SOLENT GATEWAY LIMITED 09370825
ANNUAL REPORT & FINANCIAL STATEMENTS
FOR THE PERIOD 1 APRIL 2022 TO 31 JANUARY 2023

Solent Gateway Limited/Company Number 09370825/31 January 2023

Contents

Solent Gateway Limited/Company Number 09370825/31 January 2023

Strategic Report

Solent Gateway Limited (**SGL or Company**) was incorporated in 2014 and was formed as a joint venture between David MacBrayne Limited and GBA (Holdings) Limited. It holds a 35-year agreement until 2051 to develop and operate the 83-hectare Marchwood Port on the River Test opposite the Port of Southampton. On 31 January 2023, David MacBrayne Limited and GBA (Holdings) Limited transferred their interest in SGL to ABP Midco UK Limited (ABP). The acquisition of SGL by ABP will strengthen delivery of the long term development of the port and support the delivery of SGL's long term business strategy. It was agreed by the ABP Midco UK Limited Board to change the company's year end from 31 March 2023 to 31 January 2023.

Marchwood Port remains a key element of the Solent Freeport, which is one of eight UK Government freeport sites. Freeports are a key part of the Government's economic plans for the UK which are designed to boost trade, employment and innovation in each area. Marchwood Port is one of very few sites to be awarded both Tax and Customs Site status which is beneficial for businesses taking advantages of tariff, tax and other financial benefits. Marchwood Port is the only customs site within the Solent Freeport and as all Freeports must have at least one customs site, Marchwood Port is a critical element of the Solent Freeport.

On the 9 February 2022, SGL was granted planning permission from the New Forest District Council (NFDC) to develop Marchwood Port and full planning consent for the port development was granted by NFDC on 21 October 2022.

SGL has established itself within the Solent region and the opportunity it will create through developing considerable new port space within the region is widely recognised. There is growing demand for the new capacity and facilities which will be developed, which will support sectors such as auto, grain, export of recycling materials, aggregates, steel, container storage and export, and Roll on Roll Off cargo.

SGL's long-term business strategy and plan remains on track, with a long-term revenue forecast expected to be underpinned by long-term leases and minimum guaranteed tonnages of material brought into the port, boosted by high demand from the maritime industry for regular import and export activity.

Principal Risks

The key principal risks facing SGL mainly relate to the development of the port.

Failure to secure long-term customers to the port which lease land and create revenue through import/export activity. The high level of commercial interest in the port for space for port-centric manufacturing gives confidence this is low risk.

Accident leading to serious injury or fatality. SGL has high standards of safety across all operations inside the port, with tightly managed processes for Risk and Method Statements for all activities, augmented by effective training. The exceptionally low accident figures, with no serious injury since SGL took over as Marchwood Port Operator, gives confidence that safety is at the forefront of all activity.

Financial Performance Highlights

Financial Stats/KPIs:

Operating profit for the 10 month period ended 31 January 2023 was £1,422,000 (Year to 31 March 2022: £214,000). Turnover for the 10 month period ended 31 January 2023 at £10,060,000 (Year to 31 March 2022: £9,194,000), includes an increase in additional rental and berthing income this year with an average of 3920 TEU (2022: 5500 TEU) container storage units on site.

Administrative expenditure for the 10 months to 31 January 2023 was £802,000 (Year to 31 March 2022: £1,106,000). Expenditure includes a reduction in costs required for the planning, preparation and securing of funding for the Port development.

During the financial period SGL received furlough support of £NIL (2022: £193,000).

Balance Sheet

The net asset position of SGL at 31 January 2023 is £2,367,000 (31 March 2022: £1,225,000), the increase in net assets driven by an improved performance during the 10 month financial period.

On behalf of the Board

Andrew Collingwood
Director

21/9/23

Directors' Report

The Directors present their Directors' Report and financial statements for the period ended 31 January 2023.

Principal activity and business review

The profit after tax for the period ended 31 January 2023 amounted to £1,142,000 (Year to 31 March 2022: £84,000).

The Company operates the port at Marchwood, under a 35-year contract with the Ministry of Defence.

Solent Gateway Limited (SGL) is a wholly owned subsidiary of ABP Midco UK Limited (ABP).

