RNS Number : 9462E
Sutton Harbour Group PLC
20 September 2024

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Sutton Harbour Group plc

("Sutton Harbour", the "Company" or, together with its subsidiaries, the "Group")

Final Results for the year ended 31 March 2024

Sutton Harbour, the AIM quoted owner and operator of Sutton Harbour in Plymouth and specialist in waterfront regeneration projects and operation of waterfront real estate, marinas and Plymouth Fisheries, announces its audited annual results for the year ended 31 March 2024. The statutory accounts and annual report for 2024 ("Annual Report") are expected to be made available on the Company's website (www.suttonharbourgroup.com) later today and sent to shareholders by the end of the month.

Summary

- Completion of the Harbour Arch Quay development comprising 14 apartments, with all sales completed immediately on completion of construction, and ground floor space occupied as the Group's head office.
- Lock cill works successfully completed by the Environment Agency, restoring normal access and egress to Sutton Harbour from March 2024.
- Record trading year for both King Point Marina and the Group's car park operations
- New banking facility completed providing committed facilities until December 2026.
- Former Airport site claim ongoing and lock Arbitration Hearing scheduled for November 2024.

Financial Highlights

	Note	**2024**	2023
Adjusted (loss) before tax	*	**£(3.330)m**	£(0.096)m
Net financing costs		**£2.000m**	£1.150m
Net assets		**£54.1m**	£56.1m
Net asset per share		**37.8p**	43.1p
Valuation of property portfolio	**	**£54.7m**	£55.5m
Year-end net debt		**£24.8m**	£29.6m

**Excluding fair value adjustments of £0.200m relate to revaluations of property and exceptional items of £0.855m, as explained in the Chairman's Statement.*

***Comprises investment and owner occupied portfolios. Excludes land held as development inventory. Valuation as at 31 March 2024.*

Philip Beinhaker, Executive Chairman, commented:

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

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Page number references in this announcement refer to the Annual Report, available as set out above on the Company's website.

Executive Chairman's Statement

Introduction

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

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

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

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

Results and Financial Position

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

Gearing (Net Debt/Net Assets)	**45.9%**	52.2%

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

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

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

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

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

Net debt (including lease liabilities) fell to £24.805m as at 31 March 2024 from £29.258m at 31 March 2023, a decrease of £4.453m. The key movements in net debt during the year include a repayment of the bank loan of £3.2m, repayment of development finance of £4.5m and an increase in related party loan financing (including rolled up interest) of £769,000.

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

As at 31 March 2024, net assets were £54.091m (31 March 2023: £56.067m), a net asset value of 37.8p per ordinary share (31 March 2023: 43.1p per ordinary share). The movement includes the valuation of the Group's property assets which gave rise to an overall valuation deficit of £1.604m (2023: overall surplus of £0.510m), as reconciled in the table below, of which a £0.356m surplus relates to the investment property portfolio and a net £1.960m deficit relates to the owner-occupied properties. The improvement in the investment property portfolio incorporates increased valuation of the Old Barbican Market following complete refurbishment and lettings to quality covenants. The deficits recorded on the owner occupied properties reflect higher interest rates, trading performance, general market sentiment and, in respect of Sutton Harbour Marina, the decommissioning of the Sutton Jetty structure which has resulted in lost operational and lettable space.

	Valuation Surplus/(Deficit)	Accounting
Owner Occupied Portfolio		
- Fisheries	(£0.556m)	Fair valuation adjustment recorded in the Income Statement as no revaluation reserve available to absorb the deficit
- Marinas	(£2.816m)	Debited to the Revaluation Reserve in the Balance Sheet
- Car Parks	£1.412m	Credited to the Revaluation Reserve in the Balance Sheet
Investment Property Portfolio	£0.356m	Fair valuation adjustment recorded in the Income Statement
TOTAL	£1.604m	

Further details on financial performance can be found in the Financial Review on page 12.

Financing

During the year the following financing events occurred:

- May 2023 - £2.923m raised by way of share subscription to support ongoing higher costs and repayment of bank loan.
- July - December 2023 - £3.2m repayment of bank loan.

- October 2023 - repayment of £4.5m development lender's loan following sale of Harbour Arch Quay apartments.
- March 2024 - drawdown of additional £450,000 Related Party Loan from Beinhaker Design Services Limited (BDS).

