

Ch.

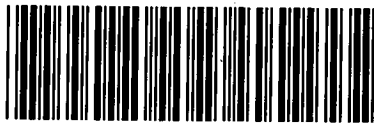
Sutton Harbour Holdings plc

Annual Report and Financial Statements
31 March 2015

Registered number 2425189

13 AUG 2015

SATURDAY



A4FSPN4B

A07 12/09/2015 #154
COMPANIES HOUSE

Strategic Report

The Group at a Glance	1
The Chairman’s Statement and Chief Executive’s Report	3
Key Performance Indicators	6
Financial Review	7
Managing Business Risks	8

Governance

Directors and Advisors	10
Directors’ Report	11
Corporate Governance Report	13
Corporate, Environmental and Social Responsibility Report	15
Report on Remuneration	17
Statement of Directors’ Responsibilities	19
Independent Auditors’ Report	20

Consolidated Group Financial Statements under IFRS

Consolidated Statement of Comprehensive Income	21
Consolidated Balance Sheet	22
Consolidated Statement of Changes in Equity	23
Consolidated Cash Flow Statement	24
Notes to the Financial Statements	25

Historical Financial Information

49

Company Financial Statements under UK GAAP:

Company Balance Sheet	50
Notes to the Company Financial Statements	51

Sutton Harbour Holdings plc, listed on the Alternative Investment Market (AIM) of the London Stock Exchange since 1996, is the parent of a number of wholly owned subsidiary companies which include:

- Sutton Harbour Company, the statutory harbour authority company, which operates the Plymouth fishmarket (known as Plymouth Fisheries), The Marina at Sutton Harbour, together with a number of operations related properties;
- a number of other 'Sutton Harbour' group companies engaged in waterfront property regeneration and investment including the newly built King Point Marina and car parking operational activities; and
- Plymouth City Airport Limited, the company holding the leasehold interest of the former airport site.

Group Vision

The Group aims to be the leading marine, waterfront regeneration and destination specialist in Southern England.

Our Objectives

- To develop a mix of activities for long-term sustainable growth and to provide a balanced risk profile.
- To provide a secure investment proposition in a profitable company which has a strong asset base.
- To build on the Group's strength as a specialist in waterfront destination and regeneration in the South West region.
- To increase and improve the income earning asset portfolio of the Group.
- To provide a progressive dividend return to shareholders in the medium term.

Current Business Plans

- Growth of earnings from core divisions.
- Retention of assets and development of new assets for investment and revenue earning potential.
- Realisation of inventory assets through sale and development.
- Investment into infrastructure to increase capacity, improve service and enhance quality.
- Adherence to a rigorous cash management plan.
- Improve visibility of the Group's activities to target audiences through the increased use of electronic marketing channels.
- Maintain strong reputation for quality and customer service.

Details of the Group's operating segments, together with a description of current activities and latest developments are summarised in the table that follows:

Marine	<p>Sutton Harbour currently provides berthing for 523 vessels and receives a stable, core annual revenue stream in the form of dues, fees and rents from the established fisheries, marinas and property operations.</p> <p>Plymouth Fisheries, the trading name of the fishmarket in Plymouth, is recognised as the second placed fishing port in England with record fish landings achieved in the year ended 31 March 2015.</p> <p>The location of Sutton Harbour, in central Plymouth and adjoining the historic Barbican quarter, has undergone two main phases of regeneration over the past 25 years. The first phase to unlock the potential of the area was realised when Sutton Lock was installed in 1992 creating a usable depth of water, followed by the relocation of the fishmarket to the eastern side in 1995. In the second phase the development of high quality residential and commercial buildings overlooking the harbour, and improvements to berthing facilities, added to the attractiveness of the area to create a long term sustainable location for business, leisure and living. The Group is now focused on bringing forward the third phase with further regeneration to join together existing key attractions and to position Sutton Harbour as a destination of regional importance within the South West which is presented in the 'Vision' framework, see 'Regeneration' below.</p> <p>King Point Marina In June 2011, the Group was selected by the English Cities Fund (ECf) to build and operate the new marina in the major urban regeneration area of Millbay in Plymouth. The new King Point Marina received its first berth-holders in September 2013 and has now operated for one complete season ending 31 March 2015. The facility currently has 81 berths, with space to install a further 86 berths subject to configuration.</p>
Real Estate	<p>This division comprises the rentals from investment properties and is particularly focused on growing its annual income through asset enhancement.</p> <p>Whilst property development continues to be challenging, the Group has continued to invest in and drive value from its investment portfolio, securing lettings in vacant premises in the Sutton Harbour estate.</p> <p>The Group has a diverse mix of national and regional businesses as tenants as well as various independent operators. The National Marine Aquarium, a major visitor attraction in the region, is a tenant.</p> <p>The Group has been active in establishing a business community around the northern side of Sutton Harbour and has been successful in attracting a number of chartered accountants practices, legal firms and other professional services companies.</p>
Car Parking	<p>The Group has two major car parks at Sutton Harbour, a 340 space multi storey close to the National Marine Aquarium and a 51 space surface car park in the Barbican area. Additionally, the Group controls parking on the fishmarket complex, at the marina and adjoining various tenanted properties.</p>
Regeneration	<p>This division focuses on development for revenue and capital growth and for value realisation through specific land asset sale.</p> <p>Sutton Harbour The Group has established a track record for the delivery of six major regeneration schemes around Sutton Harbour and a further two schemes in other locations elsewhere in the South West. A key feature of all these schemes was working in partnership with other public and private sector bodies. In July 2014, a new 'Vision' framework for future development around Sutton Harbour was launched. The 'Vision' included indicative development visuals for twelve waterfront schemes including the East Quay site. Planning consent for one cornerstone development, 'The Boardwalk' at Vauxhall Quay, was gained in February 2015.</p> <p>Former Airport Site In 2000, the Group purchased Plymouth City Airport Limited and a long lease of the regional airport. In 2003 the Group set up and operated the regional airline, Air Southwest which was subsequently sold in November 2010 to Eastern Airways International Limited (Eastern Airways). On 28 July 2011 Air Southwest (under the ownership of Eastern Airways) ceased flights in and out of Plymouth City Airport.</p> <p>Facing unsustainable losses, in August 2011 Plymouth City Council agreed to the closure of the airport as of 23 December 2011. The Group is now working towards options to maximise value from the 113 acre former airport site having developed a masterplan for the area to show alternative uses. The Group has positioned its representations in the area planning policy debate and has engaged with the Local Planning Authority as part of the pre-application planning process. The Group previously achieved planning consent on 22 acres of surplus airport land which was sold in tranches to a residential developer between 2009 and 2011</p>

Introduction

We are pleased to report a year of strong performance by the Group's trading businesses with record revenues achieved by Plymouth Fisheries and the Sutton Harbour Car Parks. These encouraging results demonstrate that specific strategies to grow revenues have been effective, helped by generally improving trading conditions. Increased occupancy of the Group's facilities and investment portfolio continues to underpin the value of the asset base of the Company, which shows pleasing growth.

Shareholders' Overview

During the year the Group has pursued its stated strategies and taken specific action to:

- enable ultimate realisation of development inventory, including sites around Sutton Harbour and the former airport site in the Derriford area of Plymouth;
- make targeted investment into existing operational infrastructure to add capacity and to ensure good service and quality to users of Sutton Harbour; and,
- introduce operational changes to grow revenue

In July 2014, the Group publicly launched its 'Vision' document which provided a visual framework for development in the Sutton Harbour area to stimulate interest from investors, joint venture partners and end users. The Group has followed the 'Vision' launch with new pre-application planning work on selected Sutton Harbour sites and continues to promote the former airport site for alternative use.

Achievements during the year include:

- Further lettings of commercial property around Sutton Harbour, increasing the occupancy rate to 93.3% (2014: 86.4%)
- Record landings at Plymouth Fisheries with a catch value of £19.4m (2014: £17.3m)
- Grant supported infrastructure programme underway with completion of new lock walkways and new ice manufacturing plant
- Operational changes at car parks resulting in 13% increase in revenue compared to previous year
- First complete operating season at King Point Marina with results exceeding first year trading expectations
- Detailed planning consent obtained for 'Boardwalk' scheme at Vauxhall Quay
- Step change in promotion of Sutton Harbour as a destination, Plymouth Fisheries and the Marinas

Results and Financial Position

Profit before taxation has increased to £0.861m for the year ended 31 March 2015, compared to £0.265m last year. Excluding fair value adjustments, impairments and provisions, the adjusted profit before tax for the year is £0.347m (2014: £0.308m). Comparing the results against the comparative year, the improving performance of the core trading activities is evident. No profits from development were recorded in the reporting year, whilst last year's results included £0.169m from the regeneration business segment.

As at 31 March 2015 net assets were £40.459m, representing 42.0 pence per share, up from £38.554m a year ago, representing 40.0 pence per share. These results incorporate revaluation of the Group's investment and owner-occupied properties, giving rise to a portfolio surplus of £2.188m (2.2%) compared to 31 March 2014. Of this surplus, £0.864m is attributable to the investment portfolio and £1.324m attributable to the owner-occupied portfolio (of which £0.053m has been credited to the income statement). The results also take account of impairments to specific assets where the recoverable amount or value in use is judged to be lower than the book value. This impairment adjustment totalling £403,000 comprises a reduction of the expected recoverable amount from airport equipment by £100,000 due to passage of time and reflects the impairment against the King Point Marina of £303,000 which is expected to recover as the asset and the Millbay regeneration area become further established.

Capital investment into new assets and planning work for future developments has resulted in additional debt and the consequent increase in finance charges. During the year net debt, including finance lease liabilities, has increased from £20.225m to £21.458m, equating to gearing at 31 March 2015 of 53.0% (31 March 2014: 52.5%). The largest item of expenditure during the year was a final £500,000 payment in respect of the long leasehold interest in the King Point Marina site. The Group has confirmed banking facilities of £22.5m, expiring in October 2016. All banking covenant tests during the year were met and the Group expects to enter into a new banking facility agreement before the next year end.

The Board does not recommend payment of a dividend on the year's results but is mindful of the importance of a dividend to many shareholders. Reduction in the Group's debt levels and exposure to financing charges will continue to be major factors in determining future dividend policy.

Directors and Staff

The Group's headcount has remained stable throughout the year at 38 (2014:37), with employees principally deployed in marine operations, maintenance and head office functions. The board of directors thanks all staff for their individual contributions during the year. There has been no change to the composition of the board during the past year which is considered appropriate for the current level of operations.

Summary

The Company is following an effective strategy to grow revenues in the short term and to invest to meet future capacity requirements in the medium term. The comprehensive 'Vision' framework is in place as a plan to create longer term value and the Company is

developing a new funding strategy to bring these schemes to fruition, given the lack of certainty over timing of release of value from the inventory of development land and the overall levels of debt that the Company can comfortably support.

Operations Report

Marine

Landings at Plymouth Fisheries amounted to a record auction/sale value of £19.4m, up 12% from last year and exceeding the previous record in year ended 31 March 2012 of £19.0m. Generally good weather and plentiful fish stocks have encouraged the bumper result and Plymouth Fisheries continues to be a popular auction outlet for fish received by sea and road transported from other ports. To protect this market position and to provide for growth, Plymouth Fisheries successfully applied for match grant funding support to renew and improve infrastructure. This capital programme saw the construction of a new ice plant and lock walkways in the last year and work to construct a new chiller and refit the existing chiller is due to start this summer, with other works to improve lighting, utility metering and other amenities to follow.

