

**States of Guernsey**

**States' Trading Supervisory Board**

**Ports**

**Annual Report and Audited Financial Statements**

**For the year ended 31 December 2023**

# States' Trading Supervisory Board Ports

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# States' Trading Supervisory Board Ports

## States' Trading Supervisory Board Members, Principal Officers and Professional Advisers

### States' Trading Supervisory Board Members

Deputy P. Roffey	President
Deputy C. Parkinson	
Deputy N. Moakes	
Mr S. Falla CBE	Resigned 27 September 2023
Dr S. Thornton	
Mr M. Thompson	Appointed 27 September 2023

The constitution of the States' Trading Supervisory Board ("STSB") provides that the membership of the STSB shall be a President and two members who shall be sitting members of the States and up to two voting members who shall not be sitting members of the States. If and when the STSB is inquorate and an urgent decision is required, the States' Rules of Procedure allow for the insufficiency of members to be replaced by members of the States chosen, in the first instance, from members of the Policy & Resources Committee.

### Principal Officers to the States' Trading Supervisory Board

Mr S. Elliott, Managing Director, States Trading Group  
Mr A. Ford, Head of Shareholder Executive, States Trading Group  
Mr M. Salmon, Finance Business Partner, States Trading Group

### Ports Board Members

Mr S. Falla CBE	Chairman - Resigned 27 September 2023
Dr S. Thornton	Chairman - Appointed 27 September 2023
Deputy P. Roffey	
Mr S. Holden	non-voting adviser
Mr B. Smillie	non-voting adviser
Mr R. Coppolo	non-voting adviser
Mr B. Le Huray	non-voting adviser - Resigned 24 August 2023
Mr C. Le Ray	non-voting adviser
Mr C. McGinn	non-voting adviser - Resigned 25 August 2023
Mr B. Bell	non-voting adviser - Appointed 7 August 2023

At its meeting of 4 May 2017, the STSB agreed to establish political sub-committees (company boards) for the trading assets including the Ports.

The constitution of the Ports Board ("PB") was determined by the STSB at its meeting 4 May 2017.

Further information on the role of the PB is provided in the section on Corporate Governance.

# States' Trading Supervisory Board Ports

## States' Trading Supervisory Board Members, Principal Officers and Professional Advisers – continued

### Principal Officers to the Ports Board

Mr C. Le Ray, Managing Director, Ports

Mr D. Barker, Harbourmaster, Harbour

Mr C. McGinn, Senior Finance Manager, Ports - Resigned 25 August 2023

Mr B. Bell, Senior Finance Manager, Ports - Appointed 7 August 2023

Mr R. Coppolo, Chief Operating Officer, Ports

Mr B. Le Huray, Chief Commercial & Infrastructure Officer, Ports - Resigned 24 August 2023

Mr D. Wright, Head of Delivery and Development, Ports

In these Financial Statements any reference to "President" refers to the President of the STSB and any reference to "Chairman" refers to the Chairman of the PB.

### Legal Advisers

Law Officers of the Crown

St James Chambers

St James Street

St Peter Port

GY1 2PA

### Independent Auditor

Grant Thornton Limited

St James Place

St James Street

St Peter Port

GY1 2NZ

# States' Trading Supervisory Board Ports

## Chairman's Report

Despite the fact that the Ports operating loss was below budget, I'm disappointed to report that the Ports operating loss of £2.4m was worse than the prior year's result of £2.0m.

The £2.2m increase in income compared to 2022, driven by improvements in passenger movements, was outstripped by the growth in costs as high inflation put pressure on Ports' pay and non-pay costs.

The first phase of a review of Guernsey Ports finances was completed in June 2023, and has resulted in a series of above inflation increases in existing tariffs which will apply from 2024. The second phase of a review of Guernsey Ports finances, commenced in early 2024 and will be considering opportunities for cost savings and efficiencies, which will begin to be applied from 2025. We have identified several commercial opportunities that we will be pursuing as our limited resources permit.

The need to balance the affordability of the proposed increases against the need to reduce requirement for taxpayer subsidies at Guernsey Ports has remained a priority for the Board throughout a period of consultation. Some challenge to the proposed increases has been advanced in the States of Deliberation. The Board has recognised some concern expressed over these proposals and will reflect further on the potential impact any further rises will have before they make further proposals.

The airport is open over 15 hours a day for 7 days a week providing vital connectivity for the Island. Returning the airport to profitability and maintaining the current service levels will be a particular challenge without ongoing central funding.

Going into my first full year as Chairman of the Ports I would like to thank all the dedicated staff and employees for continuing to meet the demands of the business in another busy year of change. Their ongoing commitment to maintain and provide the lifeline links to the Island is greatly appreciated and not taken for granted.

Dr S Thornton  
Chairman  
Ports Board

# States' Trading Supervisory Board

## Ports

### Managing Director's Report

STSB presents its annual report and the audited financial statements for the year ended 31 December 2023. These comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 26.

### Principal activities

The Airport provides for safe and expeditious movement of commercial and private aircraft, passengers and cargo to and from the Island on the most cost-effective basis.

The Airport also looks to ensure that policies, facilities and services are commensurate with the requirements of the Island in respect of air transport services, general aviation and meeting appropriate Aviation Regulatory Standards.

The Harbours provide essential services including sea passenger and freight facilities for the commercial operators. Additional facilities include the provision of berthing and/or marina facilities for local and visiting boat-owners, together with berthing and handling facilities for the commercial sea transport requirements of the Island.

The finances of the Harbours of St Peter Port and St Sampson and the Airport have been presented in an amalgamated format since 1962, following a States of Guernsey Resolution in the Billet D'État XVI, 1961, on the basis that the Ports exist for the common purpose of facilitating the entry and exit from Guernsey of goods and passengers and that the States of Guernsey, as owners of the Ports, are responsible for the expenditure needed to provide such facilities. Uneconomic expenditure may be forced upon them from time to time by the vagaries of the demand for facilities as between one port and another.

Under this group arrangement the trading position of the Guernsey Airport and Guernsey Harbours is separately identified, but the assets and liabilities are consolidated in recognition of the States of Guernsey's strategic asset in the form of the combined Ports.

### Our customers

The Ports' client base comprises commercial airlines and shipping companies, along with freight handlers, cruise ships and owners of private planes and vessels. The team is aware that a number of these clients pass on their costs to their ultimate customers who are largely residents of the Island.

