SOLENT GATEWAY LIMITED

(Company Number 09370825)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

SOLENT GATEWAY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS 2024

Strategic report

The directors present the strategic report of Solent Gateway Limited ("SGL") for the year ended 31 December 2024.

1. Development and principal activities

SGL was formed in 2016 as a joint venture between David MacBrayne Limited and GBA (Holdings) limited. It holds the 35-year lease until 2051 to develop and operate the 83-hectare Marchwood Port on the River Test opposite the Port of Southampton. In 2023, David MacBrayne Limited and GBA (Holdings) Limited divested their interest in Solent Gateway Limited and the shareholding is now held by Associated British Ports Holdings Limited ("ABPH"), part of the ABP (Jersey) Limited ("ABPJ") Group.

SGL is 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. SGL 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.

Following the acquisition by ABPH, SGL selected and contracted with a preferred bidder for the first phase of construction work to redevelop the port. Phase 1 construction works commenced on site in March 2024 and is substantially complete.

SGL has established itself within the Solent region and the opportunity it will create through developing considerable new port space in the Solent is widely recognised. There is growing demand for the new capacity and facilities it will create in the port, including sectors such as automotive, steel, and Roll-on/Roll-off (Ro-Ro).

SGL has a long-term business growth strategy. Revenue is forecast to grow supported by long-term leases and boosted by high levels of demand for regular import and export activity from the maritime and automotive industries.

SGL's relationship with the Ministry of Defence (MOD) remains in a strong position. In addition to the overarching concession agreement which runs to 2051, SGL has a sub-lease with the MOD with respect to a 14-acre area, including buildings, within the port until 31 May 2025, discussions are in progress with MOD in relation to extending this lease.

On 31 December 2023, 41 of 52 SGL employees transferred their employment from SGL to contract directly with Associated British Ports ('ABP') and continued to be based and work at SGL. Other transitional activities, including alignment of IT systems and business processes, have largely been completed.

2. Principal risks and uncertainties

SGL's approach to risk management is to direct resources to ensure that SGL, as far as possible, aligns its exposure to risk with defined risk appetite thresholds that are based on preventing harm to colleagues and other port users, and preventing adverse financial impacts.

Strategic Report (continued)

2. Principal risks and uncertainties (continued)

The principal risks facing the company, based on the residual risk to the business are recorded in the company's risk and control register.

- Fire / Explosion: SGL is involved in the handling of ammunition and the handling and storage of automotive / high and heavy equipment. Robust, proactive controls are in place which help to prevent this risk from materialising. These include fire and Dangerous Substances and Explosive Atmospheres Regulations ("DSEAR") risk assessments to identify potential hazards, cargo care measures and essential maintenance of plant and equipment. ABP colleagues are also trained to respond to an incident should it arise. Fire and Control of Major Accident Hazards ("COMAH") regulations awareness training are complemented by regular drilling of emergency plans, which involve local resilience forums and other key stakeholders. Undertaking 'lessons learned' and sharing best practice across the group will continue to help to further improve controls, whilst audits are undertaken to verify the effectiveness of current controls.
- Workplace Transport Accident: This risk applies across all ABP's ports. There are existing controls in place at SGL which help to mitigate the risk, including the segregation of plant and people, safe systems of work and training.
- Physical Terrorist Attack: This risk applies across many of ABP's ports. Controls are in place to help mitigate this risk including stringent access controls and security at SGL which are aligned with MOD requirements.
- The company's main financial risks are liquidity, credit and capital risk:
  - Funding for the Port development programme has been agreed via a loan with ABPH. Allocation of funding for future development will be secured as the requirements and design of these phases is completed. Large construction projects, such as the development of Marchwood Port, are subject to cost inflation. Any delays in the development will push back associated revenue streams and the Company's funding arrangements, including inter-group loan and letter of support from the ultimate parent company, alongside the Company's cash flow projections show there is sufficient liquidity to withstand delays.
  - Treasury matters for the company and the wider group owned by ABP (Jersey) Ltd are controlled centrally and carried out in compliance with policies approved by the Board of Associated British Ports Holdings Limited, the company's immediate parent undertaking. SGL's liquidity, interest rate and capital risks, along with credit risk relating to cash, are managed by the group.
- SGL's principal technological risk remains that of cyber-attack. The company has transitioned to use technology platforms and technology risk management provided by ABP. There is a risk that ABP's corporate computer systems could be compromised by the use of an e-mail or web based cyber-attack which results in employees being unable to operate connected devices and software because of the disruption caused by the attack, containment of the attack and the subsequent system restoration. Preventative controls are in place to detect and block attacks, along with training to raise staff awareness such as simulated phishing emails. Data back-ups are routinely undertaken. Penetration testing is undertaken to identify vulnerabilities, so that weaknesses can be addressed. Incident response plans are tested and Business Continuity Plans are in place covering critical business activities..

