



SUTTON
HARBOUR
HOLDINGS PLC

2016

ANNUAL REPORT &
FINANCIAL STATEMENTS



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STRATEGIC REPORT

THE GROUP AT A GLANCE

Sutton Harbour Holdings plc, listed on the Alternative Investment Market (AIM) of the London Stock Exchange since 1996, is the parent of a number of wholly owned subsidiary companies which include:

- Sutton Harbour Company, the statutory harbour authority company, which operates the Plymouth fishmarket (known as Plymouth Fisheries), The Marina at Sutton Harbour, together with a number of operations related properties;
- a number of other 'Sutton Harbour' group companies engaged in waterfront property regeneration and investment including the newly built King Point Marina and car park operating activities; and
- Plymouth City Airport Limited, the company holding legal interests in the former airport site.

GROUP VISION

The Group aims to be the leading marine, waterfront regeneration and destination specialist in Southern England.

OUR OBJECTIVES

- To develop a mix of activities for long-term sustainable growth and to provide a balanced risk profile.
- To provide a secure investment proposition in a profitable company which has a strong asset base.
- To build on the Group's strength as a specialist in waterfront destination and regeneration in the South West region.
- To increase and improve the income earning asset portfolio of the Group.
- To provide a progressive dividend return to shareholders in the medium term.

CURRENT BUSINESS PLANS

- Growth of earnings from core divisions.
- Retention of assets and development of new assets for investment and revenue earning potential.
- Realisation of inventory assets through sale and development.
- Investment in infrastructure to increase capacity, improve service and enhance quality.
- Adherence to a rigorous cash management plan.
- Improve visibility of the Group's activities to target audiences through the increased use of electronic marketing channels.
- Maintain strong reputation for quality and customer service.

Details of the Group's operating segments, together with a description of current activities and latest developments are summarised as follows:

MARINE

Sutton Harbour currently provides berthing for 523 vessels and receives a stable, core annual revenue stream in the form of dues, fees and rents from the established fisheries, marinas and property operations.

Plymouth Fisheries, the trading name of the fishmarket in Plymouth, is recognised as the second placed fishing port in England.

The location of Sutton Harbour, in central Plymouth and adjoining the historic Barbican quarter, has undergone two main phases of regeneration over the past 25 years. The first phase to unlock the potential of the area was realised when Sutton Lock was installed in 1992 creating a usable depth of water, followed by the relocation of the fishmarket to the eastern side in 1995. In the second phase the development of high quality residential and commercial buildings overlooking the harbour, and improvements to berthing facilities, added to the attractiveness of the area to create a long term sustainable location for business, leisure and living. The Group is now focused on bringing forward the third phase with further regeneration to join together existing key attractions and to position Sutton Harbour as a destination of regional importance within the South West which is presented in the 'Vision' framework, see 'Regeneration' below.

KING POINT MARINA

In June 2011, the Group was selected by the English Cities Fund (ECF) to build and operate the new marina in the major urban regeneration area of Millbay in Plymouth. The new King Point Marina received its first berth-holders in September 2013 and has now operated for two complete seasons ending 31 March 2016. The facility currently has 81 berths, with space to install a further 86 berths subject to configuration.

REAL ESTATE

This division comprises the rentals from investment properties and is particularly focused on growing its annual income through asset enhancement.

Whilst property development continues to be challenging, the Group has continued to invest in and drive value from its investment portfolio, securing lettings in vacant premises in the Sutton Harbour estate.

The Group has a diverse mix of national and regional businesses as tenants as well as various independent operators. The National Marine Aquarium, a major visitor attraction in the region, is also a tenant.

The Group has been active in establishing a business community around the northern side of Sutton Harbour and has been successful in attracting a number of chartered accountants practices, legal firms and other professional services companies.

CAR PARKING

The Group has two major car parks at Sutton Harbour, a 340 space multi storey close to the National Marine Aquarium and a 51 space surface car park in the Barbican area. Additionally, the Group controls parking on the fishmarket complex, at the marina and adjoining various tenanted properties.

REGENERATION

This division focuses on development for revenue and capital growth and for value realisation through specific land asset sale.

SUTTON HARBOUR

The Group has established a track record for the delivery of six major regeneration schemes around Sutton Harbour and a further two schemes in other locations elsewhere in the South West. A key feature of all these schemes was working in partnership with other public and private sector bodies. In July 2014, a new 'Vision' framework for future development around Sutton Harbour was launched. The 'Vision' included indicative development visuals for twelve waterfront schemes including the East Quay site. Planning consent for one cornerstone development, 'The Boardwalk' at Vauxhall Quay, was gained in February 2015.

FORMER AIRPORT SITE

In 2000, the Group purchased Plymouth City Airport Limited and a long lease of the regional airport site. In 2003 the Group set up and operated the regional airline, Air Southwest which was subsequently sold in November 2010 to Eastern Airways International Limited (Eastern Airways). On 28 July 2011 Air Southwest (under the ownership of Eastern Airways) ceased flights in and out of Plymouth City Airport.

Facing unsustainable losses, in August 2011 Plymouth City Council agreed to the closure of the airport as of 23 December 2011. The Group is now working towards options to maximise value from the 113 acre former airport site through development of a masterplan for the area to show alternative uses. The Group has positioned its representations in the area planning policy debate and has engaged with the Local Planning Authority as part of the pre-application planning process. The Group previously achieved planning consent on 22 acres of surplus airport land which was sold in tranches to a residential developer between 2009 and 2011.

STRATEGIC REPORT

THE CHAIRMAN'S STATEMENT AND CHIEF EXECUTIVE'S REPORT

SHAREHOLDERS' OVERVIEW

INTRODUCTION

During the year the Group has achieved:

- re-financing of bank facilities on improved terms;
- the completion of the harbour and fisheries infrastructure programme; and,
- good progress with advancing current development opportunities.

STRATEGIC REVIEW

Since the year end, the Company announced that it has appointed Rothschild to undertake a strategic review of options which could include a sale of the Company. The board resolved to undertake this review to evaluate opportunities to maximise value for the Company's shareholders recognising that even with the successful re-financing that the Company's potential is underexploited by capital funding constraints.

There is currently no further news to report on this process and the Company will update shareholders in accordance with the Takeover Panel rules.

RESULTS AND FINANCIAL POSITION

Profit before taxation has increased to £1.590m (2015: £0.861m). The adjusted profit before taxation result (excluding fair value adjustments and impairments), was £0.410m (2015: £0.347m). Improving contribution from the Group's business activities has been partly offset by higher finance charges on higher levels of bank and asset finance debt. The results for the year ended 31 March 2016 include no profits from regeneration activities or sale of land (2015: £nil).

As at 31 March 2016 net assets were £40.869m (2015: £40.459m), representing 42.4p per share (2015: 42.0p per share). This increase incorporates the net fair value

adjustment to the investment property portfolios of £1.829m surplus (2015: £0.864m surplus) recognised in profit, downwards revaluation to owner occupied portfolio recognised in profit of £0.377m (2015: upwards revaluation of £0.053m) and revaluation adjustment to the owner occupied portfolio £1.167m deficit (2015: £1.271m surplus). The results also take account of impairments to specific assets where the recoverable amount or value in use is judged to be lower than the book value. The impairment adjustment of £0.272m comprises a further reduction of the recoverable amount from airport equipment of £0.066m due to the passage of time, and a write down to reduce the carrying value of development inventory of £0.206m (2015: total impairment of £0.403m, being £0.100m against airport assets and £0.303m against the King Point Marina asset).

Completion of the two year programme to upgrade harbour and fisheries infrastructure, together with pre-planning expenditure on the Group's principal regeneration projects, resulted in an increase of net debt, including finance leases, to £22.213m (2015: £21.458m), with gearing as at 31 March 2016 at 54.4% (2015: 53.0%).

The Group's bank facilities were renewed in March 2016 with a committed £25m facility expiring in March 2019. Alongside these facilities the Group has entered into a new LIBOR swap over £10m debt, to follow on from the LIBOR hedging agreement which expires in June 2016, through to March 2019.

The Board does not recommend payment of a dividend on the year's results.

DIRECTORS AND STAFF

There have been no changes to the board within the year. Group-wide headcount stood at 38 as at the year end. The Group became subject to Auto Enrolment pension regulation in August 2015, and from that date membership of the company pension scheme (a defined contribution scheme) increased slightly.

SUMMARY

The Group's waterfront land, property and facilities have unique potential to further develop the historic harbour into a leading visitor destination. To unlock these opportunities, the Group is engaged in discussions with potential end users on specific sites. Profitability of the Group's annuity trading businesses continues to prove resilient after benefiting from investment in infrastructure, cost management and new marketing strategies.

OPERATIONS REPORT

MARINE

The full grant supported programme of infrastructure works to install a new ice plant, build a new chiller and refit an existing chiller was completed in December 2015. These essential works have increased the volume of fish that can be stored, thus adding handling and throughput capacity. Being newly commissioned, the full benefits, including energy savings, service reliability and revenue potential, have not yet been fully realised.

Last year we reported a record season for landings at Plymouth Fisheries. During the year ended 31 March 2016, strong landing trends continued albeit intermittent periods of poor weather reduced total landings to a normal level. Fuel margins have increased after a prolonged period of slim profits whilst the high oil price persisted.

Overall trading at the two marina facilities at Sutton Harbour and King Point remained steady. Occupancy at The Marina at Sutton Harbour fell slightly, after the loss of a major customer, which was offset by improving berthing numbers at King Point Marina. Recent improvements at the marinas include the installation of industry standard software, which will help target customers more effectively, and of new WiFi internet connections which greatly improve media connectivity for berthholders.

Just after the year end, the Marina at Sutton Harbour jointly hosted, alongside the local authority, the start of the renowned Transat 'bakerly' yacht race. Further events are due to be hosted at both marinas during this summer.

REAL ESTATE

As at 31 March 2016, the Group recorded a peak of 96.2% occupancy of its real estate portfolio as a result of improving letting performance over recent years. Early in the new financial year the Group is remarketing some recently vacated premises, with encouraging interest.

The valuation of the investment portfolio, achieving a surplus of £1.829m, reflects the benefits of new lettings and lease revisions during the course of the year including Boston Tea Party which opened in Jamaica House in July 2015. The valuer's report also takes account of the increased Stamp Duty Land Tax announced in the last budget, which has had a slightly depressing effect.

CAR PARKING

The car parking segment has recorded another record year of trading with revenue up 13.8% on the previous year, representing a compound annual growth rate of 12.4% pa over the last 3 years. Card payment pay and display machines and seasonal pricing have improved revenue earning potential of the car parks. To improve ambiance and to reduce power costs, new energy efficiency lighting will be installed at the Harbour multi storey car park this summer.

REGENERATION

FORMER AIRPORT SITE

During the year, an active programme of pre-planning work and stakeholder consultation has taken place. Ahead of the 2015 General Election, the Chancellor announced that a government report into future options for the site would be undertaken. Publication of this report has been delayed until later this year.

In the lead up to the 'Examination in Public' of the proposed planning framework for Plymouth, 'The Plymouth Plan', which will be chaired by an independent government inspector in 2017, the Company has added to the evidence base which comprehensively concludes that the site has no realistic prospects of sustaining commercial viable aviation operations, given environment, technical and economic constraints. The draft Plymouth Plan currently allocates the 113 acre brownfield former airport site for general aviation use although it is unsuitable for this purpose and is contrary to the stated demand for new housing, community facilities and local amenities such as retail space.

SUGAR HOUSE, EAST QUAY

The Sugar House site comprises c.1.3 acres of vacant harbourside land on the East Quay of Sutton Harbour. A new design team has been instructed to produce drawings and development costing for a scheme with options to accommodate a mix of residential accommodation, student accommodation, private rental sector investment property and ground floor commercial uses, together with integral parking. The scheme options take account of the pre application meetings held with the local authority and the Group is currently marketing the development opportunity to specialist investors/developers.

THE 'BOARDWALK', VAUXHALL QUAY

The Group has previously secured planning consent for a 7,800 sq ft scheme, comprising 3 units targeted at food and beverage operators, on a pier structure incorporating a pedestrian walkway which will significantly improve access around the harbour. The Group has now undertaken requisite pre-construction survey work to permit application for Marine Management Organisation licensing, a pre-requisite for works to be undertaken in a marine environment. Delivery of the scheme, which remains subject to finance, has attracted strong interest from quality covenant end users.

