

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

STATES' TRADING SUPERVISORY BOARD

PORTS ACCOUNTS 2018

The States are asked to decide:-

1. Whether they are of the opinion to agree with the States' Trading Supervisory Board's approval of the Ports Accounts for the year ending 31 December 2018.

The above Proposition has been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.

States of Guernsey
States' Trading Supervisory Board
Ports

Report and Financial Statements

For the year ended 31 December 2018

**States’ Trading Supervisory Board
Ports**

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States' Trading Supervisory Board Ports

States' Trading Supervisory Board Members, Principal Officers and Professional Advisers

States' Trading Supervisory Board Members

Deputy P. Ferbrache, President	appointed 27 June 2018
Deputy J. Kuttelwascher	appointed 25 September 2018
Deputy C. Parkinson, President	resigned 27 June 2018
Deputy J. Smithies	
Mr S. Falla MBE	
Mr J. Hollis	

The constitution of the States' Trading Supervisory Board ("STSB") provides that the membership of the STSB shall be a President and two members who shall be members of the States and two members who shall not be members of the States. If and when the STSB is inquorate and an urgent decision is required, the States' Rules of Procedure allow for the insufficiency of members to be replaced by members of the States chosen, in the first instance, from members of the Policy & Resources Committee.

Principal Officers to the States' Trading Supervisory Board

Mr S. Elliott, Managing Director, States of Guernsey Trading Assets
Mr R. Evans, Deputy Managing Director, States of Guernsey Trading Assets
Mr S. Gardiner, Finance Business Partner, States of Guernsey Trading Assets
Mr A. Ford, Head of Shareholder Executive, States of Guernsey Trading Assets

Ports Board Members

Mr S. Falla MBE,	Chairman
Deputy C. Parkinson	resigned 17 July 2018
Deputy P. Ferbrache	appointed 17 July 2018
Mr B. Smillie	non-voting adviser
Mr C. Le Ray	non-voting adviser
Mr I. Merrien	resigned 17 July 2018
Miss A. Tough	appointed as non-voting adviser 16 April 2018

At its meeting of 4 May 2017, the STSB agreed to establish political subcommittees (company Boards) for the trading assets including the Ports.

The constitution of the Ports Board ("PB") was determined by the STSB at its meeting 4 May 2017.

Further information on the role of the PB is provided in the section on Corporate Governance.

Principal Officers to the Ports Board

Mr C. Le Ray, General Manager, Ports	
Mr A. Nicholas, Head of Aviation Services, Airport	
Mr I. Merrien, Senior Finance Manager, Ports	left 17 July 2018
Mr D. Wright, Commercial Manager, Ports	
Miss A. Tough, Senior Finance Manager, Ports	joined 16 April 2018
Mr D. Barker, Harbourmaster, Harbour	joined 24 September 2018

States' Trading Supervisory Board Ports

States' Trading Supervisory Board Members, Principal Officers and Professional Advisers - continued

In these Financial Statements any reference to "President" refers to the President of the STSB and any reference to "Chairman" refers to the Chairman of the PB.

Legal Advisers

Law Officers of the Crown
St James Chambers
St James Street
St Peter Port
GY1 2PA

Independent Auditor

Grant Thornton Limited
PO Box 313
Lefebvre House
Lefebvre Street
St Peter Port
GY1 3TF

States' Trading Supervisory Board

Ports

Chairman's Report

Overview

For the Ports, 2018 has been a challenging trading year, passenger numbers at both the Harbour and the Airport were lower than in 2017. This decline is not evident in the income streams at either port, largely as the percentage decline in passenger numbers corresponded with the percentage increase in charges during the year. The Ports board remains aware of these significant challenges and through its Business Plans is beginning to develop an environment that it hopes will encourage more activity through the island's key facilities.

Business Performance

Income at both ports outperformed the 2018 budget and 2017 actuals in spite of a downturn in passenger numbers in 2018. The percentage reduction in passenger numbers was marginally less than the percentage increase in charges in 2018. The underlying reduction in passengers using the ports is however the fundamental point and to that end the Ports Board is looking at mechanisms for improving passenger traffic particularly at the Airport, which recorded its lowest passenger movements since 1995 last year. The Harbour's passenger numbers were below 2017 levels, this highlights the importance of the Ports continuing to diversify revenue streams.

Financial Performance

The Ports made a surplus of £1.4m during 2018 (2017 surplus £1.5m). The main reasons for the decrease is due to passenger movements being lower than previous years at both the Airport and the Harbour, increased overtime costs at the Airport due to cover for staff training, sickness and extensions as well as the transition from Civil Aviation Authority to European Aviation Safety Agency regulations. There was a further £126K spent at the Harbour on the dredging project which was not budgeted for. The Ports also incurred a loss of £86k on its investments with the States of Guernsey (2017: surplus £131k).

Our Community

As the main gateway to the island, the Ports are aware of the need to balance financial performance with the greater needs of the island. To this end, the Ports are constantly striving to minimise the impact of passenger charges on the general public. Alongside this, support for the community continues with a range of public realm maintenance liabilities, such as slipways and car parks, around the Harbour together with a number of public events held at the ports, including sponsored runway events, Proms on the Pier, Liberation Day celebrations etc.

States' Trading Supervisory Board Ports

Chairman's Report - continued

The Team

Whilst 2018 has been a challenging year in terms of passenger throughput, 2018 will be regarded as an exceptionally mild summer which saw much water-borne activity and an increase in demand from leisure users and visiting yachts. The Ports has responded well to these demands and to developing its strategic and long term planning.

I would like to thank the dedicated staff and employees for all their hard work and commitment throughout the year.

The Future

Work undertaken by the STSB in 2018 to improve governance arrangements across all of the States of Guernsey Trading Assets has continued and developed in 2018 through the political subcommittee (the Ports board). Development and publishing of Business Plans for Guernsey Airport and Guernsey Harbours has provided a framework and focus for the strategic direction.