Strategic Report (continued)

3. Performance of the business

Operating profit for the year ended 31 December 2024 was £2,359,000 (11 month period to 31 December 2023: £1,616,000). Revenue for the year ended 31 December 2024 at £13,063,000 (11 month period to 31 December 2023: £10,213,000),

Administrative expenditure for the year to 31 December 2024 was £1,783,000 (11 month period to 31 December 2023: £1,615,000). The increase on last year mainly relates to higher depreciation and amortisation costs.

4. Financial position

The net asset position of SGL as at 31 December 2024 is £5,642,000 (31 December 2023: £3,662,000).

5. Outlook

SGL's long-term business strategy is dependent on the successful delivery of the port's Development Plan. To support this SGL has an intercompany loan agreement with ABPH to fund future port developments.

Phase 1 of the Port Development Plan is substantially complete delivering 20 acres of additional automotive operating area. Phase 2 consists of marine works and is currently under construction and is to be completed during 2025. Further phases of development are at the design stage.

On behalf of the Board

Andrew Collingwood
Director
30 April 2025

Directors' report

The directors present the report and the audited financial statements of Solent Gateway Limited ("SGL") (number 09370825) for the year ended 31 December 2024.

1. Principal activity

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

SGL is a wholly owned subsidiary of ABPH.

2. Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

A Collingwood
A Welch
A Morgan
R Parkinson

ABPJ 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.

Qualifying third party indemnity provisions (as defined by s.234 of the Companies Act 2006) for the benefit of directors and officers were in force for all directors and officers during the year 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.

3. Financial Instruments

Treasury matters throughout the group are controlled centrally and carried out in compliance with policies approved by the Board of ABPH, the company's immediate parent undertaking. The Board of ABPH monitors treasury matters and approves significant decisions. The company's liquidity, interest rate and capital risks, along with credit risk relating to cash, are managed by the group. For further details of the company's financial risk management objectives and policies, please see the consolidated financial statements of ABPA Holdings Limited ("ABPAH"). The company and wider group does not use financial instruments for speculative purposes.

4. Political contributions

The Company made no political donations nor incurred any political expenditure during the year.

5. Auditors appointment

Following a tender for the audit for the financial year ended 31 December 2024, Ernst & Young LLP resigned as the company's auditors on completion of the audit of the Annual Report and Financial Statements for the financial year ended 31 December 2023. PricewaterhouseCoopers LLP was appointed as the company's auditors by ABPH, the company's Parent Company and in line with a recommendation from ABPJ, the group's ultimate parent undertaking, in accordance with s.485 of the Companies Act 2006.

Directors Report (continued)

6. Dividend

The directors do not recommend the payment of a dividend (2023: £nil)

7. Matters disclosed in the strategic report

The directors consider the performance of the business, outlook and principal risks and uncertainties as matters of strategic importance and have chosen to disclose them in the strategic report.

8. Going concern

Due to the initial investment required, cumulative losses were expected until the Marchwood Port could be developed to accommodate new business. During the year ending 31 December 2024 SGL experienced additional revenue from berthing days, train stabling and additional automotive storage, but this income cannot be guaranteed in the longer term and has been excluded from our going concern assessment undertaken at this point. SGL are forecasting to remain profitable up to financial period ending 30 June 2026.

Development of the Marchwood Port began in 2024. Funding is in place supporting the development of the Port and construction is substantially complete which will deliver 20 acres of commercial operational land along with a new entrance gateway and security facility for the Port during 2025. This will accommodate new automotive RoRo (roll on/roll off) operations with existing and new customers which have longer term business needs in the port. Contracts with new customers will provide SGL with long-term financial stability. Significant enquiries have been received from businesses seeking access to operate in Marchwood Port and the directors are confident for the future success of the company.

SGL continues to be successful in using all land currently available for commercial business, accommodating automotive operations, project cargo storage and land leases to several businesses. As a direct result of the additional berthing, train stabling and additional automotive storage requirements exceeding expectations, SGL has performed ahead of the financial plan.

The company's viability is ultimately dependent upon the performance of the wider trading group owned by company's intermediate parent undertaking, ABPAH, and group management's decisions on the flow of capital. ABPJ, the company's ultimate parent undertaking, has confirmed that it will continue to support the company to enable it to meet its liabilities as they fall due until 30 June 2026.

