaluation deficits are recognised in the income statement, except to the extent of any existing surplus in respect of that asset in the revaluation reserve.

Assets in the course of construction
Assets in the course of construction are held at cost. Depreciation commences when the asset is fully operational as intended.

Plant, machinery and equipment, fixtures and fittings
Plant, machinery and equipment includes items used in the operation of marina, fishmarket and car park trading operations (such as pontoons, piles, ice making equipment and chillers, car parking meters). Fixtures and fittings includes building fit outs. Plant, machinery and equipment, fixtures and fittings are all stated at cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Leased assets
Leased assets acquired are stated initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Leased assets are depreciated over the shorter of the lease term and useful economic life. Lease payments are apportioned between finance charges and the reduction of lease liabilities so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statement. Leased properties are subsequently revalued to their fair value.

The treatment of assets where the lessor maintains the risks and rewards of ownership is described in the lease payments accounting policy below.

Depreciation
Depreciation is charged to the income statement over the estimated useful lives of each part of an item of property, plant, machinery and equipment, fixtures and fittings. Estimated useful lives and residual values are reassessed annually. Where parts of an item of property, plant, machinery and equipment, fixtures and fittings have different useful lives, they are accounted for as separate items. Freehold land is not depreciated. The estimated useful lives and depreciation basis of assets are as follows:

Freehold buildings	(straight line)	10 to 50 years
Leasehold buildings	(straight line)	50 years or remaining period of lease
Plant, machinery and equipment	(straight line)	4 to 30 years
Fixtures and fittings	(straight line)	4 to 10 years

Notes (continued)
(forming part of the financial statements)

1 Accounting policies *(continued)*

Investment property
Investment properties are properties which are held to earn rental income and/or for capital appreciation. Investment properties are initially measured at cost and subsequently revalued to fair value which reflects market conditions at the balance sheet date. Any gains or losses arising from changes in fair value are recognised in the income statement in the period in which they arise. Fair value is the estimated amount for which a property could be exchanged, on the date of valuation, between a willing buyer and a willing seller, in an arm's length transaction, after proper marketing, in which both parties had acted knowledgeably, prudently and without compulsion.

Some properties are held both to earn rental income and for the supply of goods and services and administration purposes. Where the different portions of the property cannot be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for the production and supply of goods and services and administration purposes.

The portfolio is valued annually by an external independent valuer, who is RICS qualified. The valuer will also have recent experience in the location and category of property being valued.

The valuations, which are supported by market evidence, are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

Rental income from investment property is accounted for as described in the revenue accounting policy.

Investment property that is redeveloped for continued future use as an investment property remains classified as an investment property while the redevelopment is being carried out. While redevelopment is taking place, the property will continue to be valued on the same basis as an investment property.

All tenant leases have been examined to determine if there has been any transfer of the risks and rewards of ownership from the Company to the tenant in accordance with IFRS 16 'Leases'. All tenant leases were determined to be operating leases. Accordingly, all the Company's leased properties are classified as investment properties and included in the balance sheet at fair value.

In accordance with IAS 40 'Investment Property', no depreciation is provided in respect of investment properties.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Inventories – development property
Land identified for development and sale, and properties under construction or development and held for resale, are included in current assets at the lower of cost and net realisable value. Net realisable value includes developer's return where applicable. Cost includes all expenditure related directly to specific projects, including capitalised interest, and an allocation of fixed and variable overheads incurred in the Company's contract activities based on normal operating capacity.

Cash and cash equivalents
Cash in the balance sheet comprises cash at bank and in hand.

Notes (continued)
(forming part of the financial statements)

1 Accounting policies *(continued)*

Impairment
The carrying amounts of the Company's assets other than investment property and inventories are considered at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where the carrying amount of an asset exceeds its recoverable amount it is impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Revenue
Revenue comprises the fair value of the consideration received or receivable, net of value-added-tax, rebates and discounts. Revenue is recognised once the value of the transaction can be reliably measured and the significant risks and rewards of ownership have been transferred. The following criteria must also be met before revenue is recognised:

Rent and marina and berthing fees
Rent from investment property and marina and berthing fees are typically invoiced in advance and are accounted for as deferred income and recorded to revenue on a straight line basis during the period to which they are earned.

