

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**STATES' TRADING SUPERVISORY BOARD**

**PORTS ACCOUNTS 2020**

The States are asked to decide:-

1. Whether they are of the opinion to agree with the States' Trading Supervisory Board's approval of the Ports Accounts for the year ending 31 December 2020.

The above Proposition has been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.

**States of Guernsey**  
**States' Trading Supervisory Board**  
**Ports**

**Report and Financial Statements**

**For the year ended 31 December 2020**

# 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	elected 21 October 2020
Deputy C. Parkinson		elected 21 October 2020
Deputy N. Moakes		elected 21 October 2020
Mr S. Falla MBE		
Mr J. Hollis		
Deputy P. Ferbrache	President	term ended 15 October 2020
Deputy J. Smithies		term ended 15 October 2020
Deputy J. Kuttelwascher		deceased 23 January 2020
Deputy P. Roffey	elected 26 February 2020	term ended 15 October 2020

The constitution of the States' Trading Supervisory Board ("STSB") provides that the membership of the STSB shall be a President and up to two members who shall be members of the States and two members who shall not be 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 S. Gardiner, Finance Business Partner, States Trading Group
- Mr A. Ford, Head of Shareholder Executive, States Trading Group
- Mr R. Evans, Deputy Managing Director, States Trading Group      resigned 1 November 2020

### Ports Board Members

Mr S. Falla MBE	Chairman	
Deputy P. Roffey	STSB President	appointed 21 October 2020
Mr S. Holden	non-voting adviser	
Mr B. Smillie	non-voting adviser	
Mr C. Le Ray	non-voting adviser	
Mr C. McGinn	non-voting adviser	
Deputy P. Ferbrache	STSB President	term ended 15 October 2020
Mrs S. Kazantseva Miller	non-voting adviser	resigned 15 October 2020

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

# States' Trading Supervisory Board Ports

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

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.

### Principal Officers to the Ports Board

Mr C. Le Ray, Managing Director, Ports

Mr D. Barker, Harbourmaster, Harbour

Mr D. Wright, Commercial Manager, Ports

Mr C. McGinn, Senior Finance Manager, Ports

Mr R. Coppolo, Chief Operations Officer, Ports appointed on 2 March 2020

Mr B. Le Huray, Chief Commercial & Infrastructure Officer, Ports appointed on 2 January 2020

Mr A. Nicholas, Head of Aviation Services, Airport seconded to other role 10 August 2020

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

PO Box 313

Lefebvre House

Lefebvre Street

St Peter Port

GY1 3TF

# States' Trading Supervisory Board Ports

## Chairman's Report

### Overview

For the Ports, 2020 has been a challenging trading year, passenger numbers at both the Harbour and the Airport were adversely affected as a consequence of restrictions placed on Air and Sea travel due to the Covid-19 pandemic. Every effort has been made by the PB to contain and limit cost exposures over the year, particularly in light of the collapse in income due to Covid-19 whilst balancing this cost reduction against the need to still maintain viable port facilities to provide both for continued access for limited lifeline access to and from the island for cargo, medical flights and some passenger activity throughout the year, as well as maintaining an ability to immediately manage a recovery back to normal levels of port activity, in the medium term.

### Business performance

The downturn in passenger numbers in 2020 is reflected in the results contained within these accounts. Income at both ports was significantly lower than the 2020 budget and 2019 actuals. The percentage decrease in passenger numbers across the Ports was 83% compared to 2019, with very nearly 1 million fewer passenger movements over the year.

### Our community

As the main gateway to the island, the Ports are aware of the need to balance financial performance with the greater needs of the island. To this end, the Ports are constantly striving to minimise the impact of passenger charges on the general public and propensity to travel. Alongside this, support for the community continues with a range of public realm maintenance liabilities, particularly around the Harbour.

# States' Trading Supervisory Board Ports

## Chairman's Report - continued

### Our team

Whilst 2020 has arguably been the most challenging year in living memory for the Ports, the PB is encouraged as to how the Ports have been able to adapt to such unique circumstances and still maintain core services to ensure essential goods, necessary to keep the economy functioning. Recruitment to vacant posts has been suspended for most of the year, as was all but essential overtime. Existing staff have had to respond to continued staff shortages in some areas of the business as the recruitment freeze has persisted to reduce costs. The Team has taken advantage of reduced activity at the Ports to undertake additional maintenance in areas normally operational or in passenger use. This has included marina pontoon and airfield grounds maintenance, redecoration of buildings, replacing moorings, navigation buoys and additional training. The work has used in-house expertise whenever possible. In addition, Ports staff have been working closely with the Covid-19 response team to manage aspects of the island's response, including management of port-related essential worker permits, construction of COVID testing facilities at the Airport and Harbour and more general input on changes to the lockdown strategy.