OTHER SITES

The Group has regular and active discussions with interested buyers and potential partners for other regeneration opportunities around Sutton Harbour, as articulated in the 'Vision for Sutton Harbour' framework published in July 2014, an updated version of which is planned to be issued later this year.

	AS AT 31 MARCH 2016	AS AT 31 MARCH 2015
Total estate portfolio valuation	£46.102m	£44.694m
Owner occupied portfolio valuation	£26.752m	£28.089m
Investment portfolio valuation	£19.350m	£16.605m
Number of investment properties	71	71
Contracted rent (per annum)	£1.605m	£1.433m
Net initial yield	8.30%	8.60%
Reversionary yield	9.20%	9.70%
Occupancy rate	96.2%	93.30%
Estimated rental value (ERV) of vacant units	£0.039m	£0.119m
Average unexpired lease	10.0 years	10.0 years
Gross car parks revenue	£0.478m	£0.422m
Development Inventory		
Sites around Sutton Harbour	£8.104m	£7.861m
Portland	£0.200m	£0.406m
Former airport site	£11.721m	£11.568m
Total	£20.025m	£19.835m

OUTLOOK

Our trading businesses continue to prove resilient and the recent investments we have made in facilities and infrastructure around the harbour underpin our future core profitability. The medium term value growth potential of our portfolio of development sites remains significant.

GRAHAM MILLER
CHAIRMAN
27 June 2016

JASON SCHOFIELD
CHIEF EXECUTIVE

STRATEGIC REPORT

KEY PERFORMANCE INDICATORS

The material Key Performance Indicators relevant to the Group's business are:

FINANCIAL HIGHLIGHTS	2016	2015	NOTE
Net Assets	£40.869m	£40.459m	
Net Asset value per share	42.4p	42.0p	
Profit before tax from continuing operations	£1.590m	£0.861m	I
Adjusted Profit before tax excluding fair value adjustments and impairments to inventory	£0.410m	£0.347m	
Profit after tax	£1.497m	£0.655m	
Basic Earnings	1.55p	0.68p	
Dividend per share	0.0p	0.0p	
Net Debt	£22.213m	£21.458m	
Gearing (Net Debt/Net Assets)	54.4%	53.0%	

NOTE

I Includes a credit for fair value adjustments on investment property and property, plant equipment of £1.452m (2015: £0.917m) and a charge for asset impairments of £0.272m (2015: £0.403m).

STRATEGIC REPORT

FINANCIAL REVIEW

ACCOUNTING

The Group's year end results are presented under International Financial Reporting Standards (IFRS) as adopted by the European Union.

ASSET VALUATION

During the year, independent valuation of the Group's investment and owner-occupied portfolio was undertaken at 30 September 2015 and at 31 March 2016. The valuation at 30 September 2015 gave rise to a net surplus of £1.015m in the first half year, with further adjustment in the second half year to give an overall net surplus for the year of £0.515m. This surplus is reconciled as £1.452m surplus on the investment portfolio and £1.167m deficit on the owner-occupied portfolio.

CARRYING VALUE OF FORMER AIRPORT SITE

The former airport site, a 113 acre site in which the Group holds an unexpired 138 year leasehold interest, is held as development inventory at a carrying value of £11.721m. At each balance sheet date, this carrying value is tested for impairment with the board needing to satisfy itself that the asset is included in inventory at the lower of cost and net realisable value, with net realisable value including developer's return where applicable. The carrying value of £11.721m is derived as follows:

- The land and building asset was independently valued twice yearly until 31 March 2013, when the asset was transferred to development inventory.
- As at 31 March 2013 the land and building asset was transferred to development inventory and combined with the pre-existing inventory total, which included the cost of building the Link Road and planning intellectual property costs.

- It was agreed at 31 March 2013 that the transfer was made at valuation, inclusive of historic revaluations. As at 31 March 2015 the carrying value of the former airport asset was £11.568m, which is inclusive of past revaluations totalling £3.969m. The net increase in former airport asset valuation from 31 March 2013 (£11.479m) to 31 March 2015 (£11.568m) of £89,000 and to 31 March 2016 (£11.721m) of £0.153m represents the capitalised costs of developing the planning intellectual property less the cost attributed to sales of small plots.

- Net Realisable Value is estimated with reference to expected net proceeds for the 25% share of 113 acres of land. The mechanism for sharing of net proceeds with the freeholder, Plymouth City Council, is set out in the lease.

- The auditors, Nexia Smith and Williamson, included an Emphasis of Matter paragraph within the 2015 Audit Report due to uncertainty about the impact on Net Realisable Value of the planning process (Plymouth Plan 2017-2031 currently being formulated) and the outcome of a Government Report about the future of Plymouth City Airport which was expected within the 2015/16 financial year, but has been deferred and is still awaited.

IMPAIRMENT OF ASSETS

The Directors have reviewed the carrying values of inventory in relation to regeneration projects, taking professional independent advice where applicable and taking into account the current market conditions, estimated delivery timescales and financial outcomes. In addition, the carrying cost of other fixed assets has been reviewed for any potential impairment. In this year the charges relate to a write down of development inventory of £0.206m (2015: £nil), an impairment of airport assets of £0.066m (2015: £0.100m) and a downwards revaluation adjustment to the King point Marina asset of £0.229m (2015: impairment of £0.303m).

DEPRECIATION

The Company has undertaken an infrastructure improvement programme resulting in increased depreciation charges during the year.

CASH FLOW AND FINANCING

The Company had total borrowing net of cash and cash equivalents of £22.213m at 31 March 2016 (2015: £21.458m) with a gearing level of 54.4% (2015: 53.0%). The Company has operated within its authorised facilities and has met all bank covenants during the year. The bank facilities were renewed in March 2016, when the Company entered into a new three year agreement. This banking agreement provides a maximum £25.0m committed facility with a revised confirmed expiry date of March 2019.

Debt servicing costs continue to be a major expense to the Group. To manage exposure to LIBOR movements, the Group has hedged LIBOR rate at 1.45% on £15m core debt to June 2016 and has secured a further LIBOR swap from June 2016 to March 2019 on £10m core debt fixed at 0.8737%.

TAXATION

The standard rate of tax applicable to the Group is 20% (2015: 21%). The overall tax charge for the year is £0.093m (2015: £0.206m). No current tax is due on the year's results with the tax charge resulting from restatement of prior year losses and a revision in the rate used for deferred tax.

NATASHA GADSDON
FINANCE DIRECTOR
27 JUNE 2016

STRATEGIC REPORT

MANAGING BUSINESS RISKS

The Group maintains a register of risks which is updated as business risks change. The risk register is reviewed regularly by the Board to ensure that appropriate management processes are in place to manage business risks. Certain business risks are general to all Group activities whereas others are pertinent to particular business activities. Key business risks identified at present are:

GENERAL RISKS	RISK IDENTIFIED	RESPONSE TO RISK
Uncertainty of outcome of Strategic Review Process	Retention of commitment to Group from key stakeholders and employees.	The Board is obliged to manage the process in the best interests of shareholders and with full regard to the impact on employees and other stakeholders.
Financing	The availability of adequate borrowing and other funding facilities.	The Group has renewed banking facilities to a maximum of £25m expiring in March 2019. The Board recognises that the Group is capital constrained thereby delaying progress with specific property development.
Financing	Compliance with bank terms and covenants.	The Group maintains a regular dialogue with bankers over progress of the Group and operates to a business plan to remain within bank facility terms.
Financing	Interest rate rises.	The Group has hedged LIBOR by way of an interest rate swap on £15m core debt until June 2016 and a follow on LIBOR swap over £10m debt until March 2019.
Government spending reviews	Increases in business rates and other taxes. Reducing demand for commercial space from government departments. Reduced provision of amenities and infrastructure by government/local authority.	If the base cost of services increases the Group will need to review pricing to end users or consider other efficiencies to offset the impact.
Negative publicity	Increased use of social media can heighten the impact of negative publicity.	Media publicity about the Group is actively followed and reported where it is misleading or untrue.

Economic Cycles	Property markets in provincial areas such as Plymouth will lag the improvements achieved in other major centres.	The Group is developing its plans for various sites to prepare for new development as market conditions allow.
Planning	Obtaining viable planning permissions has become increasingly demanding resulting in increased cost and delay to submission of applications.	The Group prepares detailed applications with supporting reports where required. Public consultation is frequently undertaken to solicit views about proposed schemes.
Tenant failure	The Group is exposed to the risk of loss of revenue and vacant properties should tenants' businesses fail.	The Group has a diverse tenant base encompassing national and independent occupiers to avoid high exposure to any single party.
Key Personnel	The Group is dependent on a limited number of skilled personnel in key positions.	The Group ensures that it has adequate staff with the necessary skills and experience. Competitive and realistic remuneration packages are paid. External consultants are used to support the team as necessary.
Financial Resource	Progress with projects is at risk if financial resources are constrained.	Projects may be phased to spread cash flows.
Valuation Risk	The Group's assets may suffer value impairment, thereby reducing the Group net asset value, if carrying value is not judged recoverable through use or realisation.	Regular external valuations of assets and value appraisals on inventory are undertaken. The Group takes action to maintain and add value by developing property/land use proposals and seeking viable planning consents. Property assets are maintained to a good state of repair.
Public opinion	The closure of Plymouth City Airport has been opposed by some local interest groups. Other schemes proposed by the Group have met with some opposition.	The Group takes independent professional advice to ensure decision and actions are justifiable on relevant facts. The Group meets with stakeholder groups and undertakes public consultation when appropriate.
External	The regulatory and legislative environment has continued to result in additional management and financial pressures.	The Group takes external advice as necessary to remain compliant and to assist with planning for future change.

**MARINE
ACTIVITIES**

RISK IDENTIFIED

RESPONSE TO RISK

Lock Operations

Continuation of marine activities is dependent on reliability of lock operations, the integrity of the lock structure itself and regular maintenance by the Environment Agency.

Maintenance of the Sutton Harbour lock, a key flood defence, is currently the responsibility of the Environment Agency and it is subject to daily checks. Lock controls have failsafe systems to prevent human errors.

Pollution Incident

A major pollution incident could result from leakage from a fishing vessel or fuel supply tanks, or unlawful discharge into the harbour.

Emergency procedures are in place to contain and clear a spillage which includes closure of the lock gates.

Continuity of Operations

Failure of plant and equipment at the fishmarket has the potential to disrupt operations with the resultant loss of reputation.

Equipment is maintained regularly. The Group has completed a programme of major infrastructure improvements to maintain and improve efficiency of operations.

APPROVAL

The Strategic Report from pages 2 to 11 was approved by the Board of Directors on 27 June 2016 and signed on its behalf by

JASON SCHOFIELD
CHIEF EXECUTIVE

GOVERNANCE

DIRECTORS AND ADVISORS

Company Number:	2425189
Directors:	Graham S. Miller (Non-Executive Chairman) Jason W.H. Schofield (Group Chief Executive) Natasha C. Gadsdon (Finance Director) Sean J. Swales (Non-Executive Director) Robert H. De Barr (Non-Executive Director)
Secretary:	Natasha C. Gadsdon
Registered Office:	Tin Quay House Sutton Harbour Plymouth PL4 0RA Tel: 01752 204186 www.suttonharbourholdings.co.uk
Independent Auditors:	Nexia Smith & Williamson Portwall Place Portwall Lane Bristol BS1 6NA
Nominated Broker and Nominated Advisor:	Arden Partners plc 125 Old Broad Street London EC2N 1AR
Financial Advisor:	N M Rothschild & Sons Limited 67 Temple Row Birmingham B2 5LS
Registrar:	Computershare Services plc PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH
Bankers:	The Royal Bank of Scotland plc London EC2N 3UR

GOVERNANCE

DIRECTORS' REPORT

The Directors present their Directors' Report and audited Consolidated Financial Statements for the year ended 31 March 2016. The review of activities during the year and future developments is contained in the Strategic Report.

