



REPORT AND FINANCIAL STATEMENTS

For The Year Ended

31 December 2020



GATEWAY TO A SEA OF OPPORTUNITIES



Peterhead Port Authority, Harbour Office, West Pier, Peterhead, AB42 1DW



Tel: 01779 483600

Fax: 01779 475715

Web: www.peterheadport.co.uk



PETERHEAD PORT AUTHORITY

AUTHORITY INFORMATION

Members	Mr G B Thain Mr R A Buchan Mr S G Brebner Mr I Armstrong Mr G Bruce Mr J I Buchan Mr A Gardiner Mr R Milne Mr S J Murphy Mr M J Skitmore Mr J Stephen Mr J E Wallace	Convenor Deputy Convenor Chief Executive to 31 December 2020 from 1 January 2021 from 1 January 2020
Principal officers	Mr S G Brebner Mr S G Paterson Capt J P Forman Mr D S Buchan	Chief Executive Chief Financial Officer Harbour Master Senior Port Engineer
Principal office	Harbour Office West Pier Peterhead AB42 1DW	
Auditor	Johnston Carmichael LLP Bishop's Court 29 Albyn Place Aberdeen AB10 1YL	
Bankers	Santander Business Banking Bridle Road Bootle Liverpool L30 4GB	
Solicitors	Mackinnons Solicitors LLP 14 Carden Place Aberdeen AB10 1UR	Masson Glennie Broad House Broad Street Peterhead AB42 1HY

PETERHEAD PORT AUTHORITY

CONTENTS

	Page
Convenor's report	1 - 2
Members' report	3 - 4
Members' responsibilities statement	5
Independent auditor's report	6 - 9
Profit and loss account	10
Statement of comprehensive income	11
Balance sheet	12
Statement of changes in equity	13
Statement of cash flows	14
Notes to the financial statements	15 - 33

PETERHEAD PORT AUTHORITY

CONVENOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Members present the Convenor's Report for the year ended 31 December 2020. This report fulfils the requirements of a Strategic Report under the Companies Act.

Trading Review

Restrictions introduced in response to the onset of Covid and the economic uncertainty that surrounded this, the low oil price and uncertainty about BREXIT, all combined to create a very challenging business environment during 2020. Nevertheless, with careful planning and the support of our employees and the wider Port community of clients, users and suppliers, Peterhead Port Authority is able to report a much better trading year than was initially anticipated.

The overall value of fish handled through Peterhead understandably slipped from the record high in 2019 of £210 million to £190 million, with white fish seeing the largest reduction in income, as a result of a combination of lower throughput and reduced average selling price. This was partially offset by an increase in the tonnage and value of pelagic species, which represented 43% of total fish revenue.

The tonnage of commercial shipping during 2020 was impacted by the low oil price and lack of confidence in the sector. The annual gross tonnage of shipping using the Port was 8 million tonnes (2019: 9.4 million tonnes).

Financial Review

The results for the year and financial position of the Authority are shown on the attached Financial Statements.

Turnover was £12,467,470, down by 6.5% from the record achieved in 2019 but still a very decent result given the trading environment which prevailed for most of the year.

Several parts of our business were significantly affected by Covid. This included the value and volume of white fish which was impacted by lockdowns across Europe and disruption to export transport arrangements, especially during December. The Marina was closed to visitors for most of the season and rebates given to berth-holders during that period. Large maintenance programmes were deferred, most notably the works to Alexandra Parade (see below) and the Shiplift. Several departments made use of the furlough scheme whilst activity was temporarily curtailed, generating payments under the Job Retention Scheme of £137,605, which are included in other operating income.

Interest rates played a significant part in this year's accounts. In the short-term, this resulted in lower receipts from deposits and the longer term outlook for historically low rates to continue for the foreseeable future impacted the market value of the interest rates swaps taken out to hedge borrowing for recent harbour developments. These showed a fair value loss of £530,143 for the year.

Profit for the financial year was £1,727,570 (2019: £2,794,143). The business generated £4,932,294 cash from operating activities (2019: £5,558,490). Debt repayments during the year totalled £1,670,000, bringing the total balance outstanding on loans down to £27,143,750. The Authority has maintained a strong Balance Sheet, with net assets increasing from £72,080,024 to £73,925,044.

Port developments

The final stages of the ambitious Peterhead Port Masterplan have been successfully delivered and all physical works associated with the Inner Harbour Development are complete, following installation of cathodic protection to the steel quayside piles.

The plans to upgrade properties situated adjacent to the new Fish Market were deferred due to Covid restrictions. Detailed plans have been completed and the project will be revisited when circumstances and funding permit. Meanwhile, Opportunity North East has presented a case for a Seafood Transformational Project which could be based near the Port. This aims to maximise the seafood sector opportunity for North East Scotland and identify actions and investment to drive a step-change in efficiency and productivity which aims to maximise the added value processing. The project could lead to the creation of significant new processing capacity underpinned by utilising the latest fish handling technology, product and market development initiatives and energy efficiency measures.