Based on the above review and financial support confirmation from the ultimate parent company, the directors have concluded that the company has the ability to continue to meet its liabilities as they fall due for the period to 30 June 2026 and therefore the financial statements have been prepared on a going concern basis.

On behalf of the Board

Andrew Collingwood
Director
30 April 2025

Statement of directors' responsibilities in respect of financial statements

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland).

Under company law, 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 for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

The directors are responsible for the maintenance and integrity of the company's financial statements published on a subsidiary company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of

Andrew Collingwood
Director
30 April 2025.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOLENT GATEWAY LIMITED

Report on the audit of the financial statements

Opinion

In our opinion, Solent Gateway Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2024 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance sheet as at 31 December 2024; the Profit and loss account, the Statement of cash flows and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOLENT GATEWAY LIMITED (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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.

Auditors' 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 auditors' report that includes our opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOLENT GATEWAY LIMITED (continued)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK health and safety and employment regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as UK tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the posting of inappropriate journal entries to improve the reported performance for the period. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Understanding and evaluation of management's controls designed to prevent and detect irregularities;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations. Specifically we tested journal entries which increased the result for the period with unusual offset entries, and we tested a risk based sample of journal entries impacting revenue with unusual offset entries to detect any potentially fraudulent revenue being recognised; and
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOLENT GATEWAY LIMITED (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Heather Stacey (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
30 April 2025

Profit and loss account for the year ended 31 December 2024

	Note	2024 £000	11 months to 31 December 2023 £000
Revenue	2	**13,063**	10,213
Cost of sales		**(8,921)**	(6,982)
Gross profit		**4,142**	3,231
Administrative expenses		**(1,783)**	(1,615)
Operating profit	4	**2,359**	1,616
Net interest receivable	5	**218**	147
Profit before taxation		**2,577**	1,763
Taxation charge	6	**(597)**	(468)
Profit for the year attributable to equity shareholder		**1,980**	1,295

There was no other comprehensive income during the year to 31 December 2024 or prior period. Total comprehensive income is represented by the profit for the year.

The accompanying notes on pages 15 to 28 are an integral part of these financial statements

Balance sheet as at 31 December 2024

	Note	2024 £000	2023 £000
Fixed assets			
Intangible assets	7	**4,266**	4,423
Tangible assets	8	**32,609**	2,077
Total fixed assets		**36,875**	6,500
Current assets			
Debtors	9	**4,536**	2,243
Cash at bank and in hand	10	**7,822**	6,520
Total current assets		**12,358**	8,763
Creditors: amounts falling due within one year	12	**(11,232)**	(2,794)
Net current (liabilities)/assets		**1,126**	5,969
Total assets less current liabilities		**38,001**	12,469
Non-current liabilities			
Deferred tax	6	**(316)**	(129)
Creditors: amounts falling due after one year	12	**(32,043)**	(8,678)
Total non-current liabilities		**(32,359)**	(8,807)
Net assets		**5,642**	3,662
Capital and reserves			
Called up share capital	13	**5,000**	5,000
Accumulated profit/(losses)		**642**	(1,338)
Total shareholders' funds		**5,642**	3,662

The accompanying notes on pages 15 to 28 are an integral part of these financial statements

The financial statements on pages 11 to 28 were approved by the Board and signed on its behalf on 30 April 2025 by:

A Collingwood
Director

Statement of cash flows for the year ended 31 December 2024

	2024 £000	11 months to 31 December 2023 £000
Cash flows from operating activities		
Profit for the year	**1,980**	1,295
Adjusted for:		
Income tax	**597**	468
Depreciation and amortisation	**244**	127
Finance income	**(218)**	(147)
Operating cash flows before movements in working capital	**2,603**	1,743
Increase in trade and other receivables	**(2,213)**	(188)
Increase/(decrease) in trade and other payables	**2,702**	(1,172)
Cash generated from operations	**3,092**	383
Taxation	**-**	(269)
Net cash flows from operating activities	**3,092**	114
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(25,128)**	(1,109)
Acquisition of intangible assets	**-**	(611)
Government grants received	**1,271**	-
Interest Received	**235**	126
Net cash flows from investing activities	**(23,622)**	(1,594)
Cash flows from financing activities		
Interest paid and similar charges	**-**	(1)
New Borrowings	**21,832**	-
Net cash flows from financing activities	**21,832**	(1)
Change in cash and cash equivalents during the year/period	**1,302**	(1,481)
Opening cash and cash equivalents	**6,520**	8,001
Closing cash and cash equivalents	**7,822**	6,520

The accompanying notes on pages 15 to 28 are an integral part of these financial statements.

