



**REPORT AND FINANCIAL STATEMENTS**  
**For The Year Ended**  
**31 December 2021**





# GATEWAY TO A SEA OF OPPORTUNITIES



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



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# PETERHEAD PORT AUTHORITY

## AUTHORITY INFORMATION

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<b>Members</b>	Mr G B Thain Mr R A Buchan Mr S G Brebner 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 Dr E Leith-Hedley	Convenor Deputy Convenor - retired 31 December 2021 Chief Executive from 1 January 2021
		Deputy Convenor from 1 January 2022  from 1 January 2022
<b>Principal Officers</b>	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
<b>Principal Office</b>	Harbour Office West Pier PETERHEAD AB42 1DW	
<b>Auditor</b>	Johnston Carmichael LLP Bishop's Court 29 Albyn Place ABERDEEN AB10 1YL	
<b>Bankers</b>	Santander Business Banking Bridle Road Bootle LIVERPOOL L30 4GB	
<b>Solicitors</b>	Mackinnons Solicitors LLP 14 Carden Place ABERDEEN AB10 1UR	Masson Glennie Broad House Broad Street PETERHEAD AB42 1HY

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# **PETERHEAD PORT AUTHORITY**

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# PETERHEAD PORT AUTHORITY

## CONVENOR'S REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The Members present the Convenor's Report for the year ended 31 December 2021. This report fulfils the requirements of a Strategic Report under the Companies Act.

#### Trading Review

On the back of another challenging year, Peterhead Port Authority is delighted to report another strong trading year

There was a slight increase in the overall value of fish handled through Peterhead from £190 million in 2020 to £195 million in 2021. The tonnage and value of white fish species was however reduced due to a combination of quota cuts and the effect of BREXIT. This was offset by a significant increase in the value of shellfish handled (112%) and moderate increase in the value of Mackerel landings (9%).

The oil price rose strongly during 2021 on the back of increased demand and political uncertainty in some regions. However, this did not translate to the same level of increased activity that occurred previously under such circumstances. The current business environment is also influenced by uncertainty about future demand and the longer term effects of policies relating to oil and gas caused by the focus on net zero obligations. However, the annual gross tonnage of shipping using the Port was 8.5 million tonnes vs. 8.0 million tonnes in 2020.

#### Financial Review

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

Turnover was £13,068,237, up by 4.8% on last year which is a solid achievement given the ongoing impacts of Covid, BREXIT and the decision to freeze all port charges for 2021 as a measure of support to our port users, many of whom were experiencing ongoing trading difficulties. This was the second highest figure recorded and nearly 5% better than budget, which is one of the key indicators used to assess business performance during the year.

There was a larger than usual spend on maintenance work, partially caused by a bunching of projects following Covid delays, and partially due to the scale of the refurbishment work at Alexandra Parade and the North Breakwater. In total maintenance and repair expenditure increased from £1.3m to £6.0m. This is the principal reason for the large increase in Cost of Sales and resulted in an Operating Loss being recorded for the year.

There are some relatively large non-trading adjustments included this year. These relate to the carrying value of the interest rate swaps (liability reduced by £973,769) and investment properties (fair value reduced by £1,785,306) and the net liability associated with participation in a final value pension scheme (deficit reduced by £764,000). These also had a significant impact on the relevant Balance Sheet entries.

Overall the Authority remains in a healthy financial position with net assets at the year end of £72.1m (2020 - £73.9m). The business is expected to return to reporting Operating Profits for 2022 and has significant cash reserves to help fund new projects and developments being lined up for implementation during the next few years.

#### Infrastructure Maintenance and Additions

The contract to reinstate the revetment along Alexandra Parade was delayed in 2020 but awarded in 2021 and the works substantially completed by the year end, at a cost of £5 million. Several structures, including the breakwaters and Tanker Jetty are being continually assessed and progressively maintained. Two buildings, within the heart of the port, were purchased during the year, one of which is being developed as the hub of the ports repair and maintenance activities.