PETERHEAD PORT AUTHORITY

CONVENOR'S REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Port Developments (continued)

Peterhead Port Authority has continued with its vision to be an environmentally responsible business reducing its carbon footprint and championing sustainability and renewable energy. We continue to be actively involved in emerging energy transition sectors such as carbon capture and hydrogen, and were a founding member of the NECCUS partnership, which aims to develop an industrial carbon capture cluster based in Scotland. We have recently commenced a process of introducing electric equipment into our business and will continue to explore opportunities to decarbonise and provide clean energy to all Port users.

The plans to repair and refurbish the revetment along Alexandra Parade were delayed in 2020. Following a retender exercise, a final decision on whether to sanction the £5.5 million project in 2021 will be taken shortly.

Principal Risks and Uncertainties

The management of the business and the execution of the Authority's objectives are subject to a number of risks. The key business risks and uncertainties affecting the Authority relate to periodic downturns in the fishing and offshore oil and gas industries, failure of a major customer and to the potential loss of business to other ports. There are ongoing business risks associated with the BREXIT agreement in addition to the imposition of restrictions either to deal with Covid-19 or any future such pandemics. These risks and uncertainties are formally reviewed by the Board and processes are put in place to monitor them and to deal with them as far as possible.

Community Engagement

Many of the events traditionally sponsored by the Authority could not take place during 2020. However, sponsorship and support continued for a number of key organisations, including the Deckhands courses at the Scottish Maritime College which encourages school leavers to seek a maritime career. Amongst others, funds were also committed to East Grampian Coastal Partnership to support their 'Turning the Plastic Tide' initiative of beach clean-ups, to the Peterhead and District Fishermen's Benevolent Fund, which supports retired fishermen and to CLAN cancer care to bring one of the sculptures to Peterhead for the 2021 Light the North lighthouse trail.

Looking Forward

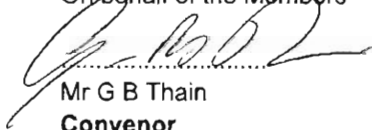
The final BREXIT deal has caused significant problems for the seafood industry in terms of delays and disruption to export arrangements and changes to the system of fish quota swaps. Alongside ongoing Covid restrictions, this has put extreme pressure on many seafood dependant businesses and led to a reduction in the tonnage and value of fish through the market during the first quarter of 2021. Whilst we expect some of these matters to be alleviated in the coming weeks, there is little doubt that the white fish and shellfish sectors will remain under pressure for the foreseeable future.

With the oil price starting to recover and due to a backlog of maintenance and investment to offshore platforms mainly as a result of Covid, there are early signs of an uptick in business for the industry in 2021. The Port will continue to work very closely with its customers in this area to determine how to provide logistics and supply chain services that will benefit them, as well as working closely with the renewables industry as the transition to net zero gathers pace.

The Port is also engaging within the GreenPorts framework and is currently undertaking a feasibility study to assess the economic viability for the Port and its stakeholders

In closing, I thank all of the employees of the Authority and my colleagues on the Board for their attention and dedication during what has been an extraordinary year. Together with our many business partners, we have a strong and robust business which is well positioned to grow and expand within existing sectors and to grasp new opportunities that are emerging.

On behalf of the Members


Mr G B Thain
Convenor

Date 7/4/21

PETERHEAD PORT AUTHORITY

MEMBERS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The Members present their report with the financial statements of Peterhead Port Authority ('the Authority') for the year ended 31 December 2020.

Principal Activities

Peterhead Port Authority was established by The Peterhead Port Authority Harbour (Constitution) Revision Order, 2005. The Statutory Instrument transferred responsibility for holding, managing, maintaining and developing Peterhead Bay Harbour from Peterhead Bay Authority to Peterhead Harbour Trustees. The enlarged organisation was then reconstituted and renamed Peterhead Port Authority.

Peterhead Port Authority caters mainly for the fishing and offshore oil and gas industries. Peterhead is the foremost fishing port in the UK and provides a comprehensive range of modern facilities for the industry, including the UK's busiest Fish Market, ship repair facilities and a portfolio of fish processing and workshop properties. The Port is also an important centre for servicing the offshore oil industry and is particularly well placed to act as a base for logistics and subsea support operations. A range of commodities are handled and Peterhead is also a port of call for cruise ships and hosts a marina for leisure vessels, which is owned and operated by the Authority.

Members

The Members who held office during the year and up to the date of signature of the financial statements were as follows:

Mr G B Thain
Mr R A Buchan
Mr S G Brebner
Mr I Armstrong (Retired 31 December 2020)
Mr G Bruce (Appointed 1 January 2021)
Mr J I Buchan
Mr A Gardiner
Mr R Milne
Mr S J Murphy
Mr M J Skitmore
Mr J Stephen (Appointed 1 January 2020)
Mr J E Wallace

Results

The results for the year are set out on page 10.

Auditor

In accordance with section 485 of the Companies Act 2006, a resolution proposing that Johnston Carmichael LLP be re-appointed as auditor will be put at a Members' Meeting.

Statement of Disclosure to Auditor

So far as each person who was a Member at the date of approving this report is aware, there is no relevant audit information of which the Authority's auditor is unaware. Additionally, the Members individually have taken all the necessary steps that they ought to have taken as Members in order to make themselves aware of all relevant audit information and to establish that the Authority's auditor is aware of that information.