# States' Trading Supervisory Board

## Ports

### Managing Director's Report - continued

#### Overview

In 2023 we realised an improvement in both passenger movements and in income when compared to 2022. Total revenue at the Ports was £23.5m, an improvement of +£2.2m on 2022. A total of 958,269 passenger movements were recorded at Guernsey Airport and Guernsey Harbour in 2023, representing an increase of +16% at the Harbour and +6% at the Airport, when compared to 2022.

Despite this improvement year-on-year, the impacts of COVID are still presenting challenges for the Ports. Airport and Harbour passenger numbers in 2023 sit at 81% and 84% of 2019 levels of travel respectively. Overall, this represents a reduction of over 200,000 passengers since 2019, and there is now some evidence that the current level of passenger volume represents a resetting of future passenger demand for the Ports.

The reduction in passenger numbers and the financial challenges that presents, was the key driver in the commissioning of work to review tariffs, operating expenses and income opportunities, with the aim of providing financial sustainability for Guernsey Ports' within the next 3 years (2024 – 2026).

#### Financial performance

The suppressed demand for travel through Guernsey Ports post-COVID-19 continues to influence the Ports' finances. Despite the £2.2m (11%) increase in income compared to 2022, the Ports made a loss of £4.9m in 2023 (2022: deficit £4.3m). As shown in the table below the harbour surplus was similar to last year at £0.8m, but the loss at the airport widened to £5.6m.

	<b>Actual 2023 £'000</b>	<b>Budget 2023 £'000</b>	<b>Actual 2022 £'000</b>
Airport revenue	<b>11,961</b>	11,655	10,532
Harbour revenue	<b>11,524</b>	10,313	10,698
<b>Total revenue</b>	<b>23,485</b>	21,968	21,230
Airport (deficit) for the financial year	<b>(5,563)</b>	(5,443)	(4,940)
Harbour surplus/(deficit) for the financial year	<b>850</b>	(679)	836
Net investment loss and interest expense	<b>(165)</b>	(50)	(152)
<b>Total (deficit) for the financial year</b>	<b>(4,878)</b>	(6,172)	(4,256)

# States' Trading Supervisory Board

## Ports

### Managing Director's Report - continued

Continued pressures on revenue streams have resulted in significant additional challenges on cash and funding. Cash & cash equivalents realised a closing deficit balance as at 31 December 2023 of £3,198k after cash funding provided by the Policy & Resources Committee ("P&RC") totalling £4,868k for the year. An overdraft facility has been extended through 2024 whilst recovery plans continue to be established and delivered.

### Operational performance

	2023	2022	Change %
<b>Passenger movements</b>			
Airport	697,021	655,588	6%
Harbour	261,248	225,894	16%
<b>Total</b>	<b>958,269</b>	<b>881,482</b>	<b>9%</b>
<b>Airport</b>			
Mandatory occurrence reporting	105	61	72%
Aircraft accidents	0	1	(100%)
<b>Full time equivalent employees</b>			
Airport	127	123	3%
Harbour	98	84	16%

### Capital Programme

Last year Guernsey Ports invested £2.9m in its infrastructure, which was a reduction on the previous year. At the Airport, the main projects completed during the year were the Airport Central Search Area with its updated scanning equipment and the Airport Hold Baggage System. Both projects were necessary to improve the passenger experience and to maintain safety and ensure regulatory compliance. In a similar vein, projects to upgrade the vehicle check points at the airport were commenced in 2023 and should be completed in mid-2024.

During the year, the team led the feasibility work on the Pool Marina Project at St Peter Port Harbour. It is a substantial project and we have been working with our colleagues at Treasury on the financing options for the project. We anticipate completing the Policy Letter on this scheme later in 2024. Repairs to the Havelet Slipway were completed this year as were improvements to the adjacent Castle Emplacement raised walkway. Preparatory works on replacements to two pontoons in the QEII marina were also commenced and will be completed in early 2024.

As previously reported, Guernsey Ports has a significant (circa £100m) medium term capital programme which is required to ensure that it can keep operating, with the vast majority of



# States' Trading Supervisory Board

## Ports

### Managing Director's Report - continued

this sum (circa £75m) being focussed on the harbour estate. £22m of this harbour spend is allocated to leisure marina facilities.

It is important that the Ports make steady progress with these projects as they are expensive and complex to deliver in a busy commercial port. Many of the assets are beyond their original design life and any delay to the planned work will create an increased and unacceptable risk of failure.

### Harbour Operations

As in previous years, the commercial port operations made the largest contribution to the Harbours' surplus (£2.9m). Leisure operations, which includes local private vessels, visitor berths and cruise ships, contributed £1.3m in 2023. Non-Commercial ports operations (such as Coastguard and the Vessel Traffic Service) cost just under £1.9m. The contribution of Property operations is also negative, given that the costs capture around 150 units of accommodation around the Harbour estate, whilst income is only attributable to around 90 of those units.

Harbour costs increased by £785k compared to 2022. This related to increases in pay costs, due to inflation-led adjustments to pay rates, some regrading of technical roles which in turn facilitated improved recruitment to a number of maintenance roles which had not been able to be filled for several years and in-sourcing of Harbour maritime security with effect from 1st April 2023. This insourcing accounted for the majority of the growth in FTE staff at the Harbours in 2023, as previously the staff undertaking that function had been employed by a third-party service provider. This transition has been successfully completed and will result in greater efficiencies in the short term.

Overall Cargo transported through Guernsey Harbours increased in 2023 to 337,494 tonnes, 451 tonnes more than 2022.

Cruise Ship Visitors for 2023 for the year were 85,541, which represents an increase of 8% on 2022.

### Airport Operations

Despite an increase in passengers the loss at Guernsey Airport widened in the year to £5.6m. Airport costs increased by £1.8m compared to 2022, +£711k in pay and +£1.1m in non-pay costs. Non-pay cost increases included changes in the costs of the outsourced security contract, the need for exceptional runway repairs and a change in the accounting treatment of recoveries of TRP from third party tenants, which had previously been netted off expenditure. Pay cost increases are in the main related to inflation-led increments.

Whilst the changes introduced following the tariff review will go some way to closing the gap from April 2024, returning to profitability will be exceptionally challenging whilst passenger numbers remain so far below their pre-COVID levels.