MAJOR SHAREHOLDINGS

As at 27 June 2016 the Company's register of shareholdings showed the following interests in 3% or more of the Company's share capital:

	%	ORDINARY SHARES
Crystal Amber Fund Limited	29.17	28,084,178
Mr. D.McCauley/Rotolok (Holdings) Limited	28.79	27,721,970
Mrs M.E Winser	4.15	4,000,000
BS Pension Fund Trustee Limited	4.24	4,083,052

The Directors are not aware of any other interest in its share capital in excess of 3%.

DIRECTORS' INTERESTS

The interests of the Directors in the ordinary shares of the Company as at 31 March 2016 are set out below. There have been no changes in these interests between 1 April 2016 and 27 June 2016.

	2016	2015
Graham S. Miller	147,000	97,000
Jason W.H. Schofield	14,194	14,194
Natasha C. Gadsdon	104,026	104,026
Sean J. Swales	13,400	13,400
Robert H. De Barr	10,000	10,000

DIRECTORS AND THEIR INTERESTS

GRAHAM S. MILLER

Aged 53. Appointed Non-Executive Director and Chairman on 23 September 2013. He was appointed Chairman of the Audit Committee in November 2013 because the Board of Directors considered him best placed to chair the Audit Committee. He is also a member of the Remuneration Committee. He has a strong background in private equity, having held senior and director positions at Murray Johnstone Private Equity and 3i plc. Graham currently holds a number of other directorships. Additionally, Graham is an advisor to Finance Wales.

JASON W. H. SCHOFIELD

Aged 50. Appointed Executive Director in December 2007 and Chief Executive in January 2012. He has been with the Group since June 2007. He is a Chartered Surveyor and previously held senior positions at Hammerson Plc and Crest Nicholson Plc.

NATASHA C. GADSDON

Aged 46. Appointed Executive Director in July 2004 and Finance Director in October 2004. She is a Chartered Accountant and has been with the Group since 1996. She has also been the Company Secretary since 2001.

SEAN J. SWALES

Aged 48. Appointed Non-Executive Director in December 2009, he is a Chartered Accountant and Group Managing Director of Rotolok (Holdings) Limited, the Group's second largest shareholder. He is also a member of the Audit and Remuneration Committees.

ROBERT H. DE BARR

Aged 65. Appointed Non-Executive Director in May 2012 and Chairman of the Remuneration Committee in October 2012. He is also a member of the Audit Committee. He is a Chartered Surveyor and principal of De Barr Associates which specialises in development consultancy and business opportunities. He was a senior Executive with Land Securities for 32 years.

In accordance with the Company's Articles of Association Graham S. Miller retires by rotation at this year's Annual General Meeting, and being eligible, offer himself for re-election.

DIRECTORS AND OFFICERS INSURANCE

The Group maintained a Directors' and Officers' liability insurance policy throughout the financial year.

FINANCIAL INSTRUMENTS

The Group's financial risk management objectives and policies are given in note 3, with additional information provided in the financial review on page 8.

DISCLOSURE OF INFORMATION TO AUDITORS

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

On behalf of the Board
NATASHA GADSDON
FINANCE DIRECTOR
27 JUNE 2016

GOVERNANCE

CORPORATE GOVERNANCE REPORT

The rules of the Financial Reporting Council do not require companies that have securities traded on the Alternative Investment Market to comply with the UK Corporate Governance Code (the Code). In managing the Group, the Board has regard to the UK Corporate Governance Code. The Chairmen of the Audit, Remuneration and Nomination Committees will be available to answer questions at this year's Annual General Meeting.

The Board continually monitors its procedures for reviewing the effectiveness of its systems of internal controls.

THE BOARD

The Board currently comprises three Non-Executive Directors, including the Chairman and two Executive Directors and is responsible for the proper management of the Company and for reporting the Company's progress to Shareholders. The Board has eight scheduled meetings annually for reviewing trading performance, ensuring adequate funding, monitoring strategy and examining acquisition possibilities. Additional meetings are held as required. The Board has a formal schedule of matters specifically reserved to it for decision. The roles of Chairman and Chief Executive are separate. Graham Miller was appointed Chairman on 23 September 2013, and Robert De Barr is the Senior Independent Non-Executive Director.

COMMITTEES

REMUNERATION COMMITTEE

The Remuneration Committee is chaired by Robert De Barr and its other members are Sean Swales and Graham Miller. The Committee, within its written terms of reference, determines and agrees with the Board the employment terms and remuneration packages of the Executive Directors. The Report on Remuneration is set out on pages 19 to 21. The Executive Directors make recommendations to the Board regarding the remuneration of Non-Executive Directors. Independent advice on remuneration is taken where considered appropriate.

AUDIT COMMITTEE

The Audit Committee is chaired by Graham Miller and its other members are Sean Swales and Robert De Barr. The Committee has written terms of reference and provides a forum for reporting by the Group's external auditors. All members of the Committee are Non-Executive Directors, although other individuals may be requested to attend all or part of any meeting as the Committee considers appropriate.

The Audit Committee is responsible for a wide range of financial matters including the half year and annual financial statements before submission to the Board and monitoring the internal controls and risk management systems which are in place to ensure the integrity of the financial information reported to the shareholders. The Committee is also responsible for making recommendations to the Board to be put to shareholders for approval at the AGM, in relation to the appointment and removal of the Group's external auditors, determining their remuneration and monitoring the auditors' performance and independence.

In relation to non-audit work, the Committee carefully reviews whether it is necessary for the auditors' firm to carry out such work and it will only grant approval for them to do so if we are satisfied that the auditors' independence is maintained. The Group's auditors assist in this by ensuring that the partner responsible for the external audit remains responsible for the audit for no more than five years and that there is a quality review partner who is involved in planning the audit and in the reviewing of the final accounts including assessing any critical matters identified in the audit. The auditors have also confirmed to the Audit Committee that they have complied with all relevant guidance issued by the Financial Reporting Council and have implemented appropriate safeguards including that non-audit related services are performed by personnel independent of the audit engagement team. The fees paid to the auditor for audit and non-audit services are disclosed in note 7.

NOMINATION COMMITTEE

Members of the Nomination Committee are Graham Miller and Jason Schofield. The Nomination Committee is responsible for proposing candidates to the Board having regard to its balance, expertise and structure. The Nomination Committee is also responsible for making recommendations to the Board regarding appointments to the Audit and Remuneration Committees.

RELATIONS WITH SHAREHOLDERS

The combined Chairman's Statement and Chief Executive's Report on pages 4 to 6 and the Financial Review on page 8 include a detailed review of the business and future developments. Shareholders are encouraged to pose questions to the Board at any time of the year and the Board uses the Annual General Meeting to communicate with all shareholders and welcomes their participation.

INTERNAL CONTROL

The Directors are responsible for establishing and maintaining the Group's internal control systems. Internal control systems are designed to meet the particular needs of the Group and the risk to which it is exposed, and by their nature can provide reasonable, but not absolute, assurance against material misstatement or loss. The key procedures which the Directors have established with a view to providing effective internal controls are as follows:

- **Corporate Accounting and Procedures:**
There are defined authority limits and controls over acquisitions and disposals. There are also clear reporting lines within the business and risk assessments are undertaken and regularly reviewed in all divisions and at all levels within the Group. Appropriate internal controls are set for all divisions of the business. Given the size and nature of the Group, no separate internal audit department is considered necessary.
- **Quality of Personnel:**
The competence of personnel is ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment.
- **Financial Reporting:**
The Group has a comprehensive system for reporting financial results to the Board and monitoring of budgets.
- **Investment Appraisal:**
Capital expenditure is regulated by authorisation levels. For expenditure beyond specified levels, detailed written proposals are submitted to the Board. Reviews are carried out after the acquisition is complete and any overruns are investigated. Due diligence work is carried out if a business is to be acquired.

GOING CONCERN

The review of the Group's business activities is set out in the combined Chairman's Statement and Chief Executive's Report on pages 4 to 6. The financial position of the Group, its cash flows and financing position are described in the Financial Review on page 8. In addition, note 3 to the financial statements gives details of the Group's financial risk management.

The Group entered into a new three year banking facility effective from 31 March 2016. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of the facilities and covenants over a period of at least twelve months from the date of approval of these financial statements.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group, therefore, continues to adopt the going concern basis in preparing its financial statements.

By Order of the Board
NATASHA GADSDON
COMPANY SECRETARY
27 JUNE 2016

GOVERNANCE

CORPORATE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT

HEALTH AND SAFETY

The Board of Directors understands its responsibility to the health and safety of employees, customers and others who are directly or indirectly affected by the Group's operations.

The Group's Health and Safety Committee is chaired by Natasha Gadsdon and has representation from all Group activities. The Health and Safety Committee is an open forum and minutes of the meetings are made available to all staff upon request.

Committee meetings are also attended by the Group's Health and Safety Officer and an Independent Health and Safety Consultant. The Committee has a comprehensive agenda and is briefed on new legislation or regulation by the Independent Health and Safety Consultant.

The Group does not undertake direct construction on site. An excellent Health and Safety management record is a key criterion in the selection of contractors.

The Group has a good health and safety record with no enforcement notices and no prosecutions for breaches of Health and Safety legislation to report.

PORT MARINE SAFETY CODE

Sutton Harbour Company, a Statutory Harbour Authority, and a wholly owned subsidiary of the Company, is committed to undertaking statutory duties in accordance with the standards defined within the Port Marine Safety Code. To ensure full compliance with the code an independent audit of the Sutton Harbour Safety Management System is carried out annually. In addition to this independent audit in March 2016, a full Port Marine Safety Code health check was carried out by the Maritime and Coastguard Agency.

ENVIRONMENTAL ISSUES

The Group's Green Team Committee is chaired by Natasha Gadsdon and has representation from all Group activities. The Board has agreed the following Environmental Statement:

The environment plays a key role in the continuing success of the Group and the Group recognises that it needs to set itself high environmental standards.

We have looked at the areas of our business which could have both positive and negative impacts on the environment and have identified the following policy aims to enhance our overall environmental performance:

- Reduction of our Carbon Footprint by minimising energy use.
- Reduction of the amount of waste we create and to ensure that we maximise the recycling of the waste that we generate.
- To ensure that we meet, and where possible, exceed environmental legislative requirements.
- To set a high standard for the prevention of water pollution in Sutton Harbour.
- To review our purchasing requirements so as to make environmentally sound purchasing decisions and to increase local purchasing.

Independent audits of waste at The Marina at Sutton Harbour have been carried out and improvements put in place regarding the recycling of waste.

The Marina at Sutton Harbour has adopted waste recycling protocols of the National Maritime Recycling Scheme using standardised waste sorter recycling bags.

The Group monitors energy consumption at its trading facilities. This information is used to manage consumption through practical energy saving measures and targeted capital investment. The Group plans to introduce metered power and water at the fisheries complex during 2016 and is replacing lighting equipment with lower energy consumption units.

Sutton Harbour is equipped to manage accidental fuel spills to minimise pollution of land and sea. The Marina at Sutton Harbour is equipped with black water tanks to facilitate the discharge of foul water.

COMMUNITY ENGAGEMENT AND CHARITABLE INVOLVEMENT

The area of Sutton Harbour is located in the heart of Plymouth, adjacent to the historic Barbican quarter and the City Centre. The Group supports city based arts, sports, community and tourist initiatives.

The Group is taking an active role in the Plymouth Waterfront Partnership, a business-led organisation working to create a more profitable trading environment and enhanced visitor experience of Plymouth's waterfront. Working in partnership with Destination Plymouth, Plymouth City Centre Company, Plymouth City Council and other relevant public agencies and associations, it delivers leadership along with operational and marketing improvements for the Business Improvement District (BID) area.

Sutton Harbour has hosted a number of yacht races in the recent past including the Fastnet finish, the start of the Transat race on two occasions, La Solitaire Du Figaro single handed yachting event as well as the annual Sutton Harbour Classic Boat Festival in July. Annually a number of smaller ad-hoc events are also hosted. The Group has the twin objectives of stimulating tourism for the city's benefit, and also showcasing the developments around Sutton Harbour which have created a vibrant centre for leisure, commercial and residential use.

The Group supports local charities and in the past year has assisted local schools with work experience placements.

The Group has a long established commitment to the community and its neighbourhood. Throughout its regeneration work, the Group has undertaken extensive public consultation exercises which have led to the reshaping and design of many successful quality regeneration projects surrounding the historic waterfront. The Group sees itself as the custodian of the harbour for future generations and as such believes that working with the local community is essential to achieve this aspiration.

