

Company Registered Number 02155845

FIRST CORPORATE CONSULTANTS LTD

Annual Report and Consolidated Financial Statements

For the year ended 30 June 2020



FIRST CORPORATE CONSULTANTS LTD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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FIRST CORPORATE CONSULTANTS LTD

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J C Mordaunt
T C Mordaunt
Sir David Ord

SECRETARY

I D Sharper

REGISTERED OFFICE

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London
EC4V 4AY

SOLICITORS

Wedlake Bell LLP
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EC4V 4AY

PRINCIPAL BANKERS

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First Floor
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Bristol
BS2 0PT

HSBC Private Bank (UK) Limited
78 St James's Street
London
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AUDITOR

Deloitte LLP
Statutory Auditor
Bristol
United Kingdom

FIRST CORPORATE CONSULTANTS LTD

STRATEGIC REPORT

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006. This strategic report has been prepared for the group as a whole and therefore gives greater emphasis to those matters which are significant to First Corporate Consultants Ltd and its subsidiary undertakings (the “group”) when viewed as a whole.

REVIEW OF THE BUSINESS AND KEY PERFORMANCE INDICATORS

The directors are pleased to report a satisfactory year’s trading. The financial key performance indicators monitored by the directors are shown below.

	2020 £’000	2019 £’000
Turnover	85,386	88,603
Operating profit excluding property revaluations	20,610	24,722
Profit before taxation	14,403	24,260
Profit after taxation	8,058	18,676
Profit after taxation and non-controlling interest	2,003	8,561
Net cash inflow from operating activities	26,274	33,246

Turnover decreased by 4% from the prior year due to the impact of the coronavirus (COVID-19) pandemic (“Coronavirus”). Cost of sales have remained at similar levels to last year, but, notwithstanding cost control and reduction in activity as a result of the pandemic, administration costs have increased by 5% due to a provision against an investment. Operating profit (excluding property revaluations) has decreased by 16% from the prior year as a result. Net cash inflow from operating activities was £26,274,000 (2019: £33,246,000); of this £15,561,000 was used for capital expenditure (2019: £18,250,000). Through the year, a net total of £12,500,000 was drawn against the RBS facility, leaving a balance of £74,000,000 (2019: £61,500,000) at the end of the financial year. This was higher than normal as the directors decided to maintain a high cash balance as a contingency during the Coronavirus uncertainty. Details of other decisions taken in response to Coronavirus are noted under Section 172 Statement below.

An interim dividend of £4,000,000 (2019: £3,044,000) was paid during the year and no dividend (2019: £nil) has been declared at the year-end.

Non-financial key performance indicators reviewed by the directors of the main trading subsidiary, First Corporate Shipping Limited, are detailed in that company’s Annual Report and Consolidated Financial Statements.

FUTURE DEVELOPMENTS

The group remains confident for the future.

In March 2010, the group was successful in securing a Harbour Revision Order for the development of a deep sea container terminal on the Avonmouth foreshore. In 2016, the group was granted a ten-year extension to the Harbour Revision Order. Further details are given in note 11.

STRATEGIC REPORT (continued)

PRINCIPAL RISKS AND UNCERTAINTIES

The group faces a range of risks and uncertainties. The list below is not intended to be exhaustive and focuses on those specific risks and uncertainties that the directors believe could have a significant impact on the group's performance.

Competitive pressures and market conditions

Competitive pressure in the UK is a continuing risk for the group, which could result in it losing sales to its competitors. The group's business is also exposed to the risk of reduction in volumes and revenue due to general economic factors and downturns. The group manages these risks by having fast response times to changes in ship arrival times and by close relationships with customers.

Property

The group has property interests which are integral to its activities and form an important part of its assets and revenues. While property values are affected primarily by wider market conditions, the group actively manages its estate to ensure that both the assets and the related revenues are maintained.

Finance

The group's activities expose it to a number of financial risks including credit risk, cash flow risk, liquidity risk and market risk.

a) Credit

The group's principal financial assets are bank balances, trade and other debtors. The group's credit risk is primarily attributable to its trade debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. The credit risk on bank balances and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies. The group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

b) Cash flow

The group's activities expose it primarily to the financial risk of changes in interest rates. In the past, the group endeavoured to limit the risk from fluctuating interest rates by fixing the majority of its loan interest exposure. However, given the prospect of low interest rates continuing, the group is allowing the existing swap to lapse. The group does not use derivative financial instruments for speculative purposes.

c) Liquidity

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the group is financed through internally generated cash, term loans, mortgages and revolving credit. The group has put in place banking facilities which are sufficient for its needs.

d) Market

The company's investments expose it to market risks of currency risk and other price risk:

- **Currency risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates. The company holds certain investments in currencies other than sterling.
- **Price risk:** this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

STRATEGIC REPORT (continued)

SECTION 172 STATEMENT

Stakeholders

The group's key stakeholders are its shareholders, employees, customers, suppliers, the local community, local and national government and the environment. When making decisions, particularly of a strategic nature, the directors have regard to the likely long-term impact on the company's stakeholders. The directors are involved in the day-to-day operation of the business and it is through these directors that the Board as a whole implements its strategic decisions. Engagement with the different stakeholders varies:

a) Shareholders

Each shareholder has representation on the Board to ensure they are involved with strategic decision making. This is also the case with the group's main trading entity, First Corporate Shipping Limited ("FCS").

b) Employees

The directors recognise that the safety and wellbeing of employees are fundamental to the success of the business. Engagement with the workforce is achieved in a number of ways including FCS's company intranet, PortALL, regular newsletters, departmental briefings and formal Works Council meetings.

The group takes its safety responsibilities extremely seriously and strives to operate safe working practices in accordance with endorsed HSE and Port Skills and Safety guidance in order to eliminate accidents. The group safety ethos is to embed a challenge culture so all employees are actively encouraged to challenge any activity they feel is unsafe and report it immediately with no fear of recrimination.

FCS operates in a potentially hazardous industry, the main risks of which relate to people involved in the loading and discharging of cargoes and the associated man/machine interface. FCS is committed to continuous improvement in health and safety through control of risk which includes unannounced audits of health and safety by the dedicated Health and Safety Department and every director is required to conduct a monthly Workplace Safety Inspection. FCS maintains a safety system which provides consistent preparation and authorisation of both formal and dynamic Risk Assessments and Permits to Work throughout the port. In addition, a Hazard Observation Card scheme is run to allow any employee to highlight any hazards they discover and these reports are then individually followed up in a personal letter to the employee by the CEO. Finally, the FCS provides rapid medical access and advice, for all employees, to a specialist occupational health provider that has permanent facilities in the port.

The group endeavours to pay its employees a fair salary and a generous pension – employees who joined prior to 2000 continue to accrue benefits in the company's defined benefit pension scheme (see note 25) and those who joined after 2000 are offered an 8% employer's contribution into the defined contribution pension scheme. FCS also operates a profit-related pay scheme for all employees. Details of the number of employees and related costs can be found in note 7 to the financial statements.

c) Customers

FCS has a variety of customers; for example, ship owners and agents, cargo owners, technical service providers and tenants. FCS's dedicated Commercial Team ensures regular dialogue with customers is maintained and endeavours to ensure all customers' needs and concerns are met. FCS operates an ISO9001-certified quality management system to ensure the highest standards are maintained and specifically any customer complaints are dealt with in a timely, appropriate and fair manner.

d) Suppliers

Key to assisting the employees to deliver a quality service to the customers are the group's suppliers. Suppliers and contractors are vetted and regularly reviewed to ensure this quality is maintained. Where possible, the group works with local and small businesses in the port community. Engagement with suppliers is primarily managed by the staff responsible for the particular service or project. However, FCS's purchasing department and/or the group's management also engage with key suppliers or where there is an issue of significance. The group endeavours to pay its suppliers in a reasonable and equitable timeframe and ensures any disputed invoices are resolved swiftly.

STRATEGIC REPORT (continued)

SECTION 172 STATEMENT (continued)

e) Local community

The directors fully appreciate the importance of an open and transparent relationship with its neighbours and local community. The directors endeavour to maintain communications with communities via local residents' associations, meetings and updates and actively encourage port tenants to follow this lead. Tours of the port are given to many different groups and to individuals. FCS actively participates in the annual "Bristol Open Doors" weekend, with guided tours of the port being given to over 200 visitors. The group supports as many local causes as it can, mainly via its relationship and annual donation to the Quartet Community Foundation, supplemented with more direct donations or employees' time, including an annual community project by port apprentices.

f) Local and national government

As one of the UK's largest ports and the largest in the South-West, engagement with local and national government is important for the group. Either directly, or through the UK Major Ports' Group or the Port Skills and Safety forums, the directors maintain dialogue with both national government and local councils. FCS also engages through (and is represented by the CEO on) the newly-formed Western Gateway, the West of England Combined Authority (WECA) and the Local Enterprise Partnership (LEP). Relationships with local MPs and councillors, one of whom is a director of FCS, also helps the group with its engagement with the local community.

g) Environment

FCS, as a Statutory Harbour Authority, exercises its functions with regard to nature, conservation and other related environmental considerations (Section 48A Harbours Act 1964), including its role as a relevant authority under the Habitats Regulations 1994 and Countryside and Rights of Way Act 2000. The group manages its operations and projects in a sustainable manner and in doing so maintains an appropriate balance between meeting its commercial requirement for economic growth and its environmental responsibilities. FCS is currently contributing to the Department for Transport (DfT) Clean Air Strategy and also operates an ISO14001-certified environmental management system.

