



 SUTTON  
HARBOUR

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SUTTON HARBOUR GROUP PLC

2024

ANNUAL REPORT &  
FINANCIAL STATEMENTS

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## STRATEGIC REPORT

# VISION AND OBJECTIVES

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Sutton Harbour Group plc, quoted on the 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 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 is the owner and custodian of a unique historic harbour asset adjacent to Plymouth city centre to the north and Plymouth Sound to the south, connecting the sea to the South West of England.

The Group owns property assets around the harbour and directly supports the City's objective to create the first National Marine Park, and to assist it to fulfil its ambitions as the Ocean City thereby creating a prime location for living, working, visiting and hosting waterside events.

### OUR OBJECTIVES

- To develop a mix of trading activities for medium to long-term sustainable growth and to provide a balanced risk profile.
- To provide a secure investment proposition in a profitable Group which has a strong income producing asset base by increasing and improving the income earning asset portfolio of the Group or by realising capital from the sale of mature assets.
- To build on the Group's strength as a specialist in waterfront destination and regeneration in the South West region.
- To provide asset-based value growth to shareholders in the medium term.

### CURRENT BUSINESS PLANS

- Retention of strategic assets and development of new adjacent assets for investment and revenue generation until they reach their full potential.
- Value realisation of inventory assets through development together with the sale of some assets which have attained their full potential.
- Lower external borrowings to reduce interest rate costs.
- Investment in infrastructure to increase capacity, improve service and enhance quality.
- Growth of earnings from core divisions: marine (marinas and fisheries), real estate (commercial lettings), parking and regeneration/development.
- Maintain a strong reputation for quality and customer service.

## STRATEGIC REPORT

# THE GROUP AT A GLANCE

## MARINE

Sutton Harbour currently has capacity for berthing 414 leisure and commercial vessels (as of September 2024 accommodating 381 vessels) and achieves an increasing, core annual revenue stream in the form of dues, fees and rents from the established fisheries, marinas and property operations.

### Marinas

Sutton Harbour Marina for leisure berthing is currently 88% occupied and is trading at close to capacity.

The King Point Marina, which opened in 2013, has now transitioned into a mature business with 86% occupancy. The facility has 119 leisure berths with additional berthing taking approximately a third of the total space leased to Princess Yachts until 2028. As part of the Company's aim to reduce external debt, the mature business at King Point Marina is being prepared for sale during 2024.

Plymouth Fisheries, the trading name of the fishmarket in Plymouth, is recognised as an important fishing port in England. In May 2024 the Plymouth Trawler Agents who ran the fish auction ceased to trade and stakeholders in the Plymouth fishing industry, including the Company, have commissioned a study to look into options for potentially reopening Plymouth's fish market.

The Group's subsidiary, Sutton Harbour Company has been trading since 1847 and during this long period of operating the harbour and associated assets have experienced successive economic cycles. This long history serves as a guide to continue to develop the asset for further performance and value growth in the future.

The location of Sutton Harbour, in central Plymouth and adjoining the historic Barbican quarter, has undergone two main phases of regeneration over the past three decades. 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 quality residential and commercial buildings overlooking the harbour, and improvements to berthing facilities, added to the attractiveness of the area to create a sustainable location for business, leisure and living. The Group is now focused on bringing forward the third phase with new planning applications secured and in preparation, which will integrate the city centre to communities east of the Harbour, a long held aspiration of the City of Plymouth.

## REAL ESTATE

This division comprises the rentals from investment properties and is particularly focused on growing its

annual income through asset enhancement, including office space, retail and leisure facilities.

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 Old Barbican Market, the former fishmarket which was converted to retail use in 1998, underwent a major refit in 2022 which was subsequently let to three high quality national covenant tenants and now attracts increased footfall to the Sutton Harbour area.

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. These facilities and operators attract visitors and citizens of Plymouth, strengthening the natural attractiveness, leisure and social enjoyment of the Harbour.

## CAR PARKING

The Group has two major car parks at Sutton Harbour, a 340 space multi storey car park 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, around Sutton Harbour 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.

During 2023 the Group completed construction of its first new building at Sutton Harbour since 2009 – a 14 unit apartment building (Harbour Arch Quay). Planning consents are held for the development of the iconic Sugar Quay tower of 170 units, with retail/office space incorporated facing the harbour and the extension to an existing multi storey car park owned by the Group also approved, to be implemented in parallel with Sugar Quay.

The Group has also been working with the Local Planning Authority to build significant residential complexes on the east side of Sutton Road which will facilitate improved east-to-west linkage across Sutton Harbour joining the city centre and existing easterly residential areas.

The Group intends to redevelop the North Quay House office building into 10 residential apartments, three office/retail units and car parking space within the coming year. A planning application for the development will be submitted in the near future.

### Former Airport Site

In 2000, the Group purchased Plymouth City Airport Limited and a long lease of the regional airport site from Plymouth City Council. The Group also owns some freehold land on the 113 acre 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.

Plymouth City Council agreed upon the closure of the former airport as of 23 December 2011, due to withdrawal of flight services and unsustainable losses. The decision also resulted in cancellation of the airport operating licence and cancellation of the air traffic zone.

Some years prior to closure of the airport, the Company closed runway 06/24 and the western end and eastern safety area lands were, in agreement with Plymouth City Council, sold and developed into new housing which was fully completed by 2018. This was a first phase of redevelopment of the airport site.

In March 2019, Plymouth City Council finalised a new local plan which was scrutinised at public hearings and by Government Planning Inspectors. This plan proposed that the site be safeguarded from non-aviation uses for 17 years. The plan was subsequently accepted together with the Council's proposal to safeguard the former airport site for aviation operations but limited to five years. Thereafter, development should proceed if no viable aviation plan had been brought forward.

Accordingly, the Group is working towards options for the site and is developing a masterplan, which is the subject of a 'Pre Application' review by the Local Planning Authority. This 'Pre App' plan provides for protection of the full extent of the current runway along with associated areas of land in a second phase of redevelopment, respecting the Council's safeguard for aviation uses. The Group is actively engaged in this review by the Local Planning Authority.

In February 2024 Plymouth City Council advised that the 5 year review of the Local Plan had been made and that the former airport site would continue to be safeguarded for aviation uses for a further five years. The Group submitted a masterplan in March 2024 with proposed phased development that respects the Local Authority's policy. Greater detail is given in the Chairman's Statement. See note 31 Contingent liability, for further additional information regarding a claim made by Plymouth City Council.

This strategic asset will ultimately either be redeveloped for a range of uses (including the possibility of an aviation component based on emerging new technology that is sensitive to the environment and does not require the full extent of the current runway length) or limited to airport uses only, but in either case the intrinsic value of the asset is represented by its potential future uses.

## STRATEGIC REPORT

EXECUTIVE  
CHAIRMAN'S REPORT

## INTRODUCTION

Trading by the Group's businesses continued to be steady throughout the financial year with continuing strong occupancy of the marinas, excellent performance by the car parks in the second half year and stable occupancy of investment properties. The results for the full year are, however, reflective of some material challenges encountered.

- Interest rates have persisted at high levels resulting in a significant increase in financing costs to £2.0m (2023: £1.1m).
- The Harbour Arch Quay development was successfully completed and sales of all 14 apartments were finalised immediately following the completion of construction, permitting repayment of the development lender and £3.2m repayment to NatWest. The accounting result for the development is, however, reflective of a number of challenges during construction and additional costs incurred to expedite the final stages of the development in order to meet occupation and developer financing deadlines. The development resulted in a total loss of £2.629m. Further detail is provided later in this Statement.
- Harbour operations have been severely disrupted during the second half year with two phases of works undertaken by the Environment Agency to replace the Sutton Harbour lock cills. As a result, the Group has incurred an exceptional cost of £236,000 to provide back-up fish landing facilities at another location in Plymouth owned by a third party port authority.
- During the year, the Group has, with its legal advisors, been preparing for an Arbitration Hearing against the Environment Agency which is scheduled to take place in November 2024. The dispute, which has been ongoing for a number of years, concerns responsibility for the ongoing maintenance of Sutton Harbour Lock, hitherto managed and paid for by the Environment Agency. The Lock was installed in 1992 as a public flood defence to protect against tide surges which previously caused regular flooding to the Barbican and surrounding area. Preparing for the Hearing has resulted in significant legal expense, particularly in the last twelve months. The Group is confident of its position and will look to recover its costs should the Hearing find in the Group's favour. Nonetheless, the costs accumulated to date in relation to the dispute of £537,000 have been expensed to the Income statement as an exceptional cost.
- As previously announced by the Company, Plymouth City Council (PCC) has made a claim that the Group is in breach of its long lease of the Former Airport Site. The Group has responded strongly and thoroughly setting out in detail why it believes the subject matter of the claim has been made wrongfully. A response has been received from Plymouth City Council, after a number of months, to which the Company has further replied with clarification on points raised, and reiteration that the claim has been served wrongfully. The matter remains ongoing. Costs of legal advice in connection with this matter of £86,000 have been expensed to the Income Statement as exceptional costs.

The Group has managed the challenges that it has faced proactively. Appropriate advice and action has been taken to work towards the best outcomes for the Group and the majority shareholder has been forthcoming with financial support, by way of new equity and loans (see notes 21 and 26), to assist with costs and to maintain progress with future projects.

After the year end the Group announced that it had entered into a new credit facility agreement with NatWest. The new facility provides maximum funding of £21.7m. The facility is in place until 30 December 2026, and it sets out debt reduction milestones by way of selected asset sales, certain of which must be completed by March 2025.

## RESULTS AND FINANCIAL POSITION

FINANCIAL HIGHLIGHTS	2024	2023
Net Assets	£54.091m	£56.067m
Net Asset value per share	37.8p	43.1p
(Loss) before tax from continuing operations	(£4.385m)	(£2.021m)
Adjusted (loss) before tax excluding fair value adjustments and exceptional items*	(£3.330m)	(£0.096m)
(Loss) after tax	(£3.836m)	(£2.036m)
Basic (loss) after tax per share	(2.68p)	(1.57p)
Dividend per share	0.0p	0.0p
Total Comprehensive Income for the year attributable to shareholders	(£4.878m)	(£0.144m)
Total Comprehensive Income per share	(3.4p)	(0.11p)
Net Debt	£24.805m	£29.259m
Gearing (Net Debt/Net Assets)	45.9%	52.2%

\*Fair value adjustments of £0.200m relate to revaluations of investment property and owner occupied property where there is a reduction in fair value and no previous surplus in the revaluation reserve (see note 14 and 15) and exceptional items of £0.855m (see note 10).

Gross profit for the year was £0.004m compared to £2.246m in the previous year. These results include the loss of £2.629m after interest incurred by regeneration activities, all which relates to the Harbour Arch Quay development.

As set out in the table opposite, contributions earned from the non-regeneration activities improved by 10% from £2.388m (2023) to £2.633m (2024) supported by improved trading in both the marinas and car parking business segments. The decline in revenue from the non-regeneration activities is attributable to the fall in the gas-oil commodity price and consequent decline in selling price which is calculated by adding a fixed margin to the buying price. Gas oil is sold to commercial fishing vessels and to a far lesser extent to leisure boats and accounted for £2.260m turnover (2023: £2.631m). Volume sold (measured in litres) increased by 10.2% compared to the previous year.

	Marine, Real Estate and Car Parking Activities Fisheries	Regeneration Activities Harbour Arch Quay development	Total 2024	Marine, Real Estate and Car Parking Activities	Regeneration Activities	Total 2023
	£000	£000	£000	£000	£000	£000
Revenue	8,072	8,281	16,353	8,161	-	8,161
Cost of Sales	(5,439)	(10,910)	(16,349)	(5,773)	(142)	(5,915)
Gross Profit	2,633	(2,629)	4	2,388	(142)	2,246

## RESULTS AND FINANCIAL POSITION

The exceptional cost of £0.855m comprises £0.236m in respect of costs to provide temporary back up facilities during the lock works, £0.537m for legal advisory costs in preparation for the Arbitration Hearing concerning responsibility for the maintenance of Sutton Lock and £0.082m of legal costs associated with the long lease at Plymouth City Airport (see note 10).

Net debt (including lease liabilities) fell to £24.805m as at 31 March 2024 from £29.258m at 31 March 2023, a decrease of £4.453m. The key movements in net debt during the year include a repayment of the bank loan of £3.2m, repayment

of development finance of £4.5m and an increase in related party loan financing (including rolled up interest) of £769,000.

Gearing (net debt/net assets) as at 31 March 2024 stood at 45.9% (31 March 2023: 52.2%). Net finance costs of £1.992m in the year (2023: £1.149m) are stated after capitalisation of interest of £0.427m (2023: £0.555m).

As at 31 March 2024, net assets were £54.091m (31 March 2023: £56.067m), a net asset value of 37.8p per ordinary share (31 March 2023: 43.1p per ordinary share). The movement includes the valuation of the Group's property assets which gave rise to an overall valuation deficit of £1.604m

(2023: overall surplus of £0.510m), as reconciled in the table below, of which a £0.356m surplus relates to the investment property portfolio and a net £1.960m deficit relates to the owner-occupied properties. The improvement in the investment property portfolio incorporates increased valuation of the Old Barbican Market following complete refurbishment and lettings to quality covenants. The deficits recorded on the owner occupied properties reflect higher interest rates, trading performance, general market sentiment and, in respect of Sutton Harbour Marina, the decommissioning of the Sutton Jetty structure which has resulted in lost operational and lettable space.

	VALUATION SURPLUS/(DEFICIT)	ACCOUNTING
<b>Owner Occupied Portfolio</b>		Fair valuation adjustment recorded in the Income Statement as no revaluation reserve available to absorb the deficit
Fisheries	(£0.556m)	Debited to the Revaluation Reserve in the Balance Sheet
Marinas	(£2.816m)	Credited to the Revaluation Reserve in the Balance Sheet
Car Parks	£1.412m	
Investment Property Portfolio	£0.356m	Fair valuation adjustment recorded in the Income Statement
<b>TOTAL</b>	<b>£1.604m</b>	

Further details on financial performance can be found in the Financial Review on page 10.

### Financing

During the year the following financing events occurred:

- May 2023 – £2.923m raised by way of share subscription to support ongoing higher costs and repayment of bank loan.
- July – December 2023 – £3.2m repayment of bank loan.
- October 2023 – repayment of £4.5m development lender's loan following sale of Harbour Arch Quay apartments.
- March 2024 – drawdown of additional £450,000 Related Party Loan from Beinhaker Design Services Limited (BDS).

During the year the Group has been exposed to two major cost pressures being the net financing costs of £1.992m (2023: £1.149m) and the net costs of the Harbour Arch Quay development.

The Group has reviewed its requirement for further cash liquidity and the need to reduce debt servicing costs to a more manageable level. During the year the current Bank of England base rate increased from 4.25% to 5.25% resulting in the average cost of bank debt of the Group at c.8%. It is not currently foreseen that rates

will fall materially in the near term and through discussions with the Group's bankers, a managed reduction of the banking facility from £21.7m (as at 31 March 2024) to £11.8m is targeted within the current financial year. Accordingly, the Group has placed selected assets for sale (being six investment properties, and King Point Marina) to assist with its finance restructuring plan. These items are documented in the new credit facility completed in August 2024 with the Group's bankers. The new facility expires on 30 December 2026. Except where deferred and then extinguished when the new facility was put in place with the Group's bankers, all covenants were met during the year.

As at 31 March 2024, related party loans, including rolled up interest owed to shareholders, were as follows:

	£
Beinhaker Design Services Limited	2,530m
Rotolok (Holdings) Limited	1,345m
<b>Total</b>	<b>3,875m</b>

After the year end, Beinhaker Design Services Limited agreed to loan the Group a further £1.970m under the same terms as the existing loans to allow the Group to meet its ongoing liabilities in advance of completing the finance

restructuring plan. Additionally, Beinhaker Design Services Limited agreed with Rotolok (Holdings) Limited to purchase Rotolok's loan principal of £1.150m, a transaction which does not affect the overall debt owed by the Group nor the cost of servicing the overall Related Party Loan financing. The accrued capitalised interest on the £1.150m loan principle relating to the Rotolok (Holdings) Limited of £0.195m at the Balance Sheet date will continue to accrue rolled up interest at 10% per annum until repaid.

The Group is currently managing the scheduling of new property developments to take account of the timing of further planning approvals and stabilisation of the financial position. The Group continues to meet the costs of defending the Group in the forthcoming Arbitration Hearing and to take appropriate legal advice in connection with the former airport site lease. Planning costs in connection with the proposed North Quay House redevelopment and the Former Airport Site Planning Pre Application have been supported by the recent related party loan drawdown and progress will be subject to planning approval and funding.

