



PORT OF  
TYNE

# ANNUAL REPORT

AND  
ACCOUNTS  
2021



# BOARD OF DIRECTORS

## NON-EXECUTIVE DIRECTORS

L V W ARMSTRONG  
Chair

M A PREECE  
Deputy Chair  
(until 30 June 2021)

J PRESCOT  
Deputy Chair  
(from 27 July 2021)

S CROSLAND

G R BROWN

M COMERFORD

T BURKE

J THOMAS

K DENT  
(from 14 March 2022)

## EXECUTIVE DIRECTORS

M H BEETON  
Chief Executive Officer

M A STONER  
Chief Financial Officer

M G BROCKHOUSE  
Chief Operating Officer  
(until 17 September 2021)

A J DAVISON  
Secretary

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## OUR NUMBERS



**EBITDA:**  
**£10.6m**  
(+£1.3m)



**Adjusted profit  
before tax:**  
**£1.7m**  
(+£2.8m)



**Certified to**  
**OHSAS**  
**45001**  
(Health & Safety Management)



**Certified to**  
**ISO**  
**14001**  
(Environment Management)



**Certified to**  
**ISO**  
**9001**  
(Bulk Loading & Unloading Operations)



**Increase in  
CONTAINERS**



**Increase in  
FERRY CALLS**

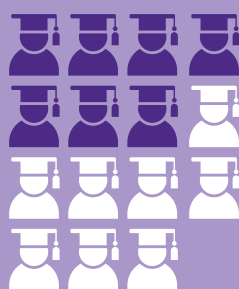


**Increase in  
CONVENTIONAL &  
BULK CARGOES**

**8**

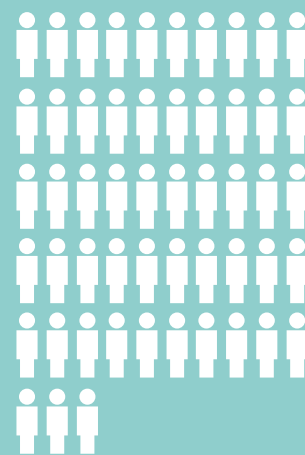
**ROSPA**  
Gold Awards

**NEW**  
GRADUATE SCHEME  
with 7 new starters...



...and a further 8  
to come in 2022

**53**  
**NEW**  
**STARTERS**



**New ships from China**



**Months without a  
RIDDOR Reportable Incident**



# 1 ANNUAL REVIEW



## STATEMENT BY THE CHAIR

**As I write this, and with the worst of the pandemic hopefully behind us, it is all too easy to forget that for most of 2021 we were still facing significant disruption as a result of Covid-19. We have never underestimated the challenges of dealing with a global pandemic, nor the potential impacts on those who work at the Port and I therefore want to pay tribute, above all else, to our fantastic colleagues who maintained our operations throughout with such determination and good humour. Their support and resilience over such a long period has been nothing short of remarkable and, on behalf of the entire Board, I thank them all.**

Despite these continuing challenges, the Port delivered a positive performance in 2021 as well as achieving a number of milestones in our Tyne 2050 strategy. Our container operations and rail distribution network have responded strongly to new customer demand as supply chains sought greater resilience in a period of global strain, and our business continues to play a pivotal role in the development of the region's world-leading automotive, clean energy and logistics sectors.

In the year of COP26, and backed by a multi-million pound investment plan, our vision to support the high-value renewable energy and electric vehicle industrial clusters – while driving our own net zero agenda – is taking shape. Our 200-acre Tyne Clean Energy Park is primed for the development of a burgeoning green cluster, with Equinor's operations and maintenance base for the world's biggest offshore wind farm at its heart. The year also saw the commencement of solar power projects, the delivery of a net zero warehouse and orders placed for two new hybrid electric cranes due for delivery during 2022 and 2023 – all integral parts of our journey to becoming an all-electric port.

In November, it gave me great pleasure to host the Prime Minister at our Tyne Dock site for the CBI's flagship annual conference. He joined a number of ministers who visited us throughout 2021, including the Ports and Shipping Minister, Robert Courts MP, as well as Rt Hon Anne-Marie Trevelyan MP and Lord Grimstone. These visits underlined our growing reputation as one of the most innovative port operators in the UK as well as our national significance as a vital trading gateway.

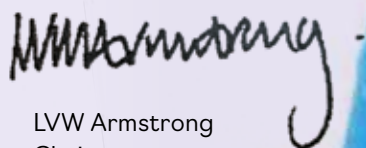
Of course, as a Trust Port based in the North East of England we are also mindful of our regional importance and our responsibilities to the diverse range of stakeholders we serve. The Port plays a key role as a catalyst for change and a driver of regional growth and is at the forefront of a number of regional initiatives – including the recently launched Tyne Taskforce – which seek to deliver growth and prosperity for all our communities. As the pandemic brought further hardship to many of these communities, it was a huge privilege to be able to continue our work with many inspiring local organisations such as Bright Futures which ran a Young Mums Group in two highly deprived areas of South Tyneside and Meadow Well Connected, which delivered a programme of activities for children during school holidays.

Work to deliver our Tyne 2050 strategy continues apace with a series of long-term collaborative projects underway, through the Port's Innovation Hub, for the benefit of all of our stakeholders. These included the Clean Tyne project which will support the ports sector's journey to net zero, as well as an 'Innovation for Growth' Programme for North East SMEs. We are also hosting a regional skills programme with the CBI, Newcastle College and a number of other key North East organisations to ensure that our businesses will continue to have a pipeline of talented people.



People are, of course, at the heart of any business, and the Port is fortunate to have such a talented and committed team of colleagues. As the pandemic recedes, we are continuing our journey towards being a 'Great Place to Work', and delivering a flexible, diverse and vibrant workplace. Our innovative graduate and apprentice schemes, as well as our contribution to national initiatives such as the Maritime Skills Commission and MUK's Diversity in Maritime network, are important milestones in our journey. We are also investing in improved facilities, improved communication and involvement for all our colleagues as we seek to deliver a workplace culture that aligns with our values. Of course, we cannot simply return to pre-pandemic days – nor should we want to – but it is still good to be able to meet and reconnect with colleagues face to face and we look forward to holding our annual stakeholder event in person once again this year. Sadly, we will be without Mark Preece, who stepped down as our Deputy Chair in 2021 after six years as a Board Member and I want to thank Mark for his guidance and support during this time.

All businesses have, of course, been affected by Covid-19 and we have certainly not been immune to its impacts. Our continuing drive for efficiency, digitisation and decarbonisation has seen the Port emerging from the pandemic at speed nonetheless. We are now well placed to take advantage of opportunities in the offshore wind and renewables sectors, and to consolidate our position as a key logistics partner in international supply chains. I thank all of our stakeholders for their continuing support and I look forward to working with you all in the months and years ahead.



LVW Armstrong  
Chair  
30th June 2022

## STATEMENT BY THE CHIEF EXECUTIVE OFFICER

**At the start of 2021, with the pandemic entering its second year, we were still experiencing the familiar stop-start of national lockdowns. Whilst we were all accustomed to this unwelcome routine, 2021 was still immensely challenging and the fact that our operations remained unaffected is entirely down to the commitment and professionalism of our fantastic people. I want first and foremost, therefore, to thank them all for their continued resilience and determination in such extraordinary circumstances.**

Against this challenging backdrop, the Port made significant progress during the year, continuing to develop our partnerships with existing customers, while delivering our strategy for change and our vision for the future.

Our conventional and bulk tonnage grew by 5% in 2021, while container movements increased by 19% as customers took advantage of our faster turnaround times and congestion free distribution network. There were two significant 'firsts' for our container business – our first direct call from China and the first container train service at the port for 17 years. We continue to invest at scale in our product handling terminals to provide a substantial increase in capacity through a mix of infrastructure improvements and major equipment upgrades including two new hybrid electric cranes, due for delivery during 2022 and 2023.

Despite the ongoing challenges of the pandemic, the Port's cruise operations recommenced at our International Passenger Terminal with 24 calls in 2021 and an even stronger set of bookings for 2022. We were also delighted to complete our brand-new Border Control Post at the Terminal; this was delivered ahead of schedule and is ready for use in case the full EU-UK customs controls come into force.

The Port's 200-acre development platform – Tyne Clean Energy Park – continues to make rapid progress. £35 million has been invested to date and site clearance is well underway. The land benefits from financial incentives and streamlined planning through two Enterprise Zones, which are helping us to build a thriving clean energy cluster on the Tyne. We also completed the landlord works for Equinor's Operations & Maintenance base to service the world's largest offshore wind farm, Dogger Bank, and this will be operational by the start of 2023.

Commercially, we have delivered £3 million of new business and we remain at the centre of a port centric logistics model, delivering strategic solutions for global and regionally important businesses, lowering carbon footprints and reducing road miles.

Our vision is to be carbon neutral by 2030 and indeed, this is the central pillar of Tyne 2050, our strategy for change and our vision for the future. We launched Tyne 2050 two years ago and have been working tirelessly since then to deliver our intentionally ambitious goals. As we make strides in delivering a cleaner and greener operation, this year saw the Port improve emission controls and commence the removal of the former coal conveyor from our former Bulk Terminal. Through the Port's Innovation Hub we were also delighted to lead a consortium (together with our partners at Connected Places Catapult, Siemens, Newcastle University and the North East LEP) to deliver the 'Clean Tyne Project', a blueprint for a cleaner, more efficient operation.

Innovation and technology continue to be at the heart of what we do with enhanced digital capability set to be delivered through the commencement of 5G throughout the port in 2022 and plans are taking shape to host the inaugural 'Maritime Innovation Week' across two venues in Newcastle and central London. We are also investing in our people, so that we are 'Fit for the Future', and we continue to develop and reward them in a challenging, supportive and safe environment. To that end, I was delighted to launch our graduate programme in 2021 and to welcome seven exceptional young adults to the business. Our innovative High Performance Leadership and Change Makers programmes were delivered with a number of participants already promoted to senior roles in the business.



Despite the challenging environment, we are well on our way to achieving our Tyne 2050 goals, driving a safer, smarter, greener future for the UK's maritime industry. We are changing the way we do things as we electrify, automate and digitise our future and, to cement this transformation, we have also changed the way we look. Our new visual direction has the River Tyne at its heart. It is distinctive, dynamic and captures our passion, energy and ambition as we forge a path to becoming a 'Port for the Future' and a world class hub for clean energy and innovation – it's 'Tyne Transformed'.

Finally I want to reiterate my heartfelt thanks to my Port colleagues who have looked after both the Port and each other so well during such a challenging period for us all. Thank you also to our customers and stakeholders who have supported us during this time and I look forward to continuing our journey together.



Matthew Beeton  
Chief Executive Officer  
30th June 2022

## OUR MISSION, VISION & VALUES

**The Port of Tyne is a Trust Port. We are an independent statutory body, operating on a commercial basis for the benefit of our diverse community of stakeholders.**

Our board, leadership team and colleagues are custodians of the Port of Tyne, whose role it is to achieve our purpose of conserving, maintaining and future-proofing the Port for the benefit of generations to come.

Our mission is to create a vibrant and sustainable Port of Tyne contributing to the growth of the economy and to hand on the Port in a better condition to future generations.

Our vision is to be the UK's safest, most progressive, customer focused and environmentally sustainable Port, and a great place to work.

Our values describe how we will achieve our vision. They reflect the culture of our company and are the guiding principles for how we do business; they are to be Open, Excellent, Respectful and Responsible.





## STRATEGIC OBJECTIVES

### SAFETY

Our aim is zero harm. Safety and support for our colleagues' health and well-being is our top priority. We will ensure a safe working environment for all and continue to build a constructive safety culture, refreshing and invigorating the safety message.