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

The Group has reviewed its requirement for further cash liquidity and the need to reduce debt servicing costs to a more manageable level. During the year the current Bank of England base rate increased from 4.25% to 5.25% resulting in the average cost of bank debt of the Group at c.8%. It is not currently foreseen that rates will fall materially in the near term and through discussions with the Group's bankers, a managed reduction of the banking facility from £21.7m (as at 31 March 2024) to £11.8m is targeted within the current financial year. Accordingly, the Group has placed selected assets for sale (being six investment properties, and King Point Marina) to assist with its finance restructuring plan. These items are documented in the new credit facility completed in August 2024 with the Group's bankers. The new facility expires on 30 December 2026. Except where deferred and then extinguished when the new facility was put in place with the Group's bankers, all covenants were met during the year.

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

	£
Beinhaker Design Services Limited	2.530m
Rotolok (Holdings) Limited	1.345m
Total	3.875m

After the year end, Beinhaker Design Services Limited agreed to loan the Group a further £1.970m under the same terms as the existing loans to allow the Group to meet its ongoing liabilities in advance of completing the finance restructuring plan. Additionally, Beinhaker Design Services Limited agreed with Rotolok (Holdings) Limited to purchase Rotolok's loan principal of £1.150m, a transaction which does not affect the overall debt owed by the Group nor the cost of servicing the overall Related Party Loan financing. The accrued capitalised interest on the £1.150m loan principle relating to the Rotolok (Holdings) Limited of £0.195m at the Balance Sheet date will continue to accrue rolled up interest at 10% per annum until repaid.

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

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

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

Operations Report
Marine

Marinas
For the year under review, occupancies of Sutton Harbour Marina and King Point Marina were 88% and 86% respectively. King Point Marina achieved a record year for berthing revenue demonstrating maturity of the asset which was opened in 2013. Berthing pricing for Sutton Marina was frozen for the 2023/2024 season to recognise the impact of the lock works. At the end of 2023, Sutton Jetty, the pier structure that accommodated the marina office and amenity facilities, was closed on the advice of structural engineers. The future of Sutton Jetty is currently under consideration and for the meantime the office space has been accommodated within the Group's office and temporary amenity facilities have been provided in the marina car park. The Group has placed an order for bespoke amenities housed in a floating unit and has secured asset financing for the purchase thereof. The new facility, which is due for delivery in December 2024, will improve accessibility for customers with the unit being level with the pontoon and comprising 5 wet rooms and 1 disabled access wet room. To reflect the inconvenience to berthholders of the temporary facilities and also to compensate for inconvenience of the second phase of the Lock Work, berthing fees were increased by only a modest amount for the current 2024/2025 season. Following marketing of the berths, the second phase of the Lock Works was rescheduled to start earlier in January 2024

and was completed by March 2024. Marina fees at Sutton Harbour Marina will be restored to market rates for the 2025/2026 season.

Fisheries

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

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

Real Estate and Car Parking

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

Regeneration

Harbour Arch Quay

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

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

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

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

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

North Quay House

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

Sugar Quay

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

Former Airport Site - Planning

The five year safeguard as advised by National Planning Directorate expired in March 2024. Accordingly, the Group submitted a 'Pre Application' masterplan to the Local Planning Authority setting out a mix of uses that the site could accommodate. The masterplan was carefully prepared to respect the Local Planning Authority's policy to see the site protected for another five years to provide a further opportunity for a viable aviation operations plan for the site to be brought forward. The plan is therefore divided into three new phases, which would not disrupt the runway until the final third phase following a further five years safeguard period. The Local Planning Authority and the Group have established a process for the evaluation and realisation of the next phase of development which would retain the possibility of future aviation operations on part of the site. An agreed schedule of meetings to consider different aspects of the 'Pre Application' will take place over the coming months.