#### Community Engagement

With the return of organised events we were delighted to partner with other port stakeholders to sponsor bringing the Red Arrows to Peterhead during the Scottish Week celebrations. Large crowds were attracted to the Lido area to watch their spectacular display. The delayed Light the North lighthouse trail organised by CLAN cancer care brought one of the sculptures sponsored by the Authority to Peterhead. One of the sculptures 'Fishermen's Friend' was also secured in the subsequent auction, and is sited overlooking the harbour.

# PETERHEAD PORT AUTHORITY

## CONVENOR'S REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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Sponsorship and support continued for a number of key organisations, including the Deckhands courses run by Scottish Maritime College which encourages school leavers to seek a maritime career. Amongst others, good causes funds were also committed to East Grampian Coastal Partnership to support their 'Turning the Plastic Tide' initiative of beach clean-ups and to the Peterhead and District Fishermen's Benevolent Fund, which provides financial support to retired fishermen.

### Looking Forward

We are expecting a moderate increase in the total tonnage of commercial vessel activity for the year ahead, and there are promising signs that new initiatives targeting decommissioning of subsea infrastructure will bring new business to Peterhead.

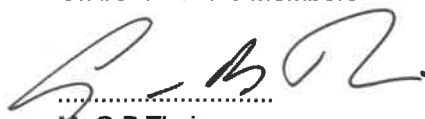
Peterhead Port Authority has continued with its vision to be an environmentally responsible business reducing its carbon footprint and championing sustainability and renewable energy. We commenced a process of introducing electric vehicles into our business, are actively looking at expanding solar generation and will continue to explore opportunities to decarbonise and provide clean energy to port users.

This is an exciting time for the business with new opportunities emerging on several fronts. Peterhead is ideally located to support development, maintenance and operations for several of the recently announced Scotwind offshore wind projects. We continue to be actively involved in various 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.

An initial assessment of the potential benefits to the North East of Scotland area from being recognised as a Green Freeport was very positive. Alongside Aberdeen Harbour, Aberdeenshire Council, Aberdeen City Council and Aberdeen Airport, further proposals are being developed with a view to submitting a bid to the Green Freeports process when this opens later in the year.

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 another extraordinary year. 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. We will work closely with port users, clients, suppliers and the wider supply chain to capitalise on these opportunities whilst maintaining a safe, functioning and dynamic port.

On behalf of the Members

  
.....  
Mr G B Thain  
Convenor

Date: .....14/04/22.....

# PETERHEAD PORT AUTHORITY

## MEMBERS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2021

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The Members present their report with the financial statements of Peterhead Port Authority ('the Authority') for the year ended 31 December 2021.

#### Principal activities

Peterhead Port Authority was established by The Peterhead Port Authority Harbour (Constitution) Revision Order, 2005. The Statutory Instrument transferred responsibility for the 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 energy industry and is particularly well placed to act as a base for renewables, logistics, decommissioning and subsea support operations. A range of commodities are handled and Peterhead is also an occasional port of call for cruise ships and hosts a marina for leisure vessels, which is owned and operated by the Authority.

#### Results

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

#### Members

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

Mr J Stephen	
Mr S G Brebner	
Mr G B Thain	
Mr R A Buchan	(Retired 31 December 2021)
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 E Wallace	
Dr E Leith-Hedley	(Appointed 1 January 2022)

#### Auditor

A resolution proposing that the auditor, Johnston Carmichael, be re-appointed 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 2021**

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### **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.

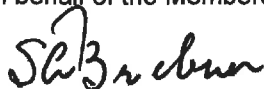
The Authority has also entered into derivative transactions in the form of interest rate swaps, the purpose of which is to manage the interest rate risk arising from the Authority's operations and its source of finance.

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: *14 April 2022*  
.....



# **PETERHEAD PORT AUTHORITY**

## **MEMBERS' RESPONSIBILITIES STATEMENT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2021***

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The Members are responsible for preparing the Convenor's 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

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#### Opinion

We have audited the financial statements of Peterhead Port Authority (the 'Authority') for the year ended 31 December 2021 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 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 2021 and of its loss 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 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

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#### **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 on page 5, 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 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.