### ENVIRONMENT

We aim to be carbon neutral by 2030 and an all electric port by 2040. We will act responsibly and make positive environmental choices, with due regard to commerciality and sustainability.

### ECONOMY

We will grow and develop the business by delivering excellent service for our customers, whilst increasing our participation in new and growth markets. We will continue to invest for the benefit of the Port, the river and the region.

### PEOPLE

We will continue to develop and reward our colleagues. We will measure our progress against our aim of being a great place to work, and develop a workplace culture that aligns with our values. We are committed to developing an inclusive and diverse workforce.

### STAKEHOLDERS

We will work with our stakeholders to facilitate economic prosperity, positively impacting the region and the communities in which we operate.

## COMMUNITY IMPACT

The Port of Tyne is committed to supporting its local communities by working with organisations that:

- Help communities to thrive
- Support children and young people
- Improve health and wellbeing in the communities around us

In 2021, the Port continued to support a wide range of local organisations.

Beneficiaries included Bright Futures, to develop and deliver Young Mums and Mums to Be Groups in two highly deprived areas of South Tyneside, Children North East, to give families in an area of high need access to play and learning in a safe environment, and Meadow Well Connected to provide a programme of activities during school holidays for children aged 8-13.

Support was also provided to the Greggs Foundation to run breakfast clubs in local schools as well as to Northumberland and Tyneside Mind.

In addition, the Port of Tyne Community Action Fund awarded grants to three local projects, the Ouseburn Trust, St Luke's Youth Club, and St Paul's Community Partnership.



# TYNE 2050

**Launched in 2019 and updated each year, our Tyne 2050 transformation strategy is intentionally ambitious. We will develop our business to ensure that we meet all our goals and realise our Port's and region's potential.**

Tyne 2050's key themes directly align to the UK's Maritime 2050 strategy. They also reflect the specific opportunities and challenges that Port of Tyne has in its role in supporting our regional economic growth and communities.

## OUR CUSTOMERS

Our customer plans focus on exceptional service and increased efficiency. We will continue to be a strategic advisor for our customers, developing collaborative relationships and integrated systems and processes.

## OUR PEOPLE

We define high performance culture as consistently achieving excellence in all we do. To maintain and progress high performance, we will continue to develop and reward our colleagues, listen to feedback, measure our progress against being a 'Great Place to Work' and develop a workplace ethos that aligns with our values, supports flexibility and delivers productivity improvements.

## OUR COMMUNITIES

The Port takes its commitment to all stakeholders very seriously. We have provided ongoing support to local communities through community grants and sponsorship. We will continue to contribute fully to the economic and social well-being of the wider region and the UK and global maritime sector.

## HEALTH & SAFETY

To aid our growth ambitions and to support our colleagues, visitors, customers and stakeholders we will develop a Health and Safety culture that is integrated, co-ordinated and commercially responsible, working towards Zero Harm.

## INNOVATION & TECHNOLOGY

Technology brings a wealth of opportunities to innovate and create additional benefits for customers choosing the Port of Tyne. We plan to use digital solutions to add value, drive efficiencies and to continuously improve and progress the excellent levels of operational and safety standards and customer service that we pride ourselves on delivering.

## SECURITY & RESILIENCE

Aligning physical security and resilience with cyber will be key to achieving our strategy as maritime moves further into the digital, connected world. This will bring opportunities to continuously improve efficiency and manage data in a positive, safe, secure environment.

## ENVIRONMENT

In support of the Government's 25-Year Environment Plan, the Environment Act, the Clean Growth Strategy, the Clean Growth Grand Challenge and the UK Maritime 2050 Strategy, the Port of Tyne commits to leading the maritime industry in environmental sustainability, and ensuring that our impact on the marine environment, climate and air quality will be negligible. Our ambition is to become an industry exemplar in green port services. We will leverage the increasing research, technology and innovations for achieving climate change mitigation and adaptation.





## 2050 INNOVATION HUB

**The UK's first 2050 Maritime Innovation Hub is an exciting partnership with Port of Tyne, Drax, Offshore Renewable Energy Catapult (OREC), Nissan, Connected Places Catapult, Accenture, Royal HaskoningDHV, Ubisoft and the Department for Transport.**

The 2050 Maritime Innovation Hub inspires partners to collaborate to develop solutions to technological challenges facing the maritime sector and the wider logistics industry both nationally and globally. It acts as a catalyst for sharing ideas, harnessing research and development, advancing technology and tackling shared challenges.

The Maritime 2050 Innovation Hub works closely with the Department for Transport and MarRI-UK to ensure that it delivers for the benefit of the maritime sector as a whole, consistent with the aspirations of the UK's Maritime 2050 strategy.

Now in its third year, the 2050 Maritime Innovation Hub has delivered a number of outstanding achievements, including:

- Creating a network involving business, academia and industry to help create new business opportunities
- Providing proof of concept testing opportunities for innovators looking to demonstrate value
- Providing an example of best practice and inspiration for other UK ports, raising awareness about how the maritime industry can benefit from advanced technology
- Continuing to operate throughout the COVID lockdowns, via numerous online events for hundreds of delegates.
- Creating a blueprint for decarbonisation of UK ports with partners Siemens, Connected Places Catapult, Newcastle University and the North East LEP via funding granted by the Department for Transport.







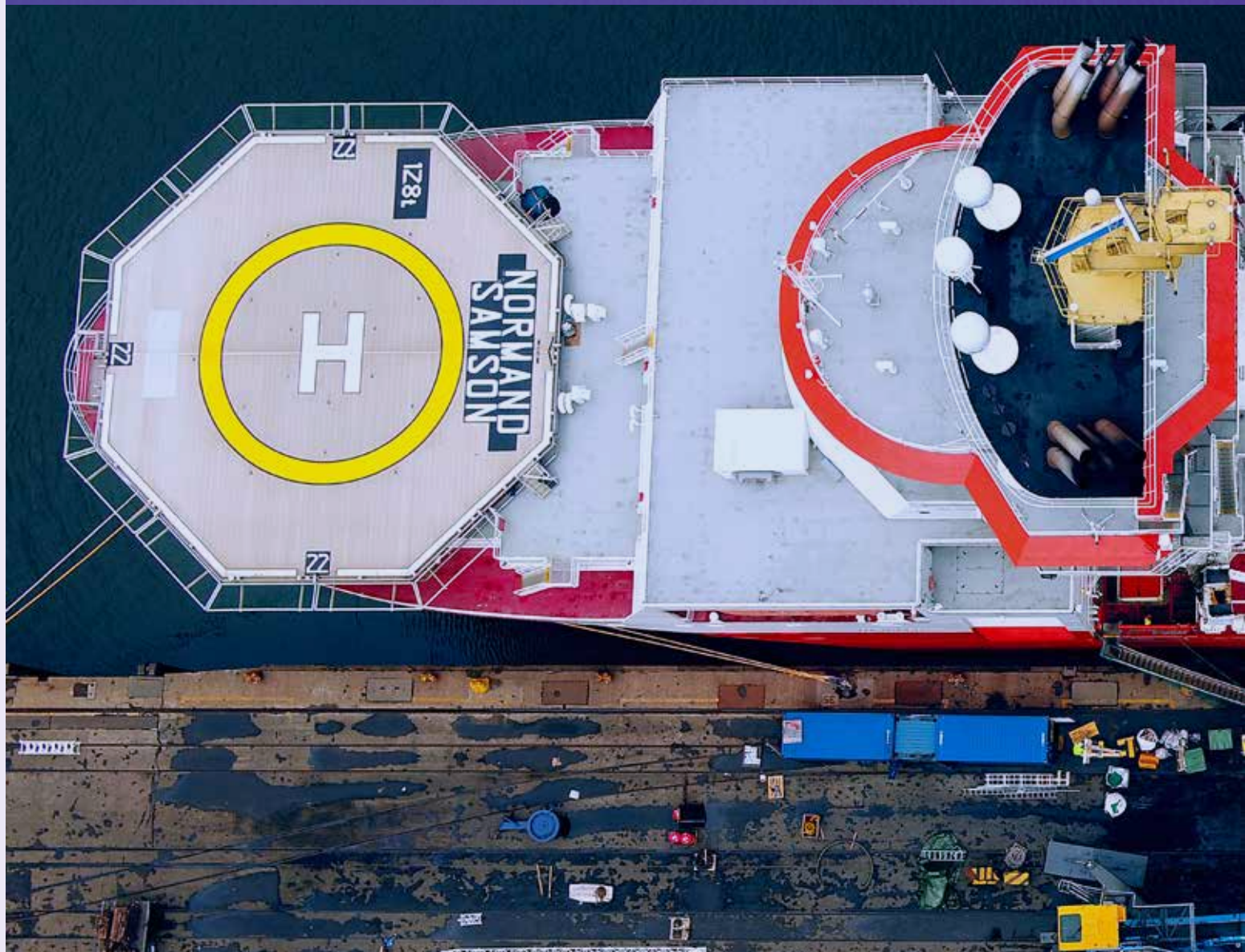
## HEALTH AND SAFETY

**The Port continued to prioritise provision of a safe workplace for all colleagues. In June 2021, the Port achieved 15 months without RIDDOR Reportable Incident, the best period of performance for a decade.**

During the year, the Port transitioned to the internationally recognised Occupational Health and Safety Management Systems Standard ISO 45001.

This sets out the requirements for occupational health and safety management systems and best practice through effective policies, procedures and controls to ensure workplace health and safety.

The Port was also awarded the Royal Society for the Prevention of Accidents (RoSPA) Gold Award for the eighth year running.











# ENVIRONMENTAL

**In 2021, the Port retained ISO:14001 (2015) certification. This requires organisations to demonstrate “continuously enhanced environmental performance” and to do this the Port of Tyne has incorporated key environmental improvement targets.**

Due to the pandemic, the 2021 electrification projects were delayed but all are scheduled for completion by the end of Q2 2022.

Furthermore trials of hydrotreated vegetable oil (HVO) as a replacement fuel for gas oil are being completed and it is the Port's intention that where an item of plant cannot be electrified or there is no electric alternative available at this time it will be run on HVO rather than gas oil. These projects form part of the Port's Tyne 2050 commitment to achieve net zero green house gas emissions by 2030 and to be an all electric port by 2040.

## STREAMLINED ENERGY AND CARBON REPORTING

The Port's total energy consumption in 2021 totalled 25.6m KWh, with location based CO<sub>2</sub> emissions totalling 6,208 tonnes and market based CO<sub>2</sub> emissions totalling 4,457 tonnes.

## INTENSITY RATIOS

In 2021, the Port performed 207K TEU movements and handled 2.75m tonnes of bulk cargoes.

The container handling operations (excluding HGV transport) consumed 2.59m kWh of energy which equates to 12.54kWh per TEU. In relation to CO<sub>2</sub>, total emissions from this operation were 576 tonnes which equates to 2.78kg of CO<sub>2</sub> per TEU.

The bulk cargo handling operation consumed 10.2M kWh of energy which equates to 3.73kWh per tonne of cargo handled. In relation to CO<sub>2</sub>, total emissions from this operation were 1,960 tonnes which equates to 0.71kg of CO<sub>2</sub> per tonne of cargo handled.

## METHODOLOGY

Emission factors are from taken from the UK Government GHG Conversion Factors for Company Reporting – Year 2021 Full Set Version 2 and reporting is in line with the UK Government's Environmental Reporting Guidelines.

Emissions reported are CO<sub>2</sub>e and based on the Gross CV of fuels.