Key decisions in the year and long-term consequences

The group's business and shareholder structure mean that the group's governance can be managed by the Board alone without the need for any sub-committees. The key decisions made by the Board during the year were:

- **Coronavirus:**
 - Assessment of the safety of employees to work versus the wider requirement of the national and local government and communities for ports to continue to operate.
 - Furloughing vulnerable staff, at the group's own cost, while continuing to employ most employees normally.
 - Working with customers to minimise the impact on operations and their businesses.
 - Ensuring as many capital and maintenance projects continued so that engagement of suppliers continued, including maintaining the timeliness of payments to suppliers.
 - Not taking advantage of any tax-deferral schemes offered by HMRC.
 - Reviewing the terms and conditions of employees to ensure that sufficient flexibility and structures are in place to match the post-pandemic business climate.
 - Direct financial support during the pandemic to foodbanks in the immediate community and PPE donations for the Bristol Nightingale Hospital.
- **Investment:** FCS has invested £15.9m in capital projects in order to support demand from existing and new customers. These have included new sheds, site surfacing and new equipment.
- **Pension:** Following the completion of the Scheme's triennial valuation, the group agreed to shorten the deficit repair period and to increase its annual contribution from £1.5m to £1.75m.
- **Environment:** Continuation of the rolling programme to upgrade lighting throughout the port to LED, the purchase of four electric vehicles and two electric bicycles in accordance with the Clear Air Strategy policy and a cycle to work scheme is being implemented to boost individuals' wellbeing and reduce reliance on public transport.
- **Communities:** Providing mentors for the KeysforLife charity that assists ex-offenders in finding permanent employment.

STRATEGIC REPORT (continued)

SECTION 172 STATEMENT (continued)

Key decisions in the year and long-term consequences (continued)

The Board believes all these decisions will have positive long-term consequences. The short-term Coronavirus decisions to protect and assist employees, customers and others will enhance the group's ability to recover and therefore strengthen its business in the long-term. Coupled with this, the continued investment in assets will allow FCS and the group to sustain and enhance service levels to existing and new customers. The increased contribution to the pension scheme should allow the deficit to be clear earlier, benefitting both the group, the scheme and its members in the long-term. Keeping contributions at a reasonable level also allows the group to continue to invest in its business which will be to the benefit of all stakeholders in the long-term. The continued engagement with environmental and community matters ensures the group remains sympathetic with those stakeholders, which will benefit the company and its stakeholders in the long-term.

Approved by the Board of Directors
and signed on behalf of the Board

A handwritten signature in black ink, consisting of a stylized 'J' followed by a horizontal line and a vertical stroke.

J C Mordaunt
Director
11 December 2020

FIRST CORPORATE CONSULTANTS LTD

DIRECTORS' REPORT

The directors present their annual report and the audited consolidated financial statements for the year ended 30 June 2020. Financial risk management objectives and policies and future developments are all discussed in the strategic report.

These financial statements are prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

PRINCIPAL ACTIVITY

The company's principal activity is the holding of investments. The group's principal activities during the year were the provision of port facilities, cargo handling and storage services. There have not been any significant changes in the group's or the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the group's or the company's activities in the next year.

GOING CONCERN

The company's business activities, together with its performance, position and the factors likely to affect its future development, are set out in the group strategic report. Further in the group strategic report the main risks and uncertainties facing the business are discussed as well as the group's responses to those risks and uncertainties. In note 1 to the financial statements, the use of financial instruments to manage interest rate risk is also discussed. As a consequence, the directors believe the company is well placed to manage its business risks successfully.

The group was profitable in the year. The directors have considered forecast profit and associated cash flows for the coming year from the date of this report. These have taken into account the directors' reasonable forecasts of the impact of Coronavirus on a trade-by-trade basis and considered the impact of the safety measures adopted, for example social distancing. The directors acknowledge that the actual impact on a particular trade may develop to be worse than currently forecast. However, the directors are confident that the group's diverse range of trades and income streams will allow any trades falling short of that forecast to be offset by others and so allow the group to generate sufficient revenue to remain profitable.

The directors have considered the facilities available to the entity through the group and are of the opinion that the company and the group can operate within the facilities available for the period of the cash flow forecast and can meet their obligations as they fall due. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

MARKET VALUE OF LAND AND BUILDINGS

The directors consider the market value of the investment properties each year in conjunction with the group's property agent, North & Letherby Limited. The total valuation was £77,191,000 (2019: £79,459,000). Further details are given in note 12.

ENGAGEMENT WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

Details of engagement with employees, suppliers and customers are discussed in the strategic report.

DIRECTORS' REPORT (continued)

DISABLED PERSONS

The group gives sympathetic consideration to suitable applications for employment by disabled persons. Where staff become disabled during employment, opportunities are given wherever possible to continue employment in positions compatible with their disability. It is the policy of the group that disabled employees are given equal opportunities in respect of training, career development and promotion, as far as possible, as those who do not suffer from any disability.

ENERGY AND CARBON REPORTING

The group has reported on all sources of greenhouse gas emissions and energy usage as required under The Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended:

	2020
Emissions from combustion of gas or of fuel for transport purposes - tonnes of CO ₂ e	4,372
Emissions from electricity purchased for own use, including for the purposes of transport - tonnes of CO ₂ e	2,848
	<hr/>
Total gross emissions - tonnes of CO ₂ e	7,220
	<hr/>
Energy consumption used to calculate emissions - kWh	29,973,835
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Emissions (kg of CO ₂ e) per tonne of cargo handled	1.027
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Methodology

Energy consumption figures have been derived from meters, in the case of gas and electricity, and volumes input into vehicles and machinery, in the case of fuel. These have been converted to tonnes of CO₂ equivalent using published 2020 emission factors. The reporting period is aligned to the financial year.

Projects

In July 2007 three 2MW E82 Enercon wind turbines were erected on the foreshore at Avonmouth Dock. The turbines generate approximately 17.5GWh of green power per year (enough to power around 4,000 homes). The emissions figure above for electricity excludes power provided by these wind turbines and represents 74% of the total power consumed by the group. The rolling programme to upgrade lighting throughout the port to LED continued during the year. Four electric vehicles and two electric bicycles were purchased in accordance with the Clear Air Strategy policy and a cycle to work scheme is being implemented to boost individuals' wellbeing and reduce reliance on public transport.

DONATIONS

During the year the group made charitable contributions of £498,384 (2019: £552,005) and political donations to the Conservative Party of £37,000 (2019: £70,500).

DIVIDENDS

Dividends declared in relation to the year total £4,000,000 (2019:£3,044,000). Details are given in note 10. No dividends have been declared since the year-end.

DIRECTORS' REPORT (continued)

RESEARCH AND DEVELOPMENT

Research and development is focused on the development of new projects capable of generating additional revenue and profit.

DIRECTORS

The directors during the year and subsequently were as follows:

J C Mordaunt
T C Mordaunt
Sir David Ord

The directors' interests in other UK group companies are disclosed in the financial statements of those companies.

POST BALANCE SHEET EVENTS

There have been no significant post balance sheet events.

AUDITOR

Each of the directors at the date of approval of this report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



J C Mordaunt
Director
11 December 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company 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 accounting 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 or the company will continue in business.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST CORPORATE CONSULTANTS LTD

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of First Corporate Consultants Ltd (the “company”) and its subsidiaries (the “group”):

- give a true and fair view of the state of the group’s and the company’s affairs as at 30 June 2020 and of the group’s profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated and company balance sheets, the consolidated and company statement of changes in equity, the consolidated cash flow statement and the related notes 1 to 28.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Ethical Standard of the Financial Reporting Council (the “FRC”), 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.

Emphasis of matter – material uncertainty related to investment property valuation

We draw attention to note 12, which describes the effects of the uncertainties created by the coronavirus (COVID-19) pandemic on the valuation of the group’s investment property portfolio. As noted by the group’s external valuer, the pandemic has caused extensive disruption to businesses and economic activities and the uncertainties created have increased the estimation uncertainty over the fair value of the investment property portfolio at the balance sheet date. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors’ use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group’s or the company’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST CORPORATE CONSULTANTS LTD (CONTINUED)

Other information

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FIRST CORPORATE CONSULTANTS LTD (CONTINUED)**

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

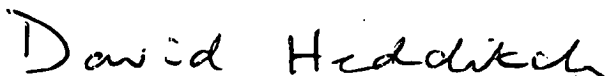
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

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.