The new King Point Marina, in the Millbay area of Plymouth, achieved occupancy above initial expectations during its first full year and competitive pricing has stimulated further demand for the 2015/16 season. The Marina at Sutton Harbour continued to trade steadily and enjoyed a strong 2014 summer visitor season which followed hosting the start of La Solitaire Du Figaro race in June 2014, albeit, late in the year, the Company received notification that one larger customer would be reducing its berthing requirements for the new season.

Real Estate

The publication of the 'Vision' for Sutton Harbour document last year has assisted with the marketing of vacant units within the Group's investment portfolio. Voids have reduced from 13.6% to 6.7% during the year. Asset management highlights during the year have been:

- the letting of 4,028 sq ft (374 m²) 3rd floor of North Quay House to Rame Energy plc for its UK headquarters, confirming the growing reputation of Sutton Harbour as the central business and office district for Plymouth
- the letting of 3,818 sq ft (354 m²) prime waterfront Little Vauxhall Quay site to 'The Stable', a popular craft cider and artisan pizza concept bar, which is 51% owned by Fuller, Smith & Turner
- 'The Dock' restaurant at King Point Marina establishing a strong presence after opening in Summer 2014

To emphasise the positive effect of the 'Vision' we are also now looking forward to Boston Tea Party opening its 15th UK café-restaurant outlet in the 6,909 sq ft (642 sq m) waterfront premises known as Jamaica House later on this summer. The improving covenant mix and decrease in void properties are having a positive effect on the valuation of the Group's investment portfolio, demonstrated by growth of 5.5% over the year.

Car Parking

The car parks have enjoyed a record year for takings after a number of operational changes were introduced including extended opening hours and the introduction of credit card payment machines. The improving revenue trend over the last few years demonstrates the potential of these assets, particularly as the awareness of Sutton Harbour as a visitor destination grows.

Regeneration

The 'Vision' for Sutton Harbour document, published in July 2014, presented details of approximately 12 potential development sites of varying sizes around the Harbour. This document includes visuals of indicative development that the sites could deliver, totalling c.350,000 sq ft (32,516 m²) of accommodation. The 'Vision' incorporates a mix of accommodation for residential, office, retail and restaurant uses, as well as car parking, quality urban realm and improved access, with the objective of establishing Sutton Harbour as a destination of regional importance and national significance. The 'Vision' is a medium to longer term framework but delivery of cornerstone schemes in time for the 400th Anniversary of the Pilgrim Fathers departing on the 'Mayflower' for America in 2020 is targeted.

A key cornerstone of the 'Vision' is the Sugar House site at East Quay. This site has been vacant since 2006 and after delays caused by historic contracts and market conditions, the group has re-invigorated its marketing of the prime waterfront site which is ideally suited to mixed residential and ground floor commercial use. The Group is currently working with interested parties on a reformulated scheme and looks forward to reporting progress with this project later in the year.

In February 2015, the Company reported that planning consent was achieved for the Vauxhall Quay 'Boardwalk' scheme. This waterfront scheme will provide 7,807 sq ft (725 m²) of prime waterfront restaurant/retail space in three units built on a pier structure which will incorporate a boardwalk facilitating greatly improved public access from the western to northern sides of the Harbour. The scheme has attracted strong interest from good covenant occupiers and the start of construction will be confirmed subject to financing and marine consents.

	As at 31 March 2015	As at 31 March 2014
Total estate portfolio valuation	£44.694m	£38.475m
Owner occupied portfolio valuation	£28.089m	£22.900m
Investment portfolio valuation	£16.605m	£15.575m
Number of investment properties	71	70
Contracted rent (per annum)	£1.433m	£1.232m
Net initial yield	8.60%	8.90%
Reversionary yield	9.70%	10.56%
Occupancy rate	93.30%	86.40%
Estimated rental value (ERV) of vacant units	£0.119m	£0.250m
Average unexpired lease	10.0 years	9.9 Years
Gross car parks revenue	£0.422m	£0.374m
Development Inventory		
Sites around Sutton Harbour	£7.861m	£7.687m
Portland	£0.406m	£0.406m
Former airport site	£11.568m	£11.508m
Total	£19.835m	£19.601m

Former Airport Site

We have continued to work towards an exit of the interest in this 113 acre site with the key objective to realise an acceptable value. The Group has established a detailed evidence base that affirms the lack of prospects for the site to ever be returned to a sustainable aviation facility on economic, commercial and environmental grounds. This information has been updated in the past year. The Government is to commission another report into the viability or otherwise of re-opening the airport, which is expected to be published within the year. We look forward to the expected clarity that this report will provide. The Local Planning Authority is currently in the process of formulating a new planning policy framework to guide Plymouth’s planning strategy for the 2017 to 2031 period. The Group has positioned its representations that the former airport site is ideally suited to the delivery of a range of new uses to Plymouth with significant economic, social and employment benefits. At the time of reporting, there is uncertainty about the outcome of the government report and planning process which, subject to the result, could change both the value and exit timing prospects from the interest in this site.

Operations Outlook

Nearing the end of the first quarter of the new financial year, the trading outlook remains generally positive and we are receiving good levels of enquiries for commercial space. Although not a direct tenant of the Group, Handelsbanken opens its Plymouth office at Salt Quay, Sutton Harbour this summer, again reinforcing Sutton Harbour as the preferred central business district particularly for professional services. The newly opened ‘Stable’, and soon to open ‘Boston Tea Party’, are meeting the objective of providing new occupiers which will improve the general footfall in the area which benefits all businesses as well as reinforcing Sutton Harbour as a major visitor destination.



Graham Miller
Chairman



Jason Schofield
Chief Executive

23 June 2015

Strategic Report – Key Performance Indicators
For the year ended 31 March 2015

The material Key Performance Indicators relevant to the Group's business are:

FINANCIAL HIGHLIGHTS	2015	2014	Note
Net Assets	£40.459m	£38.554m	
Net Asset value per share	42.0p	40.0p	
Profit before tax from continuing operations	£0.861m	£0.265m	1
Adjusted Profit before tax excluding fair value adjustments, impairments to inventory and provisions for onerous leases	£0.347m	£0.308m	
Profit after tax	£0.655m	£1.323m	
Basic Earnings	0.68p	1.37p	
Dividend per share	0.0p	0.0p	
Net Debt	£21.458m	£20.225m	
Gearing (Net Debt/Net Assets)	53.0%	52.5%	

Note

- 1 Includes a credit for fair value adjustments on investment property of £0.917m and asset impairments of £0.403m (2014: Includes charges for 'Onerous leases' £(0.354)m and a credit for fair value adjustments on investment property of £0.311m). The overall tax charge is £0.206m (2014: credit of £1.058m)

Accounting

The Group's year end results are presented under International Financial Reporting Standards (IFRS) as adopted by the European Union.

Asset valuation

During the year, independent valuation of the Group's investment and owner-occupied portfolio was undertaken at 30 September 2014 and at 31 March 2015. The valuation at 30 September 2014 gave rise to a net surplus of £0.563m in the first half year, with further adjustment in the second half year to give a net surplus for the year of £2.188m. This surplus is reconciled as £0.864m surplus on the investment portfolio and £1.324m surplus on the owner-occupied portfolio (of which £0.053m has been credited to the income statement).

Asset in the Course of Construction

King Point Marina became capable of receiving its first berth-holders in September 2013, with the first full annual season starting on 1 April 2014. Twelve months after first opening the marina and amenities were deemed to be complete after the initial commission and set up phase and these assets ceased to be accounted as 'in the course of construction' with effect from 1 October 2014.

Impairment of assets

The Directors have reviewed the carrying values of inventory in relation to regeneration projects, taking professional independent advice where applicable and taking into account the current market conditions, estimated delivery timescales and financial outcomes. In addition, the carrying cost of other fixed assets has been reviewed for any potential impairment. In this year the charge relating to impairment of assets is £0.403m (2014: £nil) and comprises reducing the expected recoverable amount from airport equipment by £100,000 due to passage of time and reflects the impairment against the King Point Marina of £303,000, being the shortfall of an internal 'value in use' against the current depreciated cost, which is expected to recover in the short term as the asset's trade matures.

Depreciation

Last year, the Company undertook a review of its depreciation policies during the year. This resulted in a movement away from reducing balance to straight line depreciation policies and a re-appraisal of useful economic lives of assets based on experience. The Company has embarked on an infrastructure improvement programme and accounting for depreciation of these new assets, together with depreciation policy review will result in increased depreciation charges now and in the future.

Cash flow and financing

The Company had total borrowing net of cash and cash equivalents of £21.458m at 31 March 2015 (2014: £20.225m) with a gearing level of 53.0% (2014: 52.5%). The Company has operated within its authorised facilities and has met all bank covenants during the year. The facilities in place at the year end were renewed in June 2013, when the Company entered into a new agreement. This banking agreement provides a maximum £22.5m facility with a revised confirmed expiry date of October 2016.

Debt servicing costs continue to be a major expense to the Group. To manage exposure to LIBOR movements, the Group has hedged LIBOR rate at 1.45% on £15m core debt to June 2016.

Taxation

The standard rate of tax applicable to the Group is 21% (2014: 23%). The overall tax charge for the year is £0.206m (2014: credit of £1.058m). No current tax is due on the year's results with the tax charge resulting from a restatement of prior year losses through group relief adjustments, revision of the asset base formerly qualifying for industrial building allowances.

Natasha Gadsdon
Finance Director
23 June 2015



The Group maintains a register of risks which is updated as business risks change. The risk register is reviewed regularly by the Board to ensure that appropriate management processes are in place to manage business risks. Certain business risks are general to all Group activities whereas others are pertinent to particular business activities. Key business risks identified at present are:

General Risks	Risk Identified:	Response to Risk:
Financing	The availability of adequate borrowing and other funding facilities.	The Group has a £22.5m facility in place with all facilities expiring in October 2016. As an alternative, or in addition to bank funding, the Group has other current opportunities to raise funds including through sale of specific assets.
	Compliance with bank terms and covenants.	The Group maintains a regular dialogue with bankers over progress of the Group and operates to a business plan to remain within bank facility terms.
	Interest rate rises.	The Group has hedged LIBOR by way of an interest rate swap on £15m core debt until June 2016.
Real Estate, Regeneration and Car Parking Divisions		
Economic Cycles	Full effects of a recovery in the property markets in provincial areas such as Plymouth will lag the improvements in demand and returns now being seen spreading from major centres.	The Group is developing its plans for various sites to prepare for new development as market conditions improve.
Planning	Obtaining viable planning permissions has become increasingly demanding resulting in increased cost and delay to submission of application.	The Group prepares detailed applications with supporting reports where required. Public consultation is frequently undertaken to solicit views about proposed schemes.
Tenant failure	The Group is exposed to the risk of loss of revenue and vacant properties should tenants' businesses fail.	The Group has a diverse tenant base encompassing national and independent occupiers to avoid high exposure to any single party.
Key Personnel	The Group is dependent on a limited number of skilled personnel in key positions.	The Group ensures that it has adequate staff with the necessary skills and experience. Competitive and realistic remuneration packages are paid. External consultants are used to support the team as necessary.
Financial Resource	Progress with projects is at risk if financial resources are constrained.	Projects may be phased to spread cash flows.
Valuation Risk	The Group's assets may suffer value impairment, thereby reducing the Group net asset value, if carrying value not judged recoverable through use or realisation.	Regular external valuations of assets and value appraisals on inventory are undertaken. The Group takes action to maintain and add value by developing property/land use proposals and seeking planning viable planning consents. Property assets are maintained to a good state of repair.
Working with partners and contractors	Successful delivery of key projects is often dependent on the effective performance of third party contractors.	The Group works closely with partners to achieve the best possible outcome and formalises procurement under standard forms on contract and after taking appropriate professional advice.
Public opinion	The closure of Plymouth City Airport has been opposed by some local interest groups. Other schemes proposed by the Group have met with some opposition.	The Group takes independent professional advice to ensure decision and actions are justifiable on relevant facts. The Group meets with stakeholder groups and undertakes public consultation when appropriate.
External	The regulatory and legislative environment has continued to result in additional management and financial pressures.	The Group takes external advice as necessary to remain compliant and to assist with planning for future change.
Marine Activities		
Lock Operations	Continuation of marine activities is dependent	Maintenance of the Sutton Harbour lock, a key

**Strategic Report – Managing Business Risks
For the year ended 31 March 2015**

	on reliability of lock operations and the integrity of the lock structure itself.	flood defence, is the responsibility of the Environment Agency and it is subject to daily checks. Lock controls have failsafe systems to prevent human errors. The Group is undertaking various improvements to the structure to ensure continuity of operations into the medium term
Pollution Incident	A major pollution incident could result from leakage from a fishing vessel or fuel supply tanks.	Emergency procedures are in place to contain and clear a spillage which includes closure of the lock gates.
Continuity of Operations	Failure of plant and equipment at the fishmarket has the potential to disrupt operations with the resultant loss of reputation.	Equipment is maintained regularly. The Group has embarked on a programme of infrastructure improvements to maintain quality and continuity of operations.