**WE ARE ON TRACK TO MEET OUR TYNE 2050 COMMITMENT TO ACHIEVE NET ZERO GHG EMISSIONS BY 2030 AND TO BE AN ALL ELECTRIC PORT BY 2040.**

# FINANCIAL AND ACTIVITY STATISTICS

**The Port of Tyne encompasses two principal trading entities: the Port of Tyne Authority and a wholly owned subsidiary, Tyne Logistics Company Limited. The Group also owns a number of other subsidiaries, although these did not trade in the year.**

Turnover increased during the year by 12% to £47.3m, mainly due to increase in container related activity as well as Cruise calls making a return to the Port. Container volumes increased 19% and bulk volumes 5%. A total of 24 cruise calls were handled, compared to none in 2020.

Adjusted profit before tax, which excludes revaluation of investment properties and other operating income, increased from £(1.1)m to a profit of £1.7m.

Operating cash flow increased to £9.9m from £8.2m in 2020. Capital expenditure incurred was £13.7m, primarily relating to investment in land infrastructure development at Tyne Dock. Capital grants of £8.5m were also received in the year.

A summary of our Key Financial Indicators are shown in the table below.

	2021 £M	2020 £M	CHANGE £M
Turnover	47.3	42.4	4.9
EBITDA	10.6	9.3	1.3
Adjusted Profit Before Tax *	1.7	(1.1)	2.8
Profit/Loss Before Tax	6.9	(5.5)	12.4
Profit/Loss After Tax	2.7	(6.4)	9.1
Cash Flow from Operating Activities	9.9	8.2	1.7
Capital Expenditure	13.7	2.5	11.2
Net Borrowings	26.0	33.9	7.9
Net Assets	123.4	119.6	3.8

## Adjusted Profit Before Tax Analysis

	2021 £M	2020 £M	CHANGE £M
Profit Before Tax	6.9	(5.5)	12.4
Less:			
Revaluation of Investment Properties	3.2	(2.5)	5.7
Other Operating income	2.0	-	2.0
Exceptional items	-	(1.9)	1.9
Adjusted Profit Before Tax	1.7	(1.1)	2.8



The table below outlines the level of activity relating to the Port's business areas in metrics that are relevant to the performance of each.

Conventional and Bulk Cargoes activity increased 5% to 2.9m tonnes in 2021.

The total volume of cars reduced, 13% less than in 2020, largely as an impact of worldwide semi-conductor shortages.

98,000 passengers travelled through the Port of Tyne International Passenger Terminal, down 13% on 2020. Containers increased to 55k TEU, up 19% on 2020 throughput.

Port of Tyne Business Area Statistics	2021	2020	CHANGE
Conventional and Bulk Cargoes (tonnes 000's)	2,855	2,715	140
Car Terminals (number of cars 000's)	277	319	(42)
Cruise and Ferry (passenger numbers 000's)	98	113	(15)
Broken down by:			
Cruise	40	-	40
Ferry	58	113	(55)
Cruise and Ferry (vessel numbers)	350	227	123
Broken down by:			
Cruise	24	-	24
Ferry	326	227	99
Logistics (containers – TEU 000's)	55	46	9

## ECONOMIC IMPACT AND STAKEHOLDER BENEFIT

**The Port of Tyne's stakeholders are its customers, colleagues, the Government, the business community and the local community.**

The impact of the Port of Tyne on the regional economy is measured annually through an Economic Impact Assessment conducted by external consultants ARUP.

Their report showed that the Gross Value Added (GVA) by the Port to the regional economy was £579m (2020: £557m).

The increase is a result of many factors including the increase in capital investment and the impact that has on local suppliers.

As a Trust Port, the Port of Tyne supports the community and provides a range of benefits to local organisations and charities alongside facilitating port tours, fund-raising events and staff volunteering.

## PRINCIPAL RISKS & UNCERTAINTIES

# REPORT OF THE BOARD

**The Board meets on a monthly basis to review financial information and matters reserved for the Board and to exercise full control over the business.**

**The roles of Chair and Chief Executive Officer are separate and clearly defined. The Non-Executive Chair and Non-Executive Directors, who comprise the majority of the Board, are appointed by the Secretary of State for the Department for Transport and are subject to the process laid down in the Nolan Committee Report. The term of office is for a specified period, normally three years.**

## BOARD COMMITTEES

The Board operates a number of permanent committees:

- (i) The Audit Committee - principal duties are to assist the Board in discharging its responsibilities to maintain the integrity of the financial statements, financial plans and budget, and to monitor the effectiveness of the systems of internal control and risk management across all aspects of the business including, but not limited to, health and safety, the environment and operations. It also reviews the effectiveness of the internal and external auditors and the objectivity of the external auditor.
- (ii) The Remuneration Committee - determines the remuneration and benefits of executive directors, and manages associated incentive schemes
- (iii) The Nominations Committee - assists the Board in reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and makes recommendations to the Board with regard to any changes.

## CORPORATE GOVERNANCE

The Directors are committed to high standards of corporate governance and have implemented systems of corporate governance compliant with the principles of the Ports Good Governance Guidance.

In 2001 the Port of Tyne was classified as a 'public corporation' by the Office of National Statistics and as a result, since that date, the Port's borrowings, albeit an insignificant part of the total, have been included within the Public Sector Borrowing Requirements.

The Ports Good Governance Guidance is based on a number of other documents, particularly the UK Corporate Governance Code and the Port Marine Safety Code, and reflects the 2016 Trust Port Study recommendations. It covers corporate governance, stakeholder engagement, and provision of information, safety and commercial accountability and the ongoing review of the suitability of the Trust Port model.

## INTERNAL CONTROL AND RISK MANAGEMENT

The Directors are responsible for the business's system of internal control. Such a system provides reasonable but not absolute assurance against material loss or misstatement.

Key procedures that have been established include an organisational structure with clear operating procedures, lines of responsibility and delegated authority. In particular, there are defined procedures for:

- capital investment covering appraisal and authorisation
- financial reporting within a comprehensive financial planning and accounting framework
- internal audit to monitor the system of internal control and risk management
- the procurement of goods and services

The Directors have reviewed the effectiveness of the system of internal control for the accounting year and the period to the date of the approval of the financial statements in accordance with recognised best practice.







## GOING CONCERN

After making due enquiries, including consideration of recent and forecast trading performance, cash flow forecasts and banking facilities, the Directors have reasonable expectation that the Port of Tyne Authority has adequate resources to continue in operational existence for the foreseeable future.

For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements.

## POLICY AND PRACTICE ON PAYMENT OF CREDITORS

The business is responsible for agreeing the terms and conditions under which business transactions with its suppliers are conducted. Payments to suppliers are made in accordance with these terms, provided that suppliers also comply with all other relevant conditions. At the end of the financial year, the weighted average payment term to the Port's suppliers was 42 days (2020: 45 days).

## POLITICAL AND CHARITABLE CONTRIBUTIONS

Political contributions of £2k were made in the year (2020: £nil). Charitable donations amounted to £35,000 (2020 less than £1k).

## DISCLOSURE OF INFORMATION TO THE AUDITORS

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the business's auditors are unaware; and, having made enquiries of fellow Directors and the business's auditor, each member has taken all the steps that he/she ought to have taken as a member to make himself/herself aware of any relevant audit information and to establish that the Port of Tyne Authority's auditors are aware of that information.

## RISK MANAGEMENT SYSTEM

The Port operates a risk management system that captures material and strategic regulatory, commercial, operational, financial and people risks. Mitigating controls are designed for all material risks identified with resulting actions incorporated into Business Plans and extended to senior management personal objectives as appropriate.

Material risks are formally reviewed, scored and ranked with updates provided to the Board of any changes to these risks.

## KEY RISKS AND UNCERTAINTIES

### Regulation and compliance

Regulatory risks are associated with post Brexit, energy and environmental requirements. Changes in policy and regulation can have a material impact upon the Port including the impact of new energy sources, compliance with new regulation and environmental requirements.

### Economic changes

Risks to the Port include changes to economic conditions, customer markets, changes in the competitor set and failure to transition to new markets. This includes any impact as a result of the conflict in Ukraine with respect to products imported from or exported to that area, and the associated impact on customer markets and availability of supplies.

### Price and Cost changes

Cost increases as a result of higher supplier input costs and inflation more generally are a risk to the Port's ongoing financial profitability, albeit this is somewhat mitigated by clauses within customer contracts and trading agreements.

### Operational continuity

Risks relating to operational continuity include safety of operation, resource availability, operational capacity levels and appropriate infrastructure and equipment. Changes in global supply routes due to congestion at European ports and post Covid-19 shipments of product are both a risk and an opportunity for the Port.

### Covid-19

The impact of Covid-19 continues to drive a range of risks including operational, customer and economic, albeit these risks are significantly reduced following the relaxation of UK Government restrictions.

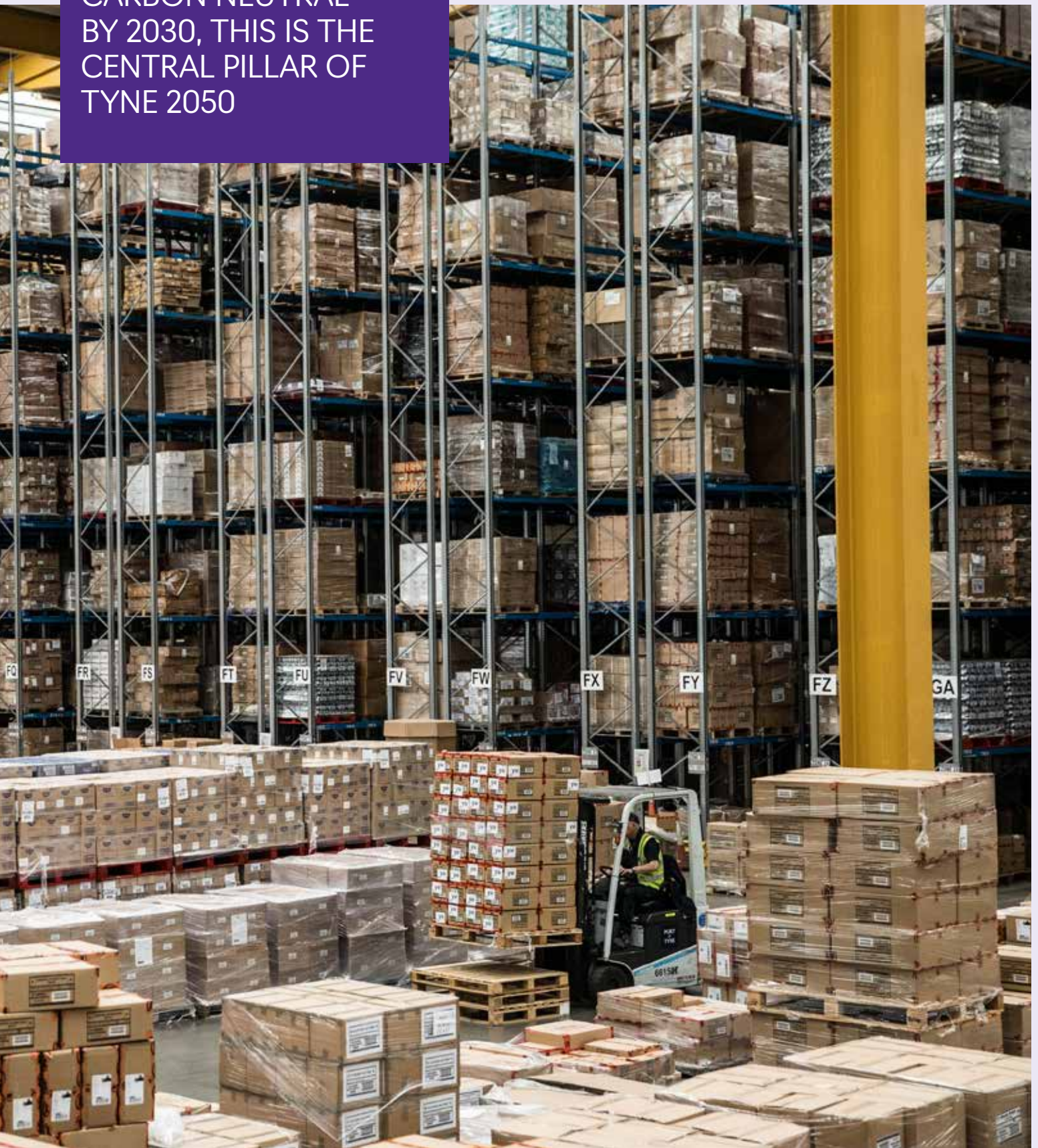
### Funding

Funding risk includes being able to access appropriate funding to allow business expansion, which is crucial if the Port is to exploit new and emerging opportunities.