# States' Trading Supervisory Board

## Ports

### Managing Director's Report - continued

#### Our Community

As the operator of the main gateways to the Island, Guernsey Ports is aware of the need to balance its financial performance with the greater needs of our Island. This need has been drawn into sharp focus given the consideration of future tariffs, effective from 2024. Difficult decisions, signposted in last year's annual report, are now being made as the Ports balances the need to invest in its assets, particularly at the Harbour, against its continued reliance on taxpayer funding to underwrite its overall fiscal liabilities.

#### Our team

2023 has realised significant improvement in recruitment, particularly in filling a number of long-standing vacancies within maintenance teams. This has resulted in an improvement in delivery of routine maintenance programmes across the estate. These improvements are captured through increasing headcount and in pay and non-pay expenses, however the underlying reality is a significant improvement in the maintenance of the estates and in developing and delivering capital schemes. An increase in project resources, has resulted in the recruitment of very experienced staff within the capital delivery team, which will in turn, lead to reduced costs and reliance on external project management resources. This puts the business in much stronger position moving forwards.

#### Our business strategy and future

Guernsey Ports is the custodian of a diverse set of critical assets across its airside, landside, onshore and offshore estates. It operates as an unincorporated entity under government control through the States' Trading Supervisory Board, with an expectation that it is run on a fully commercial basis. Indeed, the Ports Board is keen to ensure a commercial mindset is forefront in its business dealings and is embedded in our ethos.

The five business priorities of Guernsey Ports are:

- Maintain operations and regulatory compliance
- Revenue protection and Growth
- Efficiency and Viability
- Good asset management
- Prioritised investment

As an essential island infrastructure provider Guernsey Ports is an asset intensive business. Efficient investment in this infrastructure requires long term planning and proactive asset renewal. The scale of the medium-term capital programme and the post COVID reduction in passenger volumes presents the Ports' with a financial challenge that the board is focussed on resolving.

# States' Trading Supervisory Board Ports

## Managing Director's Report - continued

### Statement of responsibilities for the preparation of financial statements

The STSB is required to prepare financial statements for each financial year, and for selecting suitable accounting policies for Ports. In preparing those financial statements, the STSB is required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis, unless it is inappropriate to do so, and
- state whether applicable accounting standards have been followed.

The STSB is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time Ports' financial position. The STSB is also responsible for identifying and installing internal controls, including financial controls, which are adequate for its own purposes and to safeguard the assets of Ports and the States of Guernsey in its care, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Statement of financial controls

The STSB, is responsible for the economic, efficient and effective operations and management of Ports and has a duty to ensure that they fulfil their obligations.

The Ports' internal financial controls and monitoring procedures include:

- Annually reported and approved budgets monitored against monthly management accounts with additional operational detail reported in monthly management reports, which monitor actual income and expenditure against that anticipated. All such detail is regularly reviewed at meetings of the STSB and PB, to ensure that all board members are informed of the Ports' financial affairs,
- Customer invoices are subjected to a range of pre-determined computerised integrity checks prior to dispatch in order to ensure accuracy,
- Regular review of debtors to ensure that any delinquent debtors are identified at an early stage and dealt with appropriately,
- The control of materials and stores purchases are managed using a computerised job-costing programme with specific authorisation limits for purchases and segregated areas of responsibility for processing of payments, all of which maintain detailed audit trails,
- Manpower expenditure is monitored and controlled at source via time sheets, which are authorised and reconciled with the wage bill,

# States' Trading Supervisory Board Ports

## Managing Director's Report - continued

- Capital expenditure authorisation is subject to strict valuation guidelines and purchase procedures,
- Regular review of charges, and
- Consideration of all audit reports by the STSB.

The STSB strives to ensure that all staff with financial responsibility in Ports has appropriate integrity, skills and motivation to professionally discharge their duties.

The Ports' internal controls and accounting policies have been and are subject to continuous review and improvement. In addition, the financial statements are subject to an independent external audit by an auditor appointed by the States of Guernsey.

### Going concern

The financial statements have been prepared on the going concern basis of accounting. The STSB and its Principal Officers have reviewed the cash flows and projected income and expenses over the next 12 months prepared by management, and deem that Ports, as an essential part of the island's infrastructure and part of the States of Guernsey, has access to adequate financial resources to meet its obligations as they fall due. The STSB therefore believes that Ports is a going concern for at least 12 months from the approval of the financial statements.

### Independent Auditor

Grant Thornton Limited have expressed their willingness to continue in office as Independent Auditor.

# States' Trading Supervisory Board

## Ports

### Corporate Governance

The purpose of the PB is to support the delivery of the STSB's mandate, ensuring the efficient and effective management, operation and maintenance of Ports.

The PB is accountable to the STSB and operates by challenging established practices and assumptions and seeking to support the business in establishing clear strategic direction, business planning and operational delivery in support of the outcomes of the Government Work Plan, the Public Service Reform Agenda, Service Guernsey and other strategic reviews and organisational drivers.

The PB membership is a minimum of a Chairman who is not a States Member, a Political Member of the STSB, a Senior Executive of an Incorporated Company or one or more Senior Officers of the States of Guernsey, the Ports Managing Director, Chief Operating Officer and Senior Financial Manager.

All members other than the Ports Managing Director, Chief Operating Officer and Senior Financial Manager are appointed by the STSB.

As a sub-committee of the States of Guernsey, the quorum will be two members of the STSB.

The PB does not hold a fiduciary responsibility.

The PB will take into account the States of Guernsey's political direction with regard to the operation of Ports, as directed from time to time by the STSB. It must ensure that the Ports' operations and operational policies align with the wider strategy and policy framework of the States of Guernsey and/or the STSB. The PB may generate policy for endorsement by the STSB and onward to the States of Guernsey as required.

The STSB specifically confers the following responsibilities and delegated authority to the PB to:

- Approve capital and revenue annual budgets in line with the long-term budgets approved by the STSB,
- Approve annual business plans in line with long-term strategy and planning approved by or directed by the STSB,
- Approve and issue annual reports, and
- Guide and steer Ports.

In carrying out these responsibilities the PB is bound and enabled by States of Guernsey rules for financial and resource management and the rules, directives policies and procedures of the States of Guernsey, such as, but not limited to: Finance; Procurement; Property; Human Resources; Data Protection; Health and Safety Management; Risk and Issue Management; Managing Matters of Litigation; and Relevant legislation. The PB has the authority delegated by the STSB to direct the Ports Managing Director in the day-to-day operation of Ports in line with approved budget and business plans.

The PB acts as a political sub-committee of the STSB.

# States' Trading Supervisory Board Ports

## Corporate Governance

STSB can disband the PB at any time without notice or recourse to any other body.