In order to remain compliant with current standards, the Airport has worked on new governance arrangements for its critical services, primarily in air traffic control and aviation security. Simply increasing passenger charges to accommodate these requirements is seen as counter-productive and so the Airport will continue to explore other avenues of revenue to better meet these increased costs. The Seafront Enhancement Area Plan (Harbour Action Area Plan) has progressed in 2018, with the Ports continuing to make an important contribution to the future planning and development of the Harbour Area.

States' Trading Supervisory Board

Ports

General Manager's Report

Guernsey Ports presents its report and the audited financial statements for the year ended 31 December 2018. These are comprised of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 23.

Principal activities

The Airport provides for safe and expeditious movement of commercial and private aircraft, passengers and cargo to and from the Island on the most cost-effective basis.

The Airport also looks to ensure that policies, facilities and services are commensurate with the requirements of the Island in respect of air transport services, general aviation and meeting the standards set by the United Kingdom Civil Aviation Authority.

The Harbours provide essential services including sea passenger and freight facilities for the commercial operators. Additional facilities include the provision of berthing and / or marina facilities for local and visiting boat-owners, together with berthing and handling facilities for the commercial sea transport requirements of the Island.

The finances of the Harbours of St Peter Port and St Sampson and the Airport have been presented in an amalgamated format since 1962, following a States Resolution in the Billet D'État XVI, 1961, on the basis that the Ports exist for the common purpose of facilitating the entry and exit from Guernsey of goods and passengers and that the States, as owners of the Ports, are responsible for the expenditure needed to provide such facilities. Uneconomic expenditure may be forced upon them from time to time by the vagaries of the demand for facilities as between one port and another.

Under this group arrangement the trading position of the Airport and Guernsey Harbours is separately identified, but the assets and liabilities are consolidated in recognition of the States' strategic asset in the form of the combined Ports.

'Contributions' to the States of Guernsey

The Ports did not make a repayment to the Capital Reserve in 2018. However an amount of £3m was agreed as a return in 2018 by the PB and STSB but was not transacted until 2019.

Customers

The Ports client base is commercial airlines and shipping, along with freight, private planes and vessels and cruise ships. The team is aware that this client base passes on costs to their ultimate customers which are largely the residents of the island.

States' Trading Supervisory Board Ports

General Manager's Report – continued

Financial highlights

	Actual 2018 £'000	Budget 2018 £'000	Actual 2017 £'000
Airport revenue	12,319	12,272	12,303
Harbour revenue	9,465	9,245	9,158
Total revenue	21,784	21,517	21,461
Airport (deficit) for the financial year	(843)	(1,295)	(287)
Harbour surplus for the financial year	2,376	1,490	1,701
Net investment (loss)/return	(86)	0	131
Total surplus for the financial year	1,447	195	1,545
Airport capital expenditure	779	3,183	198
Harbour capital expenditure	370	4,425	242
Capital expenditure	1,149	7,608	440

Operational performance

	2018	2017	Change %
Passenger movements			
Airport	808,616	813,595	-0.6%
Harbour	307,997	320,255	-3.8%
Total	1,116,613	1,133,850	-1.5%
Airport			
Full emergencies declared	6	17	-64.7%
Aircraft accidents	-	-	0%
Full time equivalent employees			
Airport	124	123	0.8%
Harbour	77	75	2.7%

States' Trading Supervisory Board

Ports

General Manager's Report – continued

Statement of responsibilities for the preparation of financial statements

The STSB is required to prepare financial statements for each financial year, and for selecting suitable accounting policies for the Ports. In preparing those financial statements, the STSB is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis, unless it is inappropriate to do so; and
- state whether applicable accounting standards have been followed.

The STSB is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time its financial position. The STSB is also responsible for safeguarding its assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of financial controls and going concern

It is the responsibility of the STSB to identify and install internal controls, including financial controls, which are adequate for its own purposes and to safeguard the assets of the States of Guernsey in its care, and hence for taking reasonable steps for the prevention of fraud and other irregularities.

The STSB, is responsible for the economic, efficient and effective operations and management of the Ports and has a duty to ensure that they fulfil their obligations.

The Ports' internal financial controls and monitoring procedures include:

- Annually reported and approved budgets monitored against monthly management accounts with additional operational detail reported in monthly management reports, which monitor actual income and expenditure against that anticipated. All such detail is regularly reviewed at meetings of the STSB and PB, to ensure that all board members are informed of the Ports financial affairs.
- Client invoices are subjected to a range of pre-determined computerised integrity checks prior to dispatch in order to ensure accuracy.
- The control of materials and stores purchases are managed using a computerised job-costing programme with specific authorisation limits for purchases and segregated areas of responsibility for processing of payments, all of which maintain detailed audit trails.
- Manpower expenditure is monitored and controlled at source via time sheets, which are authorised and reconciled with the wage bill.
- Capital expenditure authorisation is subject to strict valuation guidelines and purchase procedures.

The STSB strives to ensure that all staff with financial responsibility in the Ports has appropriate integrity, skills and motivation to professionally discharge their duties.

The Ports' internal controls and accounting policies have been and are subject to continuous review and improvement. In addition the financial statements are subject to an independent external audit by an auditor, appointed by the States of Guernsey.

States' Trading Supervisory Board Ports

General Manager's Report – continued

Going concern

The financial statements are produced on a going concern basis.

The STSB and Principal Officers have reviewed the cash flows and projected income and expenses over the next twelve months, prepared by management, and deem that the Ports have adequate financial resources to meet its obligations as they fall due. The STSB therefore believes that the Ports are a going concern for at least twelve months from the approval of the financial statements.

Auditors

Grant Thornton Limited have expressed their willingness to continue in office as auditor.

States' Trading Supervisory Board

Ports

Corporate Governance

The purpose of the PB is to support the delivery of the STSB's mandate, ensuring the efficient and effective management, operation and maintenance of the Ports.

The PB is accountable to the STSB and operates by challenging established practices and assumptions and seeking to support the business in establishing clear strategic direction, business planning and operational delivery in support of the outcomes of the Policy & Resource Plan, the Medium Term Financial Plan, the Public Service Reform Agenda, Service Guernsey and other key strategic reviews and organisational drivers.

The PB will normally focus attention on a relatively small number of critical items, in particular those with potential to have the greatest impact on, and risk to, Guernsey Ports operations whether financial, regulatory, health and safety, environmental or reputational.