Port Development

ABP and SGL together have ambitious plans to develop the facility into a high-quality port-centric logistic hub with excellent connectivity by sea, rail, and road.

The company submitted a planning application on 6th August 2021 and planning consent was granted on 9th February 2022. The achievement of this critical milestone was key to unlocking the port's commercial potential.

The first phase of development will include a new port entrance and security facility, on and off-site ecological mitigation to deliver the mandated bio-diversity net gain of +10%, site enabling works and significant improvements to surfacing for commercial activity and port operations. Subsequent phases will see further areas of the port developed, improving accessibility and developing open and closed storage facilities.

In addition to the area used for commercial import and export activities, SGL is engaged in negotiations with potential customers for long-term tenant arrangements. The assured income from longer-term agreements and associated guaranteed minimum cargo dues, augmented by the commercial revenue from other shorter-term clients, will give SGL a solid and secure financial platform from which it can target further revenue growth.

SGL is a key element of the successful Solent Freeport bid as the Marchwood Port is a tax site and the Freeport's principal custom site. Being both a tax and custom site greatly increases the commercial attractiveness of Marchwood Port. This is reflected in the continually growing interest in access to the port and gives increased confidence in SGL's revenue potential.

Political and charitable donations

The Company made no political or charitable donations during the period.

Directors and their interests

C Judah, Resigned 31 January 2023
R Drummond, Resigned 31 January 2023
D Mackison, Resigned 16 September 2022
J Ward, Appointed 16 September 2022, Resigned 31 January 2023
S Bland, Resigned 31 January 2023
F Barnes, Resigned 31 January 2023
A Collingwood, Appointed 31 January 2023
A Welch, Appointed 31 January 2023
A Morgan, Appointed 31 January 2023
R Parkinson, Appointed 31 January 2023

Dividends

The Directors do not recommend the payment of a dividend (2022: nil).

Directors' indemnities

ABP (Jersey) Limited, the ultimate parent company of ABP Midco UK Limited, maintains directors' and officers' liability insurance and pension fund trustees' liability insurance which give appropriate cover for any legal action brought against the directors and officers of the Company. In addition, the Articles of Association of the Company permit the directors and officers of the Company to be indemnified in respect of liabilities incurred as a result of their office.

Following the acquisition of the Company by ABP Midco UK Limited on 31 January 2023 qualifying third party indemnity provisions (as defined by s.234 of the Companies Act 2006) for the benefit of directors and officers were put in place and remain in force in relation to certain losses and liabilities which directors and officers may incur (or have incurred) in connection with their duties, powers or office.

Financial instruments

The Company enters into no complex financial instruments.

Directors' Report

Disclosure of information to Auditor

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 auditor is unaware and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information. In reaching this view, the Directors have placed reliance on the contractual warranty commitments entered into by the previous directors, who resigned on 31 January 2023, and which are set out in Clause 9 and Schedule 5 of the Agreement for the Sale and Purchase of Solent Gateway Limited.

Going concern

Due to the initial investment required, cumulative losses were expected until the Marchwood Port could be developed to accommodate new business. Contract year ending 30 November 2022 experienced additional revenue from berthing days and container storage, but as this income cannot be guaranteed in the longer term this has been excluded from our going concern assessment undertaken at this point. SGL are forecasting to remain profitable up to financial period ending 31 December 2023.

The planning permission for the development of the port was granted on 9 February 2022. S106 planning consent requirements were submitted and approved on the 21 October 2022, pending a 6-week judicial review. The judicial review has concluded with no challenges therefore full planning consent is now in place and construction is expected to commence during 2023 and this will accommodate future clients with longer term business needs in the port. These contracts will provide SGL with long-term financial security and will underpin the additional but considerable short-term transactional activity common in the port industry. With the ever-growing number of businesses seeking access to operate in Marchwood Port, the SGL Directors are confident for the future success of SGL.

Solent Gateway Ltd was acquired by ABP Midco UK Ltd ('ABP'). ABP will support funding to support delivering the commercial development of the port. SGL continues to be successful in using all land currently available for commercial business, accommodating a lucrative container storage service, project cargo storage and land lease to several businesses. As a direct result of the additional berthing and container storage requirements exceeding expectations, SGL has performed ahead of the financial plan.