Lease incentives and costs associated with entering into tenant leases are amortised over the lease term. These are held in the balance sheet within accrued income.

Other marine related revenue
Fuel sales, landing dues and other ancillary incomes, are recorded to revenue at the point of sale.

Interest income
Interest income is recognised as it becomes receivable.

Government grants
Government grants are recognised when there is reasonable assurance that the grant will be received and that the Company will comply with all conditions associated with the grant. Government grants in respect of capital expenditure are credited to reduce the initial carrying value of the related asset. Grants of a revenue nature are credited to a deferred income account and released to the income statement so as to match them with the expenditure to which they relate.

Lease payments
The Directors have considered the application of IFRS16 on its leasing arrangements. The Company has a small number of short term leases and leases of low value items and therefore continues to recognise payments made under these agreements on a straight line basis over the term of the lease.

Net financing costs
Net financing costs comprise interest payable, commitment fees on unused portion of bank facilities, amortisation of prepaid bank facility arrangement fees, unwind of discount on provisions, finance charge component of minimum lease payments made under finance leases and interest receivable on funds invested. Interest payable and interest receivable are recognised in profit or loss as they accrue, using the effective interest method.

Notes (continued)
(forming part of the financial statements)

1 Accounting policies *(continued)*

Capitalisation of borrowing costs
Borrowing costs are capitalised on qualifying assets. A qualifying asset is one that takes more than twelve months to complete. The borrowing rate applied is that specifically applied to fund the development. In the case of bank borrowings this is the weighted average cost of debt capital. Capitalisation ceases when substantially all the activities that are necessary to get the property ready for use are complete.

Employee benefits: defined contribution plans
Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Provisions
A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Taxation
Tax on the profit for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Deferred tax is recognised on all temporary differences except on the initial recognition of goodwill or on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Segment reporting
An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses and whose results are regularly reviewed by the Board.
The following operating segments have been identified:

Marine
Real Estate
Car Parking
Regeneration

Notes (continued)
(forming part of the financial statements)

1 Accounting policies ***(continued)***

Revenue included within each segment is as follows:

Marine:
Marina and commercial berthing fees
Fishmarket landing dues
Other marine related revenue including fuel sales and other ancillary income

Real Estate:
Rent

Costs, assets and liabilities are allocated to each business segment based on the revenue that they are used to generate.

Trade Receivables
Trade receivables are initially measured at the transaction price less impairment. In measuring the impairment, the Company has applied the simplified approach to expected credit losses as permitted by IFRS9. Expected credit losses are assessed by considering the Company's historical credit loss experience, factors specific for each receivable, the current economic climate and expected changes in forecasts of future events. Changes in expected credit losses are recognised in the Company income statement.

Trade Payables
Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. They are initially recognised at fair value and subsequently carried at amortised cost.

Notes (continued)
(forming part of the financial statements)

2 Financial risk management

Fair values
IFRS 13 requires disclosure of fair value measurements for balance sheet financial instruments by level according to the following measurement hierarchy:

- Level 1: Quoted prices unadjusted in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly as prices or indirectly derived from prices; and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

The Company does not hold any Level 1 balance sheet financial instruments.

Capital risk management
The capital structure of the Company consists of net debt which includes the borrowings disclosed below and shareholders' equity comprising issued share capital, reserves and retained earnings.

The capital structure of the Company is reviewed annually with reference to the costs applicable to each element of capital, future requirements of the Company, flexibility of capital drawdown and availability of further capital should it be required.

The Company paid a dividend of £nil (2021: £nil) in the year. The Board is not recommending the payment of a dividend for the year ended 31 March 2022.

Bank borrowing facilities and financial covenants
The Company meets its day to day working capital requirements through funding and is therefore reliant on bank finance in the form of Group wide term loan and revolving credit facilities. In December 2019, Sutton Harbour Group plc and subsidiary companies (the "Group") renewed its banking facilities until December 2023, with two term loans totalling £22.4m and a £2.5m revolving credit facility. In May 2021 the Group agreed an amendment with bankers to extend the maximum facility to £27m for a further twelve months to provide additional headroom to manage the financial impact of the Covid-19 crisis.