The PB membership is a minimum of a Chairman who is not a States Member, a Political Member of the STSB, a Senior Executive of an Incorporated Company or one or more Senior Officers of the States, the General Manager and the Financial Manager.

All members of the PB other than the General Manager and the Financial Manager are appointed by the STSB.

The Chairman is responsible for:

- The proper observance of these Terms of Reference;
- Overseeing and facilitating the conduct of the PB meetings;
- Ensuring all PB members have an opportunity to participate in discussion in an open, respectful and encouraging manner;
- Seeking consensus from the whole PB for matters that may be referred to the STSB or when acting as a subcommittee; and
- Setting agenda items in conjunction with the General Manager.

The PB does not hold a fiduciary responsibility.

The PB will take into account the States' political direction with regard to the operation of the business unit, as directed from time to time by the STSB. It must ensure that the Guernsey Ports operations and operational policies align with the wider strategy and policy framework of the States of Guernsey and / or the STSB. The PB may generate policy for endorsement by the STSB and onward to the States of Guernsey as required.

The STSB specifically confers the following responsibilities and delegated authority to the PB:

- To approve capital and revenue annual budgets in line with the long-term budgets approved by the STSB;
- To approve annual business plans in line with long-term strategy and planning approved by or directed by the STSB;
- To approve and issue annual reports; and
- To guide and steer the business unit.

In carrying out these responsibilities the PB is bound and enabled by States of Guernsey rules for financial and resource management and the rules, directives, policies and procedures of the States of Guernsey, such as, but not limited to: Finance; Procurement; Property; Human Resources; Data Protection; Health and Safety Management; Risk and Issue Management; Managing Matters of Litigation; and Relevant legislation.

States' Trading Supervisory Board Ports

Corporate Governance - continued

The PB has the authority delegated by the STSB to direct the business unit General Manager in the day-to-day operation of the business unit in line with approved budget and business plans.

In fulfilling this purpose, the PB will:

- Receive regular operational, sale/management information and financial reports from the General Manager and, as appropriate, reports from the business unit management team, with a view to directing the Ports as appropriate or recommending a course of action to the STSB;
- Receive and review regular financial performance reports;
- Receive updates on significant projects;
- Prioritise and ensure work streams progress in order to meet objectives and key performance indicators;
- Consider, advise and make recommendations on aspects of business unit operations and provision of service;
- Provide challenge and guidance within the capital investment and capital approvals process and approve capital expenditure within the PB's delegated authority;
- Submit annual budgets and business plans in line with the States of Guernsey budgeting process to STSB;
- Consider and agree long-term business plans, budgets, forecasts (capital and revenue) prior to submission to the STSB for approval;
- Advise on and agree prices and pricing policy in relation to the services provided by the business unit;
- Consider any regulatory authority reports in relation to the business unit, including the Health and Safety Executive, review options and take action to ensure compliance;
- Own the business unit risk register and report risks in line with agreed policy;
- Receive, review and recommend action from other reports as may be requested by the PB.

A recommendation by the PB to the STSB to amend the Terms of Reference must be made by majority of all PB members.

STSB can disband the PB at any time without notice or recourse to any other body.

The PB will meet on an as and when required basis, and in any event once a quarter. One such meeting shall be the equivalent of an Annual General Meeting, which all members of the STSB, the Managing Director, States of Guernsey Trading Assets and the Finance Business Partner shall attend.

In the event due process has not been followed, the PB must render itself unable to make a decision until such time process has been followed.

Within five days of the meeting, the relevant Executive Assistant who attended the meeting, will prepare and circulate a confidential copy of the minutes for approval by members. Reports are distributed for consideration by the PB not less than five days prior to the meeting.

States' Trading Supervisory Board Ports

Independent Auditor's Report to the Members of The States of Guernsey – States' Trading Supervisory Board - Ports

Opinion

We have audited the financial statements of the States of Guernsey - States' Trading Supervisory Board – Ports (the "Ports") for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements of the Ports for the year ended 31 December 2018 are prepared, in all material respects, in accordance with the accounting policies stated in note 2 to the financial statements.

Basis for opinion

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

Emphasis of Matter — Basis of Accounting and Restriction on Distribution and Use

We draw attention to note 2 to the financial statements, which describes the basis of accounting. Specifically, no full impairment review has been undertaken on the Ports Fixed Assets. This is not in compliance with FRS 102, which would require a full impairment review in light of the accounting losses. The financial statements are prepared to assist the Ports to comply with its financial reporting requirements. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Ports and should not be distributed to or used by parties other than the Ports. Our opinion is not modified in respect of this matter.

Who we are reporting to

This report is made solely to the members of the States of Guernsey - States' Trading Supervisory Board (the "Board") of the Ports, as a body, in accordance with the terms of our engagement letter. Our audit work has been undertaken so that we might state to the members of the Board of the Ports those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Ports and the members of the Board of the Ports as a body, for our audit work, for this report, or for the opinions we have formed.

Other information

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

States' Trading Supervisory Board Ports

Independent Auditor's Report to the Members of The States of Guernsey – States' Trading Supervisory Board - Ports - continued

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of Board for the financial statements

As explained more fully in the Statement of responsibilities for the preparation of financial statements in the General Manager's report, the Board is responsible for the preparation of the financial statements in accordance with the basis of preparation and accounting policies in note 2 to the financial statements. The Board is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Ports' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Ports or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

States' Trading Supervisory Board Ports

Independent Auditor's Report to the Members of The States of Guernsey – States' Trading Supervisory Board - Ports - continued

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ports' ability to continue as a going concern. If we conclude that a material uncertainty exists we are required to draw attention in our auditor's report to the related disclosures in the financial statements or if such disclosures are inadequate to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Ports to cease to continue as a going concern.