Approval

The Strategic Report from pages 2 to 9 was approved by the Board of Directors on 23 June 2015 and signed on its behalf by


Jason Schofield
Chief Executive

Company Number: 2425189

Directors: Graham S. Miller (Non-Executive Chairman)
Jason W.H. Schofield (Group Chief Executive)
Natasha C. Gadsdon (Finance Director)
Sean J. Swales (Non-Executive Director)
Robert H. De Barr (Non-Executive Director)

Secretary: Natasha C. Gadsdon

Registered Office: Tin Quay House
Sutton Harbour
Plymouth
PL4 0RA
Tel: 01752 204186
www.suttonharbourholdings.co.uk

Independent Auditors: Nexia Smith & Williamson
Portwall Place
Portwall Lane
Bristol
BS1 6NA

**Nominated Broker and
Nominated Advisor:** Arden Partners plc
125 Old Broad Street
London
EC2N 1AR

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

Bankers: The Royal Bank of Scotland plc
London
EC2N 3UR

The Directors present their Directors' Report and audited Consolidated Financial Statements for the year ended 31 March 2015. The review of activities during the year and future developments is contained in the Strategic Report.

Major Shareholdings

As at 22 June 2015 the Company's register of shareholdings showed the following interests in 3% or more of the Company's share capital:

	%	Ordinary Shares
Crystal Amber Fund Limited	29.17	28,084,178
Mr. D.McCauley/Rotolok (Holdings) Limited	28.79	27,721,970
Mr T.R. Winser (deceased) and Mrs M.E Winser	4.15	4,000,000
BS Pension Fund Trustee Limited	4.24	4,083,052

The Directors are not aware of any other interest in its share capital in excess of 3%.

Directors' Interests

The interests of the Directors in the ordinary shares of the Company as at 31 March 2015 are set out below. There have been no changes in these interests between 1 April 2015 and 22 June 2015.

	2015	2014
Graham S. Miller (appointed 23 September 2013)	97,000	97,000
Jason W.H. Schofield	14,194	14,194
Natasha C. Gadsdon	104,026	104,026
Sean J. Swales	13,400	13,400
Robert H. De Barr	10,000	10,000

Directors and their interests

Graham S. Miller

Aged 52. Appointed Non-Executive Director and Chairman on 23 September 2013. He was appointed Chairman of the Audit Committee in November 2013 because the Board of Directors considered him best placed to chair the Audit Committee. He is also a member of the Remuneration Committee. He has a strong background in private equity, having held senior and director positions at Murray Johnstone Private Equity and 3i plc. Graham currently holds a number of directorships, including IPL Group Limited, a specialist in business technology solutions, and South West Investment Group (Capital) Limited. Additionally, Graham is an advisor to Finance Wales.

Jason W. H. Schofield

Aged 49. Appointed Executive Director in December 2007 and Chief Executive in January 2012. He has been with the Group since June 2007. He is a Chartered Surveyor and previously held senior positions at Hammerson Plc and Crest Nicholson Plc.

Natasha C. Gadsdon

Aged 45. Appointed Executive Director in July 2004 and Finance Director in October 2004. She is a Chartered Accountant and has been with the Group since 1996. She has also been the Company Secretary since 2001.

Sean J. Swales

Aged 47. Appointed Non-Executive Director in December 2009, he is a Chartered Accountant and Group Managing Director of Rotolok (Holdings) Limited, the Group's second largest shareholder. He is also a member of the Audit and Remuneration Committees.

Robert H. De Barr

Aged 64. Appointed Non-Executive Director in May 2012 and Chairman of the Remuneration Committee in October 2012. He is also a member of the Audit Committee. He is a Chartered Surveyor and principal of De Barr Associates who specialise in development consultancy and business opportunities. He was a senior Executive with Land Securities for 32 years.

In accordance with the Company's Articles of Association Jason W. H. Schofield and Robert H. De Barr retire by rotation at this year's Annual General Meeting, and being eligible, offer themselves for re-election.

Directors and Officers Insurance

The Group maintained a Directors' and Officers' liability insurance policy throughout the financial year.

Financial Instruments

The Group's financial risk management objectives and policies are given in note 3, with additional information provided in the financial review on page 7.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the Board
Natasha Gadsdon
Finance Director
23 June 2015



The rules of the Financial Conduct Authority do not require companies that have securities traded on the Alternative Investment Market to comply with the UK Corporate Governance Code (the Code). In managing the Group, the Board has regard to the UK Corporate Governance Code. The Chairmen of the Audit, Remuneration and Nomination Committees will be available to answer questions at this year's Annual General Meeting.

The Board continually monitors its procedures for reviewing the effectiveness of its systems of internal controls.

The Board

The Board currently comprises three Non-Executive Directors, including the Chairman and two Executive Directors and is responsible for the proper management of the Company and for reporting the Company's progress to Shareholders. The Board has eight scheduled meetings annually for reviewing trading performance, ensuring adequate funding, monitoring strategy and examining acquisition possibilities. Additional meetings are held as required. The Board has a formal schedule of matters specifically reserved to it for decision. The roles of Chairman and Chief Executive are separate. Graham Miller was appointed Chairman on 23 September 2013, and Robert De Barr is the Senior Independent Non-Executive Director.

Committees

Remuneration Committee

The Remuneration Committee is chaired by Robert De Barr and its other members are Sean Swales and Graham Miller. The Committee, within its written terms of reference, determines and agrees with the Board the employment terms and remuneration packages of the Executive Directors. The Report on Remuneration is set out on pages 17 and 18. The Executive Directors make recommendations to the Board regarding the remuneration of Non-Executive Directors. Independent advice on remuneration is taken where considered appropriate.

Audit Committee

The Audit Committee is chaired by Graham Miller and its other members are Sean Swales and Robert De Barr. The Committee has written terms of reference and provides a forum for reporting by the Group's external auditors. All members of the Committee are Non-Executive Directors, although other individuals may be requested to attend all or part of any meeting as the Committee considers appropriate.

The Audit Committee is responsible for a wide range of financial matters including the half year and annual financial statements before submission to the Board and monitoring the internal controls and risk management systems which are in place to ensure the integrity of the financial information reported to the shareholders. The Committee is also responsible for making recommendations to the Board to be put to shareholders for approval at the AGM, in relation to the appointment and removal of the Group's external auditors, determining their remuneration and monitoring the auditors' performance and independence.

In relation to non-audit work, we carefully review whether it is necessary for the auditors' firm to carry out such work and we will only grant approval for them to do so if we are satisfied that the auditors' independence is maintained. The Group's auditors assist in this by ensuring that the partner responsible for the external audit remains responsible for the audit for no more than five years and that there is a quality review partner who is involved in planning the audit and in the reviewing of the final accounts including assessing any critical matters identified in the audit. The auditors have also confirmed to the Audit Committee that they have complied with all relevant guidance issued by the Financial Reporting Council and have implemented appropriate safeguards including that non-audit related services are performed by personnel independent of the audit engagement team. The fees paid to the auditor for audit and non-audit services are disclosed in note 7.

The Audit Committee recommended to the Board that the audit engagement was put out to competitive tender and Nexia Smith and Williamson LLP were successful in this process and appointed auditors in January 2015.

Nomination Committee

Members of the Nomination Committee are Graham Miller and Jason Schofield. The Nomination Committee is responsible for proposing candidates to the Board having regard to its balance, expertise and structure. The Nomination Committee is also responsible for making recommendations to the Board regarding appointments to the Audit and Remuneration Committees.

Relations with Shareholders

The combined Chairman's Statement and Chief Executive's Report on pages 3 to 5 and the Financial Review on page 7 include a detailed review of the business and future developments. Shareholders are encouraged to pose questions to the Board at any time of the year and the Board uses the Annual General Meeting to communicate with all shareholders and welcomes their participation.

Internal Control

The Directors are responsible for establishing and maintaining the Group's internal control systems. Internal control systems are designed to meet the particular needs of the Group and the risk to which it is exposed, and by their nature can provide reasonable, but not absolute, assurance against material misstatement or loss. The key procedures which the Directors have established with a view to providing effective internal controls are as follows:

- **Corporate Accounting and Procedures:**

There are defined authority limits and controls over acquisitions and disposals. There are also clear reporting lines within the business and risk assessments are undertaken and regularly reviewed in all divisions and at all levels within the Group.

Appropriate internal controls are set for all divisions of the business. Given the size and nature of the Group, no separate internal audit department is considered necessary.

- **Quality of Personnel:**

The competence of personnel is ensured through high recruitment standards and subsequent training courses. High quality personnel are seen as an essential part of the control environment.

- **Financial Reporting:**

The Group has a comprehensive system for reporting financial results to the Board and monitoring of budgets.

- **Investment Appraisal:**

Capital expenditure is regulated by authorisation levels. For expenditure beyond specified levels, detailed written proposals are submitted to the Board. Reviews are carried out after the acquisition is complete and any overruns are investigated. Due diligence work is carried out if a business is to be acquired.

Going Concern

The review of the Group's business activities is set out in the combined Chairman's Statement and Chief Executive's Report on pages 3 to 5. The financial position of the Group, its cash flows and financing position are described in the Financial Review on page 7. In addition, note 3 to the financial statements gives details of the Group's financial risk management.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, 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 approval of these financial statements. The covenants measure interest cover, net asset cover and debt to fair value.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group, therefore, continues to adopt the going concern basis in preparing its financial statements.

By Order of the Board

Natasha Gadsdon

Company Secretary

23 June 2015



Health and Safety

The Board of Directors understands its responsibility to the health and safety of employees, customers and others who are directly or indirectly affected by the Group's operations.

The Group's Health and Safety Committee is chaired by Natasha Gadsdon and has representation from all Group activities. The Health and Safety Committee is an open forum and minutes of the meetings are made available to all staff upon request.

Committee meetings are also attended by the Group's Health and Safety Officer and an Independent Health and Safety Consultant. The Committee has a comprehensive agenda and is briefed on new legislation or regulation by the Independent Health and Safety Consultant.