In the event due process has not been followed, the PB must render itself unable to make a decision until such time process has been followed.

# States' Trading Supervisory Board Ports

## Independent Auditor's Report to the Members of the States of Guernsey – States' Trading Supervisory Board – Ports

### **Opinion**

We have audited the financial statements of the States of Guernsey – States' Trading Supervisory Board ("STSB") – Ports for the year ended 31 December 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements:

are prepared, in all material respects, in accordance with the basis of preparation and accounting policies as set out in note 2 to the financial statements.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) 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 Ports in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of Matter — Basis of Accounting**

We draw attention to note 2 to the financial statements, which describes the basis of accounting. Specifically, no full impairment review has been undertaken on the Ports' Fixed Assets. This is not in compliance with FRS 102, which would require a full impairment review in light of the accounting losses. The financial statements are prepared to assist STSB - Ports to comply with its financial reporting requirements. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

# States' Trading Supervisory Board Ports

## Independent Auditor's Report to the Members of the States of Guernsey – States' Trading Supervisory Board – Ports - continued

### **Other information**

The STSB are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

### **Responsibilities of the STSB for the financial statements**

As explained more fully in the statement of responsibilities for the preparation of financial statements set out on page 11, the STSB are responsible for the preparation of the financial statements which give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, and for such internal control as the STSB 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 STSB are responsible for assessing the Ports' 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 STSB either intend to liquidate the Ports or to cease operations, or have no realistic alternative but to do so.



# States' Trading Supervisory Board Ports

## Independent Auditor's Report to the Members of the States of Guernsey – States' Trading Supervisory Board – Ports - continued

### **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 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.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ports' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ports' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Ports to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# States' Trading Supervisory Board Ports

## Independent Auditor's Report to the Members of the States of Guernsey – States' Trading Supervisory Board – Ports - continued

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Use of our report**

This report is made solely to the members of the STSB. Our audit work has been undertaken so that we might state to the members of the STSB 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 Ports and the members of the STSB, for our audit work, for this report, or for the opinions we have formed.



**Grant Thornton Limited**  
Chartered Accountants  
St Peter Port, Guernsey

Date: 7 May 2024

# States' Trading Supervisory Board Ports

## Statement of Comprehensive Income

for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
<b>Revenue</b>	2 & 4		
Airport fees, charges and other income		11,961	10,532
Harbour dues, charges and other income		11,524	10,698
		<u>23,485</u>	<u>21,230</u>
<b>Expenses</b>	2 & 5		
Airport expenses		(16,495)	(14,624)
Harbours expenses		(9,449)	(8,653)
		<u>(25,944)</u>	<u>(23,277)</u>
<b>Operating deficit before depreciation and amortisation and loss on disposal of fixed assets</b>		<b>(2,459)</b>	<b>(2,047)</b>
Depreciation and amortisation	9	(5,413)	(5,441)
Loss on disposal of fixed assets		-	(3)
Revaluation of investment property	10 & 17	(25)	65
<b>Operating deficit for the year</b>		<b>(7,897)</b>	<b>(7,426)</b>
Amortisation of asset specific contributions	2 & 18	3,184	3,322
Investment loss and interest payable	7	(165)	(152)
<b>Deficit for the financial year</b>		<b>(4,878)</b>	<b>(4,256)</b>

All material activities derive from continuing operations.

There are no recognised gains or losses or other movements in reserves for the current or preceding financial years, other than as stated in the Statement of Comprehensive Income.

Notes 1 to 26 form an integral part of these financial statements.

# States' Trading Supervisory Board Ports

## Statement of Financial Position

as at 31 December 2023

	Notes	2023 £'000	2022 £'000
<b>Non-current assets</b>			
Tangible fixed assets – Airport	9	<b>80,981</b>	78,373
Tangible fixed assets – Harbours	9	<b>131,774</b>	132,637
Investment property	10	<b>500</b>	525
Assets under construction	11	<b>3,934</b>	8,400
		<b>217,189</b>	219,935
<b>Current assets</b>			
Inventories	12	<b>605</b>	615
Debtors and prepayments	13	<b>5,698</b>	2,580
		<b>6,303</b>	3,195
<b>Creditors: amounts falling due within one year</b>			
Balances with States Treasury		<b>(3,198)</b>	(6)
Other creditors	14	<b>(4,009)</b>	(3,651)
		<b>(7,207)</b>	(3,657)
<b>Net current liabilities</b>			
		<b>(904)</b>	(462)
<b>Creditors: amounts falling due after one year</b>			
	15	<b>(1,955)</b>	(2,071)
<b>Total net assets</b>			
		<b>214,330</b>	217,402
<b>Reserves</b>			
	17	<b>214,330</b>	217,402

Signed on behalf of the States of Guernsey - States' Trading Supervisory Board



Deputy P. Roffey  
President

7 May 2024

Signed on behalf of the States Trading Group



Mr S. Elliott  
Managing Director

7 May 2024

Notes 1 to 26 form an integral part of these financial statements.

# States' Trading Supervisory Board Ports

## Statement of Changes in Equity

*for the year ended 31 December 2023*

	Notes	2023 £'000	2022 £'000
<b>Balance at 1 January</b>		<b>217,402</b>	219,803
Deficit for the financial year		<b>(4,878)</b>	(4,256)
Amortisation of asset specific contributions	18	<b>(3,184)</b>	(3,322)
Capital contribution from General Revenue	18	<b>122</b>	1,702
Cash contribution from General Revenue	17	<b>4,868</b>	3,475
<b>Balance at 31 December</b>	17	<b>214,330</b>	<b>217,402</b>

Notes 1 to 26 form an integral part of these financial statements.

# States' Trading Supervisory Board Ports

## Statement of Cash Flows

for the year ended 31 December 2023

	Notes	2023 £'000	2022 £'000
<b>Net cash flows used in operating activities</b>	19	<b>(5,216)</b>	<b>(11)</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets	11	(2,692)	(5,054)
Proceeds from disposal of assets		-	125
<b>Net cash flows used in investing activities</b>		<b>(2,692)</b>	<b>(4,929)</b>
<b>Cash flows from financing activities</b>			
Capital contribution from General Revenue	18	122	1,702
Cash contributions from General Revenue		4,868	3,475
Capital repaid		(109)	(96)
Investment loss and interest paid		(165)	(152)
<b>Net cash flows from financing activities</b>		<b>4,716</b>	<b>4,929</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(3,192)</b>	<b>(11)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>(6)</b>	<b>5</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>(3,198)</b>	<b>(6)</b>
<b>Reconciliation to cash at bank and in hand:</b>			
Balances with States Treasury		(3,198)	(6)
<b>Cash and cash equivalents</b>		<b>(3,198)</b>	<b>(6)</b>

Notes 1 to 26 form an integral part of these financial statements.