Taking into account the current level of bank borrowing, the board does not recommend payment of a dividend on the year's results.

## DIRECTORS AND STAFF

There have been no Board changes during the year. Headcount as at 31 March 2024 was 30 (31 March 2023: 30).

## OPERATIONS REPORT

### MARINE

#### Marinas

For the year under review, occupancies of Sutton Harbour Marina and King Point Marina were 88% and 86% respectively. King Point Marina achieved a record year for berthing revenue demonstrating maturity of the asset which was opened in 2013. Berthing pricing for Sutton Marina was frozen for the 2023/2024 season to recognise the impact of the lock works.

At the end of 2023, Sutton Jetty, the pier structure that accommodated the marina office and amenity facilities, was closed on the advice of structural engineers. The future of Sutton Jetty is currently under consideration and for the meantime the office space has been accommodated within the Group's office and temporary amenity facilities have been provided in the marina car park. The Group has placed an order for bespoke amenities housed in a floating unit and has secured asset financing for the purchase thereof. The new facility, which is due for delivery in December 2024, will improve accessibility for customers with the unit being level with the pontoon and comprising 5 wet rooms and 1 disabled access wet room.

To reflect the inconvenience to berthholders of the temporary facilities and also to compensate for inconvenience of the second phase of the Lock Work, berthing fees were increased by only a modest amount for the current 2024/2025 season. Following marketing of the berths, the second phase of the Lock Works was rescheduled to start earlier in January 2024 and was completed by March 2024. Marina fees at Sutton Harbour Marina will be restored to market rates for the 2025/2026 season.

#### Fisheries

Despite the disruption caused by the Lock Works, the results from Fisheries were not noticeably impacted. Landings were on par with last year and volume of fuel sold was up 10% on the previous year. The cost of the back up landing facility of £236,000, which comprised rental of quay space, temporary pontoons, mobile chilled unit, a crane and a chilled vehicle, is recorded as an exceptional cost. The back up facility was set up after consultation with harbour users to provide a facility for the landing of fish during the times that Sutton Harbour was not accessible. The facility primarily served the local fleet of smaller vessels which could not readily access other ports.

Since the year end, the Fisheries business has encountered a new challenge. The company which had provided services to the port including fish

sorting and grading, fish auctioning and fisher account settling for 29 years announced that it would close with just two weeks' notice. Management has had a number of meetings with various organisations to discuss their proposals to take over the vacant operating roles. The financial impact to the Group due to the temporary closure of the fish auction will arise from the loss of fish landing dues. To date fuel sales have remained broadly in-line with historical trends.

### REAL ESTATE AND CAR PARKING

Tenant occupancy by 31 March 2023 stood at Tenant occupancy by 31 March 2024 stood at 89% (31 March 2023 89%). There have been no material changes in occupations of investment properties during the year. The Old Barbican Market which was fully refurbished in the previous financial year now has three established tenants and has delivered on the strategy in increasing footfall to the Sutton Harbour and Barbican area, proved in the valuation improvement of £400,000 compared to a year ago. We can measure footfall using the car parks revenue data as a guide to visitation. Car Parking rates for the year from 1 April 2023 were raised by 11%, yet revenue increased by 22% over the financial year under review

### REGENERATION

#### Harbour Arch Quay

Despite a number of challenges encountered during the construction of the 14 apartment building and the resultant delay in completion, the Company delivered a high quality new development which was all sold "off plan" prior to completion of construction. This has stimulated demand for further similar apartments and gives confidence that the proposed scheme at North Quay House will be highly marketable.

In my Interim Statement, I reported that the Group expected a project result just below breakeven, although the overall project would make a loss. The overall loss on the development was £2.629m, of which £768,000 relates to historical costs on previous scheme designs for the same site and £625,000 relates to apportionment of internal management and financing costs. The loss on the development itself was £1,236,000 and materialised as a greater loss than anticipated as expected recoveries from subcontractors and professional designers for delays and errors could not be fully achieved. During the scheme, delays accumulated due to third party boundary negotiations, construction methodology and regulation change amongst other factors. Whilst the delays did not always cause additional direct costs, they did adversely impact the quantum of financing costs and construction management charges. The final stage interior and exterior finishing costs were

insufficiently budgeted, partly as a result of labour and material shortages. Additional specialist labour at higher costs was ordered to ensure the building was finished to meet deadlines for sales completions and financing repayment.

The Group has reviewed the detailed reasons leading to the loss incurred which will inform planning and management of future projects. The project was developed by the Group with direct contracting for the construction work packages. The construction programme was managed by a specialist construction management firm. The Group observed a weakness in co-ordination of, and between, the professional teams and any future development projects will involve professional project management to ensure effectiveness of the interface between all professional and construction disciplines. A full evaluation of the merits of delivery alternatives for future developments will be made.

Whilst acknowledging the financial impact upon the Group of the Harbour Arch Quay project, it was viewed in the best interests of stakeholders (shareholders, suppliers, funders and customers) to complete the development and realise its sales value to achieve the best possible outcome.

Harbour Arch Quay has been the first new development in Sutton Harbour in 14 years and reinitiates a development programme to invest to uphold and improve the area. The development project, fully sold "off plan" before completion, has tested and proved the value of the harbour location and establishes confidence for the development potential of three other larger sites around Sutton Harbour. These future schemes at North Quay House, Sugar Quay and Sutton Road will in due course stimulate value of the public amenity by virtue of the unique location between the City Centre and the sea to help to further realise the vision for Plymouth as the Ocean City.

#### North Quay House

The Group proposes redevelopment of the building, which will be vacant by Autumn 2024, into 10 high quality apartments each with three bedrooms. Additionally three ground floor retail/office units and parking space will be included. The configuration of the apartments is informed by the proven demand for the Harbour Arch Quay apartments. The Group expects to submit a full planning application to the Local Planning Authority this year having addressed key planning matters through the productive 'Pre-Application' process. In light of the lessons learned from the Harbour Arch Quay development, procurement methodology is yet to be confirmed. Two specialist development lenders have expressed strong interest in the project. The development will only be progressed when the Group has achieved strong visibility of a satisfactorily profitable outcome.

### Sugar Quay

The redesign work to achieve successful development of this site into three phases is ongoing and is expected to be resubmitted to the Local Planning authority in 2025.

### Former Airport Site - Planning

The five year safeguard as advised by National Planning Directorate expired in March 2024. Accordingly, the Group submitted a 'Pre Application' masterplan to the Local Planning Authority setting out a mix of uses that the site could accommodate. The masterplan was carefully prepared to respect the Local Planning Authority's policy to see the site protected for another five years to provide a further opportunity for a viable aviation operations plan for the site to be brought forward.

The plan is therefore divided into three new phases, which would not disrupt the runway until the final third phase following a further five years safeguard period. The Local Planning Authority and the Group have established a process for the evaluation and realisation of the next phase of development which would retain the possibility of future aviation operations on part of the site. An agreed schedule of meetings to consider different aspects of the 'Pre Application' will take place over the coming months.

### Former Airport Site – Lease

Plymouth City Council ratified the Group's application to close the airport at Council Meeting in August 2011 on grounds of non-viability. The airport was then closed in December 2011 and in the intervening years no financially substantiated plans to restart aviation operations have been received by the Group. In February 2024, the Company received a notice from Plymouth City Council claiming that the Group was in breach of its lease (130 unexpired years over c. 100 acres) for not maintaining an airport supplied, equipped, staffed and licensed. The Group has since written to Plymouth City Council to strongly refute the claim. In response to a second letter from Plymouth City Council the Company has clarified certain points raised, and reiterated its position that the notice has been served wrongfully. In the meantime, as described previously, the planning process for the site is underway.

The Group continues to maintain and ensure security of the extensive site at its own cost and has done so responsibly for the past 12 years.

## FINANCIAL OUTLOOK

Cash flow performance of the business activities is generally stable, although varies seasonally in accordance with normal trading patterns. The Group has however been exposed to challenges outside of its control, including economic conditions, which have led to high costs and pressure on cash flow: higher interest rates, preparation for the arbitration hearing with the Environment Agency, costs of the temporary back up fish landing facilities whilst the Environment Agency undertook works on the lock cill replacement and advice costs in connection with the claim from Plymouth City Airport regarding the airport lease.

The level of bank debt servicing payments will reduce significantly as assets are sold (a 46% reduction in bank debt is targeted in the current financial year). The corresponding loss of rents, fees and charges from the assets being marketed will mean that the net cash result will be broadly neutral until interest rates fall. Contraction of the asset base may allow some cost savings to the general overheads of the Group. Further information regarding the Going Concern position of the Group is given in notes 2 and 4 of the Financial Statements.

Support from the majority shareholder has allowed the Company to progress its activities and plans for future developments over the past year. The Group will look to timing the advancement of new projects as the financial restructuring progresses and the cash position stabilises.

## SUMMARY AND OUTLOOK

The Group is confident that actions underway will address the principal risk of unsustainable debt levels whilst current higher interest rates prevail. The Group is committed to resolve the current challenges, which once settled, will allow management to bring forward additional new projects to improve the attractiveness of the Sutton Harbour area for living, working and leisure.

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**PHILIP BEINHAKER**  
**EXECUTIVE CHAIRMAN**

19 September 2024



STRATEGIC REPORT

# s172 REPORT - PROMOTING THE SUCCESS OF THE GROUP FOR THE BENEFIT OF ITS SHAREHOLDERS

The s172 report explains how the Board has sought to promote the success of the Group for the benefit of shareholders and highlights the key decisions taken by the Group in the past year.

**DECISION MAKING**

Typically major decision making concerns financing/funding, strategic business direction, key contracts and major business transactions, risk management, human resources and pay matters, Board appointments and regulatory reporting

matters. Implications of specific decisions are researched to ensure communications to specific stakeholder groups make clear the business reasons, the benefits and the costs, as applicable.

**ENGAGING WITH STAKEHOLDERS**

The Group regards its key stakeholders as its bankers, investors, Plymouth City Council, Environment Agency, other governance bodies, customers, staff and trade bodies.

Stakeholders	Marine - Marinas	Marine - Fisheries	Real Estate	Car Parking	Regeneration	Corporate
Service Users / Customers	Berth-holders	Fishers Fishing Industry Trawler Agents	Tenants	General public National Marine Aquarium	Purchasers Occupiers	
Suppliers					Contractors Professionals Contract Managers	
Finance					Project Financiers	Shareholders Company Bankers Corporate Advisors
Government & Regulatory	Marine Management Organisation	Plymouth City Council Environment Agency Marine Management Organisation	Plymouth City Council - Planning Authority	Plymouth City Council - Planning Authority	Plymouth City Council - Planning Authority and Building Control	AIM rules/ London Stock Exchange compliance
Staff	The Group's board, management team and employed personnel. Third party contractors – advisors and operations delivery					
Trade Bodies	British Marine Industries Federation Yacht Harbour Association	The British Ports Association		British Parking Association		
Other					Neighbouring property owners	

The Group's approach is to collaborate with partners to promote the success of the Group, balanced proportionately with needs of collaborators to meet their own criteria for success.

The Group communicates with investors about progress at regular reporting intervals and when other reportable events occur.

The Group works closely with its key stakeholders being bankers, major investors, Plymouth City Council, Government Departments (including the Environment

Agency), other governance and trade bodies and consults with these parties where appropriate to ensure the ongoing success of business activities. After establishing relations with harbour users, Group management continued to meet with stakeholders' groups to consult upon the timing, methodology and back up facilities in connection with the lock cill replacement works. The Group did engage independent facilitators to assist with this process and took external independent advice where appropriate to inform the measures to be put in place.

The Group engages professional advisors to assist with the formulation of strategies that are best positioned for success and deliverability and for advice on technical, legal or special matters.

The Group is available to talk directly to key customers and tenants as matters arise.

Staff communications are managed informally and more formally through monthly one to one meetings and annual appraisals given the small number of employees (currently 30).

## KEY DECISIONS TAKEN IN THE YEAR

### Financing

Continued higher interest rates have continued throughout the year and the board has taken the following decisions to manage debt servicing costs and financing generally:

- An equity fundraise by way of subscription by the majority shareholder in May 2023 provided £2.9m (gross) in new capital. Bank debt was subsequently reduced by £3.2m within the financial year. This reduced interest payable during the year.
- Quarterly interest due on the related party loans was 'rolled up' into the loan principal outstanding to maintain cash headroom.
- Repayments of related party loans have been deferred and the loans expiry date has been extended to May 2025.
- An extension to the related party loan to provide increased cash headroom for £450,000 was completed in March 2024. After the year end further extensions of the related party loans of £1.370m and £0.600m were completed in June 2024 and September 2024 respectively.
- Deposits for Harbour Arch Quay apartment sales were authorised to be used for payment of contractors invoices by the development funder, thereby saving drawing on the development loan. This reduced interest payable on the development loan.
- The Company entered into discussions with its bankers to put in place a new 2 year facility to expire in December 2026. This facility was finalised in August 2024.
- To further reduce debt servicing payments, since the year end the Group has placed selected assets for sale with the objective of reducing bank debt from £21.7m to £11.8m within the current financial year.

### Operations

- Following consultation with stakeholder groups, the Company agreed with the Environment Agency to complete the lock cill works in two concurrent phases which would allow works to be complete by March 2024, earlier than May 2024 as originally planned. This allowed restoration of normal lock operations for the Spring season when harbour activity increases.

- To support fishers during the period of lock works disruption, the Company put in place temporary back up facilities for the landing of fish whilst the harbour was inaccessible. The Company met the costs of the temporary facilities.

- Marketing of Sutton Harbour berthing for the 2024/2025 season started in November 2023 and the Company decided to apply only a modest price increase to reflect the anticipated disruption of the lock works into the 2024/25 season.

### Asset improvement and redevelopment

In line with the board's decision to become a development focused company, the Company has advanced the following projects:

- The Company completed construction of the Harbour Arch Quay development in October 2023, upon which sales all 14 apartments were finalised. The ground floor office unit has been fitted ready to accommodate the Company's head office.
- The Company submitted a 'Pre App' application to the Local Planning Authority to convert the North Quay House office building into 10 high quality apartments, three retail/office units and car parking. The Company intends to submit the full planning application later in 2024.
- The Company submitted a 'Pre App' application to the Local Planning Authority setting out a phased masterplan for the regeneration of the Former Airport Site.

### Asset improvement and redevelopment

The Company has agreed to Arbitration following the Environment Agency's dispute over the costs for the future maintenance of Sutton Harbour Lock. The lock is a flood defence which protects approximately 500 properties which are not in the Company's ownership. It was installed by the then National Rivers Authority in 1992. The Company does not accept that it should be solely responsible for the capital and maintenance costs of infrastructure for public protection. The board has agreed to the costs of detailed senior legal advice and representation at the Arbitration to robustly defend its position.

Following a notice from Plymouth City Council claiming that the Company is in breach of its lease of the Former Airport Site, the board agreed to instruct senior legal advice to defend against the claim robustly.

### Interest – hedging

The board has had monthly discussions about the merits of hedging interest rates but has not entered into an agreement due to the high cost of doing so at each review date. Interest rates are currently stable and the board anticipates that they will fall over time.

### Staffing and pay

The Remuneration Committee carefully reviews terms on an annual basis taking into account market rates and competitive terms to attract good quality candidates. The last review in March 2024 resulted in a fair and modest increase for most staff and levelling of basic holiday entitlement to the equivalent of 25 days for full time roles plus bank holiday allowance.

### Dividend

The board does not recommend a dividend on the year's results in line with its policy stated on page 10 in the Financial Review.

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PHILIP BEINHAKER  
EXECUTIVE CHAIRMAN

19 September 2024

## STRATEGIC REPORT

# FINANCIAL REVIEW

## KEY PERFORMANCE INDICATORS

The key performance indicators used to measure performance of the Group which include occupancy rates of the Marinas, fish landings dues and fuel margins generated by the fisheries and revenues from the car parks as well as property portfolio information, as detailed in the table below. The Group also monitors trading KPIs, including revenue and gross profit for each reporting segment, which are outlined in note 5.