Statement of changes in equity for the year ended 31 December 2024

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2024	5,000	(1,338)	3,662
Profit for the year	-	1,980	1,980
Total comprehensive income	**-**	**1,980**	**1,980**
At 31 December 2024	**5,000**	**642**	**5,642**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 February 2023	5,000	(2,633)	2,367
Profit for the period	-	1,295	1,295
Total comprehensive income	-	1,295	1,295
At 31 December 2023	**5,000**	**(1,338)**	**3,662**

The accompanying notes on pages 15 to 28 are an integral part of these financial statements.

Notes to the financial statements

1. Significant Accounting policies

1.1 Basis of preparation

Solent Gateway Limited ("SGL") is a company limited by shares and is domiciled and registered in England. Its registered office is 25 Bedford Street, London, WC2E 9ES.

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") and the Companies Act 2006. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

Exemptions for qualifying entities under FRS 102

The company has taken advantage of the exemption under section 33 of FRS102 to not disclose related party transactions entered into between two or more members of a group.

Going Concern

Due to the initial investment required, cumulative losses were expected until the Marchwood Port could be developed to accommodate new business. During the year ending 31 December 2024 SGL experienced additional revenue from berthing days, train stabling and additional automotive storage, but this income cannot be guaranteed in the longer term and has been excluded from our going concern assessment undertaken at this point. SGL are forecasting to remain profitable up to financial period ending 30 June 2026.

Development of the Marchwood Port began in 2024. Funding is in place supporting the development of the Port and construction is substantially complete which will deliver 20 acres of commercial operational land along with a new entrance gateway and security facility for the Port during 2025. This will accommodate new automotive RoRo (roll on/roll off) operations with existing and new customers which have longer term business needs in the port. Contracts with new customers will provide SGL with long-term financial stability. Significant enquiries have been received from businesses seeking access to operate in Marchwood Port and the directors are confident for the future success of the company.

SGL continues to be successful in using all land currently available for commercial business, accommodating automotive operations, project cargo storage and land leases to several businesses. As a direct result of the additional berthing, train stabling and additional automotive storage requirements exceeding expectations, SGL has performed ahead of the financial plan.

The company's viability is ultimately dependent upon the performance of the wider trading group owned by company's intermediate subsidiary undertaking, ABPA Holdings Limited ("ABPAH"), and group management's decisions on the flow of capital. On 3 April 2025, the company's ultimate parent undertaking, ABP (Jersey) Limited ("ABPJ"), has confirmed that it will continue to support the company to enable it to meet its liabilities as they fall due to 30 June 2026.

Estimates and Judgements

The preparation of these financial statements requires the use of certain accounting estimates and for management to exercise its judgement in the process of applying the company's accounting policies. None are considered significant to these financial statements.

Notes to the financial statements

1. Significant accounting policies (continued)

1.2 Tangible assets

Purchased tangible assets are recognised at fair value on the date of acquisition if they relate to a business combination or otherwise are recognised at cost. No depreciation is charged until the asset comes into use.

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.

Depreciation is provided on property, plant and equipment by equal annual instalments calculated to write off the cost (taking account of anticipated residual values).

Assets under construction refer to the costs incurred for tangible fixed assets that are not yet ready for use. These assets are still in the process of being built, developed, or assembled. Once the construction or development is complete and the asset is ready for its intended use, it is reclassified to the appropriate tangible asset category. Assets under construction are not depreciated.

Estimated useful lives extend up to a maximum of:

- 25 years for buildings, dock structures, quays and dredging; and
- 25 years for plant and equipment.

1.3 Intangible assets

Other intangible assets relate to the Planning Permission for the development of the site and are amortised over the life of 27 years as at 31 December 2024.

Development costs incurred on internal projects are only capitalised where the following have been demonstrated: the technical feasibility of completing the intangible asset so that it will be available for use or sale; the intention to complete the intangible asset and use or sell it; the ability to use or sell the intangible asset; how the intangible asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Amortisation is provided on assets by equal annual instalments calculated to write off the cost (taking account of anticipated residual values). Estimated useful lives extend up to a maximum of 27 years

1.4 Impairment of tangible and intangible assets

The carrying amounts of intangible and tangible fixed assets are reviewed on an annual basis to determine whether there is any indication that an asset may be impaired.