The banking facilities include financial covenants, including (i) a measure of EBITDA to interest covenant (ii) a debt to fair value of property valuation covenant and (iii) a capital expenditure covenant. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of the facilities and covenants over a period of at least twelve months.

Liquidity risk
The Company is part of the overall financing of the Group which uses financial instruments, comprising bank borrowing and various items including trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The main risk arising from the Group financial instruments is liquidity risk. The Group seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Short-term flexibility is achieved by overdraft facilities. The Group has the ability to manage its liquidity through the timing of development projects and also the timing of the sale of assets.

Notes (continued)
(forming part of the financial statements)

2 Financial risk management *(continued)*

Contractual maturity
The following tables analyse the Company's financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the tables are the contractual undiscounted cash flows including principal.

As at 31 March 2022:

	Total	0 – <1years	1 to <2years	2 to <5years
	£000	£000	£000	£000
Bank loans*	(22,400)	-	(22,400)	-
Trade and other payables*	(1,007)	(1,007)	-	-
Lease liabilities*	(240)	(165)	(75)	-
	(23,647)	(1,172)	(22,475)	-

As at 31 March 2021:

	Total	0 to <1years	1 to <2years	2 to <5years
	£000	£000	£000	£000
Bank loans*	(22,500)	-	-	(22,500)
Trade and other payables*	(942)	(942)	-	-
Lease liabilities*	(325)	(141)	(184)	-
	(23,767)	(1,083)	(184)	(22,500)

* financial liabilities at amortised cost

Credit risk
Many of the Company's customers are required to pay for services in advance of supply which reduces the Company's exposure to credit risk. Property rentals and marina berthing are examples of this. The Company pursues debtors vigorously where credit terms have been exceeded. The credit quality of the Company's financial assets can be summarised as follows:

	2022	2021
	£000	£000
Trade receivables:		
New customers (less than 12 months)	36	11
Existing customers (more than 12 months) with no defaults in the past	319	496
Existing customers (more than 12 months) with some defaults in the past	72	81
Total trade receivables net of provision for impairment	427	588

Commodity price risk
The Company experiences volatile fuel prices throughout the year. The Company only acts as a reseller of fuel at the fishmarket and marina. The sales prices are derived from the price paid for fuel and therefore fuel price exposure is no longer considered a risk.

Notes (continued)
(forming part of the financial statements)

2 Financial risk management *(continued)*

Sensitivity analysis

Interest rates

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in interest rates would have an impact on consolidated earnings.

At 31 March 2022, it is estimated that a general increase of a percentage point in interest rates (being the best estimate of future anticipated changes in interest rates), ignoring hedging, would have decreased the Company's profit before tax from continuing operations by approximately £220,000 (2021: £220,000). Net assets would have decreased by the same amount.

Valuation of investment property and property held for use in the business

Land & buildings valuations are complex, require a degree of judgement and are based on data, some of which is publicly available and some that is not. We have classified the valuations of our property portfolio as level 3 as defined by IFRS 13 Fair Value Measurement. Level 3 means that the valuation model cannot rely on inputs that are directly available from an active market. All other factors remaining constant, an increase in trading income would increase valuation, whilst an increase in equivalent nominal yield would result in a fall in value and vice versa.

In establishing fair value the most significant unobservable input is considered to be the appropriate yield to apply to the trading income. This is based on a number of factors including the maturity of the business and trading and economic outlook.

Yields applied across the trading and investment assets are in the range of 4.35% – 9.99% with the average yield being 6.99%. Assuming all else stayed the same; a decrease of 1.0% in the average yield would result in an increase in fair value of £2.722m. An increase of 1.0% in the average yield would result in a corresponding decrease in fair value of £2.108m.