PETERHEAD PORT AUTHORITY

MEMBERS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Financial Risk Management

The Authority's financial instruments, other than derivatives, comprise borrowings, cash and liquid resources and various items such as trade debtors, trade creditors etc, that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Authority's operations.

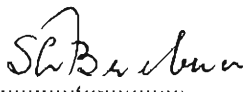
The Authority has also entered into derivative transactions in the form of interest rate swaps, the purpose of which is to manage the interest rate risk arising from the Authority's operations and its source of finance.

The main risk arising out of the Authority's financial instruments is interest rate risk which is reviewed by the Board and policies are agreed for managing this risk in order to generate the desired interest rate profile and to manage the Authority's exposure to interest rate fluctuations.

Review of Business and Future Developments

Review of business and future developments for the year can be found in the Convenor's Report and form part of this report by cross reference.

On behalf of the Members



.....
Mr S G Brebner
Chief Executive

Date: 07/04/21

PETERHEAD PORT AUTHORITY

MEMBERS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

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

Applicable law requires the Members to prepare financial statements for each financial year. Under that law the Members elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under applicable law the Members must not approve the financial statements unless Members are satisfied that they give a true and fair view of the state of affairs of the Authority and the profit or loss of the Authority for that period. In preparing these financial statements, the Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Authority will continue in business.

The Members are responsible for keeping adequate accounting records that are sufficient to show and explain the Authority's transactions and disclose with reasonable accuracy at any time the financial position of the Authority and enable them to ensure that the financial statements comply with the Harbours Act 1964, as amended by the Transport Act 1981, and the Companies Act 2006. Members are also responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PETERHEAD PORT AUTHORITY

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PETERHEAD PORT AUTHORITY

Opinion

We have audited the financial statements of Peterhead Port Authority (the 'Authority') for the year ended 31 December 2020 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Authority's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Harbours Act 1964, as amended by the Transport Act 1981, and 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 Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority'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 Members with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

PETERHEAD PORT AUTHORITY

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PETERHEAD PORT AUTHORITY

Opinions on other matters prescribed by the Harbours Act 1964, as amended by the Transport Act 1981, and the Companies Act 2006.

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

- the information given in the Convenor's Report and the Members' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Convenor's Report and the Members' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Authority and its environment obtained in the course of the audit, we have not identified material misstatements in the Convenor's Report and the Members' Report.

We have nothing to report in respect of the following matters in relation to which the Harbours Act 1964, as amended by the Transport Act 1981, and the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of members

As explained more fully in the Members' Responsibilities Statement, the Members 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 Members 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 Members are responsible for assessing the Authority'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 Members either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

PETERHEAD PORT AUTHORITY

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PETERHEAD PORT AUTHORITY

Auditor's responsibilities for the audit of the financial statements (continued)

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

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

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 assessed the risks of material misstatement of the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate for the basis of our opinion. We planned and conducted our audit so as to obtain reasonable assurance of detecting any material misstatements resulting from irregularities or fraud.

All engagement team members were briefed on relevant laws and regulations, including relevant aspects of the Harbours Act 1964, as amended by the Transport Act 1981, and the potential fraud risks, at the planning stage of the audit. However, the primary responsibility for the prevention and detection of fraud rests with the Members.

PETERHEAD PORT AUTHORITY

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PETERHEAD PORT AUTHORITY

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

We evaluated management's potential incentives for fraudulent activity and determined the key risk of fraud to be management override of controls in order to manipulate the financial statements. We determined that the principal risks in this regard were in relation to management bias in accounting estimates and inappropriate journal entries, to improve reported financial performance.

Audit procedures performed in response to those risks included:

- Obtaining an understanding of the Authority's risk assessment processes, including the risk of fraud, by observation and walkthrough;
- Use of data analytics techniques to review transaction data for unusual or unexpected journal entries throughout the accounting period and subsequent to the year-end, up to the date of our audit fieldwork;
- Reviewing and challenging the key assumptions used by management in determining material accounting estimates, together with corroboration and recalculation where appropriate;
- Assessing the competency and objectivity of external experts engaged by management to provide calculations used to determine certain material accounting estimates;
- Reviewing minutes of Members' Board meetings and other relevant information to identify any potential instances of non-compliance with laws and regulations, and carrying out further enquiries as appropriate.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also 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 by, for example, forgery or intentional misrepresentations, or through collusion.

Use of our report

This report is made solely to the Authority's Members, as a body, in accordance with the Harbours Act 1964 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Authority'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 Authority's Members, as a body, for our audit work, for this report, or for the opinions we have formed.



Brian Moran (Senior Statutory Auditor)
for and on behalf of Johnston Carmichael LLP

16th April 2021

Chartered Accountants
Statutory Auditor

Bishop's Court
29 Albyn Place
ABERDEEN
AB10 1YL

PETERHEAD PORT AUTHORITY

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	Notes	£	£
Turnover	3	12,467,470	13,331,334
Cost of sales		(5,170,528)	(4,095,043)
Release of government grant		379,056	379,056
Gross profit		7,675,998	9,615,347
Administrative expenses		(4,503,840)	(5,384,902)
Other operating income		137,605	-
Operating profit	4	3,309,763	4,230,445
Interest receivable and similar income	7	181,839	218,907
Interest payable and similar expenses	8	(807,534)	(922,081)
Fair value gains / (losses)	9	(454,191)	6,989
Profit before taxation		2,229,877	3,534,260
Tax on profit	10	(502,307)	(740,117)
Profit for the financial year		1,727,570	2,794,143

The profit and loss account has been prepared on the basis that all operations are continuing operations.