#### *Extent to which the audit is 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:

# **PETERHEAD PORT AUTHORITY**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF PETERHEAD PORT AUTHORITY**

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We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- Companies Act 2006
- Corporation Tax Legislation
- VAT Legislation
- Health and Safety Legislation
- Harbours Act 1964, as amended by the Transport Act 1981
- Pilotage Act 1987
- The Utilities Contracts (Scotland) Regulations 2016

We gained an understanding of how the Authority is complying with these laws and regulations by making enquiries of management. We corroborated these enquiries through our review of submitted returns and relevant correspondence with regulatory bodies and Board meeting minutes.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including how fraud might occur, by meeting with management to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management was remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. In areas of the financial statements where the risks were considered to be higher, we performed procedures to address each identified risk.

The following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Obtaining an understanding of the Authority's risk assessment processes, including the risk of fraud, by observation and enquiry;
- 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.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that 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 intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed 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 are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

# **PETERHEAD PORT AUTHORITY**

## **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

### **TO THE MEMBERS OF PETERHEAD PORT AUTHORITY**

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#### **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.



**Fiona Kenneth (Senior Statutory Auditor)**  
**For and on behalf of Johnston Carmichael LLP**

Date: ..... 21 April 2022

**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 2021

		2021	2020
	Notes	£	as restated £
Turnover	3	13,068,237	12,467,470
Cost of sales		(9,832,566)	(5,170,528)
Release of government grant		413,170	379,056
<b>Gross profit</b>		<b>3,648,841</b>	<b>7,675,998</b>
Administrative expenses		(4,712,703)	(4,503,840)
Other operating income		4,327	137,605
<b>Operating (loss)/profit</b>	<b>4</b>	<b>(1,059,535)</b>	<b>3,309,763</b>
Interest receivable and similar income	7	54,979	77,839
Interest payable and similar expenses	8	(600,235)	(703,534)
Fair value gains / (losses)	9	(642,215)	(454,191)
<b>(Loss)/profit before taxation</b>		<b>(2,247,006)</b>	<b>2,229,877</b>
Tax on (loss)/profit	10	(176,208)	(502,307)
<b>(Loss)/profit for the financial year</b>		<b>(2,423,214)</b>	<b>1,727,570</b>

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 2021

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	2021 £	2020 £
(Loss)/profit for the year	(2,423,214)	1,727,570
<b>Other comprehensive income</b>		
Actuarial gain on defined benefit pension schemes	813,000	145,000
Tax relating to other comprehensive income	(203,250)	(27,550)
<b>Other comprehensive income for the year</b>	609,750	117,450
<b>Total comprehensive (expenditure) / income for the year</b>	(1,813,464)	1,845,020

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# PETERHEAD PORT AUTHORITY

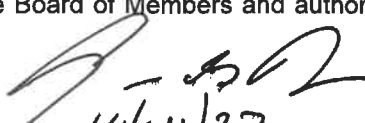
## BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	11	84,153,516		86,317,457	
Investment properties	12	14,225,750		15,858,742	
Investments	13	1,232,479		1,063,157	
		<u>99,611,745</u>		<u>103,239,356</u>	
<b>Current assets</b>					
Stocks	15	11,517		8,634	
Debtors	16	1,939,365		2,318,363	
Investments - bank deposit accounts		5,763,844		5,740,835	
Cash at bank and in hand		6,237,744		6,904,131	
		<u>13,952,470</u>		<u>14,971,963</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(5,172,167)</u>		<u>(4,841,046)</u>	
<b>Net current assets</b>		<u>8,780,303</u>		<u>10,130,917</u>	
<b>Total assets less current liabilities</b>		<u>108,392,048</u>		<u>113,370,273</u>	
<b>Creditors: amounts falling due after more than one year</b>	18	<u>(23,688,477)</u>		<u>(26,394,747)</u>	
<b>Provisions for liabilities</b>					
Deferred tax liability	20	1,816,424	1,322,615		
		<u>(1,816,424)</u>	<u>1,322,615</u>		
<b>Government grants</b>	21	<u>(10,681,567)</u>		<u>(10,869,867)</u>	
<b>Net assets excluding pension liability</b>		<u>72,205,580</u>		<u>74,783,044</u>	
<b>Defined benefit pension liability</b>	22	<u>(94,000)</u>		<u>(858,000)</u>	
<b>Net assets</b>		<u><u>72,111,580</u></u>		<u><u>73,925,044</u></u>	
<b>Capital and reserves</b>					
Profit and loss reserves	23	<u><u>72,111,580</u></u>		<u><u>73,925,044</u></u>	