CARBON NEUTRAL  
BY 2030, THIS IS THE  
CENTRAL PILLAR OF  
TYNE 2050



## ATTENDANCE

Six Board meetings, three Audit Committee meetings, two Remuneration Committee meetings and one Nominations Committee meetings were held during the year.

The table opposite shows the number of meetings attended by each Board member.

## BOARD REMUNERATION

The Remuneration Committee determines the remuneration and benefits of Executive Directors. Fees for the Non-Executive Chairman and Non-Executive Directors' duties are determined by the Board on the advice of the Remuneration Committee.

## REMUNERATION POLICY

The Port aims to reward its people fairly and responsibly in a manner that will best serve the interests of its stakeholders.

The Port has a formal Remuneration Policy which is designed to attract, retain and motivate its leaders within a framework which will drive and support business strategy and promote the long term success of the business.

All elements of executive remuneration are periodically reviewed by the Remuneration Committee of the Board, consisting only of Non-executive Board members (the Committee) against comparative benchmarked data and the organisation's policy is to remunerate at the median of such data.

DIRECTOR	BOARD MEETINGS	AUDIT COMMITTEE MEETINGS	REMUNERATION COMMITTEE MEETINGS	NOMINATIONS COMMITTEE MEETINGS
<b>M Beeton</b>	6	3*	2*	1
<b>M Stoner</b>	6	3*		
<b>M Brockhouse</b>	4			
<b>L Armstrong</b>	6		2	1
<b>M Preece</b>	3			1
<b>S Crosland</b>	5		2	1
<b>G Brown</b>	6	3		
<b>J Prescott</b>	6			1
<b>M Comerford</b>	6	3		
<b>T Burke</b>	6	3		
<b>J Thomas</b>	6		2	

\* In attendance but not as a committee member



## REMUNERATION FRAMEWORK

ELEMENT	PURPOSE AND STRATEGY	OPERATION	OPPORTUNITY	PERFORMANCE MEASURES
<b>EXECUTIVE DIRECTORS</b>				
Base salary	To attract and retain high calibre individuals.  Set to reflect the market.	Reviewed annually with changes effective from January each year, with benchmarking (along with all benefits) carried out every three years, or as appropriate, by the Committee against the remuneration packages for executives in similar roles in organisations of a comparable size. The next benchmarking exercise is planned for April 2023. Paid monthly in cash.	No prescribed maximum.  Appropriate annual increases are determined by the Committee.	Performance Development Reviews are undertaken annually.
Benefits	To support a competitive remuneration package in the market place.	Benefits include provision of a car allowance cash equivalent payment, private medical health care and life assurance.	No maximum limit is prescribed as the cost of providing benefits fluctuates. However, the Committee carefully monitors, on an annual basis, the overall cost of the benefit provision.	
Pension	To support a competitive remuneration package in the market place.	The Port makes contributions into a defined contribution Group Personal Pension plan.	The Port contributes 15% of salary.	None.
Annual Incentive Plan	To reward individual achievement through a combination of a Corporate Financial Performance Target (CFPT) and the Common Objectives Performance Targets (COPTs) in line with the organisation's strategic plan and objectives.	Paid annually after assessment of achievements of the CFPT and the COPT following the audit of the accounts.	30% of basic salary is available on the achievement of the CFPT and the COPTs. A further 30% of basic salary is available on over performance against the CFPT.	The CFPT is evaluated against adjusted Profit Before Tax and achievement of the COPT as agreed by the Committee at the beginning of the relevant year.
<b>NON-EXECUTIVE DIRECTORS</b>				
Non-executive Directors' Fees	To attract and retain high quality and experienced Non-Executive Directors.	The remuneration of Non-Executive Directors, including the Chair and Deputy Chair is proposed by the Remuneration Committee for approval by the Board. The Chairs of the Audit Committee and Remuneration Committee are paid an additional fee to reflect the extra work involved, unless this role is fulfilled by the Chair / Deputy Chair. Non-Executive Directors are not eligible for pension scheme membership, or incentive arrangements.	Fees are set at levels which reflect the commitment and contribution expected from Non-Executive Directors and are appropriately benchmarked against peer organisations every three years, or as appropriate. The next benchmarking exercise is planned for April 2023.	Collective performance assessment carried out annually. Individual Performance Reviews are undertaken annually.

## **CONSIDERATION OF EMPLOYMENT CONDITIONS ACROSS THE PORT**

The Port, through its focus on people, recognises the vital role of all of its colleagues and to train, develop and reward all those who work for the Port in a challenging, supportive and safe environment.

The Port's policy is to reward its people fairly for their contribution to the organisation. This includes a competitive basic salary which is reflective of a colleague's skills, experience and responsibility and which is reviewed annually. The business operates a Profit Share Scheme, where a percentage of the organisation's profit before tax is distributed to colleagues. This ensures that colleagues not only contribute to the performance of the business but also share in its success. As Executive Directors participate in the Port's annual incentive plan detailed above they are not eligible to receive any profit share payments.

In setting its Remuneration Policy for Executive and Non-Executive Directors, the Committee takes into consideration its impact and compatibility with remuneration across the Port. The Committee is provided throughout the year with information regarding pay and benefits for the wider workforce which gives appropriate context for the Committee to make informed decisions. Differences in salary levels and in the levels of potential reward are dependent upon seniority and responsibility. A proportion of the Executive Directors' remuneration package is delivered through performance-related pay, which links to the strategy and key objectives of the business.

## **RECRUITMENT REMUNERATION**

The Remuneration Committee will aim to set a new Executive Director's remuneration package in line with the organisation's approved policy at the time of appointment. The Committee will take into account the skills and experience of the candidate, the prevailing market rates and the importance of securing the best available candidate. The Committee may also structure an appointment package that it considers appropriate to recognise awards or benefits that may be forfeited on resignation from a previous position. Other payments may be made in relation to relocation expenses and other incidental expenses as appropriate.

Fees for new Non-Executive Directors will be set in accordance with approved levels at the time of appointment.

## **SERVICE CONTRACTS**

It is the organisation's policy that all Executive Directors have service contracts in place which detail the terms of their appointment and remuneration packages and which can be terminated by the organisation giving a minimum of 26 weeks' notice by the organisation and 26 weeks' notice by the Executive Director.

## **POLICY ON TERMINATION**

If an Executive Director's employment is to be terminated, the Port's policy is to seek to agree a termination payment based on the value of base salary, contractual pension amounts and other benefits that would have accrued during the contractual notice period. As appropriate at the time, the departing director may work or be placed on garden leave for all or part of his notice period, or receive a payment in lieu of notice in accordance with the service agreement.

The Remuneration Committee will consider the circumstances in each case and has discretion to negotiate settlement terms with the Executive Director that the Committee considers to be reasonable and in the best interest of the organisation and to enter into a Settlement Agreement with the Executive Director to effect the terms agreed.

Non-Executive Directors' appointments may be terminated without compensation.

Details of remuneration (excluding employer pension contributions) are given below:

Information in this part of the annual report on remuneration is audited unless stated otherwise.

	BASIC SALARY £	BOARD FEES £	OTHER BENEFITS £	TOTAL* 2021 £	TOTAL* 2020 £
<b>NON-EXECUTIVE DIRECTORS:</b>					
L V W Armstrong	-	53,060	-	53,060	53,060
M Comerford	-	14,857	-	14,857	14,857
S Crosland	-	18,908	-	18,908	18,908
N A West (until 31 August 2020)	-	-	-	-	9,905
M Preece (until 30 June 2021)	-	13,265	-	13,265	26,530
G Brown	-	18,908	-	18,908	18,908
A Thain (until 12 March 2020)	-	-	-	-	2,988
J Prescott	-	18,748	-	18,748	14,857
T Burke (from 14 March 2020)	-	14,857	-	14,857	11,826
J Thomas (from 1 September 2020)	-	14,857	-	14,857	4,952
<b>EXECUTIVE DIRECTORS:</b>					
M H Beeton	240,000	-	21,069	261,069	263,931
M A Stoner	153,000	-	23,518	176,518	169,464
M G Brockhouse (until 17 September 2021)	110,238	-	7,730	117,968	147,734
<b>Total for 2021</b>	<u>503,238</u>	<u>167,460</u>	<u>52,317</u>	<u>723,015</u>	
<b>Total for 2020</b>	<u>531,638</u>	<u>176,791</u>	<u>49,491</u>		<u>757,920</u>

\* Where applicable, totals include benefits earned in that year, but actually paid in the following year.

Other Benefits include incentive payments earned during the year, provision of company cars (or cash in lieu), pension allowance, private medical health care, life assurance and permanent health insurance, living accommodation and taxable expenses.



## PENSIONS

In addition to the benefits outlined under 'Service Contracts' above, all of the Executive Directors are also members of the Group Personal Pension Scheme, a defined contribution scheme, to which the business contributes a percentage of pensionable salary excluding death in service benefit, which is provided separately.

Further details are given in the table below:

Information in this part of the annual report on remuneration is audited unless stated otherwise.

	EMPLOYERS CONTRIBUTION RATE	TOTAL 2021 £	TOTAL 2020 £
M H Beeton	15%	36,000	36,000
M A Stoner	15%	22,950	22,950
M G Brockhouse	15%	16,536	20,796

## DIRECTORS OF THE PORT OF TYNE

The Directors of the Port of Tyne are listed on page 1.

## DIRECTORS' INTERESTS IN CONTRACTS

Except as disclosed in note 29, there are no contracts subsisting with the Authority or its subsidiaries in which any member of the Authority is materially interested.

## INCENTIVE SCHEMES

There is a single incentive schemes in place for Leadership Team members, being an annual performance-related incentive scheme linked to both financial and other common objectives.

A profit share scheme is in place for all other colleagues, enabling them to share in the performance of the business.

By order of the Board of Directors

Andrew Davison LL.B OBE

Secretary

30th June 2022

Maritime House

Tyne Dock

South Shields

Tyne and Wear

NE34 9PT











## STATEMENT OF BOARD OF DIRECTORS RESPONSIBILITIES

**The Board of Directors is responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.**

The Board of Directors of the Port of Tyne Authority are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and Authority and of the profit or loss of the group 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
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and Authority will continue in business

The Board of Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the group and Authority and enable them to ensure that the financial statements comply with Section 42 of the Harbours Act 1964, as amended by the Transport Act 1981.

They are also responsible for safeguarding the assets of the group and Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Authority's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF PORT OF TYNE AUTHORITY

### OPINION

We have audited the financial statements of the Port of Tyne Authority (the parent authority) and its subsidiaries (the group) for the year ended 31 December 2021 which comprise the Group Income Statement, the Group and Authority Statement of Comprehensive Income, the Group and Authority Statement of Changes in Equity, the Group and Authority Balance Sheets, the Group Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 group and of the parent company's affairs as at 31 December 2021, and of the group's 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 Harbours Act 1964, as amended by the Transport Act 1981

### 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 responsibilities for the audit of the financial statements section of our report. We are independent of the group 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 group and parent 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.

## RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 33, 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 group and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.







## AUDITOR RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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.

We obtained an understanding of the legal and regulatory framework applicable to both the company itself and the industry in which it operates. We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with the directors and other management. The most significant were identified as the Harbours Act 1964, as amended by the Transport Act 1981, FRS 102, relevant tax legislation and health and safety regulation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements.

Our audit procedures included:

- Confirming with the directors and management, including the Chief Financial Officer, whether they have any knowledge or suspicion of fraud
- Confirming with the Chief Executive Officer the controls in place around governance and the trust structure of the Port
- Assessing the entity level control environment through review of board and audit committee minutes and internal audit reports
- Assessing the risk of management override including identifying and testing a sample of journal entries

- Challenging the assumptions and judgements made by management in its significant accounting estimates: investments properties and valuation of defined benefit pension liabilities

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>.

This description forms part of our auditor's report.

## USE OF OUR 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.

**Donna Bulmer BA (Hons) ACA**  
**(Senior Statutory Auditor)**

**For and on behalf of Haines Watts**  
**North East Audit LLP**

**Chartered Accountants**  
**Statutory Auditors**

17 Queens Lane  
Newcastle upon Tyne  
NE1 1RN

30th June 2022









# 2 FINANCIAL STATEMENTS





# GROUP INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTES	2021 £000'S	2020 £000'S
			Restated [note 31]
<b>Turnover</b>	2	47,277	42,360
Operating costs		(36,978)	(34,698)
<b>Gross profit</b>		<b>10,299</b>	<b>7,662</b>
Administrative expenses		(7,868)	(7,488)
<b>Gross operating profit – before exceptional items</b>		<b>2,431</b>	<b>174</b>
Exceptional items	7	-	(1,884)
<b>Gross operating profit / (loss) – continuing operations</b>	6	<b>2,431</b>	<b>(1,710)</b>
Other operating income		2,066	-
Gain / (loss) on revaluation of investment properties	11	3,193	(2,481)
Profit / (loss) on disposal of fixed assets		(139)	(509)
<b>Profit / (loss) before interest and taxation</b>		<b>7,551</b>	<b>(4,700)</b>
Net interest and other expenses	5	(617)	(834)
<b>Profit / (loss) on ordinary activities before taxation</b>		<b>6,934</b>	<b>(5,534)</b>
Tax charge on profit on ordinary activities	9	(4,265)	(822)
<b>Profit / (loss) for the financial year</b>		<b>2,669</b>	<b>(6,356)</b>



# GROUP AND AUTHORITY STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

## GROUP STATEMENT OF COMPREHENSIVE INCOME

	NOTES	2021 £000'S	2020 £000'S
			Restated [note 31]
Profit / (loss) for the financial year		2,669	(6,356)
Remeasurement gain recognised on defined benefit schemes	23	1,620	243
Tax charge relating to pension liability	9	(437)	(46)
<b>Total other comprehensive income</b>		<b>1,183</b>	<b>197</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>3,852</b>	<b>(6,159)</b>

## AUTHORITY STATEMENT OF COMPREHENSIVE INCOME

	NOTES	2021 £000'S	2020 £000'S
			Restated [note 31]
(Loss) / profit for the financial year		289	(6,029)
Remeasurement gain recognised on defined benefit schemes	23	1,620	243
Tax charge relating to pension liability	9	(437)	(46)
<b>Total other comprehensive income</b>		<b>1,183</b>	<b>197</b>
<b>Change to: Total comprehensive income / (loss) for the year</b>		<b>1,472</b>	<b>(5,832)</b>

# GROUP AND AUTHORITY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

## GROUP STATEMENT OF CHANGES IN EQUITY

	P&L RESERVE (£000'S)	NON DISTRIBUTABLE RESERVE (£000'S)	TOTAL RESERVES (£000'S)
At 1 January 2020 – as restated [note 31]	86,269	39,446	125,715
Loss for the year	(3,875)	(2,481)	(6,356)
Other comprehensive income	197	-	197
Total comprehensive (loss) for the year	(3,678)	(2,481)	(6,159)
<b>At 31 December 2020 – as restated [note 31]</b>	<b>82,591</b>	<b>36,965</b>	<b>119,556</b>
(Loss) / profit for the year	(524)	3,193	2,669
Other comprehensive income	1,183	-	1,183
Total comprehensive (loss)/income for the year	659	3,193	3,852
<b>At 31 December 2021</b>	<b>83,250</b>	<b>40,158</b>	<b>123,408</b>

## AUTHORITY STATEMENT OF CHANGES IN EQUITY

	P&L RESERVE (£000'S)	NON DISTRIBUTABLE RESERVE (£000'S)	TOTAL RESERVES (£000'S)
At 1 January 2020 – as restated [note 31]	78,089	42,692	120,781
Loss for the year	(3,548)	(2,481)	(6,029)
Other comprehensive income	197	-	197
Total comprehensive loss for the year	(3,351)	(2,481)	(5,832)
<b>At 31 December 2020 – as restated [note 31]</b>	<b>74,738</b>	<b>40,211</b>	<b>114,949</b>
(Loss) / Profit for the year	(2,904)	3,193	289
Other comprehensive income	1,183	-	1,183
Total comprehensive (loss)/income for the year	(1,721)	3,193	1,472
<b>At 31 December 2021</b>	<b>73,017</b>	<b>43,404</b>	<b>116,421</b>

# GROUP BALANCE SHEET

AT 31 DECEMBER 2021

	NOTES	2021 £000'S	2020 £000'S
			Restated [note 31]
<b>Fixed assets</b>			
Tangible assets	11	180,985	175,219
<b>Current assets</b>			
Stocks	13	617	538
Debtors	14	8,855	8,113
Cash at bank and in hand	15	6,481	6,073
		15,953	14,724
<b>Creditors: amounts falling due within one year</b>	16	(8,948)	(6,344)
<b>Net current assets</b>		7,005	8,380
<b>Total assets less current liabilities</b>		187,990	183,599
<b>Creditors: amounts falling due after more than one year</b>	17	(32,500)	(40,000)
<b>Provisions for liabilities</b>	20	(17,130)	(13,036)
<b>Deferred Income</b>	21	(10,377)	(4,290)
<b>Net assets excluding pension liability</b>		<b>127,983</b>	<b>126,273</b>
<b>Pension liability</b>	23	(4,575)	(6,717)
<b>Net assets including pension liability</b>		123,408	119,556
<b>Reserves</b>			
Profit and loss account	24	83,250	82,591
Non distributable reserves	24	40,158	36,965
<b>Reserves</b>		<b>123,408</b>	<b>119,556</b>

The financial statements were approved and authorised for issue by:

L V W Armstrong  
Chair  
30th June 2022

M H Beeton  
Chief Executive Officer  
30th June 2022



# AUTHORITY BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTES	2021 £000'S	2020 £000'S
			Restated [note 31]
<b>Fixed assets</b>			
Tangible assets	11	181,680	175,323
Investment in subsidiary	12	1,280	1,280
Investment in joint venture	12	-	1
		182,960	176,604
<b>Current assets</b>			
Stocks	13	617	538
Debtors – due within one year	14	6,641	6,778
Cash at bank and in hand	15	3,251	3,303
		10,509	10,619
<b>Creditors: amounts falling due within one year</b>	16	(12,177)	(8,001)
<b>Net current (liabilities) / assets</b>		(1,668)	2,618
<b>Total assets less current liabilities</b>		181,292	179,222
<b>Creditors: amounts falling due after more than one year</b>	17	(32,500)	(40,000)
<b>Provisions for liabilities</b>	20	(17,419)	(13,266)
<b>Deferred Income</b>	21	(10,377)	(4,290)
<b>Net assets excluding pension liability</b>		120,996	121,666
<b>Pension liability</b>	23	(4,575)	(6,717)
<b>Net assets including pension liability</b>		<b>116,421</b>	<b>114,949</b>
<b>Reserves</b>			
Profit and loss account	24	73,017	74,738
Non distributable reserves	24	43,404	40,211
<b>Reserves</b>		<b>116,421</b>	<b>114,949</b>

The financial statements were approved and authorised for issue by:

L V W Armstrong  
Chair  
30th June 2022

M H Beeton  
Chief Executive Officer  
30th June 2022

# GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTES	2021 £000'S	2020 £000'S
<b>Net cash inflow from operating activities</b>	25	9,863	8,225
Interest received		-	5
Payments to acquire tangible fixed assets		(12,752)	(3,207)
Receipts from sale of tangible fixed assets		2,797	591
<b>Net cash outflow from investing activities</b>		<b>(9,955)</b>	<b>(2,611)</b>
<b>Financing activities</b>			
Interest paid		(517)	(698)
Grants received		8,517	213
Repayment of long term loans		(7,500)	(1,000)
Repayment of capital element of finance leases		-	(1)
<b>Net cash inflow / (outflow) from financing activities</b>		<b>500</b>	<b>(1,486)</b>
<b>Increase in cash in the year</b>		<b>408</b>	<b>4,128</b>
<b>Cash and cash equivalents at 1 January</b>		<b>6,073</b>	<b>1,945</b>
<b>Cash and cash equivalents at 31 December</b>		<b>6,481</b>	<b>6,073</b>

# NOTES TO THE FINANCIAL STATEMENTS

**AT 31 DECEMBER 2021**

## **1. ACCOUNTING POLICIES**

### **STATEMENT OF COMPLIANCE**

Port of Tyne Authority is a Trust Port, established by an Act of Parliament. The registered Office is Maritime House, Tyne Dock, South Shields, NE34 9PT. The Group's financial statements have been prepared in compliance with FRS102 as it applies to the financial statements of the Group for the year ended 31 December 2021.

### **BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICY**

The financial statements of Port of Tyne Authority were approved for issue by the Board of Directors on 30th June 2022. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the Group and rounded to the nearest £'000.

A prior period adjustment has arisen in relation to the deferred tax liability recognised in previous years. The deferred tax calculation in deferred tax had not previously accounted for indexation. Further details are given in note 31.

### **BASIS OF PREPARATION AND CHANGE IN ACCOUNTING POLICY**

After making due enquiries, including consideration of recent and forecast trading performance, cash flow forecasts and banking facilities, the Directors have reasonable expectation that the Port of Tyne Authority has adequate resources to continue in operational existence for the foreseeable future.

For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements.

### **BASIS OF CONSOLIDATION**

The Group financial statements consolidate the financial statements of the Authority and its subsidiary undertakings made up to 31 December 2021. No income statement is presented for Port of Tyne Authority as permitted by section 408 of the Companies Act 2006.

Subsidiaries are consolidated from the date of their acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

Entities in which the Group holds an interest and which are jointly controlled by the Group and one or more other ventures under a contractual arrangement are treated as joint ventures. In the Group financial statements, joint ventures are accounted for using the equity method.

In the parent authority financial statements investments in subsidiaries and joint ventures are accounted for at cost less impairment.



## JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements and estimates have had the most significant effect on amounts recognised in the financial statements:

- **Revaluation of investment properties**

The Group carries its investment property at fair value, with changes in fair value being recognised in the income statement. The Group engaged CBRE to determine fair value as at 31 December 2021. The determined value is most sensitive to estimated yield and void periods. The key assumptions used to determine the fair value are further explained in note 10. The valuation prepared by CBRE is subject to internal review by suitably qualified individuals, and is adjusted when considered to be materially different to management's expectation of property value.

Under the "removal of undue cost or effort exemptions" of FRS102 – we have elected in the Authority not to revalue investment properties rented to another group entity, instead they are held at deemed cost at the date of transition. This election has no impact at a Group level, where these properties were already held as Operational Properties.