The Group works closely with community groups throughout the city, and with Plymouth City Council has worked with community representatives to resolve concerns over lack of public open space, the provision of affordable housing and outdoor eating areas.

NATASHA GADSDON FINANCE DIRECTOR

27 JUNE 2016

GOVERNANCE

REPORT ON REMUNERATION

REMUNERATION COMMITTEE AND REMUNERATION POLICY

The members of the Committee during the year were as follows:

Robert H. De Barr – Chairman
Graham S. Miller
Sean J. Swales

The Committee met several times during the year, within its terms of reference, to consider the remuneration packages of the Executive Directors and to make recommendations to the Board. The overriding objective is to ensure that salary, benefits and other remuneration is sufficient to attract, retain and motivate executives of high quality, capable of achieving the Group's objectives and creating value for our Shareholders. The Committee also takes into account the scale and complexity of the Group's operations and seeks independent advice, from specialist advisers, where appropriate.

COMPOSITION OF REMUNERATION

Executive Directors' pay comprises basic salary reviewed annually, pension scheme contributions to the Group's defined contribution pension scheme, annual bonus based on audited results of the Group, and other benefits in kind including provision of a company car and private medical healthcare. Salary is paid monthly and the annual bonus is accrued in the financial year to which it relates. Non-Executive Directors receive fees; they do not have service contracts, are not eligible to join the pension scheme and have no entitlement to annual bonuses. It is a requirement that Directors purchase shares in the Company, although there is no specified minimum holding.

REMUNERATION FOR EXECUTIVE DIRECTORS

Profit share bonuses earned on the achievement of targets agreed by the Remuneration Committee for the year ended 31 March 2016 were £11,500 in respect of Jason W.H. Schofield (2015: £6,663) and £9,250 in respect of Natasha C. Gadsdon (2015: £5,350).

NON-EXECUTIVE DIRECTORS FEES

The fees for Non-Executive Directors are determined by the Board after taking independent advice.

TABLES OF DIRECTORS REMUNERATION

The total remuneration of the Directors of the Company is as follows:

	2016 £000	2015 £000
Fees	83	83
Other Emoluments	269	265
Pension Contributions	55	39
	407	387

The remuneration, excluding pension contributions, of the individual Directors is as follows:

FOR THE YEAR TO 31 MARCH 2016	Directors' salaries £000	Taxable benefits £000	Bonus Payments £000	Directors' fees £000	Total £000
Graham S. Miller	-	1	-	40	41
Jason W.H. Schofield	127	19	12	-	158
Natasha C. Gadsdon	93	8	9	-	110
Sean J. Swales	-	-	-	20	20
Robert H. De Barr	-	-	-	23	23
	220	28	21	83	352

FOR THE YEAR TO 31 MARCH 2015	Directors' salaries £000	Taxable benefits £000	Bonus Payments £000	Directors' fees £000	Total £000
Graham S. Miller	-	-	-	40	40
Jason W.H. Schofield	130	17	7	-	154
Natasha C. Gadsdon	99	7	5	-	111
Sean J. Swales	-	-	-	20	20
Robert H. De Barr	-	-	-	23	23
	229	24	12	83	348

The pension contributions made in respect of the Executive Directors to the Group's defined contribution scheme were:

	2016 £000	2015 £000
Jason W.H. Schofield	26	19
Natasha C. Gadsdon	29	20
	55	39

CONTRACTS

On 30 August 2011, the Group entered into a service contract with Jason W.H. Schofield. Under this agreement he is employed as a full time Executive Director with a one year rolling contract. He was appointed Chief Executive of the Group on 30 January 2012.

On 30 August 2011, the Group entered into a service contract with Natasha C. Gadsdon. Under this agreement she is employed as a full time Executive Director with a one year rolling contract. She was appointed Finance Director in October 2004.

The Non-Executive Directors are appointed with one month's notice and the Chairman has a six month notice period.

On behalf of the Board
ROBERT H DE BARR
 DIRECTOR AND CHAIR OF
 THE REMUNERATION COMMITTEE
 27 June 2016



Statement of Directors' Responsibilities

For the year ended 31 March 2016

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs, as adopted by the European Union and applicable UK Accounting Standards, subject to any material departures disclosed and explained in the Group and Parent Company financial statements respectively;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website, in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

By order of the Board
NATASHA GADSDON
COMPANY SECRETARY
27 June 2016

Independent Auditor's Report

For the year ended 31 March 2016

**Independent Auditor's Report to the Members of Sutton Harbour Holdings plc**

We have audited the financial statements of Sutton Harbour Holdings plc for the year ended 31 March 2016 which comprise the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 101 "Reduced Disclosure Framework".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 22, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2016 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – valuation of inventory

In forming our opinion, which is not modified, we have considered the adequacy of the disclosures made in the financial statements concerning the potential impact of government reports and future planning permission applications upon the valuation of the airport site, which is held as inventory. The conclusion of these reports and permissions could potentially lead to a material impairment of the airport asset, which currently has a value of £11.7m in the consolidated balance sheet. Details of the circumstances relating to this uncertainty are described in note 4 to the financial statements.

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Carl Deane

Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

27 June 2016

Portwall Place
Portwall Lane
Bristol
BS1 6NA

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2016

Consolidated Income Statement for the year ended 31 March 2016

	Note	2016 £000	2015 £000
Revenue	5	6,509	6,955
Cost of sales before impairment of assets		(3,960)	(4,528)
Impairment of assets	13,18	(272)	(403)
Cost of sales		(4,232)	(4,931)
Gross profit		2,277	2,024
Administrative expenses		(1,082)	(1,153)
Fair value adjustments on investment properties and fixed assets	13,14	1,452	917
Operating profit	5,6	2,647	1,788
Finance income	9	2	1
Finance costs	9	(1,059)	(928)
Net finance costs		(1,057)	(927)
Profit before tax from continuing operations		1,590	861
Taxation charge on profit from continuing operations	10	(93)	(206)
Profit for the year from continuing operations		1,497	655
Profit for the year attributable to owners of the parent		1,497	655
Basic earnings per share			
from continuing operations	12	1.55p	0.68p
Diluted earnings per share			
from continuing operations	12	1.55p	0.68p

Consolidated Statement of Other Comprehensive Income for the year ended 31 March 2016

	Note	2016 £000	2015 £000
Profit for the year		1,497	655
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of property, plant and equipment	13	(1,167)	1,271
Items that may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		80	(21)
Other comprehensive income for the year, net of tax		(1,087)	1,250
Total comprehensive income for the year attributable to owners of the parent		410	1,905

The notes on pages 28 to 53 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 March 2016



	Note	2016 £000	2015 £000
Non-current assets			
Property, plant and equipment	13	27,295	29,479
Investment property	14	19,350	16,605
		46,645	46,084
Current assets			
Inventories	18	20,097	19,894
Trade and other receivables	19	2,038	1,527
Cash and cash equivalents	20	686	239
Tax recoverable		19	17
		22,840	21,677
Total assets		69,485	67,761
Current liabilities			
Trade and other payables	23	1,118	1,241
Finance lease liabilities	24	105	19
Deferred income	22	1,542	1,504
Provisions	26	53	48
Derivative financial instruments	16	33	-
		2,851	2,812
Non-current liabilities			
Bank loans	21	22,500	21,650
Finance lease liabilities	24	294	28
Deferred government grants	22	1,214	994
Deferred tax liabilities	17	1,629	1,536
Provisions	26	88	129
Derivative financial instruments	16	40	153
		25,765	24,490
Total liabilities		28,616	27,302
Net assets		40,869	40,459
Issued capital and reserves attributable to owners of the parent			
Share capital	27	16,069	16,069
Share premium		5,368	5,368
Other reserves		13,451	14,538
Retained earnings		5,981	4,484
Total equity		40,869	40,459

The notes on pages 28 to 53 are an integral part of these consolidated financial statements.

The Financial Statements on pages 24 to 53 were approved and authorised by the Board of Directors on 27 June 2016 and were signed on its behalf by:

Jason W.H. Schofield
Director

Consolidated Statement of Changes in Equity

For the year ended 31 March 2016

	Notes	Share capital	Share premium	Revaluation reserve	Merger reserve	Hedging reserve	Retained earnings	Total equity
		£000	£000	-----Other reserves-----		£000	£000	£000
				£000	£000			
Balance at 1 April 2014		16,069	5,368	9,549	3,871	(132)	3,829	38,554
Comprehensive income/(expense)								
Profit for the year		-	-	-	-	-	655	655
Other comprehensive income/(expense)								
Revaluation of property, plant and equipment	13	-	-	1,271	-	-	-	1,271
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	(21)	-	(21)
Total other comprehensive income/(expense)		-	-	1,271	-	(21)	-	1,250
Total comprehensive income/(expense)		-	-	1,271	-	(21)	655	1,905
Total balance at 31 March 2015		16,069	5,368	10,820	3,871	(153)	4,484	40,459
Balance at 1 April 2015		16,069	5,368	10,820	3,871	(153)	4,484	40,459
Comprehensive income/(expense)								
Profit for the year		-	-	-	-	-	1,497	1,497
Other comprehensive income/(expense)								
Revaluation of property, plant and equipment	13	-	-	(1,167)	-	-	-	(1,167)
Effective portion of changes in fair value of cash flow hedges	3	-	-	-	-	80	-	80
Total other comprehensive income/(expense)		-	-	(1,167)	-	80	-	(1,087)
Total comprehensive income/(expense)		-	-	(1,167)	-	80	1,497	410
Total balance at 31 March 2016		16,069	5,368	9,653	3,871	(73)	5,981	40,869

The cumulative deferred tax relating to items that are charged to equity is £nil (2015: £nil).

The notes on pages 28 to 53 are an integral part of these consolidated financial statements.

Further information in relation to the other reserves set out within the statement of changes in equity can be found in note 27.

Consolidated Cash Flow Statement

For the year ended 31 March 2016



	Note	2016 £000	2015 £000
Cash generated from total operating activities	29	621	1,158
Cash flows from investing activities			
Net expenditure on investment property		(8)	(167)
Expenditure on property, plant and equipment		(561)	(1,483)
Interest received		2	1
Net cash used in investing activities		(567)	(1,649)
Cash flows from financing activities			
Interest paid		(1,059)	(1,050)
Loan drawdown/(repayment of borrowings)		850	1,220
Finance leases		353	47
Proceeds of government grants		249	308
Net cash generated from/(used in) financing activities		393	525
Net increase in cash and cash equivalents		447	34
Cash and cash equivalents at beginning of the year	20	239	205
Cash and cash equivalents at end of the year	20	686	239

The notes on pages 28 to 53 are an integral part of these consolidated financial statements.



Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

1. General information

Sutton Harbour Holdings plc ('the Company') and its subsidiaries are together referred to as 'the Group'. The Group is headquartered at Sutton Harbour, Plymouth and owns and operates the harbour and its ancillary facilities. The other principal activities of the Group are marine operations, waterfront real estate regeneration, investment and development and also provision of public car parking.

The Company is a public limited company which is listed on the Alternative Investment Market of the London Stock Exchange, is incorporated and domiciled in the UK and registered in England and Wales with number 02425189. The address of its registered office is Tin Quay House, Sutton Harbour, Plymouth, Devon, PL4 0RA.

2. Group accounting policies

Basis of preparation

The Group financial statements consolidate those of the Company and its subsidiaries.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretation Committee (IFRIC) interpretations as adopted by the European Union, and the Companies Act 2006 applicable to companies reporting under IFRS.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

Judgements made by the Directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4 to these financial statements.

Going concern

The review of the Group's business activities is set out in the combined Chairman's Statement and Chief Executive's Report on pages 4 to 6. The financial position of the Group, its cash flows and financing position are described in the Financial Review on page 8. In addition, note 3 to the financial statements gives details of the Group's financial risk management.