I would like to thank the dedicated staff and employees for meeting the additional challenges in this exceptional year and to their ongoing commitment.

### Our business strategy and future

Work undertaken by the STSB in 2018 to improve governance arrangements across all of the States Trading Group has continued and developed in 2020 through the PB.

The PB has endeavoured to keep its focus on this progress, despite the obvious challenges of 2020. The move to continue to hold passenger charges at the Airport continued in 2020, and now seems even more critical as a major recovery of passenger movements is now required to reverse the impacts of Covid-19 restrictions at the borders. Work on the Future Harbour Redevelopment Project has continued in earnest and this will provide valuable direction for the Harbour Action Area Plan as the Ports continue to make an important contribution to the future planning and development of the East Coast of St Peter Port.

# States' Trading Supervisory Board

## Ports

### Managing Director's Report

STSB presents its report and the audited financial statements for the year ended 31 December 2020. These comprise the Statement of Comprehensive Income, Statement of Financial Position, 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.

### Financial performance

The financial impact of Covid-19 on the Ports' finances is unprecedented. The Ports outturned a deficit of £10.7m in 2020 (2019: surplus £1.3m) with overall income lower than 2019 by £11.7m. The decrease in revenue is primarily due to restrictions on air and sea travel. Passenger movements through both ports were 83% lower than in the prior year resulting in a decrease in income amounting to £8.7m compared to 2019. Income derived from rental properties was 40% lower than 2019, resulting in a further decrease in income of £1.2m.

Revenue generated through leisure services is 27% lower than 2019 resulting in a further decrease of £0.8m, primarily due to restrictions placed on visiting yachts and cruise liners during the 2020 summer season.

# States' Trading Supervisory Board

## Ports

### Managing Director's Report - continued

Expenses remained in line with 2019 outturn with costs at the Harbour amounting to £6.5m (2019: £6.6m). Expenses at the Airport were slightly down on 2019 by 1.6% and outturned at £13.4m (2019: £13.6m).

These unprecedented pressures on revenue streams has resulted in significant additional challenges on cash and funding. Cash & cash equivalents brought forward from 2019 amounted to £6.6m. The closing balance as at 31 December 2020 amounts to a £5.0m cash deficit which has been advanced to the Ports through an overdraft facility, provided by the Policy & Resources Committee ("P&RC"). This represents an in year decrease in cash reserves amounting to £11.6m. An overdraft facility has been extended through 2021 whilst recovery plans continue to be established and delivered.

	<b>Actual 2020 £'000</b>	Budget 2020 £'000	Actual 2019 £'000
Airport revenue	<b>4,200</b>	13,279	13,183
Harbour revenue	<b>7,468</b>	9,662	10,139
Total revenue	<b>11,668</b>	22,941	23,322
Airport deficit for the financial year	<b>(10,072)</b>	(1,223)	(1,499)
Harbour (deficit)/surplus for the financial year	<b>(336)</b>	149	2,413
Net investment loss and interest expense	<b>(279)</b>	(214)	414
Total (deficit)/surplus for the financial year	<b>(10,687)</b>	(1,288)	1,328
Airport capital expenditure	<b>714</b>	5,629	652
Harbour capital expenditure	<b>260</b>	5,266	1,334
Capital expenditure	<b>974</b>	10,895	1,986

# States' Trading Supervisory Board

## Ports

### Managing Director's Report - continued

#### Operational performance

	2020	2019	Change %
<b>Passenger movements</b>			
Airport	<b>185,707</b>	858,230	(78.4%)
Harbour	<b>19,058</b>	309,604	(93.8%)
Total	<b>204,765</b>	1,167,834	(82.5%)
<b>Airport</b>			
Full emergencies declared	<b>1</b>	4	(75.0%)
Aircraft accidents	-	-	-
<b>Full time equivalent employees</b>			
Airport	<b>122</b>	121	0.8%
Harbour	<b>79</b>	79	0.0%

#### Our customers

The Ports' client base comprises commercial airlines and shipping companies, along with freight, private planes, vessels and cruise ships. The team is aware that this client base passes on its costs to their ultimate customers who are largely residents of the island.

#### 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 a 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 its 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

# States' Trading Supervisory Board Ports

## Managing Director's Report - continued

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,
- 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.

# States' Trading Supervisory Board Ports

## Managing Director's Report - continued

### Going concern

The financial statements have been prepared on the going concern basis of accounting. The STSB and Principal Officers have reviewed the cash flows and projected income and expenses over the next 12 months (including the assessment of the impact of Covid-19), 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 approval of the financial statements.

### Auditors

Grant Thornton Limited have expressed their willingness to continue in office as 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 Policy & Resource Plan, the Medium Term Financial 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 Managing Director and the Financial Manager.