For the purposes of the Directors' assessment of the company's going concern position and to satisfy them of the company's ability to pay its liabilities as they fall due, the Directors have prepared a cash flow forecast for a period of 26 months from 1 February 2023 to 31 March 2025. The forecast financial statements reflect the current assumptions including the funding of capital investment, and the latest assessment for securing new long-term business.

Solent Gateway Limited's ultimate parent company, ABP (Jersey) Limited has provided a letter of comfort in respect of the provision of financial support to SGL to assist SGL in meeting liabilities as and when they fall due to the extent that money is not otherwise available within SGL to meet such liabilities. This support is provided to SGL from the date of approval until 30 September 2024.

Taking these factors into consideration, the Directors are confident that the company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

On behalf of the Board

Andrew Collingwood
Director

21/9/23

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

The Directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations or have no realistic alternative but to do so.

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 Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent Auditor's Report to the members of Solent Gateway Limited

Opinion

We have audited the financial statements of Solent Gateway Limited (the 'company') for the year ended 31 January 2023, which comprise the Profit and Loss Account, Balance Sheet, Cashflow Statement, Statement of Changes in Equity and Notes on the Financial Statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Independent Auditor's Report to the members of Solent Gateway Limited (continued)

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

Independent Auditor's Report to the members of Solent Gateway Limited (continued)

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit report

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.

SJMills

Stephen Mills (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

5th Floor
Merck House
Poole
BH15 1TW

Date: 21/9/23

Profit and Loss Account
for the period ended 31 January 2023

	Note	**10 months to 31/01/23 £000**	Year ended 31/03/22 £000
Turnover	2	**10,060**	9,194
Cost of sales		**(7,836)**	(8,067)
Gross profit		**2,224**	1,127
Administrative expenses		**(802)**	(1,106)
Other income		**-**	193
Operating profit		**1,422**	214
Interest payable		**-**	(60)
Profit before tax	4	**1,422**	154
Taxation on profit	5	**(280)**	(70)
Profit for the year		**1,142**	84

There was no other comprehensive income in the period.

The accompanying notes are an integral part of these financial statements

Balance Sheet
as at 31 January 2023

	Note	As at 31/01/23 £000	As at 31/03/22 £000
Non current assets			
Leasehold improvements	6	**1,028**	1,066
Assets under construction	6	**3,103**	2,873
		4,131	3,939
Current assets			
Debtors	7	**2,132**	3,677
Cash at bank and in hand	8	**8,001**	4,149
Deferred tax	9	**9**	4
		10,142	7,830
Creditors			
Amounts falling due within one year	10	**(3,193)**	(2,234)
Net current Assets		**6,949**	5,596
Total assets less current liabilities		**11,080**	9,535
Non current liabilities			
Amounts falling due after more than one year	11	**(8,713)**	(8,310)
		(8,713)	(8,310)
Net assets/(liabilities)		**2,367**	1,225
Capital and reserves			
Called up share capital	12	**5,000**	5,000
Retained profit		**(3,775)**	(3,859)
Profit and loss account		**1,142**	84
Shareholders' funds/(deficit)		**2,367**	1,225

These financial statements were approved by the Board of Directors and signed on its behalf on 21 September 2023 by:

Director
Andrew Collingwood

The accompanying notes are an integral part of these financial statements

Consolidated Cash Flow Statement
for the period ended 31 January 2023

	Note	**10 months to 31/01/23 £000**	Year ended 31/03/22 £000
Cash flows from operating activities			
Profit for year		**1,142**	84
Adjustments for:			
Depreciation		**38**	46
Income tax (credit)/expenditure		**285**	(54)
Finance expenditure		**-**	61
Operating cash flows before movements in working capital		**1,465**	137
Decrease/(Increase) in trade and other receivables		**1,538**	(1,605)
Increase/(decrease) in trade and other payables		**1,095**	(398)
Cash generated/(absorbed) from operations		**4,098**	(1,866)
Taxation		**(16)**	125
Net cash inflow/(outflow) from operating activities		**4,082**	(1,741)
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(230)**	(605)
Net cash flows from investing activities		**(230)**	(605)
Cash flows from financing activities			
Proceeds from the issue of share capital		**-**	4,000
Interest paid & similar charges		**-**	(60)
Net cash inflow from financing activities		**-**	3,940
Net increase in cash and cash equivalents		**3,852**	1,594
Cash and cash equivalents at start of year	8	**4,149**	2,555
Cash and cash equivalents at 31 January	8	**8,001**	4,149