- **Categorisation of properties**

A property will be classified as investment property if the intention is to let it to one or more third parties throughout the medium term or beyond. Investment properties are held at fair value, with changes in value being recognised in the income statement. Operational properties are carried at depreciated historic cost. The categorisation of properties into these two categories therefore represents an area of judgement which may lead to material change in the value of the asset held on the balance sheet and the amounts recognised through the income statement.

- **Pension benefits**

The costs of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in note 23.

- **Operating lease commitments:**

The Group has entered into property, vehicle and trailer operating leases and, as a lessee, it obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the Group to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

## 1. ACCOUNTING POLICIES (CONTINUED)

### JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY - CONTINUED

- Taxation

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

### SIGNIFICANT ACCOUNTING POLICIES

#### a. Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Infrastructure (including roads, piers and swing bridge) – 15 to 100 years

Operational buildings (including quays) – 25 to 50 years

Dredging of a capital nature – 25 to 100 years

Plant & Machinery – 3 to 45 years

No depreciation is provided on freehold land.

The carrying value of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### b. Investment Properties

Certain of the Group's properties are held for long term investment. Investment properties are accounted for as follows:

- Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure
- Investment properties whose fair value can be measured reliably are measured at fair value. The surplus or deficit on revaluation is recognised in the income statement and accumulated in the profit and loss reserve unless a deficit below original cost or its reversal on an individual property is expected to be permanent, in which case it is recognised in the income statement for the year.

Further details are given within the Judgements and key sources of estimation uncertainty section on page 46.

#### c. Revenue Recognition

Revenue is recognised to the extent that the Group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Revenue is recognised when services are physically provided to the customer and represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of consideration due.

Amounts receivable under annual bulk handling contracts including Take or Pay guaranteed annual tonnage clauses are recognised as physically handled. Any contractual amounts due as a result of a shortfall against the guaranteed tonnage due under these contracts in a given contractual period are recognised only when there is a contractual right to receive the amount due.

## 1. ACCOUNTING POLICIES (CONTINUED)

### SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Amounts receivable under operating leases, including any benefits or incentives given, are recognised on a straight-line basis over the period of the lease to the first contractual break date, even if the payments are not made on such a basis.

Where payments are received in advance of services provided, the amounts are recorded as Deferred Income and are included as part of Creditors due within one year.

#### d. Government grants, capital contributions and relocation contributions

Government grants and capital contributions are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met.

Grants and contributions in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful life of the relevant assets by equal annual instalments.

Grants and contributions of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

#### e. Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each item to its present location and condition. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### f. Provisions for liabilities

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

#### g. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity date of three months or less. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### h. Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in operating costs.

#### i. Exceptional items

The Group presents as exceptional items on the face of the income statement, those material items of income and expense that, because of the nature and expected frequency of the events giving rise to them, merit separate presentation to allow stakeholders to understand better the elements of financial performance in the period, so as to facilitate comparison with prior periods and to assess better trends in financial performance.

#### j. Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.



## 1. ACCOUNTING POLICIES (CONTINUED)

### SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

### k. Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income statement.

### l. Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the assets useful lives. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability. Rentals payable under operating leases are charged in the income statement on a straight-line basis over the lease term. Lease incentives are recognised over the lease term on a straight-line basis.

## 1. ACCOUNTING POLICIES (CONTINUED)

### SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### m. Post-retirement benefits

The Authority operates and participates in a number of funded and unfunded pension schemes.

For defined benefit schemes, the cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. When a settlement or curtailment occurs, the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the income statement during the period in which it occurs.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability (excluding amounts included in net interest) are recognised immediately in other comprehensive income in the period in which they occur. Re-measurements are not reclassified to the income statement in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the benefits are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

For defined contribution schemes, contributions are recognised in the income statement in the period in which they become payable.

The capital cost of unfunded pensions is charged to the income statement in the accounting period in which those pensions are granted.

The Group participates in a number of multi-employer defined benefit pension schemes. Where the Group is unable to determine its share of the assets and liabilities on a consistent and reliable basis it accounts for these schemes as if defined contribution schemes.

## 2. TURNOVER

Turnover represents the amounts derived from the provision of goods and services which fall within the Group's ordinary activities, stated net of value added tax, including the sale of any property assets previously held by our Estates business.

The Group operates in a number of Port related activities which are listed below. Sales were all made within the UK.

	2021 £000'S	2020 £000'S
Conventional and Bulk	19,627	19,098
Car Terminals	5,468	5,512
Cruise and Ferry	3,251	1,437
Logistics	13,095	10,362
Estates	3,414	3,571
	44,855	39,980
Income from third party activities	2,422	2,380
<b>Total Turnover</b>	<b>47,277</b>	<b>42,360</b>

Income from third party activities primarily consists of conservancy and pilotage income associated with traffic emanating from third party river users. Income from these sources attributable to the Port's five main service lines has been allocated accordingly.



### 3. PILOTAGE

The following information is provided in accordance with the provisions of Statutory Harbour Undertakings (Pilotage Financial Statements) Regulations 1988:

	2021 £000'S	2020 £000'S
Income from pilotage (included in turnover):		
Pilotage services	3,124	2,566
Use of pilotage exemption certificates	219	162
	<b>3,343</b>	<b>2,728</b>
Expenditure:		
Provision of pilotage services (included in operating costs)	937	883

The pilotage income below includes £407,000 (2020: £286,000) in relation to the PNPf levy, a surcharge introduced to recover the incremental costs associated with the Ports financial liabilities in connection with the Pilots National Pension Fund (PNPF).

This levy was introduced in 2013 and the total amount billed to date is £2,992,000 (2020: £2,585,000).

### 4. OTHER OPERATING INCOME

Capital grant income of £8,517k was received in the year. Of this £2,066k related to investment properties and has been recognised in full in 2021. The remainder is held as deferred income and will be released under the accrual method against the depreciation of the assets to which the grant relates.

### 5. NET INTEREST AND OTHER EXPENSES

	NOTES	2021 £000'S	2020 £000'S
Interest receivable - other		-	5
Other finance costs	23	(100)	(141)
Interest payable			
- on bank loans		(515)	(698)
- other		(2)	-
<b>Net interest and other expenses</b>		<b>(617)</b>	<b>(834)</b>

**6. OPERATING PROFIT / (LOSS)**

	NOTES	2021 £000'S	2020 £000'S
Auditors' remuneration Group - audit		48	56
Authority - audit (included above)		38	46
Depreciation and other amounts written off tangible fixed assets: Depreciation - owned		8,151	9,271
Hire of plant and machinery Rentals payable under operating leases		503	721
Furlough income		(67)	(584)
Release of grants	21	(302)	(302)
Release of relocation contribution	21	(62)	(62)
Foreign exchange differences		8	(3)

**7. EXCEPTIONAL ITEMS**

	GROUP 2021 £000'S	GROUP 2020 £000'S	AUTHORITY 2021 £000'S	AUTHORITY 2020 £000'S
Restructuring costs	-	1,884	-	1,656

**8. STAFF COSTS**

	GROUP 2021 £000'S	GROUP 2020 £000'S	AUTHORITY 2021 £000'S	AUTHORITY 2020 £000'S
Wages and salaries	12,795	12,987	10,827	10,846
Social security costs	1,322	1,366	1,122	1,161
Other pension costs:				
- Net current service cost within operating profit (note 23)	154	428	154	428
- Past service cost within operating profit (note 23)	-	4	-	-
- Loss on plan changes	182	-	182	4
- Other pension costs	855	966	761	845
	<b>15,308</b>	<b>15,751</b>	<b>13,046</b>	<b>13,284</b>

The average number of persons, excluding contractors, employed by the Group (including Directors) during the year was as follows:

	GROUP 2021 £000'S	GROUP 2020 £000'S	AUTHORITY 2021 £000'S	AUTHORITY 2020 £000'S
Directors of the Authority	10	11	10	11
General management and administration	51	51	51	51
Engineering	31	37	31	37
Marine services & security	51	52	51	52
Bulk cargo	40	50	40	50
Cruise and Ferries	17	20	17	20
Logistics	118	127	63	61
	<b>318</b>	<b>348</b>	<b>263</b>	<b>282</b>

Including Contractors, the average number of Full Time Equivalents (FTEs) employed by the Group in 2021 was 343 (2020: 351). At the end of the year the number of FTEs was 346 (2020: 326).

Details of the emoluments of the Directors of the Authority are given in the Report of the Board.



## 9. TAX

(a) Tax charge on ordinary activities. The tax charge is made up as follows:

	NOTES	2021 £000'S	2020 £000'S
			Restated [note 31]
Current tax:			
UK corporation tax on the profit for the year		698	563
Adjustments in respect of prior periods		8	16
<b>Total current tax</b>		<b>706</b>	<b>579</b>
Deferred tax:			
Origination and reversal of timing differences		3,544	243
Adjustment in respect of previous years		15	-
<b>Total deferred tax</b>	<b>20</b>	<b>3,559</b>	<b>243</b>
<b>Tax charge on profit on ordinary activities</b>		<b>4,265</b>	<b>822</b>

(b) Tax included in Group statement of comprehensive income. The tax charge is made up as follows:

	NOTES	2021 £000'S	2020 £000'S
Current tax:			
UK corporation tax relating to pension liability	20	(98)	(157)
Total current tax		(98)	(157)
Deferred tax:			
Movement on deferred tax relating to pension liability	20	535	203
Total deferred tax (note 20)	20	535	203
<b>Total tax charge</b>		<b>437</b>	<b>46</b>

## (c) Factors affecting the total tax charge for the year:

The tax assessed for the year is more than the rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	NOTES	2021 £000'S	2020 £000'S
			Restated [note 31]
Profit / (Loss) on ordinary activities before tax		6,934	(5,534)
Tax on ordinary activities multiplied by the rate of corporation tax in the UK of 19% (2020: 19%)		1,317	(1,052)
Effects of:			
Expenses not deductible for tax purposes		(1,912)	145
Fixed asset differences		820	103
Adjustment in respect of prior periods – current tax		8	16
Adjustment in respect of prior periods – deferred tax		(826)	(299)
Adjust opening deferred tax to prevailing rate		4,858	1,845
Not recognised		-	64
<b>Total tax expenses for the year</b>	<b>8a</b>	<b>4,265</b>	<b>822</b>

## (d) Factors affecting future tax charges

In the Chancellor's March 2021 Budget, it was announced the rate of UK corporation tax will remain at 19% for the next two years before increasing to 25% from April 2023. This change was substantively enacted on 24 May 2021 and so the deferred tax balance is calculated on this basis.

**10. INTANGIBLE FIXED ASSETS**

The directors consider each acquisition separately for the purpose of determining the amortisation period of any goodwill that arises.

Goodwill associated with the acquisition of Tyne Logistics Company Limited was amortised over five years. Group cost of £682K has been fully amortised, unchanged since 2019.