All members other than the Managing Director and the 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 a 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

## 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 2020, 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. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ("United Kingdom Generally Accepted Accounting Practice").

In our opinion, the financial statements:

- give a true and fair view of the state of the Ports' affairs as at 31 December 2020 and of its deficit for the year then ended; and
- are in accordance with United Kingdom Generally Accepted Accounting Standards and the accounting policies stated 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 ethical requirements that are relevant to our audit of the financial statements in Guernsey, including the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, 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.

### Emphasis of Matter — Basis of Accounting and Restriction on Distribution and Use

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 Ports to comply with its financial reporting requirements. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for Ports and should not be distributed to or used by parties other than Ports. 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 is 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.

#### **Conclusions relating to going concern**

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

The STSB's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

The STSB has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Ports ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

As explained more fully in the Statement of responsibilities for the preparation of financial statements in the Managing Director's Report, the STSB is responsible for the preparation of the financial statements which give a true and fair view, 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 is 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 judgment 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.

# States' Trading Supervisory Board Ports

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

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.

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 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 STSB as a body, for our audit work, for this report, or for the opinions we have formed.

### **Grant Thornton Limited**

Chartered Accountants  
St Peter Port  
Guernsey

20 May 2021

# States' Trading Supervisory Board Ports

## Statement of Comprehensive Income

for the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
<b>Revenue</b>	2 & 4		
Airport fees, charges and other income		<b>4,200</b>	13,183
Harbour dues, charges and other income		<b>7,468</b>	10,139
		<b>11,668</b>	23,322
<b>Expenses</b>	2 & 5		
Airport expenses		<b>(13,356)</b>	(13,578)
Harbours expenses		<b>(6,530)</b>	(6,572)
		<b>(19,886)</b>	(20,150)
<b>Operating (deficit)/surplus before depreciation and amortisation and loss on disposal of fixed assets</b>		<b>(8,218)</b>	3,172
Depreciation and amortisation	9	<b>(5,535)</b>	(5,462)
Loss on disposal of fixed assets	9	-	(3)
Revaluation of investment property	10	<b>23</b>	(125)
<b>Operating deficit for the year</b>		<b>(13,730)</b>	(2,418)
Amortisation of asset specific contributions	2 & 18	<b>3,322</b>	3,332
Investment (loss)/return	7	<b>(190)</b>	485
Interest payable	7	<b>(89)</b>	(71)
<b>(Deficit)/surplus for the financial year</b>		<b>(10,687)</b>	1,328

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 2020

	Notes	2020 £'000	2019 £'000
<b>Non-current assets</b>			
Tangible fixed assets – Airport	9	84,990	88,546
Tangible fixed assets – Harbours	9	134,264	135,559
Investment property	10	398	375
Assets under construction	11	1,348	1,058
		<u>221,000</u>	<u>225,538</u>
<b>Current assets</b>			
Inventories	12	375	391
Debtors and prepayments	13	4,080	2,080
Balances with States Treasury		-	6,550
		<u>4,455</u>	<u>9,021</u>
<b>Creditors: amounts falling due within one year</b>			
Balances with States Treasury		(5,001)	-
Other creditors	14	(2,523)	(2,703)
		<u>(7,524)</u>	<u>(2,703)</u>
<b>Net current (liabilities)/assets</b>		<u>(3,069)</u>	<u>6,318</u>
<b>Creditors: amounts falling due after one year</b>	15	<u>(2,257)</u>	<u>(2,347)</u>
<b>Total net assets</b>		<u>215,674</u>	<u>229,509</u>
<b>Reserves</b>		<u>215,674</u>	<u>229,509</u>

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

**Deputy P. Roffey**  
President

20 May 2021

Signed on behalf of the States Trading Group

**Mr S. Elliott**  
Managing Director

20 May 2021

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 2020*

	Notes	2020 £'000	2019 £'000
<b>Balance at 1 January</b>		<b>229,509</b>	234,456
(Deficit)/surplus for the financial year	17	<b>(10,687)</b>	1,328
Amortisation of asset specific contributions	18	<b>(3,322)</b>	(3,332)
Contribution from States Capital Reserve	18	<b>174</b>	57
Contribution to States Capital Reserve		-	(3,000)
<b>Balance at 31 December</b>		<b>215,674</b>	<u>229,509</u>