Where an impairment is required, the asset is written down to its recoverable amount. The recoverable amount of the asset is determined as the higher of the net selling price and the value in use. Where it is not possible to determine the recoverable amount of the individual asset, the impairment is assessed using the smallest group of assets for which it is possible to determine the recoverable amount.

Notes to the financial statements

1. Significant accounting policies (continued)

1.5 Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. These comprise basic financial assets and liabilities of debtors, cash at bank and in hand, and creditors. The company does not use derivative or other non-basic financial instruments.

Debtors

Debtors are recognised initially at fair value less any impairment losses. The criteria which the Company 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; or
- the probability that the debtor will enter bankruptcy or other financial reorganisation.

Creditors

Creditors including accruals 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 fair value. Subsequent to initial recognition they are measured at amortised cost.

Provisions are recognised when the company has an obligation in respect of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount. Provisions are discounted when the time value of money is considered material.

Government grants relate to assets, for example amounts in respect of major infrastructure projects, and are recognised in the profit and loss account on a systematic and rational basis over the expected useful life of the asset to which the grant relates. Grants received, but not immediately recognised in the profit and loss account are included in deferred income in the Balance Sheet.

Cash at bank and in hand

Cash and cash equivalents comprise cash balances and call deposits which have a maturity of three months or less from the date of acquisition and subject to insignificant penalties in the case of early redemption.

1.6 Leases

Company as a lessee

At the lease inception it is determined whether each lease is a finance lease or an operating lease. To classify each lease, the company makes an overall assessment of whether the lease transfers all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for a major part of the economic life of the asset. 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, variable lease payments that do not depend on an index or a rate are recognised as expenses in the year in which the event or condition that triggers the payment occurs.

Notes to the financial statements

1. Significant accounting policies (continued)

1.6 Leases (continued)

Company as a lessor

Lease payments from operating leases are recognised as lease income over the lease term on a straight line basis. Variable lease income is recognised as lease income in the year in which it is earned.

1.7 Revenue

Revenue recognition

Revenue comprises the amounts receivable in respect of contracts with customers and lease income.

Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable for services rendered under the terms of the contract, net of value added taxes. Revenue is recognised when the significant risks and rewards have been transferred to the customer.

- Traffic revenue is related to the volumes of cargo crossing the quay and primarily consists of consolidated rate charges covering multiple services including cargo dues, carriage and the loading and unloading of cargo from vessels. Each service is an individual performance obligation. Revenue is allocated to each service based on the estimated standalone selling price of that service, usually based on a tariff rate. Revenue is recognised once provision of the service is complete.
- Cargo operations revenue relates to the handling, processing and storage of cargo before or after it has been loaded to a vessel. Each process or service is a performance obligation and usually has an identifiable selling price. Revenue is recognised when the process or service is complete. Ad hoc storage revenue is recognised over the period that the cargo is stored.
- Utilities revenue relates to the supply of electricity and other services to tenants. Revenue is recognised as utilities are supplied.

Lease Income

Lease payments from operating leases are recognised as lease income over the lease term on a straight-line basis. Variable lease income is recognised as lease income in the period in which it is earned.

1.8 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.

Notes to the financial statements

1. Significant accounting policies (continued)

1.8 Taxation (continued)

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.

1.9 Pensions

The company participates in the Civil Servants Pension Scheme which provides benefits based on final pensionable salary.

The company accounts for the scheme as if it were a defined contribution scheme, in line with provision in FRS 102 relating to accounting for state plans. 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.

1.10 Contingent Payments

Contingent Rental payments are payable to the MOD, dependent upon an annual payment level defined in the Concession Agreement which is payable subject to the level of profit before tax generated in the Concession year being at a level sufficient to trigger payment as set out in the Concession Agreement.

The company accrues the calculated annual payment liability based on the profit before tax earned in the year as set out in the guidance in the concession agreement.

In years where profit before tax is lower than the level needed to require the company to pay the full annual Contingent Rental payment for that year, a short fall amount is calculated. This shortfall amount may become payable to the MOD in the future years contingent upon the profit before tax in a future year being at a level sufficient to support payment of the current year charge and an element of historical shortfall as set out in guidance in the Concession Agreement. This shortfall balance is treated as a contingent liability.