David Hedditch (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Bristol, United Kingdom
11 December 2020

FIRST CORPORATE CONSULTANTS LTD

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30 June 2020

	Note	2020 £'000	2019 £'000
TURNOVER	3	85,386	88,603
Cost of sales		(50,218)	(50,005)
GROSS PROFIT		35,168	38,598
Administration expenses		(14,761)	(14,059)
		20,407	24,539
Revaluation of investment properties	12	(2,268)	3,115
Other operating income	4	203	183
OPERATING PROFIT		18,342	27,837
Investment income		16	30
Finance costs (net)	5	(3,955)	(3,607)
PROFIT BEFORE TAXATION	6	14,403	24,260
Tax on profit	8	(6,345)	(5,584)
PROFIT AFTER TAXATION		8,058	18,676
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Equity shareholders of the company		2,003	8,561
Non-controlling interest		6,055	10,115
		8,058	18,676

All results arise from continuing operations.

FIRST CORPORATE CONSULTANTS LTD

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2020

	Note	2020 £'000	2019 £'000
PROFIT FOR THE FINANCIAL YEAR		8,058	18,676
Remeasurement of net defined benefit liability	25	(13,531)	(7,936)
Tax relating to components of other comprehensive expense		2,958	1,350
Other comprehensive expense		(10,573)	(6,586)
TOTAL COMPREHENSIVE (EXPENSE)/INCOME		(2,515)	12,090
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Equity shareholders of the company		(3,269)	5,277
Non-controlling interest		754	6,813
		(2,515)	12,090

FIRST CORPORATE CONSULTANTS LTD

CONSOLIDATED BALANCE SHEET

At 30 June 2020

	Note	2020		2019	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	11		5,680		5,680
Tangible assets	12		318,754		318,222
Investments	13		8,584		10,653
			<u>333,018</u>		<u>334,555</u>
CURRENT ASSETS					
Stock	14		-		532
Debtors - due within one year	15		9,044		8,429
Debtors - due after more than one year	15		7,043		3,897
Cash at bank and in hand			16,550		6,094
			<u>32,637</u>		<u>18,952</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16		<u>(21,434)</u>		<u>(27,280)</u>
NET CURRENT ASSETS/(LIABILITIES)			<u>11,203</u>		<u>(8,328)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>344,221</u>		<u>326,227</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17		(78,910)		(66,523)
PROVISIONS FOR LIABILITIES	20		<u>(23,533)</u>		<u>(21,142)</u>
NET ASSETS EXCLUDING PENSION LIABILITY			<u>241,778</u>		<u>238,562</u>
NET PENSION LIABILITY	25		<u>(42,364)</u>		<u>(29,159)</u>
NET ASSETS			<u>199,414</u>		<u>209,403</u>
CAPITAL AND RESERVES	23				
Called-up share capital			-		-
Revaluation reserve			58,163		60,370
Capital reserve			11,352		11,726
Other reserve			1,072		1,072
Profit and loss account			33,844		38,532
Total equity shareholders' funds			<u>104,431</u>		<u>111,700</u>
Non-controlling interest			<u>94,983</u>		<u>97,703</u>
TOTAL CAPITAL EMPLOYED			<u>199,414</u>		<u>209,403</u>

The financial statements of First Corporate Consultants Ltd, registered number 02155845, were approved by the Board of Directors and authorised for issue on 11 December 2020.

Signed on behalf of the Board of Directors



J C Mordaunt
Director

FIRST CORPORATE CONSULTANTS LTD

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 30 June 2020

	Reval- uation reserve £'000	Capital reserve £'000	Other reserve £'000	Profit and loss account £'000	Total equity £'000	Non-cont- rolling interest £'000	Total capital employed £'000
At 1 July 2018	59,271	12,100	1,072	37,024	109,467	96,730	206,197
Profit for the financial year	-	-	-	8,561	8,561	10,115	18,676
Remeasurement of net defined benefit liability (note 25)	-	-	-	(3,957)	(3,957)	(3,979)	(7,936)
Tax relating to items of other comprehensive income	-	-	-	673	673	677	1,350
Total comprehensive income	-	-	-	5,277	5,277	6,813	12,090
Revaluations (net of deferred tax)	1,099	-	-	(1,099)	-	-	-
Amortisation of negative goodwill	-	(374)	-	374	-	-	-
Dividends paid on equity shares (note 10)	-	-	-	(3,044)	(3,044)	(5,840)	(8,884)
At 30 June 2019	60,370	11,726	1,072	38,532	111,700	97,703	209,403
Profit for the financial year	-	-	-	2,003	2,003	6,055	8,058
Remeasurement of net defined benefit liability (note 25)	-	-	-	(6,747)	(6,747)	(6,784)	(13,531)
Tax relating to items of other comprehensive income	-	-	-	1,475	1,475	1,483	2,958
Total comprehensive (expense)/income	-	-	-	(3,269)	(3,269)	754	(2,515)
Revaluations (net of deferred tax)	(2,207)	-	-	2,207	-	-	-
Amortisation of negative goodwill	-	(374)	-	374	-	-	-
Dividends paid on equity shares (note 10)	-	-	-	(4,000)	(4,000)	(3,474)	(7,474)
At 30 June 2020	58,163	11,352	1,072	33,844	104,431	94,983	199,414

Called-up share capital is not included above as there have been no movements in the current or previous periods and the balance would show as nil when rounded to the nearest thousand. However, called-up share capital is shown in the company statement of changes in equity on page 19.

FIRST CORPORATE CONSULTANTS LTD

COMPANY BALANCE SHEET

At 30 June 2020

	Note	2020		2019	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	12		260		285
Investments	13		58,648		60,717
			<u>58,908</u>		<u>61,002</u>
CURRENT ASSETS					
Debtors - due within one year	15	31,239		34,139	
Cash at bank and in hand		2,189		1,702	
		<u>33,428</u>		<u>35,841</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	<u>(59)</u>		<u>(55)</u>	
NET CURRENT ASSETS			<u>33,369</u>		<u>35,786</u>
TOTAL ASSETS LESS CURRENT LIABILITIES AND NET ASSETS			<u>92,277</u>		<u>96,788</u>
CAPITAL AND RESERVES	23				
Called-up share capital			-		-
Revaluation reserve			106		289
Profit and loss account			92,171		96,499
SHAREHOLDERS' FUNDS			<u>92,277</u>		<u>96,788</u>

The loss for the financial year of First Corporate Consultants Ltd (the parent company) was £(511,000) (2019: profit of £4,339,000). As permitted by section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income are presented in respect of the parent company.

The financial statements of First Corporate Consultants Ltd, registered number 02155845, were approved by the Board of Directors and authorised for issue on 11 December 2020.

Signed on behalf of the Board of Directors



J C Mordaunt
Director

FIRST CORPORATE CONSULTANTS LTD

COMPANY STATEMENT OF CHANGES IN EQUITY
At 30 June 2020

	Share capital £'000	Reval- uation reserve £'000	Profit and loss account £'000	Total equity £'000
At 1 July 2018	-	365	95,128	95,493
Profit for the financial year	-	-	4,339	4,339
Total comprehensive income	-	-	4,339	4,339
Revaluations	-	(76)	76	-
Dividends paid on equity shares (note 10)	-	-	(3,044)	(3,044)
At 30 June 2019	-	289	96,499	96,788
Loss for the financial year	-	-	(511)	(511)
Total comprehensive expense	-	-	(511)	(511)
Revaluations	-	(183)	183	-
Dividends paid on equity shares (note 10)	-	-	(4,000)	(4,000)
At 30 June 2020	-	106	92,171	92,277

FIRST CORPORATE CONSULTANTS LTD

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2020

	Note	2020 £'000	2019 £'000
Net cash flows from operating activities	Below	26,274	33,246
Cash flows from investing activities			
Purchase of tangible fixed assets		(15,561)	(18,250)
Proceeds from sale of tangible fixed assets		52	212
Interest received		33	22
Investment income		16	30
Purchase of investments		(233)	(2,485)
Proceeds from sale of investments		8	34
Net cash flows from investing activities		(15,685)	(20,437)
Cash flows from financing activities			
Dividends paid		(4,000)	(3,044)
Interest paid		(2,484)	(3,136)
Repayments of borrowings		(4,725)	(12,725)
Drawdown of borrowings		17,000	14,000
Subsidiary dividends paid to non-controlling interest		(5,924)	(7,204)
Net cash flows from financing activities		(133)	(12,109)
Net increase in cash and cash equivalents		10,456	700
Cash and cash equivalents at beginning of year		6,094	5,394
Cash and cash equivalents at end of year		16,550	6,094

Reconciliation of operating profit to net cash flows from operating activities:

	2020 £'000	2019 £'000
Operating profit	18,342	27,837
Depreciation	13,118	12,147
Revaluation of investment properties	2,268	(3,115)
Impairment of investments	2,100	125
Movement in fair value of investments	182	76
Profit on disposal of tangible fixed assets	(40)	(9)
Amortisation of government grant	(480)	(480)
Adjustment for pension funding	(987)	(606)
Decrease in stock and work in progress	532	387
(Increase)/decrease in debtors	(615)	3,132
Decrease in creditors	(1,721)	(1,152)
UK corporation tax paid	(6,425)	(5,096)
Net cash flows from operating activities	26,274	33,246

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial years, are described below.