PETERHEAD PORT AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019
	£	£
Profit for the year	1,727,570	2,794,143
Other comprehensive income		
Actuarial gain / (loss) on defined benefit pension schemes	145,000	(177,000)
Tax relating to other comprehensive income	(27,550)	30,090
Other comprehensive income for the year	117,450	(146,910)
Total comprehensive income for the year	1,845,020	2,647,233

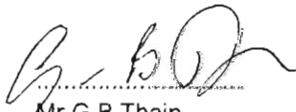
PETERHEAD PORT AUTHORITY

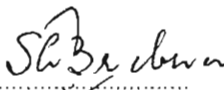
BALANCE SHEET

AS AT 31 DECEMBER 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11	86,317,457		88,641,083	
Investment properties	12	15,858,742		15,836,000	
Investments	13	1,063,157		1,009,948	
			103,239,356		105,487,031
Current assets					
Stocks	15	8,634		12,327	
Debtors	16	2,318,363		2,332,397	
Investments - bank deposit accounts		5,740,835		3,704,095	
Cash at bank and in hand		6,904,131		6,129,294	
			14,971,963		12,178,113
Creditors: amounts falling due within one year	17	(4,841,046)		(4,640,488)	
Net current assets			10,130,917		7,537,625
Total assets less current liabilities			113,370,273		113,024,656
Creditors: amounts falling due after more than one year	18	(26,394,747)		(27,597,104)	
Provisions for liabilities	20	(1,322,615)		(1,167,605)	
Deferred income	22	(10,869,867)		(11,248,923)	
Net assets excluding pension liability			74,783,044		73,011,024
Defined benefit pension liability	23	(858,000)		(931,000)	
Net assets			73,925,044		72,080,024
Capital and reserves					
Profit and loss reserves	24	73,925,044		72,080,024	

The financial statements were approved by the Members and authorised for issue on 7/4/21 and are signed on their behalf by:


 Mr G B Thain
 Convenor


 Mr S G Brebner
 Chief Executive

PETERHEAD PORT AUTHORITY

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Profit and loss reserves £
Balance at 1 January 2019	69,432,791
Year ended 31 December 2019:	
Profit for the year	2,794,143
Other comprehensive income:	
Actuarial gains on defined benefit plans	(177,000)
Tax relating to other comprehensive income	30,090
Total comprehensive income for the year	2,647,233
Balance at 31 December 2019	72,080,024
Year ended 31 December 2020:	
Profit for the year	1,727,570
Other comprehensive income:	
Actuarial gains on defined benefit plans	145,000
Tax relating to other comprehensive income	(27,550)
Total comprehensive income for the year	1,845,020
Balance at 31 December 2020	73,925,044

PETERHEAD PORT AUTHORITY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020		2019	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	26	6,058,902		6,661,528	
Interest paid		(685,534)		(775,081)	
Income taxes paid		(441,074)		(327,957)	
Net cash inflow from operating activities		4,932,294		5,558,490	
Investing activities					
Purchase of tangible fixed assets		(528,557)	(1,600,702)		
Proceeds on disposal of tangible fixed assets		-	208		
Interest received		59,159	59,379		
Other investment income received		18,681	15,264		
Net cash used in investing activities		(450,717)		(1,525,851)	
Financing activities					
Repayment of Scottish Government loan		(187,500)	-		
Repayment of bank loans		(1,482,500)	(1,482,500)		
Repayment of grant funding		-	(94,567)		
Net cash used in financing activities		(1,670,000)		(1,577,067)	
Net increase in cash and cash equivalents		2,811,577		2,455,572	
Cash and cash equivalents at beginning of year		9,833,389		7,377,817	
Cash and cash equivalents at end of year		12,644,966		9,833,389	
Relating to:					
Cash at bank and in hand		6,904,131		6,129,294	
Short term deposits included in current asset investments		5,740,835		3,704,095	
		12,644,966		9,833,389	

PETERHEAD PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

Board information

Peterhead Port Authority is a statutory harbour undertaker having its principal place of business at Harbour Office, West Pier, Peterhead, AB42 1DW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Harbours Act 1964, as amended by the Transport Act 1981, and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Authority. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the Members have a reasonable expectation that the Authority has adequate resources to continue in operational existence for the foreseeable future. Thus, the Members continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services as provided in the normal course of business, and is shown net of VAT. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Rents receivable are recognised on a straight line basis over the lease term.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Harbour structures and dredging	straight line over 25-50 years
Plant and Equipment	straight line over 5-15 years
Motor vehicles	straight line over 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.5 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. Changes in fair value are recognised in profit or loss.