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

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

Grant Thornton Limited
Chartered Accountants
St Peter Port
Guernsey

16 May 2019

States' Trading Supervisory Board Ports

Statement of Comprehensive Income

for the year ended 31 December 2018

	Notes	2018 £	2017 £
Revenue	2 & 4		
Airport fees, charges and other income		12,319,256	12,303,272
Harbour dues, charges and other income		9,464,820	9,158,079
		21,784,076	21,461,351
Expenses	2 & 5		
Airport expenses		12,159,217	11,688,544
Harbours expenses		5,982,100	6,305,931
		18,141,317	17,994,475
Operating surplus before depreciation/amortisation and loss on disposal of fixed assets		3,642,759	3,466,876
Depreciation/amortisation	9	(5,381,946)	(5,392,807)
Loss on disposal of fixed assets	9	(59,824)	(2,032)
Operating deficit for the year		(1,799,011)	(1,927,963)
Amortisation of asset specific contributions	2 & 16	3,332,473	3,342,381
Investment (loss)/return	6	(86,117)	130,626
Surplus for the financial year	15	1,447,345	1,545,044

All material activities derive from continuing operations.

There are no recognised gains or losses or other movements in reserves for the current or preceding financial years, other than as stated in the Statement of Comprehensive Income.

Notes 1 to 23 form an integral part of these financial statements.

States' Trading Supervisory Board Ports

Statement of Financial Position

as at 31 December 2018

	Notes	2018 £	2017 £
Non-current assets			
Tangible fixed assets – Airport	9	91,963,720	95,690,280
Tangible fixed assets – Harbours	9	136,027,053	137,136,108
Investment property	10	500,000	500,000
Assets under construction	11	651,436	109,058
		229,142,209	233,435,446
Current assets			
Inventories	12	417,833	366,349
Debtors and prepayments	13	2,437,064	2,770,882
Cash at bank and in hand		5,072	174
Balances with States Treasury		3,975,803	1,567,756
		6,835,772	4,705,161
Creditors: amounts falling due within one year	14	(1,522,080)	(1,894,957)
Net current assets		5,313,692	2,810,204
Total net assets		234,455,901	236,245,650
Reserves	15	234,455,901	236,245,650

Signed on behalf of the States of Guernsey - States' Trading Supervisory Board

Deputy P. Ferbrache
President

16 May 2019

Signed on behalf of the States of Guernsey Trading Assets

Mr S. Elliott
Managing Director

16 May 2019

Notes 1 to 23 form an integral part of these financial statements.

States' Trading Supervisory Board Ports

Statement of Changes in Equity

for the year ended 31 December 2018

	Notes	2018 £	2017 £
At 1 January		236,245,650	241,990,991
Surplus for the financial year		1,447,345	1,545,044
Amortisation of asset specific contributions	15	(3,332,473)	(3,342,381)
Contribution from States Capital Reserve	15	95,379	51,996
Contribution to States Capital Reserve	15	-	(4,000,000)
At 31 December	15	234,455,901	236,245,650

Notes 1 to 23 form an integral part of these financial statements.

States' Trading Supervisory Board Ports

Statement of Cash Flows

for the year ended 31 December 2018

	Notes	2018 £	2017 £
Net cash flows from operating activities	17	3,369,459	3,713,795
Cash flows from investing activities			
Proceeds from sale of fixed assets		500	10,000
Purchase of fixed assets	11	(1,149,033)	(425,838)
Net cash flows used in investing activities		(1,148,533)	(415,838)
Cash flows from financing activities			
Net contribution from/(to) States Capital Reserve	15	95,379	(3,948,004)
Investment return received	6	96,640	130,626
Net cash flows from/(used in) financing activities		192,019	(3,817,378)
Net increase/(decrease) in cash and cash equivalents		2,412,945	(519,421)
Cash and cash equivalents at the beginning of the year		1,567,930	2,087,351
Cash and cash equivalents at the end of the year		3,980,875	1,567,930
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		5,072	174
Cash balances with States Treasury		3,975,803	1,567,756
Cash and cash equivalents		3,980,875	1,567,930

Notes 1 to 23 form an integral part of these financial statements.

States' Trading Supervisory Board Ports

Notes to the Financial Statements

1. General information

The Ports is an unincorporated business unit, the management, operation and maintenance of which is the responsibility of the States of Guernsey - STSB. The nature of the Ports' operations and principal activities are set out in the General Manager's report.

The Ports' principal places of business are Guernsey Airport, La Villiaze, Forest, Guernsey, GY8 0DS and Guernsey Harbour, St Julians Emplacement, St Peter Port, Guernsey, GY1 3DL.

2. Principal accounting policies

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

Accounting convention

The financial statements are prepared in accordance with the stated accounting policies and under the historical cost convention as modified to include certain items at fair value and in broadly following the principles of the Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The two exceptions below render the accounts non-compliant with FRS102.

i) Fixed Asset impairment

In respect of the Ports' Fixed Assets the impairment review undertaken has not included a full impairment review of the Fixed Assets as the primary objective is to facilitate travel to and from the island and not generate an economic return. This is not in compliance with FRS 102 which would have a full impairment review in the light of negative operating cash flows.

ii) Amortisation of asset specific contributions

Asset specific contributions are initially recognised in the capital contributions reserve and released to the revenue account over the anticipated useful life of the asset concerned on a basis consistent with the depreciation of the underlying asset.

Functional and presentational currency

The financial statements are presented in Pounds Sterling, which is the functional and presentational currency of the Ports.

Going concern

The financial statements are produced on a going concern basis.

The STSB and Principal Officers have reviewed the cash flows and projected income and expenses over the next twelve months, prepared by management, and deem that the Ports have adequate financial resources to meet its obligations as they fall due. The STSB therefore believes that the Ports are a going concern for at least twelve months from the approval of the financial statements.

States' Trading Supervisory Board Ports

Notes to the Financial Statements – continued

2. Principal accounting policies – continued

Tangible fixed assets

i) Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the Statement of Comprehensive Income.

ii) Property, plant and equipment

Property, plant and equipment is stated at cost or valuation, net of depreciation and any provision for impairment. Property, plant and equipment is depreciated over their expected useful life except assets in the course of construction.

iii) Assets under construction

Assets under construction are capitalised and are transferred to tangible fixed assets and depreciated once brought into use. All costs associated with capital projects, including professional fees are capitalised. No impairment reviews are undertaken for assets under construction.