Notes to the financial statements

2. Revenue

The disaggregation of the company's revenue by type of services is set out below:

	2024 £000	11 months to 31 December 2023 £000
Service payments	**4,547**	4,170
Commercial revenue	**5,101**	3,150
Sponsored reservist fees	**643**	589
Other services	**2,772**	2,304
Revenue	**13,063**	10,213

3. Director and employee information

The monthly average number of people employed during the year is analysed by departmental group as follows:

	2024	2023
Operations	**-**	41
Administrative functions	**7**	12
Total average headcount	**7**	53

On 31 December 2023, 41 SGL employees transferred their employment from SGL to contract directly with Associated British Ports ("ABP").

Staff costs are analysed as follows:

	2024 £000	11 months to 31 December 2023 £000
Wages and salaries	**304**	1,738
Social security costs	**27**	160
Pension costs (note 11)	**163**	130
	494	2,028

Short term benefits for Directors emoluments were £227k (period to 31 December 2023: £191k), there were no post-employment benefits. Of this figure, £8k (period to 31 December 2023: £7k) related to Defined Contribution pension payments. Emoluments comprise amounts paid to one Director of the company who served during the year and were paid by a fellow group undertaking.

Except for the amounts disclosed above in respect of one director, the remaining three directors of SGL believe that their services to the company are incidental to their role as an executive for other group companies and therefore consider that they received no remuneration in respect of qualifying services to this company.

Notes to the financial statements

4. Operating profit

Operating profit is stated after charging:

	2024 £000	11 months to 31 December 2023 £000
Auditors' remuneration relating to audit services	**38**	116
Other audit related services	**44**	-
Depreciation	**87**	45
Amortisation	**157**	81
Labour costs from related party	**1,593**	-
Operating Lease expense	**3,714**	2,289

5. Net interest receivable

	2024 £000	2023 £000
Bank fees and charges	**(1)**	(1)
Interest on amounts due to parent undertaking	**(639)**	-
Total interest payable and similar charges	**(640)**	(1)
Finance income on financial assets held at amortised cost	**218**	148
Total interest receivable and similar income	**218**	148
Interest capitalised	**640**	-
Total net interest receivable	**218**	147

6. Taxation charge

The taxation charge for the year is analysed as follows:

	2024 £000	11 months to 31 December 2023 £000
UK corporation tax on profit for the year/period	**440**	330
Prior period adjustments	**(30)**	-
Current tax	**410**	330
Origination and reversal of temporary differences	**207**	86
Adjustment in respect of prior periods	**(18)**	35
Effect of tax rate change on opening balance	**(2)**	17
Deferred tax	**187**	138
Total tax charge	**597**	468
Provision for deferred tax		
Fixed asset timing differences	**316**	129
Total deferred tax liability/(asset)	**316**	129
Movement in provision		
Provision at the start of the year/period	**129**	(9)
Deferred tax charge in the profit and loss for the year/period	**187**	138
Provision at the end of the year/period	**316**	129

Notes to the financial statements

6. Taxation charge (continued)

The taxation charge for the year is lower than the standard rate of taxation in the UK of 25.0% (Period to 31 December 2023: 23.5%). The differences are explained below:

Tax charge on profit	**2024 £000**	**11 months to 31 December 2023 £000**
Profit before taxation	**2,577**	1,763
Profit before taxation multiplied by standard rate of corporation tax in the UK of 25% (2023: 23.5%)	**644**	414
Effects of:		
Fixed asset differences	**-**	102
Related party debt - 100% disallowed	**(26)**	(84)
Adjustments to tax charge in respect of previous periods	**(48)**	36
Other short-term differences	**27**	
Total tax charge for the company	**597**	468

The Organisation for Economic Co-operation and Developments (OECD) released Pillar Two model rules in December 2021 introducing a global minimum tax rate of 15% to address the tax concerns about uneven profit distribution and tax contributions of large multinational corporations. In December 2022, the OECD released transitional safe harbour rules as a short-term measure to minimise the compliance burden for lower risk jurisdictions. The Pillar Two top-up tax rules were substantially enacted in the UK in 2023 with application from 1 January 2024. The company does not expect to be subject to the top-up tax.

The UK corporation tax rate change from 19% to 25% with effect from 1 April 2023 was substantively enacted on 24 May 2021 and the above result is taxed at an effective rate of 25% (2023: 23.5%). Deferred tax has been measured at 25%, being the rate expected to apply when the temporary differences that give rise to the deferred tax reverse.

7. Intangible assets

	Port Development £000
Cost	
At 1 January 2024	4,504
Additions	-
At 31 December 2024	**4,504**
Amortisation	
At 1 January 2024	(81)
Charge for the year	(157)
At 31 December 2024	**(238)**
Net book value	
At 1 January 2024	4,423
At 31 December 2024	**4,266**

Intangible assets include planning permission, and development costs in relation the port with a remaining life of 27 years in line with the concession agreement.