The accompanying notes are an integral part of these financial statements

Statement of Changes in Equity

	Called Up Share Capital £000	Profit and Loss Account £000	Total Equity £000
Balance at 1 April 2021	1,000	(3,859)	(2,859)
Total comprehensive income for the year			
Profit for the year	-	84	84
Issue of share capital	4,000	-	4,000
Total comprehensive income for the year	4,000	84	4,084
Balance at 31 March 2022	**5,000**	**(3,775)**	**1,225**

	Called Up Share Capital £000	Profit and Loss Account £000	Total Equity £000
Balance at 1 April 2022	5,000	(3,775)	1,225
Total comprehensive income for the year			
Profit for the year	-	1,142	1,142
Total comprehensive income for the year	-	1,142	1,142
Balance at 31 January 2023	**5,000**	**(2,633)**	**2,367**

The accompanying notes are an integral part of these financial statements

Notes on the financial statements

1. Accounting policies

Solent Gateway Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000. It was agreed by the ABP Midco UK Limited Board to change the company's year end from 31 March 2023 to 31 January 2023.

(a) Basis of preparation
These financial statements have been prepared under the historical cost accounting convention and in accordance with applicable accounting standards.

Going Concern

Solent Gateway Ltd was acquired by ABP Midco UK Ltd ('ABP'). ABP will support funding to support delivering the commercial development of the port. SGL continues to be successful in using all land currently available for commercial business, accommodating a lucrative container storage service, project cargo storage and land lease to several businesses.

For the purposes of the Directors' assessment of the company's going concern position and to satisfy them of the company's ability to pay its liabilities as they fall due, the Directors have prepared a cash flow forecast for a period of 26 months from 1 February 2023 to 31 March 2025. The forecast financial statements reflect the current assumptions including the funding of capital investment, and the latest assessment for securing new long-term business.

Solent Gateway Limited's ultimate parent company, ABP (Jersey) Limited has provided a letter of comfort in respect of the provision of financial support to SGL to assist SGL in meeting liabilities as and when they fall due to the extent that money is not otherwise available within SGL to meet such liabilities. This support is provided to SGL from the date of approval until 30 September 2024.

Taking these factors into consideration, the Directors are confident that the company will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

(b) Tangible assets
Gross book values of all tangible assets are stated at cost. No depreciation is charged until the asset comes into use.

Costs in relation to the Port development

Costs are capitalised once it is probable that economic benefits will flow to the entity. Probability will be assessed on a regular basis, and if it becomes apparent that the project will be discontinued, any previously capitalised costs will be impaired to their recoverable amount

(c) Depreciation
Depreciation is provided on tangible assets by equal annual instalments calculated to write off the cost (taking account of anticipated residual values) over their estimated useful lives as follows:

Leasehold Improvements	25 Years

(d) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at transaction value then at amortised cost, less any impairment losses. The criteria which the Group uses to determine that there is objective evidence of an impairment loss includes:

- significant financial difficulty of the debtor
- a breach of contract, such as a default or delinquency in interest or principal payments
- the probability that the debtor will enter bankruptcy or other financial reorganisation

Trade and other payables

Trade and other payables are obligations to pay for goods or services which have been acquired in the ordinary course of business from suppliers. They are recognised initially at transaction value. Subsequent to initial recognition they are measured at amortised cost.

Notes on the financial statements

1. Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits which have a maturity of three months or less from the date of acquisition.

(e) Leases
Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

(f) Turnover
The accounting policy for turnover is described in note 2.

(g) Taxation
Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss 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 timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

(h) Pensions
The Company participates in the Civil Servants Pension which provides benefits based on final pensionable salary.

The Company accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

The Company also operates a stakeholder pension scheme for auto enrolment purposes.