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 2020

	Notes	2020 £'000	2019 £'000
<b>Net cash flows from operating activities</b>	19	<u>(10,382)</u>	<u>4,648</u>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets	11	<u>(974)</u>	<u>(1,986)</u>
<b>Net cash flows used in investing activities</b>		<u>(974)</u>	<u>(1,986)</u>
<b>Cash flows from financing activities</b>			
Net contribution from/(to) States Capital Reserve		174	(2,943)
Drawdown of Loan from States Bond		-	2,500
Capital repaid		(90)	(64)
Interest paid		(89)	(71)
Investment (loss)/ return	7	<u>(190)</u>	<u>485</u>
<b>Net cash flows from financing activities</b>		<u>(195)</u>	<u>(93)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(11,551)</b>	<b>2,569</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<u>6,550</u>	<u>3,981</u>
<b>Cash and cash equivalents at the end of the year</b>		<u><b>(5,001)</b></u>	<u><b>6,550</b></u>
<b>Reconciliation to cash at bank and in hand:</b>			
Balances with States Treasury		<u>(5,001)</u>	<u>6,550</u>
<b>Cash and cash equivalents</b>		<u><b>(5,001)</b></u>	<u><b>6,550</b></u>

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 have 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 Principal Officers have reviewed the cash flows and projected income and expenses over the next twelve months (including the assessment of the impact of Covid-19), 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 twelve months from the approval of the financial statements.

#### *Tangible fixed assets*

##### i) Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort 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 or valuation, 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 in section 2 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 Unit transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Business Unit, 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.

#### *Net investment return and interest receivable/payable*

Net 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 STSB are 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.

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the STSB have made in the process of applying the Ports' accounting policies and that 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 properties are 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 properties 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>2020</b>	2019
	<b>£'000</b>	£'000
Airport	<b>4,200</b>	13,183
Harbours	<b>7,468</b>	10,139
<b>Ports revenue</b>	<b><u>11,668</u></b>	<u>23,322</u>
<b>Airport</b>		
Advertising & Sundries	<b>184</b>	412
Airport development charge	<b>157</b>	760
Car parking fees	<b>311</b>	826
Rents	<b>911</b>	2,083
Traffic receipts	<b>2,445</b>	8,915
Recovery from Alderney	<b>192</b>	187
Airport revenue	<b><u>4,200</u></b>	<u>13,183</u>
<b>Harbour</b>		
Commercial port operations	<b>3,789</b>	6,071
Property	<b>1,002</b>	1,099
Leisure	<b>2,131</b>	2,914
Non-commercial port	<b>85</b>	13
Ships registry	<b>26</b>	42
Grant Aid – States of Guernsey	<b>435</b>	-
Harbour revenue	<b><u>7,468</u></b>	<u>10,139</u>

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>2020</b>	2019
	<b>£'000</b>	£'000
<b>Airport</b>		
Aerodrome fire service	<b>2,427</b>	2,372
Airport infrastructure	<b>2,553</b>	2,756
Airport security	<b>2,459</b>	2,803
Navigational services	<b>4,136</b>	4,208
Administration	<b>1,781</b>	1,439
	<b>13,356</b>	13,578
<b>Harbour</b>		
Commercial ports operations	<b>2,288</b>	2,362
Property	<b>850</b>	886
Leisure	<b>1,671</b>	1,888
Non-commercial ports operations	<b>1,652</b>	1,365
Ships registry	<b>69</b>	71
	<b>6,530</b>	6,572

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>2020</b>	2019
<b>Airport</b>		
Operational	<b>108</b>	108
Administration and support	<b>14</b>	13
	<u><b>122</b></u>	<u>121</u>
 <b>Harbour</b>		
Operational	<b>67</b>	67
Administration and support	<b>12</b>	12
	<u><b>79</b></u>	<u>79</u>

Their aggregate remuneration comprised:

	Note	<b>2020</b>	2019
		<b>£'000</b>	£'000
Wages and salaries		<b>9,797</b>	9,553
Social security costs		<b>642</b>	626
Pension costs	22	<b>1,261</b>	1,229
		<u><b>11,700</b></u>	<u>11,408</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>2020</b>	2019
	<b>£'000</b>	£'000
<b>Interest receivable</b>		
Investment (loss)/return on balances with States Treasury	<u>(190)</u>	<u>485</u>
<b>Interest payable</b>		
Interest payable on loans	<u>(89)</u>	<u>(71)</u>

### 8. (Deficit)/surplus for the financial year

(Deficit)/surplus for the financial year is stated after charging:

	Note	<b>2020</b>	2019
		<b>£'000</b>	£'000
Auditor's remuneration		<b>25</b>	25
Depreciation of tangible fixed assets	9	<b>5,535</b>	5,462
Deficit on disposal of fixed assets		<u>-</u>	<u>3</u>
		<u><b>5,561</b></u>	<u>5,490</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>	2020	Additions	Disposals	December
	£'000	£'000	£'000	2020
				£'000
<b>Cost</b>				
Land	2,687	-	-	<b>2,687</b>
Infrastructure	64,846	-	-	<b>64,846</b>
Buildings	33,546	59	-	<b>33,605</b>
Plant & equipment	23,211	-	-	<b>23,211</b>
Vehicles & vessels	1,284	316	-	<b>1,600</b>
Information technology	156	-	-	<b>156</b>
	<u>125,730</u>	<u>375</u>	<u>-</u>	<u><b>126,105</b></u>
<b>Depreciation</b>				
Land	-	-	-	-
Infrastructure	14,319	1,891	-	<b>16,210</b>
Buildings	7,256	562	-	<b>7,818</b>
Plant & equipment	14,318	1,395	-	<b>15,713</b>
Vehicles & vessels	1,135	83	-	<b>1,218</b>
Information technology	156	-	-	<b>156</b>
	<u>37,184</u>	<u>3,931</u>	<u>-</u>	<u><b>41,115</b></u>
<b>Net Book Value</b>	<u>88,546</u>			<u><b>84,990</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

	1 January			31
<b>Harbour</b>	2020	Additions	Disposals	December
	£'000	£'000	£'000	2020
				<b>£'000</b>
<b>Cost</b>				
Land	87,515	-	-	<b>87,515</b>
Infrastructure	9,228	-	-	<b>9,228</b>
Buildings	48,824	-	-	<b>48,824</b>
Plant & equipment	9,071	309	-	<b>9,380</b>
Vehicles & Vessels	1,182	-	-	<b>1,182</b>
Information technology	283	-	-	<b>283</b>
	<u>156,103</u>	<u>309</u>	<u>-</u>	<u><b>156,412</b></u>
<b>Depreciation</b>				
Land	-	-	-	-
Infrastructure	1,735	332	-	<b>2,067</b>
Buildings	12,940	877	-	<b>13,817</b>
Plant & equipment	5,560	249	-	<b>5,809</b>
Vehicles & Vessels	202	56	-	<b>258</b>
Information technology	107	90	-	<b>197</b>
	<u>20,544</u>	<u>1,604</u>	<u>-</u>	<u><b>22,148</b></u>
<b>Net Book Value</b>	<u><u>135,559</u></u>			<u><u><b>134,264</b></u></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 properties

	1 January 2020 £'000	Additions/ Disposals £'000	Revaluations £'000	<b>31 December 2020 £'000</b>
Airport	375	-	23	<b>398</b>
Harbour	-	-	-	-
	<u>375</u>	<u>-</u>	<u>23</u>	<u><b>398</b></u>

Investment properties, which are all freehold, were valued to fair value at 31 December 2020, 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 Red Book value. There are no restrictions on the realisability of investment property.

As at the 31 December 2020 the investment property was valued at £398k (2019: £375k). The original book value of the investment property was £436k.

As set out in note 4, property rental income earned during the year was £nil (2019: £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 properties (2019: £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 2020 £'000	Additions £'000	Transfers to Tangible Fixed Assets £'000	31 December 2020 £'000
Airport	629	714	(375)	968
Harbour	429	260	(309)	380
<b>2020 Total</b>	<b>1,058</b>	<b>974</b>	<b>(684)</b>	<b>1,348</b>
2019 Total	651	1,986	(1,579)	1,058

Assets under construction completed in 2020 and transferred to fixed assets includes the Harbour Vehicle Traffic Service system and replacement pontoons. Other transfers to fixed assets include capital expenditure related to maintaining the Airport terminal building and also ensuring the Airport complies with regulations on Airport security.

Assets under construction as at 31 December 2020 mainly relate to the Harbour IT project and replacement fire appliances at the Aerodrome.

### 12. Inventories

	2020 £'000	2019 £'000
Airport	65	65
Harbours	310	326
	<b>375</b>	<b>391</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>2020</b>	2019
	<b>£'000</b>	£'000
Trade debtors - Airport	<b>903</b>	1,078
Trade debtors - Harbour	<b>3,134</b>	903
Prepayments - Airport	<b>17</b>	42
Prepayments - Harbour	<b>26</b>	57
	<b><u>4,080</u></b>	<u>2,080</u>

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

	Note	<b>2020</b>	2019
		<b>£'000</b>	£'000
Trade creditors - Airport		<b>119</b>	512
Trade creditors - Harbour		<b>78</b>	338
Accruals - Airport		<b>908</b>	865
Accruals - Harbour		<b>970</b>	633
Deferred income - Airport		<b>72</b>	110
Deferred income - Harbour		<b>285</b>	153
Harbour operational license and security deposits		<b>1</b>	3
Loan from States of Guernsey	16	<b>90</b>	89
		<b><u>2,523</u></b>	<u>2,703</u>

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

	Note	<b>2020</b>	2019
		<b>£'000</b>	£'000
Loan from States of Guernsey	16	<b>2,257</b>	2,347
		<b><u>2,257</u></b>	<u>2,347</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>2020</b> <b>£'000</b>	2019 £'000
Balance at 1 January	<u>2,436</u>	<u>-</u>
Drawdown 1 March 2019	-	2,500
Capital repaid	<b>(89)</b>	(64)
	<u>          </u>	<u>          </u>
Balance at 31 December	<u><b>2,347</b></u>	<u>2,436</u>

The loan from the States of Guernsey is repayable on a quarterly basis over a period of 20 years at an annual interest rate charged at 3.625%.