General information and basis of accounting

First Corporate Consultants Ltd is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act and registered in England and Wales. The address of the registered office is given on page 1. The nature of the group's operations and its principal activities are set out in the strategic report and directors' report on pages 2 to 9.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"). The functional currency of the group is considered to be pounds sterling because that is the currency of the primary economic environment in which the group operates. Consequently, the financial statements are presented in pounds sterling.

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemption has been taken in relation to the presentation of a cash flow statement.

Basis of consolidation

The group financial statements consolidate the financial statements of First Corporate Consultants Ltd and all its subsidiary undertakings. In accordance with the exemption permitted by Section 408 of the Companies Act 2006, the company's own profit and loss account is not presented.

Going concern

The going concern basis has been deemed appropriate for the preparation of the financial statements as discussed in the Directors' Report.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of port services and the rental of land and buildings to third party customers. Turnover is recognised on an accruals basis at the point where the right to receive consideration is earned. Where income is invoiced in advance, the amounts are recorded as deferred income and included as part of creditors due within one year.

Interest income

Interest income is recognised on an accruals basis when it is probable that the economic benefits will flow to the group and the amount of revenue can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

1. ACCOUNTING POLICIES (continued)

Goodwill

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets. Goodwill, both positive and negative, is capitalised in the year in which it arises and is amortised into administrative expenses evenly over its useful economic life, which is estimated to be 18 years. Negative goodwill has been taken to a separate non-distributable capital reserve as a matter of accounting policy and is released to realised reserves in line with the depreciation or realisation of the assets acquired which gave rise to the goodwill.

Intangible fixed assets

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, development costs are recognised as an intangible fixed asset in accordance with FRS 102 Section 18 and are therefore not treated, for dividend purposes, as a realised loss. Intangible fixed assets are recognised at amortised cost, less any impairment. Amortisation is provided on an asset-by-asset basis over the asset's useful economic life, on a basis to correspond with the consumption of its economic benefits. The negative goodwill was amortised over 18 years, but is now fully amortised. Intangible fixed assets are not amortised where consumption of economic benefits has not yet commenced.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets other than investment properties and land at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Included within freehold land and buildings:

Buildings	up to 50 years
Docks and dock structures	up to 65 years

Included within plant and equipment:

Floating craft	up to 20 years
Fixed plant and equipment	up to 20 years
Mobile plant	up to 10 years
Computer equipment	up to 3 years

Revaluation of fixed assets

Land and buildings, other than investment properties, that were revalued in earlier years, prior to the introduction of Financial Reporting Standard 15 ("FRS 15"), have not been revalued during the year. The transitional provisions of FRS 15 (and subsequently FRS 102) were applied in earlier years such that the carrying value relating to the previous valuation performed as at 30 June 1997 has been used as the deemed cost. The cost model of accounting has subsequently been, and continues to be, applied. This revaluation relates to the land value only.

Capitalised interest

Finance costs that are directly attributable to the construction of certain major tangible fixed assets are capitalised as part of the cost of those assets. The capitalisation rate applied is the group's borrowing rate on the loans used to finance those assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

1. ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are revalued annually by the directors in consultation with a suitably qualified professional. All unrealised changes in fair value of investment properties are recognised in the profit and loss account and subsequently transferred to the revaluation reserve, net of deferred tax. Realised gains and losses and any permanent deficits are recognised in the profit and loss account and any previously revalued amount is reversed out of the revaluation reserve. No depreciation is provided in respect of investment properties.

Impairment

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss previously recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Stock

Stock is valued at the lower of cost and net realisable value, after due regard for obsolete and slow-moving stocks. Net realisable value is based on selling price less anticipated costs to completion and selling costs. Cost comprises land purchases, building costs and attributable direct overheads.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

1. ACCOUNTING POLICIES (continued)

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is measured on a non-discounted basis. Deferred tax assets and liabilities are offset only where the group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the group.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Financial instruments

Financial assets and liabilities are recognised on the group's and company's balance sheet when the group or company becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group or the company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when a legally enforceable right exists to set off the recognised amounts and the group or the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments are measured at amortised cost using the effective interest method. Debt instruments classified as payable or receivable within one year on initial recognition are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Financial assets are derecognised when:

- a. the contractual rights to the cash flows from the financial asset expire or are settled;
- b. the group or the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- c. the group or the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

1. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

(ii) Investments

Investments where shares are publicly traded or their fair value is reliably measurable are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

(iii) Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

(iv) Derivative financial instruments

The group and the company use derivative financial instruments to reduce exposure to interest rate movements. The group and the company do not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

(v) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Leases

(i) The group and the company as lessee

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

(ii) The group and the company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Government grants

Capital-based government grants are included within deferred income in the balance sheet and credited to the profit and loss account on a basis consistent with the depreciation policy applying to the assets to which they relate.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

1. ACCOUNTING POLICIES (continued)

Employee benefits

The group operates a defined benefit pension scheme and a defined contribution pension scheme. The defined benefit scheme was closed to new members from November 1999 and new employees may join the defined contribution scheme, which requires contributions to be paid to a separately administered fund.

For the defined benefit scheme, the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested, the costs are recognised over the period until vesting occurs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

The defined benefit scheme is funded, with the assets of the scheme held separately from those of the group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability is presented separately on the face of the balance sheet.

The Pilots' National Pension Fund ("PNPF") is a centralised defined benefit multi-employer scheme for non-associated employers. The group accounts for its share in the PNPF in accordance with the accounting for a defined benefit scheme as described above.

For the defined contribution scheme the amounts charged to the profit and loss account in respect of pension costs and other post-retirement benefits are the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's and the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the group's accounting policies

There are no critical judgements in applying the group's and company's accounting policies other than those involving estimation uncertainty.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY
(continued)

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Impairment of intangible assets

Determining whether intangible assets are impaired requires an estimation of their value in use to the group. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the intangible asset and a suitable discount rate in order to calculate present value. The future cash flows associated with a Deep Sea Container Terminal ("DSCT") constructed pursuant to the Harbour Revision Order ("HRO") disclosed in note 11 are significantly greater than the capitalised costs of obtaining that HRO. The group retains the intention for the DSCT to be constructed when economic conditions are right.

(ii) Revaluation of assets

Investment properties are classified on the basis of the FRS 102 definition and included at fair value. Management determines fair value by reference to market and considers advice received from an independent valuer who will, in turn, undertake valuations as the directors require to support the determination of fair value. Coronavirus has introduced additional, potentially material, estimation uncertainty in the valuation of investment properties this year. Further information regarding investment properties and the potential material estimation uncertainty are in note 12.

(iii) Fair value measurements and valuation processes

The group's listed investments and derivative financial instruments are measured at fair value for financial reporting purposes. The directors determine the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the group uses market-observable data to the extent it is available. Where market-observable data is not available, the group engages counterparties or third party qualified valuers to perform the valuation.

(iv) Employee benefits

The main subsidiary company operates a defined benefit pension scheme and is a participating body in the Pilots' National Pension Fund. The value of scheme liabilities has been prepared by the actuary for each scheme based on assumptions agreed with management. The assumptions reflect the unique properties of each scheme where appropriate. As with the valuation of investment properties, Coronavirus has introduced additional estimation uncertainty in the valuation of pension scheme liabilities this year. See note 25 for further information.

FIRST CORPORATE CONSULTANTS LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

3. TURNOVER AND SEGMENTAL ANALYSIS

The turnover and operating profit are attributable to the group's two main activities, namely port operations and the rental of properties to third parties, both of which are continuing and relate to sales within the United Kingdom.