The Group's forecasts and projections, taking account of reasonably foreseeable possible changes in trading performance, show that the Group should be able to operate within the level of the facilities and covenants over a period of at least twelve months. The covenants measure interest cover, debt to fair value and capital expenditure.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group, therefore, continues to adopt the going concern basis in preparing its financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis as modified by the fair value of share based payments, financial assets and financial liabilities (including derivative instruments) at fair value through the profit or loss. Investment property and other property are carried at fair value. Non-current assets held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

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

Basis of consolidation

The consolidated financial statements include the financial statements of Sutton Harbour Holdings plc and its subsidiaries at each reporting date. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised profits and losses are also eliminated.

Property, plant and equipment

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016



Land and buildings

Land and buildings include:

- Freehold and leasehold land. Where a lease has an unexpired term of more than 50 years it is considered to share the same characteristics as freehold land and is shown as such.
- Properties that are mainly owner-occupied, or that are an integral part of the Group's trading operations (marina including the lock, quays, marina buildings, the fishmarket building and car parks).

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

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

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

Assets in the course of construction

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

Plant, machinery and equipment, fixtures and fittings

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

Leased assets

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where buildings are held under finance leases the accounting treatment of leases of any associated land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Leased assets are depreciated over the shorter of the lease term and useful economic life. The lease liability is included in the balance sheet as a finance lease liability. Lease payments are apportioned between finance charges and the reduction of lease liabilities so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the income statement. Leased properties are subsequently revalued to their fair value.

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

Depreciation

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

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

Investment property

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

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

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The portfolio is valued on a six-monthly basis by an external independent valuer, who is RICS qualified. The valuer will also have recent experience in the location and category of property being valued.

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

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

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

All tenant leases have been examined to determine if there has been any transfer of the risks and rewards of ownership from the Group to the tenant in accordance with IAS 17 'Leases'. All tenant leases were determined to be operating leases. Accordingly, all the Group's leased properties are classified as investment properties and included in the balance sheet at fair value.

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

Inventories

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

Inventories – development property

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

Cash and cash equivalents

Cash in the balance sheet comprises cash at bank and in hand. Bank overdrafts and similar borrowings that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Offset arrangements across Group businesses are applied to arrive at the net cash figure.

Impairment

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

The recoverable amount of the Group's financial assets is calculated as the present value of estimated future cash flows, discounted at an appropriate effective interest rate taking into account the time value of money and the risks associated with future cash flows. The recoverable amount of non-financial assets is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Derivative financial instruments and hedging activities

Derivative financial instruments, comprising interest rate swaps, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows or fair values of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 16. Movements on the hedging reserve in shareholders' equity are shown in the Statement of Changes in Equity and the Statement of Comprehensive Income. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The fair values are calculated by reference to active market prices, forward exchange rates and LIBOR rates.

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Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within cost of sales for any foreign exchange derivatives and fuel hedging derivatives and within financing costs for any interest rate swaps. Amounts accumulated in equity are recycled to the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Derivatives at fair value through profit and loss and accounted for at fair value through profit or loss

Where derivative instruments do not qualify for hedge accounting, changes in fair value are recognised immediately in the income statement.

The Group has applied hedge accounting for all hedge contracts entered into in both the current and prior year. The effective part of any gain or loss on the cash flow hedges is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the income statement.

Interest-bearing borrowings

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

Own shares

Ordinary and Deferred shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary and Deferred shares and share options are recognised as a deduction from equity.

Revenue

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

Rent and marina and berthing fees

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

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

Other marine related revenue

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

Car park revenue

Car park revenue is recognised at the point that a car parking ticket is paid for.

Property sales

Revenue from property sales is recognised when the significant risks and rewards of ownership and effective control of the asset have passed to the buyer. This will be at the point of legal completion.

Interest income

Interest income is recognised as it becomes receivable.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and that the Group will comply with all conditions associated with the grant. Government grants in respect of capital expenditure are credited to a deferred income account and released to the income statement over the estimated useful economic lives of the assets to which they relate. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense over the term of the lease.

Net financing costs

Net financing costs comprise interest payable, commitment fees on unused portion of bank facilities, amortisation of prepaid bank facility arrangement fees, unwinding of discount on provisions, finance charge component of minimum lease payments made under finance leases and interest receivable on funds invested. Interest payable and interest receivable are recognised in profit or loss as they accrue, using the effective interest method. The fair value movement of derivative financial instruments and any ineffective portion of cash flow hedges are also included within net financing costs.

Borrowing costs

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

Employee benefits: defined contribution plans

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

Employee benefits: share-based payment transactions

The share option programme allows Group employees to acquire shares of the Company; these awards are granted by the Company. The share-based payments are all equity-settled and are measured at fair value. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Provisions

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

Taxation

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

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

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

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

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

Dividends

Interim dividends are recognised when paid, final dividends are recognised when approved by the shareholders. Dividends unpaid at the balance sheet date are only recognised as a liability at that date if they have been approved. Unpaid dividends that have not yet been approved are disclosed in the notes to the financial statements.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

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The following business segments have been identified:

Marine
Real Estate
Car Parking
Regeneration

Revenue included within each segment is as follows:

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

Car Parking:
Car park revenue

Real Estate:
Rent

Regeneration:
Property sales

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

Trade Receivables

Trade receivables are amounts due from customers for items sold or services performed in the ordinary course of business. If settlement is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. They are initially recognised at fair value and subsequently carried at amortised cost.

Trade Payables

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

IFRS not yet applied

The following new standards, amendments to standards or interpretations have been issued, but are not effective for the financial year beginning 1 April 2015 and have not been adopted early:

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38): *1 January 2016

IFRS 15 Revenue from Contracts with Customers: *1 January 2017

IFRS 16 Leases: *1 January 2019

The directors are considering the impact of these new standards on the Group.

Amendments to existing standards and new standards which may apply to the Group in future accounting periods include:

IAS 1 Disclosure Initiative – Amendments effective 1 January 2016

IFRS 9 Financial Instruments: Classification and Measurement effective 1 January 2018

IFRS 12 Disclosure of Interests in Other Entities – Amendments effective 1 January 2016

Annual Improvements to IFRSs 2012-2014 Cycle effective 1 January 2016

* mandatory effective date is periods commencing on or after

3. Financial risk management

Fair values

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

Level 1: Quoted prices unadjusted in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly as prices or indirectly derived from prices; and

Level 3: Inputs for the asset or liability that are not based on observable market data.

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

The fair values together with the carrying amounts of the Group's financial instruments shown in the balance sheet are as follows:

	Fair value 1 April 2015 £000	Income Statement £000	Other Comprehensive Income £000	Cash-flow Movements £000	Total (Level 2) 31 March 2016 £000
Financial assets					
Derivative financial instruments	-	-	-	-	-
Financial liabilities					
Derivative financial instruments	153	-	(80)	-	73

Capital risk management

The capital structure of the Group consists of net debt which includes the borrowings disclosed in notes 20 and 21 and shareholders' equity comprising issued share capital, reserves and retained earnings.

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

The Group has a target gearing ratio of approximately 50% but gearing may exceed these levels where a project is in final stages before ultimate disposal or becoming fully operational. The Group structures borrowings into general facilities and secures specific financing for individual property projects as deemed appropriate.

The Board is not recommending the payment of a dividend for the year ended 31 March 2016.

The gearing ratio at the year end was as follows:

	2016 £000	2015 £000
Borrowings and loans	(22,500)	(21,650)
Finance lease liabilities	(399)	(47)
Cash and cash equivalents	686	239
Net debt	(22,213)	(21,458)
Equity	40,869	40,459
Net debt to equity ratio	54.4%	53.0%

Bank borrowing facilities and financial covenants

In March 2016 the Group renewed its banking facilities for three years to 10 March 2019, with two term loans totalling £22.5m and a £2.5m revolving credit facility. No amounts of any loan are due before 10 March 2019.

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

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Liquidity risk

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

Contractual maturity

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

As at 31 March 2016:

	Total £000	0 to <1 years £000	1 to <2 years £000	2 to <5 years £000
Bank loans*	(24,698)	(754)	(754)	(23,190)
Trade and other payables	(1,118)	(1,118)	-	-
Finance lease liabilities	(437)	(121)	(109)	(207)
Derivatives financial instruments**	(125)	(54)	(37)	(34)
	(26,378)	(2,047)	(900)	(23,431)

As at 31 March 2015:

	Total £000	0 to <1 years £000	1 to <2 years £000	2 to <5 years £000
Bank loans*	(22,877)	(775)	(22,102)	-
Trade and other payables	(1,241)	(1,241)	-	-
Finance lease liabilities	(50)	(21)	(21)	(8)
Derivatives financial instruments**	(179)	(143)	(36)	-
	(24,347)	(2,180)	(22,159)	(8)

* financial liabilities at amortised cost

** financial liabilities at fair value

Interest rate risk

LIBOR rates are hedged on £15m of borrowings until June 2016. Thereafter, LIBOR rates are hedged on £10m of borrowings until March 2019.

Credit risk

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

	2016 £000	2015 £000
Trade receivables:		
New customers (less than 12 months)	19	42
Existing customers (more than 12 months) with no defaults in the past	513	444
Existing customers (more than 12 months) with some defaults in the past	34	14
Total trade receivables net of provision for impairment	566	500

Commodity price risk

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

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Sensitivity analysis

Interest rates

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

At 31 March 2016, it is estimated that a general increase of half a percentage point in interest rates (being the best estimate of future anticipated changes in interest rates), ignoring hedging, would have decreased the Group's profit before tax from continuing operations by approximately £110,000 (2015: £107,000). Net assets would have decreased by the same amount.

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

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

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

Yields applied across the trading and investment assets are in the range of 4.51% – 10.95% with the average yield being 6.99%. Assuming all else stayed the same; a decrease of 1.0% in the average yield would result in an increase in fair value of £7.105m. An increase of 1.0% in the average yield would result in a corresponding decrease in fair value of £5.326m.

These assets were independently valued by Jones Lang LaSalle ("JLL") at 31 March 2016. The valuation by JLL was in accordance with the Practice Statements in the Valuations Standards (The Red Book) published by the Royal Institution of Chartered Surveyors, on a market-based evidence approach, which is consistent with the required IFRS 13 methodology.

4. Accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

- a) The valuation of investment property and property held for use in the business as at 31 March 2016 was £19,350,000 and £26,752,000 respectively; (2015: £16,605,000 and £28,089,000 respectively). In determining the fair value of properties, the Board relies on external valuations carried out by professionally qualified independent valuers in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors. The valuation of investment properties uses estimated rental yields for each property based on market evidence at the date the valuation is carried out. Judgement is exercised in determining future rental income or profitability of the relevant properties. Within the valuation of property held for use in the business, judgment is required to allocate the valuation between land and buildings.
- b) Determining the useful lives of fixed assets.
- c) Determining the net realisable value of development property (2016: £20,025,000; 2015: £19,835,000)
The Board has exercised judgement in determining the net realisable value of development property, taking into account expected costs to complete and future sale proceeds, and hence whether any write-down of development property is required. Incorporated in the appraisal of net realisable value are judgements about: disposal revenue and/or investment value at completion; project formulation (including mix of development uses and development density); full development cost; amounts payable to third parties (for example, sharing of proceeds with local authority and repayment of grants in the case of development of the former airport site); financing costs; time value of money; and, allowance for contingency. Included in development inventory is the Former Airport Site and the Secretary of State for Transport has commissioned another report into the viability of re-opening the airport, which is expected to be published within the year. The Local Planning Authority is currently in the process of formulating a new planning policy framework to guide Plymouth's planning strategy for the 2017 to 2031 period. The Group has positioned its representations that the former airport site is ideally suited to the delivery of a range of new uses to Plymouth with significant economic, social and employment benefits. There is uncertainty about the outcome of the government report and planning strategy which, subject to the result, could affect the value and timing of any development of the site. The current carrying value of the asset is based on this strategy. Should the board change its strategy with a view to a shorter term alternative, this may have an effect on the carrying value of the asset. No write down has been included in the current year. The second largest development inventory item relates to the Sugar House/East Quay site at Sutton Harbour. At the present time, uncertainty about the final project formulation, implications of proceeds sharing with any potential third parties and timing of development delivery in relation to this site persists.