### BUSINESS SEGMENTS

The Group separates its activities into three trading segments: Marine (comprising Fisheries, Harbour and Marina operations), Real Estate being the business of renting the portfolio of commercial premises owned by the Group and Car Parking which records results from the operation of two public car parks and various other parking areas. A fourth regeneration

segment is activated when active construction of new build assets is underway. Plymouth Fisheries receives its income from landings dues (a percentage of the value of the fish determined at auction), the margin on fuel sales, sales of ice and rental of commercial space at the Fisheries complex. The Group has improved its marina results through increases in overall occupancy. Continued digital targeted marketing and the

renewed popularity of UK based leisure boating have been key success factors in stimulating growth.

Property Asset Performance Key Performance Indicators, which are markers of the portfolio's success are reporting as follows:

PROPERTY METRICS	AS AT 31 MARCH 2024	AS AT 31 MARCH 2023
Total estate portfolio valuation	£54.718m	£55.505m
Owner occupied portfolio valuation	£36.175m	£38.300m
Investment portfolio valuation	£17.543m	£17.205m
Number of investment properties	72	75
Contracted rent (per annum)	£1.407m	£1.404m
Net initial yield	9.16%	9.42%
Reversionary yield	9.20%	9.08%
Occupancy rate	88%	89%
Estimated rental value (ERV) of vacant units	£0.363m	£0.380m
Average unexpired lease	7.6 years	7.6 years
Occupancy marinas	89%	97%
Fish landings due	£0.185m	£0.198m
Fuel sales margin	£0.174m	£0.148m
Gross car parks revenue	£0.930m	£0.771m
<b>Development Inventory</b>		
Sites around Sutton Harbour	£17.015m	£23.485m
Portland	£0.200m	£0.200m
Former airport site	£13.518m	£13.363m
<b>Total</b>	<b>£30.733m</b>	<b>£37.048m</b>

The Group assesses the performance of its property assets through annual independent valuation and monthly review of the property metrics as above. Success is measured in terms of occupancy rate, the number of vacant properties available and the rent that letting voids could yield. Car parking cash takings are monitored monthly and are cross referenced to activity levels in the harbour and compared to results of previous comparative periods. The Group is actively pursuing new planning consents, in addition to the live consents already held, and cost of the pre-construction work is capitalised to the carrying value.

## REGENERATION PROJECTS

Costs incurred in pre-construction projects are held as development stock and are expensed against delivery of the project. The construction of Harbour Arch Quay building was finished in October 2023. Completion of sales of all 14 apartments took place immediately thereafter. A number of challenges were encountered in the delivery of the building resulting in a loss on the project. Further detail is given in the Executive Chairman's Report on page 4. At the year end the costs associated with the incomplete ground floor unit are classified as Assets under the Course of Construction and this space has since been occupied by the Company for its Head Office.

## ASSET VALUATION

During the year, an independent valuation of the Group's investment and owner-occupied portfolio was undertaken as at 31 March 2024. This valuation gave rise to a net deficit of £1.604m reconciled as a surplus of £0.356m on the investment portfolio and a £1.960m deficit on the owner-occupied portfolio.

## CARRYING VALUE OF FORMER AIRPORT SITE

A full explanation is provided within note 4 on Accounting estimates and judgements on page 41.

## CASH FLOW AND FINANCING

The Group's main sources of cash inflow are commercial property rentals, marina berthing fees, car parking fees, fish landings dues and fuel and ice sales income. These incomes cover the overhead and debt servicing costs and routine capital infrastructure replacements of the Group. The bank facility and from time to time, new equity capital, has been drawn upon to fund pre-construction costs of new regeneration projects. Related party loan financing from major shareholders has supplemented Company financing to assist with refinancing of another loan taken out to fund a land purchase, and to provide additional cash headroom.

The Group had total borrowings net of cash and cash equivalents of £24.805m at 31 March 2024 (2023: £29.528m) with a gearing level of 45.9% (2023 52.2%). The Group has operated within its authorised facilities. In August 2024 a new bank facility expiring in December 2026 was agreed. The new facility is designed to manage reduction in total debt from £21.7m to £11.8m to reduce debt servicing costs, whilst they persist at higher levels than in the recent past, to a sustainable level. It has been agreed that selected assets will be sold to facilitate the debt reduction and to provide additional working capital for the Company to invest into new projects.

With the pipeline of development projects to finance, the Group is continuing discussions to put in place funds to progress construction as conditions allow. Two outline offers for financing of the North Quay House development have already been received.

Debt servicing costs continue to be a major expense to the Group and the board considers monthly the merits of entering into interest rate swap arrangements to fix interest on part of the total debt. There are currently no interest hedge agreements in place due to the high cost of hedge agreements at the time of each review and the expectation that interest rates will fall.

## TAXATION

The standard rate of tax applicable to the Group is 25% (2023: 19%). The overall tax credit for the year is £0.549m (2023: charge of £0.015m).

## DIVIDEND POLICY

Taking into account the current level of bank borrowing and consequent debt servicing costs and the Group's need for bank facility headroom to maintain current operations and the planning stages of future real estate development, the board does not recommend a dividend on the year's results. The Group regards itself as an asset-based investment, with further opportunities to reduce bank debt, and realisation of value vested in the success of future development projects.

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## NATASHA GADSDON FINANCE DIRECTOR

19 September 2024

## STRATEGIC REPORT

# PRINCIPAL 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 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. Principal Risks and Uncertainties are as follows:

PRINCIPAL RISK/ UNCERTAINTY	RISK IDENTIFIED	RESPONSE TO RISK
Financing	The availability of adequate borrowing and other funding facilities.	<p>After the year end the Group entered into a new facility, expiring December 2026, with its bankers with the maximum facility of £21.7m reducing to £11.8m as selected asset sales progressively reduce debt. Future development is and will be funded through specific loans and/or equity financing.</p> <p>Major shareholders have demonstrated their ongoing support through their participation, with subscription to new equity issue raising £2.9m (gross) in May 2023 and in the provision of unsecured loans (£2.420m) during the year to 31 March 2024 and since the year end.</p>
	Compliance with bank terms and covenants	<p>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.</p> <p>After the year end the Group entered into a new facility agreement with its bankers with covenants set in accordance with expected performance and achievement of an agreed debt restructuring plan.</p>
	Interest rate rises	<p>The Group currently has total bank facility debt exceeding £21m and any further material increase in interest rates will have a further significant impact on debt servicing costs.</p> <p>To reduce debt, the Group has embarked on a debt restructuring plan through the sale of selected assets which are judged to have reached a mature value.</p> <p>The Group regularly reviews interest rates and its exposure. Interest swap agreements may be entered into to manage interest risk exposure where these are judged to be cost effective, as agreed by the board.</p>
Operations	Continuity of operations at Plymouth Fisheries	<p>The operator of the fish auction at Plymouth Fisheries unexpectedly closed in May 2024 with minimal notice.</p> <p>Interim measures are in place to transport fish to other ports whilst potential new operators put forward their proposals.</p> <p>The Statutory Harbour Authority, Sutton Harbour Company has an obligation to facilitate a regular fish market, although this may be undertaken by a third party. A breach of obligation may occur if a new fish auctioning operation is not in place in the shortest practicable time. The Group along with other stakeholders is commissioning a study to look into options for potentially reopening Plymouth's fish market.</p>
Litigation/Claims	The impact of defending claims made against the Company and of the outcome.	<p>The Group obtains senior counsel advice when required and takes the appropriate action to protect the Group's interests. The Group has two such matters in hand:</p> <p>Lock Maintenance Arbitration – an arbitration hearing will take place in November 2024 with the Environment Agency regarding the maintenance of Sutton Lock which is a flood defence for the benefit of the City.</p> <p>Lease of former airport site – Plymouth City Airport has issued notice of claim that the Group is in breach of lease. The claim has been strongly refuted on grounds that it was issued wrongfully.</p>
Reputation	The impact of negative publicity about the Group, its operations or stakeholders	The Group retains the advice of public relations specialists to advise on potentially contentious matters. Key stakeholders are consulted with as appropriate to the matter. Media publicity about the Group is actively followed and reported where it is misleading or untrue.
Property Development Risk – The Group has completed the development of a 14 apartment building with ground floor office space.	Risk that development does not achieve the targeted return or sustains a loss.	The Harbour Arch Quay apartments were all sold prior to completion of construction of the building achieving full asking prices. The project made an overall loss of £2.6m resulting from a number of factors impacting the cost base of the development, as explained more fully in the Executive Chairman's Report on page 4. Learning from this project, a full evaluation of delivery alternatives for future developments will be made to manage downside risk.

## APPROVAL

The Strategic Report from pages 1 to 12 was approved by the Board of Directors on 19 September 2024 and signed on its behalf by

**PHILIP BEINHAKER**  
EXECUTIVE CHAIRMAN

GOVERNANCE

# DIRECTORS AND ADVISORS

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**Company Number**

02425189

**Directors**

Philip H. Beinhaker (Executive Chairman)  
Corey B. Beinhaker (Chief Operating Officer)  
Natasha C. Gadsdon (Finance Director)  
Graham S. Miller (Non-Executive Director)  
Sean J. Swales (Non-Executive Director)

**Secretary**

Natasha C. Gadsdon

**Registered Office**

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[www.suttonharbourgroup.com](http://www.suttonharbourgroup.com)

**Independent Auditors**

PKF Francis Clark  
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Rydon Lane  
Exeter  
EX2 7XE

**Nominated Advisor and Broker**

Strand Hanson Limited  
26 Mount Row  
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London  
W1K 3SQ

**Registrar**

Computershare Services plc  
PO Box 82  
The Pavilions  
Bridgwater Road  
Bristol  
BS99 7NH

**Bankers**

National Westminster Bank plc  
135 Bishopsgate  
EC2M 3UR

## GOVERNANCE

# DIRECTORS' REPORT

The Directors present their Directors' Report and audited Consolidated Financial Statements for the year ended 31 March 2024. The review of activities during the year and future developments is contained in the Strategic Report.

## MAJOR SHAREHOLDINGS

As at 19 September 2024 the Group's register of shareholdings showed the following interests in 3% or more of the Group's share capital:

	%	ORDINARY SHARES
FB Investors LLP	75.38	107,741,157
Crystal Amber Fund Limited	9.78	13,978,650
Rotolok (Holdings) Limited	5.18	7,409,996

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 Group as at 31 March 2024 are set out below.

	2024	2023
Philip H. Beinhaker	-	-
Corey B. Beinhaker*	-	-
Graham S. Miller	610,762	610,762
Natasha C. Gadsdon	27,838	27,838
Sean J. Swales	10,000	10,000

\*Corey B. Beinhaker is the 100% shareholder in Beinhaker Design Services Limited which owns 56% of FB Investors LLP, the majority shareholder of the Group's share capital.

## DIRECTORS AND THEIR INTERESTS

### PHILIP H. BEINHAKER

Aged 83. Appointed Non-Executive Director and Chairman on 22 January 2018 following the 'Partial Offer and Acceptance' which precipitated a change in control of the Group whereby FB Investors LLP acquired a controlling interest in the Group's shares and appointed Executive Chairman in April 2018. Philip is a Director and the Chairman of Beinhaker Design Services Limited, which is a member of FB Investors LLP. He is also a member of the Audit Committee. Philip served as co-founding partner and Chief Executive Officer of IBI Group, a world-leading firm in architecture, engineering and project management from its formation in 1974 until 2013, continuing as a Senior Director of the IBI Group Management Partnership.

### COREY B. BEINHAKER

Aged 55. Appointed Executive Director and Chief Operating Officer on 23 October 2019. Prior to his involvement with Sutton Harbour Group, Corey Beinhaker worked for IBIB Group Consultants (Israel) Limited from 2010 to 2017 latterly as its Chief Executive Officer where he, amongst other things, was contract manager for a number of significant projects including the Tel Aviv Red 10 Line Underground Station design and the design and technical specification for the traffic management for the inter-urban network in Israel. Corey Beinhaker has been working closely with the Group since January 2018 when FB Investors LLP acquired a 72.65% holding in the Group's share capital, initially through Beinhaker Design Services Limited (a Company of which he is a Director) and then as an employee of Sutton Harbour Group from July 2019.

### GRAHAM S. MILLER

Aged 61. Appointed Non-Executive Director and Chairman on 23 September 2013, stepping down from the Chairman role on 22 January 2018. He is now the Company's Senior Independent Non-Executive Director. 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.

### SEAN J. SWALES

Aged 56. Appointed Non-Executive Director in December 2009, he is a Chartered Accountant and Group Managing Director of Rotolok (Holdings) Limited, the Group's third largest shareholder. He is also a member of the Audit and Remuneration Committees.

### NATASHA C. GADSDON

Aged 54. 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 Group Secretary since 2001.

In accordance with the Group's Articles of Association, Sean J Swales and Natasha C Gadsdon retire by rotation at this year's Annual General Meeting and being eligible offers themselves 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 10.

## 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 Group'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 Group's auditors are aware of that information.

On behalf of the Board  
NATASHA GADSDON  
FINANCE DIRECTOR  
19 September 2024



## GOVERNANCE

STATEMENT OF COMPLIANCE  
WITH QCA CORPORATE  
GOVERNANCE CODE

## SENIOR INDEPENDENT DIRECTOR'S INTRODUCTION

The Group is the owner and operator of specialist marine assets (which include two marinas and a commercial fishmarket), car parks, real estate investment properties and is the holder of land assets identified for regeneration. The Group undertakes new developments on land it owns or redevelops existing assets to realise the value of land holdings or to retain as investment assets. The Group's assets and operations are all located in Plymouth, Devon, primarily at Sutton Harbour.

Our vision is to conserve and improve the historic Sutton Harbour and its immediate environs for harbour users, local residents, businesses, visitors to the area and for the wider stakeholder community in the City of Plymouth. To achieve this the Board is concerned with

setting the strategy to facilitate maintenance of existing land, property and specialised assets and also the regeneration of underutilised assets to improve the attractiveness of the area and to ensure it has a sustainable and vibrant future and to deliver shareholder value growth.

The Group's corporate governance framework manages the decision-making processes of the Board having regard to opportunities and risks of specific strategies and the objective to deliver value growth to shareholders in the medium-long term.

The board has adopted the QCA Corporate Compliance Code, this being the most suited to the Group's size and AIM market quotation.

## GRAHAM MILLER

## SENIOR INDEPENDENT DIRECTOR (NON-EXECUTIVE)

## The Board of Directors

OFFICE	APPOINTEE	COMMITTEE ROLES	ATTENDANCE OF BOARD/ COMMITTEE MEETINGS	SHAREHOLDING AND INDEPENDENCE
Executive Chairman	Philip Beinhaker	Audit Committee Member Remuneration Committee Chair Nomination Committee Chair	Board Meeting – 9/9 Audit Committee – 2/2 Remuneration Committee – 1/1 Nomination Committee – 0/0	Philip Beinhaker has no personal shareholding in the Group. FB Investors LLP, which owns 75.38% of the issued share capital, is jointly owned by Beinhaker Design Services Limited and 1895 Management Holdings UIC. Philip is a Director and Chairman of Beinhaker Design Services Limited.
Senior Independent Director (Non- Executive)	Graham Miller	Audit Committee Chair Remuneration Committee Member Nomination Committee Member	Board Meeting – 9/9 Audit Committee – 2/2 Remuneration Committee – 1/1 Nomination Committee – 0/0	Graham Miller and his spouse together hold 610,762 shares in the Group and he is the Senior Independent Director on the Board. Graham was appointed a Director in 2013. Although Graham has served more than ten years on the board the continuity of his tenure and career experience is valued.
Non - Executive Director	Sean Swales	Audit Committee Member Remuneration Committee Member Nomination Committee Member	Board Meeting – 9/9 Audit Committee – 2/2 Remuneration Committee – 1/1 Nomination Committee – 0/0	Sean Swales holds 10,000 shares in the Group. He is also the corporate representative of Rotolok (Holdings) Limited which has an interest in 7,409,996 (5.18%) of the Group's shares. Sean was appointed a Director in 2009. Until 10 January 2018, Rotolok (Holdings) Limited was interested in 28.79% of the Group's shares and was reported as having significant influence. Although Sean has served twelve years on the board, the continuity of his experience through the recent majority shareholder change and board composition transition is valued.
Chief Operating Officer (Executive)	Corey Beinhaker		Board Meeting – 9/9	Corey Beinhaker holds no shares in the Group. FB Investors LLP, which owns 75.38% of the issued share capital, is jointly owned by Beinhaker Design Services Limited and 1895 Management Holdings UIC. Corey Beinhaker is a Director and 100% shareholder of Beinhaker Design Services Limited.
Finance Director (Executive) and Group Secretary	Natasha Gadsdon		Board Meeting – 9/9	Natasha Gadsdon holds 27,838 shares in the Group and has been an Executive Director since 2004. She also holds options over 143,340 ordinary shares exercisable under provisions of the Group Share Option Plan rules.