(i) Judgements in applying accounting policies and key sources of estimation uncertainty.
The directors consider that there are no critical judgements or key sources of estimation uncertainty required in the preparation of the financial statements.

2. Turnover

Turnover represents gross turnover stated net of value added tax and is made up as follows:-

	10 months to 31/01/23 £000	Year ended 31/03/22 £000
Commercial revenue	**4,899**	4,051
Service payments	**3,788**	4,231
Other income	**770**	239
Sponsored reservist fees	**603**	673
Turnover	**10,060**	9,194

Turnover comprises of the transaction value of the consideration received or receivable for the provision of services in the ordinary course of the Company's activities. The Company recognises turnover when the amount of turnover can be reliably measured, and it is probable that future economic benefit will flow to the Company.

Notes on the financial statements

3. Employee information

Staff costs

	10 months to 31/01/23 £000	Year ended 31/03/22 £000
Wages and salaries	**1,822**	2,382
Social security costs	**199**	239
Other pension costs	**129**	184
	2,150	2,805

None of the Directors received emoluments in respect of fees or services to the Company in the period ended 31 January 2023.

Employee numbers

The Company had an average of 58 employees during the period ended 31 January 2023 (2022: 73).

4. Profit/(Loss) before tax

	10 months to 31/01/23 £000	Year ended 31/03/22 £000
The profit/(loss) is stated after charging/(crediting):		
Auditor's remuneration relating to audit services	**40**	30
Other services relating to tax	**6**	9
Interest payable	**-**	60
Operating Lease	**3,043**	1,783

5. Taxation

The tax on profit/(loss) is made up as follows:

	10 months to 31/01/23 £000	Year ended 31/03/22 £000
UK corporation tax on profit for the period	**283**	16
Adjustment in respect of prior periods	**1**	-
Total current tax charge	**284**	16
Deferred Tax		
Origination and reversal of temporary differences	**-**	59
Adjustment in respect of prior periods	**(4)**	9
Effect of tax rate change on opening balance	**-**	(14)
Total deferred tax charge/(credit)	**(4)**	54
Total tax charge/(credit)	**280**	70

Notes on the financial statements

5. Taxation (continued)

The tax charge on profit for the year varied from the standard rate of UK corporation tax as follows:

	10 months to 31/01/23 £000	Year ended 31/03/22 £000
Profit/(loss) on ordinary activities before tax	**1,410**	154
Tax on profit on ordinary activities at standard CT rate of 19%	**268**	29
Effects of:		
Fixed asset differences	**6**	9
Expenses not deductible for tax purposes	**9**	24
Adjustments to tax charge in respect of previous periods	**(3)**	9
Remeasurement of deferred tax for changes in tax rates	**-**	(1)
Tax charge/(credit) for the period	**280**	70

6. Tangible Assets

	Assets Under Construction £000	**Leasehold Improvements £000**	**Total £000**
Cost			
At 1 April 2022	2,873	1,142	4,015
Additions in the period	230	-	230
At 31 January 2023	**3,103**	**1,142**	**4,245**
Depreciation			
At 1 April 2022	-	76	76
Charge for the year	-	38	38
At 31 January 2023	-	**114**	**114**
Net book value at 31 January 2023	**3,103**	**1,028**	**4,131**
Net book value at 31 March 2022	2,873	1,066	3,939

7. Debtors

	01/04/22 - 31/01/23 £000	Year ended 31/03/22 £000
Trade receivables	**560**	1,425
Prepayments and accrued income	**1,572**	1,918
Other receivables	**-**	240
Amounts due from related parties	**-**	94
	2,132	3,677

Notes on the financial statements

8. Cash and cash equivalents

	10 months to 31/01/23 £000	Year ended 31/03/22 £000
Cash at bank and in hand	**8,001**	4,149
Cash and cash equivalents per cash flow statements	**8,001**	4,149

9. Deferred Tax

Provision for deferred tax	10 months to 31/01/23 £000	Year ended 31/03/22 £000
Short term timing differences	**(3)**	(5)
Fixed term timing differences	**(6)**	-
Total deferred tax asset	**(9)**	(5)
Movement in provision		
Provision at start of period	**(5)**	(57)
Deferred tax charge in the profit and loss account for the period	**(4)**	52
Provision at end of period	**(9)**	(5)