The financial statements were approved by the Board of Members and authorised for issue on 14 April 2022 and are signed on its behalf by:

  
 .....  
 Mr S G Brebner  
 Chief Executive

  
 14/04/22  
 .....  
 Mr G B Thain  
 Convenor

# PETERHEAD PORT AUTHORITY

## STATEMENT OF CHANGES IN EQUITY

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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	<b>Profit and loss reserves £</b>
<b>Balance at 1 January 2020</b>	72,080,024
<hr/>	
<b>Year ended 31 December 2020:</b>	
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)
	<hr/>
Total comprehensive income for the year	1,845,020
	<hr/>
<b>Balance at 31 December 2020</b>	73,925,044
<hr/>	
<b>Year ended 31 December 2021:</b>	
Loss for the year	(2,423,214)
Other comprehensive income:	
Actuarial gains on defined benefit plans	813,000
Tax relating to other comprehensive income	(203,250)
	<hr/>
Total comprehensive expenditure for the year	(1,813,464)
	<hr/>
<b>Balance at 31 December 2021</b>	72,111,580

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# PETERHEAD PORT AUTHORITY

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
<b>Cash flows from operating activities</b>					
Cash generated from operations	28	2,237,582		6,058,902	
Interest paid		(588,235)		(685,534)	
Income taxes paid		(28,969)		(441,074)	
<b>Net cash inflow from operating activities</b>		<u>1,620,378</u>		<u>4,932,294</u>	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(579,804)		(528,557)	
Proceeds on disposal of tangible fixed assets		1,000		-	
Purchase of investment property		(232,300)		-	
Receipt of capital grants		224,869		-	
Interest received		36,564		59,159	
Other income received from investments		18,415		18,681	
<b>Net cash used in investing activities</b>		<u>(531,256)</u>		<u>(450,717)</u>	
<b>Financing activities</b>					
Repayment of Scottish Government loan		(250,000)		(187,500)	
Repayment of bank loans		(1,482,500)		(1,482,500)	
<b>Net cash used in financing activities</b>		<u>(1,732,500)</u>		<u>(1,670,000)</u>	
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(643,378)</u>		<u>2,811,577</u>	
Cash and cash equivalents at beginning of year		12,644,966		9,833,389	
<b>Cash and cash equivalents at end of year</b>		<u>12,001,588</u>		<u>12,644,966</u>	
<b>Relating to:</b>					
Cash at bank and in hand		6,237,744		6,904,131	
Short term deposits included in current asset investments		<u>5,763,844</u>		<u>5,740,835</u>	



# PETERHEAD PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 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. Dues on ships are recognised in accordance with the period for which the ship is berthed. Dues on goods are recognised at the point of entry into the port. Rental income is recognised on a straight line basis over the lease term. Pilotage and other services are recognised in the period that the services are provided.

##### 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 25-71 years
Plant and Equipment	straight line over 5-15 years
Land	not depreciated
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 2021

### 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 2021

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#### 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.

##### **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.

# PETERHEAD PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 1 Accounting policies

(Continued)

##### ***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 2021

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#### 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 was a defined contribution scheme as the Authority's ultimate share of the assets and liabilities of the scheme cannot be identified. The Authority provides for deficit funding contributions at the discounted value of future contributions payable under the deficit funding plan.

##### 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.

#### 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.



# PETERHEAD PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 2 Judgements and key sources of estimation uncertainty

(Continued)

##### **Key sources of estimation uncertainty**

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:

##### **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 engaged the services of an external property valuer to determine the fair value as at 31 December 2021.