The Group does not undertake direct construction on site. An excellent Health and Safety management record is a key criterion in the selection of contractors.

The Group has a good health and safety record with no enforcement notices and no prosecutions for breaches of Health and Safety legislation to report.

Environmental Issues

The Group's Green Team Committee is chaired by Natasha Gadsdon and has representation from all Group activities. The Board has agreed the following Environmental Statement:

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

We have looked at the areas of our business which could have both positive and negative impacts on the environment and have identified the following policy aims to enhance our overall environmental performance:

- Reduction of our Carbon Footprint by minimising energy use.
- Reduction of the amount of waste we create and to ensure that we maximise the recycling of the waste that we generate.
- To ensure that we meet, and where possible, exceed environmental legislative requirements.
- To set a high standard for the prevention of water pollution in Sutton Harbour.
- To review our purchasing requirements so as to make environmentally sound purchasing decisions and to increase local purchasing.

Independent audits of waste at Sutton Harbour Marina have been carried out and improvements put in place regarding the recycling of waste.

Sutton Harbour Marina has adopted waste recycling protocols of the National Maritime Recycling Scheme using standardised waste sorter recycling bags.

The Group monitors energy consumption at its trading facilities. This information is used to manage consumption through practical energy saving measures and targeted capital investment. The Group plans to introduce metered power and water at the fisheries complex during 2015 and is replacing lighting equipment with lower energy consumption units.

Sutton Harbour is equipped to manage accidental fuel spills to minimise pollution of land and sea. Sutton Harbour Marina is equipped with black water tanks to facilitate the discharge of foul water.

Community Engagement and Charitable Involvement

Sutton Harbour is located in the heart of Plymouth, adjacent to the historic Barbican quarter and the City Centre. The Group supports city based arts, sports, community and tourist initiatives.

The Group is taking an active role in the Plymouth Waterfront Partnership, a business-led organisation working to create a more profitable trading environment and enhanced visitor experience of Plymouth's waterfront. Working in partnership with Destination Plymouth, Plymouth City Centre Company, Plymouth City Council and other relevant public agencies and associations, it delivers leadership along with operational and marketing improvements for the Business Improvement District (BID) area.

Sutton Harbour has hosted a number of yacht races in the recent past including the Fastnet finish, the start of the Artemis Transat, La Solitaire Du Figaro single handed yachting event as well as the annual Sutton Harbour Classic Boat Festival in July. The Group has the twin objectives of stimulating tourism for the city's benefit, and also showcasing the developments around Sutton Harbour which have created a vibrant centre for leisure, commercial and residential use.

Each year the Group nominates a local charity or community group to support and this year will assist local schools with work experience placements.

The Group has a long established commitment to the community and its neighbourhood. Throughout its regeneration work, the Group has undertaken extensive public consultation exercises which have led to the reshaping and design of many successful quality regeneration projects surrounding the historic waterfront. The Group sees itself as the custodian of the harbour for future generations and as such believes that working with the local community is essential to achieve this aspiration.

The Group works closely with community groups throughout the city, and with Plymouth City Council has worked with community representatives to resolve concerns over lack of public open space, the provision of affordable housing and outdoor eating areas.

Natasha Gadsdon
Finance Director
23 June 2015



Remuneration Committee and Remuneration Policy

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

Robert H. De Barr - Chairman
Graham S. Miller
Sean J. Swales

The Committee met several times during the year, within its terms of reference, to consider the remuneration packages of the Executive Directors and to make recommendations to the Board. The overriding objective is to ensure that salary, benefits and other remuneration is sufficient to attract, retain and motivate executives of high quality, capable of achieving the Group's objectives and creating value for our Shareholders. The Committee also takes into account the scale and complexity of the Group's operations and seeks independent advice, from specialist advisers, where appropriate.

Composition of Remuneration

Executive Directors' pay comprises basic salary reviewed annually, pension scheme contributions to the Group's defined contribution pension scheme, annual bonus based on audited results of the Group, and other benefits in kind including provision of a company car and private medical healthcare. Salary is paid monthly and the annual bonus is accrued in the financial year to which it relates. Non-Executive Directors receive fees, do not have service contracts, are not eligible to join the pension scheme and have no entitlement to annual bonuses. It is a requirement that Directors purchase shares in the Company, although there is no specified minimum holding.

Remuneration for Executive Directors

Profit share bonuses earned on the achievement of targets agreed by the Remuneration Committee for the year ended 31 March 2015 were £6,663 in respect of Jason W.H. Schofield (2014: £18,850) and £5,350 in respect of Natasha C. Gadsdon (2014: £15,000).

Non-Executive Directors Fees

The fees for Non-Executive Directors are determined by the Board after taking independent advice. The Director's fee paid to Michael A. Knight during the year ended 31 March 2014 comprised £20,500 fees and £20,500 in lieu of six months' notice.

Tables of Directors Remuneration

The total remuneration of the Directors of the Company is as follows:

	2015 £000	2014 £000
Fees	83	103
Other Emoluments	253	293
Pension Contributions	39	23
	375	419

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

For the year to 31 March 2015	Directors' salaries £000	Taxable benefits £000	Bonus Payments £000	Directors' fees £000	Total £000
Graham S. Miller	-	-	-	40	40
Jason W.H. Schofield	130	17	7	-	154
Natasha C. Gadsdon	99	7	5	-	111
Sean J. Swales	-	-	-	20	20
Robert H. De Barr	-	-	-	23	23
	229	24	12	83	348

**Governance –Report on Remuneration
For the year ended 31 March 2015**

For the year to 31 March 2014	salaries £000	benefits £000	Payments	fees £000	£000
Graham S. Miller (appointed 23 September 2013)	-	-	-	20	20
Michael A. Knight (resigned 20 September 2013)	-	-	-	41	41
Jason W.H. Schofield	133	15	19	-	167
Natasha C. Gadsdon	104	7	15	-	126
Sean J. Swales	-	-	-	20	20
Robert H. De Barr	-	-	-	22	22
	237	22	34	103	396

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

	2015 £000	2014 £000
Jason W.H. Schofield	19	13
Natasha C. Gadsdon	20	10
	39	23

Contracts

On 30 August 2011, the Group entered into a service contract with Jason W.H. Schofield. Under this agreement he is employed as a full time Executive Director with a one year rolling contract. He was appointed Chief Executive of the Group on 30 January 2012.

On 30 August 2011, the Group entered into a service contract with Natasha C. Gadsdon. Under this agreement she is employed as a full time Executive Director with a one year rolling contract. She was appointed Finance Director in October 2004.

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

On behalf of the Board


Robert H De Barr

Director and Chair of the Remuneration Committee

23 June 2015

Statement of Directors' responsibilities in respect of the Annual Report and the financial statements

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs, as adopted by the European Union and applicable UK Accounting Standards, subject to any material departures disclosed and explained in the Group and Parent Company financial statements respectively;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website, in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

By order of the board
Natasha Gadsdon
Company Secretary
23 June 2015



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUTTON HARBOUR HOLDINGS PLC

We have audited the financial statements of Sutton Harbour Holdings plc for the year ended 31 March 2015 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 19, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2015 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – valuation of inventory

In forming our opinion, which is not modified, we have considered the adequacy of the disclosures made in the financial statements concerning the potential impact of government reports and future planning permission applications upon the valuation of the airport site, which is held as inventory. The conclusion of these reports and permissions could potentially lead to a material impairment of the airport asset, which currently has a value of £11.5m in the consolidated balance sheet. Details of the circumstances relating to this uncertainty are described in note 4 to the financial statements.

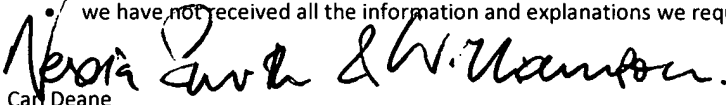
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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


Car Deane

Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

Portwall Place
Portwall Lane
Bristol
BS1 6NA

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2015

**Consolidated Income Statement for
the year ended 31 March 2015**

	Note	2015 £000	2014 £000
Revenue	5	6,955	7,045
Cost of sales before impairment of assets		(4,528)	(4,554)
Impairment of assets	13	(403)	-
Onerous leases	26	-	(354)
Cost of sales		(4,931)	(4,908)
Gross profit		2,024	2,137
Administrative expenses		(1,153)	(1,324)
Fair value adjustments on investment properties and fixed assets	13,14	917	311
Operating profit	5,6	1,788	1,124
Finance income	9	1	1
Finance costs	9	(928)	(860)
Net finance costs		(927)	(859)
Profit before tax from continuing operations		861	265
Taxation (charge)/credit on profit from continuing operations	10	(206)	1,058
Profit for the year from continuing operations		655	1,323
Profit for the year attributable to owners of the parent		655	1,323
Basic earnings per share from continuing operations	12	0.68p	1.37p
Diluted earnings per share from continuing operations	12	0.68p	1.37p

**Consolidated Statement of Other Comprehensive Income for
the year ended 31 March 2015**

	Note	2015 £000	2014 £000
Profit for the year		655	1,323
Items that will not be reclassified subsequently to profit or loss:			
Revaluation of property, plant and equipment	13	1,271	993
Deferred taxation on income and expenses recognised directly in the Consolidated Statement of Comprehensive Income	17	-	(374)
Items that may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges		(21)	50
Other comprehensive income for the year, net of tax		1,250	669
Total comprehensive income for the year attributable to owners of the parent		1,905	1,992

The notes on pages 25 to 48 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet
As at 31 March 2015

	Note	2015 £000	2014 £000
Non-current assets			
Property, plant and equipment	13	29,479	27,104
Investment property	14	16,605	15,575
		46,084	42,679
Current assets			
Inventories	18	19,894	19,688
Trade and other receivables	19	1,527	1,572
Cash and cash equivalents	20	239	205
Tax recoverable		17	-
		21,677	21,465
Total assets		67,761	64,144
Current liabilities			
Bank loans	21	-	-
Trade and other payables	23	1,241	1,369
Finance lease liabilities	24	19	-
Deferred income	22	1,504	1,413
Provisions	26	48	53
Derivative financial instruments	16	-	-
		2,812	2,835
Non-current liabilities			
Bank loans	21	21,650	20,430
Finance lease liabilities	24	28	-
Deferred income and deferred government grants	22	994	706
Deferred tax liabilities	17	1,536	1,330
Provisions	26	129	157
Derivative financial instruments	16	153	132
		24,490	22,755
Total liabilities		27,302	25,590
Net assets		40,459	38,554
Issued capital and reserves attributable to owners of the parent			
Share capital	27	16,069	16,069
Share premium		5,368	5,368
Other reserves		14,538	13,288
Retained earnings		4,484	3,829
Total equity		40,459	38,554

The notes on pages 25 to 48 are an integral part of these consolidated financial statements.