	Port operations		Property revenue		Total	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Turnover	77,401	81,086	7,985	7,517	85,386	88,603
Operating profit	10,629	20,560	7,713	7,277	18,342	27,837
Investment income					16	30
Net interest					(3,955)	(3,607)
Profit before taxation					14,403	24,260

4. OTHER OPERATING INCOME

	2020 £'000	2019 £'000
Profit on sale of fixed assets and investments	40	9
Sale of materials	19	64
Sundry operating income	132	110
	191	183

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

5. FINANCE COSTS (NET)

	2020 £'000	2019 £'000
Interest receivable and similar income		
Interest receivable	33	22
Interest payable and similar charges		
Bank loans and overdrafts wholly repayable within five years	2,215	2,364
Amortisation of capitalised finance costs	220	220
Change in fair value of derivative financial instruments	892	450
Interest payable	3,327	3,034
Finance charges associated with defined benefit pension schemes	661	595
Total interest payable	3,988	3,629
Total finance costs (net)	3,955	3,607

6. PROFIT BEFORE TAXATION

The profit before tax is stated after charging/(crediting) the following amounts:

	2020 £'000	2019 £'000
Depreciation of owned fixed assets (note 12)	13,118	12,147
Profit on disposal of tangible fixed assets and investments	(40)	(9)
Amortisation of government grant (note 19)	(480)	(480)
Impairment of investments (note 13)	2,100	125
Operating lease payments	278	190
Stock recognised as an expense	530	459
Fees payable to the company's auditor:		
- for the audit of the company's annual financial statements	2	3
- for the audit of the company's subsidiaries pursuant to legislation	69	58
- total audit fees	71	61
- tax compliance services	59	57

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

7. INFORMATION REGARDING DIRECTORS, KEY MANAGEMENT PERSONNEL AND EMPLOYEES

	2020	2019
	£'000	£'000
Directors		
Emoluments for qualifying services	886	882
Aggregate of emoluments (excluding pension contributions) of the highest paid director	<u>564</u>	<u>572</u>

There were no pension contributions in respect of defined contribution pension schemes. There are no share options or long-term incentive schemes.

The directors are the key management personnel of the group and company.

Staff costs, including directors	£'000	£'000
Group		
Wages and salaries	24,738	24,566
Social security costs	2,281	2,280
Other pension costs	2,277	2,523
	<u>29,296</u>	<u>29,369</u>
Company		
Wages and salaries	46	44
Social security costs	11	10
	<u>57</u>	<u>54</u>

The average number of persons, including directors, employed during the year was:

	No.	No.
Group		
Port operations	592	582
Administration and general	59	60
	<u>651</u>	<u>642</u>
Company		
Administration and general	<u>2</u>	<u>2</u>

The average number of employees disclosed is the monthly average number in line with the requirements of the Companies Act.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

8. TAX ON PROFIT

	2020	2019
	£'000	£'000
Current tax on profit		
UK corporation tax on profit in the year	4,580	5,008
Adjustment in respect of prior years	(438)	(199)
	<u>4,142</u>	<u>4,809</u>
Deferred tax		
Timing differences, origination and reversal	(213)	854
Impact of change in tax rate	2,416	(79)
	<u>2,203</u>	<u>775</u>
Tax on profit	<u>6,345</u>	<u>5,584</u>

Factors affecting tax charge for the year

	2020	2019
	£'000	£'000
Profit before taxation	14,403	24,260
Tax at 19% (2019: 19%) thereon	2,737	4,609
Effects of:		
- non-taxable income and expenses not deductible for tax purposes	1,550	663
- timing differences relating to fixed assets	(99)	(278)
- capital gains	-	14
- carry-forward of tax losses	392	-
Adjustment in respect of prior years	(438)	(199)
Deferred tax movements in the year (see above)	2,203	775
Tax on profit	<u>6,345</u>	<u>5,584</u>

Factors that may affect the future tax charge

The Finance Act 2015 reduced the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 18% from 1 April 2020. The Finance Act 2016 further reduced the main rate of corporation tax to 17% from 1 April 2020. However, the Finance Act 2020 maintained the main rate of corporation tax at 19% from 1 April 2020. Therefore, the corporation tax rate applicable for the period was 19% (2019: 19%) and deferred tax balances have been calculated at 19% (2019: 17%). Future rate reductions would further reduce the deferred tax balances recognised but the actual impact will be dependent on the deferred tax position at the time.

9. LOSS ATTRIBUTABLE TO THE COMPANY

The loss for the financial year dealt with in the financial statements of the parent company was £(511,000) (2019: profit of £4,339,000). As permitted by Section 408 of the Companies Act 2006, no separate profit and loss account or statement of comprehensive income is presented in respect of the parent company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

10. DIVIDENDS

	2020 £'000	2019 £'000
Equity shares		
Interim paid, £23,952 per ordinary share (2019: £18,227)	4,000	3,044
Final declared, £nil per ordinary share (2019: £nil)	-	-
	<u>4,000</u>	<u>3,044</u>

11. INTANGIBLE FIXED ASSETS

Group	Harbour Revision Order £'000	Negative goodwill £'000	Total £'000
Cost			
At 1 July 2019 and at 30 June 2020	<u>5,680</u>	<u>(709)</u>	<u>4,971</u>
Amortisation			
At 1 July 2019 and at 30 June 2020	<u>-</u>	<u>(709)</u>	<u>(709)</u>
Net book value			
At 30 June 2019 and at 30 June 2020	<u>5,680</u>	<u>-</u>	<u>5,680</u>

In March 2010, the group was granted a Harbour Revision Order allowing for the construction of a berth on the River Severn at Avonmouth for a Deep Sea Container Terminal. Since this date, expenditure was incurred on site investigation works and on the design and impact of compensation land. The amount disclosed above represents the cumulative costs incurred in obtaining the Harbour Revision Order. In 2016, the group was granted a ten-year extension to the Harbour Revision Order.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

12. TANGIBLE FIXED ASSETS

Group	Freehold investment properties £'000	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost or valuation				
At 1 July 2019	79,459	197,351	269,293	546,103
Additions	-	5,813	10,105	15,918
Disposals	-	-	(1,827)	(1,827)
Revaluations	(2,268)	-	-	(2,268)
At 30 June 2020	77,191	203,164	277,571	557,926
Depreciation				
At 1 July 2019	-	45,297	182,584	227,881
Charge for the year	-	1,941	11,177	13,118
Disposals	-	-	(1,827)	(1,827)
At 30 June 2020	-	47,238	191,934	239,172
Net book value				
At 30 June 2020	77,191	155,926	85,637	318,754
At 30 June 2019	79,459	152,054	86,709	318,222

If tangible fixed assets had not been revalued, they would have been included at the following amounts:

Group	Freehold investment properties £'000	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
Historical cost				
At 30 June 2020	6,188	139,341	277,571	423,100
Accumulated historical depreciation	-	(47,238)	(191,934)	(239,172)
Net book value				
At 30 June 2020	6,188	92,103	85,637	183,928
At 30 June 2019	6,188	88,231	86,709	181,128

The cost of tangible fixed assets includes £279,000 (2019: £279,000) for the cumulative cost of interest paid in respect of the construction of certain assets.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

12. TANGIBLE FIXED ASSETS (continued)

At the year-end, the investment properties were valued at open market value by the directors in consultation with the group's independent property agent, North & Letherby Limited. The valuation was based on an assessment of market rents and yields for similar properties with comparable uses and totalled £77,191,000 (2019: £79,459,000). The directors have used their best estimate to assess the impact of Coronavirus on the market rent and yield assumptions used in the valuation. However, a lack of market evidence of comparable transactions due to the extensive disruption to businesses and economic activities and the uncertainties created by Coronavirus has resulted in increased estimation uncertainty for both the directors and the group's independent property agent as to whether these assumptions reasonably reflect the sentiment in the market as at the year-end. Whilst the valuation has been prepared in accordance with standard property valuation techniques, the lack of comparable market transactions and the uncertainties created have resulted in a disclosure of a 'material valuation uncertainty' in the independent valuers' report. If the yields used in the valuation were increased or decreased by 1%, the valuation would decrease by £6,323,000 or increase by £7,514,000, respectively. There are no restrictions on the realisability of investment property, but most form part of the security provided on the bank debt facilities, so consent of the bank would be necessary prior to any disposal.

The long leasehold land (as it was at the time) was valued at 30 June 1997 by Hartnell Taylor Cook LLP, Chartered Surveyors, on open market value for existing use. The valuation was prepared in accordance with the Statement of Asset Valuation Practice and Guidance Notes issued by The Royal Institution of Chartered Surveyors. In accordance with the group's accounting policies, as the revaluation relates to land, there is no depreciation effect.

Land and buildings that were revalued prior to the introduction of FRS 15 have not been revalued during the year. The transitional provisions of FRS 15 (and subsequently FRS 102) have been applied and the carrying value relating to the previous valuation performed as at 30 June 1997 has been carried forward in this year's financial statements as the deemed cost. This revaluation relates to the land value only.