##### **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 plan obligations and net interest expense and assumptions for inflation rates.

The assumptions used, which are determined based on advice from the scheme actuary, are detailed in note 22.

#### 3 Turnover and other revenue

	2021 £	2020 £
Turnover analysed by class of business		
Dues on ships	2,058,665	2,023,433
Dues on goods	5,723,360	5,626,105
Rental income	2,739,276	2,400,873
General revenue and services	1,105,892	1,089,134
Pilotage services	717,712	691,385
Pilotage Exemption Certificates ('PECs')	307,667	251,746
VTS services	415,665	384,794
	<u>13,068,237</u>	<u>12,467,470</u>
Turnover analysed by geographical market		
United Kingdom	<u>13,068,237</u>	<u>12,467,470</u>

# PETERHEAD PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 3 Turnover and other revenue (Continued)

	2021 £	2020 £
<b>Other significant revenue</b>		
Interest income	205,886	112,368

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 (loss)/profit

	2021 £	2020 £
Operating (loss)/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	25,250	19,000
Depreciation of owned tangible fixed assets	2,823,731	2,852,181
Profit on disposal of tangible fixed assets	(1,000)	-
Providing services of a pilot	451,473	408,151
Providing, maintaining and operating the pilot boat	475,103	415,206
Pilotage administration and other costs	115,020	132,907
Operating lease charges	215,672	204,776

#### 5 Employees

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

	2021 Number	2020 Number
Administrative employees	15	15
Direct employees	48	44
Non-executive Members	10	10
<b>Total</b>	<b>73</b>	<b>69</b>

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	2,887,719	2,848,981
Social security costs	301,295	289,170
Pension costs	348,044	416,456
<b>Total</b>	<b>3,537,058</b>	<b>3,554,607</b>

# PETERHEAD PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

### 6 Members' remuneration

	2021 £	2020 £
Remuneration for qualifying services	269,701	262,946
Authority pension contributions	37,111	33,661
	<u>306,812</u>	<u>296,607</u>

Remuneration disclosed above includes the following amounts paid to the highest paid Member:

	2021 £	2020 £
Remuneration for qualifying services	162,519	159,563
Authority pension contributions	37,111	33,661
	<u>199,630</u>	<u>193,224</u>

### 7 Interest receivable and similar income

	2021 £	2020 as restated £
<b>Interest income</b>		
Interest on bank deposits	36,564	59,158
<b>Income from fixed asset investments</b>		
Income from other fixed asset investments	18,415	18,681
<b>Total income</b>	<u>54,979</u>	<u>77,839</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	<u>36,564</u>	<u>59,158</u>
--	---------------	---------------

Comparative figures have been restated as disclosed in Note 8.

### 8 Interest payable and similar expenses

	2021 £	2020 as restated £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	588,235	685,534
<b>Other finance costs:</b>		
Net interest on the net defined benefit liability	12,000	18,000
	<u>600,235</u>	<u>703,534</u>

# PETERHEAD PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

(Continued)

#### 8 Interest payable and similar expenses

For consistency with the current year, interest on the net defined benefit asset has been reallocated from interest income and offset against interest on the net defined benefit liability.

#### 9 Fair value gains / (losses)

	2021 £	2020 £
<b>Fair value gains/(losses) on financial instruments</b>		
Change in value of financial assets held at fair value through profit or loss	973,769	(530,143)
<b>Other gains/(losses)</b>		
Changes in the fair value of investment properties	(1,785,306)	22,742
Fair value gains on listed investments	169,322	53,210
	<u>(642,215)</u>	<u>(454,191)</u>

#### 10 Taxation

	2021 £	2020 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	-	450,567
Adjustments in respect of prior periods	(114,351)	(75,720)
Total current tax	<u>(114,351)</u>	<u>374,847</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(255,429)	97,172
Changes in tax rates	387,161	-
Adjustment in respect of prior periods	158,827	30,288
Total deferred tax	<u>290,559</u>	<u>127,460</u>
Total tax charge	<u>176,208</u>	<u>502,307</u>