Depreciation

Depreciation is calculated at the following annual rates so as to write off the cost of tangible fixed assets over their anticipated expected useful lives using the straight-line method. Depreciation commences from the beginning of the month of acquisition of an asset or, in the case of constructed assets, the asset being brought into a condition to be used as intended.

	Estimated life in years	Depreciation % per annum
Land	-	-
Infrastructure	15 - 60	1.7% - 6.7%
Buildings	25 - 60	1.7% - 4.0%
Plant and Equipment	5 - 25	4.0% - 20.0%
Vehicles and Vessels	5 - 25	4.0% - 20.0%
Computers and ICT	3	33.3%

Impairment of assets (excluding inventories)

Assets, other than those measured at fair value, are assessed for indicators of impairment at the end of each reporting period. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income. An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. The exception being as noted in section 2 Accounting Convention.

Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Costs include an appropriate proportion of processing expenses and are calculated at average value method. Provisions are made for obsolete and slow-moving items where appropriate.

States' Trading Supervisory Board Ports

Notes to the Financial Statements – continued

2. Principal accounting policies – continued

Basic financial instruments

i) Trade and other debtors

Invoiced trade and other debtors are recognised initially at original invoiced amount. Subsequent to initial recognition they are measured at amortised cost, less any impairment losses.

ii) Trade and other creditors

Trade and other creditors are recognised initially at original invoiced amount plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost.

iii) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and balances held by States Treasury on behalf of the Ports. Whilst the Ports operate bank accounts, the entity will make payment and receive money via bank accounts held by the States Treasury. The net cash balance held with the States of Guernsey at the year-end is treated as Cash and Cash Equivalents on the Ports' Statement of Financial Position. This net cash balance may change on a daily basis, with surplus cash balances generating financial returns, and balances in deficit being charged interest. Any net cash balance held with the States Treasury could be reduced over a very short period of time without detriment, and therefore is considered to be a highly liquid investment, readily convertible to known amounts of cash and subject to an insignificant risk of any change in notional value.

iv) De-recognition of basic financial instruments

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Business Unit transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Business Unit, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in a contract is discharged, cancelled or expires.

Revenue and expenses

Revenue and expenses are accounted for on an accruals basis. Revenue comprises amounts in respect of services provided and goods supplied in the year.

Pension costs

Pension costs are treated as described in note 19.

Net investment (loss)/ return

Net investment (loss)/return on balances held with the States Treasury is accounted for on an accruals basis.

States' Trading Supervisory Board Ports

Notes to the Financial Statements – continued

2. Principal accounting policies – continued

Leases

i) As lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

ii) As lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Ports' accounting policies, which are described in note 2, the STSB are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the STSB have made in the process of applying the Ports' accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

i) Valuation of investment property

As stated in the accounting policies above, the Ports' investment properties are stated at fair value as accounted for by management based on an independent external appraisal. The estimated fair value may differ from the price at which the properties could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also certain estimates require an assessment of factors not within management's control such as overall market conditions. As a result, actual realisable proceeds could differ from the valuations in these financial statements, and the difference could be significant.

ii) Depreciation rates

The Ports' infrastructure assets have no definite life of the assets, so management makes an assumption based on previous experience of the usage of the assets. The rate used for each type of asset that makes up the infrastructure assets has been disclosed in note 2.

States' Trading Supervisory Board

Ports

Notes to the Financial Statements – continued

4. Revenue

All revenue is derived from activities within the Bailiwick of Guernsey.

An analysis of the Ports' revenue by class of business is set out below:

	2018 £	2017 £
Guernsey Airport	12,319,256	12,303,272
Guernsey Harbours	9,464,820	9,158,079
	21,784,076	21,461,351
Advertising & Sundries	393,296	379,000
Airport development charge	726,578	731,000
Car parking fees	737,289	696,000
Rents	1,860,884	1,868,000
Traffic receipts	8,418,023	8,450,272
Recovery from Alderney	183,186	179,000
Commercial port operations	5,587,945	5,343,603
Property	1,040,025	1,085,624
Leisure	2,778,711	2,653,865
Non-commercial port	21,179	29,357
Ships registry	36,960	45,630
	21,784,076	21,461,351

5. Expenses

	2018 £	2017 £
Airport		
Aerodrome fire service	2,322,369	2,157,000
Airport infrastructure	2,782,442	2,666,000
Airport security	1,853,907	1,795,000
Navigational services	4,061,695	4,079,000
Administration	1,138,804	991,544
	12,159,217	11,688,544
Harbour		
Commercial ports operations	2,263,562	2,364,232
Property	868,982	894,233
Leisure	1,615,920	1,627,233
Non-commercial ports operations	1,159,125	1,352,233
Ships registry	74,511	68,000
	5,982,100	6,305,931

States' Trading Supervisory Board Ports

Notes to the Financial Statements – continued

6. Investment (loss)/return

	2018 £	2017 £
Net investment (loss)/return	<u>(86,117)</u>	<u>130,626</u>
	<u>(86,117)</u>	<u>130,626</u>

7. Surplus for the financial year

Surplus on ordinary activities is stated after charging:

	Note	2018 £	2017 £
Auditor's remuneration		25,200	18,013
Depreciation of tangible fixed assets	9	5,381,946	5,392,808
Loss on disposal of fixed assets		<u>59,824</u>	<u>2,032</u>
		<u><u>5,466,970</u></u>	<u><u>5,412,853</u></u>

States' Trading Supervisory Board Ports

Notes to the Financial Statements – continued

8. Staff numbers & costs

The average monthly number of full time employees (including senior management) was:

	2018	2017
Airport		
Operational	111	110
Administration and support	13	13
	<u>124</u>	<u>123</u>
Harbour		
Operational	65	62
Administration and support	12	13
	<u>77</u>	<u>75</u>

Their aggregate remuneration comprised:

	Note	2018 £	2017 £
Wages and salaries		9,084,196	8,881,879
Social security costs		596,081	542,830
Pension costs	19	<u>1,191,087</u>	<u>1,084,654</u>
		<u>10,871,364</u>	<u>10,509,363</u>

Pension costs include only those items within Airport and Harbour expenses.