	<b>2020</b> <b>£'000</b>	2019 £'000
Within one year	<b>90</b>	89
Between one and two years	<b>96</b>	92
Between two and five years	<b>303</b>	298
More than five years	<u><b>1,858</b></u>	<u>1,957</u>
	<u><b>2,347</b></u>	<u>2,436</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

	<b>2020</b>	2019
	<b>£'000</b>	£'000
<b>Balance at 1 January</b>	<b>229,509</b>	234,456
(Deficit)/surplus for financial year	<b>(10,687)</b>	1,328
Amortisation of asset specific contributions	<b>(3,322)</b>	(3,332)
Contribution from States Capital Reserve	<b>174</b>	57
Contribution to States Capital Reserve	-	(3,000)
<b>Balance at 31 December</b>	<b><u>215,674</u></b>	<u>229,509</u>

Included within Reserves are amounts contributed by the States Capital Reserve specifically for the Guernsey Airport Pavements Rehabilitation and St Peter Port Crane Strategy 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.

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

	2020 £'000	2019 £'000
As at 1 January	60,728	64,003
Contributions receivable	<u>174</u>	<u>57</u>
	60,902	64,060
Released to Statement of Comprehensive Income during the year	<u>(3,322)</u>	<u>(3,332)</u>
Net book value of projects funded by the Capital Reserve not yet released to the Statement of Comprehensive Income	<u><u>57,580</u></u>	<u><u>60,728</u></u>

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

	2020 £'000	2019 £'000
<b>Operating deficit for the year</b>	<b>(13,731)</b>	<b>(2,418)</b>
Depreciation charges	5,535	5,462
Loss on disposal of tangible assets	-	3
Revaluation of investment property	(23)	125
Decrease in inventories	16	27
(Increase)/decrease in debtors	(2,000)	357
(Decrease)/increase in creditors due within one year	<u>(179)</u>	<u>1,092</u>
<b>Net cash flows from operating activities</b>	<u><u>(10,382)</u></u>	<u><u>4,648</u></u>

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

The Ports have no financial commitments as at 31 December 2020 (2019: £nil) which are not provided for in the financial statements.

### 21. Financial instruments

The Port's financial instruments may be analysed as follows:

	Note	2020 £'000	2019 £'000
<b>Financial Assets at amortised cost</b>			
Cash and cash equivalents		<b>(5,001)</b>	6,474
Debtors	13	<b>4,037</b>	1,981
<b>Financial liabilities at amortised cost</b>			
Creditors: amounts falling due within one year	14	<b>(288)</b>	(942)
Creditors: amounts falling due after more than one year	15	<b>(2,257)</b>	(2,347)

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 (£92,236 as at 31 December 2020) 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 periodic valuations.

The total cost of employer contributions included within the Statement of Comprehensive Income amounted to £1,261k (2019: £1,229k).

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

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 for the period totalled £529k (2019: £427k).

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 MBE has declared certain related party transactions 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.

STSB member Mr P. Ferbrache has declared certain related party transactions 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 Ferbrache, 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.

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

# States' Trading Supervisory Board Ports

## Notes to the Financial Statements – continued

### 25. Subsequent events

#### Covid-19

On 23 January 2021 Guernsey entered into a second full lockdown due to the Covid-19 pandemic. This lasted until Monday 22 March 2021 when the island entered stage 3 of lockdown with a return to a normal level of activity within the Bailiwick, with social, recreation and business activity able to take place.

During lockdown, and in line with our business continuity plan and the advice of the Civil Contingencies Authority and Public Health, the Ports business activities were limited to those required to maintain continuity of essential services including: loading and unloading of cargo/ freight; management of vessels entering and leaving the Harbour, management of aviation services at the Airport; and the essential maintenance and repair of property and assets at both the Airport and the Harbours. Office based staff were instructed to work from home which was made easier due to further technology roll outs following the first lockdown. In addition, Ports staff have been working closely with the Covid-19 response team to manage aspects of the island's response, including oversight of port-related essential worker permits. Staff members were re-deployed throughout lockdown as required to cover other staff who were unable to work from home whilst self-isolating or shielding in accordance with Public Health advice.

Guernsey Ports has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2020 have not been adjusted to reflect their impact.

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

### 26. Off balance-sheet arrangements

There are no commitments or contingent liabilities relating to 2020 which would affect these financial statements (2019: None).