PETERHEAD PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies (Continued)

1.6 Fixed asset investments

Listed investments held as fixed assets are stated at market value. The gains or losses on the fair value of the investments are reported through the profit and loss account. The gains or losses on disposal of listed investments are reported through the profit and loss account.

1.7 Impairment of fixed assets

At each reporting period end date, the Authority reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Authority estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks consist of fuel, salt and other materials. These are stated at the lower of cost and estimated selling price.

At each reporting date, an assessment is made for impairment. Based on the nature of stocks held, potential impairment would be recognised where there was indicators of obsolescence. Where applicable, impairment losses, and any reversals of impairment losses, are recognised in profit or loss.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

The Authority has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Authority's balance sheet when the Authority becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

PETERHEAD PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Authority transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Authority after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

PETERHEAD PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Authority's contractual obligations expire or are discharged or cancelled.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Authority's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Authority is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

PETERHEAD PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

1 Accounting policies

(Continued)

1.13 Retirement benefits

The Authority operates a defined contribution scheme. Contributions are charged to the profit and loss account for the year in which they are payable in the scheme. The contributions are invested separately from the Authority's assets and the Authority has no liabilities to the scheme other than the annual contributions payable to the scheme.

The Authority participates in the North East Scotland Pension Fund, a multi-employer defined benefit pension scheme, and the Authority's share of the assets and liabilities of the scheme are incorporated in the financial statements based on information provided by the actuary to the scheme.

In accordance with FRS 102, the service cost of the pension provision relating to the year, together with the cost of any benefits relating to past service, is charged to operating profit. A charge equal to the interest on the Authority's share of scheme liabilities and credit equivalent to the long-term expected return on the Authority's share of scheme assets are included in the profit and loss account under 'interest payable and similar expenses' and 'interest receivable and similar income', respectively. The difference between the market value of the Authority's share of the scheme's assets and the present value of the share of accrued pension liabilities is shown as an asset or liability on the balance sheet. Deferred tax is recognised in relation to the timing differences arising on pension costs. Any difference between the net interest on the Authority's share of assets and the return actually achieved is recognised in the statement of other comprehensive income along with differences which arise from other experience or assumption changes.

The Authority participates in the Pilots' National Pension Fund, another multi-employer defined benefit pension scheme. This scheme is accounted for as if it were a defined contribution scheme as the Authority's ultimate share of the assets and liabilities of the scheme cannot be identified.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit and loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

1.15 Government grants

Grants towards capital expenditure are credited to deferred revenue and released to the profit and loss account over the expected useful lives of the relevant fixed assets. Grants towards revenue expenditure are charged to the profit and loss account as the related expenditure is incurred.

PETERHEAD PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2 Judgements and key sources of estimation uncertainty

In the application of the Authority's accounting policies, the Members are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying value of assets and liabilities are outlined below:

Critical judgements

The following judgements have had the most significant effect on amounts recognised in the financial statements.

Useful economic life of tangible fixed assets

Tangible fixed assets are depreciated over the useful lives of the assets. Useful lives are based on the Authority's estimates of the period that the assets will generate revenue, which are reviewed annually for continued appropriateness. The carrying values are tested for impairment when there is an indication that the value of the assets might be impaired.

The Members have considered whether or not there were indicators of impairment and concluded that at the Balance Sheet date none were identified. The assessment included both external sources such as the market conditions, and internal sources such as physical damage and obsolescence.

Carrying value of investment property

There is judgement involved in determining the fair value of investment property and, as set out in Note 12, the members have estimated the fair value as at 31 December 2020 by updating the previous external valuation by reference to external market conditions

Defined benefit pension schemes

Accounting for pensions and other post retirement benefits includes judgements about uncertain events including retirement dates, salary levels at retirement mortality rates, determination of discount rates for measuring plans obligations and net interest expense and assumptions for inflation rates.

Pension and other post retirement assumptions are reviewed by the Authority at the end of each year. These assumptions are used to determine the projected benefit obligations at the year end and hence surpluses and deficits are recorded on the Authority's Balance Sheet, and pension and other post retirement benefit expense for the following year.

The assumptions used are provided in note 23.

PETERHEAD PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

3 Turnover and other revenue

	2020	2019
	£	£
Turnover analysed by class of business		
Dues on ships	2,023,433	2,126,968
Dues on goods	5,626,105	6,151,263
Rental income	2,400,873	2,362,531
General revenue and services	1,089,134	1,163,985
Pilotage services	691,385	781,105
Pilotage Exemption Certificate Services ('PECS')	251,746	290,381
VTS services	384,794	455,101
	<u>12,467,470</u>	<u>13,331,334</u>
	2020	2019
	£	£
Turnover analysed by geographical market		
United Kingdom	<u>12,467,470</u>	<u>13,331,334</u>

The Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988 require the separate disclosure of revenue and expenditure applicable to pilotage activities. Expenditure has been disclosed in note 4.