10. Creditors: amounts falling due within one year

	10 months to 31/01/23 £000	Year ended 31/03/22 £000
Trade creditors	**118**	150
Amounts due to related parties	**130**	-
Corporation Tax	**285**	16
Other Tax and social security	**226**	80
Other creditors and accruals	**2,434**	1,988
	3,193	2,234

11. Creditors: amounts falling due in more than one year

	10 months to 31/01/23 £000	Year ended 31/03/22 £000
Other creditors and accruals	**8,713**	8,310
	8,713	8,310

12. Capital and reserves

Share Capital

	10 months to 31/01/23 £000	Year ended 31/03/22 £000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**5,000**	5,000
	5,000	5,000

Notes on the financial statements

13. Leases as lessor

During the period, £1,500,000 was recognised as rental income by the Company in respect of leases.

The following table sets out a maturity analysis of lease payments to be received, showing the undiscounted lease payments to be received after the reporting date:

	10 months to 31/1/23 £000	Year ended 31/3/22 £000
Less than one year	**1,800**	-
Between one and five years	**1,500**	-
	3,300	-

14. Operating leases

Non-cancellable operating lease rentals are payable as follows:-

	10 months to 31/01/23 £000	Year ended 31/03/22 £000
Less than one year	**1,938**	2,051
Between one and five years	**7,926**	8,152
More than five years	**57,880**	59,091
	67,744	69,294

During the financial period to 31 Jan 2023, £3,042,833 was recognised in the income statement in respect of operating leases (Year to 31 March 2022: £1,783,238).

15. Contingent Liabilities

Contingent rental payments are payable to the MoD when the Company is profitable in the contract year (Year ended 30 November). The current value of this contingent liability is £7m (2022: £7.6m). The Company is liable to make a payment of £1.3m in the next financial year and has been included in creditors due in 1 year. This payment is based on the profit for the contract year ended 30 November 2022, taking into account the adjusted profit of the Company within the contract year (75% of (profit before interest and tax less guaranteed rental payments)).

The company has entered into an agreement to support performance of the s106 biodiversity requirements in relation to the port development, under the terms of this agreement once development commences amounts of £2.7m are payable over the next 30 years.

16. Related parties

On 31 January 2023, David MacBrayne Limited and GBA (Holdings) Limited transferred their interest in SGL to ABP Midco UK Limited (ABP).

Identity of related parties with which the Company has transacted:

		10 months to 31/01/23 £000	Year ended 31/03/22 £000
Transactions during the year – receivable/(payable)			
Mobilisation interest –	CalMac Ferries Ltd	-	(60)
Commercial services –	GBA (Holdings) Ltd	**240**	280
Technical services -	CalMac Ferries Ltd	**(271)**	(321)
	David MacBrayne HR (UK) Ltd	**(36)**	(42)
	GBA (Holdings) Ltd	**(84)**	(93)

Notes on the financial statements

16. Related parties (continued)

Amounts due at end of period – receivable/(payable)

Commercial services	Associated British Ports Southampton	**(130)**

The following Companies within the David MacBrayne Limited group provided technical services to Solent Gateway during the year ending 31 January 2023:

- David MacBrayne Limited
- CalMac Ferries Limited
- David MacBrayne HR (UK) Limited

17. Ultimate parent company and related undertakings

The Company is owned and controlled by ABP Midco UK Limited as a result of David MacBrayne Ltd and GBA (Holdings) Ltd transferring their shareholdings in Solent Gateway Limited to it on 31 January 2023. The ultimate parent company of ABP Midco UK Limited is ABP (Jersey) Limited.

Corporate information

Registered Office	25 Bedford Street London WC2E 9ES
Auditor	Mazars LLP Merck House Seldown Lane Poole, Dorset BH15 1TW
Solicitors	Pinsent Masons 141 Bothwell Street Glasgow G2 7EQ
Bankers	The Royal Bank of Scotland plc 36 St Andrew Square Edinburgh EH2 2YB
Website	Company: www.solentgateway.com