# PETERHEAD PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 10 Taxation

(Continued)

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

	2021 £	2020 £
(Loss)/profit before taxation	(2,247,006)	2,229,877
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	(426,931)	423,677
Tax effect of expenses that are not deductible in determining taxable profit	339,444	52
Tax effect of income not taxable in determining taxable profit	(67,796)	(59,143)
Other permanent differences	3,103	-
Deferred tax adjustments in respect of prior years	158,827	30,288
Potential gains on investment properties	(310,268)	4,321
Remeasurement of deferred tax for changes in tax rates	387,161	-
Fixed asset differences	210,518	178,832
Adjustments to tax charge in respect of previous periods	(114,351)	(75,720)
Exempt ABGH distributions	(3,499)	-
Taxation charge for the year	176,208	502,307

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:

	2021 £	2020 £
Deferred tax arising on:		
Actuarial differences recognised as other comprehensive income	203,250	27,550



# PETERHEAD PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 11 Tangible fixed assets

	Harbour structures and dredging	Plant and Equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2021	109,660,201	13,621,330	85,383	123,366,914
Additions	268,545	264,420	46,839	579,804
Disposals	-	-	(6,000)	(6,000)
Transfers from investment property	79,986	-	-	79,986
At 31 December 2021	110,008,732	13,885,750	126,222	124,020,704
<b>Depreciation and impairment</b>				
At 1 January 2021	31,185,211	5,782,757	81,489	37,049,457
Depreciation charged in the year	2,031,225	781,396	11,110	2,823,731
Eliminated in respect of disposals	-	-	(6,000)	(6,000)
At 31 December 2021	33,216,436	6,564,153	86,599	39,867,188
<b>Carrying amount</b>				
At 31 December 2021	76,792,296	7,321,597	39,623	84,153,516
At 31 December 2020	78,474,990	7,838,573	3,894	86,317,457

#### 12 Investment property

	2021 £
<b>Fair value</b>	
At 1 January 2021	15,858,742
Additions through external acquisition	232,300
Transfers to fixed assets	(79,986)
Net gains or losses through fair value adjustments	(1,785,306)
At 31 December 2021	14,225,750

The fair value of the investment properties has been determined on the basis of a valuation carried out as at 31 December 2021 by CBRE Limited, an independent professional valuer. The valuation has been undertaken in accordance with the latest edition of the RICS Valuation - Global Standards and the RICS Valuation - Professional Standards UK published by the Royal Institute of Chartered Surveyors.

#### 13 Fixed asset investments

	2021 £	2020 £
Listed investments	1,232,479	1,063,157

# PETERHEAD PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 13 Fixed asset investments (Continued)

##### Movements in fixed asset investments

	Investments £
<b>Valuation</b>	
At 1 January 2021	1,063,157
Valuation changes	169,322
At 31 December 2021	1,232,479
<b>Carrying amount</b>	
At 31 December 2021	1,232,479
At 31 December 2020	1,063,157

#### 14 Financial instruments

	2021 £	2020 £
<b>Carrying amount of financial liabilities</b>		
Measured at fair value through profit or loss		
- Other financial liabilities - interest rate swap	9,727	983,497

#### 15 Stocks

	2021 £	2020 £
Consumables stock	11,517	8,634

#### 16 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,187,838	1,644,940
Other debtors	225,434	173,149
Prepayments and accrued income	526,093	500,274
	1,939,365	2,318,363

# PETERHEAD PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 17 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans	19	1,482,500	1,482,500
Scottish Government loan	19	250,000	250,000
Trade creditors		405,935	651,966
Corporation tax		-	143,319
Other taxation and social security		89,906	105,460
Other creditors		2,214,106	1,602,593
Accruals and deferred income		729,720	605,208
		<u>5,172,167</u>	<u>4,841,046</u>

#### 18 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans and overdrafts	19	22,366,250	23,848,750
Scottish Government loan	19	1,312,500	1,562,500
Derivative financial instruments		9,727	983,497
		<u>23,688,477</u>	<u>26,394,747</u>

#### 19 Loans and overdrafts

	2021 £	2020 £
Bank loans	23,848,750	25,331,250
Scottish Government loan	1,562,500	1,812,500
	<u>25,411,250</u>	<u>27,143,750</u>
Payable within one year	1,732,500	1,732,500
Payable after one year	<u>23,678,750</u>	<u>25,411,250</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. Libor based adjustments are to be replaced with interest calculations based on Sterling Overnight Index Average (SONIA) as from the start of 2022.