States' Trading Supervisory Board Ports

Notes to the Financial Statements – continued

9. Tangible fixed assets

Airport	1 January 2018 £	Additions £	Adjustments/ Disposals £	31 December 2018 £
Cost				
Land	2,687,152	-	-	2,687,152
Infrastructure	64,818,337	27,947	-	64,846,284
Buildings	33,183,904	17,202	-	33,201,106
Plant & equipment	23,593,809	214,369	(802,757)	23,005,421
Vehicles & Vessels	1,264,899	18,734	-	1,283,633
Information technology	155,757	-	-	155,757
	<u>125,703,858</u>	<u>278,252</u>	<u>(802,757)</u>	<u>125,179,353</u>
Depreciation				
Land	-	-	-	-
Infrastructure	10,537,128	1,891,026	-	12,428,154
Buildings	6,158,247	539,931	-	6,698,178
Plant & equipment	12,231,881	1,411,958	(742,139)	12,901,700
Vehicles & Vessels	930,565	101,573	(294)	1,031,844
Information technology	155,757	-	-	155,757
	<u>30,013,578</u>	<u>3,944,488</u>	<u>(742,433)</u>	<u>33,215,633</u>
Net Book Value	<u>95,690,280</u>			<u>91,963,720</u>

States' Trading Supervisory Board Ports

Notes to the Financial Statements – continued

9. Tangible fixed assets - continued

Harbour	1 January 2018 £	Additions £	Adjustments/ Disposals £	31 December 2018 £
Cost				
Land	87,515,374	-	-	87,515,374
Infrastructure	9,228,012	-	-	9,228,012
Buildings	48,824,180	-	-	48,824,180
Plant & equipment	9,066,465	57,028	(15,500)	9,107,993
Vehicles & Vessels	213,072	23,900	(12,870)	224,102
Information technology	19,238	247,475	-	266,713
	<u>154,866,341</u>	<u>328,403</u>	<u>(28,370)</u>	<u>155,166,374</u>
Depreciation				
Land	-	-	-	-
Infrastructure	1,069,357	332,582	-	1,401,939
Buildings	11,320,278	809,802	-	12,130,080
Plant & equipment	5,153,050	270,081	(15,500)	5,407,631
Vehicles & Vessels	186,479	8,151	(12,870)	181,760
Information technology	1,069	16,842	-	17,911
	<u>17,730,233</u>	<u>1,437,458</u>	<u>(28,370)</u>	<u>19,139,321</u>
Net Book Value	<u>137,136,108</u>			<u>136,027,053</u>

States' Trading Supervisory Board

Ports

Notes to the Financial Statements – continued

10. Investment properties

	1 January 2018 £	Additions/ Disposals £	Revaluations £	31 December 2018 £
Airport	500,000	-	-	500,000
Harbour	-	-	-	-
	<u>500,000</u>	<u>-</u>	<u>-</u>	<u>500,000</u>

Investment properties, which are all freehold, were valued to fair value at 31 December 2018, based on a valuation undertaken by an independent valuer with recent experience in the location and class of the investment property being valued. The method of determining fair value was using the Red Book value. There are no restrictions on the realisability of investment property.

The original book value of the investment property was £436,045.

Investment property rental income earned during the year was nil (2017: £Nil). No contingent rents have been recognised as income in the current or prior year.

At the Statement of Financial Position date, the Ports were not contracted with tenants for any future minimum lease payments on investment properties (2017: nil)

11. Assets under construction

	1 January 2018 £	Additions £	Transfers to Tangible Fixed Assets £	31 December 2018 £
Airport	26,391	779,118	(278,252)	527,257
Harbour	82,667	369,915	(328,403)	124,179
2018 Total	<u>109,058</u>	<u>1,149,033</u>	<u>(606,655)</u>	<u>651,436</u>
2017 Total	155,373	425,838	(472,153)	109,058

Assets under construction completed in 2018 and transferred to fixed assets includes the fire station roller doors, Spotters car park fencing, car park pay stations, the harbours IT project (Commercial), pontoons & replacement vehicles.

Assets under construction as at 31 December 2018 related principally to the administration block refurbishment, hold baggage screening equipment, the harbours IT project (Leisure) and Vessel Traffic Service System.

States' Trading Supervisory Board Ports

Notes to the Financial Statements – continued

12. Inventories

	2018 £	2017 £
Airport	64,774	64,774
Harbours	353,059	301,575
	417,833	366,349

13. Debtors and prepayments

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors - Airport	1,658,769	2,129,340
Trade debtors - Harbour	712,765	515,773
Prepayments - Airport	28,098	84,570
Prepayments - Harbour	37,432	41,199
	2,437,064	2,770,882

14. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors - Airport	281,922	296,683
Trade creditors - Harbour	168,427	238,233
Accruals - Airport	434,405	302,975
Accruals - Harbour	328,192	288,985
Deferred income - Airport	170,089	635,678
Deferred income - Harbour	136,545	129,903
Harbour operational license and security deposits	2,500	2,500
	1,522,080	1,894,957

States' Trading Supervisory Board Ports

Notes to the Financial Statements – continued

15. Reserves

	2018 £	2017 £
Balance at 1 January	236,245,650	241,990,991
Surplus for financial year	1,447,345	1,545,044
Amortisation of asset specific contributions	(3,332,473)	(3,342,381)
Contribution from/(to) States Capital Reserve	95,379	(3,948,004)
	<hr/>	<hr/>
Balance at 31 December	234,455,901	236,245,650
	<hr/>	<hr/>

Included within Reserves are amounts contributed by the States Capital Reserve specifically for the Guernsey Airport Pavements Rehabilitation and St Peter Port Crane Strategy projects. As the contributions are specifically related to assets acquired or constructed under those projects, the contributions reserve has been released back to the Statement of Comprehensive Income to match the depreciation expense on those specific assets. Amounts are released to the Statement of Comprehensive Income in line with the expected useful lives of the underlying assets for which contribution is provided for on a basis which is consistent with the depreciation policy for that asset.

All reserves are distributable.