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

## **States of Guernsey**

### **States' Trading Supervisory Board**

#### **Ports**

#### **Supplemental Information**

The additional information has been prepared for the accounting records of the States' Trading Supervisory Board. While it does not form part of the financial statements, it should be read in conjunction with them.

# States' Trading Supervisory Board Ports

## Guernsey Airport

2020 Original Budget £'000	2020 Probable Outturn £'000	Net expenditure by category	2020 Actual £'000	2019 Actual £'000
13,279	4,437	<b>Income</b>		
		Operating income	4,200	13,183
(8,054)	(7,763)	<b>Expenditure</b>		
		Pay costs	(7,938)	(7,660)
		Non-Pay costs		
(193)	(154)	Staff Non-Pay costs	(116)	(181)
(1,467)	(1,303)	Support services	(1,301)	(1,991)
(1,399)	(1,492)	Premises	(1,245)	(1,346)
(115)	(232)	Transport	(220)	(112)
(2,206)	(2,531)	Supplies & services	(2,536)	(2,288)
(5,380)	(5,712)		(5,418)	(5,918)
<b>(155)</b>	<b>(9,038)</b>	<b>Operating deficit for the financial year</b>	<b>(9,156)</b>	<b>(395)</b>
		Depreciation (net of amortisation of asset specific contributions) and revaluation of Investment Property		
(1,068)	(940)		(916)	(1,081)
<b>(1,223)</b>	<b>(9,978)</b>	<b>Operating deficit</b>	<b>(10,072)</b>	<b>(1,476)</b>

# States' Trading Supervisory Board

## Ports

### Guernsey Airport

2020 Original Budget £'000	2020 Probable Outturn £'000	Net expenditure by service area	2020 Actual £'000	2019 Actual £'000
		<b>Income</b>		
414	251	<i>Advertising, picketing etc</i>	184	414
760	185	<i>Airport development charge</i>	157	760
821	329	<i>Car parking fees</i>	311	826
2,048	923	<i>Rents</i>	911	2,083
9,045	2,549	<i>Traffic receipts</i>	2,445	8,913
		<i>Recovery from Alderney Airport</i>	192	187
<u>13,279</u>	<u>4,437</u>		<u>4,200</u>	<u>13,183</u>
		<b>Expenditure</b>		
(1,846)	(1,766)	<i>Administration</i>	(1,781)	(1,440)
(2,300)	(2,318)	<i>Aerodrome fire service</i>	(2,427)	(2,371)
(2,995)	(2,538)	<i>Airport infrastructure</i>	(2,553)	(2,756)
(2,101)	(2,469)	<i>Airport security</i>	(2,459)	(2,803)
(4,192)	(4,384)	<i>Navigational services</i>	(4,136)	(4,208)
<u>(13,434)</u>	<u>(13,475)</u>		<u>(13,356)</u>	<u>(13,578)</u>
<b>(155)</b>	<b>(9,038)</b>	<b>Operating deficit for the financial year</b>	<b>(9,156)</b>	<b>(395)</b>
		Depreciation (net of amortisation of asset specific contributions) and revaluation of Investment Property	(916)	(1,081)
<u>(1,068)</u>	<u>(940)</u>		<u>(916)</u>	<u>(1,081)</u>
<b>(1,223)</b>	<b>(9,978)</b>	<b>Operating deficit</b>	<b>(10,072)</b>	<b>(1,476)</b>

# States' Trading Supervisory Board

## Ports

### Guernsey Airport

2020 Original Budget £'000	2020 Probable Outturn £'000		2020 Actual £'000	2019 Actual £'000
		<b>Capital expenditure</b>		
(1,304)	-	Miscellaneous capital works	(211)	(178)
(981)	-	IT projects and equipment	-	-
(3,344)	(242)	Equipment, machinery and vehicles	(503)	(474)
<b>(5,629)</b>	<b>(242)</b>	<b>Routine capital expenditure</b>	<b>(714)</b>	<b>(652)</b>
-	-	Airports pavements project	(10)	(10)
-	(1,269)	Hold baggage system	(162)	-
-	1,269	Contribution from States Capital Reserve	172	10
<b>(5,629)</b>	<b>(242)</b>	<b>Net capital expenditure</b>	<b>(714)</b>	<b>(652)</b>