No changes to the Board's composition have occurred in the last year. The board has reconsidered its composition during the year and is satisfied that taking into account the size of the Group, its AIM quotation and its principal interests it has the appropriate balance of finance, property development and governance expertise to manage its affairs efficiently and effectively. The board has reviewed its balance of independent and non-independent directors and is satisfied that a single independent non-executive director, Graham Miller who has now served 10 years on the board, is acceptable given his experience on other boards. The Board also notes, that whilst Sean Swales has served more than 10 years on the Board, that his long term experience of the Group, knowledge of property investment and financial specialism and independence from FB Investors LLP, the Company's controlling shareholder, are valuable contributions to the governance of the Group. Directors attend regulatory briefings related to AIM quoted companies on a regular basis and other seminars as required and relevant to their roles on the Board.

Philip Beinhaker and Corey Beinhaker continue to be the board appointees nominated by FB Investors LLP, the majority shareholder in the Company. It has been agreed by the board that no decision or meeting would be quorate unless at least one of the Non-Executive Directors is present in addition to the FB Investors' appointees.

Philip Beinhaker is appointed Executive Chairman (since April 2018, previously Non-Executive Chairman from January – April 2018) and presides over the business of the Board as well as directing and overseeing the operations of the Group through the senior management team.

Corey Beinhaker was appointed Chief Operating Officer in October 2019 with a wide-ranging role focusing on Group operations and regeneration projects.

Graham Miller, the previous independent Non-Executive Chairman, is now the Senior Independent Non-Executive Director on the board. He is the main contact to handle matters where other Directors have a conflict of interest.

Sean Swales, a Non-Executive Director since December 2009 is a Chartered Accountant and, he continues to contribute actively to the Board due to his financial specialism, property investment and development expertise and regional knowledge.

Natasha Gadsdon, a Chartered Accountant, is appointed Finance Director and Group Secretary.

She is responsible for financial reporting and compliance and oversees risk management, human resources, corporate responsibility. She is responsible for preparing detailed monthly reports to the Board. As part of the requirement of her governing body the ICAEW, she attends the required accredited continuous professional development courses on an annual basis.

## SHAREHOLDER RELATIONSHIP AGREEMENT WITH FB INVESTORS LLP

The Relationship Agreement, updated May 2023, addresses amongst other things, the composition of the Sutton Harbour Group plc (SHG) board providing FB Investors with the ability to appoint up to two Directors to the SHG board (one of whom may be the Chairman for so long as it holds, directly or indirectly, 50 per cent or more of the issued voting share capital of the Group). The agreement contains certain restrictions in relation to Directors appointed by FB Investors voting at meetings of the SHG board on matters in which FB Investors is interested. FB Investors has nominated Philip Beinhaker and Corey Beinhaker to serve as Directors of SHG.

## BOARD DECISION MAKING, QUORUM AND INTERNAL CONTROL

Nine full Board meetings were held in the financial year to 31 March 2024 (attendances are summarised in the table above). Prior to each meeting an agenda together with narrative business reports and supporting appendices are circulated to each Board member. Matters for Board decision are highlighted in advance of the meeting. Commitment of three hours attendance time to each scheduled Board meeting is required in addition to the time spent reviewing the reports supplied in advance of the meetings. Attendance of other Committees requires additional time committed as do regular interim meetings as matters to discuss arise. The advice of non-board colleagues and professional advisors is sought where additional specialist information is required to inform a decision. Following the change of majority shareholder in early 2018 and Board level changes, the Board considers its effectiveness from time to time and has concluded that its present composition, taking into account the size of the Company, its AIM quotation, the skills and experience it requires and current diversity of Board personnel, is appropriately balanced with experienced appointees.

The Board is responsible for setting the strategy to deliver shareholder value growth over the

medium to long term. Decisions about financing, acquisitions and disposals, project and capital expenditure, senior staffing, key third party appointments, budget approval, approval of annual and interim financial reports, dividend policy, insurances and strategic direction of the trading businesses are all matters reserved for the Board's decision. To ensure decisions are made with independent input it has been agreed that such decisions (save in matters where the terms of the Relationship Agreement restrict the voting of FB Investors' appointees) can only be taken where either Graham Miller or Sean Swales are present with Philip Beinhaker and Corey Beinhaker.

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.

### 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. For major project investment, the Board reviews cost information supplied in the context of an overall project appraisal and reviews project monitoring reports as the project progresses.

### Other Material Costs:

Where the Group has a need to incur other material costs, such as legal advisory costs as in the case of the arbitration with the Environment Agency or to respond to the claim of breach of lease notified by Plymouth City Council, the Board takes appropriate senior professional advice on the expected costs and outcomes before committing to the expenditure.

## GOVERNANCE COMMITTEES

The roles of the Board's governance committees are set out below.

The Remuneration Committee within its terms of reference determines and agrees with the Board the employment terms and remuneration packages of the Executive Directors and other senior personnel. The Executive Directors make recommendations to the Board on the remuneration of Non-Executive Directors. Independent advice on remuneration is taken where considered appropriate.

The Audit Committee has written terms of reference and provides a forum for reporting by the Group's auditors. The Committee may request Executive personnel to attend all or part of any meeting as the Committee considers appropriate. The Audit Committee meets two or three times a year to review the Interim and Annual Reports and Accounts, agree the Audit Plan, confirm the Auditor engagement, review risk management and insurance provision, assess the adequacy of the Group's finance personnel and any other matters pertaining to financial management, the statutory audit and tax compliance.

In accordance with FRC Ethical Standard prohibiting auditors of AIM quoted companies from offering services to prepare computations of taxation, the Audit Committee engaged a different firm of accountants, from the auditors, to undertake this work.

The Nomination Committee is responsible for proposing candidates to the Board having regard to its balance, expertise and structure.

## RISK MANAGEMENT

The Group maintains a register of risks, split by category, and identifies potential impact and likelihood, together with the response deployed to manage/mitigate the risk. The risk register is regularly updated with input from across the Group and external advice is taken if required. Included in the monthly reports to the Board, new risks are identified together with proposals to manage/mitigate the risk. Group Bankers and Insurers are kept apprised of business risks and vulnerabilities on an ongoing basis. Annual independent health and safety audits are undertaken with the results reported to the Board. Advice from the appointed external Health and Safety Advisor is taken where

appropriate. The Board reviews KPIs and quarterly management accounts together with narrative Board reports to monitor performance and management of existing risks. Where performance or project outcomes are not in line with expectations the Board investigates the cause and controls required to ensure downside risk management is improved. The Board's performance is measured by achievement of budgets and timely execution of business objectives. Measures to address performance shortfalls are considered and acted upon as appropriate, which might include changes to in house resources or external support.

## STAKEHOLDER ENGAGEMENT AND RESPONSIBILITIES

### Investor Relations

The Group maintains an active dialogue with major investors and invites shareholders to open days, which are held from time to time depending on interest levels, which include a tour of the assets. The Board welcomes the participation of shareholders at the Annual General Meeting with the opportunity to answer questions of any Board member offered. The Annual Report and Accounts, Interim Reports and other announcements and presentations are the main formalised communications to shareholders. The Annual General Meeting and Open Day are opportunities for two-way communication between the Board and shareholders. The Group Secretary is normally the first point of contact for any general enquiries or arrangement regarding shareholder meetings.

Email: [n.gadsdon@sutton-harbour.co.uk](mailto:n.gadsdon@sutton-harbour.co.uk)

### Public Bodies

The Group maintains an active relationship with Plymouth City Council, the Local Planning Authority, the Environment Agency and other public agencies in connection with a wide range of issues relating to the land and property assets held by the Group. Open public consultation is undertaken in relation to proposed applications to the Local Planning authority.

### Customers

The Group maintains a number of websites and social media platforms, to communicate with different customer groups in addition to direct email and postal communications. The Company has established a communications forum to meet with the local fishing industry on a regular

basis and organises other user group meetings to discuss specific matters as they arise. Surveys of marina customer satisfaction are normally undertaken annually.

### Employees

The Group is committed to paying, as a minimum, the living wage as recommended by the Living Wage Foundation, to its employees. Pay reviews are undertaken at least annually following a detailed review of market rates in the area to ensure pay remains competitive and attractive. The Group undertakes appraisals for all employees annually, arranges monthly or quarterly contact meetings for all employees with their line manager, sponsors their essential qualifications and continuing professional development (as appropriate to role) and has a schedule of monthly function meetings with a Director present at each. Refer also to the S172 report on page 8 which gives further details on "Engagement with Stakeholders".

## CORPORATE VALUES

Refer also to the Corporate, Social Responsibility and Environment Report on page 19 Senior Managers are invited to present at Board Meetings from time to time and to respond to questions. Monthly minuted business activity meetings with agreed agendas are held each with directors attendances and these forums set the cultural tone. At annual appraisals performance of employees is reviewed against specific targets and conduct in line with the Group's standards of conduct as set out in the foreword of the Employee Handbook.

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By Order of the Board  
**NATASHA GADSDON**  
COMPANY SECRETARY  
19 September 2024

## GOVERNANCE

# CORPORATE, ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT

### CORPORATE CULTURE

The Group's executive management team sets the tone of professionalism and proactivity. Actions are prioritised daily in collaborative meetings to make the most beneficial use of management time to ensure trading progress and project delivery are on track to achieve performance targets. The Group has made good use of virtual meeting technology to improve efficiency and inclusiveness of sharing of information and ideas. This approach has allowed the Group to continue to make good progress towards its targets.

### 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.

Where the Group undertakes construction on its sites a professional construction manager is appointed to manage safety and operations. An excellent Health and Safety management record is a key criterion in the selection of sub 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 Group, a Statutory Harbour Authority, and a wholly owned subsidiary of the Group, 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. The Maritime and Coastguard Agency audited the counter pollution exercises in 2021.

### ENVIRONMENTAL ISSUES

The Board has agreed the following Environmental Statement:

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

The Group has looked at the areas of its business which could have both positive and negative impacts on the environment and has identified the following policy aims to enhance its overall environmental performance.

The Group is working to:

- Reduce its Carbon Footprint by minimising energy use and cutting out energy waste.
- Minimise the amount of waste it creates and ensures that it recycles as much of the waste generated as is feasible.
- Ensure that it meets and if plausible exceeds environmental legislative requirements.
- Use and operate sound procedures to avert water pollution in Sutton Harbour.
- Tackle the issues that arise from car travel by introducing ways of reducing the impact of travel to work and business mileage.

- Review its purchasing requirements and practices also whenever possible to do so make environmentally sound purchasing decisions and increase local purchasing

### COMMUNITY ENGAGEMENT AND CHARITABLE INVOLVEMENT

The area of Sutton Harbour is located in the heart of Plymouth. The Group supports various community and tourist initiatives. The Group has a long-established commitment to the community and its neighbourhood. Throughout its regeneration work, the Group has undertaken extensive public consultation which has led to the reshaping and design of many successful quality regeneration projects surrounding the historic harbour. 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 supports local charities and other community initiatives.

### NATASHA GADSDON FINANCE DIRECTOR

19 September 2024

## GOVERNANCE

# REPORT ON REMUNERATION

## REMUNERATION COMMITTEE AND REMUNERATION POLICY

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

Philip Beinhaker – 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 car allowance 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 Group, although there is no specified minimum holding.

## BONUS PAYMENTS TO EXECUTIVE DIRECTORS

Profit share bonuses earned on the achievement of targets agreed by the Remuneration Committee for the year ended 31 March 2024 were £nil in respect of Corey B. Beinhaker (2023: £nil) and £4,000 in respect of Natasha C. Gadsdon (2023: £3,600).

## SHARE OPTIONS

An Inland Revenue approved Group Share Option Scheme was established in November 2019 for the Remuneration Committee to make discretionary awards of share options to certain Executive Directors and other Group personnel to reward performance. Natasha Gadsdon holds share options to maximum £30,000 value in accordance with the scheme rules. No share options were awarded to any Directors in the year ended 31 March 2024. The credit/expense in connection with the unexercised share options is calculated using a Black Scholes model and credited/expensed annually until exercise or lapse of options.

## 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 Group is as follows:

	2024 £000	2023 £000
Fees	144	144
Other Emoluments	305	293
Pension Contributions	25	28
	<b>474</b>	<b>465</b>

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

FOR THE YEAR TO 31 MARCH 2024	Directors' salaries £000	Taxable benefits £000	Bonus Payments £000	Directors' fees £000	Total £000
Philip H. Beinhaker	-	-	-	101	101
Graham S. Miller	-	-	-	23	23
Corey B. Beinhaker	168	-	-	-	168
Natasha C. Gadsdon	118	15	4	-	137
Sean J. Swales	-	-	-	20	20
	286	15	4	144	449

FOR THE YEAR TO 31 MARCH 2023	Directors' salaries £000	Taxable benefits £000	Bonus Payments £000	Directors' fees £000	Total £000
Philip H. Beinhaker	-	-	-	101	101
Graham S. Miller	-	-	-	23	23
Corey B. Beinhaker	166	-	-	-	166
Natasha C. Gadsdon	111	12	4	-	127
Sean J. Swales	-	-	-	20	20
	277	12	4	144	437

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

	2024 £000	2023 £000
Philip H. Beinhaker	-	-
Corey B. Beinhaker	-	-
Natasha C. Gadsdon	25	28
	25	28

## CONTRACTS

On 27 June 2018, the Group entered into a revised 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.

On 23 October 2019, the Group entered into a service contract with Corey B. Beinhaker. Under this agreement he is employed as a full time Executive Director with a one year rolling contract. He was appointed Chief Operating Officer in October 2019.

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

On behalf of the Board

On Behalf of the Board  
PHILIP H BEINHAKER  
EXECUTIVE CHAIRMAN AND CHAIR  
OF THE REMUNERATION COMMITTEE  
19 September 2024

# Statement of Directors' Responsibilities

For the year ended 31 March 2024



## 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 UK adopted International Accounting Standards (UK adopted IAS), and the Parent 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 Parent 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 UK adopted IAS and applicable UK Accounting Standards, subject to any material departures disclosed and explained in the Group and Parent Company financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and parent company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and parent company and enable them to ensure that the financial statements and the report on remuneration comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Parent Company 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 Group'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 Group'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  
GROUP SECRETARY

19 September 2024





## GOVERNANCE

# Independent Auditor's Report

For the year ended 31 March 2024

### OPINION

We have audited the financial statements of Sutton Harbour Group plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2024 which comprise the Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income, the Consolidated and Company Balance Sheet, the Consolidated and Company Statement of Changes in Equity, the Consolidated Cash Flow Statement, and the notes to the Consolidated and Company financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted International Accounting Standards ("UK-adopted IAS"). 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 including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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 2024 and of the group's loss for the year then ended;
- The group financial statements have been properly prepared in accordance with UK-adopted IAS;
- 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.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### EMPHASIS OF MATTER – VALUATION OF INVENTORY RE PLYMOUTH CITY AIRPORT

We draw attention to note 4 of the financial statements which describes the current position in respect of the ongoing discussions with Plymouth City Council over the future of the Plymouth airport site, which is held as inventory on the Balance Sheet at £13.5m. The five year safeguarding period as advised by the National Planning Directorate expired in March 2024. Accordingly, the Company submitted a 'Pre Application' masterplan to the Local Planning Authority which is in the process of being reviewed. The outcome of the 'Pre Application' cannot be presently determined. The financial statements do not reflect any impairment that may be required if the outcome is unfavourable.

Our opinion is not modified in respect of this matter.

### EMPHASIS OF MATTER – CONTINGENT LIABILITY

We draw attention to note 4 and note 31 of the financial statements which describe the S146 notice served by Plymouth City Council in respect of the usage of the Plymouth airport site and the Council's claim that the company has breached the terms of its lease. The company has rebutted the claims. At this stage, there is no indication as to the likelihood of the claim being successful, or the extent of potential damages in respect of that event and as such, no provisions are included in the financial statements in this respect.

Our opinion is not modified in respect of this matter.

### AN OVERVIEW OF THE SCOPE OF OUR AUDIT

We planned and performed our audit by obtaining an understanding of the group and its environment, including the accounting processes and controls, and the industry in which it operates. The group comprises 12 wholly owned subsidiaries.