Notes to the financial statements

8. Tangible assets

	Dock structures, quays and dredging £000	Plant and equipment £000	Assets in the course of construction £000	Total £000
Cost				
At 1 January 2024	1,142	348	746	2,236
Additions	-	192	30,427	30,619
Transfers	-	204	(204)	-
At 31 December 2024	**1,142**	**744**	**30,969**	**32,855**
Depreciation				
At 1 January 2024	(156)	(3)	-	(159)
Charge for the year	(46)	(41)	-	(87)
At 31 December 2024	**(202)**	**(44)**	**-**	**(246)**
Net book value				
At 1 January 2024	986	345	746	2,077
At 31 December 2024	**940**	**700**	**30,969**	**32,609**

Assets under construction are the costs incurred for tangible fixed assets that are not yet ready for use.

9. Debtors

Debtors are analysed as follows:

	2024 £000	2023 £000
Trade debtors	**2,081**	579
Amounts due from group undertakings	**390**	42
Prepayments and accrued income	**1,227**	1,559
Other debtors	**838**	63
Total debtors	**4,536**	2,243

Amounts due from group undertakings represent non-interest bearing current account balances due from related group parties.

10. Cash at bank in hand

	2024 £000	2023 £000
Cash at bank and in hand (current account)	**1,098**	1,520
Cash at bank (cash deposits)	**6,724**	5,000
Cash and cash equivalents per cash flow statements	**7,822**	6,520

Notes to the financial statements

11. Pension commitments

The company participates in two pension schemes:

- The Civil Service Pension
- The People's Pension

Profit and loss account

The total pension charge included in the company income statement was as follows:

	2024 £000	11 months to 31 December 2023 £000
Civil Service Pension	**163**	49
The Peoples Pension	**-**	81
Net pension charge recognised within operating profit	**163**	130

The Civil Service pension arrangements, comprise the Principal Civil Service Pension Scheme (PCSPS) and the Civil Servants and Others Pension Scheme (Alpha). Both are unfunded, Defined Benefit (DB), contributory, public service occupational pension scheme made under the Superannuation Act 1972. PCSPS and Alpha are unfunded schemes and the cash required to meet the payment of pension benefits is paid from public funds provided by Parliament. Members contribute on a 'pay-as-you-go' basis. These contributions (and those made by employers) are credited to the Exchequer under arrangements governed by the aforementioned Acts. The Company pays current service contributions as determined by the scheme. The contributions due from employers and employees to fund future service liabilities are set by the Actuary at a four-yearly Scheme valuation. During the year, the company made contributions of £107,000 (period to 31 December 2023: £51,290) to this scheme in relation to its current active members.

The Peoples Pension is a defined contribution scheme, with approved mastertrust status from the pension regulator to meet auto enrolment legislation requirements. During the year, the company made contributions of £50,000 (period to 31 December 2023: £81,650) to this scheme in relation to its current active members.

Notes to the financial statements

12. Creditors

	2024 £000	2023 £000
Amounts falling due within one year:		
Trade creditors	**5,741**	680
Amounts due to related parties	**1,413**	329
Corporation Tax	**16**	16
Other taxation and social security	**20**	42
Accruals and deferred income	**3,742**	1,727
Provision	**300**	-
Total amounts falling due within one year	**11,232**	2,794
Amounts falling due in more than one year:		
Amounts due to related parties	**22,471**	-
Other creditors and accruals (MOD lease)	**8,352**	8,678
Accruals and deferred income	**1,220**	-
Total amounts falling due in more than one year	**32,043**	8,678

The provision relates to the cost of a repair obligation for an ammo storage site that will be utilised as the work is performed, the timing of which is uncertain.

13. Called up share capital

No additional ordinary shares were issued during the year (period to 31 December 2023: none).

Share capital

Allotted, called up and fully paid	2024 £000	2023 £000
5,000,000 ordinary shares of £1 each	**5,000**	5,000
	5,000	5,000

The ordinary shares rank equally in regards to voting rights, the distribution of dividends and the repayment of capital.

14. Leases

Company as lessor

During the year, £1,800,000 (period to 31 December 2023: £1,500,000) was recognised as rental income by the company in respect of land leased between SGL and the Ministry of Defence.