4 Operating profit

	2020	2019
	£	£
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the Authority's auditor for the audit of the Authority's financial statements	19,000	19,000
Depreciation of owned tangible fixed assets	2,852,181	2,856,876
Profit on disposal of tangible fixed assets	-	(208)
Operating lease charges	204,776	188,654
Providing services of a pilot	408,151	369,698
Providing, maintaining and operating the pilot boat	415,206	382,913
Pilotage administration and other costs	<u>132,907</u>	<u>160,103</u>

PETERHEAD PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

5 Employees

The average monthly number of persons (including Members) employed by the Authority during the year was:

	2020 Number	2019 Number
Administrative employees	15	24
Direct employees	44	32
Non-executive Members	10	10
	<u>69</u>	<u>66</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	2,848,981	2,668,806
Social security costs	289,170	275,851
Pension costs	416,456	322,448
	<u>3,554,607</u>	<u>3,267,105</u>

6 Members' remuneration

	2020 £	2019 £
Non-executive Members: Remuneration for qualifying services	<u>103,383</u>	<u>94,705</u>
Key management: Remuneration for qualifying services	526,911	493,913
Authority pension contributions	89,030	92,659
	<u>615,941</u>	<u>586,572</u>

Remuneration disclosed above includes the following amounts paid to the highest paid member of key management:

	2020 £	2019 £
Remuneration for qualifying services	159,563	148,344
Authority pension contributions	33,661	31,894

PETERHEAD PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

7 Interest receivable and similar income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	59,158	74,643
Interest on the net defined benefit pension scheme asset (see note 23)	104,000	129,000
Total interest revenue	<u>163,158</u>	<u>203,643</u>
Income from fixed asset investments		
Income from other fixed asset investments	18,681	15,264
Total income	<u>181,839</u>	<u>218,907</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>59,158</u>	<u>74,643</u>
--	---------------	---------------

8 Interest payable and similar expenses

	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	685,534	775,081
Other finance costs:		
Net interest on the defined benefit pension liability (see note 23)	122,000	147,000
	<u>807,534</u>	<u>922,081</u>

9 Fair value movements

	2020	2019
	£	£
Fair value gains/(losses) on financial instruments		
Change in value of financial assets held at fair value through profit or loss	(530,143)	(356,861)
Other gains/(losses)		
Changes in the fair value of investment properties	22,742	184,954
Fair value gains / (losses) on listed investments	53,210	178,896
	<u>(454,191)</u>	<u>6,989</u>

PETERHEAD PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

10 Taxation

	2020 £	2019 £
Current tax		
UK corporation tax on profits for the current period	450,567	682,849
Adjustments in respect of prior periods	(75,720)	(101,305)
	<u>374,847</u>	<u>581,544</u>
Deferred tax		
Origination and reversal of timing differences	97,172	158,573
Adjustment in respect of prior periods	30,288	-
	<u>127,460</u>	<u>158,573</u>
Total tax charge	<u>502,307</u>	<u>740,117</u>

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	2,229,877	3,534,260
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	423,677	671,509
Tax effect of expenses that are not deductible in determining taxable profit	52	87
Tax effect of income not taxable in determining taxable profit	(59,143)	(67,217)
Deferred tax adjustments in respect of prior years	30,288	-
Chargeable gains	4,321	31,442
Fixed asset differences	178,832	205,601
Adjustments to tax charge in respect of previous periods - deferred tax	(75,720)	(101,305)
Taxation charge for the year	<u>502,307</u>	<u>740,117</u>

In addition to the amount charged to the profit and loss account, the following amounts relating to tax have been recognised directly in other comprehensive income:

	2020 £	2019 £
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	27,550	(30,090)
	<u>27,550</u>	<u>(30,090)</u>

PETERHEAD PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

11 Tangible fixed assets

	Harbour structures and dredging	Plant and Equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 2020	109,167,142	13,657,605	85,383	122,910,130
Additions	493,059	35,496	-	528,555
Disposals	-	(71,771)	-	(71,771)
At 31 December 2020	109,660,201	13,621,330	85,383	123,366,914
Depreciation and impairment				
At 1 January 2020	29,096,439	5,094,368	78,240	34,269,047
Depreciation charged in the year	2,088,772	760,160	3,249	2,852,181
Eliminated in respect of disposals	-	(71,771)	-	(71,771)
At 31 December 2020	31,185,211	5,782,757	81,489	37,049,457
Carrying amount				
At 31 December 2020	78,474,990	7,838,573	3,894	86,317,457
At 31 December 2019	80,070,703	8,563,237	7,143	88,641,083

12 Investment property

	2020 £
Fair value	
At 1 January 2020	15,836,000
Net gains or losses through fair value adjustments	22,742
At 31 December 2020	15,858,742

The fair value of the investment properties has been determined on the basis of a valuation carried out by the members as at 31 December 2020. A desktop valuation of the investment properties was carried out at 31 December 2019 by J & E Shepherd Chartered Surveyors. The valuation was prepared in accordance with the Royal Institution of Chartered Surveyors ('RICS') Global Standards 2020. The members have valued the investment properties by updating the external valuation with reference to external market conditions.