# States' Trading Supervisory Board Ports

## Notes to the Financial Statements

### 1. General information

Ports is an unincorporated business, the management, operation and maintenance of which is the responsibility of the States of Guernsey - STSB. The nature of the Ports' operations and principal activities are set out in the Managing Director's report.

The Ports' principal places of business are Guernsey Airport, La Villiaze, Forest, Guernsey, GY8 0DS and Guernsey Harbour, St Julians Emplacement, St Peter Port, Guernsey, GY1 3DL.

### 2. Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### *Accounting convention*

The financial statements are prepared in accordance with the stated accounting policies and under the historical cost convention as modified to include certain items at fair value and broadly following the principles of the Financial Reporting Standard 102 ("FRS 102") issued by the Financial Reporting Council. The two exceptions below render the accounts non-compliant with FRS102.

#### i) Fixed asset impairment

In respect of the Ports' Fixed Assets the impairment review undertaken has not included a full impairment review of the Fixed Assets as the primary objective is to facilitate travel to and from the Island and not generate an economic return. This is not in compliance with FRS 102 which would require a full impairment review in the light of negative operating cash flows.

#### ii) Amortisation of asset specific contributions

Asset specific contributions are initially recognised in the capital contributions reserve and released to the revenue account over the anticipated useful life of the asset concerned, on a basis consistent with the depreciation of the underlying asset.

Notes 1 to 26 form an integral part of these financial statements.

# States' Trading Supervisory Board Ports

## Notes to the Financial Statements – continued

### 2. Principal accounting policies – continued

#### *Functional and presentational currency*

The financial statements are presented in Pounds Sterling, which is the functional and presentational currency of Ports and has been rounded to the nearest thousand.

#### *Going concern*

The financial statements have been prepared on the going concern basis of accounting. The STSB and its Principal Officers have reviewed the cash flows and projected income and expenses over the next 12 months prepared by management, and deem that Ports, as an essential part of the island's infrastructure and part of the States of Guernsey, has access to adequate financial resources to meet its obligations as they fall due. The STSB therefore believes that Ports is a going concern for at least 12 months from the approval of the financial statements.

#### *Tangible fixed assets*

##### i) Investment properties

Investment properties for which fair value can be measured reliably on an ongoing basis are measured at fair value annually with any change recognised in the Statement of Comprehensive Income.

##### ii) Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment. Property, plant and equipment is depreciated over their expected useful life except assets in the course of construction.

##### iii) Assets under construction

Assets under construction are capitalised and are transferred to tangible fixed assets and depreciated once brought into use. All costs associated with capital projects, including professional fees are capitalised.

Notes 1 to 26 form an integral part of these financial statements.



# States' Trading Supervisory Board Ports

## Notes to the Financial Statements – continued

### 2. Principal accounting policies – continued

#### *Depreciation*

Depreciation is calculated at the following annual rates so as to write off the cost of tangible fixed assets over their anticipated expected useful lives using the straight-line method. Depreciation commences from the beginning of the month of acquisition of an asset or, in the case of constructed assets, the asset being brought into a condition to be used as intended.

	Estimated life in years	Depreciation % per annum
Land	-	-
Infrastructure	15 - 60	1.7% - 6.7%
Buildings	25 - 60	1.7% - 4.0%
Plant and Equipment	5 - 25	4.0% - 20.0%
Vehicles and Vessels	5 - 25	4.0% - 20.0%
Computers and ICT	3	33.3%

#### *Impairment of assets (excluding inventories)*

Assets, other than those measured at fair value, are assessed for indicators of impairment at the end of each reporting period. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income. An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. The exception being as noted under the Accounting Convention.

#### *Inventories*

Inventories are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Costs include an appropriate proportion of processing expenses and are calculated at average value method. Provisions are made for obsolete and slow-moving items where appropriate.

Notes 1 to 26 form an integral part of these financial statements.

# States' Trading Supervisory Board Ports

## Notes to the Financial Statements – continued

### 2. Principal accounting policies – continued

#### *Basic financial instruments*

##### i) Trade debtors

Trade debtors are recognised initially at original invoiced amount. Subsequent to initial recognition they are measured at amortised cost, less any impairment losses.

##### ii) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and balances held by States Treasury on behalf of Guernsey Ports. Whilst Guernsey Ports operates a treasury account, the entity will make payments and receive money via bank accounts held centrally by the States of Guernsey. The net cash balance held with the States Treasury at the year-end is treated as cash and cash equivalents in Guernsey Port's Statement of Financial Position. This net cash balance may change on a daily basis, with surplus cash balances generating financial returns, and balances in deficit being charged interest. Any net cash balance held with the States Treasury could be reduced over a very short period of time without detriment, and therefore is considered to be a highly liquid investment, readily convertible to known amounts of cash and subject to an insignificant risk of any change in notional value.

##### iii) Trade creditors

Trade creditors are recognised initially at original invoiced amount plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost.

##### iv) Loans from the States of Guernsey

Loans from the States of Guernsey are initially recognised at cost. These loans are subsequently measured at amortised cost.

##### v) Derecognition of basic financial instruments

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the business transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the business, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Notes 1 to 26 form an integral part of these financial statements.

# States' Trading Supervisory Board Ports

## Notes to the Financial Statements – continued

### 2. Principal accounting policies – continued

Financial liabilities are derecognised only when the obligation specified in a contract is discharged, cancelled or expires.

#### *Revenue and expenses*

Revenue and expenses are accounted for on an accruals basis. Revenue comprises amounts in respect of Harbour and Airport dues, fees and charges arising from commercial operations in the year.

#### *Pension costs*

Pension costs are treated as described in note 22.

#### *Amortisation of asset specific contributions*

Asset specific contributions are initially recognised in the capital contributions reserve and released to the revenue account over the anticipated useful life of the asset concerned on a basis consistent with the depreciation of the underlying asset.

#### *Investment return and interest receivable/payable*

Investment return on balances held with the States Treasury and interest receivable/payable is accounted for on an accruals basis.

#### *Leases*

##### i) As lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

##### ii) As lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Notes 1 to 26 form an integral part of these financial statements.