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:

	2024 £000	2023 £000
Less than one year	**-**	1,800
	-	1,800

Notes to the financial statements

14. Leases (continued)

Company as lessee

Non-cancellable operating lease rentals are paid as follows:

	2024 £000	2023 £000
Less than one year	**3,219**	1,925
Between one and five years	**14,350**	8,117
More than five years	**45,091**	55,702
	62,660	65,744

During the year to 31 December 2024, £3,714,000 was recognised in the income statement in respect of operating leases (Period to 31 December 2023: £2,289,000).

15. Contingent liabilities

Contingent rental payments are payable to the MoD when the company is profitable in the contract year (Year ended 30 November). Under the terms of the concession agreement, the timing of the payment of the contingent rent depends upon the level of profit before tax generated in any concession year and any underpayment of contingent rent compared to the annual payment set out in the concession agreement is considered a shortfall which may become payable in future years contingent upon the level of profit before tax. The current value of this shortfall contingent rent is £7.3m (period to 31 December 2023: £7.7m).

Based on the profit for the contract year ended 30 November 2024, the value of the contingent Rent payment has been calculated as £1.5m (period to 31 December 2023: £0.2m) being the adjusted profit of the Company 75% of (profit before interest and tax less guaranteed rental payments) within the contract year, this was charged to profit and loss in the current year. The Port is undergoing a major development programme, which is likely to result in an increased likelihood that the contingent liability may crystalise within the next 5 years.

16. Financial commitments

	2024 £000	2023 £000
Capital commitments	**6,600**	18,800

17. Holding company and ultimate controlling parties

The company is a private company limited by shares registered in England and Wales. Its immediate parent undertaking is Associated British Ports Holdings Limited.

Its intermediate parent undertaking is ABPAH. ABPAH produces IFRS consolidated financial statements that are available from its registered office at 25 Bedford Street, London, WC2E 9ES. The consolidated financial statements of ABPAH are the smallest group in which the company is included.

The ultimate parent undertaking and controlling party is ABPJ, a limited liability company registered in Jersey. ABPJ produces consolidated financial statements that comply with IFRS and are available from its registered office at 3rd Floor, 44 Esplanade, St Helier, Jersey, JE4 9WG. The consolidated financial statements of ABPJ are the largest group in which the company is included.

Notes to the financial statements

17. Holding company and ultimate controlling parties (continued)

ABPJ is owned by a consortium of investors as shown below:

2024	**% of A Ordinary shares**	**% of B Ordinary shares**	**% of Preference shares**
Borealis ABP Holdings B.V. (owned by OMERS Administration Corporation)	22.10	22.10	22.09
Borealis Ark Holdings B.V. (owned by OMERS Administration Corporation)	7.90	7.90	7.91
CPP Investment Board Private Holdings (6) Inc. (owned by Canada Pension Plan Investment Board)	30.00	33.88	33.88
9348654 Canada Inc.	3.88	-	-
Cheyne Walk Investment Pte Limited (owned by GIC (Ventures) Pte Limited)	20.00	20.00	20.00
Wren House Infrastructure LP (controlled by Kuwait Investment Authority)	10.00	10.00	10.00
Anchorage Ports LLP (owned by Federated Hermes Diversified Infrastructure Fund LP, Hermes Infrastructure Fund I LP[1] and Hermes Infrastructure (Alaska) LP)	6.12	6.12	6.12
	100.00	**100.00**	**100.00**

2023	**% of A Ordinary shares**	**% of B Ordinary shares**	**% of Preference shares**
Borealis ABP Holdings B.V. (owned by OMERS Administration Corporation)	22.10	22.10	22.09
Borealis Ark Holdings B.V. (owned by OMERS Administration Corporation)	7.90	7.90	7.91
CPP Investment Board Private Holdings (6) Inc. (owned by Canada Pension Plan Investment Board)	30.00	33.88	33.88
9348654 Canada Inc.	3.88	-	-
Cheyne Walk Investment Pte Limited (owned by GIC (Ventures) Pte Limited)	20.00	20.00	20.00
Wren House Infrastructure LP (controlled by Kuwait Investment Authority)	10.00	10.00	10.00
Anchorage Ports LLP (owned by Federated Hermes Diversified Infrastructure Fund LP, Hermes Infrastructure Fund I LP[1] and Hermes Infrastructure (Alaska) LP)	6.12	6.12	6.12
	100.00	**100.00**	**100.00**

Notes to the financial statements

18. Corporate information

Registered Office	25 Bedford Street London WC2E 9ES
Independent Auditors	PricewaterhouseCoopers LLP Central Square 29 Wellington St Leeds LS1 4DL
Bankers	National Westminster Bank Plc 250 Bishopsgate London EC2M 4AA
Website Company:	www.solentgateway.com