**11. TANGIBLE FIXED ASSETS (GROUP)**

	FREEHOLD LAND AND BUILDINGS £000	INVESTMENT PROPERTY £000	INFRA- STRUCTURE £000	DREDGING £000	CRAFT, PLANT AND MACHINERY £000	CAPITAL WORKS IN PROGRESS £000	TOTAL £000
Cost or valuation:							
At 1 January 2021	119,345	71,065	6,855	10,939	74,594	3,032	285,830
Additions	6,466	-	104	-	673	6,416	13,659
Grant contributions	-	-	-	-	-	-	-
Transfers	2,151	-	-	-	54	(2,205)	-
Disposals	(520)	(2,900)	(118)	-	(16,683)	-	(20,221)
Reclassification	(4,272)	4,272	-	-	-	-	-
Revaluation	-	3,193	-	-	-	-	3,193
<b>At 31 December 2021</b>	<b>123,170</b>	<b>75,630</b>	<b>6,841</b>	<b>10,939</b>	<b>58,638</b>	<b>7,243</b>	<b>282,461</b>
Depreciation							
At 1 January 2021	48,954	-	4,203	4,229	53,225	-	110,611
Charge for the year	3,553	-	171	365	4,062	-	8,151
On disposals	(515)	-	(120)	-	(16,651)	-	(17,286)
Reclassification	-	-	-	-	-	-	-
<b>At 31 December 2021</b>	<b>51,992</b>	<b>-</b>	<b>4,254</b>	<b>4,594</b>	<b>40,636</b>	<b>-</b>	<b>101,476</b>
Net book value:							
<b>At 31 December 2021</b>	<b>71,178</b>	<b>75,630</b>	<b>2,587</b>	<b>6,345</b>	<b>18,002</b>	<b>7,243</b>	<b>180,985</b>
At 1 January 2021	70,391	71,065	2,652	6,710	21,369	3,032	175,219
Leased assets included in the above:							
<b>Net book value at 31 December 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>
Net book value at 1 January 2021	-	-	-	-	6	-	16

**11. TANGIBLE FIXED ASSETS (AUTHORITY)**

	FREEHOLD LAND AND BUILDINGS £000	INVESTMENT PROPERTY £000	INFRA- STRUCTURE £000	DREDGING £000	CRAFT, PLANT AND MACHINERY £000	CAPITAL WORKS IN PROGRESS £000	TOTAL £000
Cost or valuation:							
At 1 January 2021	116,498	77,291	6,855	10,939	65,326	3,033	279,942
Additions	6,466	-	104	-	668	6,397	13,635
Transfers	2,151	-	-	-	54	(2,205)	-
Disposals	(520)	(2,900)	(117)	-	(16,585)	-	(20,122)
Reclassification	(4,272)	4,272	-	-	-	-	-
Revaluation	-	3,193	-	-	-	-	3,193
<b>At 31 December 2021</b>	<b>120,323</b>	<b>81,856</b>	<b>6,842</b>	<b>10,939</b>	<b>49,463</b>	<b>7,225</b>	<b>276,648</b>
Depreciation							
At 1 January 2021	48,142	-	4,202	4,228	48,047	-	104,619
Charge for the year	3,407	-	171	366	3,593	-	7,537
On disposals	(516)	-	(119)	-	(16,553)	-	(17,188)
Reclassification	-	-	-	-	-	-	-
<b>At 31 December 2021</b>	<b>51,033</b>	<b>-</b>	<b>4,254</b>	<b>4,594</b>	<b>35,087</b>	<b>-</b>	<b>94,968</b>
Net book value:							
<b>At 31 December 2021</b>	<b>69,290</b>	<b>81,856</b>	<b>2,588</b>	<b>6,345</b>	<b>14,376</b>	<b>7,225</b>	<b>181,680</b>
At 1 January 2021	68,356	77,291	2,653	6,711	17,279	3,033	175,323
Leased assets included in the above:							
<b>Net book value at 31 December 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>
Net book value at 1 January 2021	-	-	-	-	6	-	16

**11. TANGIBLE FIXED ASSETS (CONTINUED)**

Under the "removal of undue cost or effort exemptions" – we have elected in the Authority not to revalue Investment properties rented to another group entity, instead they are held at deemed cost at the date of transition.

This election has no impact at a Group level, where these properties were already are held as Operational Properties.

Included within land and buildings is an amount of £18,539,911 (2020: £18,277,780) relating to land which is not depreciated.

Freehold land and buildings (other than investment properties), which include owner occupied property assets and specialised marine assets, are held at historic cost.

Investment properties, which are all freehold, continue to be valued on an open market existing use basis and a full revaluation was performed as at 31 December 2021 by CBRE.

The critical assumptions made relating to the valuations are set out below:

	2021	2020
Yield range – Industrial	6-11%	7-15%
Yield range – Offices	9.5-11%	9-12.5%
Yield range – Land, including surfaced and unsurfaced areas	5-13%	5 -13%
Current void (based on anticipated demand)	12-24mths	12-24mths

Movements in the fair value of investment properties are as follows:

	GROUP £000'S	AUTHORITY £000'S
Fair value: -		
At 1 January 2021	71,065	77,291
Additions	-	-
Transfers	(2,900)	(2,900)
Surplus on valuation	3,193	3,193
Reclassification	4,272	4,272
At 31 December 2021	75,630	81,856

The reclassification in year relates to the transfer of part of the TDEP site, now let to Equinor in a long term lease (£8.6m) offset by the transfer of sheds 2 and 6 back into operational property (£4.3m), which reflects a change in their intended long term use during 2021.

The depreciated historic cost of investment properties held at fair value is as follows:

	GROUP £000'S	AUTHORITY £000'S
At 31 December 2021	30,003	31,892
At 1 January 2021	26,441	28,476



**12. FIXED ASSET INVESTMENTS (AUTHORITY)**

	SUBSIDIARY UNDERTAKINGS £000'S	JOINT VENTURES £000'S	TOTAL £000'S
Cost and net book value:			
At 31 December 2020	1,280	1	1,281
At 31 December 2021	1,280	-	1,280

The undertakings in which the Group's interest at the year end is more than 20% are as follows:

	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITY	% OF ORD. SHARES HELD BY GROUP	% OF ORD. SHARES HELD BY AUTHORITY
<b>Subsidiary undertakings</b>				
Tyne Logistics Company Limited	UK	Container handling	100%	100%
Port of Tyne Logistics Limited	UK	Dormant	100%	100%
North East Ports Limited	UK	Dormant	100%	100%
Port of Tyne Plc	UK	Dormant	100%	100%
Howdon Green Energy Park Ltd	UK	Dormant	88%	88%

**13. STOCKS**

	GROUP 2021 £000'S	GROUP 2020 £000'S	AUTHORITY 2021 £000'S	AUTHORITY 2020 £000'S
Raw materials and consumables	617	538	617	538
	617	538	617	538

**14. DEBTORS**

	GROUP 2021 £000'S	GROUP 2020 £000'S	AUTHORITY 2021 £000'S	AUTHORITY 2020 £000'S
Trade debtors	7,079	6,448	4,974	5,214
Other debtors	896	1,017	896	1,018
VAT	306	-	306	-
Prepayments	574	648	465	546
	8,855	8,113	6,641	6,778

**15. CASH AND SHORT-TERM DEPOSITS**

	GROUP 2021 £000'S	GROUP 2020 £000'S	AUTHORITY 2021 £000'S	AUTHORITY 2020 £000'S
Cash at bank and in hand	6,481	6,073	3,251	3,303

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	GROUP 2021 £000'S	GROUP 2020 £000'S	AUTHORITY 2021 £000'S	AUTHORITY 2020 £000'S
Trade creditors	1,740	905	1,531	813
Taxation and social security	424	489	361	443
Other creditors	684	410	681	410
Accruals and deferred income	5,496	4,027	5,109	3,622
Corporation tax	604	513	5	279
Amounts owed to Group undertakings	-	-	4,490	2,434
	8,948	6,344	12,177	8,001

**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	GROUP 2021 £000'S	GROUP 2020 £000'S	AUTHORITY 2021 £000'S	AUTHORITY 2020 £000'S
Bank loans	32,500	40,000	32,500	40,000
	32,500	40,000	32,500	40,000

**18. LOANS**

Loans repayable, included within creditors may be analysed as follows:

	GROUP 2021 £000'S	GROUP 2020 £000'S	AUTHORITY 2021 £000'S	AUTHORITY 2020 £000'S
Wholly repayable within five years	32,500	40,000	32,500	40,000

In late 2018, a £60m refinancing package was secured with Lloyds Bank Commercial Banking. This was signed in early January 2019. This five-year agreement comprises a £30m RCF and a £30m term loan. RCF interest is LIBOR + 1.45% pa, term loan interest is LIBOR +1.2% for years 1 to 3, and LIBOR + 1.4% in years 4-5.

The purpose of the Lloyds facilities is to refinance existing loans and to finance current and future expansion plans of the business. Monies drawn are secured on a number of assets at Tyne Dock, South Shields.

**19. BORROWING POWERS (AUTHORITY)**

In July 2008, a Harbour Revision Order granted Port of Tyne Authority unlimited borrowing powers.

**20. PROVISIONS FOR LIABILITIES****(a) Group and Authority - Deferred Tax**

The amounts provided for deferred tax and the full potential charge calculated at 25% (2020: 19%) are set out below:

	GROUP 2021 £000'S	GROUP 2020 £000'S	AUTHORITY 2021 £000'S	AUTHORITY 2020 £000'S
		Restated [note 31]		Restated [note 31]
At beginning of the year	13,036	12,590	13,266	12,907
Charge to income statement	3,559	243	3,618	156
Charge to statement of total other comprehensive income	535	203	535	203
At end of the year	17,130	13,036	17,419	13,266

The elements of deferred tax are as follows:

	GROUP 2021 £000'S	GROUP 2020 £000'S	AUTHORITY 2021 £000'S	AUTHORITY 2020 £000'S
		Restated [note 31]		Restated [note 31]
Difference between accumulated depreciation and amortisation and capital allowances	12,415	8,596	11,869	8,161
Other short term timing differences	(1,540)	(1,625)	(1,535)	(1,625)
Capital Gains	6,255	6,065	7,085	6,730
Deferred tax liability	17,130	13,036	17,419	13,266

**21. DEFERRED INCOME**

Group and Authority

(a) Grants and capital contributions

	2021 £000'S	2020 £000'S
At the beginning of the year	3,034	3,123
Grants received	6,451	213
Released to income statement (note 6)	(302)	(302)
At the end of the year	9,183	3,034

(b) Relocation contributions - grants

	2021 £000'S	2020 £000'S
At the beginning of the year	1,256	1,318
Released to income statement (note 5)	(62)	(62)
At the end of the year	1,194	1,256
<b>Total</b>	<b>10,377</b>	<b>4,290</b>



**22. COMMITMENTS**

(a) Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	GROUP 2021 £000'S	GROUP 2020 £000'S	AUTHORITY 2021 £000'S	AUTHORITY 2020 £000'S
Contracted	3,596	254	3,593	251

(b) Future minimum rentals payable under non-cancellable operating leases are as follows: Group

	2021 £000'S	2020 £000'S
Future minimum rentals payable:		
Within one year	385	257
In the second to fifth years inclusive	396	283
	781	540

Authority

	2021 £000'S	2020 £000'S
Future minimum rentals payable:		
Within one year	48	50
In the second to fifth years inclusive	101	149
	149	199

(c) Operating Lease agreements where the Group is lessor:

The Group holds a proportion of its estate as investment properties, as disclosed in note 10, which are let to third parties. Future minimum rentals receivable under non-cancellable operating leases are as follows:

	2021 £000'S	2020 £000'S
Not later than one year	2,599	3,209
After one year but not more than five years	7,876	8,124
After five years	16,245	11,059
	26,720	22,392

## 23. PENSION SCHEMES

The Authority participates in a number of pension schemes of the defined benefit type. The assets of these schemes are held in separate trustee administered funds and contributions are made in accordance with the advice of qualified actuaries.

(a) i - Funded schemes – The Authority's defined benefit schemes

The major single employer schemes are the Port of Tyne Authority Superannuation Pension Scheme (PTASPS) and the Port of Tyne Authority Docks Pension Scheme (PTADPS).

Contributions to these schemes are determined on the basis of triennial valuations using the projected unit method. Both of these schemes were closed to future accrual as at March 2021.