- We performed statutory audits on 3 entities (Sutton Harbour Group plc, Sutton Harbour Company and Plymouth City Airport Limited).
- We performed full scope audit procedures at entity materiality level for Harbour Arch Quay Limited as the entity was considered to be financially significant to the group.
- We performed audit procedures on risk significant balances and transactions in Sutton Harbour Services Limited, Sutton Harbour Car Parks Limited and Sutton Harbour Projects Limited.
- We performed analytical review procedures on Sutton East Holdings Limited and Sutton Harbour Property and Regeneration Limited.
- The remaining components are dormant.

The components within the scope of audit work covered 99% of group revenue, 100% of group loss before tax and 90% of group net assets.

### KEY AUDIT MATTERS

We have determined the matters described below to be the key audit matters to be communicated in our report. Key audit matters include the most significant assessed risks of material misstatement, including those risks that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team. In addressing these matters, we have performed the procedures below which were designed to address the matters in the context of the financial statements as a whole and in forming our opinion thereon. Consequently, we do not provide a separate opinion on these individual matters.

## KEY AUDIT MATTER

### *Valuation of investment properties and owner-occupied land and buildings*

The group adopts a policy of revaluation for its owner-occupied land and buildings as well as its investment properties, with all such properties stated at fair value.

Under IFRS 13, fair value measurement is required to be based on the 'highest and best use' and in most cases an entity's current model is presumed to be its highest and best use, although consideration needs to be made on a property by property basis to ensure that market opportunities and conditions do not suggest otherwise.

Investment properties are held at £17.7m and owner-occupied land and buildings are held at £34m.

Due to the significance of the valuations for the financial statements and their inherent judgemental and estimation uncertainty, we have considered this valuation to be a key audit matter.

An external valuation was performed at 31 March 2024.

## RESPONSE AND CONCLUSION

### *The main procedures we performed on the valuation assessment and the areas where we challenged management were as follows:*

- Agreeing the valuations recognised in the accounts to the reports prepared by a professional third party.
- Assessing whether the professional valuers are independent and sufficiently competent, with respect to qualifications, experience and reputation.
- Using an internal expert within our firm as part of our audit procedures.
- Discussing and challenging the valuation directly with the third party valuer
- Discussing and challenging the valuation with the Board.
- Considering the appropriateness of the assumptions that had the most material impact. Key variables in the valuations include Fair Maintainable Operating Profit and discount rates in the valuation of owner-occupied property, and yields and market rates for investment property valuations.
- Considering deferred tax treatment in respect of the valuations in line with IAS 12.
- Considering the appropriateness of the disclosures made in the financial statements, in particular as regards the judgements and estimates in respect of the fair value movements through profit and loss and other comprehensive income.

### *Conclusion*

We are satisfied with the Board's determination of fair values as at 31 March 2023 and are satisfied that the carrying values of investment properties and owner occupied land and buildings are materially correct. We are satisfied that deferred tax treatment in respect of the property valuations is materially accurate and in line with IAS 12. We are satisfied that sufficient, appropriate disclosure as regards judgements and estimates has been made.

### *Valuation of Former Plymouth City Airport Site*

Within development inventory the group holds the former airport site at a carrying value of £13.5m. IAS 2 requires inventory to be held at the lower of cost and net realisable value. As detailed in the Strategic Report and note 4, a Government Inspectors' Report was issued in March 2019 which supported a 5 year safeguard period to allow time for a potential airport operator to bring forward a plan for a licensed general aviation airport. This expired in March 2024. The Group has submitted a 'Pre Application' masterplan to the Local Planning Authority which is in the process of being reviewed and the outcome of this is not yet known.

Plymouth City Council also issued a S146 notice during the year which claimed that the Group was in breach of the lease agreement which could have implications on the Group retaining control of the site. The Group's legal counsel has responded to this letter rebutting the allegations and no further response from Plymouth City Council has been received.

These factors create significant uncertainty in the future use of the site and the Group's ability to realise value of this site.

Due to the material nature of the asset and the inherent and estimation uncertainty, we have considered this valuation to be a key audit matter.

### *Our work included*

- Reviewing management's assessment of the carrying value of the site, which includes the latest external opinion/appraisals and discussed these with management to obtain an understanding of the current situation.
- Critically assessing and challenging the assumptions used in these reports.
- Reconfirming ownership of the site.
- Vouching a sample of current year expenditure to source documentation.
- Reviewing correspondence received in the year from Plymouth City Council and the responses by the group under legal counsel's advice.
- Considering the adequacy of the related disclosures in the financial statements.

### *Conclusion*

Based on our work we are satisfied with the current treatment adopted by the directors. The uncertainty over the value and timing of any potential development of the site as detailed in the Strategic Report and note 4 and demonstrates the need for the Emphasis of Matter paragraph within our audit report.

### *Judgements made in respect of uncertainties in relation to going concern*

The Group is reliant on bank financing which is conditional on a debt reduction programme that is due to complete by March 2025. The debt reduction programme is dependent on the realisation of certain assets within that period.

The Board has exercised significant judgement in assessing whether the debt reduction programme can be achieved and exploring what mitigating actions or alternatives are available should the asset disposals not meet the values and timelines agreed with the bank.

Because of the significance of this judgement to the directors' assessment of uncertainties in relation to going concern, and the related disclosures, we have considered this to be a key audit matter.

### *Our work included*

- Reviewing the bank facility agreement and obtaining an understanding of the conditions which include the programme of asset disposals.
- Obtaining confirmation from the Group's bankers of their approach to variations in timeline and value of the asset disposals.
- Reviewing plans for asset disposals including likelihood, timing, value and alternative assets that could be sold if required.
- Reviewing evidence of other finance options available to the Group.
- Reviewing documentation in respect of related party loans which are due for repayment by May 2025 and plans for repayment of these.
- Reviewing the letter of trading support provided by the major shareholder together with post year end funding provided and previous track record of support.
- Reviewing going concern related disclosures in the financial statements to ensure they are appropriate, including those relating to the significant judgement made (page 42 and the assessment of going concern (page 33)).

### *Conclusion*

Based on our work we are satisfied with the adequacy and appropriateness of the disclosures.

## OUR APPLICATION OF MATERIALITY

Materiality for the group financial statements as a whole was set at £890,000. We determined materiality by reference to the group's total assets. We consider total assets to be an appropriate measure for a group of companies with significant value in investment property and development activities which are fundamental to the current and future trading of the group. Materiality represents 1% of group's total assets as presented on the face of the Consolidated Balance Sheet. We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £44,500, in addition to other identified misstatements that warrant reporting on qualitative grounds.

Materiality for the parent company financial statements was set at £424,000. This has been determined by reference to the total assets of the parent company, which we consider to be one of the principal considerations for members of the company in assessing its performance. Materiality represents 1% of the parent company's total assets as presented on the face of the Balance Sheet. We report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £21,200, in addition to other identified misstatements that warrant reporting on qualitative grounds.

The range of materiality at the three components subject to full scope audit is £83,000 - £424,000. Materiality was determined by reference to total assets in all cases.

## CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing the timing and amount of cashflows in the forecast models.
- Evaluating the reliability of the forecast through discussion with management, review of post year end trading and considering the historic reliability of forecasts compared to actual results.
- Reviewing and assessing the appropriateness of management's sensitivity analysis including changes in turnover and related cashflows and impact on covenant compliance.
- Reviewing the bank facility agreement dated 8 August 2024 and obtaining an understanding of the conditions and covenants which include a programme of asset disposals to deleverage.
- Reviewing plans for asset disposals including likelihood, timing and value.
- Obtaining confirmation from the Group's bankers of their approach to variations in timeline and value.
- Reviewing evidence of other finance options available to the Group.
- Reviewing documentation in respect of related party loans which are due for repayment by May 2025 and plans for repayment of these.
- Reviewing the letter of trading support provided by the major shareholder together with post year end funding provided and previous track record of support.
- Reviewing going concern related disclosures in the financial statements to ensure they are appropriate. These comprise the accounting judgement note on page 41 which outlines the Board's significant judgements made in concluding that there are no material uncertainties that may cast significant doubt on the Group and parent company's ability to continue as a going concern, and the going concern note on page 33.

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

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

## OTHER INFORMATION

The other information comprises the information included in the annual report and financial statements, other than the group and parent company financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

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

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

## RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 26, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and parent company or to cease operations, or have no realistic alternative but to do so.

## AUDITORS RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements and determined that the principal risk related to the misstatement of the result for the year:

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

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## USE OF OUR REPORT

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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## GLENN NICOL SENIOR STATUTORY AUDITOR

PKF Francis Clark  
Statutory Auditor  
Centenary House  
Peninsula Park  
Rydon Lane  
Exeter  
EX2 7XE

19 September 2024



# Consolidated Income Statement

For the year ended 31 March 2024

	Note	2024 £000	2022 £000
<b>Revenue</b>	5	<b>16,353</b>	8,161
<b>Cost of sales</b>		<b>(16,349)</b>	(5,915)
<b>Gross profit</b>		<b>4</b>	2,246
Fair value adjustments on investment properties and fixed assets	14,15	(200)	(1,925)
Administrative expenses		(1,342)	(1,193)
Exceptional costs	10	(855)	-
Operating (loss)/profit	5,6	(2,393)	(872)
Finance income		8	1
Finance costs	9	(2,000)	(1,150)
Net finance costs		(1,992)	(1,149)
(Loss before tax from continuing operations		(4,385)	(2,021)
Taxation credit/(charge) on (loss) from continuing operations	11	549	(15)
(Loss) for the year from continuing operations		(3,836)	(2,036)
(Loss) for the year attributable to owners of the parent		(3,836)	(2,036)
<b>Basic and Diluted (loss) per share</b>			
from continuing operations	13	(2.71p)	(1.57p)

# Consolidated Statement of Other Comprehensive Income

For the year ended 31 March 2024



	Note	2024 £000	2023 £000
<hr/>			
<b>(Loss) for the year</b>		<b>(3,836)</b>	(2,036)
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Revaluation of property, plant and equipment	14	(1,404)	2,435
Deferred tax in respect of property revaluation	11	362	(543)
<b>Items that may be reclassified subsequently to profit or loss:</b>			
<b>Other comprehensive income for the year, net of tax</b>		<b>(1,042)</b>	1,892
<b>Total comprehensive (loss) for the year attributable to owners of the parent</b>		<b>(4,878)</b>	(144)

The notes on pages 33 to 57 are an integral part of these consolidated financial statements.



# Consolidated Balance Sheet

As at 31 March 2024

	Note	2024 £000	2023 £000
<b>Non-current assets</b>			
Property, plant and equipment	14	36,890	38,540
Investment property	15	17,542	17,205
Inventories	18	13,518	13,363
		67,950	69,108
<b>Current assets</b>			
Inventories	18	17,295	23,749
Trade and other receivables	19	1,310	2,092
Tax recoverable		3	5
Cash and cash equivalents	20	782	1,095
		19,390	26,941
<b>Total assets</b>		87,340	96,049
<b>Current liabilities</b>			
Bank Loans	21	21,700	3,200
Other Loans	21	3,875	5,477
Trade and other payables	23	2,194	3,301
Lease liabilities	24	12	66
Deferred income	22	2,183	2,132
		29,964	14,176
<b>Non-current liabilities</b>			
Bank loans	21	-	21,600
Lease liabilities	24	-	10
Deferred government grants	22	646	646
Deferred tax liabilities	17	2,639	3,550
		3,285	25,806
<b>Total liabilities</b>		33,249	39,982
<b>Net assets</b>		54,091	56,067
<b>Issued capital and reserves attributable to owners of the parent</b>			
Share capital	26	16,536	16,406
Share premium		16,744	13,972
Other reserves		23,030	24,072
Retained earnings		(2,219)	1,617
<b>Total equity</b>		54,091	56,067

The notes on pages 33 to 57 are an integral part of these consolidated financial statements.

The Financial Statements on pages 28 to 57 were approved and authorised by the Board of Directors on 19 September 2024 and were signed on its behalf by:

PHILIP BEINHAKER  
DIRECTOR

Company number 02425189

# Consolidated Statement of Changes in Equity

For the year end 31 March 2024



	Notes	Share capital £000	Share premium £000	Revaluation reserve £000	Merger reserve £000	Retained earnings £000	Total £000
<hr/>							
Balance at 1 April 2022		16,406	13,972	18,309	3,871	3,653	56,211
<b>Comprehensive income</b>							
Loss for the year		-	-	-	-	(2,036)	(2,036)
<b>Other comprehensive income</b>							
Share Issue		-	-	-	-	-	-
Revaluation of property, plant and equipment	14	-	-	2,435	-	-	2,435
Deferred tax on revaluation	11	-	-	(543)	-	-	(543)
<hr/>							
<b>Total comprehensive income</b>		-	-	1,892	-	(2,036)	(144)
<hr/>							
Balance at 1 April 2023		16,406	13,972	20,201	3,871	1,617	56,067
<b>Comprehensive income</b>							
Loss for the year		-	-	-	-	(3,836)	(3,836)
<b>Other comprehensive income</b>							
Share issue		130	2,772	-	-	-	2,902
Revaluation of property, plant and equipment	14	-	-	(1,404)	-	-	(1,404)
Deferred tax on revaluation	11	-	-	362	-	-	362
<hr/>							
<b>Total other comprehensive income</b>		130	2,772	(1,042)	-	(3,836)	(1,976)
<hr/>							
<b>Total balance at 31 March 2024</b>		<b>16,536</b>	<b>16,744</b>	<b>19,159</b>	<b>3,871</b>	<b>(2,219)</b>	<b>54,091</b>





# Consolidated Cash Flow Statement

For the year end 31 March 2024

	Note	2024 £000	2023 £000
<b>Cash generated from/(used in) total operating activities</b>	28	<b>4,550</b>	(2,658)
<b>Cash flows from investing activities</b>			
Expenditure on investment property	15	(131)	(935)
Expenditure on property, plant and equipment	14	(136)	(97)
Proceeds from disposal		6	-
<b>Cash (used)/generated in investing activities</b>		<b>(261)</b>	(1,032)
<b>Cash flows from financing activities</b>			
Net Interest paid		(2,415)	(1,009)
Bank Loan drawdown		100	7,263
Bank Loan repaid		(3,200)	(2,275)
Related Party Loans		450	-
Development Loan Repaid		(4,240)	-
Development Loan Drawdown		1,868	-
Cash payments of lease liabilities		(66)	(164)
Net proceeds from issue of share capital		2,901	-
<b>Net cash (used)/generated from financing activities</b>		<b>(4,602)</b>	3,815
Net increase in cash and cash equivalents		(313)	125
Cash and cash equivalents at beginning of the year	20	1,095	970
<b>Cash and cash equivalents at end of the year</b>	20	<b>782</b>	1,095

	2024 £000	Cash flow £000	2023 £000	Cash flow £000	2022 £000
<b>Reconciliation of financing activities for the year ended 31 March 2024</b>					
Bank loans	21,700	(3,100)	24,800	1,937	22,863
Other loans	3,875	(1,602)	5,477	3,202	2,275
Lease liabilities	12	(64)	76	(164)	240
<b>Total debt</b>	<b>25,587</b>	<b>(4,766)</b>	<b>30,353</b>	<b>4,975</b>	<b>25,378</b>

The notes on pages 33 to 57 are an integral part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the year end 31 March 2024



## I. General information

Sutton Harbour Group plc 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 Group is a public limited company which is quoted on the AIM 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 Sutton Harbour Office, Guy's Quay, Plymouth, Devon, PL4 0ES.

## 2. Accounting policies

### *Basis of preparation*

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

The consolidated financial statements have been prepared in accordance with UK adopted IAS, 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.

### *Changes in accounting policies and disclosures*

There are no new accounting standards this year. There are no changes to accounting standards expected in the coming 12 months that would have a material impact on the accounts.

### *Going concern*

The review of the Group's business activities is set out in the Executive Chairman's Report on pages 4 to 8. The financial position of the Group, its cash flows and financing position are described in the Financial Review on pages 12 and 13. In addition, note 3 to the financial statements gives details of the Group's financial risk management.

The Group is reliant on bank finance which is conditional on the debt reductions and other covenants. The Group's forecasts and projections, taking account of reasonably foreseeable possible changes in trading performance and on the basis that asset disposals meet the values and timelines agreed with the bank, 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 the approval of the accounts. The covenants measure interest cover, debt to fair value and capital expenditure.