13 Fixed asset investments

	2020 £	2019 £
Listed investments	1,063,157	1,009,948

PETERHEAD PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

13	Fixed asset investments		(Continued)
	Movements in fixed asset investments		Investments other than loans £
	Valuation / carrying amount		
	At 1 January 2020		1,009,948
	Valuation changes		53,209
	At 31 December 2020		<u>1,063,157</u>
14	Financial instruments	2020	2019
		£	£
	Carrying amount of financial liabilities		
	Measured at fair value through profit or loss		
	- Other financial liabilities - interest rate swap	983,497	453,354
		<u>983,497</u>	<u>453,354</u>
15	Stocks	2020	2019
		£	£
	Stocks	8,634	12,327
		<u>8,634</u>	<u>12,327</u>
16	Debtors	2020	2019
	Amounts falling due within one year:	£	£
	Trade debtors	1,644,940	1,658,104
	Other debtors	173,149	188,110
	Prepayments and accrued income	500,274	486,183
		<u>2,318,363</u>	<u>2,332,397</u>

PETERHEAD PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

17 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans	19	1,482,500	1,482,500
Scottish Government loan	19	250,000	187,500
Trade creditors		651,966	357,344
Corporation tax		143,319	209,546
Other taxation and social security		105,460	99,075
Other creditors		1,602,593	1,520,774
Accruals and deferred income		605,208	783,749
		<u>4,841,046</u>	<u>4,640,488</u>

18 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	19	23,848,750	25,331,250
Scottish Government loan	19	1,562,500	1,812,500
Derivative financial instruments	14	983,497	453,354
		<u>26,394,747</u>	<u>27,597,104</u>

19 Loans and overdrafts

	2020 £	2019 £
Bank loans	25,331,250	26,813,750
Scottish Government loan	1,812,500	2,000,000
	<u>27,143,750</u>	<u>28,813,750</u>
Payable within one year	1,732,500	1,670,000
Payable after one year	25,411,250	27,143,750
	<u>27,143,750</u>	<u>28,813,750</u>

Bank loans are secured by fixed charges over property and quays owned by Peterhead Port Authority.

Included within bank loans is a £7.15m loan which is repayable over 10 years to 2025 and a £22.5m loan repayable over 20 years to 2038. These bank loans attract interest at 1.15% above LIBOR and 1.2% above LIBOR, respectively.

The Scottish Government loan is repayable over 10 years to 2026 and attracts interest at 1.2% above LIBOR.

The total balance due after 5 years is £18,481,250 (2019 - £20,213,750).

PETERHEAD PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

20 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	21	1,322,615	1,167,605

21 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Authority and movements thereon:

	Liabilities 2020 £	Liabilities 2019 £
Balances:		
Accelerated capital allowances	1,080,234	965,931
Other short term timing differences	(86,935)	(76,061)
Retirement benefit obligations	(163,020)	(158,910)
Capital gains	492,336	436,645
	<u>1,322,615</u>	<u>1,167,605</u>
Movements in the year:		2020 £
Liability at 1 January 2020		1,167,605
Charge to profit or loss		127,460
Charge to other comprehensive income		27,550
Liability at 31 December 2020		<u>1,322,615</u>

As the Authority has not disposed of property in the past, and has no plans to do so in the future, deferred tax of £492,336 in respect of capital gains is unlikely to arise.

22 Government grants

	2020 £	2019 £
Government grants	<u>10,869,867</u>	<u>11,248,923</u>

PETERHEAD PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

23 Retirement benefit schemes

	2020	2019
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	292,708	294,448

The Authority operates a group personal pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Authority in an independently administered fund.

Defined benefit schemes

Peterhead Port Authority participates in the North East Scotland Pension Fund ('NESPF') which is a part of the Local Government Pension Scheme (Scotland) ('LGPS'), a multi-employer scheme. The LGPS is a defined benefit pension scheme.

A full actuarial valuation is carried out every three years by a professionally qualified independent actuary using the projected unit method. In the intervening year, an interim valuation is obtained for the purpose of reporting under FRS 102. The last full actuarial valuation was carried out as at 31 March 2020. Contribution rates are based on the advice of the actuary. Contributions for the year were £91,000 (2019: £87,000).

	2020	2019
	%	%
<i>Key assumptions</i>		
Discount rate	1.4	2.1
Expected rate of increase of pensions in payment	2.5	2.2
Expected rate of salary increases	4	3.6
CPI inflation	2.4	2.1

	2020	2019
	Years	Years
<i>Mortality assumptions</i>		
Assumed life expectations on retirement at age 65:		
Retiring today		
- Males	21.4	22.9
- Females	24.1	25
Retiring in 20 years		
- Males	23	25.8
- Females	26.2	28.1

	2020	2019
	£	£
<i>Amounts recognised in the profit and loss account</i>		
Current service cost	122,000	117,000
Net interest on net defined benefit liability/(asset)	18,000	18,000
Other costs and income	23,000	28,000
Total costs	163,000	163,000