These assets were independently valued by Jones Lang LaSalle ("JLL") at 31 March 2022. The valuation by JLL was in accordance with the Practice Statements in the Valuations Standards (The Red Book) published by the Royal Institution of Chartered Surveyors, on a market-based evidence approach, which is consistent with the required IFRS 13 methodology.

3 Accounting estimates and judgements

The preparation of financial statements in conformity with UK adopted IAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements that are not readily apparent from other sources. 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the areas that require the use of estimates and judgement that may impact the Company's balance sheet and income statement:

a) The valuation of investment property and property held for use in the business as at 31 March 2022 was £12,840,000 and £23,775,000 respectively (2021: £12,030,000 and £19,550,000 respectively). In determining the fair value of properties, the Board relies on external valuations carried out by professionally qualified independent valuers in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors. The valuation of investment properties uses estimated rental yields for each property based on market evidence at the date the valuation is carried out. Judgement is exercised in determining future rental income or profitability of the relevant properties. Within the valuation of property held for use in the business, judgment is required to allocate the valuation between land and buildings.

Notes (continued)
(forming part of the financial statements)

3 Accounting estimates and judgements *(continued)*

b) The Board exercises judgement in determining whether properties should be classified as investment property or development inventory and this is done by reference to criteria including whether the property is being marketed for sale in the ordinary course of business and the nature of the development activity ongoing (including planning applications and development of proposals for submission to the relevant authorities).

c) Determining the net realisable value of development property (2022: £177,000; 2021: £130,000), The Board has exercised judgement in determining the net realisable value of development property, taking into account expected costs to complete and future sale proceeds, and hence whether any write-down of development property is required. Incorporated in the appraisal of net realisable value are judgements about: disposal revenue and/or investment value at completion; project formulation (including mix of development uses and development density); full development cost; amounts payable to third parties (for example, sharing of proceeds with local authority and repayment of grants in the case of development of the former airport site); financing costs; time value of money; and, allowance for contingency.

Notes (continued)
(forming part of the financial statements)

4 Segment results

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors considers the business from an operational perspective as the Group has only one geographical segment, with all operations being carried out in the United Kingdom. Details of the types of revenue generated by each segment are given in note 1.

The Board of Directors assesses performance using segmental operating profit. The segment information provided to the Board of Directors for the reportable segments for the year ended 31 March 2022 is as follows:

Year ended 31 March 2022	**Marine**	**Real Estate**	**Regeneration**	**Total**
	£000	**£000**	**£000**	**£000**
Revenue	4,197	686	-	4,883
Gross profit	882	427	(15)	1,294
Segmental Operating Profit before Fair value adjustment and unallocated expenses				
Fair value adjustment on investment properties and fixed assets	(186)	763	-	577
	696	1,190	(15)	1,871
Unallocated:				
Administrative expenses				(546)
Operating profit				1,325
Financial income				191
Financial expense				(579)
Profit before tax on continuing operations				937
Taxation				(976)
Loss for the year from continuing operations				(39)

Depreciation charge	
Marine	196
Unallocated	28
	224

Notes (continued)
(forming part of the financial statements)

4 Segment results *(continued)*

Year ended 31 March 2021	**Marine £000**	**Real Estate £000**	**Regeneration £000**	**Total £000**
Revenue	3,058	725	-	3,783
Gross profit	647	534	(9)	1,172
Segmental Operating Profit before Fair value adjustment and unallocated expenses	647	534	(9)	1,172
Fair value adjustment on investment properties and fixed assets	(1,061)	(565)	-	(1,626)
	(414)	(31)	(9)	(454)
Unallocated:				
Administrative expenses				(573)
Operating loss				(1,027)
Financial income				178
Financial expense				(562)
Loss before tax on continuing operations				(1,411)
Taxation				5
Loss for the year from continuing operations				(1,406)

Depreciation charge	
Marine	206
Unallocated	28
	234

Assets and liabilities

	2022 £000	2021 £000
Segment assets:		
Marine	**24,904**	19,697
Real Estate	**13,063**	12,446
Regeneration	**177**	135
Total segment assets	**38,144**	32,278
Unallocated assets:		
Property, plant & equipment	**61**	79
Trade & other receivables	**8,960**	9,207
Cash and cash equivalents	**942**	908
Total assets	**48,107**	42,472