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d) Impairments

The Board exercises judgement in identifying cash-generating units and utilises assumptions, which are often subject to uncertainty, in determining the recoverable amount of assets (or cash-generating units) to assess whether an asset (or cash-generating unit) is impaired. In the year fixed assets totalling £66,000 (2015: £403,000) and development inventory totalling £206,000 (2015: £nil) have been impaired.

e) The calculation of deferred tax assets and liabilities (2016: Liability of £1,629,000; 2015: Liability of £1,536,000)

The Group has not recognised deferred tax assets in respect of certain properties due to a high degree of uncertainty of the timing of when the asset may be realised.

f) The calculation of provisions for onerous leases (2016: Liability of £141,000; 2015: £177,000)

In calculating provisions for onerous leases, the Board has exercised judgment in assessing future rental shortfalls, timing, and the discount rate to be used.

g) The calculation of provisions for bad and doubtful debts.

5. Segment results

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors considers the business from an operational perspective as the Group has only one geographical segment, with all operations being carried out in the United Kingdom. Details of the types of revenue generated by each segment are given in note 2.

The Board of Directors assesses performance using segmental operating profit. The segment information provided to the Board of Directors for the reportable segments for the year ended 31 March 2016 is as follows:

Year ended 31 March 2016	Marine £000	Real Estate £000	Car Parking £000	Regeneration £000	Total £000
Revenue	4,449	1,580	480	-	6,509
Gross profit prior to non-recurring items	1,255	1,196	276	(178)	2,549
Non-recurring items:					
Impairment of plant, property and equipment	-	-	-	(272)	(272)
Segmental Operating Profit before Fair value adjustment and unallocated expenses	1,255	1,196	276	(450)	2,277
Fair value adjustment on investment properties and fixed assets	(229)	1,829	(148)	-	1,452
					3,729
Unallocated:					
Administrative expenses					(1,082)
Operating profit					2,647
Financial income					2
Financial expense					(1,059)
Taxation					(93)
Profit for the year from continuing operations					1,497
Depreciation charge					
Marine					231
Car Parking					6
Administration					36
					273

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Year ended 31 March 2015	Marine £000	Real Estate £000	Car Parking £000	Regeneration £000	Total £000
Revenue	5,020	1,513	422	-	6,955
Gross profit prior to non-recurring items	1,445	971	240	(229)	2,427
Non-recurring items:					
Impairment of assets	(303)	-	-	(100)	(403)
Segmental Operating Profit before Fair value adjustment and unallocated expenses	1,142	971	240	(329)	2,024
Fair value adjustment on properties	-	864	53	-	917
					2,941
Unallocated:					
Administrative expenses					(1,153)
Operating profit					1,788
Financial income					1
Financial expense					(928)
Taxation					(206)
Profit for the year from continuing operations					655
Depreciation charge					
Marine					118
Car Parking					7
Administration					18
					143
Assets and liabilities					
				2016 £000	2015 £000
<i>Segment assets:</i>					
Marine				24,312	26,348
Real Estate				20,014	17,012
Car Parking				3,620	3,577
Regeneration				20,207	20,179
Total segment assets				68,153	67,116
Unallocated assets: Property, plant & equipment				121	123
Trade & other receivables				525	283
Cash and cash equivalents				686	239
Total assets				69,485	67,761

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	2016 £000	2015 £000
<i>Segment liabilities:</i>		
Marine	2,329	2,058
Real Estate	622	804
Car Parking	78	67
Regeneration	825	933
Total segment liabilities	3,854	3,862
Unallocated liabilities: Bank overdraft & borrowings	22,500	21,650
Trade & other payables	560	101
Financial derivatives	73	153
Deferred tax liabilities	1,629	1,536
Tax payable	-	-
Total liabilities	28,616	27,302
Additions to property, plant and equipment		
Marine	584	1,461
Car Parking	-	3
Unallocated	27	71
Total	611	1,535

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

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

Revenue can be divided into the following categories:

	2016 £000	2015 £000
Sale of goods	2,063	2,629
Sale of land and property	-	-
Rental income	1,740	1,685
Provision of services	2,706	2,641
	6,509	6,955

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

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

6. Operating result

The following items are included within operating profit/(loss):

	2016 £000	2015 £000
Staff costs (note 8)	1,372	1,343
(Decrease)/increase in provisions (note 26)	(36)	(33)
Rental income from investment property	(1,582)	(1,567)
Loss on sale of property, plant and equipment	6	9
Direct operating expenses of investment properties (including repairs and maintenance)	206	170
Gain on remeasurement of investment property to fair value (note 14)	(1,829)	(864)
Loss on remeasurement of fixed assets (note 13)	377	(53)
Depreciation of property, plant and equipment (note 13)	273	143
Operating lease payments (note 28)	221	217
Release of deferred grant (note 22)	(29)	(2)
Impairment of property, plant, and equipment (note 13)	66	403
Write down of inventory (note 18)	206	-

The impairments reflect the difference between the recoverable amount (based upon fair value less costs to sell and further costs to completion) and book value.

7. Services provided by the Company's auditors

During the year the Group obtained the following services from the Company's auditors:

	2016 £000	2015 £000
Fees payable to Company's auditors for the audit of Parent Company and consolidated financial statements	7	6
Fees payable to the Company's auditors for other services:		
The audit of Company's subsidiaries pursuant to legislation	32	27
Tax compliance services	9	9

Other services mainly comprise of project related tax advice.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016



8. Staff numbers and costs and Directors' remuneration

The average number of persons employed by the Group (including Executive Directors, excluding Non-Executive Directors) during the year, analysed by category, was as follows:

	Number of employees	
	2016	2015
Marine Activities	24	24
Property and Regeneration	3	3
Administration	8	8
	35	35

The aggregate payroll costs of these persons were as follows:

	2016	2015
	£000	£000
Wages and salaries	1,103	1,123
Social security costs	116	122
Other pension costs (note 25)	153	98
	1,372	1,343

The total remuneration of the Directors of the Company was as follows:

	2016	2015
	£000	£000
Fees	83	83
Other Emoluments	260	287
Pension Contributions	55	39
	398	409

9. Finance income and finance costs

	2016	2015
	£000	£000
Other finance income	2	1
Finance income	2	1
Interest payable on bank loans and overdrafts	897	801
Interest payable on finance leases	13	1
Unwinding of provisions	17	20
Other finance costs	132	106
Finance costs	1,059	928

Borrowing costs capitalised in the year amounted to £50,000 (2015: £122,000).

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 4.4% (2015: 4.4%).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

10. Taxation

	2016 £000	2015 £000
Deferred tax		
Adjustments in respect of previous years	(656)	(463)
Origination and reversal of temporary differences	902	669
Change in tax rate to 18% (2015: 20%)	(153)	-
Total deferred tax	93	206
Total tax in income statement (note 17)	93	206

The reduction in the corporation tax rate to 19% from 1 April 2017 and 18% from 1 April 2020 was enacted on 18 November 2015. As this rate was enacted at the balance sheet date, and reduces the tax rate expected to apply when temporary differences reverse, it has the effect of reducing the UK deferred tax balance.

The tax assessed for the year is lower (2015: lower) than the standard rate of corporation tax in the UK of 20% (2015: 21%).

Reconciliation of effective tax rate

	2016 £000	2015 £000
Profit before tax	1,590	861
Tax on profit at standard corporation tax rate of 20% (2015: 21%)	318	181
Expenses not deductible and income not chargeable for tax purposes	(284)	(154)
Adjustments to tax charge in respect of previous periods – Deferred tax	212	179
Adjust closing deferred tax to average rate of 18% (2015: 20%)	(153)	-
	93	206
Total tax charge on continuing operations	93	206
	93	206

11. Dividends paid on equity shares

During the year ended 31 March 2016 no dividends have been paid in respect of previous periods (2015: £nil) or proposed (2015: £nil).

The Board of Directors does not propose a final dividend for the year ended 31 March 2016 (2015: £nil).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016



12. Earnings per share

	2016 Pence	2015 Pence
Continuing operations:		
Basic earnings per share	1.55	0.68
Diluted earnings per share	1.55	0.68

Basic earnings per share

Basic earnings per share have been calculated using the profit for the year of £1,497,000 (2015: £655,000) for the continuing operations. The average number of ordinary shares in issue, excluding those options granted under the SAYE scheme, of 96,277,086 (2015: 96,277,086) has been used in the calculation.

Diluted earnings per share

Diluted earnings per share uses an average number of 96,277,086 (2015: 96,277,086) ordinary shares in issue, and takes account of the outstanding options under the SAYE scheme in accordance with IAS 33 'Earnings per Share'. The weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of nil (2015: nil), is calculated as follows:

	2016	2015
Weighted average number of shares at 31 March	96,277,086	96,277,086
Effect of share options in issue	-	-
Weighted average number of ordinary shares (diluted) at 31 March	96,277,086	96,277,086

There is no adjustment for the effect of all dilutive potential ordinary shares because the exercise prices of the options are greater than the average market price of the shares during both the current and prior year.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

13. Property, plant and equipment

	Land and buildings £000	Assets in the course of Construction £000	Plant, machinery and equipment, fixtures and fittings £000	Total £000
Cost or valuation				
Balance at 1 April 2014	22,930	3,769	2,328	29,027
Additions	6	643	886	1,535
Revaluations to income statement	53	-	-	53
Revaluations	1,271	-	-	1,271
Impairment	(303)	-	(100)	(403)
Transfers	1,255	(4,250)	2,995	-
Transfer to investment property (note 14) and from stock	-	(162)	232	70
Disposals	-	-	(40)	(40)
Balance at 31 March 2015	25,212	-	6,301	31,513
Balance at 1 April 2015	25,212	-	6,301	31,513
Additions	419	-	192	611
Revaluations to income statement	(377)	-	-	(377)
Revaluations	(1,167)	-	-	(1,167)
Impairment	-	-	(66)	(66)
Transfers	-	-	-	-
Transfer to investment property (note 14)	(899)	-	(10)	(909)
Disposals	-	-	(16)	(16)
Balance at 31 March 2016	23,188	-	6,401	29,589
Accumulated depreciation				
Balance at 1 April 2014	30	-	1,893	1,923
Depreciation charge for the year	36	-	107	143
Impairment	-	-	-	-
Transfers	-	-	-	-
Disposals	-	-	(32)	(32)
Balance at 31 March 2015	66	-	1,968	2,034
Balance at 1 April 2015	66	-	1,968	2,034
Depreciation charge for the year	50	-	223	273
Impairment	-	-	-	-
Transfers	-	-	-	-
Disposals	-	-	(13)	(13)
Balance at 31 March 2016	116	-	2,178	2,294
Net book value				
At 31 March 2015	25,146	-	4,333	29,479
At 31 March 2016	23,072	-	4,223	27,295

Included in Land and Buildings is long leasehold land at a value of £2,050,000 (2015: £1,850,000).

Revaluations

Land and buildings are measured using the revaluation model as set out in note 2. These assets were independently valued by Jones Lang LaSalle ("JLL") at 31 March 2016. The valuation by JLL was in accordance with the Practice Statements in the Valuations Standards (The Red Book) published by the Royal Institution of Chartered Surveyors, on a market-based evidence approach.

At 31 March 2016, had the freehold land and buildings been measured using the cost model (historical cost less accumulated depreciation and accumulated impairment losses), their carrying value would be £23,440,000 (2015: £22,429,000).

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016



At 31 March 2016, had the leasehold land and buildings been measured using the cost model (historical cost less accumulated depreciation and accumulated impairment losses), their carrying value would be £919,000 (2015: £955,000).

Assets in the course of construction, plant, machinery and equipment and fixtures and fittings are all measured using the cost model, as set out in note 2.

The Group's obligations under finance leases are secured by the lessor's title to the fixed assets. The carrying value of plant, machinery and equipment which is subject to finance leases is £916,000 (2015: £48,000).

14. Investment property

	2016	2015
	£000	£000
At fair value:		
Balance at the beginning of the year	16,605	15,575
Additions – arising from capitalised subsequent expenditure	7	4
Transfer from assets in the course of construction (note 13)	-	162
Fair value adjustments	1,829	864
Items transferred from property, plant and equipment (note 13)	909	-
Balance at the end of the year	19,350	16,605

Investment property is measured using the fair value model as set out in note 2. The fair value of the Group's investment property at 31 March 2016 has been determined by a valuation carried out at that date by independent, external valuers, JLL in accordance with the Practice Statements in the Valuation Standards (The Red Book) published by the Royal Institution of Chartered Surveyors. JLL is a member of the Royal Institution of Chartered Surveyors and have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuations, which are supported by market evidence, are prepared by considering the aggregate of the net annual rents receivable from the properties and, where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

All of the Group's investment property is held under freehold interests with the exception of four (2015: four) properties which are held under long leaseholds.