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 £16,748,750 (2020 - £18,481,250).

# PETERHEAD PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

### 20 Deferred taxation

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

	<b>Liabilities 2021 £</b>	<b>Liabilities 2020 £</b>
<b>Balances:</b>		
Fixed asset timing differences	1,823,441	1,080,234
Losses and other deductions	(121,698)	-
Other short term timing differences	(101,382)	(86,935)
Retirement benefit obligations	(23,500)	(163,020)
Capital gains	239,563	492,336
	<u>1,816,424</u>	<u>1,322,615</u>
<b>Movements in the year:</b>		<b>2021 £</b>
Liability at 1 January 2021		1,322,615
Charge to profit or loss		290,559
Charge to other comprehensive income		203,250
		<u>1,816,424</u>
Liability at 31 December 2021		<u>1,816,424</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 £239,563 in respect of capital gains is unlikely to arise.

### 21 Government grants

	<b>2021 £</b>	<b>2020 £</b>
Government Grants	<u>10,681,567</u>	<u>10,869,867</u>
<b>Movements within grants:</b>		
Opening balance at 1 January 2021		10,869,867
Grants received		225,670
Amortisation of deferred grants		(413,970)
		<u>10,681,567</u>
Closing balance at 31 December 2021		<u>10,681,567</u>

# PETERHEAD PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 22 Retirement benefit schemes

	2021 £	2020 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	311,044	292,708

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 years, 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 £99,000 (2020: £91,000).

<i>Key assumptions</i>	2021 %	2020 %
Discount rate	1.8	1.4
Expected rate of increase of pensions in payment	2.9	2.5
Expected rate of salary increases	4.3	4.0
CPI inflation	2.8	2.4

<i>Mortality assumptions</i>	2021 Years	2020 Years
Assumed life expectations on retirement at age 65:		
Retiring today		
- Males	21.5	21.4
- Females	24.2	24.1
Retiring in 20 years		
- Males	23.1	23.0
- Females	26.3	26.2

	2021 £	2020 £
<i>Amounts recognised in the profit and loss account</i>		
Current service cost	134,000	122,000
Net interest on net defined benefit liability/(asset)	12,000	18,000
Other costs and income	2,000	23,000
<b>Total costs</b>	<b>148,000</b>	<b>163,000</b>

# PETERHEAD PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 22 Retirement benefit schemes

(Continued)

	2021 £	2020 £
<i>Amounts taken to other comprehensive income</i>		
Actual return on scheme assets	(765,000)	(751,000)
Less: calculated interest element	80,000	104,000
Return on scheme assets excluding interest income	(685,000)	(647,000)
Actuarial changes related to obligations	(128,000)	502,000
Total costs/(income)	(813,000)	(145,000)

The amounts included in the balance sheet arising from the Authority's obligations in respect of defined benefit plans are as follows:

	2021 £	2020 £
Present value of defined benefit obligations	6,582,000	6,566,000
Fair value of plan assets	(6,488,000)	(5,708,000)
Deficit in scheme	94,000	858,000

	2021 £
<i>Movements in the present value of defined benefit obligations</i>	
Liabilities at 1 January 2021	6,566,000
Current service cost	134,000
Benefits paid	(119,000)
Contributions from scheme members	37,000
Actuarial gains and losses	(128,000)
Interest cost	92,000
At 31 December 2021	6,582,000

	2021 £
<i>The defined benefit obligations arise from plans funded as follows:</i>	
Wholly unfunded obligations	25,000
Wholly or partly funded obligations	6,557,000
	6,582,000

# PETERHEAD PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 22 Retirement benefit schemes

(Continued)

	2021 £
<i>Movements in the fair value of plan assets</i>	
Fair value of assets at 1 January 2021	5,708,000
Interest income	80,000
Return on plan assets (excluding amounts included in net interest)	685,000
Benefits paid	(119,000)
Contributions by the employer	99,000
Contributions by scheme members	37,000
Other	(2,000)
At 31 December 2021	<u>6,488,000</u>

The actual return on plan assets was £764,000 (2020: £985,000).