Notes (continued)
(forming part of the financial statements)

4 Segment results ***(continued)***

	2022	2021
	£000	£000
Segment liabilities:		
Marine	**2,001**	1,844
Real Estate	**290**	382
Regeneration	**121**	81
Total segment liabilities	**2,412**	2,307
Unallocated liabilities:		
Bank overdraft & borrowings	**21,697**	22,825
Trade & other payables	**1,231**	40
Deferred tax liabilities	**3,226**	1,771
Total liabilities	**28,566**	26,943
Additions to property, plant and equipment		
Marine	**85**	136
Unallocated	**-**	-
Total	**85**	136

Unallocated assets included in total assets and unallocated liabilities included in total liabilities are not split between segments as these items are centrally managed.

Unallocated expenses include central administrative costs that cannot be split between the various business segments because they are incurred in assisting the Company generate revenues across all business segments.

Revenue can be divided into the following categories:

	2022	2021
	£000	£000
Sale of goods	**1,869**	956
Rental income	**867**	725
Provision of services	**2,147**	2,102
	4,883	3,783

No revenues from any one customer represented more than 10% of the Company's revenue for the year.

Notes (continued)
(forming part of the financial statements)

5 Operating result

	2022 £000	2021 £000
Operating profit is stated after charging/(crediting)		
Depreciation of tangible fixed assets – owned	**224**	234
Operating lease rentals – plant and machinery	**12**	12
Operating lease rentals – other	**14**	14
Rental income from investment property	**(867)**	(725)
Revaluation of investment property	**(763)**	565
Deficit/(surplus) on revaluation of owner occupied assets	**186**	1,061

6 Services provided by the Company's auditors

	2022 £000	2021 £000
Fees payable to Company's auditors for the audit of these financial statements	**20**	15
Tax compliance services	**-**	-

7 Staff numbers and costs and directors' remuneration

Staff costs (including executive directors) during the year were as follows:

	2022 £000	2021 £000
Wages and salaries	**1,172**	1,098
Social security costs	**121**	111
Other pension costs	**174**	175
	1,467	1,384

The above figures reflect the wages and salaries paid by Sutton Harbour Company during the year, however, in the year to 31 March 2022, £425,000 (2021: £488,000) of staff costs were recharged to other Group Companies.

The monthly average number of employees (including executive directors) of the Company during the year was as follows:

	Average number of employees	
By activity:	**2022**	2021
Administration	**6**	7
Marine Activities	**21**	20
Property and Regeneration	**1**	1
	28	28

Notes (continued)
(forming part of the financial statements)

7 Staff numbers and costs and directors' remuneration *(continued)*

Remuneration in respect of all Directors was as follows:

	2022 £000	2021 £000
Aggregate emoluments	**423**	420
Company contributions to money purchase pension schemes	**32**	32
	455	452

The remuneration reflects the remuneration paid to Directors by Sutton Harbour Company during the year, however, £227,000 of Directors remuneration has been recharged to other Group companies (2021: £181,000). During the year, one Director (2021: one) participated in money purchase pension schemes. The amounts set out above include remuneration in respect of the highest paid director as follows:

	2022 £000	2021 £000
Aggregate emoluments and long-term incentive schemes	**160**	160
Company contributions to money purchase pension schemes	**-**	-
	160	160

8 Finance income and finance costs

	2022 £000	2021 £000
Interest receivable on loans to Group companies	**191**	178
Other finance income	**-**	-
Finance income	**191**	178
Interest payable on bank loans and overdrafts	**(564)**	(548)
Interest payable on finance leases	**(15)**	(14)
Finance costs	**(579)**	(562)
Net finance income/(costs)	**(388)**	(384)

Borrowing costs capitalised in the year amounted to £nil (2021: £nil).

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 3.2% (2021: 3.2%).