15. Investments

At 31 March 2015 the Group has the following subsidiaries:

	Class of shares held	Ownership 2016	2015	Nature of Business
Subsidiaries				
Sutton Harbour Company	Ordinary	100%	100%	Harbour Authority
Sutton Harbour Services Limited	Ordinary	100%	100%	Marine Leisure & Property
Plymouth City Airport Limited	Ordinary	100%	100%	Property Developer
Sutton Harbour Property and Regeneration Limited	Ordinary	100%	100%	Property
Sutton Harbour Commercial Limited	Ordinary	100%	100%	Property
Sutton Harbour Projects Limited	Ordinary	100%	100%	Property
Sutton Harbour Car Parks Limited	Ordinary	100%	100%	Car Park Operator
Sutton Harbour Projects (No 2) Limited	Ordinary	100%	100%	Investment Company

All of the above companies were incorporated in the United Kingdom and registered in England and Wales.

All subsidiaries are included in the Group consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

16. Derivative financial instruments

The Group utilises a hedge of interest payments by interest rate swaps hedging future interest rate risk. All hedges are remeasured to fair value as at the balance sheet date.

	Assets		Liabilities	
	2016 £000	2015 £000	2016 £000	2015 £000
Current				
Interest rate swaps – cash flow hedges	-	-	(33)	-
Total current derivative financial instruments	-	-	(33)	-
Non-current				
Interest rate swaps – cash flow hedges	-	-	(40)	(153)
Total non-current derivative financial instruments	-	-	(40)	(153)

The fair value of hedges as at 31 March 2016 was as follows:

Hedges of interest payments by interest rate swaps hedging future interest rate risk:

Fair value of financial liability of £33,000, contract for £15.0m at 1.45% based on the GBP LIBOR rate ruling each month between 18 June 2013 and 18 June 2016.

Fair value of financial liability of £40,000, contract for £10.0m at 0.87% based on the GBP LIBOR rate ruling each month between 19 June 2016 and 31 March 2019.

The fair value of hedges as at 31 March 2015 was as follows:

Hedges of interest payments by interest rate swaps hedging future interest rate risk:

Fair value of financial liability of £153,000, contract for £15.0m at 1.45% based on the GBP LIBOR rate ruling each month between 18 June 2013 and 18 June 2016.

17. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
Property, plant and equipment	-	-	(1,164)	(1,249)	(1,164)	(1,249)
Investment property	-	-	(645)	(433)	(645)	(433)
Employee benefits	-	-	-	-	-	-
Losses carried forward	180	146	-	-	180	146
Tax assets/(liabilities)	180	146	(1,809)	(1,682)	(1,629)	(1,536)

Movement in deferred tax during the year

	Change in				
	1 April 2015 £000	deferred tax rate £000	Recognised in income £000	Recognised in equity £000	31 March 2016 £000
Property, plant and equipment	(1,249)	125	(40)	-	(1,164)
Investment property	(433)	43	(255)	-	(645)
Employee benefits	-	-	-	-	-
Losses carried forward	146	(15)	49	-	180
	(1,536)	153	(246)	-	(1,629)

The Directors believe the deferred tax asset relating to losses carried forward will be utilised by future taxable profits.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016



18. Inventories

	2016 £000	2015 £000
Stores and materials	44	33
Goods for resale	28	26
Development property	20,025	19,835
	20,097	19,894

Included within inventories is £20,213,000 (2015: £19,835,000) expected to be recovered in more than 12 months.

Inventories to the value of £1,675,000 were recognised as an expense in the year (2015: £2,350,000).

Interest capitalised during the year in relation to development property was £35,000 (2015: £31,000).

In the course of the year, £206,000 of development property inventory was written down (2015: £nil).

19. Trade and other receivables

	2016 £000	2015 £000
Trade receivables	626	546
Provision for impairment of trade receivables	(60)	(46)
	566	500
Other receivables	96	72
Prepayments and accrued income	1,376	955
	2,038	1,527

Included within trade and other receivables is £761,000 (2015: £246,000) expected to be recovered in more than 12 months.

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

The Group regularly reviews the ageing profile of trade receivables and actively seeks to collect any amounts that have fallen outside the defined credit terms. The Group provides, in full, for any debts it believes have become non-recoverable. Movements on the Group specific provision for impairment of trade receivables are as follows:

	2016 £000	2015 £000
As at the beginning of the year	46	78
Provision for receivables impairment	14	5
Receivables written off during the year as uncollectable	-	(37)
As at the end of the year	60	46

The ageing of trade receivables that have not been provided for are:

	2016 £000	2015 £000
<i>Not yet due:</i>		
0 – 29 days	333	284
<i>Overdue:</i>		
30 – 59 days	166	174
60 – 89 days	3	-
90 – 119 days	11	1
120 + days	53	41
	566	500

As at 31 March 2016, trade receivables of £233,000 (2015: £214,000) were past due but not impaired (as disclosed in the above table). These relate to a number of independent customers for whom there is no recent history of default.

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

20. Cash and cash equivalents

	2016 £000	2015 £000
Cash and cash equivalents per balance sheet	686	239
Cash and cash equivalents per cash flow statement	686	239

At 31 March 2016, the Group had an agreed bank facility of £25.0m (2015: £22.5m) which expires on 10 March 2019. The facility incurs interest charged at rates over LIBOR during the term of the facilities. LIBOR rates have been hedged on £15m of the £25.0m facility until June 2016 and on £10m of the £25.0m facility until 31 March 2019 by way of interest rate swaps.

Security over the assets of the Group has been given in relation to the bank facilities.

Undrawn facilities:

	2016 £000	2015 £000
Expiring within one year	-	-
Expiring within one to two years	-	850
Expiring between two and five years	2,500	-
	2,500	850

21. Bank loans

This note provides information about the contractual terms of the Group's interest-bearing loans. For more information about the Group's exposure to interest rate, see note 3.

	2016 £000	2015 £000
Non-current liabilities		
Secured bank loans	22,500	21,650
	22,500	21,650

Secured bank loans:

The current secured bank loans relate to a facility of £25.0m comprising four loans which incur interest at various rates over LIBOR during the term of the facilities and fall due for renewal more than 12 months from the Balance Sheet date. LIBOR rates have been hedged on £15.0m of the £25.0m facility until June 2016 and on £10.0m of the £25.0m facility until 31 March 2019 by way of an interest rate swap (see note 16). Assets with a carrying amount of £55.5m (2015: £54.4m) have been pledged to secure borrowings of the Group.

Notes to the Consolidated Financial Statements

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22. Deferred income and deferred government grants

Deferred income classified as current liabilities comprises advance rental income and advance marina fees.

Deferred government grants relate to grants received in relation to the Airport runway and lighting surrounding the runway, fit out of units at the fishmarket, floating walkways within the lock and for construction of the new ice plant and chill chain. The grant liability relating to the airport runway and lighting will not be released prior to any future sale of the site.

	Deferred income		Deferred government grants	
	2016 £000	2015 £000	2016 £000	2015 £000
At the beginning of the year	1,504	1,431	994	688
Released to the income statement	(1,504)	(1,431)	(29)	(2)
Income and grants received and deferred	1,542	1,504	249	308
At the end of the year	1,542	1,504	1,214	994
Current	1,542	1,504	-	-
Non-current	-	-	1,214	994
	1,542	1,504	1,214	994

23. Trade and other payables

	2016 £000	2015 £000
Trade payables	754	906
Other payables	64	83
Other taxation and social security costs	108	109
Accruals	192	143
	1,118	1,241

The ageing of trade payables is as follows:

	2016 £000	2015 £000
<i>Not yet due:</i>		
0 – 29 days	516	805
<i>Overdue:</i>		
30 – 59 days	174	38
60 – 89 days	26	11
90 – 119 days	3	-
120 + days	35	52
	754	906

Notes to the Consolidated Financial Statements

For the year ended 31 March 2016

24. Finance lease liabilities

	Minimum lease payments		Capital element of lease payments	
	2016 £000	2015 £000	2016 £000	2015 £000
Amounts payable under finance leases:				
Within one year	121	21	105	19
In the second to fifth years inclusive	316	30	294	28
	437	51	399	47
Less: future finance charges	(38)	(4)	n/a	n/a
Present value of lease obligations	399	47	399	47
Current			105	19
Non-current			294	28
			399	47

It is the Group's policy to lease certain of its property, plant and equipment under finance leases. The average lease term is 4.0 years (2015: 2.5 years). For the year ended 31 March 2016, the average effective borrowing rate was 4.6% (2015: 4.6%). Interest rates are fixed at the contract date. All finance leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in sterling and the fair value of the Group's lease obligations approximates to their carrying amount.

25. Employee benefits

Pension plans

Defined contribution plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £153,000 (2015: £98,000). There were no amounts outstanding or prepaid at the year end (2015: £nil).

26. Provisions for other liabilities and charges

	Onerous leases £000	Total £000
Balance at 1 April 2014	210	210
Provisions made during the year	-	-
Provision utilised during the year	(33)	(33)
Balance at 31 March 2015	177	177
Balance at 1 April 2015	177	177
Provisions made during the year	-	-
Provisions utilised during the year	(36)	(36)
Balance at 31 March 2016	141	141
Current	53	53
Non-current	88	88
	141	141

Onerous leases are those where expected rents payable exceed rents receivable on sub-let office space in respect of two leases expiring in 2021.

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27. Capital and reserves

Share capital

Thousands of shares	Ordinary shares		Deferred shares		Total shares	
	2016	2015	2016	2015	2016	2015
In issue at the beginning and end of the financial year						
– fully paid	96,277	96,277	62,944	62,944	159,221	159,221
	2016	2015	2016	2015	2016	2015
	£000	£000	£000	£000	£000	£000
<i>Authorised Ordinary share capital</i>						
100,000,000 Ordinary shares of 1p each (2015: 100,000,000 Ordinary shares of 1p each)	1,000	1,000	-	-	1,000	1,000
<i>Allotted, called up and fully paid</i>						
96,277,086 (2015: 96,277,086) Ordinary shares of 1p each (2015: 1p each)	963	963	-	-	963	963
62,943,752 (2015: 62,943,752) Deferred shares of 24p each (2015: 24p each)	-	-	15,106	15,106	15,106	15,106
	963	963	15,106	15,106	16,069	16,069

There is no limit to the authorised deferred share capital.

The holders of Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. On a winding up each Ordinary share shall rank in priority to the Deferred shares.

The holders of Deferred shares are not entitled to receive dividends nor are they entitled to vote at meetings of the Company. On a winding up each Deferred share shall only be entitled to the nominal capital paid up or credited as paid up after paying the nominal capital paid up or credited as paid up on the Ordinary shares, the Deferred shares and/or any other shares in issue, together with the sum of £1,000,000 on each Ordinary share.

Other reserves

Share premium account

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

Revaluation reserve

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

Merger reserve

The merger reserve was created when Sutton Harbour Company was incorporated into the holding company, Sutton Harbour Holdings plc. It was further increased when a cash box placing of shares occurred on 4 September 2009, creating an additional £3.6m.

Hedging reserve

The hedging reserve contains the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges.

Retained earnings

Retained earnings represent retained earnings attributable to owners of the parent.

28. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2016 £000	2015 £000
Less than one year	219	206
Between one and five years	815	801
Greater than five years	98	294
	1,132	1,301

During the year £221,000 was recognised as an expense in the income statement in respect of operating leases (2015: £217,000).

Included within operating lease rentals is an amount of £1,078,000 (2015: £1,274,000) due in relation to the lease of part of a property which has been sublet. Income will therefore be generated to offset some of these lease rental amounts.

Leases as lessor

The Group leases certain properties under operating leases (see notes 13 and 14). The future minimum lease rentals receivable under non-cancellable leases are as follows:

	2016 £000	2015 £000
Investment property:		
Less than one year	1,446	1,281
Between one and five years	5,653	4,334
More than five years	27,395	25,983
	34,494	31,598
Owner-occupied properties:		
Less than one year	37	184
Between one and five years	142	361
More than five years	257	345
	436	890

Total contingent rents recognised in the year were £60,000 (2015: £57,000). Contingent rents are determined by reference to specific clauses within the leases.