Within the next 12 months, the Group has the following commitments to repayments of loans:

- The Group has successfully agreed a new banking facility with Natwest as of 8 August 2024 which extends to 30 December 2026. This new agreement provides committed facilities of £21.7m and sets out milestone debt repayments of £3.2m by 31 October 2024, £6m by 28 February 2025 and £0.76m by 31 March 2025 to reduce bank debt to just over half of its current level. The interest cover covenant is suspended until 31 March 2025. Thereafter it is tested on a quarterly basis.
- The debt reduction plan, through the sale of assets, is underway and the bank is regularly updated on the progress with selected assets placed for sale. Selection of assets identified for disposal will be based on market conditions and, to date, progress is encouraging. The board recognises the challenges that the Group faces to deliver the debt reduction plan to satisfy the conditions of the banking facility agreement. The board is satisfied that all necessary actions are being taken to achieve this objective, whilst recognising the uncertainty that will remain until asset sales, the timings of which are not within the Group's control, are achieved.
- The related party loans advanced by the majority shareholder of the parent company are repayable in May 2025 under the current agreement. The Directors are satisfied that these repayments can be funded from the actions noted above, and the majority shareholder has confirmed that it will agree to deferment if necessary.

The Board has explored options available to it to mitigate the risk of asset sales not completing in line with the agreed milestone debt repayments. These mitigating actions are considered significant judgements and have been disclosed in note 4. The Board has concluded that, whilst there are uncertainties, the mitigating actions that could be implemented if required are judged to be sufficient to make the going concern status of the group appropriate. The Board has therefore concluded that there are no material uncertainties relating to events or conditions that individually or collectively may cast significant doubt on the Group's ability to continue as a going concern for a period of at least 12 months from the date the financial statements are authorised for issue.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## **Measurement convention**

The financial statements are prepared on the historical cost basis as modified by the fair value of property except for investment property which is measured at fair value and land and buildings which are measured at revalued amount.

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 Group 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-Group 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 is divided into the following classes:

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

Land and buildings  
Land and buildings include:

- Freehold and leasehold land. Where a lease has an unexpired term of more than 50 years it is considered to share the same characteristics as freehold land and is shown as such.
- Properties that are mainly owner-occupied, or that are an integral part of the 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 (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; 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 capable of being operated as intended.

## **Plant, machinery and equipment, fixtures and fittings**

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

## **Leased assets**

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

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



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

## **Depreciation**

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

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

## **Investment property**

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

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

The portfolio is valued on an annual 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 where the Group intends to retain the 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 IFRS 16 '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.

## **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 estimated costs of completion and estimated costs necessary to make the sale.

## **Inventories – development property**

Land identified for development and sale, and properties under construction or development and held for resale, are included in non-current or current assets, depending on the estimated time of ultimate realisation, at the lower of cost and net realisable value. 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. Net realisable value is estimated selling value less estimated costs of completion and estimated costs necessary to make the sale and includes developer's return where applicable.

## **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 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.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## **Interest-bearing borrowings**

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

## **Revenue**

Revenue comprises the fair value of the consideration received or receivable, net of value-added-tax, rebates and discounts. Revenue is recognised in accordance with the transfer of promised goods or services to customers (i.e. when the customer gain control of ownership that has 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 the tenant had control of the service.

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 on the transfer of goods to the customer.

### **Car park revenue**

Car park revenue is recognised at the point that a car parking ticket is paid for, normally a maximum of one day's parking. Where seasonal parking permits are sold for longer periods the income is spread over the period the permit relates to.

### **Property sales**

Revenue from property sales is recognised when effective control of the asset has 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 reduce the initial carrying value of the related asset. Grants of a revenue nature are credited to a deferred income account and released to the income statement so as to match them with the expenditure to which they relate.

### **Lease payments**

The Directors have considered the application of IFRS 16 on its leasing arrangements. The Group has a small number of short term leases and leases of low value items and therefore continues to recognise payments made under these agreements on a straight line basis over the term of the lease.

### **Net financing costs**

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

### **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 and is paused when a project pauses.

### **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 Group; these awards are granted by the Group. 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



## **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.

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

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

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

## **Segment reporting**

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses and whose results are regularly reviewed by the Board.

The following operating segments have been identified:

- Marine
- Real Estate
- Car Parking
- Regeneration

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

## **Trade Payables**

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



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 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.

### 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 the final stages, before start of construction and development refinancing or ultimate disposal. The Group currently has one consented scheme in under construction (Harbour Arch Quay) and two consented schemes with planning, with preconstruction work underway (Sugar Quay and Harbour Car Park extension). The Group structures borrowings into general facilities and secures specific financing for individual property projects as deemed appropriate.

The gearing ratio at the year end was as follows:

	2024 £000	2023 £000
Borrowings and loans	(25,575)	(30,277)
Lease liabilities	(12)	(76)
Cash and cash equivalents	782	1,095
<b>Net debt</b>	<b>(24,805)</b>	<b>(29,258)</b>
Equity	54,091	56,067
<b>Net debt to equity ratio</b>	<b>45.9%</b>	<b>52.2%</b>

### Bank borrowing facilities and financial covenants

The Group had total borrowing net of cash and cash equivalents of £24.805m at 31 March 2024 (2023: £29.259m) with a gearing level of 45.9% (2023: 52.2%). The Group has operated within its authorised facilities and has secured deferrals of covenants during the year when necessary. The bank facilities were revised in March 2023, when the Group entered into an agreement which provides a maximum £21.7m committed facility with a confirmed expiry date of December 2024.

After the year end, in August 2024 the Company entered into a new agreement with NatWest to initially provide a maximum committed facility of £21.7m until December 2026. Conditions of the facility are to reduce the total facility to £11.8m by 31 March 2025 and the Company has embarked on a programme to dispose selected assets to enable bank loan repayments.

The new banking facilities include financial covenants, including (i) a measure of EBITDA to interest covenant and from April 2026 a cashflow to interest coverage test (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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



## 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 2024:

	Total £000	0 – 1year £000	1 to 2years £000	2 to 5years £000
Bank loans*	(21,700)	(21,700)	-	-
Other loans*	(3,875)	(3,875)	-	-
Trade and other payables*	(2,194)	(2,194)	-	-
Lease liabilities*	(12)	(12)	-	-
	(27,781)	(27,781)	-	-

### As at 31 March 2023:

	Total £000	0 to 1years £000	1 to 2years £000	2 to 5years £000
Bank loans*	(24,800)	(3,200)	(21,600)	-
Other loans*	(5,477)	(5,477)	-	-
Trade and other payables*	(3,301)	(3,301)	-	-
Lease liabilities*	(76)	(66)	(10)	-
	(33,654)	(12,044)	(21,610)	-

\* financial liabilities at amortised cost

## Interest rate risk

There is currently no SONIA swap in place to fix interest on any of the Group's bank debt. The Board has considered the merits of an instrument to fix interest rates at regular intervals during the year but has not entered into any hedging agreement due to the high cost of doing so at each review.





# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 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:

	2024 £000	2023 £000
Trade receivables:		
New customers (less than 12 months)	83	96
Existing customers (more than 12 months) with no defaults in the past	482	373
Existing customers (more than 12 months) with some defaults in the past	80	193
Total trade receivables net of provision for impairment	645	662

## 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.

## 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 2024, it is estimated that a general increase of a percentage point in interest rates (being the best estimate of future anticipated changes in interest rates), would have decreased the Group's profit before tax from continuing operations by approximately £217,000 (2023: £228,000). 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 using a discounted cashflow. This is based on a number of factors including the maturity of the business and trading and economic outlook.

Yields applied across the investment assets are in the range of 4.51% - 16.3% with the average yield being 8.86%. Assuming all else stayed the same; a decrease of 1.0% in the average yield would result in an increase in fair value of £1.906m. An increase of 1.0% in the average yield would result in a corresponding decrease in fair value of £1.906m.

Trading assets are valued using a discounted cashflow model which uses budgeted cashflows and appropriate discount rates to reach a valuation. Market evidence is then considered to determine if the valuation is appropriate. Discount rates are judgemental and a change in the discount rate could result in different valuations being reported. An increase of 1% in the discount rate would result in a decrease in fair value of £2.445m. A decrease of 1% in the discount rate would result in an increase of the fair value of £2.666m.

These assets were independently valued by Jones Lang LaSalle ("JLL") at 31 March 2024. 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.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



## 4. Accounting estimates and judgements

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

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

### Estimates

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

The valuation of investment property and property held for use in the business as at 31 March 2024 was £17,543,000 and £36,352,000 respectively; (2023: £17,205,000 and £38,300,000 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 at industry wide rates, varied by sector; 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. In the case of North Quay House, an office building where most tenants have vacated, the valuation is based on the price a purchaser might pay for the re-development opportunity. Properties held for use in the business (fishmarket, marinas and car parks) are valued using a discounted cash flow model with recent actuals and budgeted future results (fair maintainable operating profits) generated by the business activities operated from each owner-occupied property (some costs are reallocated between businesses for the discounted cashflow, but this has no impact on the overall valuations). Judgement is exercised in the preparation of the budgets and also in the discount factor multipliers applied to the fair maintainable operating profit to derive a valuation. Market evidence of values of similar assets is taken into account in the valuation process. Within the valuation of property held for use in the business, judgment is required to allocate the valuation between land and buildings. Any impact upon the valuation is therefore unknown at present. Further detail about the property valuation can be found in the Financial Review on page 10.

### Judgements

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

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

Determining the net realisable value of development property 2024: £30,822,000 see note 18; (2023: £37,048,000)

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, contributions to the local authority under section 106 agreements, 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.

The board has exercised judgement that the Former Airport Site is held as development inventory and that the net realisable value at 31 March 2024 is £13.518m (2023: £13.363m). The former airport site, a 113 acre site of which the Group directly owns c.8 acres and holds c.105 acres through an unexpired 130 year leasehold interest, with a right to renew for a further 150 years, totalling 280 years, is held as development inventory at a carrying value of £13.518m. 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 £13.518m 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. The airport closed in December 2011.
- 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 would be made at valuation, inclusive of historic revaluations. As at 31 March 2013 the carrying value of the former airport asset was £11.479m, inclusive of past revaluations totalling £3.969m. The net increase in former airport asset valuation from 31 March 2013 (£11.479m) to 31 March 2024 (£13.518m) of £2.120m represents the capitalised costs of developing the planning intellectual property less the cost attributed to sales of small plots. £13.518m represents the historic cost of the airport asset as at 31 March 2024.
- In addition to the net cash expenditure on the airport asset, the former aviation operations, ongoing site maintenance and security, together with interest costs thereon (Present Value of total cash expended) is more than double the £13.518m.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

In December 2016 the Department for Transport published the 'Plymouth Airport Study Report', which concluded that a lack of demand and a short runway mean commercially viable passenger services could not be run out of the former Plymouth Airport site as it would remain "financially vulnerable" in a "high risk environment".

Plymouth City Council prepared its new local plan to for submission to the Government Planning Inspectorate in which they called for the retention of the airport site for a possible reopening.

In April 2017, the Group submitted its representations and detailed evidence base in support of allocation of the former Airport Site for alternative use in advance of the Government Inspectors' public hearing of proposed new local planning framework.

The public hearing took place in early 2018, with the Government Inspectors' report subsequently issued in March 2019. The Government Inspectors supported a 'safeguard' of the former airport site for a maximum of five years. The Inspectors advised that a safeguarding period longer than five years would not be appropriate given the strategic value of this brown-field site and based on their determination that five years should be more than enough time to realize a viable business plan for aviation activity, if such activity was viable.

The Group has continued to prepare its masterplan for alternative use of the site, reflecting the guidance of the Government Planning Inspectors that presided over the 2019 new Local Plan, for submission to the Local Authority in good time to allow full participation in the forthcoming 5-year review of the Local Plan.

In 2024, PCC advised that the 5 year review of the Local Plan had been made and that the former airport site would continue to be safeguarded for aviation uses for a further five years. The Group submitted the pre-application for a masterplan in March 2024 with proposed phased development that respects the Local Authority's policy. A committee formed of representatives of both the Group and Plymouth City Council has been engaged in discussions on the plan. In February 2024, the Group received a notice from Plymouth City Council claiming that the Group was in breach of its lease. Greater detail is given in the Chairmans' Statement. After taking senior legal advice the Group has responded to strongly refute this claim. A further letter was received in August 2024 to which the Company provided clarification in a letter sent in September 2024 on some points raised and reiterated its view that the notice had been served wrongfully and again refuting the claim. At present there is no indication of the likelihood, nor the resultant cost in connection with this claim.

The Group does not regard the carrying value of the former airport site to be reflective of its value for alternative use, which is in turn significantly less than the value that can be earned from redevelopment of this strategic asset. The Group regards the value that can be earned from this strategic asset is significantly greater than both the carrying value and the Present Value of total cash expended.

The second largest development inventory item relates to the Sugar Quay (East Quay) site at Sutton Harbour which has a live consented scheme. The scheme appraisal shows recoverability of the development inventory in relation to the site. At the present time, a planning submission is being considered for the site which will reduce risk through being developed in phases.

## Uncertainties in relation to going concern

As explained in the going concern section, the Group has agreed a planned debt reduction programme with its bankers with set repayment dates up to March 2025. This debt reduction programme is dependent on the realisation of certain assets within that period. In determining whether the uncertainties over the Group's ability to meet the conditions of the bank facility are considered material uncertainties, the board has exercised significant judgement to consider the relationship with the bank and alternative mitigating actions to be operable and effective:

- A constructive relationship with the Group's bankers towards achieving the debt reduction plan and the bank's indicated flexibility over debt repayment dates subject to evidence of progress with asset sales and formal agreement from Credit.
- The possibility to dispose of alternative or additional assets, with flexibility in response to market conditions, to repay debt and/or raise additional capital
- The availability of alternative funding to refinance part/all of the bank facility finance
- The confirmed support from the major shareholder for ongoing company trading operations by way of additional Related Party Loans if necessary

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



## 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. 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 2024 is as follows:

Year ended 31 March 2024	Marine £000	Real Estate £000	Car Parking £000	Regeneration £000	Total £000
Revenue	5,692	1,450	930	8,281	16,353
Segmental Gross Profit before Fair value adjustment and unallocated expenses	1,151	975	507	(2,629)	4
Fair value adjustment on investment properties and fixed assets		(200)			(200)
Segmental Profit	1,151	775	507	(2,629)	(196)
Unallocated:					
Administrative expenses					(1,342)
Exceptional costs					(855)
Operating loss					(2,393)
Financial income					8
Financial expense					(2,000)
Loss before tax from continuing activities					(4,385)
Taxation					549
Loss for the year from continuing operations					(3,836)
<b>Depreciation charge</b>					
Marine					383
Car Parking					13
Administration					1
					397
<b>Year ended 31 March 2023</b>					
Revenue	6,016	1,374	771	-	8,161
Segmental Gross Profit before Fair value adjustment and unallocated expenses	974	965	449	(142)	2,246
Fair value adjustment on investment properties and fixed assets		(1,925)	-	-	(1,925)
Segmental Profit	974	(960)	449	(142)	321
Unallocated:					
Administrative expenses					(1,193)
Operating loss					(872)
Financial income					1
Financial expense					(1,150)
Loss before tax from continuing activities					(2,021)
Taxation					(15)
Loss for the year from continuing operations					(2,036)
<b>Depreciation charge</b>					
Marine					355
Car Parking					19
Administration					16
					390



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## Assets and liabilities

	2024	2023
	£000	£000
<hr/>		
<b>Segment assets:</b>		
Marine	29,050	32,956
Real Estate	17,865	17,656
Car Parking	8,179	6,843
Regeneration	31,259	37,272
<b>Total segment assets</b>	<b>86,353</b>	<b>94,727</b>
<b>Unallocated assets:</b>		
Property, plant & equipment	32	41
Trade & other receivables	172	185
Cash and cash equivalents	783	1,096
<b>Total assets</b>	<b>87,340</b>	<b>96,049</b>

	2024	2023
	£000	£000
<hr/>		
<b>Segment liabilities:</b>		
Marine	2,520	2,702
Real Estate	374	415
Car Parking	51	100
Regeneration	1,474	2,298
<b>Total segment liabilities</b>	<b>4,419</b>	<b>5,515</b>
<b>Unallocated liabilities:</b>		
Bank overdraft & borrowings	25,587	30,354
Trade & other payables	603	562
Deferred tax liabilities	2,639	3,550
Tax payable	1	1
<b>Total liabilities</b>	<b>33,249</b>	<b>39,982</b>

## Additions to property, plant and equipment

Marine	(125)	(86)
Car Parking	(1)	(1)
Unallocated	(10)	(10)
<b>Total</b>	<b>(136)</b>	<b>(97)</b>

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:

	2024	2023
	£000	£000
<hr/>		
Sale of goods	2,442	2,818
Rental income and service recharges	1,662	1,575
Provision of services	3,968	3,768
Sale of property	8,281	-
	<b>16,353</b>	<b>8,161</b>

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 2024



## 6. Operating result

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

	2024	2023
	£000	£000
Staff costs (note 8)	1,571	1,554
Rental income from investment property (note 27)	(1,450)	(1,374)
Loss on sale of development	2,629	-
Direct operating expenses of investment properties (including repairs and maintenance)	499	409
(Loss)/ gain on re-measurement of investment property to fair value (note 15)	(356)	1,925
Loss on re-measurement of fixed assets (note 14)	556	-
Depreciation of property, plant and equipment (note 14)	397	390

## 7. Services provided by the Group's auditors

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

	2024	2023
	£000	£000
Fees payable to Group's auditors for the audit of Parent company and consolidated financial statements	35	30
Fees payable to the Group's auditors for other services:		
Other advisory services	23	-
The audit of Group's subsidiaries pursuant to legislation	33	33

## 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	
	2024	2023
Marine Activities	24	24
Administration	6	6
	30	30

The aggregate payroll costs of these persons were as follows:

	2024	2023
	£000	£000
Wages and salaries	1,255	1,263
Social security costs	132	140
Other pension costs (note 25)	184	151
	1,571	1,554

The total remuneration of the key management personnel, all of whom are directors, of the Group was as follows:

	2024	2023
	£000	£000
Fees	144	144
Other Emoluments	305	293
Pension Contributions	25	28
	474	465

Details of the highest paid Director are detailed in the remuneration report on page 20.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 9. Finance income and finance costs

	2024 £000	2023 £000
Interest payable on bank loans and overdrafts	1,885	1,035
Bank facility fees	115	115
<b>Finance costs</b>	<b>2,000</b>	<b>1,150</b>

Finance costs are net of borrowing costs capitalised in the year. See note 18.