# States' Trading Supervisory Board Ports

## Guernsey Harbours

2020 Original Budget £'000	2020 Probable Outturn £'000	Net expenditure by category	2020 Actual £'000	2019 Actual £'000
9,662	6,689	<b>Income</b>		
		Operating income	7,468	10,139
(4,178)	(3,959)	<b>Expenditure</b>		
		Pay costs	(3,762)	(3,749)
		Non-Pay costs		
(116)	(63)	<i>Staff Non-Pay costs</i>	(75)	(88)
-	-	<i>Peripheral activities</i>	(19)	(52)
(1,157)	(1,043)	<i>Support services</i>	(1,554)	(1,093)
(2,110)	(1,642)	<i>Premises</i>	(797)	(1,193)
(98)	(78)	<i>Transport</i>	(43)	(75)
(563)	(478)	<i>Supplies &amp; services</i>	(280)	(322)
(4,044)	(3,304)		(2,768)	(2,823)
<b>1,440</b>	<b>(574)</b>	<b>Operating surplus/(deficit) for the financial year</b>	<b>938</b>	<b>3,567</b>
		Depreciation (net of amortisation of asset specific contributions) and revaluation of Investment Property	(1,274)	(1,174)
(1,291)	(1,258)			
<b>149</b>	<b>(1,832)</b>	<b>Operating (deficit)/surplus</b>	<b>(336)</b>	<b>2,393</b>

# States' Trading Supervisory Board

## Ports

### Guernsey Harbours

2020 Original Budget £'000	2020 Probable Outturn £'000	Net income/(expenditure) by service area	2020 Actual £'000	2019 Actual £'000
2,446	875	<i>Commercial ports</i>	1,501	3,711
(83)	(265)	<i>operations</i>	152	213
751	218	<i>Property</i>	460	1,026
(1,650)	(1,361)	<i>Leisure</i>	(1,567)	(1,355)
(24)	(41)	<i>Non-commercial ports</i>	(43)	(28)
-	-	<i>operations</i>	435	-
		<i>Ships registry</i>		
		<i>Grant aid</i>		
<b>1,440</b>	<b>(574)</b>	<b>Operating surplus/(deficit) for the financial year</b>	<b>938</b>	<b>3,567</b>
(1,291)	(1,258)	Depreciation (net of amortisation of asset specific contributions) and revaluation of Investment Property	(1,274)	(1,174)
<b>149</b>	<b>(1,832)</b>	<b>Operating (deficit)/surplus</b>	<b>(336)</b>	<b>2,393</b>

# States' Trading Supervisory Board

## Ports

### Guernsey Harbours

2020 Original Budget £'000	2020 Probable Outturn £'000		2020 Actual £'000	2019 Actual £'000
		<b>Capital expenditure</b>		
(2,616)	-	Miscellaneous capital works	-	(15)
-	(208)	IT projects and equipment	(19)	(146)
(2,650)	(266)	Equipment, machinery and vehicles	(241)	(1,174)
<b>(5,266)</b>	<b>(474)</b>	<b>Routine capital expenditure</b>	<b>(260)</b>	<b>(1,335)</b>
-	-	Crane strategy	(2)	(48)
-	-	Contribution from States Capital Reserve	2	48
<b>(5,266)</b>	<b>(474)</b>	<b>Net capital expenditure</b>	<b>(260)</b>	<b>(1,335)</b>

# States' Trading Supervisory Board

## Ports

### Ports Holding Account

2020 Original Budget £'000	2020 Probable Outturn £'000		2020 Actual £'000	2019 Actual £'000
		<b>Operating (deficit)/surplus before depreciation</b>		
(155)	(9,038)	Guernsey Airport	(9,156)	(395)
1,440	(574)	Guernsey Harbours	938	3,567
1,285	(9,612)		(8,218)	3,172
-	(171)	Investment (loss)/return	(190)	400
(214)	-	Interest expense	(89)	(71)
-	-	Other	-	(3)
1,071	(9,783)		(8,497)	3,498
		<b>Capital expenditure</b>		
(5,629)	(1,511)	Guernsey Airport	(714)	(662)
(5,266)	(474)	Guernsey Harbours	(260)	(1,383)
(10,895)	(1,985)	Total capital expenditure	(974)	(2,045)
<b>(9,824)</b>	<b>(11,768)</b>	<b>(Deficit)/surplus for the year</b>	<b>(9,471)</b>	<b>1,453</b>
<b>5,632</b>	<b>6,318</b>	<b>Balance at 1 January</b>	<b>6,318</b>	<b>5,314</b>
(9,824)	(11,768)	(Deficit)/surplus for the year before depreciation	(9,471)	1,453
-	-	Contribution to States Capital Reserve	-	(2,943)
-	1,269	Contribution from States Capital Reserve	174	58
6,000	-	Loans drawdown	-	2,500
(192)	(81)	Capital repaid	(90)	(64)
<b>1,616</b>	<b>(4,262)</b>	<b>Balance at 31 December</b>	<b>(3,069)</b>	<b>6,318</b>

#### Notes:

Guernsey Ports has been significantly impacted by the Covid-19 pandemic and anticipates continued revenue pressures into 2021.

The Policy & Resources Committee has agreed in principle to make an overdraft facility of £12.5 million available to Ports until the end of 2021.