The Financial Statements on pages 21 to 48 were approved and authorised by the Board of Directors on 23 June 2015 and were signed on its behalf by:



Jason W.H. Schofield
Director

**Consolidated Statement of Changes in Equity
For the year ended 31 March 2015**

	Notes	Share capital	Share premium	Revaluation reserve	Merger reserve	Hedging reserve	Retained earnings	Total equity
		£000	£000	-----Other reserves-----		£000	£000	£000
		£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2013		16,069	5,368	8,556	3,871	(182)	2,880	36,562
Comprehensive income/(expense)								
Profit for the year		-	-	-	-	-	1,323	1,323
Other comprehensive income/(expense)								
Revaluation of property, plant and equipment	13	-	-	993	-	-	-	993
Deferred taxation on revaluation of property, plant and equipment	17	-	-	-	-	-	(374)	(374)
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	50	-	50
Total other comprehensive income/(expense)		-	-	993	-	50	(374)	669
Total comprehensive income/(expense)		-	-	993	-	50	949	1,992
Transactions with owners of the parent								
Share-based payments – value of employee services		-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-
Transactions with owners of the parent		-	-	-	-	-	-	-
Total balance at 31 March 2014		16,069	5,368	9,549	3,871	(132)	3,829	38,554
Balance at 1 April 2014		16,069	5,368	9,549	3,871	(132)	3,829	38,554
Comprehensive income/(expense)								
Profit for the year		-	-	-	-	-	655	655
Other comprehensive income/(expense)								
Revaluation of property, plant and equipment	13	-	-	1,271	-	-	-	1,271
Deferred taxation on revaluation of property, plant and equipment		-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	(21)	-	(21)
Total other comprehensive income/(expense)		-	-	1,271	-	(21)	-	1,250
Total comprehensive income/(expense)		-	-	1,271	-	(21)	655	1,905
Transactions with owners of the parent								
Share-based payments – value of employee services		-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-
Transactions with owners of the parent		-	-	-	-	-	-	-
Total balance at 31 March 2015		16,069	5,368	10,820	3,871	(153)	4,484	40,459

The cumulative deferred tax relating to items that are charged to equity is £nil (2014: £nil).

The notes on pages 25 to 48 are an integral part of these consolidated financial statements.

Further information in relation to the other reserves set out within the statement of changes in equity can be found in note 27.

**Consolidated Cash Flow Statement
For the year ended 31 March 2015**

	Note	2015 £000	2014 £000
Cash generated from total operating activities	29	1,205	361
Tax received		-	-
Net cash generated from total operating activities		1,205	361
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	11
Net expenditure on investment property		(167)	(20)
Expenditure on property, plant and equipment		(1,483)	(2,198)
Interest received		1	1
Net cash used in investing activities		(1,649)	(2,206)
Cash flows from financing activities			
Interest paid		(1,050)	(1,025)
Loan drawdown/(repayment of borrowings)		1,220	2,580
Proceeds of government grants		308	-
Net cash generated from/(used in) financing activities		478	1,555
Net decrease in cash and cash equivalents		34	(290)
Cash and cash equivalents at beginning of the year	20	205	495
Cash and cash equivalents at end of the year	20	239	205

The notes on pages 25 to 48 are an integral part of these consolidated financial statements.

1. General information

Sutton Harbour Holdings plc ('the Company') 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 Company is a public limited company which is listed on the Alternative Investment Market of the London Stock Exchange, is incorporated and domiciled in the UK and registered in England and Wales with number 2425189. The address of its registered office is Tin Quay House, Sutton Harbour, Plymouth, Devon, PL4 0RA.

2. Group accounting policies

Basis of preparation

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

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and International Financial Reporting Interpretation Committee (IFRIC) interpretations as adopted by the European Union, 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.

Going concern

The review of the Group's business activities is set out in the combined Chairman's Statement and Chief Executive's Report on pages 3 to 5. The financial position of the Group, its cash flows and financing position are described in the Financial Review on page 7. In addition, note 3 to the financial statements gives details of the Group's financial risk management.

The Group's forecasts and projections, taking account of reasonably foreseeable possible changes in trading performance, 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. The covenants measure interest cover, net asset cover and debt to fair value.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group, therefore, continues to adopt the going concern basis in preparing its financial statements.

Measurement convention

The financial statements are prepared on the historical cost basis as modified by the fair value of share based payments, financial assets and financial liabilities (including derivative instruments) at fair value through the profit or loss. Investment property and other property are carried at fair value. Non-current assets held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

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 Holdings 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. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intercompany 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 can be divided into the following classes:

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

**Notes to the consolidated financial statements
For the year ended 31 March 2015**

Land and buildings
Land and buildings include:

- Freehold and leasehold land. Where a lease has an unexpired term of more than 50 years it is considered to share the same characteristics as freehold land and is shown as such.
- Properties that are mainly owner-occupied, or that are an integral part of the Group's trading operations (marina including the lock, quay, 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 (at least 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 only in proportion to their carrying values: 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 fully operational 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 mowers). 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
Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where buildings are held under finance leases the accounting treatment of leases of any associated land is considered separately from that of the buildings. Leased assets acquired by way of finance lease 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. The lease liability is included in the balance sheet as a finance lease liability. 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 held under operating leases where the lessor maintains the risks and rewards of ownership is described in the operating 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 a six-monthly 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.

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 IAS 17 '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.

In accordance with IAS 40 'Investment Property', no depreciation is provided in respect of investment properties.

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. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Inventories – development property

Land identified for development and sale, and properties under construction or development and held for resale, are included in current assets at the lower of cost and net realisable value. Net realisable value includes developer's return where applicable. 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.

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 asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where the carrying amount of an asset exceeds its recoverable amount it is impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount of the Group's financial assets is calculated as the present value of estimated future cash flows, discounted at an appropriate effective interest rate taking into account the time value of money and the risks associated with future cash flows. The recoverable amount of non-financial assets is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of the recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Derivative financial instruments and hedging activities

Derivative financial instruments, comprising interest rate swaps, are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows or fair values of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 16. Movements on the hedging reserve in shareholders' equity are shown in the Statement of Changes in Equity and the Statement of Comprehensive Income. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The fair values are calculated by reference to active market prices, forward exchange rates and LIBOR rates.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within cost of sales for any foreign exchange derivatives and fuel hedging derivatives and within financing costs for any interest rate swaps. Amounts accumulated in equity are recycled to the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Derivatives at fair value through profit and loss and accounted for at fair value through profit or loss

Where derivative instruments do not qualify for hedge accounting, changes in fair value are recognised immediately in the income statement.

The Group has applied hedge accounting for all hedge contracts entered into in both the current and prior year. The effective part of any gain or loss on the cash flow hedges is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately 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.

Own shares

Ordinary and Deferred shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary and Deferred shares and share options are recognised as a deduction from equity.

Revenue

Revenue comprises the fair value of the consideration received or receivable, net of value-added-tax, rebates and discounts. Revenue is recognised once the value of the transaction can be reliably measured and the significant risks and rewards of ownership have 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 they are earned.

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 at the point of sale.

Car park revenue

Car park revenue is recognised at the point that a car parking ticket is paid for.

Property sales

Revenue from property sales is recognised when the significant risks and rewards of ownership and effective control of the asset have 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 a deferred income account and released to the income statement over the estimated useful economic lives of the assets to which they relate. Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense 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, unwind of discount on provisions, finance charge component of minimum lease payments made under finance leases and interest receivable on funds invested. Interest payable and interest receivable are recognised in profit or loss as they accrue, using the effective interest method. The fair value movement of derivative financial instruments and any ineffective portion of cash flow hedges are also included within net financing costs.

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.

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 Company; these awards are granted by the Company. 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, and any adjustment to tax payable in respect of previous years.

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

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

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

Dividends

Interim dividends are recognised when paid, final dividends are recognised when approved by the shareholders. Dividends unpaid at the balance sheet date are only recognised as a liability at that date if they have been approved. Unpaid dividends that have not yet been approved are disclosed in the notes to the financial statements.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The following business segments have been identified:

Marine
Real Estate
Car Parking
Regeneration

Revenue included within each segment is as follows:

Marine:

Marina and fishmarket 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 amounts due from customers for items sold or services performed in the ordinary course of business. If settlement is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. They are initially recognised at fair value and subsequently carried at amortised cost.

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.

IFRS not yet applied

The following new standards, amendments to standards or interpretations have been issued, but are not effective for the financial year beginning 1 April 2014 and have not been adopted early:

Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38): *1 January 2016
IFRS 15 Revenue from Contracts with Customers: *1 January 2017

Amendments to existing standards and new standards which may apply to the Group in future accounting periods include:

IAS 1 Disclosure Initiative – Amendments effective 1 January 2016

IFRS 9 Financial Instruments: Classification and Measurement effective 1 January 2018

IFRS 12 Disclosure of Interests in Other Entities – Amendments effective 1 January 2016

Annual Improvements to IFRSs 2012-2014 Cycle effective 1 January 2016

* mandatory effective date is periods commencing on or after

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.

The fair values together with the carrying amounts of the Group's financial instruments shown in the balance sheet are as follows:

	Fair value 1 April 2014 £000	Income Statement £000	Other Comprehensive Income £000	Cash-flow Movements £000	Total (Level 2) 31 March 2015 £000
Financial assets					
Derivative financial instruments	-	-	-	-	-
Financial liabilities					
Derivative financial instruments	132	-	21	-	153

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 up to 50% but gearing may exceed these levels where a project is in final stages before ultimate disposal or becoming fully operational. The Group structures borrowings into general facilities and secures specific financing for individual property projects as deemed appropriate.

The Board is not recommending the payment of a dividend for the year ended 31 March 2015.

The gearing ratio at the year end was as follows:

	2015 £000	2014 £000
Borrowings and loans	(21,650)	(20,430)
Finance lease liabilities	(47)	-
Cash and cash equivalents	239	205
Net debt	(21,458)	(20,225)
Equity	40,459	38,554
Net debt to equity ratio	53.0%	52.5%

Bank borrowing facilities and financial covenants

In June 2013 the Group renewed its banking facilities for three years to 30 June 2016, with three terms loans totalling £20m and a £2m revolving credit facility that increases to £2.5m in December 2014. In the course of the year the facility has been extended until 30 October 2016. No amounts of any loan are due before 30 October 2016.

The banking facilities include financial covenants, including (i) a measure of EBITDA to interest covenant (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 include principal.

As at 31 March 2015:

	Total £000	0 – <1years £000	1 to <2years £000	2 to <5years £000
Unsecured bank loans	-	-	-	-
Bank borrowings	-	-	-	-
Bank loans*	(22,877)	(775)	(22,102)	-
Trade and other payables	(1,314)	(1,314)	-	-
Finance lease liabilities	(50)	(21)	(21)	(8)
Derivatives financial instruments**	(179)	(143)	(36)	-
	(24,420)	(2,253)	(22,159)	(8)

As at 31 March 2014:

	Total £000	0 to <1years £000	1 to <2years £000	2 to <5years £000
Unsecured bank loans	-	-	-	-
Bank borrowings	-	-	-	-
Bank loans*	(22,084)	(735)	(735)	(20,614)
Trade and other payables	(1,369)	(1,369)	-	-
Derivatives financial instruments**	(322)	(143)	(143)	(36)
	(23,775)	(2,247)	(878)	(20,650)

* financial liabilities at amortised cost

** financial liabilities at fair value

Interest rate risk

LIBOR rates are hedged on £15m of borrowings until June 2016.

Credit risk

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

	2015 £000	2014 £000
Trade receivables:		
New customers (less than 12 months)	42	68
Existing customers (more than 12 months) with no defaults in the past	444	895
Existing customers (more than 12 months) with some defaults in the past	14	11
Total trade receivables	500	974

Commodity price risk

The Group has continued to experience high 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 2015, it is estimated that a general increase of half a percentage point in interest rates (being the best estimate of future anticipated changes in interest rates), ignoring hedging, would have decreased the Group's profit before tax from continuing operations by approximately £107,000 (2014: £100,000). 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. This is based on a number of factors including the maturity of the business and trading and economic outlook.