16. Asset specific contributions

	2018 £	2017 £
As at 1 January	67,239,739	73,980,358
Contributions receivable/(payable)	95,379	(3,398,238)
	<hr/>	<hr/>
	67,335,118	70,582,120
Released to Statement of Comprehensive Income during the year	(3,332,473)	(3,342,381)
	<hr/>	<hr/>
As at 31 December	64,002,645	67,239,739
	<hr/>	<hr/>

States' Trading Supervisory Board

Ports

Notes to the Financial Statements – continued

17. Reconciliation of operating surplus/(deficit) to net cash flows from operating activities

	2018 £	2017 £
Operating deficit for the year	(1,799,011)	(1,927,963)
Depreciation charges	5,381,946	5,392,807
Loss on disposal of tangible assets	59,824	2,032
(Increase)/decrease in inventories	(51,484)	12,367
Decrease/(increase) in debtors	151,061	(101,163)
(Decrease)/increase in creditors due within one year	(372,877)	335,715
Net cash flows from operating activities	3,369,459	3,713,795

18. Financial commitments

The Ports have no financial commitments as at 31 December 2018 (2017: nil) which are not provided for in the financial statements beyond that disclosed in note 20.

19. Employee benefits

The employees of the Ports are members of the States of Guernsey Public Servants' Pension Scheme. These arrangements provide defined benefits on a career average revalued earnings (CARE) basis up to a salary cap (currently £90,074 (2017: £87,434)) for members joining from 1 May 2015 and, on a different CARE basis, for the service from 1 March 2016 of members who joined before 1 May 2015. There is a defined contribution section for earnings in excess of this salary cap. The arrangements for service before 1 March 2016 for members who joined before 1 May 2015, and for the future service of those closer to pension age remains final salary.

The Scheme is funded by contributions from both members and employer which are invested through the States of Guernsey Superannuation Fund. The employer rate for the defined benefits are determined on the basis of independent actuarial advice, and calculated to spread the expected cost of benefits payable to employees over the period of those employees' expected service lives.

Although the scheme is a multi-employer plan, it is not possible to identify the Ports' share of the underlying assets and liabilities of the scheme on a reasonable and consistent basis. There is neither an agreement nor a policy in place to allocate any of the deficits of the pension scheme across the participating entities. The States of Guernsey is liable for any obligations that arise from the States of Guernsey Superannuation Fund in respect of employees of the States of Guernsey. All employees of the Ports are considered to be ultimately employees of the States of Guernsey.

Consequently, the Ports have accounted for the plan as if it were a defined contribution plan, whereby it has expensed employer contributions through the Statement of Comprehensive Income. The employees also contribute to the States of Guernsey Superannuation Fund. The contribution rates are determined by a qualified actuary on the basis of triennial valuations.

The total cost of employer contributions included within the Statement of Comprehensive Income amounted to £1,191,087 (2017: £1,084,654).

Further details relating to the funding of the Superannuation Scheme are included within The States of Guernsey Accounts 2018.

States' Trading Supervisory Board

Ports

Notes to the Financial Statements – continued

20. Subsequent events

In 2018 the PB and STSB agreed a repayment to the Capital Reserve of £3m as part of the target set for States' Trading Assets in the 2017 Budget Report. This transaction is scheduled for completion in 2019.

21. Related party transactions

The STSB is of the opinion that there have been no related party transactions in the current or preceding financial years other than as described in these financial statements. All transactions are conducted as normal business arrangements carried out at "arm's length".

The total compensation for key management personnel for the period totalled £389,415 (2017: £360,104).

Related party transactions between the Ports and other entities controlled by the States of Guernsey have not been disclosed in accordance with the exemptions available within FRS102 Section 33 "Related Party Disclosures."

STSB member Mr S. Falla MBE has declared certain related party transactions under FRS 102 section 33. The aggregate of all of these transactions is not of a material nature to either party and all were conducted at arms-length in the normal course of business. Where any conflict of interest may exist, Mr Falla, as under normal rules would excuse himself from any STSB or other meetings, and has not participated in any discussions or voting regarding awarding any contracts leading to these transactions.

STSB member Mr P. Ferbrache has declared certain related party transactions under FRS 102 section 33. The aggregate of all of these transactions is disclosed below and all were conducted at arms-length in the normal course of business. Where any conflict of interest may exist, Mr Ferbrache, as under normal rules would excuse himself from any STSB or other meetings, and has not participated in any discussions or voting regarding awarding any contracts leading to these transactions.

Capital Restaurants Ltd	2018
	£
Rental Income	37,694
Total Debtors as at 31 December 2018	1,301

22. Statement of control

The Ports are wholly owned and ultimately controlled by the States of Guernsey. Responsibility for the operations of the Ports has been delegated to the members of the STSB appointed by the States of Guernsey.

23. Off balance-sheet arrangements

There are no commitments or contingent liabilities relating to 2018 which would affect these financial statements (2017: None).

States of Guernsey
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Supplemental Information

The additional information has been prepared for the accounting records of the States' Trading Supervisory Board. While it does not form part of the financial statements, it should be read in conjunction with them.

GUERNSEY AIRPORT

2018 Original Budget £'000s	2018 Probable Outturn £'000s	Net Expenditure by Category		2018 Actual £'000s	2017 Actual £'000s
		Income			
12,272	11,981	Operating Income		12,319	12,303
		Expenditure			
(7,086)	(7,370)	Pay Costs		(7,421)	(7,067)
		Non-Pay costs			
(277)	(213)	Staff Non-Pay costs		(163)	(202)
(1,270)	(1,232)	Support Services		(1,275)	(1,172)
(1,376)	(1,324)	Premises		(1,271)	(1,193)
(56)	(110)	Transport		(107)	(45)
(2,244)	(2,022)	Supplies & Services		(1,983)	(2,009)
(5,223)	(4,901)			(4,799)	(4,621)
(37)	(290)	Operating surplus for the financial year		99	615
		<i>Depreciation (net of amortisation of asset</i>			
(1,258)	(972)	<i>specific contributions)</i>		(942)	(902)
(1,295)	(1,262)	Operating (deficit)		(843)	(287)