As set out in note 3, property rental income earned during the year was £7,985,000 (2019: £7,517,000). No contingent rents have been recognised as income in the current or prior year. Leases are granted on investment properties on terms which vary depending on the nature of the property and the requirements of the tenant and the company. The length of leases ranges from less than one to 150 years. Where renewal rights exist, these are either statutory or contractual in nature. There are no contractual obligations for repairs and maintenance in respect of investment property.

At 30 June 2020, the group had contracted with tenants for the following future minimum lease payments:

	2020 £'000	2019 £'000
Group as lessor		
- within one year	6,363	6,109
- between one and five years	21,533	21,908
- after five years	122,282	126,255
	<u>150,178</u>	<u>154,272</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

12. TANGIBLE FIXED ASSETS (continued)

Company	Plant and equipment £'000
Cost or valuation	
At 1 July 2019	374
Additions	8
	<hr/>
At 30 June 2020	382
	<hr/>
Depreciation	
At 1 July 2019	89
Charge for the year	33
	<hr/>
At 30 June 2020	122
	<hr/>
Net book value	
At 30 June 2020	260
	<hr/>
At 30 June 2019	285
	<hr/>

13. INVESTMENTS

Group	Listed invest-ments £'000	Other invest-ments £'000	Real estate £'000	Loans £'000	Total £'000
Carrying value before impairment					
At 1 July 2019	912	2,520	5,108	2,469	11,009
Additions	-	-	233	-	233
Disposals	(6)	(1)	-	(173)	(180)
Movement in fair value	(182)	-	-	-	(182)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2020	724	2,519	5,341	2,296	10,880
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Provisions for impairment					
At 1 July 2019	-	-	-	356	356
Impairment for the year	-	-	-	2,100	2,100
Disposals	-	-	-	(160)	(160)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2020	-	-	-	2,296	2,296
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Carrying value					
At 30 June 2020	724	2,519	5,341	-	8,584
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2019	912	2,520	5,108	2,113	10,653
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

13. INVESTMENTS (continued)

Company	Shares in subsidiaries £'000	Listed investments £'000	Other investments £'000	Real estate £'000	Loans £'000	Total £'000
Carrying value before impairment						
At 1 July 2019	50,064	912	2,520	5,108	2,469	61,073
Additions	-	-	-	233	-	233
Disposals	-	(6)	(1)	-	(173)	(180)
Movement in fair value	-	(182)	-	-	-	(182)
At 30 June 2020	50,064	724	2,519	5,341	2,296	60,944
Provisions for impairment						
At 1 July 2019	-	-	-	-	356	356
Impairment for the year	-	-	-	-	2,100	2,100
Disposals	-	-	-	-	(160)	(160)
At 30 June 2020	-	-	-	-	2,296	2,296
Carrying value						
At 30 June 2020	50,064	724	2,519	5,341	-	58,648
At 30 June 2019	50,064	912	2,520	5,108	2,113	60,717

The company and the group have investments in the following subsidiary undertakings:

Subsidiary undertaking	Registered Number	Holding	Proportion held	Nature of business
First Corporate Holdings Limited	04323580	Ordinary shares	100%	Investment company
First Corporate Shipping Limited *	02542406	Ordinary shares	57%	Provision of port facilities, cargo handling, storage and rental of properties
First Corporate Shipping Limited *	02542406	Preferred 'B' shares	57%	Provision of port facilities, cargo handling, storage and rental of properties
The Bristol Port Company (Trustees) Limited *	02616396	Ordinary shares	57%	Pension fund trustee
The Bristol Bulk Company Limited *	02624935	Ordinary shares	57%	Dormant

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

13. INVESTMENTS (continued)

Subsidiary undertaking	Registered Number	Holding	Proportion held	Nature of business
Crestcredit Projects Limited *	02815762	Ordinary shares	57%	Dormant, now struck off
Bristol and Gloucester Pilot Boat Company Limited *	02333805	Ordinary shares	57%	Dormant, now struck off
Agricultural Bulk Services (Bristol) Limited *	01503806	Ordinary shares	57%	Dormant
Bristol Oil and Gas Limited *	09366319	Ordinary shares	57%	Dormant, now struck off
Erraid Limited **	09567163	Ordinary shares	33%	Property development
Horton Barns Management Limited ***	10822623	N/A	33%	Property management

* denotes that the holdings are indirectly held.

** The company holds 33% of the issued equity share capital of Erraid Limited. However, the shares held afford the company 51% of the voting rights, hence Erraid Limited is treated as a subsidiary and included within the consolidated financial statements.

*** Horton Barns Management Limited is a company limited by guarantee and its only member is Erraid Limited. It is exempt from the requirements to audit its accounts under section 479A of the Companies Act 2006. The company, through its holding in Erraid Limited, holds 51% of the voting rights, hence Horton Barns Management Limited is treated as a subsidiary and included within the consolidated financial statements.

Each subsidiary undertaking is incorporated in the United Kingdom and registered in England and Wales; the registered office of each is Level 8, 71 Queen Victoria Street, London, EC4V 4AY. As permitted by section 480 of the Companies Act 2006, the individual accounts of the dormant subsidiaries have not been audited.

On 24 September 2019, Crestcredit Projects Limited, Bristol and Gloucester Pilot Boat Company Limited and Bristol Oil and Gas Limited were dissolved and struck off the register. When rounded to the nearest thousand pounds, the totals of the cost and carrying value of the investments in these companies were nil, hence no disposal is shown in the table above.

The fair value of listed investments was determined with reference to the quoted market price at the reporting date. If these investments were sold at their 30 June 2020 values, an estimated tax liability of £20,000 (2019: liability of £55,000) would arise.

Other investments are held at cost less impairment because their fair value cannot be measured reliably.

Loans receivable constitute financing transactions and are measured at the present value of the future cash flows, discounted at a market rate of interest. The impairment of loans during the year relates to a loan to an entity involved in scientific research where the progress of that research has stalled during the year leading to doubt over recoverability of the loan. The impairment was expensed to administration expenses.

FIRST CORPORATE CONSULTANTS LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

14. STOCK

Group	2020 £'000	2019 £'000
Work in progress	-	532

15. DEBTORS

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Amounts falling due within one year				
Trade debtors	7,396	6,834	-	-
Amounts owed by group undertakings	-	-	31,010	33,874
Other debtors	503	301	229	265
Prepayments and accrued income	1,145	1,294	-	-
	<u>9,044</u>	<u>8,429</u>	<u>31,239</u>	<u>34,139</u>
Amounts falling due after more than one year				
Deferred tax (note 20)	7,043	3,897	-	-

Amounts owed by group undertakings do not bear interest, are unsecured and are repayable on demand.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Bank loans (note 18)	225	225	-	-
Derivative financial instruments (note 22)	596	296	-	-
Trade creditors	2,361	2,353	-	-
Amounts owed to group undertakings	-	-	10	10
Current corporation tax	875	3,158	-	-
Other taxes and social security costs	1,299	1,563	17	16
Other creditors	3,003	3,610	-	-
Accruals	5,324	5,959	32	29
Deferred income (note 19)	5,056	4,971	-	-
Dividends	2,695	5,145	-	-
	<u>21,434</u>	<u>27,280</u>	<u>59</u>	<u>55</u>

Amounts owed to group undertakings do not bear interest, are unsecured and are repayable on demand. Dividends declared are all in relation to the current financial year and are detailed in note 10.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

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

Group	2020 £'000	2019 £'000
Bank loans (note 18)	74,675	62,400
Derivative financial instruments (note 22)	1,267	675
Deferred income (note 19)	2,968	3,448
	<u>78,910</u>	<u>66,523</u>

18. BANK LOANS

Group	2020 £'000	2019 £'000
Wholly repayable within five years:		
- bank term loan and revolving credit facility	74,000	61,500
- bank loans	900	1,125
	<u>74,900</u>	<u>62,625</u>
Included in creditors - amounts falling due within one year (note 16)	(225)	(225)
Included in creditors - amounts falling due after more than one year (note 17)	<u>74,675</u>	<u>62,400</u>
Amounts repayable by instalments:		
- within one year	225	225
- within one to two years	225	225
- within two to five years	74,450	62,175
	<u>74,900</u>	<u>62,625</u>
Bank loans secured on land and buildings, repayable by instalments:		
- by 2021, variable interest rate linked to LIBOR	225	225
- by 2022, variable interest rate linked to LIBOR	225	225
- by 2023, variable interest rate linked to LIBOR	225	225
- by 2024, variable interest rate linked to LIBOR	225	450
	<u>900</u>	<u>1,125</u>

The bank term loan and revolving credit facility, of which £74,000,000 (2019: £61,500,000) was drawn at the year-end, is secured by a first legal mortgage on certain properties and by a floating charge on all other assets. The bank loan is secured on certain charged properties. Interest is payable on the bank term loan and revolving credit facility at a margin above 3-month and 1-month LIBOR, respectively, and on the bank loan at a margin above base rate.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