Yields applied across the trading and investment assets are in the range of 4.76% – 10.72% with the average yield being 7.325%. Assuming all else stayed the same; a decrease of 1.0% in the average yield would result in an increase in fair value of £6.470mm. An increase of 1.0% in the average yield would result in a corresponding decrease in fair value of £4.907m.

These assets were independently valued by Jones Lang LaSalle (“JLL”) at 31 March 2015. 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 IFRS 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.

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

- a) The valuation of investment property and property held for use in the business as at 31 March 2015 was £16,605,000 and £28,089,000 respectively; (2014: £15,575,000 and £22,900,000 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 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. Within the valuation of property held for use in the business, judgment is required to allocate the valuation between land and buildings.
- b) Determining the useful lives of fixed assets.
- c) **Determining the net realisable value of development property (2015: £19,835,000; 2014: £19,601,000)**
The Board has exercised judgement in determining the net realisable value of development property, taking into account expected costs to complete and future sale proceeds, and hence whether any write-down of development property is required. Included in development inventory is the Former Airport Site and the Secretary of State for Transport has commissioned another report into the viability of re-opening the airport, which is expected to be published within the year. The Local Planning Authority is currently in the process of formulating a new planning policy framework to guide Plymouth’s planning strategy for the 2017 to 2031 period. The Group has positioned its representations that the former airport site is ideally suited to the delivery of a range of new uses to Plymouth with significant economic, social and employment benefits. There is uncertainty about the outcome of the government report and planning strategy which, subject to the result, could affect the value and timing of any development of the site. No impairment has been included in the current year.
- d) **Impairments**
The Board exercises judgement in identifying cash-generating units and utilises assumptions, which are often subject to uncertainty, in determining the recoverable amount of assets (or cash-generating units) to assess whether an asset (or cash-generating unit) is impaired. In the year fixed assets totalling £403,000 (2014: £nil) have been impaired.
- e) **The calculation of deferred tax assets and liabilities (2015: Liability of £1,536,000; 2014: Liability of £1,330,000)**
The Group has not recognised deferred tax assets in respect of certain properties due to a high degree of uncertainty of the timing of when the asset may be realised.
- f) **The calculation of provisions for onerous leases (2015: Liability of £177,000; 2013: £210,000)**
In calculating provisions for onerous leases, the Board has exercised judgment in assessing future rental shortfalls, timing, and the discount rate to be used.
- g) **The calculation of provisions for bad and doubtful debts.**

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. The Board of Directors considers the business from an operational perspective as the Group has only one geographical segment, with all operations being carried out in the United Kingdom. Details of the types of revenue generated by each segment are given in note 2.

The Board of Directors assesses the performance of the operating segments using operating profit. The segment information provided to the Board of Directors for the reportable segments for the year ended 31 March 2015 is as follows:

Year ended 31 March 2015	Marine	Real Estate	Car Parking	Regeneration	Total
	£000	£000	£000	£000	£000
Revenue	5,020	1,513	422	-	6,955
Gross profit prior to non-recurring items	1,445	971	240	(229)	2,427
Non-recurring items:					
Impairment of assets	(303)	-	-	(100)	(403)
	1,142	971	240	(329)	2,024
Fair value adjustment on investment property	-	864	53	-	917
					2,941
Unallocated:					
Administrative expenses					(1,153)
Operating profit					1,788
Financial income					1
Financial expense					(928)
Taxation					(206)
Profit for the year from continuing operations					655
Depreciation charge					
Marine					118
Real Estate					-
Car Parking					7
Regeneration					-
Administration					18
					143

Notes to the consolidated financial statements
For the year ended 31 March 2015

Year ended 31 March 2014	Marine	Real Estate	Car Parking	Regeneration	Total
	£000	£000	£000	£000	£000
Revenue	4,801	1,440	374	430	7,045
Gross profit prior to non-recurring items	1,024	1,040	258	169	2,491
Non-recurring items:					
Onerous leases	-	(354)	-	-	(354)
	1,024	686	258	169	2,137
Fair value adjustment on investment property	-	311	-	-	311
	1,024	997	258	169	2,448
Unallocated:					
Administrative expenses					(1,324)
Operating profit					1,124
Financial income					1
Financial expense					(860)
Taxation					1,058
Profit for the year from continuing operations					1,323
Depreciation charge					
Marine					49
Real Estate					-
Car Parking					8
Regeneration					-
Administration					14
					71
Assets and liabilities					
				2015	2014
				£000	£000
<i>Segment assets:</i>					
Marine				26,348	23,788
Real Estate				17,012	15,859
Car Parking				3,577	3,421
Regeneration				20,179	20,508
Total segment assets				67,116	63,576
Unallocated assets: Property, plant & equipment				123	90
Trade & other receivables				283	273
Cash and cash equivalents				239	205
Total assets				67,761	64,144

Notes to the consolidated financial statements
For the year ended 31 March 2015

	2015 £000	2014 £000
<i>Segment liabilities:</i>		
Marine	2,058	1,930
Real Estate	804	519
Car Parking	67	18
Regeneration	933	1,068
Total segment liabilities	3,862	3,535
Unallocated liabilities: Bank overdraft & borrowings	21,650	20,430
Trade & other payables	101	162
Financial derivatives	153	132
Deferred tax liabilities	1,536	1,330
Tax payable	-	1
Total liabilities	27,302	25,590

Additions to property, plant and equipment

Marine	1,461	2,321
Real Estate	-	-
Car Parking	3	17
Regeneration	-	5
Unallocated	71	-
Total	1,535	2,343

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:

	2015 £000	2014 £000
Sale of goods	2,629	2,737
Sale of land and property	-	430
Rental income	1,685	1,585
Provision of services	2,641	2,293
	6,955	7,045

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):

	2015 £000	2014 £000
Staff costs (note 8)	1,343	1,269
(Decrease)/increase in provisions (note 26)	(33)	110
Rental income from investment property	(1,567)	(1,485)
Loss on sale of property, plant and equipment	8	26
Direct operating expenses of investment properties (including repairs and maintenance)	170	179
Gain on remeasurement of investment property to fair value (note 14)	(864)	(311)
Gain on remeasurement of fixed assets (note 13)	(53)	-
Depreciation of property, plant and equipment (note 13)	143	71
Operating lease payments (note 27)	217	226
Release of deferred grant (note 22)	(2)	(8)
Impairment of property, plant, and equipment (note 13)	403	-

The impairments reflect the difference between the recoverable amount (based upon fair value less costs to sell and further costs to completion) and book value.

7. Services provided by the Company's auditors

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

	2015 £000	2014 £000
Fees payable to Company's auditors for the audit of Parent Company and consolidated financial statements	6	5
Fees payable to the Company's auditors for other services:		
The audit of Company's subsidiaries pursuant to legislation	27	31
Additional fees relating to prior year audit	-	15
Tax compliance services	9	10
Other Services	-	-

Other services mainly comprise of project related tax advice.

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	
	2015	2014
Marine Activities	24	23
Property and Regeneration	3	3
Administration	8	8
	35	34

The aggregate payroll costs of these persons were as follows:

	2015 £000	2014 £000
Wages and salaries	1,123	1,093
Social security costs	122	110
Other pension costs (note 25)	98	66
Redundancies	-	-
	1,343	1,269

The total remuneration of the Directors of the Company was as follows:

	2015 £000	2014 £000
Fees	83	103
Other Emoluments	287	293
Pension Contributions	39	23
	409	419

9. Finance income and finance costs

	2015 £000	2014 £000
Other finance income	1	1
Finance income	1	1
Interest payable on bank loans and overdrafts	801	687
Interest payable on finance leases	1	-
Unwind of provisions	20	-
Other finance costs	106	173
Finance costs	928	860

Borrowing costs capitalised in the year amounted to £122,000 (2014: £156,000).

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation was 4.4% (2014: 5.2%).

10. Taxation

	2015 £000	2014 £000
Current tax		
Current tax on loss/profit for the year	-	-
Adjustments in respect of previous years	-	-
Total current tax	-	-
Deferred tax		
Adjustments in respect of previous years	(463)	(344)
Origination and reversal of temporary differences	669	(402)
Change in tax rate to 20% (2014: 23%)	-	(312)
Total deferred tax (note 17)	206	(1,058)
Total tax in income statement	206	(1,058)

On 2 July 2013, changes in the UK main rate of corporation tax were enacted. The effect of these changes is to reduce the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015. As a result of these changes, the relevant tax balances have been re-measured.

The tax assessed for the year is lower (2014: lower) than the standard rate of corporation tax in the UK of 21% (2014: 23%).

Reconciliation of effective tax rate

	2015 £000	2014 £000
Profit before tax	861	265
Tax on profit at standard corporation tax rate of 21% (2014:23%)	181	61
Expenses not deductible for tax purposes	(154)	(5)
Adjustments to tax charge in respect of previous periods – Deferred tax	179	(298)
Reversal of temporary differences in respect of industrial buildings	-	(536)
Other	-	92
Adjust closing deferred tax to average rate of 20% (2014: 20%)	-	(372)
	206	(1,058)
Total tax charge/(credit) on continuing operations	206	(1,058)
	206	(1,058)

11. Dividends paid on equity shares

During the year ended 31 March 2015 no dividends have been paid in respect of previous periods (2014: £nil) or proposed (2014: £nil).

The Board of Directors does not propose a final dividend for the year ended 31 March 2015 (2014: £nil).

12. Earnings per share

	2015 Pence	2014 Pence
Continuing operations:		
Basic earnings per share	0.68	1.37
Diluted earnings per share	0.68	1.37

Basic earnings per share

Basic earnings per share have been calculated using the profit for the year of £655,000 (2014: £1,323,000) for the continuing operations. The average number of ordinary shares in issue, excluding those options granted under the SAYE scheme, of 96,277,086 (2014: 96,277,086) has been used in the calculation.

Diluted earnings per share

Diluted earnings per share uses an average number of 96,277,086 (2014: 96,277,086) ordinary shares in issue, and takes account of the outstanding options under the SAYE scheme in accordance with IAS 33 'Earnings per Share'. The weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of nil (2014: nil), is calculated as follows:

	2015	2014
Weighted average number of shares at 31 March	96,277,086	96,277,086
Effect of share options in issue	-	-
Weighted average number of ordinary shares (diluted) at 31 March	96,277,086	96,277,086

There is no adjustment for the effect of all dilutive potential ordinary shares because the exercise prices of the options are greater than the average market price of the shares during both the current and prior year.

13. 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 2013	21,741	1,740	2,718	26,199
Additions	231	2,029	83	2,343
Revaluations	993	-	-	993
Impairment	-	-	-	-
Transfers	(35)	-	(62)	(97)
Disposals	-	-	(411)	(411)
Balance at 31 March 2014	22,930	3,769	2,328	29,027
Balance at 1 April 2014	22,930	3,769	2,328	29,027
Additions	6	643	886	1,535
Revaluations to income statement	53	-	-	53
Revaluations	1,271	-	-	1,271
Impairment	(303)	-	(100)	(403)
Transfers	1,255	(4,250)	2,995	-
Transfer to investment property (note 14) and from stock	-	(162)	232	70
Disposals	-	-	(40)	(40)
Balance at 31 March 2015	25,212	-	6,301	31,513

Notes to the consolidated financial statements
For the year ended 31 March 2015

Accumulated depreciation

Balance at 1 April 2013	-	-	2,283	2,283
Depreciation charge for the year	32	-	39	71
Impairment	-	-	-	-
Transfers	(2)	-	(57)	(59)
Disposals	-	-	(372)	(372)
Balance at 31 March 2014	30	-	1,893	1,923
Balance at 1 April 2014	30	-	1,893	1,923
Depreciation charge for the year	36	-	107	143
Impairment	-	-	-	-
Transfers	-	-	-	-
Disposals	-	-	(32)	(32)
Balance at 31 March 2015	66	-	1,968	2,034

Net book value

At 31 March 2014	22,900	3,769	435	27,104
At 31 March 2015	25,146	-	4,333	29,479

Included in Land and Buildings is long leasehold land at a value of £1,850,000 (2014: £1,800,000).