During the year ended 31 March 2016 £1,582,000 (2015: £1,567,000) was recognised as rental income in the income statement. Repair and maintenance expense recognised in cost of sales for the year to 31 March 2016 was £60,000 (2015: £88,000).

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

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

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29. Cash flow statements

	2016	2015
	£000	£000
Cash flows from operating activities		
Profit for the year from continuing operations	1,497	655
Adjustments for:		
Taxation on loss from continuing activities	93	206
Financial income	(2)	(1)
Financial expense	1,009	928
Fair value adjustments on investment property	(1,829)	(864)
Revaluation of property, plant and equipment	377	(53)
Depreciation	273	143
Amortisation of grants	(29)	(4)
Impairment of assets	66	403
Loss on sale of property, plant and equipment	6	9
Cash generated from continuing operations before changes in working capital and provisions	1,461	1,422
Increase in inventories	(202)	(207)
(Increase)/decrease in trade and other receivables	(514)	28
Decrease in trade and other payables	(126)	(125)
Increase in deferred income	38	73
Decrease in provisions	(36)	(33)
Cash generated from continuing operations	621	1,158

30. Related Parties

The parent of the Group is Sutton Harbour Holdings plc. There is no ultimate controlling party. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Transactions with key management personnel:

Executive Directors of the Company and their immediate relatives control 0.12% (2015: 0.12%) of the voting shares of the Company.

The compensation of key management personnel (the Executive and Non Executive Directors) is as follows:

	2016	2015
	£000	£000
Fees	83	83
Short term employee benefits including taxable benefits	260	287
Social security costs	36	39
Company contributions to money purchase pension schemes	55	39
	434	448

Mr D McCauley/Rotolok (Holdings) Limited ("Rotolok") is the Group's second largest shareholder, holding 28.79% of the issued share capital of Sutton Harbour Holdings plc, and also has representation on the Board of Directors by virtue of Sean Swales, the Group Managing Director of Rotolok (Holdings) Limited. As a consequence, Rotolok is considered to have significant influence over the Group as defined in IAS 24 'Related party transaction' and hence transactions with Rotolok are required to be disclosed. In the year there were no transactions with Rotolok.

31. Capital Commitments

At March 2016 the Group has no capital commitments.



Historical Financial Information

For the year ended 31 March 2016

	2016	2015	2014	2013	2012
	£000	£000	£000	£000	As restated £000
Net Assets	40,869	40,459	38,554	36,562	41,503
Revenue	6,509	6,955	7,045	7,039	9,898
Operating profit before fair value adjustments and impairments	1,467	1,274	1,167	1,391	2,487
Fair value adjustments on investment property and fixed assets	1,452	917	311	(3,426)	301
Impairment of assets, onerous leases	(272)	(403)	(354)	(978)	(1,330)
Operating profit/(loss) after fair value adjustments and impairments	2,647	1,788	1,124	(3,013)	1,458
Other gains and losses	-	-	-	69	-
Net financing costs (excludes joint ventures/associates)	(1,057)	(927)	(859)	(735)	(803)
Profit/(loss) before tax on continuing activities	1,590	861	265	(3,679)	655
Loss from discontinued activities	-	-	-	-	(1,632)
Profit/(loss) attributable to equity shareholders	1,497	655	1,323	(2,849)	(767)
Dividends paid	-	-	-	-	-
Basic earnings/(loss) per share	1.55p	0.68p	1.37p	(2.96)p	(1.10)p
Diluted earnings/(loss) per share	1.55p	0.68p	1.37p	(2.96)p	(1.10)p
Dividends paid and proposed per ordinary share (adjusted for changes in issued share capital)	-	-	-	-	-

Company Balance Sheet

As at 31 March 2016



	Note	2016 £000	2015 £000
Fixed assets			
Investments	5	4,657	4,657
		4,657	4,657
Current assets			
Debtors	6	41,373	38,748
Cash at bank and in hand		8	8
		41,381	38,756
Current liabilities			
Creditors: amounts falling due within one year	7	21	10,279
Net current assets		41,360	28,477
Total assets less current liabilities		46,017	33,134
Creditors: amounts falling due after more than one year	8	18,834	6,650
Net assets		27,183	26,484
Capital and reserves			
Called up share capital	9	16,069	16,069
Share premium account	11	5,368	5,368
Merger Reserve	11	3,620	3,620
Profit and loss account	11	2,126	1,427
Total shareholders' funds		27,183	26,484

The notes on pages 57 to 61 are an integral part of these financial statements.

The Financial Statements were approved and authorised by the Board of Directors on 27 June 2016 and were signed on its behalf by:

Jason W. H. Schofield

Director

Company number: 02425189



Company Statement of Changes in Equity

As at 31 March 2016

	Called up share capital £000	Share premium account £000	Merger reserve £000	Profit and loss account £000
Balance at 1 April 2014	16,069	5,368	3,620	320
Profit for the year	-	-	-	1,107
Balance at 31 March 2015	16,069	5,368	3,620	1,427
Balance at 1 April 2015	16,069	5,368	3,620	1,427
Profit for the year	-	-	-	699
Balance at 31 March 2016	16,069	5,368	3,620	2,126

Notes to the Company Financial Statements

For the year ended 31 March 2016



1. General information

Sutton Harbour Holdings plc ("the Company") is a limited company incorporated in the United Kingdom under the Companies Act 2006. These financial statements cover the financial year from 1 April 2015 to 31 March 2016, with comparatives for the year 1 April 2014 to 31 March 2015 and are compliant with FRS101.

2. Accounting policies

Basis of preparation

The Company transitioned to FRS 101 for all periods presented. Details of the transition are set out in note 12.

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2016.

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosure;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(iv) of IAS 1;
- the requirements of paragraphs 10(d), 10(f), 16., 38(a), 38(b), 38(c), 38(d), 40(a), 40(b), 40(c), 40(d), 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

Going concern

The Company meets its day to day working capital requirements through intercompany funding and is therefore reliant on bank finance in the form of Group wide term loan and revolving credit facilities. In March 2016, Sutton Harbour Holdings plc and subsidiary companies (the "Group") renewed its banking facilities for three years, with two term loans totalling £22.5m and a £2.5m revolving credit facility.

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

It has been confirmed that the intercompany balances in place will not be requested for repayment in the foreseeable future.

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

Measurement convention

The financial statements are prepared on the historical cost basis as modified by the fair value of share based payments, financial assets and financial liabilities (including derivative instruments) at fair value through the profit or loss. Investment property and other property are carried at fair value. Non-current assets held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

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

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements:

Cash and cash equivalents

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

Impairment

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

Interest-bearing borrowings

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

Own shares

Ordinary and Deferred shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary and Deferred shares and share options are recognised as a deduction from equity.

Taxation

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

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

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

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

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

Dividends

Interim dividends are recognised when paid, final dividends are recognised when approved by the shareholders. Dividends unpaid at the balance sheet date are only recognised as a liability at that date if they have been approved. Unpaid dividends that have not yet been approved are disclosed in the notes to the financial statements.

Financial instruments

Trade and other debtors, trade and other creditors and all intercompany balances are financial instruments and are carried at amortised cost.

3. Services provided by the Company's auditors

During the year the Company obtained the following services from the Company's auditors:

	2016	2015
	£000	£000
<i>Current auditors:</i>		

Fees payable to Company's auditor for the audit of Parent Company financial statements	6	6
Fees payable to the Company's auditor for other services:		
Tax services	1	1

For further details on other services provided by the Company's auditors, see note 7 to the main Group consolidated financial statements.

4. Employees and Directors

The Company has no employees. The Directors are not remunerated for their services to the Company.

Notes to the Company Financial Statements

For the year ended 31 March 2016



5. Investments

	Investment in subsidiary undertakings £000	Total £000
Cost and net book value		
As at the beginning and end of the financial year	4,657	4,657

Subsidiary companies:

At 31 March 2016, the Company has the following investments in subsidiaries:

	Class of shares held	Ownership		Nature of Business
		2016	2015	
Subsidiaries				
Sutton Harbour Company	Ordinary	100%	100%	Harbour Authority
Sutton Harbour Services Limited	Ordinary	100%	100%	Marine Leisure & Property
Plymouth City Airport Limited	Ordinary	100%	100%	Property developer
Sutton Harbour Property and Regeneration Limited	Ordinary	100%	100%	Property
Sutton Harbour Commercial Limited	Ordinary	100%	100%	Property
Sutton Harbour Projects Limited	Ordinary	100%	100%	Property
Sutton Harbour Car Parks Limited	Ordinary	100%	100%	Car Park Operator
Sutton Harbour Projects (No 2) Limited	Ordinary	100%	100%	Investment company

All of the above companies were incorporated in the United Kingdom and registered in England and Wales.

6. Debtors

	2016 £000	2015 £000
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	40,797	38,423
Deferred Tax	126	87
Other debtors and prepayments	450	238
Total debtors	41,373	38,748

Amounts owed by subsidiary undertakings are all due in more than one year.

7. Creditors: amounts falling due within one year

	2016 £000	2015 £000
Amounts owing to subsidiary undertakings	-	10,258
Other creditors	21	21
Total creditors	21	10,279

Security over the assets of the Group has been given in relation to the bank facilities.

8. Creditors: amounts falling due after more than one year

	2016 £000	2015 £000
Amounts owing to subsidiary undertakings	18,834	-
Bank borrowings	-	6,650
	18,834	6,650

Interest is charged at rates over LIBOR during the term of the bank facilities.

9. Called up share capital

Thousands of shares	Ordinary shares		Deferred Shares		Total	
	2016	2015	2016	2015	2016	2015
In issue at the beginning and end of the financial year – fully paid	96,277	96,277	62,944	62,944	159,221	159,221

	Ordinary Shares		Deferred Shares		Total	
	2016 £000	2015 £000	2016 £000	2015 £000	2016 £000	2015 £000
<i>Allotted, called up and fully paid</i>						
96,277,086 (2015: 96,277,086) Ordinary shares of 1p each (2015: 1p each)	963	963	-	-	963	963
62,943,752 (2015: 62,943,752) Deferred shares of 24p each (2015: 24p each)	-	-	15,106	15,106	15,106	15,106
Total	963	963	15,106	15,106	16,069	16,069

The holders of Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

The holders of Deferred shares are not entitled to receive dividends nor are they entitled to vote at meetings of the Company. On a winding up each Deferred share shall only be entitled to the nominal capital paid up or credited as paid up after paying the nominal capital paid up or credited as paid up on the Ordinary shares, the Deferred shares and/or any other shares in issue, together with the sum of £1,000,000 on each Ordinary share.

10. Contingencies

The Company has given an unlimited guarantee in respect of bank borrowings of all subsidiary companies. At 31 March 2016, these borrowings amounted to £22,500,000 (2015: £15,000,000).

11. Description of reserves

Called up share capital

The called up share capital and share premium accounts represent equity share capital (see note 27).

Share premium account

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

Merger reserve

The merger reserve was created when a cash box placing of shares occurred on 4 September 2009. In the opinion of the Directors, this reserve is distributable.

Profit and loss account

The profit and loss account represents retained profits.

Notes to the Company Financial Statements

For the year ended 31 March 2016



12. Transition to FRS101

For all periods up to and including the year ended 31 March 2015, the Company prepared its financial statements in accordance with the previously extant United Kingdom generally accepted accounting practice (UK GAAP). These financial statements, for the year ended 31 March 2016, are the first the Company has prepared in accordance with FRS101.

Accordingly, the Company has prepared individual financial statements which comply with FRS101 applicable for periods beginning on or after 1 April 2014. The policies applied under the Company's previous accounting framework are not materially different to FRS101 and there has been no impact on equity or profit or loss.

13. Ultimate controlling party

Sutton Harbour Holdings plc is the ultimate Parent Company of the Group and there is no separate controlling party. The consolidated financial statements of the Group headed by Sutton Harbour Holdings plc are presented separately on pages 24 to 53 of this document. The results of the Company are not consolidated in any other group's financial statements.



Notes



Notes



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