19. DEFERRED INCOME

Included within deferred income is:

Group	£'000		
Government grant			
At 1 July 2018	4,407		
Release to profit and loss account	(479)		
	<hr/>		
At 30 June 2019	3,928		
Release to profit and loss account	(480)		
	<hr/>		
At 30 June 2020	3,448		
	<hr/>		
	2020	2019	
	£'000	£'000	
The government grant balance is analysed as follows:			
- due within one year	480	480	
- due after more than one year (note 17)	2,968	3,448	
	<hr/>	<hr/>	
	3,448	3,928	
	<hr/>	<hr/>	

20. PROVISIONS FOR LIABILITIES

Group	Assets £'000	Liabilities £'000
Deferred taxation		
At 1 July 2019	3,897	21,142
Charged to profit and loss account	202	2,405
Charged to other comprehensive income	2,944	(14)
	<hr/>	<hr/>
At 30 June 2020	7,043	23,533
	<hr/>	<hr/>
Reversal of deferred tax expected to occur in the next year		
In relation to derivative financial instruments	113	-
Capital allowances in excess of depreciation	-	(332)
	<hr/>	<hr/>
Total expected reversal of deferred tax	113	(332)
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

20. PROVISIONS FOR LIABILITIES (continued)

Analysis of deferred tax balances	2020 £'000	2019 £'000
Deferred tax assets		
In relation to derivative financial instruments	354	165
In relation to retirement benefit obligations	6,689	3,732
Total deferred tax assets	7,043	3,897
Deferred tax liabilities		
Capital allowances in excess of depreciation	4,150	3,624
In relation to fixed asset revaluations	18,249	16,456
In relation to gains rolled-over	814	728
In relation to retirement benefit obligations	320	334
Total deferred tax liabilities	23,533	21,142

There is no expiry date on timing differences, unused tax losses or tax credits.

21. FINANCIAL INSTRUMENTS

The carrying values of the group's and company's financial assets and liabilities are summarised by category below:

	Group		Company	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Financial assets				
Cash and bank balances	16,550	6,094	2,189	1,702
Measured at undiscounted amount receivable				
- Trade and other debtors (note 15)	7,899	7,135	229	265
- Amounts owed by subsidiary undertakings (note 15)	-	-	31,010	33,874
Measured at cost less impairment				
- Non-listed investments (note 13)	2,519	2,520	2,519	2,520
- Investments in subsidiaries (note 13)	-	-	50,064	50,064
Measured at fair value through the profit and loss				
- Listed investments (note 13)	724	912	724	912
Measured at present value of the future cash flows				
- Loans (note 13)	-	2,113	-	2,113
Total financial assets	27,692	18,774	86,735	91,450

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

21. FINANCIAL INSTRUMENTS (continued)

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Financial liabilities				
Measured at undiscounted amount payable				
- Trade and other creditors due within one year (note 16)	8,059	11,108	-	-
- Amounts owed to subsidiary undertakings (note 16)	-	-	10	10
Measured at amortised cost				
- Loans payable (note 18)	74,900	62,625	-	-
Measured at fair value through the profit and loss				
- Derivative financial liabilities (note 22)				
due within one year	596	296	-	-
due after one year	1,267	675	-	-
Total financial liabilities	84,822	74,704	10	10

The group's income, expense, gains and losses in respect of financial instruments are summarised below:

	2020	2019
	£'000	£'000
Interest income and expense		
Total interest income for financial assets at undiscounted amounts	33	22
Total interest (expense) for financial liabilities at amortised cost	(2,215)	(2,364)
Fair value gains/(losses)		
On financial assets and liabilities measured at fair value through profit or loss:		
- Derivative financial instruments (note 22)	(892)	(450)
- Investments (note 13)	(182)	(76)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

22. DERIVATIVE FINANCIAL INSTRUMENTS

Group	Due within one year		Due after one year	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Liabilities				
- Interest rate swap	596	296	1,267	675

Interest rate swap contracts

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at 30 June 2020:

Outstanding receive floating pay fixed contracts	Average contract fixed interest rate		Notional principal value		Fair value	
	2020	2019	2020	2019	2020	2019
	%	%	£'000	£'000	£'000	£'000
2 to 5 years	1.3%	1.3%	50,000	50,000	1,863	971

The interest rate swap settles on a quarterly basis. The floating rate on the interest rate swap is LIBOR. The group settles the difference between the fixed and floating interest rate on a net basis.

The interest rate swap has been valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The interest rate swap contract exchanging floating rate interest amounts for fixed rate interest amounts is in place to reduce the group's cash flow exposure resulting from variable interest rates on borrowings.

23. CALLED-UP SHARE CAPITAL AND RESERVES

	2020	2019
	£	£
Allotted, called-up and fully paid		
167 Ordinary shares of £1 each	167	167

Ordinary shares of £1 each

The profits of the company are available for distribution by way of dividend among the holders of the ordinary shares. The ordinary shares carry a right to vote at any general meeting of the company and on a winding up of the company have a right to receive the balance of any surplus assets.

The ordinary shares are classified as equity shares in the balance sheet as they have no redemption rights or guaranteed right to dividends and do have an interest in the residual assets of the company after deducting all liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

23. CALLED-UP SHARE CAPITAL AND RESERVES (continued)

Reserves

The group's and company's other reserves are as follows:

Profit and loss account

This represents cumulative profits or losses, net of dividends paid and other adjustments.

Revaluation reserve

This represents the cumulative effect of revaluations of land, buildings and investment properties, as described in note 12, and listed investments, as described in note 13.

Capital reserve

Included in this reserve is the negative goodwill on the acquisition of the Port of Bristol in 1991 and the nominal value of shares redeemed or bought back by the company.

Other reserve

This arose as a result of the acquisition of Agricultural Bulk Services (Bristol) Limited in 2000 and resulted from the implementation of a previous accounting standard.

24. FINANCIAL COMMITMENTS

Group	2020 £'000	2019 £'000
Contracted for but not provided – tangible fixed assets	4,121	5,739
The company had no capital commitments at 30 June 2020 or at 30 June 2019.		
Total future minimum lease payments under non-cancellable operating leases are as follows:		
	2020 £'000	2019 £'000
Group as lessee		
- within one year	167	166
- between one and five years	252	252
- after five years	7,319	7,382
	<u>7,738</u>	<u>7,800</u>
Group as lessor*		
- within one year	9,523	10,471
- between one and five years	19,853	23,238
- after five years	23,063	30,319
	<u>52,439</u>	<u>64,028</u>

* These figures exclude amounts receivable under leases on investment properties, which are shown separately in note 12.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

24. FINANCIAL COMMITMENTS (continued)

Leases are granted on operational land and/or buildings to port users. The lease terms vary depending on the nature of the property and the requirements of the customer and the company. The length of leases ranges from less than one to 150 years. Where renewal rights exist, these are either statutory or contractual in nature.

25. RETIREMENT BENEFIT SCHEMES

The directors have used their best estimates to assess the impact of Coronavirus on the assumptions used in the valuation of pension liabilities. As usual, the discount rate has been selected with reference to the yield on corporate bonds with a similar duration to the liabilities of the relevant scheme. This has resulted in the lowest discount rate ever used by the group to value pension liabilities, which has inflated the valuation of those liabilities. Inherent in the use of such a low discount rate is the fact that a small change in that rate can have a comparatively significant impact on the resultant valuation of the liabilities: in respect of The Bristol Port Pension Scheme, a 0.5% change in the discount rate would lead to a 27%, or £9.5m, change in the deficit.

The directors feel that the assumptions used to value pension liabilities are reasonable given the information that is available. However, while those assumptions reflect market conditions at the time of the valuation, inherent in them is the market uncertainty caused by Coronavirus at that specific point in time.

a) The Bristol Port Pension Scheme

The group operates a funded defined benefit pension scheme and a defined contribution pension scheme for its employees. The assets of the schemes are held separately from those of the group in independently administered funds. No other post-retirement benefits are provided.

This reporting statement covers the retirement benefits provided from the Bristol Port Pension Scheme, which is a defined benefit pension scheme. Under this scheme the employees, on attainment of a retirement age of 65 (or 60 if the employee has 25 or more years of service), are entitled to retirement benefits based on a percentage of final salary, dependent on the employee's years of service. The scheme was closed to new members from November 1999. The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 30 June 2019 and updated to 30 June 2020 by a qualified independent actuary.

Main financial assumptions

	2020	2019
RPI inflation	2.90%	3.20%
CPI inflation	2.10%	2.20%
Discount rate at 30 June	1.60%	2.30%
Future salary increases	2.10%	2.20%
Rates of increase to pensions in payment		
- Accrued before 6 April 1997	2.10%	2.20%
- Accrued after 6 April 1997	1.90%	2.20%

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

25. RETIREMENT BENEFIT SCHEMES (continued)

Mortality assumptions

Investigations have been carried out within the past three years into the mortality experience of the group's defined benefit scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The following mortality assumptions have been used for the current and previous financial years: 105% males/110% females of the S2Px tables with improvements in line with the CMI 2019 (2019: CMI 2018) projections and a long-term rate of improvement of 1.25% (2019: 1.5%) per annum.