Former Airport Site - Lease

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

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

Financial Position and Outlook

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

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

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

Summary

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

Philip Beinhaker

EXECUTIVE CHAIRMAN

19 September 2024

Consolidated Income Statement for

the year ended 31 March 2024

	2024 **£000**	2023 £000
Revenue	**16,353**	8,161
Cost of sales	**(16,349)**	(5,915)
Gross profit	**4**	2,246
Fair value adjustments on investment properties and fixed assets	**(200)**	(1,925)
Administrative expenses	**(1,342)**	(1,193)
Exceptional costs	**(855)**	-
Operating (loss)/profit	**(2,393)**	(872)
Finance income	**8**	1
Finance costs	**(2,000)**	(1,150)
Net finance costs	**(1,992)**	(1,149)
(Loss before tax from continuing operations	**(4,385)**	(2,021)
Taxation credit/(charge) on (loss) from continuing operations	**549**	(15)
(Loss) for the year from continuing operations	**(3,836)**	(2,036)
(Loss) for the year attributable to owners of the parent	**(3,836)**	(2,036)
Basic and Diluted (loss) per share from continuing operations	**(2.71p)**	(1.57p)

Consolidated Statement of Other Comprehensive Income for
the year ended 31 March 2024

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

Consolidated Balance Sheet
As at 31 March 2024

2024 2023

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

Consolidated Statement of Changes in Equity
For the year ended 31 March 2024

	Share capital	Share premium	Revaluation reserve	Merger reserve	Retained earnings	Total equity
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2022	16,406	13,972	18,309	3,871	3,653	56,211
Comprehensive income						
Loss for the year	-	-	-	-	(2,036)	(2,036)
Other comprehensive income						
Share Issue	-	-		-	-	-
Revaluation of property, plant and equipment	-	-	2,435	-	-	2,435
Deferred tax on revaluation	-	-	(543)	-	-	(543)
Total comprehensive income	-	-	1,892	-	(2,036)	(144)
Balance at 1 April 2023	16,406	13,972	20,201	3,871	1,617	56,067

Balance at 1 April 2023	16,406	13,972	20,201	3,871	1,617	56,067
Comprehensive income	**-**	**-**	**-**	**-**	**(3,836)**	**(3,836)**
Loss for the year						
Other comprehensive income						
Share issue	**130**	**2,772**	**-**	**-**	**-**	**2,902**
Revaluation of property, plant and equipment	**-**	**-**	**(1,404)**	**-**	**-**	**(1,404)**
Deferred tax on revaluation	**-**	**-**	**362**	**-**	**-**	**362**
Total other comprehensive income	**130**	**2,772**	**(1,042)**	**-**	**(3,836)**	**(1,976)**
Total balance at 31 March 2024	**16,536**	**16,744**	**19,159**	**3,871**	**(2,219)**	**54,091**

Consolidated Cash Flow Statement
For the year ended 31 March 2024

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

Reconciliation of financing activities for the year ended 31 March 2024

	2024	**Cash flow**	2023	Cash flow	2022
	£000	**£000**	£000	£000	£000
Bank loans	**21,700**	**(3,100)**	24,800	1,937	22,863
Other loans	**3,875**	**(1,602)**	5,477	3,202	2,275
Lease liabilities	**12**	**(64)**	76	(164)	240
Total debt	**25,587**	**(4,766)**	30,353	4,975	25,378

Basis of preparation

The results for the year to 31 March 2024 have been extracted from the audited consolidated financial statements, which are expected to be published by end September 2024.

The financial information set out above does not constitute the Company's statutory accounts for the years to 31 March 2024 or 2023 but is derived from those accounts. Statutory accounts for the year ended 31 March 2023 were delivered to the Registrar of Companies following the Annual General Meeting on 13 September 2023 and the statutory accounts for 2024 are expected to be published on the Group's website (www.suttonharbourgroup.com) shortly, posted to shareholders at least 21 days ahead of the Annual General Meeting ("AGM") to be held on 7 November 2024 and, after approval at the AGM, delivered to the Registrar of Companies.

The auditor, PKF Francis Clark, has reported on the accounts for the year ended 31 March 2024; their report includes a reference to the valuation of Plymouth City Airport (former airport site) and to the claim made against the Group by Plymouth City Council, both matters, which the auditors drew attention by way of emphases of matter, without qualifying their report.

Notes to the Consolidated Financial Statements

1. General information

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

The Group is a public limited company which is quoted on the AIM Market of the London Stock Exchange, is incorporated and domiciled in the UK and registered in England and Wales with number 02425189. The address of its registered office is Sutton Harbour Office, Guy's Quay, Plymouth, Devon, PL4 0ES.

2. Group accounting policies

Basis of preparation

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

The consolidated financial statements have been prepared in accordance with UK adopted IAS, and the Companies Act 2006 applicable to companies reporting under IFRS.