Notes (continued)
(forming part of the financial statements)

9 Taxation

The tax credit represents:

	2022		2021	
	£000	**£000**	£000	£000
Current tax				
UK corporation tax on profits of the year	-		-	
Adjustments in respect of prior years	-		-	
Total current tax				-
Deferred tax (see note 14)				
Origination and reversal of timing differences	**930**		(50)	
Change in tax rate to 25% (2021: 19%)	**-**		-	
Adjustments in respect of prior years	**46**		45	
Total deferred tax		**976**		(5)
Tax charge/(credit) on profit on ordinary activities		**976**		(5)

An amount of £478,000 (£nil 2021) of deferred tax in respect of property revaluation has gone through other comprehensive income.

Factors affecting the charge for the year

The tax assessed for the year is higher (2021: lower) than the standard rate of corporation tax in the UK of 19% (2021: 19%).
The differences are explained below:

	2022	2021
	£000	£000
Profit/(loss) on ordinary activities before tax	**937**	(1,411)
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% *(2021: 19%)*	**178**	(268)
Effects of:		
Origination and reversal of timing differences	**-**	-
Expenses not deductible	**(78)**	348
Movement on potential chargeable gain on revaluation	**-**	(107)
Utilisation of tax losses	**56**	(24)
Adjust closing deferred tax to average rate	**774**	-
Adjustments in respect of prior periods	**46**	46
Tax charge/(credit) for the year	**976**	(5)

10 Dividend

During the year ended 31 March 2022 a dividend of £nil was paid in respect of previous periods (2021: £nil). No dividends were proposed at the end of the year (2021: £nil).

The Board of Directors does not propose a final dividend for the year ended 31 March 2022 (2021: £nil).

Notes (continued)
(forming part of the financial statements)

11 Tangible fixed assets

	Land and buildings £000	Assets in the course of Construction £000	Plant, machinery and equipment, fixtures and fittings £000	Total £000
Cost or revaluation				
At 1 April 2020	17,417	684	1,128	19,229
Additions	80	1	55	136
Disposals	-		(157)	(157)
Grants received	-	(135)	-	(135)
Transfers	475	(475)	-	-
Revaluation to profit and loss	(1,061)	-	-	(1,061)
Revaluation to reserves	2,795	-	-	2,795
At 31 March 2021	19,706	75	1,026	20,807
Additions	45	3	37	85
Disposals	-	-	(27)	(27)
Revaluation to profit and loss	(185)	-	-	(185)
Revaluation to reserves	4,531	-	-	4,531
At 31 March 2022	24,097	78	1,036	25,211
Accumulated depreciation				
At 1 April 2020	392	-	582	974
Charge for the financial year	140	-	94	234
Eliminated on disposals	-	-	(153)	(153)
At 31 March 2021	532	-	523	1,055
Charge for the financial year	123	-	101	224
Eliminated on disposals			(26)	(26)
At 31 March 2022	655	-	598	1,253
Net book value				
At 31 March 2021	19,174	75	503	19,752
At 31 March 2022	23,442	78	438	23,958

Notes (continued)
(forming part of the financial statements)

11 Tangible fixed assets *(continued)*

Revaluations
Land and buildings are measured using the revaluation model as set out in note 2. These assets were independently valued by Jones Lang LaSalle ("JLL") at 31 March 2022. The valuation by JLL was in accordance with the Practice Statements in the Valuations Standards (The Red Book) published by the Royal Institution of Chartered Surveyors, on a market-based evidence approach.

At 31 March 2022, had the freehold land and buildings been measured using the cost model (historical cost less accumulated depreciation and accumulated impairment losses), their carrying value would be £17,232,000 (2021: £17,187,000).

The Company's obligations under finance leases are secured by the lessor's title to the fixed assets. The carrying value of plant, machinery and equipment which is subject to finance leases is £519,000 (2021: £473,000).

12 Investment properties

	2022	2021
At fair value:	**£000**	£000
Balance at the beginning of the year	**12,030**	12,585
Additions – arising from capitalised subsequent expenditure	**47**	10
Fair value adjustments	**763**	(565)
Balance at the end of the year	**12,840**	12,030

These assets were independently valued by Jones Lang LaSalle ("JLL") at 31 March 2022. The valuation by JLL was in accordance with the Practice Statements in the Valuations Standards (The Red Book) published by the Royal Institution of Chartered Surveyors, on a market-based evidence approach.