# States' Trading Supervisory Board Ports

## Notes to the Financial Statements – continued

### 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Ports' accounting policies, which are described in note 2, the PB is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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.

There were no critical judgements that require disclosure made by the PB in the process of applying Ports' accounting policies. The following estimations made by the PB have the most significant effect on the amounts recognised in the financial statements.

#### i) Valuation of investment property

As stated in the accounting policies above, the Ports' investment property is stated at fair value as accounted for by management based on an independent external appraisal. The estimated fair value may differ from the price at which the property could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also certain estimates require an assessment of factors not within management's control such as overall market conditions. As a result, actual realisable proceeds could differ from the valuations in these financial statements, and the difference could be significant.

#### ii) Depreciation rates

The Ports' infrastructure assets have no definite life of the assets, so management makes an assumption based on previous experience of the usage of the assets. The rate used for each type of asset that makes up the infrastructure assets has been disclosed in note 2.

Notes 1 to 26 form an integral part of these financial statements.

# States' Trading Supervisory Board

## Ports

### Notes to the Financial Statements – continued

#### 4. Revenue

All revenue is derived from activities within the Bailiwick of Guernsey.

An analysis of Ports' revenue by class of business is set out below:

	<b>2023</b>	2022
	<b>£'000</b>	£'000
Airport	<b>11,961</b>	10,532
Harbours	<b>11,524</b>	10,698
<b>Ports revenue</b>	<b>23,485</b>	21,230
<b>Airport</b>		
Advertising & sundries	<b>369</b>	326
Airport development charge	<b>612</b>	572
Car parking fees	<b>845</b>	822
Recovery from Alderney	<b>194</b>	177
Rents	<b>2,027</b>	1,389
Traffic receipts	<b>7,914</b>	7,246
<b>Airport revenue</b>	<b>11,961</b>	10,532
<b>Harbour</b>		
Commercial port operations	<b>6,732</b>	6,194
Leisure	<b>3,610</b>	3,316
Non-commercial port	<b>8</b>	21
Property	<b>1,136</b>	1,130
Ships registry	<b>38</b>	37
<b>Harbour revenue</b>	<b>11,524</b>	10,698

Notes 1 to 26 form an integral part of these financial statements.

# States' Trading Supervisory Board Ports

## Notes to the Financial Statements – continued

### 5. Expenses

	<b>2023</b>	2022
	<b>£'000</b>	£'000
<b>Airport</b>		
Aerodrome fire service	<b>2,533</b>	2,395
Airport infrastructure	<b>3,834</b>	2,965
Airport security	<b>2,993</b>	2,713
Navigational services	<b>4,650</b>	4,567
Administration	<b>2,485</b>	1,984
	<b>16,495</b>	14,624
<b>Harbour</b>		
Commercial ports operations	<b>3,867</b>	3,314
Property	<b>1,238</b>	1,179
Leisure	<b>2,372</b>	2,286
Non-commercial ports operations	<b>1,894</b>	1,803
Ships registry	<b>78</b>	71
	<b>9,449</b>	8,653

Notes 1 to 26 form an integral part of these financial statements.

# States' Trading Supervisory Board Ports

## Notes to the Financial Statements – continued

### 6. Staff numbers and costs

The average monthly number of full time employees (including senior management) was:

	<b>2023</b>	2022
<b>Airport</b>		
Operational	<b>113</b>	109
Administration and support	<b>14</b>	14
	<b><u>127</u></b>	<u>123</u>
<b>Harbour</b>		
Operational	<b>79</b>	67
Administration and support	<b>19</b>	17
	<b><u>98</u></b>	<u>84</u>

Their aggregate remuneration comprised:

	Note	<b>2023</b>	2022
		<b>£'000</b>	£'000
Wages and salaries		<b>12,758</b>	10,960
Social security costs		<b>860</b>	756
Pension costs	22	<b><u>1,208</u></b>	<u>1,545</u>
		<b><u>14,826</u></b>	<u>13,261</u>

Pension costs include only those items within operating and management expenses.

Notes 1 to 26 form an integral part of these financial statements.

# States' Trading Supervisory Board Ports

## Notes to the Financial Statements – continued

### 7. Interest

	<b>2023</b>	2022
	<b>£'000</b>	£'000
<b>Investment loss and interest payable</b>		
Investment loss on balances with States Treasury	<b>(88)</b>	(80)
Interest payable on loans	<b>(77)</b>	(72)
	<b><u>(165)</u></b>	<u>(152)</u>

### 8. Deficit for the financial year

Deficit for the financial year is stated after charging:

	Note	<b>2023</b>	2022
		<b>£'000</b>	£'000
Auditor's remuneration		<b>33</b>	31
Depreciation of tangible fixed assets	9	<b>5,412</b>	5,441
Loss on disposal of fixed assets		<b>-</b>	3
		<b><u>5,445</u></b>	<u>5,475</u>

Notes 1 to 26 form an integral part of these financial statements.



# States' Trading Supervisory Board Ports

## Notes to the Financial Statements – continued

### 9. Tangible fixed assets

	1 January			31
<b>Airport</b>	2023	Additions	Disposals	December
	£'000	£'000	£'000	2023
				£'000
<b>Cost</b>				
Land	2,687	-	-	<b>2,687</b>
Infrastructure	64,846	-	-	<b>64,846</b>
Buildings	33,605	525	-	<b>34,130</b>
Plant & equipment	24,054	5,795	-	<b>29,849</b>
Vehicles & vessels	2,016	77	-	<b>2,093</b>
Information technology	156	78	-	<b>234</b>
	<u>127,364</u>	<u>6,475</u>	<u>-</u>	<u><b>133,839</b></u>
<b>Depreciation</b>				
Land	-	-	-	-
Infrastructure	19,992	1,891	-	<b>21,883</b>
Buildings	8,978	582	-	<b>9,560</b>
Plant & equipment	18,619	1,308	-	<b>19,927</b>
Vehicles & vessels	1,246	82	-	<b>1,328</b>
Information technology	156	4	-	<b>160</b>
	<u>48,991</u>	<u>3,867</u>	<u>-</u>	<u><b>52,858</b></u>
<b>Net Book Value</b>	<u>78,373</u>			<u><b>80,981</b></u>

Notes 1 to 26 form an integral part of these financial statements.