	2021 £	2020 £
<i>Fair value of plan assets at the reporting period end</i>		
Equity instruments	3,912,000	3,243,000
Government and other bonds	519,000	365,000
Property	409,000	365,000
Cash	221,000	171,000
Other	1,427,000	1,564,000
	<u>6,488,000</u>	<u>5,708,000</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 was revised and in accordance with FRS 102, a liability of £499,610 (2020: £561,770) 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 latest funding update available to 30 September 2021 shows that the funding position has improved and the deficit has reduced by £25.5m. The estimated deficit of £133.8m as at 30 September 2021 remains ahead of the deficit expected under the current Recovery Plan of £137.6m at 30 September 2021.

The Merchant Navy Officers Pension Fund ('MNOF') had its last actuarial valuation at 31 March 2020 which reported a net surplus of £14m (2019: net deficit of £33m). Peterhead Port Authority has no employees contributing to the fund as the MNOF 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.

#### 23 Profit and loss reserves

The profit and loss account represents cumulative realisable profits and losses, except for an amount of £8,869,255 (2020 - £10,654,561) 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 2021

### 24 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:

	2021 £	2020 £
Within one year	152,933	150,668
Between two and five years	47,090	33,939
	<u>200,023</u>	<u>184,607</u>

#### Lessor

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

	2021 £	2020 £
Within one year	1,002,933	1,073,831
Between two and five years	2,472,719	2,847,150
In over five years	14,639,987	15,539,102
	<u>18,115,639</u>	<u>19,460,083</u>

### 25 Capital commitments

Amounts contracted for but not provided in the financial statements:

	2021 £	2020 £
Acquisition of tangible fixed assets	-	230,000

### 26 Events after the reporting date

There were no events to report after the reporting date of 31 December 2021.

### 27 Related party transactions

#### Remuneration of key management personnel

The remuneration of key management personnel, one of whom is also a Member, is as follows:

	2021 £	2020 £
Aggregate compensation	<u>634,644</u>	<u>615,941</u>



# PETERHEAD PORT AUTHORITY

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2021

#### 28 Cash generated from operations

	2021 £	2020 £
(Loss)/profit for the year after tax	(2,423,214)	1,727,570
<b>Adjustments for:</b>		
Taxation charged	176,208	502,307
Finance costs	600,235	703,534
Investment income	(54,979)	(81,884)
Gain on disposal of tangible fixed assets	(1,000)	-
Depreciation and impairment of tangible fixed assets	2,823,731	2,852,181
Fair value gains and losses	642,215	458,236
Pension scheme non-cash movement	37,000	54,000
Amortisation of deferred grant	(413,170)	(379,056)
<b>Movements in working capital:</b>		
(Increase)/decrease in stocks	(2,882)	3,693
Decrease in debtors	378,998	14,034
Increase in creditors	474,440	204,287
<b>Cash generated from operations</b>	<b>2,237,582</b>	<b>6,058,902</b>

#### 29 Analysis of changes in net debt

	1 January 2021 £	Cash flows £	Other non- cash changes £	31 December 2021 £
Cash and cash equivalents	12,644,966	(643,378)	-	12,001,588
Borrowings excluding overdrafts	(27,143,750)	1,732,500	-	(25,411,250)
Derivatives relating to debt	(983,497)	-	973,770	(9,727)
	<b>(15,482,281)</b>	<b>1,089,122</b>	<b>973,770</b>	<b>(13,419,389)</b>