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 2015. 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.

At 31 March 2015, 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 £22,429,000 (2014: £20,504,000).

At 31 March 2015, 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 £955,000 (2014: £958,000).

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 finance leases are secured by the lessor's title to the fixed assets. The carrying value of plant, machinery and equipment which is subject to finance leases is £48k (2013: £nil).

14. Investment property

	2015	2014
	£000	£000
At fair value:		
Balance at the beginning of the year	15,575	15,221
Additions – arising from capitalised subsequent expenditure	4	41
Transfer from assets in the course of construction (note 13)	162	-
Refunds on planning costs	-	(21)
Fair value adjustments	864	311
Items transferred from inventory	-	-
Items transferred from freehold property	-	23
Balance at the end of the year	16,605	15,575

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 2015 has been determined by a valuation carried out at that date by independent, external valuers, 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.

Notes to the consolidated financial statements
For the year ended 31 March 2015

All of the Group's investment property is held under freehold interests with the exception of four (2014: three) properties which are held under long leaseholds.

15. Investments

At 31 March 2015 the Group has the following subsidiaries:

Subsidiaries	Class of shares held	Ownership		Nature of Business
		2015	2014	
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
Sutton Harbour Commercial Limited	Ordinary	100%	100%	Property
Sutton Harbour Projects Limited	Ordinary	100%	100%	Property
Sutton Harbour Car Parks Limited	Ordinary	100%	100%	Car Park Operator
Sutton Harbour Projects (No 2) Limited	Ordinary	100%	100%	Investment Company

All of the above companies were incorporated in the United Kingdom and registered in England and Wales.
All subsidiaries are included in the Group consolidated financial statements.

At 31 March 2014, the Group held 100% of the shares in the following subsidiaries:

Plymouth Fisheries Limited
Sutton Harbour Development Limited
Newquay Cornwall International Airport Limited
Sutton Harbour Partnerships Limited
Sutton Harbour Projects (No 1) Limited

All of these companies were dissolved and struck from the register in the course of the year.

16. Derivative financial instruments

The Group utilises a hedge of interest payments by interest rate swaps hedging future interest rate risk. All hedges are remeasured to fair value as at the balance sheet date.

	Assets		Liabilities	
	2015 £000	2014 £000	2015 £000	2014 £000
Current				
Interest rate swaps – cash flow hedges	-	-	-	-
Total current derivative financial instruments	-	-	-	-
	Assets		Liabilities	
	2015 £000	2014 £000	2015 £000	2014 £000
Non-current				
Interest rate swaps – cash flow hedges	-	-	(153)	(132)
Total non-current derivative financial instruments	-	-	(153)	(132)

The fair value of hedges as at 31 March 2015 was as follows:

Hedges of interest payments by interest rate swaps hedging future interest rate risk:

Fair value of financial liability of £153,000, contract for £15million at 1.45% based on the GBP LIBOR rate ruling each month between 18 June 2013 and 18 June 2016.

The fair value of hedges as at 31 March 2014 was as follows:

Hedges of interest payments by interest rate swaps hedging future interest rate risk:

Fair value of financial liability of £132,000, contract for £15million at 1.45% based on the GBP LIBOR rate ruling each month between 18 June 2013 and 18 June 2016.

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	
	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	2014 £000
Property, plant and equipment	-	-	(1,249)	(1,404)	(1,249)	(1,404)
Investment property	-	-	(433)	(335)	(433)	(335)
Employee benefits	-	-	-	-	-	-
Losses carried forward	146	409	-	-	146	409
Tax assets / (liabilities)	146	409	(1,682)	(1,739)	(1,536)	(1,330)

Movement in deferred tax during the year

	1 April 2014 £000	Change in deferred tax rate £000	Recognised in income £000	Recognised in equity £000	31 March 2015 £000
Property, plant and equipment	(1,404)	-	155	-	(1,249)
Investment property	(335)	-	(98)	-	(433)
Employee benefits	-	-	-	-	-
Losses carried forward	409	-	(263)	-	146
	(1,330)	-	(206)	-	(1,536)

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

18. Inventories

	2015 £000	2014 £000
Stores and materials	33	27
Goods for resale	26	60
Development property	19,835	19,601
	19,894	19,688

Included within inventories is £19,835,000 (2014: £18,947,000) expected to be recovered in more than 12 months.

Inventories to the value of £2,350,000 were recognised as an expense in the year (2014: £2,744,000).

Interest capitalised during the year in relation to development property was £31,000 (2014: £29,000).

19. Trade and other receivables

	2015 £000	2014 £000
Trade receivables	546	1,052
Provision for impairment of trade receivables	(46)	(78)
	500	974
Other receivables	72	88
Prepayments and accrued income	955	510
	1,527	1,572

Included within trade and other receivables is £246,000 (2014: £246,000) 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 Group regularly reviews the ageing profile of trade receivables and actively seeks to collect any amounts that have fallen outside the defined credit terms. The Group provides, in full, for any debts it believes have become non-recoverable. Movements on the Group specific provision for impairment of trade receivables are as follows:

	2015 £000	2014 £000
As at the beginning of the year	78	86
Provision for receivables impairment	5	26
Receivables written off during the year as uncollectable	(37)	(34)
As at the end of the year	46	78

The ageing of trade receivables that have not been provided for are:

	2015 £000	2014 £000
<i>Not yet due:</i>		
0 – 29 days	284	824
<i>Overdue:</i>		
30 – 59 days	174	97
60 – 89 days	-	-
90 – 119 days	1	1
120 + days	41	52
	500	974

As at 31 March 2015, trade receivables of £214,000 (2014: £150,000) were past due but not impaired (as disclosed in the above table). These relate to a number of independent customers for whom there is no recent history of default.

20. Cash and cash equivalents

	2015 £000	2014 £000
Cash and cash equivalents per balance sheet	239	205
Bank borrowings	-	-
Cash and cash equivalents per cash flow statement	239	205

At 31 March 2015, the Group had an agreed bank facility of £22.5million (2014: £22.0million) which expires on 30 October 2016, extended from June 2016 in the course of the year. The facility incurs interest charged at rates over LIBOR during the term of the facilities. LIBOR rates have been hedged on £15million of the £22.5million facility until June 2016 by way of an interest rate swap.

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

Undrawn facilities:

	2015 £000	2014 £000
Expiring within one year	-	-
Expiring within one to two years	850	-
Expiring between two and five years	-	1,570
	850	1,570

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, see note 3.

	2015 £000	2014 £000
Current liabilities		
Secured bank loans	-	-
	-	-
Non-current liabilities		
Secured bank loans	21,650	20,430
	21,650	20,430

Secured bank loans:

The current secured bank loans relate to a facility of £22.5m comprising four loans which incur interest at various rates over LIBOR during the term of the facilities and fall due for renewal more than 12 months from the Balance Sheet date. LIBOR rates have been hedged on £15million of the £22.5million facility until June 2016 by way of an interest rate swap (see note 16). Assets with a carrying amount of £54.4million (2014: £49.9million) have been pledged to secure borrowings of the Group.

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, fit out of units at the fishmarket, floating walkways within the lock and for construction of a new ice plant. 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	
	2015 £000	2014 £000	2015 £000	2014 £000
At the beginning of the year	1,431	1,353	688	696
Released to the income statement	(1,431)	(1,353)	(2)	(8)
Income and grants received and deferred	1,504	1,431	308	-
At the end of the year	1,504	1,431	994	688
Current	1,504	1,413	-	-
Non-current	-	18	994	688
	1,504	1,431	994	688

23. Trade and other payables

	2015 £000	2014 £000
Trade payables	906	521
Other trade payables	83	90
Other taxation and social security costs	109	212
Accruals	143	546
	1,241	1,369

The ageing of trade payables is as follows:

	2015 £000	2014 £000
<i>Not yet due:</i>		
0 – 29 days	805	387
<i>Overdue:</i>		
30 – 59 days	38	61
60 – 89 days	11	33
90 – 119 days	-	24
120 + days	52	16
	906	521

24. Finance lease liabilities

	Minimum lease payments		Capital element of lease payments	
	2015	2014	2015	2014
	£000	£000	£000	£000
Amounts payable under finance leases:				
Within one year	21	-	19	-
In the second to fifth years inclusive	30	-	28	-
	51	-	47	n/a
Less: future finance charges	(4)	-	n/a	-
Present value of lease obligations	47	-	47	-
Current			19	-
Non-current			28	-
			47	-

It is the Group's policy to lease certain of its property, plant and equipment under finance leases. The average lease term is 2.5 years (2013: n/a). For the year ended 31 March 2015, the average effective borrowing rate was 4.6% (2014: n/a). Interest rates are fixed at the contract date. All finance 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 £98,000 (2014: £66,000). There were no amounts outstanding or prepaid at the year end (2014: £nil).

26. Provisions for other liabilities and charges

	Onerous leases £000	Airport works £000	Total £000
Balance at 1 April 2013	-	100	100
Provisions made during the year	354	-	354
Provision utilised during the year	(144)	(100)	(244)
Balance at 31 March 2014	210	-	210
Balance at 1 April 2014	210	-	210
Provisions made during the year	-	-	-
Provisions utilised during the year	(33)	-	(33)
Balance at 31 March 2015	177	-	177
Current	48	-	48
Non-current	129	-	129
	177	-	177

Onerous leases are those where expected rents payable exceed rents receivable on sub-let office space in respect of two leases expiring in 2021.

27. Capital and reserves

Share capital

Thousands of shares	Ordinary shares		Deferred shares		Total shares	
	2015	2014	2015	2014	2015	2014
In issue at the beginning and end of the financial year – fully paid	96,277	96,277	62,944	62,944	159,221	159,221
	2015	2014	2015	2014	2015	2014
	£000	£000	£000	£000	£000	£000
<i>Authorised Ordinary share capital</i> 100,000,000 Ordinary shares of 1p each (2014: 100,000,000 Ordinary shares of 1p each)	1,000	1,000	-	-	1,000	1,000
<i>Allotted, called up and fully paid</i> 96,277,086 (2014: 96,277,086) Ordinary shares of 1p each (2014: 1p each)	963	963	-	-	963	963
62,943,752 (2014: 62,943,752) Deferred shares of 24p each (2014: 24p each)	-	-	15,106	15,106	15,106	15,106
	963	963	15,106	15,106	16,069	16,069

There is no limit to the authorised deferred share capital.

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

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

Issues of shares

There have been no issues of shares during year ended 31 March 2015.

Other reserves

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

Hedging reserve

The hedging reserve contains the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges.

28. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	2015 £000	2014 £000
Less than one year	206	217
Between one and five years	801	809
Greater than five years	294	490
	1,301	1,516

During the year £217,000 was recognised as an expense in the income statement in respect of operating leases (2014: £226,000).

Included within operating lease rentals is an amount of £1,274,000 (2014: £1,471,000) due in relation to the lease of part of a property which has been sublet. Income will therefore be generated to offset some of these lease rental amounts.