The most recent actuarial valuations of the PTASPS and the PTADPS submitted to the regulator were as at 31 December 2019. These valuations show the PTASPS with a deficit of £51,000 and the PTADPS with a deficit of £1,670,000. These equate to a funding ratio for the schemes of 100% and 85% respectively. The agreed recovery plans commit the Port to contributions for the PTASPS towards the shortfall in funding on the secondary funding objective of £90,000 from 2021 to 2027; and for the PTADPS towards the deficit and the shortfall in funding on the secondary funding objective of £347,000 from 2021 to 2027.

There were no outstanding contributions relating to the Port's defined benefit pension schemes at the year-end (2020: £20,171).

At the year end, the schemes also owed the Port £193,355 (2020: £102,107), which primarily includes the monthly pensioner payrolls which are processed by the Port and recharged to the schemes, offset by the outstanding contributions referred to above.

The results of these calculations have been updated to 31 December 2021 by a qualified independent actuary. The major assumptions used by the actuary were as follows:

	2021 PTASPS	2020 PTASPS	2021 PTADPS	2020 PTADPS
Discount rate	1.80%	1.20%	1.80%	1.20%
Inflation (RPI) pre 2030	3.40%	3.00%	3.40%	3.00%
Inflation (RPI) post 2030	3.10%	2.70%	3.10%	2.70%
Inflation (CPI) pre 2030	2.40%	2.00%	2.40%	2.00%
Inflation (CPI) post 2030	3.10%	2.70%	3.10%	2.70%
Rate of salary increase	-	1.55%	-	2.75%
Rate of pension increase pre 2030	3.40%	3.00%	2.40%	2.05%
Rate of pension increase post 2030	3.10%	2.70%	3.10%	2.65%
Life expectancy (yrs)				
Retiring today - Male	21.2	21.7	21.2	21.7
Retiring today - Female	23.6	24	23.6	24
Retiring in 20 yrs - Male	22.1	22.7	22.1	22.7
Retiring in 20 yrs - Female	24.8	25.2	24.8	25.2

**23. PENSION SCHEMES (CONTINUED)**

(a) ii - Funded schemes – multi employer defined benefit scheme – Pilots National Pension Fund (PNPF)

The PNPF is a centralised multi-employer defined benefit scheme for non-associated employers. It provides benefits for employed and self-employed maritime pilots upon retirement and also on death before or after retirement.

The Fund is administered by a separate Trustee company which is legally separate from the Port. The Trustee Directors are required by law to act in the interests of all relevant beneficiaries and are responsible for the Fund's investment policy and day to day administration.

The organisation is responsible for its own share of the total liabilities of the Fund, together with a proportionate share of the orphan liabilities of the Fund, i.e. those liabilities that cannot be attributed to another participating company.

The most recent actuarial valuation of the PNPF submitted to the regulator was as at 31 December 2019. This valuation showed a deficit of £159m, which equates to a funding ratio for the scheme of 67%. The Port of Tyne share of this deficit was 2.0776%. The participating bodies of the scheme have agreed a recovery plan with the Trustees lasting until 2028, the Port of Tyne contribution to this increases annually, with £446k due to be paid in 2021, rising to £578k in 2028.

The results of these calculations have been updated to 31 December 2021 by a qualified independent actuary. The major assumptions used by the actuary were as follows:

	2021	2020
Discount rate	2.00%	1.40%
Inflation (RPI)	3.10%	2.60%
Inflation (CPI)	2.40%	2.00%
Rate of salary increase	2.40%	2.00%
Rate of pension increase	3%-3.6%	2.6%-3.4%
Life expectancy (yrs)		
Retiring today - Male	21.6	21.4
Retiring today - Female	23.9	23.3
Retiring in 20 yrs - Male	22.6	22.4
Retiring in 20 yrs - Female	25.1	24.5

**23. PENSION SCHEMES (CONTINUED)**

The assets and liabilities of the schemes at 31 December are:

	PNPF £000'S	PTASPS £000'S	PTADPS £000'S	2021 £000'S	2020 £000'S
Equities	2,872	-	-	2,872	8,423
Government bonds	1,955	-	-	1,955	10,658
Corporate bonds	694	3,129	2,460	6,283	7,655
Property	-	3,414	1,530	4,944	7,510
Index linked bonds	-	18,009	3,007	21,016	11,025
Multi Asset	-	6,958	3,455	10,413	-
Other	1,486	622	726	2,834	3,987
Fair value of scheme assets	7,007	32,132	11,178	50,317	49,258
Present value of funded defined benefit obligations	(9,552)	(29,569)	(13,208)	(52,329)	(55,975)
(Deficit) / Surplus	(2,545)	2,563	(2,030)	(2,012)	(6,717)
Unrecognised Surplus	-	(2,563)	-	(2,563)	-
(Deficit) / Surplus	(2,545)	-	(2,030)	(4,575)	(6,717)

The pension plans have not invested in any Group properties or any other assets used by the Group.

The surplus in the Superannuation scheme has not been recognised. Whilst the Trustees have discretion to return any surplus funds to the employer, it is not an obligation.



The amounts recognised in the Group income statement and in the Group Statement of Comprehensive Income are analysed as follows:

#### Recognised in the income statement

	PNPF £000'S	PTASPS £000'S	PTADPS £000'S	2021 £000'S	2020 £000'S
Current service cost (net of members contributions)	(84)	(49)	(21)	(154)	(428)
Past service cost	-	-	-	-	(4)
Loss/(gain) on plan changes	-	(353)	171	(182)	-
Admin charge	(25)	-	-	(25)	(34)
Recognised in arriving at operating profit	(109)	(402)	150	(361)	(466)
Net interest on defined benefit pension plan obligation	(62)	5	(43)	(100)	(141)
Total recognised in the income statement	(171)	(397)	107	(461)	(607)

#### Taken to other comprehensive income

	PNPF £000'S	PTASPS £000'S	PTADPS £000'S	2021 £000'S	2020 £000'S
Actuarial gain/(loss) on the liabilities	496	1,075	734	2,305	(1,951)
Return on assets excluding interest income	9	1,243	626	1,878	2,194
Remeasurement gain/(loss) recognised in other comprehensive income	505	2,318	1,360	4,183	243
Unrecognised Surplus	-	(2,563)	-	(2,563)	-
Recognised in OCI	505	(245)	1,360	1,620	243

**23. PENSION SCHEMES (CONTINUED)****Movements in present value of defined benefit obligation**

	PNPF £000'S	PTASPS £000'S	PTADPS £000'S	2021 £000'S	2020 £000'S
At 1 January	10,366	31,114	14,495	55,975	54,668
Current service cost	84	49	21	154	428
Past service cost	-	-	-	-	4
Loss/(gain) on plan changes	-	353	(171)	182	-
Interest cost	201	368	169	738	1,071
Contributions by members	30	-	1	31	33
Actuarial (gains)/ losses	(496)	(1,075)	(734)	(2,305)	1,951
Benefits paid	(633)	(1,240)	(573)	(2,446)	(2,180)
At 31 December	9,552	29,569	13,208	52,329	55,975

**Movements in fair value of plan assets**

	PNPF £000'S	PTASPS £000'S	PTADPS £000'S	2021 £000'S	2020 £000'S
At 1 January	7,023	31,611	10,624	49,258	46,883
Interest income on scheme assets	139	373	126	638	930
Return on assets excluding interest income	9	1,243	626	1,878	2,194
Contributions by employer	464	145	374	983	1,432
Contributions by members	30	-	1	31	33
Benefits paid	(633)	(1,240)	(573)	(2,446)	(2,180)
Expenses paid	(25)	-	-	(25)	(34)
At 31 December	7,007	32,132	11,178	50,317	49,258

**(b) Funded schemes – defined contribution schemes**

The Group operates and participates in a number of defined contribution schemes for which the charge for the year was £771,112 (2020: £670,991).

There were £113,037 outstanding contributions at the end of the year relating to these defined contribution schemes (2020: £102,630). All employer contributions were paid over in the month following the period to which they relate.

**(c) Unfunded arrangements**

The Authority has commitments for unfunded pension liabilities in respect of former colleagues. The charge for the year was £3,860 (2020: £5,077).

**24. RESERVES**

Profit and loss account

This records cumulative profit and loss.

Non distributable reserves

This reserve records any excess of fair value over depreciated historic cost for investment properties.

**25. NOTES TO THE STATEMENT OF CASH FLOWS**

(a) Reconciliation of operating profit to operating cash flows

	2021 £000'S	2020 £000'S
Group operating profit / (loss)	2,431	(1,710)
Depreciation, amortisation and impairment charges	8,151	9,271
Release of grants and capital contributions (note 5)	(302)	(301)
Release of relocation contribution (note 5)	(64)	(62)
(Increase) / Decrease in stocks	(80)	27
(Increase) / Decrease in debtors	(744)	1,529
Increase / (Decrease) in creditors	1,318	(270)
Corporation tax paid	(516)	(9)
Non cash element of pension charge	(331)	(250)
<b>Net cash inflow from operating activities</b>	<b>9,863</b>	<b>8,225</b>

(b) Cash and cash equivalents

	GROUP 2021 £000'S	GROUP 2020 £000'S	AUTHORITY 2021 £000'S	AUTHORITY 2020 £000'S
Cash and cash equivalents	6,481	6,073	3,251	3,303

## 26. CONTINGENT LIABILITIES

### Defined Benefit Pension Schemes

The Port of Tyne currently makes, or in due course may be required to make, contributions to two industry wide defined benefit pension schemes which have various funding levels. The Port's ability to control these schemes is limited and therefore any impact on the Port's future cash flows and cost base from these schemes is uncertain. Further details on these schemes are set out in note 23, sections (a)ii and (b).

## 27. OFF BALANCE SHEET ARRANGEMENTS

The Group and parent entity enters into operating lease arrangements for the hire of buildings and plant and equipment as these arrangements are a cost effective way of obtaining the short term benefits of these assets. The Group lease rental expense is disclosed in note 6 and the future Group and entity commitments under these arrangements are disclosed in note 22. There are no other material off-balance sheet arrangements.

## 28. FINANCIAL INSTRUMENTS

	GROUP 2021 £000'S	GROUP 2020 £000'S	AUTHORITY 2021 £000'S	AUTHORITY 2020 £000'S
Financial assets that are debt instruments measured at amortised cost				
Cash (note 15)	6,481	6,073	3,251	3,303
Trade debtors (note 14)	7,079	6,448	4,974	5,214
Other debtors (note 14)	896	1,017	896	1,018
Financial liabilities measured at amortised cost				
Loans (note 18)	32,500	40,000	32,500	40,000
Trade creditors (note 16)	1,740	905	1,531	813

## 29. RELATED PARTY DISCLOSURES

The port made no related party transactions.

The key management personnel are considered to be those directors listed on page 18 of the Report of the Board.

## 30. CONTROLLING PARTY

Control of the Port of Tyne Authority is vested in the Board of Directors.



**31. PRIOR PERIOD ADJUSTMENT**

An adjustment has arisen to the deferred tax liability which was recognised in previous years. The deferred tax calculation on the investment properties had not previously accounted for indexation. This has given rise to a prior period adjustment.

**Reconciliation of changes in equity as at 1 January 2020**

	GROUP 2020 £000'S	AUTHORITY 2020 £000'S
Equity as previously reported	123,331	118,397
Deferred Tax adjustment	2,384	2,384
Equity as restated	125,715	120,781

**Reconciliation of changes in equity as at 31 December 2020**

	GROUP 2020 £000'S	AUTHORITY 2020 £000'S
Equity as previously reported	116,892	112,285
Deferred Tax adjustment	2,664	2,664
Equity as restated	119,556	114,949

**Reconciliation of the income statement for the year ended 31 December 2020**

	GROUP 2020 £000'S	AUTHORITY 2020 £000'S
Loss as previously reported	(6,636)	(6,309)
Deferred Tax adjustment	280	280
Loss as adjusted	(6,356)	(6,029)



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