	2020	2019
Weighted average life expectancy to determine benefit obligations:		
Male life expectancy		
- Retiring at age 65 now	22 years	21 years
- Retiring at age 65 in 20 years	23 years	23 years
Female life expectancy		
- Retiring at age 65 now	24 years	23 years
- Retiring at age 65 in 20 years	25 years	25 years
	<hr/>	<hr/>
	2020	2019
	£'000	£'000
Amounts recognised in the balance sheet:		
Present value of defined benefit obligations	118,343	108,948
Fair value of scheme assets	(83,137)	(86,997)
	<hr/>	<hr/>
Liability recognised in the balance sheet	35,206	21,951
	<hr/>	<hr/>
Amounts recognised in the profit and loss account:		
Current service cost	853	756
Administration expenses	205	219
Past service cost	-	402
Net interest on net liability	509	417
	<hr/>	<hr/>
Total recognised in the profit and loss account	1,567	1,794
	<hr/>	<hr/>
Amounts recognised in other comprehensive income:		
Asset (losses)/gains arising during the year	(3,159)	253
Liability losses arising during the year	(10,092)	(7,666)
	<hr/>	<hr/>
Total recognised in other comprehensive income	(13,251)	(7,413)
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

25. RETIREMENT BENEFIT SCHEMES (continued)

	2020 £'000	2019 £'000
Changes in the present value of the defined benefit obligations are as follows:		
Opening defined benefit obligations	108,948	101,313
Service cost	853	1,158
Interest cost	2,479	2,901
Actuarial losses	10,092	7,666
Employee contributions	249	259
Net benefits paid out	(4,278)	(4,349)
Closing defined benefit obligations	118,343	108,948
Changes in the fair value of scheme assets:		
Opening fair value of scheme assets	86,997	87,069
Interest income	1,970	2,484
Actuarial (losses)/gains	(3,159)	253
Contributions by employer	1,563	1,500
Contributions by members	249	259
Net benefits paid out	(4,278)	(4,349)
Administration expenses	(205)	(219)
Closing fair value of scheme assets	83,137	86,997
	2020	2019
	£'000	£'000
Analysis of scheme assets by class:		
Equities	37,404	39,638
Government bonds	15,037	13,581
Corporate bonds	7,402	7,095
Hedge funds	20,168	24,303
Cash and other	3,126	2,380
Closing fair value of scheme assets	83,137	86,997
	%	%
	45.0	45.6
	18.1	15.6
	8.9	8.2
	24.3	27.9
	3.7	2.7
Closing fair value of scheme assets	100.0	100.0

The group's contributions during the period amounted to £1,563,000 (2019: £1,500,000) and the agreed group contribution rate for the coming year is £1,750,000.

The group also operates a defined contribution pension scheme. Those employees who are members of the defined contribution scheme have their individual funds managed independently by an insurance company. The group contributes to this scheme but has no further involvement or liability. Contributions to the scheme for the year amounted to £1,220,000 (2019: £1,146,000) and no amounts were outstanding at the year-end (2019: £nil).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

25. RETIREMENT BENEFIT SCHEMES (continued)

b) Pilots' National Pension Fund ("PNPF")

The PNPF is a centralised multi-employer defined benefit pension scheme for non-associated employers. It provides benefits for employed and self-employed maritime pilots. The trustee of the PNPF has sought the guidance of the High Court on a number of issues relating to its powers under the rules of the PNPF, including who is liable to contribute. Until the legal status of the trustee's powers had been clarified, the company was unable to determine its share of the liabilities of the fund. Following the court's judgment and further information being made available on the extent of the PNPF's liabilities, the company is able to determine its share of the liabilities in respect of the PNPF.

The last formal actuarial valuation of the PNPF was completed as at 31 December 2016. The results of these calculations have been updated to 30 June 2020 by a qualified independent actuary.

Main financial assumptions

	2020	2019
RPI inflation	2.60%	3.20%
CPI inflation	2.10%	2.20%
Discount rate at 30 June	1.60%	2.30%
Future salary increases	2.90%	3.20%
Rates of increase to pensions in payment		
- Maximum 5% pa, minimum 0% pa	2.60%	3.10%
- Maximum 5% pa, minimum 3% pa	3.40%	3.60%
Rates of increase to pensions in deferment		
- Minimum 3% pa	2.10%	2.20%
- Other	2.10%	2.20%

Mortality assumptions

Investigations have been carried out within the past three years into the mortality experience of the PNPF defined benefit scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The following mortality assumptions have been used for the current and previous financial years: 105% (2019: 105%) of the S2PxA table with improvements in line with the CMI 2019 projections (2019: CMI 2018 projections) and a long-term rate of improvement of 1.00% (2019: 1.00%) per annum.

	2020	2019
Weighted average life expectancy to determine benefit obligations:		
Male life expectancy		
- Retiring at age 65 now	21 years	21 years
- Retiring at age 65 in 20 years	22 years	22 years
Female life expectancy		
- Retiring at age 65 now	23 years	23 years
- Retiring at age 65 in 20 years	25 years	24 years

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

25. RETIREMENT BENEFIT SCHEMES (continued)

	2020 £'000	2019 £'000
Amounts recognised in the balance sheet:		
Present value of defined benefit obligations	22,688	22,101
Fair value of scheme assets	(15,530)	(14,893)
Liability recognised in the balance sheet	7,158	7,208
Amounts recognised in the profit and loss account:		
Current service cost	196	145
Administration expenses	69	94
Net interest on net liability	152	178
Total recognised in the profit and loss account	417	417
Amounts recognised in other comprehensive income:		
Asset gains arising during the year	654	72
Liability losses arising during the year	(934)	(595)
Total recognised in other comprehensive income	(280)	(523)
Changes in the present value of the defined benefit obligations are as follows:		
Opening defined benefit obligations	22,101	21,885
Service cost	196	145
Interest cost	491	590
Actuarial losses	934	595
Employee contributions	434	505
Net benefits paid out	(1,468)	(1,619)
Closing defined benefit obligations	22,688	22,101
Changes in the fair value of scheme assets:		
Opening fair value of scheme assets	14,893	14,895
Interest income	339	412
Actuarial gains	654	72
Contributions by employer	747	722
Contributions by members	434	505
Net benefits paid out	(1,468)	(1,619)
Administration expenses	(69)	(94)
Closing fair value of scheme assets	15,530	14,893

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2020

25. RETIREMENT BENEFIT SCHEMES (continued)

	2020		2019	
	£'000	%	£'000	%
Analysis of scheme assets by class:				
'Growth' Assets				
- Global equities	-	-	2,666	17.9
- Partners growth fund	4,706	30.3	-	-
- Fund of hedge funds	1,273	8.2	2,576	17.3
- Diversified growth funds	714	4.6	1,608	10.8
- Downside risk hedge	62	0.4	-	-
'Matching' Assets				
- Corporate bonds	1,600	10.3	5,034	33.8
- Gilts	6,600	42.5	2,189	14.7
- Cash and other	575	3.7	820	5.5
Closing fair value of scheme assets	15,530	100.0	14,893	100.0
Target asset allocation:				
'Growth' Assets	50%		50%	
'Matching' Assets	50%		50%	

The group's contributions during the period amounted to £747,000 (2019: £722,000) and the agreed group contribution rate for the coming year is £772,000.

26. NET DEBT RECONCILIATION

	At 1 July 2019 £'000	Cash flows £'000	At 30 June 2020 £'000
Cash at bank and in hand	6,094	10,456	16,550
Bank loans	(62,625)	(12,275)	(74,900)
Net debt	(56,531)	(1,819)	(58,350)

FIRST CORPORATE CONSULTANTS LTD

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2020

27. RELATED PARTY TRANSACTIONS

Advantage has been taken of the exemption contained in FRS 102, Section 33 which does not require the company to disclose transactions with other group companies.

First Corporate Shipping Limited incurred management charges of £561,860 (2019: £577,933) from both First Corporate Consultants Ltd and David Ord Limited during the year. Amounts are payable monthly and, as at the year-end an unsecured amount of £263,574 (2019: £298,657) was owing to both First Corporate Consultants Ltd and David Ord Limited. First Corporate Consultants Ltd and David Ord Limited are controlled by Messrs T C Mordaunt and Sir David Ord, respectively.

The total remuneration for key management personnel, being the directors, is shown in note 7.

28. ULTIMATE CONTROLLING PARTY

The directors consider Mr T C Mordaunt to be the group's ultimate controlling party.