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

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

Changes in accounting policies and disclosures

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

Going concern

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

The Group is reliant on bank finance which is conditional on the debt reductions and other covenants. The Group's forecasts and projections, taking account of reasonably foreseeable possible changes in trading performance and on the basis that asset disposals meet the values and timelines agreed with the bank, show that the Group should be able to operate within the level of the facilities and covenants over a period of at least twelve months from the date of the approval of the accounts. The covenants measure interest cover, debt to fair value and capital expenditure.

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

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

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

Measurement convention

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

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

Basis of consolidation

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

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

Property, plant and equipment

Property, plant and equipment is divided into the following classes:

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

Land and buildings

Land and buildings include:

- Freehold and leasehold land. Where a lease has an unexpired term of more than 50 years it is considered to share the same characteristics as freehold land and is shown as such.

share the same characteristics as freehold land and is shown as such.

- Properties that are mainly owner-occupied, or that are an integral part of the Group's trading operations (marina including the lock, quays, marina buildings, the fishmarket building and car parks).

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

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

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

Assets in the course of construction

Assets in the course of construction are held at cost. Depreciation commences when the asset is capable of being operated as intended.

Plant, machinery and equipment, fixtures and fittings

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

Leased assets

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

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

Depreciation

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

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

Investment property

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

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

The portfolio is valued on an annual basis by an external independent valuer, who is RICS qualified. The valuer will also have recent experience in the location and category of property being valued.
The valuations, which are supported by market evidence, are prepared by considering the aggregate of the net annual rents receivable from the properties and where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation.

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

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

All tenant leases have been examined to determine if there has been any transfer of the risks and rewards of ownership from the Group to the tenant in accordance with IFRS 16 'Leases'. All tenant leases were determined to be operating leases. Accordingly, all the Group's leased properties are classified as investment properties and included in the balance sheet at fair value.

Inventories

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

Inventories - development property

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

Cash and cash equivalents

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

Impairment

The carrying amounts of the Group's assets other than investment property and inventories are considered at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Where the carrying amount of an asset exceeds its recoverable amount it is impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs.

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

Revenue

Revenue comprises the fair value of the consideration received or receivable, net of value-added-tax, rebates and discounts. Revenue is recognised in accordance with the transfer of promised goods or services to customers (i.e. when the customer gain control of ownership that has been transferred). The following criteria must also be met before revenue is recognised:

Rent and marina and berthing fees

Rent from investment property and marina and berthing fees are typically invoiced in advance and are accounted for as deferred income and recorded to revenue during the period to which the tenant had control of the service.

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

Other marine related revenue

Fuel sales, landing dues and other ancillary incomes, are recorded to revenue on the transfer of goods to the customer.

Car park revenue

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

Property sales

Revenue from property sales is recognised when effective control of the asset has passed to the buyer. This will be at the point of legal completion.

Interest income

Interest income is recognised as it becomes receivable.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and that the Group will comply with all conditions associated with the grant. Government grants in respect of capital expenditure are credited to reduce the initial carrying value of the related asset. Grants of a revenue nature are credited to a deferred income account and released to the income statement so as to match them with the expenditure to which they relate.

Lease payments

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

Net financing costs

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

Borrowing costs

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

Employee benefits: defined contribution plans

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

Employee benefits: share-based payment transactions

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

Provisions

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

Taxation

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

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted at the balance sheet date.

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

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

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

Segment reporting

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

Marine
Real Estate
Car Parking
Regeneration

Revenue included within each segment is as follows:

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

Car Parking:

Car park revenue

Real Estate:

Rent

Regeneration:

Property sales

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

Trade Receivables

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

Trade Payables

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

3. Financial risk management

Fair values

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

- Level 1: Quoted prices unadjusted in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly as prices or indirectly derived from prices; and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

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

Capital risk management

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

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

The Group has a target gearing ratio of approximately 50% but gearing may exceed these levels where a project is in the final stages, before start of construction and development refinancing or ultimate disposal. The Group currently has one consented scheme in under construction (Harbour Arch Quay) and two consented schemes with planning, with preconstruction work underway (Sugar Quay and Harbour Car Park extension). The Group structures borrowings into general facilities and secures specific financing for individual property projects as deemed appropriate.