2018 Original Budget £'000s	2018 Probable Outturn £'000s		2018 Actual £'000s	2017 Actual £'000s
		Net Expenditure by Service Area		
		Income		
371	371	Advertising, picketing etc	393	442
726	720	Airport Development Charge	727	731
727	718	Car Parking Fees	737	696
2,149	1,958	Rents	2,080	2,085
8,299	8,214	Traffic Receipts	8,382	8,349
12,272	11,981		12,319	12,303
		<i>Operational Expenditure</i>		
(1,522)	(1,348)	Administration	(1,322)	(1,171)
(2,130)	(2,234)	Aerodrome Fire Service	(2,322)	(2,157)
(2,747)	(2,765)	Airport Infrastructure	(2,782)	(2,666)
(2,057)	(1,850)	Airport Security	(1,854)	(1,795)
(4,036)	(4,257)	Navigational Services	(4,123)	(4,079)
(12,492)	(12,454)		(12,403)	(11,868)
183	183	<i>Recovery from Alderney Airport</i>	183	180
(37)	(290)	Operating surplus for the financial year	99	615
		<i>Depreciation (net of amortisation of asset specific contributions)</i>		
(1,258)	(972)		(942)	(902)
(1,295)	(1,262)	Operating (deficit)	(843)	(287)
2018 Original Budget £'000s	2018 Probable Outturn £'000s	Routine Capital Expenditure	2018 Actual £'000s	2017 Actual £'000s
(1,183)	(777)	<i>Miscellaneous Capital Works</i>	(168)	(5)
(750)	-	<i>IT Projects and Equipment</i>	-	-
(1,250)	(898)	<i>Equipment, Machinery and Vehicles</i>	(526)	(167)
(3,183)	(1,675)	Routine Capital Expenditure	(694)	(172)
-	(21)	Airports Pavements Project	(61)	7
-	-	Airport Radar	(24)	(33)
-	21	Less Transfer from Capital Reserve	85	26
(3,183)	(1,675)	Net Capital Expenditure	(694)	(172)

GUERNSEY HARBOURS

2018 Original Budget £'000s	2018 Probable Outturn £'000s	<u>Net Expenditure by Category</u>		2018 Actual £'000s	2017 Actual £'000s
		Income			
9,245	9,357	Operating Income		9,465	9,158
		Expenditure			
(3,553)	(3,500)	Pay Costs		(3,451)	(3,443)
		Non-Pay costs			
(173)	(103)	Staff Non-Pay costs		(63)	(88)
(64)	54	Peripheral Activities		64	(199)
(826)	(1,142)	Support Services		(1,041)	(871)
(1,383)	(1,443)	Premises		(1,105)	(1,345)
(124)	(108)	Transport		(78)	(78)
(363)	(388)	Supplies & Services		(298)	(255)
(2,933)	(3,130)			(2,521)	(2,836)
2,759	2,727	Operating surplus for the financial year		3,493	2,879
		<i>Depreciation (net of amortisation of asset specific contributions)</i>			
(1,269)	(1,481)			(1,117)	(1,178)
1,490	1,246	Operating surplus		2,376	1,701

GUERNSEY HARBOURS

2018 Original Budget £'000s	2018 Probable Outturn £'000s	<u>Net Income / Expenditure by Service Area</u>	2018 Actual £'000s	2017 Actual £'000s
2,946	2,904	Commercial Ports Operations	3,328	2,865
(21)	51	Property	174	233
1,147	1,119	Leisure	1,166	1,076
(1,277)	(1,295)	Non-Commercial Ports Operations	(1,136)	(1,272)
(36)	(52)	Ships Registry	(39)	(23)
-	-	Other	-	-
<u>2,759</u>	<u>2,727</u>		<u>3,493</u>	<u>2,879</u>
(1,269)	(1,481)	<i>Depreciation (net of amortisation of asset specific contributions)</i>	(1,117)	(1,178)
<u>1,490</u>	<u>1,246</u>	Operating surplus	<u>2,376</u>	<u>1,701</u>

2018 Original Budget £'000s	2018 Probable Outturn £'000s	<u>Routine Capital Expenditure</u>	2018 Actual £'000s	2017 Actual £'000s
(3,075)	(530)	<i>Miscellaneous Capital Works</i>	-	(15)
(250)	(469)	<i>IT Projects and Equipment</i>	(256)	(75)
(1,100)	(630)	<i>Equipment, Machinery and Vehicles</i>	(114)	(125)
<u>(4,425)</u>	<u>(1,629)</u>	Routine Capital Expenditure	<u>(370)</u>	<u>(215)</u>
-	(11)	Crane Strategy	-	(27)
-	11	Less Transfer from Capital Reserve	-	27
<u>(4,425)</u>	<u>(1,629)</u>	Net Capital Expenditure	<u>(370)</u>	<u>(215)</u>

PORTS HOLDING ACCOUNT

2018 Original Budget £'000s	2018 Probable Outturn £'000s		2018 Actual £'000s	2017 Actual £'000s
Revenue Account				
		<i>Operating (Deficit)/Surplus before</i>		
(37)	(290)	Guernsey Airport	99	615
2,759	2,727	Guernsey Harbour	3,493	2,879
2,722	2,437		3,592	3,494
		Investment Return	(96)	131
		Loss adjusted on asset disposals	(28)	-
		<i>Capital Expenditure</i>		
(3,183)	(1,675)	Guernsey Airport	(694)	(172)
(4,425)	(1,629)	Guernsey Harbour	(370)	(215)
(7,608)	(3,304)		(1,064)	(387)
(4,886)	(867)	Surplus before depreciation	2,404	3,238
		<i>Depreciation (net of amortisation of asset specific contributions)</i>		
(2,527)	(2,453)		(2,059)	(2,080)
(7,413)	(3,320)	Surplus after depreciation	345	1,158
		<i>Balance at 1st January</i>		
5,362	2,815		2,815	3,577
(4,886)	(867)	<i>Surplus for the year before depreciation</i>	2,404	3,238
-	-	<i>Contribution from Capital reserve</i>	95	-
-	-	<i>Contribution to Capital reserve</i>	-	(4,000)
476	1,948	Balance at 31st December	5,314	2,815