# States' Trading Supervisory Board Ports

## Notes to the Financial Statements – continued

### 9. Tangible fixed assets– continued

<b>Harbour</b>	<b>1 January 2023 £'000</b>	<b>Additions £'000</b>	<b>Reclassific ations £'000</b>	<b>31 December 2023 £'000</b>
<b>Cost</b>				
Land	87,515	-	-	87,515
Infrastructure	8,428	433	800	9,661
Buildings	49,946	57	(800)	49,203
Plant & equipment	10,370	160	-	10,530
Vehicles & Vessels	1,218	33	-	1,251
Information technology	283	-	-	283
	<u>157,760</u>	<u>683</u>	<u>-</u>	<u>158,443</u>
<b>Depreciation</b>				
Land	-	-	-	-
Infrastructure	2,827	347	-	3,174
Buildings	15,371	831	-	16,202
Plant & equipment	6,279	312	-	6,591
Vehicles & Vessels	371	53	-	424
Information technology	275	3	-	278
	<u>25,123</u>	<u>1,546</u>	<u>-</u>	<u>26,669</u>
<b>Net Book Value</b>	<u>132,637</u>			<u>131,774</u>

Notes 1 to 26 form an integral part of these financial statements.

# States' Trading Supervisory Board Ports

## Notes to the Financial Statements – continued

### 10. Investment property

	1 January 2023 £'000	Additions/ Disposals £'000	Revaluations £'000	31 December 2023 £'000
Airport	525	-	(25)	500
	<u>525</u>	<u>-</u>	<u>(25)</u>	<u>500</u>

Investment property, which is freehold, was valued to fair value at 31 December 2023, based on a valuation undertaken by an independent valuer with recent experience in the location and class of the investment property being valued. The method of determining fair value was using the RICS Red Book value. There are no restrictions on the realisability of the investment property.

The original book value of the investment property was £436k.

No property rental income was earned during the year (2022: £nil). No contingent rents have been recognised as income in the current or prior year.

At the Statement of Financial Position date, the Ports were not contracted with tenants for any future minimum lease payments on investment property (2022: £nil).

Notes 1 to 26 form an integral part of these financial statements.

# States' Trading Supervisory Board Ports

## Notes to the Financial Statements – continued

### 11. Assets under construction

	1 January 2023 £'000	Additions £'000	Transfers to Tangible Fixed Assets £'000	31 December 2023 £'000
Airport	5,848	1,482	(6,475)	855
Harbour	2,552	1,210	(683)	3,079
<b>2023 Total</b>	<b>8,400</b>	<b>2,692</b>	<b>(7,158)</b>	<b>3,934</b>
2022 Total	5,079	5,054	(1,733)	8,400

Assets under construction completed in 2023 and transferred to fixed assets includes: Airport Central Search Area, Airport Hold Baggage System, Frequentis Voice communication control system and the Havelet slipway.

Assets under construction as at 31 December 2023 mainly relate to the Pool Marina Project at the Harbour, Pontoon replacements, Castle Emplacement works, Airport East Hangar re cladding and the Vehicle Check Point upgrade.

### 12. Inventories

	2023 £'000	2022 £'000
Airport	65	65
Harbours	540	550
	<b>605</b>	<b>615</b>

Notes 1 to 26 form an integral part of these financial statements.

# States' Trading Supervisory Board Ports

## Notes to the Financial Statements – continued

### 13. Debtors and prepayments

	<b>2023</b>	2022
	<b>£'000</b>	£'000
Trade debtors - Airport	<b>1,887</b>	968
Trade debtors - Harbour	<b>3,690</b>	1,507
Prepayments - Airport	<b>86</b>	96
Prepayments - Harbour	<b>35</b>	9
	<b><u>5,698</u></b>	<u>2,580</u>

### 14. Other creditors: amounts falling due within one year

	Note	<b>2023</b>	2022
		<b>£'000</b>	£'000
Trade creditors - Airport		<b>553</b>	457
Trade creditors - Harbour		<b>682</b>	315
Accruals - Airport		<b>1,480</b>	1,388
Accruals - Harbour		<b>784</b>	941
Deferred income - Airport		<b>234</b>	75
Deferred income - Harbour		<b>171</b>	378
Harbour operational license and security deposits		<b>2</b>	1
Loan from States of Guernsey	16	<b><u>103</u></b>	<u>96</u>
		<b><u>4,009</u></b>	<u>3,651</u>

### 15. Creditors: amounts falling due after one year

	Note	<b>2023</b>	2022
		<b>£'000</b>	£'000
Loan from States of Guernsey	16	<b><u>1,955</u></b>	<u>2,071</u>

Notes 1 to 26 form an integral part of these financial statements.

# States' Trading Supervisory Board Ports

## Notes to the Financial Statements – continued

### 16. Loan from the States of Guernsey

	<b>2023</b> <b>£'000</b>	2022 £'000
Balance at 1 January	<u>2,158</u>	<u>2,257</u>
Capital repaid	<u>(100)</u>	<u>(99)</u>
Balance at 31 December	<u><b>2,058</b></u>	<u><b>2,158</b></u>

On 1 March 2019 Ports borrowed £2.5m from the States of Guernsey which is repayable on a quarterly basis over a period of 20 years at an annual interest rate charged at 3.625%.

	<b>2023</b> <b>£'000</b>	2022 £'000
Within one year	<b>103</b>	99
Between one and two years	<b>107</b>	103
Between two and five years	<b>345</b>	332
More than five years	<u><b>1,503</b></u>	<u>1,624</u>
	<u><b>2,058</b></u>	<u><b>2,158</b></u>

Notes 1 to 26 form an integral part of these financial statements.

# States' Trading Supervisory Board Ports

## Notes to the Financial Statements – continued

### 17. Reserves

	2023 £'000	2022 £'000
<b>Balance at 1 January</b>	<b>217,402</b>	219,803
Deficit for financial year	<b>(4,878)</b>	(4,256)
Amortisation of asset specific contributions	<b>(3,184)</b>	(3,322)
Capital contribution from General Revenue	<b>122</b>	1,702
Cash contribution from General Revenue	<b>4,868</b>	3,475
<b>Balance at 31 December</b>	<b>214,330</b>	217,402

Included within Reserves are amounts contributed by the States Capital Reserve for Ports capital projects including the Guernsey Airport Pavements Rehabilitation, the St Peter Port Harbour Crane Strategy and the Airport Hold Baggage System projects. As the contributions are specifically related to assets acquired or constructed under those projects, the contributions reserve has been released back to the Statement of Comprehensive Income to match the depreciation expense on those specific assets. Amounts are released to the Statement of Comprehensive Income in line with the expected useful lives of the underlying assets for which contribution is provided for on a basis which is consistent with the depreciation policy for that asset.