13 Fixed asset investments

	£000
Cost and net book value	
At 1 April 2020	**15**
Additions/disposals	**-**
At 31 March 2021	**15**
Additions/disposals	**-**
At 31 March 2022	**15**

Investments include paintings and antiques held in the Company's possession.

Notes (continued)
(forming part of the financial statements)

14 Deferred tax

	Deferred taxation £000
At 31 March 2021	1,772
Charged to the profit and loss account during the year	976
Charged through other comprehensive income	478
At 31 March 2022	**3,226**

The elements of deferred taxation are as follows:

	2022 £000	2021 £000
Trading losses	**(2)**	(118)
Difference between accumulated depreciation and capital allowances	**1,669**	1,182
Deferred tax on recognised gains on investment and owner occupied properties	**1,559**	708
	3,226	1,772

15 Inventories

	2022 £000	2021 £000
Stores and materials	**17**	14
Finished goods and goods for resale	**72**	32
Development properties	**177**	130
	266	176

Included within inventories is £177,000 (2021: £130,000) expected to be recovered in more than 12 months.
Inventories to the value of £1,562,000 were recognised as an expense in the year (2021: £966,000).
Interest capitalised during the year in relation to development property was £nil (2021: £nil).

16 Trade and other receivables

	2022 £000	2021 £000
Trade receivables	**436**	599
Provision for impairment of trade receivables	**(9)**	(11)
	427	588
Expected loss rate of trade receivables	**2%**	2%
Amounts owed by Group undertakings	**8,890**	8,202
Other receivables	**56**	49
Prepayments and accrued income	**713**	752
	10,086	9,591

Included within trade and other receivables is £8,890,000 (2021: £8,202,000) expected to be recovered in more than 12 months.

The fair value of trade and other receivables classified as loans and receivables are not materially different to their carrying values.

Notes (continued)
(forming part of the financial statements)

The provision for impairment of trade receivables is arrived at by using the historic loss rate and adjusting for current expectations, customer base and economic conditions. With historic and expected future losses being low, the Directors consider it appropriate to apply a single average rate for expected credit losses to the overall population of trade receivables.

17 Deferred income

Deferred income classified as current liabilities comprises advance rental income and advance marina fees.
Deferred government grants relate to grants received in relation to the fit out of units at the fishmarket, floating walkways within the lock and for construction of the new ice plant and chill chain.

	Deferred income		Deferred government grants	
	2022	2021	**2022**	2021
	£000	£000	**£000**	£000
At the beginning of the year	**1,405**	1,227	-	-
Released to the income statement	**(1,405)**	(1,227)	-	-
Income and grants received and deferred	**1,691**	1,405	-	-
At the end of the year	**1,691**	1,405	-	-
Current	**1,691**	1,405	-	-
Non-current	-	-	-	-

18 Trade and other payables

	2022	2021
	£000	£000
Trade payables	**551**	516
Other tax and social security	**156**	137
Other payables and accruals	**300**	289
	1,007	942

19 Lease liabilities

Minimum lease payments, capital element of lease payments

	2022	2021
	£000	£000
Amounts payable under lease liabilities:		
Within one year	**165**	141
In the second to fifth years inclusive	**75**	184
	240	325
Less: future finance charges	-	-
Present value of lease obligations	**240**	325

It is the Company's policy to lease certain of its property, plant and equipment under leases. The average lease term is 2.1 years (2021: 1.9 years). For the year ended 31 March 2022, the average effective borrowing rate was 3.2% (2021: 3.2%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in sterling and the fair value of the Company's lease obligations approximates to their carrying amount.

Notes (continued)
(forming part of the financial statements)

20 Employee benefits

Pension plans
Defined contribution plans
The Company operates a number of defined contribution pension plans.
The total expense relating to these plans in the current year was £174,000 (2021: £175,000). There were no amounts outstanding or prepaid at the year end (2021: £nil).