## 10. Exceptional costs

Exceptional costs charged to the income statement relate to temporary back up fish landing facilities during the Environment Agency's work on the lock cills and expensing of costs in relation to the preparation for the Arbitration Hearing with the Environment Agency in relation to the future maintenance of the lock and costs of expert legal advice in connection with a claim made by Plymouth City Council that the Group is in breach of its long lease of the Former Airport Site.

	2024 £000	2023 £000
Expert lease legal costs	82	-
Temporary fish landing facility costs	236	-
Arbitration hearing costs	537	-
	<b>855</b>	<b>-</b>

## 11. Taxation

	2024 £000	2023 £000
<b>Deferred tax</b>		
Adjustments in respect of previous years	2	67
Origination and reversal of temporary differences	(551)	(43)
Change in tax rate	-	(9)
<b>Total tax charge in income statement (note 17)</b>	<b>(549)</b>	<b>15</b>

The tax assessed for the year uses the standard rate of corporation tax in the UK of 25% (2023: 19%).

The deferred tax (credit)/charge recognised in other comprehensive income is £(362,000) (2023: £543,000)

## Reconciliation of effective tax rate

	2024 £000	2023 £000
<b>(Loss) before tax</b>	<b>(4,385)</b>	<b>(2,021)</b>
Tax on profit at standard corporation tax rate of 25% (2023: 19%)	(1,096)	(384)
Expenses not deductible for tax purposes	23	168
Adjustments respect of prior periods	21	67
Unrecognised deferred tax assets in respect of losses	300	-
Change in deferred tax rate	-	164
Capital gains and losses	203	-
<b>Total tax charge/(credit) on continuing operations</b>	<b>(549)</b>	<b>15</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



## 12. Share based payment

An Inland Revenue approved Company Share Option plan (CSOP) has been established by Sutton Harbour Group plc whereby the Group may at the discretion of the Remuneration Committee grant options over ordinary shares in the Group to key management personnel. The options are issued for nil consideration and are granted in accordance with the Scheme's rules at the absolute discretion of the Remuneration Committee. Option holders may exercise options after a minimum 3 year and maximum 10 year holding period, subject to the provisions and exceptions of the scheme rules. There are no other performance conditions governing the holder's right to exercise the options after the minimum holding period. Share options may only be exercised for shares. During the year 20,000 share options were granted with an exercise price of £0.20. The fair value of the options was calculated using the Black Scholes model and the credit to the income statement for the year ended 31 March 2024 was £9,676 (2023: credit £6,203). The cumulative charge to the Income Statement of the CSOP scheme is £11,186 as at 31 March 2024.

A weight averaged volatility input to the Black Scholes of 64% was applied being the average % fluctuations (positive and negative) of the share price compared to the grant price of share options issued.

Grant Date	Expiry Date	Exercise Price	Balance at start of year	Granted	Exercised	Expired	Balance at end of year	Life of options remaining
27 Nov 2019	26 Nov 2029	22p	0	102,273	0	0	102,273	2,066 days
8 July 2020	8 July 2030	19p	102,273	115,790	0	0	218,063	2,290 days
23 Jun 2021	23 Jun 2031	25p	218,063	24,000	0	0	242,063	2,640 days
20 Jun 2022	20 Jun 2032	22p	242,063	30,000	0	0	272,063	3,003 days
	23 Jun 2022	22p	-	-	0	34,091	237,972	-
6 June 2023	6 June 2033	20p	237,972	20,000	0	0	257,972	3,354 days

The weighted average exercise price at 31 March 2024 was 20.78 pence (31 March 2023: 20.83 pence).

## 13. Earnings per Share

	2024 Pence	2023 Pence
<b>Continuing operations:</b>		
Basic earnings/(loss) per share	(2.71p)	(1.57p)
Diluted earnings/(loss) per share	(2.71p)	(1.57p)

### Basic earnings per share

Basic earnings per share have been calculated using the Loss for the year of £3,836,000 (2023: loss of £2,036,000) for the continuing operations using the average number of 141,731,347 ordinary shares (2023: 129,944,071 ordinary shares) in issue.

### Diluted earnings per share

Diluted earnings per share uses an average number of 141,985,767 shares (2023: 130,183,220) ordinary shares in issue in accordance with IAS 33 'Earnings per Share' based on a positive earnings per share result.





# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 14. 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
<b>Cost or valuation</b>				
Balance at 1 April 2022	34,562	78	5,041	39,681
Additions	63	6	28	97
Revaluations to revaluation reserve	2,435	-	-	2,435
Disposals	-	-	(11)	(11)
<b>Balance at 31 March 2023</b>	<b>37,060</b>	<b>84</b>	<b>5,058</b>	<b>42,202</b>
Balance at 1 April 2023	<b>37,060</b>	<b>84</b>	<b>5,058</b>	<b>42,202</b>
Additions	72	-	64	136
Revaluation to income statement	(556)	-	-	(556)
Revaluations to revaluation reserve	(1,404)	-	-	(1,404)
Transfers	84	453	41	578
Disposals	-	-	(7)	(7)
<b>Balance at 31 March 2024</b>	<b>35,256</b>	<b>537</b>	<b>5,156</b>	<b>40,949</b>
<b>Accumulated depreciation</b>				
Balance at 1 April 2022	796	-	2,487	3,283
Depreciation charge for the year	147	-	243	390
Transfers	-	-	-	-
Disposals	-	-	(11)	(11)
<b>Balance at 31 March 2023</b>	<b>943</b>	<b>-</b>	<b>2,719</b>	<b>3,662</b>
Balance at 1 April 2023	<b>943</b>	<b>-</b>	<b>2,719</b>	<b>3,662</b>
Depreciation charge for the year	136	-	261	397
Disposals	-	-	-	-
<b>Balance at 31 March 2024</b>	<b>1,079</b>	<b>-</b>	<b>2,980</b>	<b>4,059</b>
<b>Net book value</b>				
At 31 March 2023	36,117	84	2,339	38,540
<b>At 31 March 2024</b>	<b>34,177</b>	<b>537</b>	<b>2,176</b>	<b>36,890</b>

Included in Land and Buildings is long leasehold land at a value of £2,200,000 (2023: £2,200,000).

Transfers relate to the ground floor unit at Harbour Arch Quay which is being retained as an owner occupied property for the purpose of the head office. The cost transferred was made from development property inventory.

### 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 2024 (see Strategic Report page 5). 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. Further detail about property revaluation is included in the Financial Review on page 10.

At 31 March 2024, 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 £23,492,000 (2023: £23,628,000).

At 31 March 2024, 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 £1,110,000 (2023: £1,110,000).

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 leases are secured by the lessor's title to the fixed assets. The carrying value of plant, machinery and equipment which is subject to leases is £44,000 (2023: £469,000).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



## 15. Investment property

	2024 £000	2023 £000
At fair value:		
Balance at beginning of the year	17,205	18,195
Additions during the year	131	935
Fair value adjustments	356	(1,925)
Transfers to fixed assets	(150)	-
<b>Balance at the end of the year</b>	<b>17,542</b>	<b>17,205</b>

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 2024 has been determined by a valuation carried out on that date by independent, external valuers (see Strategic Report page 4), 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. Further detail about property valuation is included in the Financial Review on page 10.

All of the Group's investment property is held under freehold interests with the exception of four (2023: four) properties which are held under long leaseholds.

## 16. Investments

At 31 March 2024 the Parent company has the following subsidiaries:

	Class of shares held	Ownership		Nature of Business
		2024	2023	
<b>Subsidiaries</b>				
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
Harbour Arch Quay Limited	Ordinary	100%	100%	Property
Sutton Harbour Projects Limited	Ordinary	100%	100%	Property
Harbour Arch Quay Management Company Limited	Ordinary	100%	100%	Property
Sutton Harbour Car Parks Limited	Ordinary	100%	100%	Car Park Operator
Sugar Quay Holdings Limited	Ordinary	100%	100%	Investment Company
Sugar Quay Limited	Ordinary	100%	100%	Property Developer
Sutton East Holdings Limited	Ordinary	100%	100%	Property Developer
Sutton East Developco No 1 Limited	Ordinary	100%	100%	Property Developer

All of the above companies were incorporated in the United Kingdom and registered in England and Wales and for each the registered address is Sutton Harbour Office, Guy's Quay, Plymouth PL4 0ES.

All subsidiaries are included in the Group consolidated financial statements.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 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	
	2024 £000	2023 £000	2024 £000	2023 £000	2024 £000	2023 £000
Property, plant and equipment	-	-	(1,709)	(1,635)	(1,709)	(1,635)
Investment property	-	-	(2,255)	(2,521)	(2,255)	(2,521)
Change in tax rate	-	-	-	-	-	-
Losses carried forward	1,325	606	-	-	1,325	606
<b>Tax assets / (liabilities)</b>	<b>1,325</b>	<b>606</b>	<b>(3,964)</b>	<b>(4,156)</b>	<b>(2,639)</b>	<b>(3,550)</b>

Movement in deferred tax during the year

	1 April 2023 £000	Change in deferred tax rate £000	Recognised in income statement £000	Recognised in equity £000	31 March 2024 £000
Property, plant and equipment	(1,701)	-	(370)	362	(1,709)
Investment property	(2,024)	-	(231)	-	(2,255)
Employee benefits	(133)	-	-	-	(133)
Losses carried forward	308	-	1,150	-	1,458
	(3,550)	-	(549)	362	(2,639)

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

## 18. Inventories

	2024 £000	2023 £000
Stores and materials	29	30
Goods for resale	51	34
Former Airport Site	13,518	13,363
Development property	17,215	23,685
	<b>30,813</b>	<b>37,112</b>

Included within inventories is £30,733,000 (2023: £37,048,000) expected to be recovered in more than 12 months. £13,518,000 (2023: £13,363,000) of the Development Property, being the carrying value of the former airport site, is classified in the Balance Sheet as a non-current asset as realisation of the asset may be in more than five years' time.

Inventories to the value of £12,878,000 including £10,716,000 for Harbour Arch Quay were recognised as an expense in the year (2023: £2,587,000).

Interest capitalised during the year in relation to development property was £427,000 (2023: £555,000). The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 8.91% (2023: 5.0%).

In the course of the year, £nil of development property inventory was written down (2023: £nil).

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



## 19. Trade and other receivables

	2024 £000	2023 £000
Trade receivables	697	749
Provision for impairment of trade receivables	(52)	(87)
	<b>645</b>	<b>662</b>
Expected loss rate of trade receivables	7%	8%
Other receivables	31	193
Prepayments and accrued income	634	1,237
	<b>1,310</b>	<b>2,092</b>

Included within other receivables is £555,000 (2023: £635,000) 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 provision for impairment of trade receivables is arrived at by using the historic loss rate and adjusting for current expectations, customer base and economic conditions. With historic and expected future losses being low, the Directors consider it appropriate to apply a single average rate for expected credit losses to the overall population of trade receivables.

## 20. Cash and cash equivalents

	2024 £000	2023 £000
Cash and cash equivalents per Consolidated Balance Sheet	782	1,095
<b>Cash and cash equivalents per cash flow statement</b>	<b>782</b>	<b>1,095</b>

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

Undrawn facilities:

	2024 £000	2023 £000
Expiring within one year	-	-
Expiring within one to two years	-	100
Expiring between two and five years	-	-
	<b>-</b>	<b>100</b>



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 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 risk, see note 3.

	2024 £000	2023 £000
<b>Non-current liabilities</b>		
Secured bank loans	-	21,600
<b>Current liabilities</b>		
Secured bank loans	21,700	3,200
Property financing secured loan	-	2,371
Unsecured related party loan	3,875	3,106
	<b>25,575</b>	<b>30,277</b>

### Secured bank loans:

The current secured bank loans relate to a maximum facility of £21.7m comprising two loans and a revolving credit facility which incur interest at various rates over SONIA during the term of the facilities, £21.7m falls due within 12 months from the Balance Sheet date. Assets with a carrying amount of £53.718m (2023: £55.355m) have been pledged to secure borrowings of the Group.

After the year end the Group entered into a new facility with NatWest for an initial single loan facility of £21.7m expiring on 30 December 2026 with conditions subsequent to make repayments from asset disposals of £3.2m by 31 October 2024, £6.0m by 28 February 2025 and £0.760m by 31 March 2025.

## 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. 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	
	2024 £000	2023 £000	2024 £000	2023 £000
At the beginning of the year	2,132	2,225	646	646
Adjustment to opening balances		-	-	-
Released to the income statement	(2,132)	(2,225)	-	-
Income and grants received and deferred	2,183	2,132	-	-
At the end of the year	2,183	2,132	646	646
Current	2,183	2,132	-	-
Non-current	-	-	646	646
	<b>2,183</b>	<b>2,132</b>	<b>646</b>	<b>646</b>

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



## 23. Trade and other payables

	2024 £000	2023 £000
Trade payables	1,164	1,829
Other payables	252	717
Other taxation and social security costs	158	152
Accruals	620	603
	<b>2,194</b>	<b>3,301</b>

The ageing of trade payables is as follows:

	2024 £000	2023 £000
Not yet due:		
0 – 29 days	671	1,181
Overdue:		
30 – 59 days	278	555
60 – 89 days	63	11
90 – 119 days	109	7
120 + days	43	75
	<b>1,164</b>	<b>1,829</b>

## 24. Lease liabilities

	Minimum lease payments		Capital element of lease payments	
	2024 £000	2023 £000	2024 £000	2023 £000
Amounts payable under lease liabilities:				
Within one year	13	69	-	69
In the second to fifth years inclusive	-	13	-	7
	<b>13</b>	<b>82</b>	<b>-</b>	<b>76</b>
Less: future finance charges	<b>(1)</b>	<b>(6)</b>	<b>-</b>	<b>n/a</b>
Present value of lease obligations	<b>12</b>	<b>76</b>	<b>-</b>	<b>76</b>
Current			12	66
Non-current			-	10
			<b>12</b>	<b>76</b>

It is the Group's policy to lease certain of its property, plant and equipment under leases. The average lease term is 0.9 years (2023: 1.2 years). For the year ended 31 March 2024, the average effective borrowing rate was 5.0% (2023: 5.0%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. All lease obligations are denominated in sterling and the fair value of the Group's lease obligations approximates to their carrying amount.



# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 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 £184,000 (2023: £151,000). There were no amounts outstanding or prepaid at the year end (2023: £nil).