Cash contribution from General Revenue for 2023 amounting to £4,868k includes £4,878 funding of the 2023 reported deficit, as well as, £10k adjustment to 2022 funding to cover the short term loan facility as at 2022 year end.

All reserves are distributable.

Notes 1 to 26 form an integral part of these financial statements.

# States' Trading Supervisory Board Ports

## Notes to the Financial Statements – continued

### 18. Asset specific contributions

	<b>2023</b>	2022
	<b>£'000</b>	£'000
As at 1 January	<b>56,193</b>	57,813
Contributions from General Revenue Reserve	<b>122</b>	1,702
	<b>56,315</b>	59,515
Released to Statement of Comprehensive Income during the year	<b>(3,184)</b>	(3,322)
Net book value of projects not yet released to the Statement of Comprehensive Income	<b>53,131</b>	56,193

### 19. Reconciliation of operating deficit to net cash flows from operating activities

	<b>2023</b>	2022
	<b>£'000</b>	£'000
<b>Operating deficit for the year</b>	<b>(7,897)</b>	(7,426)
Depreciation charges	<b>5,413</b>	5,441
Loss on disposal of fixed assets	-	3
Revaluation of investment property	<b>25</b>	(65)
Decrease/(increase) in inventories	<b>10</b>	(209)
(Increase)/decrease in debtors	<b>(3,118)</b>	1,744
Increase in creditors	<b>351</b>	501
<b>Net cash flows used in operating activities</b>	<b>(5,216)</b>	(11)

Notes 1 to 26 form an integral part of these financial statements.



# States' Trading Supervisory Board Ports

## Notes to the Financial Statements – continued

### 20. Financial commitments and contingent liabilities

Ports has no financial commitments as at 31 December 2023 (2022: £nil) which are not provided for in the financial statements.

Ports has no contingent liabilities as at 31 December 2023 (2022: £nil).

### 21. Financial instruments

Port's financial instruments may be analysed as follows:

	Note	2023 £'000	2022 £'000
<b>Financial Assets at amortised cost</b>			
Debtors	13	5,577	2,475
<b>Financial liabilities at amortised cost</b>			
Cash and cash equivalents		(3,198)	(6)
Creditors: amounts falling due within one year	14	(1,336)	(869)
Creditors: amounts falling due after more than one year	15	(1,955)	(2,071)

Notes 1 to 26 form an integral part of these financial statements.

# States' Trading Supervisory Board Ports

## Notes to the Financial Statements – continued

### 22. Employee benefits

The employees of Ports are members of the States of Guernsey Public Servants' Pension Scheme. These arrangements provide defined benefits on a career average revalued earnings (CARE) basis up to a salary cap (£106,235 as at 31 December 2023) for members joining from 1 May 2015 and, on a different CARE basis, for the service from 1 March 2016 of members who joined before 1 May 2015. There is a defined contribution section for earnings in excess of this salary cap. The arrangements for service before 1 March 2016 for members who joined before 1 May 2015 and for the future service of those closer to pension age remains final salary. The scheme is funded by contributions from both employer and employee. The employer rates for the defined benefits are determined on the basis of independent actuarial advice, and calculated to spread the expected cost of benefits payable to employees over the period of those employees' expected service lives.

Although the scheme is a multi-employer plan, it is not possible to identify the Ports' share of the underlying assets and liabilities of the scheme on a reasonable and consistent basis. There is neither an agreement nor a policy in place to allocate any of the deficit of the pension scheme across the participating entities. The States of Guernsey is liable for any obligations that arise from the States of Guernsey Superannuation Fund in respect of employees of the States of Guernsey. All employees of the Ports are considered to be ultimately employees of the States of Guernsey.

Consequently, the Ports has accounted for the plan as if it were a defined contribution plan, whereby it has expensed employer contributions through the Statement of Comprehensive Income. The employees also contribute to the States of Guernsey Superannuation Fund. The contribution rates are determined by a qualified actuary on the basis of triennial valuations.

The total cost of employer contributions included within the Statement of Comprehensive Income amounted to £1,208k (2022: £1,545k). The rate of employer contributions was reduced with effect from 1 August 2022 from 14.1% to 10.3%.

Further details relating to the funding of the Superannuation Scheme are included within the States of Guernsey Accounts 2023.

Notes 1 to 26 form an integral part of these financial statements.

# States' Trading Supervisory Board Ports

## Notes to the Financial Statements – continued

### 23. Statement of control

The Ports are wholly owned and ultimately controlled by the States of Guernsey. Responsibility for the operations of the Ports has been delegated to the members of the STSB appointed by the States of Guernsey.

### 24. Related party transactions

The STSB is of the opinion that there have been no related party transactions in the current or preceding financial years other than as described in these financial statements. All transactions are conducted as normal business arrangements carried out at "arm's length".

The total remuneration for key management personnel in 2023 (including salaries and other benefits) was £707k (2022: £618k).

Related party transactions between the Ports and other entities controlled by the States of Guernsey have not been disclosed in accordance with the exemptions available within FRS102 Section 33 "Related Party Disclosures".

STSB member Mr S. Falla CBE declared that he was a major shareholder in the Garenne Group during 2023. However, the Garenne Group was put into voluntarily liquidation on 3<sup>rd</sup> May 2023. As such, transactions which had taken place (between 1<sup>st</sup> January to 2<sup>nd</sup> May 2023) between Ports and Garenne Group companies in the ordinary course of business were subject to declaration under FRS 102 section 33. The aggregate of all of these transactions is not of a material nature to either party and all were conducted at arms-length in the normal course of business. Where any conflict of interest may exist, Mr Falla, as under normal rules would excuse himself from any STSB or other meetings, and has not participated in any discussions or voting regarding awarding any contracts leading to these transactions. Mr S. Falla CBE resigned from the Board on 27<sup>th</sup> September 2023.

### 25. Subsequent events

Management knows of no events subsequent to the end of the reporting period that would materially affect the financial statements.

Notes 1 to 26 form an integral part of these financial statements.

# States' Trading Supervisory Board Ports

## Notes to the Financial Statements – continued

### 26. Off balance-sheet arrangements

There are no commitments or contingent liabilities relating to 2023 which would affect these financial statements (2022: None).

Notes 1 to 26 form an integral part of these financial statements.