PETERHEAD PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

23 Retirement benefit schemes	(Continued)	
	2020	2019
	£	£
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	(751,000)	(601,000)
Less: calculated interest element	104,000	129,000
Return on scheme assets excluding interest income	(647,000)	(472,000)
Actuarial changes related to obligations	502,000	649,000
Total (income)/costs	<u>(145,000)</u>	<u>177,000</u>
The amounts included in the balance sheet arising from the Authority's obligations in respect of defined benefit plans are as follows:		
	2020	2019
	£	£
Present value of defined benefit obligations	6,566,000	5,882,000
Fair value of plan assets	(5,708,000)	(4,951,000)
Deficit in scheme	<u>858,000</u>	<u>931,000</u>
<i>Movements in the present value of defined benefit obligations</i>		
		2020
		£
Liabilities at 1 January 2020		5,882,000
Current service cost		122,000
Past service cost		21,000
Benefits paid		(118,000)
Contributions from scheme members		35,000
Actuarial gains and losses		502,000
Interest cost		122,000
At 31 December 2020		<u>6,566,000</u>
<i>The defined benefit obligations arise from plans funded as follows:</i>		
		2020
		£
Wholly unfunded obligations		28,000
Wholly or partly funded obligations		6,538,000
		<u>6,566,000</u>

PETERHEAD PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

23 Retirement benefit schemes

(Continued)

	2020 £
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 January 2020	4,951,000
Interest income	104,000
Return on plan assets (excluding amounts included in net interest)	647,000
Benefits paid	(118,000)
Contributions by the employer	91,000
Contributions by scheme members	35,000
Other	(2,000)
At 31 December 2020	<u>5,708,000</u>

The actual return on plan assets was £985,000 (2019: £601,000).

	2020 £	2019 £
<i>Fair value of plan assets at the reporting period end</i>		
Equity instruments	3,243,000	2,654,000
Government and other bonds	365,000	460,000
Property	365,000	376,000
Cash	171,000	302,000
Other	1,564,000	1,159,000
	<u>5,708,000</u>	<u>4,951,000</u>

Other defined benefit pension schemes

Peterhead Port Authority is also a member of two multi-employer defined benefit pension schemes one of which is in deficit.

The Pilots' National Pension Fund ('PNPF') had its last actuarial valuation at 31 December 2019 which reported a deficit of £159.3m (representing a 65% funding level). The existing 16 year recovery plan that was put in place by the Fund Trustees in 2013 had been revised and in accordance with FRS 102, a liability of £561,930 (2019: £555,294) has been provided for in the financial statements, which represents the total present value of outstanding contributions due by Peterhead Port Authority under the recovery plan.

The Merchant Navy Officers Pension Fund ('MNOFF') had its last actuarial valuation at 31 March 2020 which reported a net surplus of £14m (2019: net deficit of £33m). A funding plan has been agreed which will pay this deficit over a 12 year period. Peterhead Port Authority's contribution to this deficit was £13,441, which was paid in full during 2013. Peterhead Port Authority has no employees contributing to the fund as the MNOFF closed the scheme to new accruals. The scheme was changed to the Ensign defined contribution scheme, a change which prevents additional deficit and removes the risk of triggering a Section 75 debt.

24 Profit and loss reserves

The profit and loss account represents cumulative realisable profits and losses, except for an amount of £10,654,561 (2019 - £10,631,819) that relates to fair value gains and losses on investment property.

PETERHEAD PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

25 Operating lease commitments

Lessee

At the reporting end date the Authority had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	150,668	166,715
Between two and five years	33,939	68,945
	<u>184,607</u>	<u>235,660</u>

Due to the change in the calculation of the base rent element of the Crown Estate lease for seabed within the Port, only the minimum lease payment due within one year is quantifiable, and as a result no future periods have been disclosed in the financial statements

Lessor

At the reporting end date the Authority had contracted with tenants for the following minimum lease payments:

	2020	2019
	£	£
Within one year	1,073,831	1,095,255
Between two and five years	2,847,150	3,325,259
In over five years	15,539,102	15,773,363
	<u>19,460,083</u>	<u>20,193,877</u>

PETERHEAD PORT AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2020

26 Cash generated from operations

	2020 £	2019 £
Profit for the year after tax	1,727,570	2,794,143
Adjustments for:		
Taxation charged	502,307	740,117
Finance costs	807,534	922,081
Investment income	(185,884)	(218,907)
Gain on disposal of tangible fixed assets	-	(208)
Depreciation and impairment of tangible fixed assets	2,852,181	2,856,876
Fair value gains/losses	458,236	(6,989)
Pension scheme non-cash movement	54,000	-
Movements in working capital:		
Decrease in stocks	3,693	4,241
Decrease in debtors	14,034	1,087,998
Increase/(decrease) in creditors	204,287	(1,233,768)
Decrease in deferred income	(379,056)	(284,056)
Cash generated from operations	<u><u>6,058,902</u></u>	<u><u>6,661,528</u></u>

27 Analysis of changes in net debt

	1 January 2020 £	Cash flows £	Other non- cash changes £	31 December 2020 £
Cash and cash equivalents	9,833,389	2,811,577	-	12,644,966
Borrowings excluding overdrafts	(28,813,750)	1,670,000	-	(27,143,750)
Financial instruments	(453,354)	-	(530,143)	(983,497)
	<u>(19,433,715)</u>	<u>4,481,577</u>	<u>(530,143)</u>	<u>(15,482,281)</u>

28 Events after the reporting date

There were no events to report after the reporting date of 31 December 2020.

29 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2020 £	2019 £
Acquisition of tangible fixed assets	<u>230,000</u>	<u>576,975</u>