Leases as lessor

The Group leases certain properties under operating leases (see notes 13 and 14). The future minimum lease rentals receivable under non-cancellable leases are as follows:

	2015 £000	2014 £000
Investment property:		
Less than one year	1,281	1,200
Between one and five years	4,334	4,266
More than five years	25,983	25,763
	31,598	31,229
Owner-occupied properties:		
Less than one year	184	138
Between one and five years	361	231
More than five years	345	384
	890	753

Total contingent rents recognised in the year were £57,000 (2014: £50,000). Contingent rents are determined by reference to specific clauses within the leases.

During the year ended 31 March 2015 £1,509,000 (2014: £1,435,000) was recognised as rental income in the income statement. Repair and maintenance expense recognised in cost of sales for the year to 31 March 2015 was £88,000 (2014: £70,000).

The Group does not have any contractual obligations in relation to the repairs and maintenance of investment property, as all such work is carried out by an in-house maintenance team.

Owner-occupied property is classified within property, plant and equipment on the balance sheet, reflecting their principal use in the business.

Operating 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.

29. Cash flow statements

	2015	2014
	£000	£000
Cash flows from operating activities		
Profit for the year from continuing operations	655	1,323
Adjustments for:		
Taxation on loss from continuing activities	206	(1,058)
Financial income	(1)	(1)
Financial expense	928	860
Fair value adjustments on investment property	(864)	(311)
Revaluation of property, plant and equipment	(53)	-
Depreciation	143	71
Amortisation of grants	(4)	(8)
Impairment of assets	403	29
Loss on sale of property, plant and equipment	9	26
Cash generated from continuing operations before changes in working capital and provisions	1,422	931
Increase in inventories	(207)	(229)
Decrease/(increase) in trade and other receivables	28	(480)
Decrease in trade and other payables	(78)	(50)
Increase in deferred income	73	78
(Decrease)/increase in provisions	(33)	110
Cash generated from continuing operations	1,205	361

30. Related Parties

The parent of the Group is Sutton Harbour Holdings plc. There is no ultimate controlling party. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Transactions with key management personnel:

Executive Directors of the Company and their immediate relatives control 0.12% (2014: 0.12%) of the voting shares of the Company.

The compensation of key management personnel (the Executive and Non Executive Directors) is as follows:

	2015	2014
	£000	£000
Fees	83	103
Short term employee benefits including taxable benefits	287	293
Social security costs	39	36
Company contributions to money purchase pension schemes	39	23
	448	455

Mr D McCauley/Rotolok (Holdings) Limited ("Rotolok") is the Group's second largest shareholder, holding 28.79% of the issued share capital of Sutton Harbour Holdings plc, and also has representation on the Board of Directors by virtue of Sean Swales, the Group Managing Director of Rotolok (Holdings) Limited. As a consequence, Rotolok is considered to have significant influence over the Group as defined in IAS 24 'Related party transaction' and hence transactions with Rotolok are required to be disclosed. In the year there were no transactions with Rotolok.

31. Capital Commitments

In June 2014, the Group was contracted to construct a replacement ice plant and chillers for the Fishmarket. The Group is currently contractually committed to £376,000 to complete these projects and grant match funding of up to 50% is available to offset these costs.

	2015	2014	2013	2012	2011 (including current year discontinued operations) As restated
	£000	£000	£000	As restated £000	As restated £000
Net Assets	40,459	38,554	36,562	41,503	36,081
Revenue	6,955	7,045	7,039	9,898	9,635
Operating profit before fair value adjustments and impairments	1,274	1,167	1,391	2,487	3,406
Fair value adjustments on investment property	917	311	(3,426)	301	53
Impairment of assets, onerous leases	(403)	(354)	(978)	(1,330)	(200)
Operating profit/(loss) after fair value adjustments and impairments	1,788	1,124	(3,013)	1,458	3,259
Other gains and losses	-	-	69	-	-
Net financing costs (excludes joint ventures/associates)	(927)	(859)	(735)	(803)	(750)
Profit/(loss) before tax on continuing activities	861	265	(3,679)	655	2,459
Loss from discontinued activities	-	-	-	(1,632)	(9,158)
Profit/(loss) attributable to equity shareholders	655	1,323	(2,849)	(767)	(6,502)
Dividends paid	-	-	-	-	629
Basic earnings/(loss) per share	0.68p	1.37p	(2.96)p	(1.10)p	(10.33)p
Diluted earnings/(loss) per share	0.68p	1.37p	(2.96)p	(1.10)p	(10.33)p
Dividends paid and proposed per ordinary share (adjusted for changes in issued share capital)	-	-	-	-	1.0p

Company Balance Sheet
As at 31 March 2015

Company number: 2425189

	Note	2015 £000	2014 £000
Fixed assets			
Investments	d	4,657	4,657
		4,657	4,657
Current assets			
Debtors	e	38,748	37,142
Cash at bank and in hand		8	9
		38,756	37,151
Current liabilities			
Creditors: amounts falling due within one year	f	10,279	11,001
		28,477	26,150
Net current assets		28,477	26,150
Total assets less current liabilities		33,134	30,807
Creditors: amounts falling due after more than one year	g	6,650	5,430
Net assets		26,484	25,377
Capital and reserves			
Called up share capital	h	16,069	16,069
Share premium account	i	5,368	5,368
Share-based payment reserve	i	-	-
Merger Reserve	i	3,620	3,620
Profit and loss account	i	1,427	320
Total shareholders' funds	j	26,484	25,377

The notes on pages 51 to 55 are an integral part of these financial statements.

The Financial Statements were approved and authorised by the Board of Directors on 23 June 2015 and were signed on its behalf by:



Jason W. H. Schofield
Director

a) Accounting policies

Basis of preparation

These financial statements have been prepared under the historical cost convention, as modified by the fair value of share-based payments and financial instruments in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Company Financial Statements. These financial statements contain information about the Company as an entity only. The consolidated financial statements of the Group are presented separately on pages 21 to 48 of this document.

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company, therefore, continues to adopt the going concern basis in preparing its financial statements.

Taxation

UK Corporation Taxation is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax with the following exception:

Net deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred taxation is measured on an undiscounted basis at the average tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Investment in subsidiaries

The investments in subsidiary companies are included in the Company's balance sheet at cost less provision for impairment. The investment is subsequently measured at cost less provision for impairment. Impairment reviews are performed by Directors when there has been an indication of potential impairment.

Exemptions

The Directors have taken advantage of the exemption available under S408 of the Companies Act 2006 and not presented a profit and loss account for the Company alone. The loss for the year for the Company alone is given in note j.

The Company has also taken advantage of the convention that parent companies do not prepare a cash flow statement under the terms of FRS 1 'Cash Flow Statement'. The cash flows of the Company are included in the Sutton Harbour Holdings plc consolidated financial statements.

As the Company heads a group of wholly owned subsidiaries and controls all of the subsidiary voting rights, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties).

Employee benefits: share-based payment transactions

The share option programme allows Group employees to acquire shares of the ultimate Parent Company; these awards are granted by the ultimate parent. 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. When the Company grants options over its own shares to the employees of its subsidiaries it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

Share Issue Costs

The costs in connection with the issue of the new share equity have been charged against the share premium account.

b) Services provided by the Company's auditors

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

<i>Current auditors:</i>	2015	2014
	£000	£000
Fees payable to Company's auditor for the audit of Parent Company financial statements	6	5
Fees payable to the Company's auditor for other services:		
Tax services	1	1

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

c) Employees and Directors

The Company has no employees. The Directors are not remunerated for their services to the Company.

d) Investments

Cost and net book value	Investment in subsidiary undertakings	Total
As at the beginning and end of the financial year	£000	£000
	4,657	4,657

Subsidiary companies:

At 31 March 2015, the Company has the following investments in subsidiaries:

	Class of shares held	Ownership		Nature of Business
		2015	2014	
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
Sutton Harbour Commercial Limited	Ordinary	100%	100%	Property
Sutton Harbour Projects Limited	Ordinary	100%	100%	Property
Sutton Harbour Car Parks Limited	Ordinary	100%	100%	Car Park Operator
Sutton Harbour Projects (No 2) Limited	Ordinary	100%	100%	Investment company

All of the above companies were incorporated in the United Kingdom and registered in England and Wales.

At 31 March 2014, the Group held 100% of the shares in the following subsidiaries:

Plymouth Fisheries Limited
Sutton Harbour Development Limited
Newquay Cornwall International Airport Limited
Sutton Harbour Partnerships Limited
Sutton Harbour Projects (No 1) Limited

All of these companies were dissolved and struck from the register in the course of the year.

**Notes to the Company Financial Statements
For the year ended 31 March 2015**

e) Debtors

	2015 £000	2014 £000
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	38,423	36,838
Deferred Tax	87	87
Other debtors and prepayments	238	217
Total debtors	38,748	37,142

f) Creditors: amounts falling due within one year

	2015 £000	2014 £000
Amounts owing to subsidiary undertakings	10,258	10,979
Bank borrowings	-	-
Other creditors	21	1
Accruals	-	21
Total creditors	10,279	11,001

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

g) Creditors: amounts falling due after more than one year

	2015 £000	2014 £000
Bank borrowings	6,650	5,430
Deferred tax	-	-
	6,650	5,430

Interest is charged at rates over LIBOR during the term of the bank facilities.

h) Called up share capital

	Ordinary shares		Deferred Shares		Total	
	2015	2014	2015	2014	2015	2014
Thousands of shares						
In issue at the beginning and end of the financial year – fully paid	96,277	96,277	62,944	62,944	159,221	159,221

**Notes to the Company Financial Statements
For the year ended 31 March 2015**

	Ordinary Shares		Deferred Shares		Total	
	2015 £000	2014 £000	2015 £000	2014 £000	2015 £000	2014 £000
<i>Allotted, called up and fully paid</i>						
96,277,086 (2014: 96,277,086) Ordinary shares of 1p each (2014: 1p each)	963	963	-	-	963	963
62,943,752 (2014: 62,943,752) Deferred shares of 24p each (2014: 24p each)	-	-	15,106	15,106	15,106	15,106
Total	963	963	15,106	15,106	16,069	16,069

The holders of Ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

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

i) Reserves

	Share premium account	Merger reserve	Share-based payment reserve	Profit and loss account
	£000	£000	£000	£000
Balance at 1 April 2014	5,368	3,620	-	320
Realised gain relating to lapsed share options	-	-	-	-
Profit for the financial year (note j)	-	-	-	1,107
Balance at 31 March 2015	5,368	3,620	-	1,427

Merger reserve

The merger reserve was created when a cash box placing of shares occurred on 4 September 2009. In the opinion of the Directors, this reserve is distributable.

j) Reconciliation of movements in shareholders' funds

	2015 £000	2014 £000
Profit/(loss) for the financial year	1,107	(125)
Retained profit/(loss) for the year	1,107	(125)
Net addition to/(reduction in) shareholders' funds	1,107	(125)
Opening shareholders' funds	25,377	25,502
Closing shareholders' funds	26,484	25,377

k) Contingencies

The Company has given an unlimited guarantee in respect of bank borrowings of all subsidiary companies. At 31 March 2015, these borrowings amounted to £15,000,000 (2014: £15,000,000).

l) Ultimate Parent Company and controlling party

Sutton Harbour Holdings plc is the ultimate Parent Company of the Group and there is no separate controlling party. The consolidated financial statements of the Group headed by Sutton Harbour Holdings plc are presented separately on pages 21 to 48 of this document. The results of the Company are not consolidated in any other group's financial statements.