## 26. Capital and reserves

### Share capital

Thousands of shares	Ordinary shares		Deferred shares		Total shares	
	2024	2023	2024	2023	2024	2023
In issue at the beginning of the financial year - fully paid	129,944	129,944	62,944	62,944	192,888	192,888
Issued for cash	12,995	-	-	-	12,995	-
In issue at the end of the financial year – fully paid	142,939	129,944	62,944	62,944	205,883	192,888
	2024	2023	2024	2023	2024	2023
	£000	£000	£000	£000	£000	£000
<i>Allotted, called up and fully paid</i>						
142,938,478 (2023:129,944,071)						
Ordinary shares of 1p each (2023: 1p each)	1,430	1,300	-	-	1,430	1,300
62,943,752 (2023: 62,943,752)						
Deferred shares of 24p each (2023: 24p each)	-	-	15,106	15,106	15,106	15,106
	1,430	1,300	15,106	15,106	16,536	16,406

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 Group. 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 Group. 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 less transaction costs.

#### 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 Group was incorporated into the holding Group, Sutton Harbour Group plc. It was further increased when a cash box placing of shares occurred on 4 September 2009, creating an additional £3.6m.

#### Retained earnings

Retained earnings represent retained earnings attributable to owners of the parent. Retained earnings include £4.466m (2023: £6.308m) in respect of unrealised valuation surpluses on the Investment property assets.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



## 27. Leases

### Leases

During the year £nil was recognised in respect of lease rentals in the income statement (2023: £nil): £nil in cost of sales (2023: £nil) and £nil in administrative expenses (2023: £nil).

During the year £7,000 (2023: £7,000) was recognised in the income statement in respect of short term and low value operating leases for photocopiers, telephony equipment and vending machines.

### Leases as lessor

The Group leases certain properties (see notes 14 and 15). The future minimum lease rentals receivable under non-cancellable leases are as follows:

	2024	2023
	£000	£000
Investment property:		
Less than one year	1,184	1,134
Between one and two years	1,106	1,164
Between two and three years	1,073	994
Between three and four years	1,052	961
Between four and five years	996	938
More than five years	23,524	24,107
	<b>28,935</b>	<b>29,298</b>
Owner-occupied properties:		
Less than one year	37	15
Between one and two years	23	15
Between two and three years	22	15
Between three and four years	22	8
Between four and five years	22	-
More than five years	15	-
	<b>141</b>	<b>53</b>

During the year ended 31 March 2024 £1,450,000 (2023: £1,374,000) was recognised as rental income in the income statement. Repair and maintenance expense recognised in cost of sales for the year to 31 March 2024 was £294,000 (2023: £166,000).

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.





# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024

## 28. Cash flow statements

	2024	2023
	£000	£000
<b>Cash flows from operating activities</b>		
Loss for the year from continuing operations	(3,836)	(2,036)
Adjustments for:		
Taxation on loss from continuing activities	(549)	15
Net Financial expense	1,992	1,149
Fair value adjustments on investment property	(357)	1,925
Revaluation of property, plant and equipment	556	-
Depreciation	397	390
<b>Cash (used)/generated from continuing operations before changes in working capital and provisions</b>	<b>(1,797)</b>	<b>1,443</b>
Decrease/(Increase) in inventories	6,218	(5,162)
Decrease/(increase) in trade and other receivables	864	(282)
(Decrease)/Increase in trade and other payables	(786)	1,421
(Increase)/(decrease) in deferred income	51	(93)
Increase/(decrease) in provisions	-	15
<b>Cash (outflow)/inflow from continuing operations</b>	<b>4,550</b>	<b>(2,658)</b>

## 29. Related Parties

The parent of the Group is Sutton Harbour Group plc. The ultimate controlling party is FB Investors LLP, which is owned jointly by Beinhaker Design Services Limited and 1895 Management Group ULC. In the course of the year, Beinhaker Design Services Limited provided services to the value of £161,000 (2023: £186,000).

Unsecured related party loans, with a revised expiry date of 31 May 2025, advanced during the year by Beinhaker Design Services Limited and Rotolok (Holdings) Limited of £3,876,000 (including interest rolled up of £471,000). Interest is accrued at 10% pa calculated on a quarterly basis, and rolled into the loan balance owed.

During the year, Beinhaker Design Services Limited completed the purchase of two apartments in the Harbour Arch Quay development, both at the full market asking price of £435,000 and £475,000 respectively.

Transactions between the Group and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note.

### **Transactions with key management personnel:**

Executive Directors of the Group and their immediate relatives control 75.38% (2023 72.91%) of the voting shares of the Group, see note 26.

The compensation of key management personnel (the Executive and Non-Executive Directors) is set out on the Remuneration Report on page 20.

## 30. Commitments

There are no capital commitments at 31 March 2024. Final costs in respect of the Harbour Arch Quay development are already accounted for as creditors or accruals on the Balance Sheet.

Lock Arbitration – an arbitration hearing with the Environment Agency concerning responsibility for the maintenance of Sutton Lock is scheduled for November 2024. Costs from 1 April 2024 through to the arbitration hearing date are estimated at approximately £253,000. At present there is no indication of the outcome of this hearing, nor of the resultant cost.

Further details are given in the Executive Chairman's Statement in respect of this matter.

## 31. Contingent Liabilities

Plymouth City Airport – Plymouth City Council has made a claim against the Group alleging breach of lease. At present there is no indication of the likelihood, nor the resultant value of the claim, if any.

Further details are given in the Executive Chairman's Statement in respect of this matter.

# Notes to the Consolidated Financial Statements

For the year ended 31 March 2024



## 32. Post Balance Sheet Events

Bank Facility – After the year end the Company entered into a new facility with Nat West Bank expiring December 2026. The initial facility totals £21.7m with conditions subsequent to reduce debt as asset disposals are achieved.

Related Party Loan – after the year end the Company agreed with Beinhaker Services Limited to increase the Related Party Loan by £1.970m on the same terms as previous Related Party Loan drawdowns. Additionally, it was agreed between the loan holders that Beinhaker Design Services Limited 'buy-out' the related party loan principal of £1.150m from Rotolok (Holdings) Limited after the year end.

After the year end the Group placed a number of investment properties for sale by agency marketing and auction. Proceeds from sales will be applied to reducing the bank loan and for working capital purposes. At the time of finalising the accounts no sales were completed.



# Historical Financial Information

For the year ended 31 March 2024

	2024 £000	2023 £000	2022 £000	2021 £000	2020 £000
Net Assets	<b>54,091</b>	56,067	56,211	47,153	46,082
Revenue	<b>16,353</b>	8,161	7,194	5,400	6,558
Operating profit before fair value adjustments, impairments, costs of change in ownership and onerous leases	<b>(2,193)</b>	1,053	1,155	591	1,065
Fair value adjustments on investment property and fixed assets	<b>(200)</b>	(1,925)	195	(2,211)	(977)
Operating (loss)/profit after fair value adjustments and impairments	<b>(2,393)</b>	(872)	1,350	(1,620)	88
Net financing costs (excludes joint ventures/associates)	<b>(1,992)</b>	(1,149)	(789)	(753)	(844)
(Loss)/profit before tax on continuing activities	<b>(4,385)</b>	(2,021)	561	(2,373)	(756)
(Loss)/profit attributable to equity shareholders	<b>(3,836)</b>	(2,036)	(259)	(2,175)	(988)
Dividends paid					
Basic (loss)/earnings per share	<b>(2.71p)</b>	(1.57p)	(0.20p)	(1.88p)	(0.85p)
Diluted (loss)/earnings per share	<b>(2.71p)</b>	(1.57p)	(0.20p)	(1.88p)	(0.85p)

# Company Balance Sheet

As at 31 March 2024



	Note	2024 £000	2023 £000
<b>Fixed assets</b>			
Investments	6	11,268	11,268
		<b>11,268</b>	<b>11,268</b>
<b>Current assets</b>			
Debtors	7	30,009	27,785
Stock		500	500
Cash at bank and in hand		6	76
		<b>30,515</b>	<b>28,361</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	8	3,763	723
<b>Net current assets</b>		<b>26,752</b>	<b>27,638</b>
<b>Total assets less current liabilities</b>		<b>38,020</b>	<b>38,906</b>
Creditors: amounts falling due after more than one year	9	-	2,400
<b>Net assets</b>		<b>38,020</b>	<b>36,506</b>
<b>Capital and reserves</b>			
Called up share capital	10	16,536	16,406
Share premium account	12	16,744	13,972
Merger Reserve	12	3,620	3,620
Profit and loss account	12	1,120	2,508
<b>Total shareholders' funds</b>		<b>38,020</b>	<b>36,506</b>

The notes on pages 61 to 66 are an integral part of these financial statements. The company has taken the exemption in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account. In the year the Company made a loss of £1,388,000 (2023: profit of £594,000). The Financial Statements were approved and authorised by the Board of Directors on 19 September 2024 and were signed on its behalf by:

**NATASHA GADSDON**  
DIRECTOR

Company number: 02425189



# Company Statement of Changes in Equity

For the year ended 31 March 2024

	Called up share capital £000	Share premium account £000	Merger reserve £000	Profit and loss account £000	Total £000
Balance at 1 April 2022	16,406	13,972	3,620	1,914	35,912
Profit for the year	-	-	-	594	594
Issue of shares	-	-	-	-	-
Balance at 31 March 2023	16,406	13,972	3,620	2,508	36,506
Balance at 1 April 2023	16,406	13,972	3,620	2,508	36,506
Loss for the year	-	-	-	(1,388)	(1,388)
Issue of shares	130	2,772	-	-	2,902
<b>Balance at 31 March 2024</b>	<b>16,536</b>	<b>16,744</b>	<b>3,620</b>	<b>1,120</b>	<b>38,020</b>

# Notes to the Company Financial Statements

For the year ended 31 March 2024



## I. General information

Sutton Harbour Group 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 2023 to 31 March 2024, with comparatives for the year 1 April 2022 to 31 March 2023 and are compliant with FRS101. No income statement or statement of comprehensive income is presented by the Company as permitted by Section 408 of the Companies Act 2006.

## 2. Accounting policies

### *Basis of preparation*

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

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4 of the consolidated accounts.

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 is reliant on bank finance which is conditional on the debt reductions and other covenants. The Group's forecasts and projections, taking account of reasonably foreseeable possible changes in trading performance and on the basis that asset disposals meet the values and timelines agreed with the bank, 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 the approval of the accounts. The covenants measure interest cover, debt to fair value and capital expenditure.

Within the next twelve months, the Company has the following commitments to repayments of loans:

- The Company has successfully agreed a new banking facility with Natwest as of 8 August 2024 which extends to 30 December 2026. This new agreement provides committed facilities of £21.7m and sets out milestone debt repayments of £3.2m by 31 October 2024, £6m by 28 February 2025 and £0.76m by 31 March 2025 to reduce bank debt to just over half of its current level. The interest cover covenant is suspended until 31 March 2025. Thereafter it is tested on a quarterly basis.
- The debt reduction plan, through the sale of assets, is underway and the bank is regularly updated on the progress with selected assets placed for sale. Selection of assets identified for disposal will be based on market conditions and, to date, progress is encouraging. The board recognises the challenges that the Company faces to deliver the debt reduction plan to satisfy the conditions of the banking facility agreement. The board is satisfied that all necessary actions are being taken to achieve this objective, whilst recognising the uncertainty that will remain until asset sales, the timings of which are not within the Company's control, are achieved.
- The related party loans advanced by the majority shareholder of the Company are repayable in May 2025 under the current agreement. The Directors are satisfied that these repayments can be funded from the actions noted above, and the majority shareholder has confirmed that it will agree to deferment if necessary.



# Notes to the Company Financial Statements

For the year ended 31 March 2024

The Board has explored options available to it to mitigate the risk of asset sales not completing in line with the agreed milestone debt repayments. These mitigating actions are considered significant judgements and have been disclosed in note 3. The Board has concluded that, whilst there are uncertainties, the mitigating actions that could be implemented if required are judged to be sufficient to make the going concern status of the group appropriate. The Board has therefore concluded that there are no material uncertainties relating to events or conditions that individually or collectively may cast significant doubt on the Group's ability to continue as a going concern for a period of at least twelve months from the date the financial statements are authorised for issue.

## **Functional and presentation currency**

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.

## **Investments**

Investments are carried cost less any provision for impairment in value.

## **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.

## **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.

## **Financial instruments**

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

# Notes to the Company Financial Statements

For the year ended 31 March 2024



## 3. Accounting estimates and judgements

### Judgements

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

#### Uncertainties in relation to going concern

As explained in the going concern section, the Group has agreed a planned debt reduction programme with its bankers with set repayment dates up to March 2025. This debt reduction programme is dependent on the realisation of certain assets within that period. In determining whether the uncertainties over the Group's ability to meet the conditions of the bank facility are considered material uncertainties, the board has exercised significant judgement to consider the relationship with the bank and alternative mitigating actions to be operable and effective:

- A constructive relationship with the Company's bankers towards achieving the debt reduction plan and the bank's indicated flexibility over debt repayment dates subject to evidence of progress with asset sales and formal agreement from Credit.
- The possibility to dispose of alternative or additional assets, with flexibility in response to market conditions, to repay debt and/or raise additional capital
- The availability of alternative funding to refinance part/all of the bank facility finance
- The confirmed support from the major shareholder for ongoing company trading operations by way of additional Related Party Loans if necessary

## 4. Services provided by the Company's auditors

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

	2024	2022
	£000	£000
<i>Current auditors:</i>		
Fees payable to Group's auditor for the audit of Parent Company financial statements	30	30
Fees payable to the Group's auditor for other services:		
Other advisory services	23	-

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

## 5. Employees and Directors

The Company has no employees. The Directors are not remunerated for their services to the Company. Remuneration in respect of subsidiary undertakings is disclosed in note 8 to the consolidated financial statements.





# Notes to the Company Financial Statements

For the year ended 31 March 2024

## 6. Investments

	2024 £000	2023 £000
<b>Cost and net book value</b>		
Investments in subsidiary undertakings	11,268	11,268

### Subsidiary companies:

At 31 March 2024, the Company has the following investments in subsidiaries:

	Class of shares held	Ownership		Nature of Business
		2024	2023	
<b>Subsidiaries</b>				
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
Harbour Arch Quay Limited	Ordinary	100%	100%	Property
Sutton Harbour Projects Limited	Ordinary	100%	100%	Property
Harbour Arch Quay Management Limited	Ordinary	100%	100%	Property
Sutton Harbour Car Parks Limited	Ordinary	100%	100%	Car Park Operator
Sugar Quay Holdings Ltd	Ordinary	100%	100%	Investment Company
Sugar Quay Ltd	Ordinary	100%	100%	Property Developer
Sutton East Holdings Limited	Ordinary	100%	100%	Property Developer
Sutton East Developco No1 Limited	Ordinary	100%	100%	Property Developer

All of the above companies were incorporated in the United Kingdom and registered in England and Wales and for each the registered address is Sutton Harbour Offices, Guy's Quay, Plymouth PL4 0ES.

## 7. Debtors

	2024 £000	2023 £000
Amounts owed by subsidiary undertakings	29,926	27,700
Other debtors and prepayments	83	85
<b>Total debtors</b>	<b>30,009</b>	<b>27,785</b>

Amounts owed by subsidiary undertakings are all due in more than one year. An intercompany loan of £2,562,000 to Harbour Arch Quay Ltd was provided for during the year. Included is an amount of £10,879,000 owed by Plymouth City Airport Limited, refer to Key Judgments and Estimates note on page 46 regarding recoverability of this amount.

## 8. Creditors: amounts falling due within one year

	2024 £000	2023 £000
Other creditors and accruals	77	53
Unsecured related party loan	1,186	670
Bank loans	2,500	
<b>Total creditors</b>	<b>3,763</b>	<b>723</b>

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

Interest is charged a weighted average rate of 2.75% over SONIA during the term of the bank facilities.

# Notes to the Company Financial Statements

For the year ended 31 March 2024



## 9. Creditors: amounts falling due after more than one year

	2024 £000	2023 £000
Bank loans	-	2,400
	-	2,400

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

## 10. Called up share capital

Thousands of shares	Ordinary Shares		Deferred Shares		Total shares	
	2024	2023	2024	2023	2024	2023
In issue at the beginning of the financial year – fully paid	129,944	129,944	62,944	62,944	192,888	192,888
Issued for cash	12,994	-	-	-	12,994	-
In issue at the end of the financial year – fully paid	142,938	129,944	62,944	62,944	205,882	192,888

*Allotted, called up and fully paid*

142,938,478 (2023: 129,944,071)						
Ordinary shares of 1p each (2023: 1p each)	1,430	1,300	-	-	1,430	1,300
62,943,752 (2023: 62,943,752)						
Deferred shares of 24p each (2023: 24p each)	-	-	15,106	15,106	15,106	15,106
	1,430	1,300	15,106	15,106	16,536	16,406

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.