21 Capital and reserves

	2022	2021
	£	£
767,600 ordinary shares of 25p each	**191,900**	191,900
80,000 4% Voting preference stock units of 25p each	**20,000**	20,000
118,300 4% Non-voting preference stock units of 25p each	**29,575**	29,575
87,700 3.5% Non-voting preference stock units of 25p each	**21,925**	21,925

In respect of ordinary shares and voting preference stocks, voting rights are as follows:

i) For the first £250 of share capital, holders are entitled to one vote for each complete £1 nominal value;

ii) For the next £2,250 of share capital, holders are entitled to one vote for each complete £5 of nominal value;

iii) For the balance of share capital, holders are entitled to one vote for each complete £10 of nominal value.

Other reserves
Called up share capital
The called up share capital and share premium accounts represents equity share capital.

Share premium account
The share premium account represents premiums paid over the nominal value of share capital issued.

Revaluation reserve
The revaluation reserve relates to the revaluation of land and buildings included within property, plant and equipment.

Profit and loss account
The profit and loss account represents retained profits.

Notes (continued)
(forming part of the financial statements)

22 Leases

Leases as lessor
The Company leases certain properties (see note 11). The future minimum lease rentals receivable under non-cancellable leases are as follows:

	2022	2021
	£000	£000
Investment property:		
Less than one year	**697**	1,298
Between one and five years	**2,475**	3,486
More than five years	**19,551**	23,975
	22,723	28,759
Owner-occupied properties:		
Less than one year	**16**	35
Between one and five years	**60**	139
More than five years	**0**	113
	76	287

During the year ended 31 March 2022 £824,000 (2021: £757,000) was recognised as rental income in the income statement.

The Company does not have any contractual obligations in relation to the repairs and maintenance of investment property, as all such work is carried out by an in-house maintenance team.

Owner-occupied property is classified within property, plant and equipment on the balance sheet, reflecting their principal use in the business.

Leases on the properties have terms between 5 years and 125 years in length and cannot be cancelled before the end of the lease, unless there is a break clause. Rent reviews usually occur at five year intervals.

23 Capital commitments

There were no capital commitments at 31 March 2022.

24 Contingent liabilities

The Company has given an unlimited guarantee in respect of bank borrowings of all Group companies. At 31 March 2022, these borrowings amounted to £22,800,000 (2021: £25,200,000). The Company has provided a guarantee to its parent company, Sutton Harbour Group plc, in respect of an intercompany balance payable by its sister company Sutton Harbour Projects Limited of £15,780,000 (2021: £15,197,000).

Notes (continued)
(forming part of the financial statements)

25 Cash flow statements

	2022 £000	2021 £000
Cash flows from operating activities		
(Loss)/profit for the year from continuing operations	**(39)**	(1,406)
Adjustments for:		
Taxation on (loss)/profit from continuing activities	**976**	(5)
Financial expense	**388**	384
Fair value adjustments on investment property	**(763)**	565
Revaluation of property, plant and equipment	**186**	1,061
Depreciation	**224**	234
Cash generated from continuing operations before changes in working capital and provisions	**972**	833
Decrease/ (increase) in inventories	**(90)**	(10)
Decrease/ (increase) in trade and other receivables	**(495)**	(770)
Decrease /(increase) in trade and other payables	**67**	94
(Increase)/decrease in deferred income	**287**	177
Cash generated from continuing operations	**741**	324

26 Ultimate controlling party

The Company's immediate and ultimate parent undertaking is Sutton Harbour Group plc which is registered in England and Wales. The ultimate controlling party is FB Investors LLP, which is owned jointly by Beinhaker Design Services Limited and 1895 Management Group ULC, and owns 73.0% of the issued share capital of Sutton Harbour Group plc.

The smallest and largest Group of undertakings for which Group financial statements have been drawn up is that headed by Sutton Harbour Group plc. Copies of the Group accounts can be obtained from the registered office, Sutton Harbour Office, Guy's Quay, Sutton Harbour, Plymouth, PL4 0ES.