The gearing ratio at the year end was as follows:

	2024	2023
	£000	£000
Borrowings and loans	**(25,575)**	(30,277)
Lease liabilities	**(12)**	(76)
Cash and cash equivalents	**782**	1,095
Net debt	**(24,805)**	(29,258)
Equity	**54,091**	56,067

Equity	**54,091**	56,067
Net debt to equity ratio	**45.9%**	52.2%

Bank borrowing facilities and financial covenants

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

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

The new banking facilities include financial covenants, including (i) a measure of EBITDA to interest covenant and from April 2026 a cashflow to interest coverage test (ii) a debt to fair value of property valuation covenant and (iii) a capital expenditure covenant. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of the facilities and covenants over a period of at least twelve months.

Liquidity risk

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

Contractual maturity

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

As at 31 March 2024:

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

As at 31 March 2023:

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

* financial liabilities at amortised cost

Interest rate risk

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

Credit risk

Many of the Group's customers are required to pay for services in advance of supply which reduces the

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

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

Commodity price risk

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

Sensitivity analysis

Interest rates

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

At 31 March 2024, it is estimated that a general increase of a percentage point in interest rates (being the best estimate of future anticipated changes in interest rates), would have decreased the Group's profit before tax from continuing operations by approximately £217,000 *(*2023: £228,000). Net assets would have decreased by the same amount.

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

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

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

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

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

These assets were independently valued by Jones Lang LaSalle ("JLL") at 31 March 2024. The valuation by JLL was in accordance with the Practice Statements in the Valuations Standards (The Red Book) published by the Royal Institution of Chartered Surveyors, on a market-based evidence approach, which is consistent with the required IFRS 13 methodology.

4. Accounting estimates and judgements

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

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

Estimates

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

The valuation of investment property and property held for use in the business as at 31 March 2024 was £17,543,000 and £36,352,000 respectively; (2023: £17,205,000 and £38,300,000 respectively). In determining the fair value of properties, the Board relies on external valuations carried out by professionally qualified independent valuers in accordance with the Appraisal and Valuation Standards of the Royal Institution of Chartered Surveyors. The valuation of investment properties uses estimated rental yields at industry wide rates, varied by sector, for each property based on market evidence at the date the valuation is carried out. Judgement is exercised in determining future rental income or profitability of the relevant properties. In the case of North Quay House, an office building where most tenants have vacated, the valuation is based on the price a purchaser might pay for the re-development opportunity. Properties held for use in the business (fishmarket, marinas and car parks) are valued using a discounted cash flow model with recent actuals and budgeted future results (fair maintainable operating profits) generated by the business activities operated from each owner-occupied property (some costs are reallocated between businesses for the discounted cashflow, but this has no impact on the overall valuations). Judgement is exercised in the preparation of the budgets and also in the discount factor multipliers applied to the fair maintainable operating profit to derive a valuation. Market evidence of values of similar assets is taken into account in the valuation process. Within the valuation of property held for use in the business, judgment is required to allocate the valuation between land and buildings. Any impact upon the valuation is therefore unknown at present. Further detail about the property valuation can be found in the Financial Review on page 12.

Judgements

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

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

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

The Board has exercised judgement in determining the net realisable value of development property, taking into account expected costs to complete and future sale proceeds, and hence whether any write-down of development property is required. Incorporated in the appraisal of net realisable value are judgements about: disposal revenue and/or investment value at completion; project formulation (including mix of development uses and development density); full development cost; amounts payable to third parties (for example, contributions to the local authority under section 106 agreements, sharing of proceeds with local authority and repayment of grants in the case of development of the former airport site); financing costs; time value of money; and, allowance for contingency.

The board has exercised judgement that the Former Airport Site is held as development inventory and that the net realisable value at 31 March 2024 is £13.518m (2023: £13.363m). The former airport site, a 113 acre site of which the Group directly owns c.8 acres and holds c.105 acres through an unexpired 130 year leasehold interest, with a right to renew for a further 150 years, totalling 280
years, is held as development inventory at a carrying value of £13.518m. At each balance sheet date, this

carrying value is tested for impairment with the board needing to satisfy itself that the asset is included in inventory at the lower of cost and net realisable value, with net realisable value including developer's return where applicable. The carrying value of £13.518m is derived as follows:

- The land and building asset was independently valued twice yearly until 31 March 2013, when the asset was transferred to development inventory. The airport closed in December 2011.
- As at 31 March 2013 the land and building asset was transferred to development inventory and combined with the pre-existing inventory total, which included the cost of building the Link Road and planning intellectual property costs.
- It was agreed at 31 March 2013 that the transfer would be made at valuation, inclusive of historic revaluations. As at 31 March 2013 the carrying value of the former airport asset was £11.479m, inclusive of past revaluations totalling £3.969m. The net increase in former airport asset valuation from 31 March 2013 (£11.479m) to 31 March 2024 (£13.518m) of £2.120m represents the capitalised costs of developing the planning intellectual property less the cost attributed to sales of small plots. £13.518m represents the historic cost of the airport asset as at 31 March 2024.
- In addition to the net cash expenditure on the airport asset, the former aviation operations, ongoing site maintenance and security, together with interest costs thereon (Present Value of total cash expended) is more than double the £13.518m.

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

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

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

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

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

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

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

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

<u>Uncertainties in relation to going concern</u>

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

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

5. Segment results

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. Details of the types of revenue generated by each segment are given in note 2.

The Board of Directors assesses performance using segmental operating profit. The segment information provided to the Board of Directors for the reportable segments for the year ended 31 March 2024 is as follows:

Year ended 31 March 2024	**Marine**	**Real Estate**	**Car Parking**	**Regeneration**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**
Revenue	5,692	1,450	930	8,281	16,353
Segmental Gross Profit before Fair value adjustment and unallocated expenses	1,151	975	507	(2,629)	4
Fair value adjustment on investment properties and fixed assets		(200)			(200)
Segmental Profit	1,151	775	507	(2,629)	(196)
Unallocated:					
Administrative expenses					(1,342)
Exceptional costs					(855)
Operating loss					(2,393)
Financial income					8
Financial expense					(2,000)
Loss before tax from continuing activities					(4,385)
Taxation					549
Loss for the year from continuing operations					(3,836)
Depreciation charge					
Marine					383
Car Parking					13
Administration					1
					397

Year ended 31 March 2023	Marine	Real Estate	Car Parking	Regeneration	Total
	£000	£000	£000	£000	£000
Revenue	6,016	1,374	771	-	8,161
Segmental Gross Profit before Fair value adjustment and unallocated expenses	974	965	449	(142)	2,246
Fair value adjustment on investment properties and fixed assets		(1,925)	-	-	(1,925)
Segmental Profit	974	(960)	449	(142)	321
Unallocated:					
Administrative expenses					(1,193)
Operating loss					(872)
Financial income					1
Financial expense					(1,150)
Loss before tax from continuing activities					(2,021)
Taxation					(15)
Loss for the year from continuing operations					(2,036)
Depreciation charge					
Marine					355
Car Parking					19
Administration					16
					390

Assets and liabilities

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

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

Additions to property, plant and equipment

Marine	**(125)**	(86)
Car Parking	**(1)**	(1)
Unallocated	**(10)**	(10)
Total	**(136)**	(97)

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

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

Revenue can be divided into the following categories:

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

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

6. Operating result

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

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

7. Services provided by the Group's auditors

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

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

8. Staff numbers and costs and Directors' remuneration

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

	Number of employees	
	2024	2023
Marine Activities	**24**	24
Administration	**6**	6
	30	30

The aggregate payroll costs of these persons were as follows:

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

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

	2024	2023

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

Details of the highest paid Director are detailed in the renumeration report on page 24.

9. Finance income and finance costs

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

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

10. Exceptional costs

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

	2024 £000	2023 £000
Expert lease legal costs	**82**	-
Temporary fish landing facility costs	**236**	-
Arbitration hearing costs	**537**	-
	855	-

11. Taxation

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

The tax assessed for the year uses the standard rate of corporation tax in the UK of 25% (2023: 19%).
The deferred tax (credit)/charge recognised in other comprehensive income is £(362,000) (2023: £543,000)

Reconciliation of effective tax rate

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

12. Share based payment

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

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

Set out below is a summary of options granted under the CSOP plan:

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

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

13. Earnings per share

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

Basic earnings per share

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

Diluted earnings per share

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

14. Property, plant and equipment

	Land and buildings £000	**Assets in the course of Construction £000**	**Plant, machinery and equipment, fixtures and fittings £000**	**Total £000**
Cost or valuation				
Balance at 1 April 2022	34,562	78	5,041	39,681
Additions	63	6	28	97
Revaluations to revaluation reserve	2,435	-	-	2,435
Disposals	-	-	(11)	(11)
Balance at 31 March 2023	37,060	84	5,058	42,202
Balance at 1 April 2023	**37,060**	**84**	**5,058**	**42,202**
Additions	72		64	136
Revaluation to income statement	(556)	-	-	(556)
Revaluations to revaluation reserve	(1,404)	-	-	(1,404)
Transfers	84	453	41	578
Disposals	-	-	(7)	(7)

Balance at 31 March 2024	**35,256**	**537**	**5,156**	**40,949**
Accumulated depreciation				
Balance at 1 April 2022	796	-	2,487	3,283
Depreciation charge for the year	147	-	243	390
Transfers	-	-	-	-
Disposals	-	-	(11)	(11)
Balance at 31 March 2023	943	-	2,719	3,662
Balance at 1 April 2023	**943**	**-**	**2,719**	**3,662**
Depreciation charge for the year	136	-	261	397
Disposals	-	-	-	-
Balance at 31 March 2024	**1,079**	**-**	**2,980**	**4,059**
Net book value				
At 31 March 2023	36,117	84	2,339	38,540
At 31 March 2024	**34,177**	**537**	**2,176**	**36,890**

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

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

Revaluations

Land and buildings are measured using the revaluation model as set out in note 2. These assets were independently valued by Jones Lang LaSalle ("JLL") at 31 March 2024 (see Strategic Report page 5). The valuation by JLL was in accordance with the Practice Statements in the Valuations Standards (The Red Book) published by the Royal Institution of Chartered Surveyors, on a market-based evidence approach. Further detail about property revaluation is included in the Financial Review on page 12.

At 31 March 2024, had the freehold land and buildings been measured using the cost model (historical cost less accumulated depreciation and accumulated impairment losses), their carrying value would be £23,492,000 (2023: £23,628,000).

At 31 March 2024, had the leasehold land and buildings been measured using the cost model (historical cost less accumulated depreciation and accumulated impairment losses), their carrying value would be £1,110,000 (2023: £1,110,000).

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

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

15. Investment property

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

Investment property is measured using the fair value model as set out in note 2. The fair value of the Group's investment property at 31 March 2024 has been determined by a valuation carried out on that date by independent, external valuers (see Strategic Report page 4), JLL in accordance with the Practice Statements in the Valuation Standards (The Red Book) published by the Royal Institution of Chartered Surveyors. JLL is a member of the Royal Institution of Chartered Surveyors and have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuations, which are supported by market evidence, are prepared by considering the aggregate of the net annual rents receivable from the properties and, where relevant, associated costs. A yield which reflects the specific risks inherent in the net cash flows is then applied to the net annual rentals to arrive at the property valuation. Further detail about property valuation is included in the Financial Review on page 12.

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

16. Investments

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

	Class of shares held	Ownership 2024	Ownership 2023	Nature of Business
Subsidiaries				
Sutton Harbour Company	Ordinary	**100%**	100%	Harbour Authority
Sutton Harbour Services Limited	Ordinary	**100%**	100%	Marine Leisure & Property
Plymouth City Airport Limited	Ordinary	**100%**	100%	Property Developer
Sutton Harbour Property and Regeneration Limited	Ordinary	**100%**	100%	Property
Harbour Arch Quay Limited	Ordinary	**100%**	100%	Property
Sutton Harbour Projects Limited	Ordinary	**100%**	100%	Property
Harbour Arch Quay Management Company Limited	Ordinary	**100%**	100%	Property
Sutton Harbour Car Parks Limited	Ordinary	**100%**	100%	Car Park Operator
Sugar Quay Holdings Limited	Ordinary	**100%**	100%	Investment Company
Sugar Quay Limited	Ordinary	**100%**	100%	Property Developer
Sutton East Holdings Limited	Ordinary	**100%**	100%	Property Developer
Sutton East Developco No1 Limited	Ordinary	**100%**	100%	Property Developer

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

All subsidiaries are included in the Group consolidated financial statements.

17. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

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

Movement in deferred tax during the year

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

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

18. Inventories

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

Included within inventories is £30,733,000 (2023: £37,048,000) expected to be recovered in more than 12 months. £13,518,000 (2023: £13,363,000) of the Development Property, being the carrying value of the former airport site, is classified in the Balance Sheet as a non-current asset as realisation of the asset may be in more than five years' time.
Inventories to the value of £12,878,000 including £10,716,000 for Harbour Arch Quay were recognised as an expense in the year (2023: £2,587,000).

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

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

19. Trade and other receivables

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

Included within other receivables is £555,000 (2023: £635,000) expected to be recovered in more than 12 months.

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

The provision for impairment of trade receivables is arrived at by using the historic loss rate and adjusting for current expectations, customer base and economic conditions. With historic and expected future losses being low, the Directors consider it appropriate to apply a single average rate for expected credit losses to the overall population of trade receivables.

20. Cash and cash equivalents

	2024	2023
	£000	£000
Cash and cash equivalents per Consolidated Balance Sheet	**782**	1,095
Cash and cash equivalents per cash flow statement	**782**	1,095

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

Undrawn facilities:

	2024	2023
	£000	£000

	£000	£000
Expiring within one year	-	-
Expiring within one to two years	-	100
Expiring between two and five years	-	-
	-	100

21. Bank loans

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

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

Secured bank loans:

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

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

22. Deferred income and deferred government grants

Deferred income classified as current liabilities comprises advance rental income and advance marina fees. Deferred government grants relate to grants received in relation to the Airport runway and lighting surrounding the runway. The grant liability relating to the airport runway and lighting will not be released prior to any future sale of the site.

	Deferred income		**Deferred government grants**	
	2024 £000	2023 £000	**2024 £000**	2023 £000
At the beginning of the year	**2,132**	2,225	**646**	646
Adjustment to opening balances		-	-	-
Released to the income statement	**(2,132)**	(2,225)	-	-
Income and grants received and deferred	**2,183**	2,132	-	-
At the end of the year	**2,183**	2,132	**646**	646
Current	**2,183**	2,132	-	-
Non-current	-	-	**646**	646
	2,183	2,132	**646**	646

23. Trade and other payables

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

The ageing of trade payables is as follows:

The ageing of trade payables is as follows:

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

24. Lease liabilities

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

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

25. Employee benefits

Pension plans - Defined contribution plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £184,000 (2023: £151,000). There were no amounts outstanding or prepaid at the year end (2023: £nil).

26. Capital and reserves

Share capital

	Ordinary shares		**Deferred shares**		**Total shares**	
Thousands of shares	**2024**	2023	**2024**	2023	**2024**	2023
In issue at the beginning of the financial year - fully paid	**129,944**	129,944	**62,944**	62,944	**192,888**	192,888
Issued for cash	**12,995**	-	**-**	-	**12,995**	-
In issue at the end of the financial year - fully paid	**142,939**	129,944	**62,944**	62,944	**205,883**	192,888

	2024	2023	**2024**	2023	**2024**	2023
	£000	£000	**£000**	£000	**£000**	£000
Allotted, called up and fully paid						
142,938,478 (2023:129,944,071) Ordinary shares of 1p each (2023: 1p each)	**1,430**	1,300	**-**	-	**1,430**	1,300
62,943,752 (2023: 62,943,752) Deferred shares of 24p each (2023: 24p each)	**-**	-	**15,106**	15,106	**15,106**	15,106
	1,430	1,300	**15,106**	15,106	**16,536**	16,406

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

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

Other reserves

Share premium account
The share premium account represents premiums paid over the nominal value of share capital issued less transaction costs.

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

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

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

27. Leases

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

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

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

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

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

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

28. Cash flow statements

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

29. Related Parties

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

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

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

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

Transactions with key management personnel:
Executive Directors of the Group and their immediate relatives control 75.38% (2023 72.91%) of the voting shares of the Group, see note 26.

The compensation of key management personnel (the Executive and Non-Executive Directors) is set out on the Remuneration Report on page 24.

30. Commitments

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

Lock Arbitration - an arbitration hearing with the Environment Agency concerning responsibility for the maintenance of Sutton Lock is scheduled for November 2024. Costs from 1 April 2024 through to the arbitration hearing date are estimated at approximately £253,000. At present there is no indication of the outcome of this hearing, nor of the resultant cost.
Further details are given in the Executive Chairman's Statement in respect of this matter.

31. Contingent Liabilities

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

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

32. Post Balance Sheet Events

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

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

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

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