



ANNUAL REPORT 2019



PORTS OF JERSEY
YOUR ISLAND GATEWAY



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Preface

Whilst the main focus of this Annual Report is necessarily on our progress during 2019, this has been overshadowed by the subsequent spread of the Covid-19 virus and the demise of the airline Flybe.

We operate a business which is crucial to the island, enabling people to travel to and from Jersey - whether it be for business, medical or other important reasons - and the import of the foodstuffs and other goods upon which we all rely.

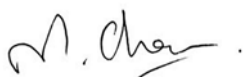
It is a changing picture which is making enormous demands on our management team and staff; working together with the Government of Jersey, our airline and ferry carriers and other partners, each of which have their own pressures.

We recognise our responsibilities as employers and we are determined to look after the welfare of our people and through it their families. I am immensely proud with how professionally and determinedly our organisation has been in responding to the challenge.

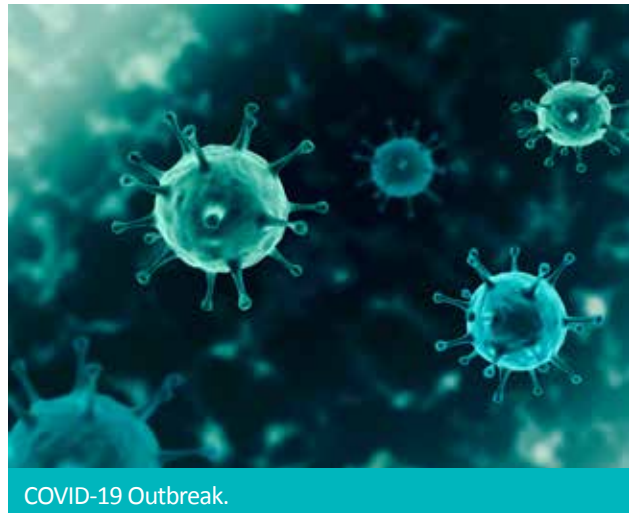
2020 promises to be a difficult year, not least in financial terms. We cannot yet predict the full impact on it and the rate of recovery with confidence. In particular the fate of some airlines, as with Flybe, will in part depend upon decisions taken by their home base Governments.

Our company is resilient, having a strategic shareholder, an experienced board and management, a dedicated workforce, no debt and the flexibility of having accumulated significant cash and financial investment reserves.

We intend to work through these uncertain times and emerge in a position to resume the development of our business for the benefit of the people and economy of Jersey.



Mark Chown
Chairman
01 May 2020



COVID-19 Outbreak.

Chairman's Statement



We will together weather the Covid-19 storm and I look forward over the next few years to us delivering the substantial projects we are planning that will bring long term benefits to the Island.

I am pleased to present the Ports of Jersey ("PoJL") Annual Report for the year ended 31 December 2019. This is my first Chairman's Statement on behalf of PoJL having taken over as Chairman in January 2020.

Matt Thomas took up the reins as our new Chief Executive in July 2019. His fresh perspective and unrelenting enthusiasm has inspired our staff. He has also forged a closer collaboration with our external stakeholders and Government in particular, building upon the efforts of his predecessors.

We continue to strive to achieve our aim of long term financial self-sustainability. In a tough operating environment we have progressively improved our financial performance and in 2019 grew EBITDA by a further 3.0% to £12.4m, despite having been unable to increase our regulated tariffs since incorporation. This increased profitability is a pleasing result, achieved in an economic environment dominated by the uncertainty surrounding the United Kingdom's exit from the European Union.



British Airways is one of PoJL's main airline partners.

After an extended engagement with our regulator, the Jersey Competition Regulatory Authority ("JCRA"), we were pleased in mid-2019 to reach a settlement with the JCRA on a pricing framework for 2020 through until 2024. This is a major achievement and we look forward to continuing to work with JCRA in implementing the framework and ensuring value for money and high levels of customer service for our varied customer base.

Our staff continue to work hard and with enthusiasm. Their numbers grew significantly in 2019 with the insourcing of the PoJL Security function. This was completed to drive efficiencies, improve regulatory compliance and customer service. It is pleasing to see the result of this project with the most recent "Quality of Service" return to JCRA showing that 99% of the time passengers take less than 15 minutes to clear security. We expect to obtain further benefits, such as more operational flexibility, as the staff are fully integrated into PoJL.

We also look forward to the finalisation during 2020 of Government's Ports' Policy which will provide clearer guidance as to Shareholder expectations.

Subsequent sections of this Annual Report provide greater detail regarding our operations and finances during 2019 and from this I hope that you can discern the wide range of work that we continue to undertake to enhance our Island.

Infrastructure development

The next few years will involve an unprecedented level of investment and activity at Ports of Jersey. We have already commenced the preliminary works for our Integrated Terminal Project at the airport to house the arrivals and departure operations in a new single facility, replacing the tired passenger pier and reconfiguring the airport forecourt and carpark areas.

These changes are vital to enable PoJL to meet regulatory requirements. The new terminal will provide a much improved customer experience, whilst embracing new technology and sustainability initiatives. We aim to provide the Island with modern, compliant and future proof facilities which will be used for decades to come. It is important to note that all investments made by PoJL are funded by our operations, and not by the Government or taxpayer.

The Board has a high degree of confidence in the PoJL Executive Team and staff to deliver this inherently complicated project whilst maintaining operational standards over the next few years. Whilst it is inevitable that there will be some disruption to the passenger experience during this major project, we aim to communicate potential issues in advance, and minimise the impact on the passenger. We know this project is a test for PoJL, but we are confident that the completed new terminal will make us all proud.

Our Shareholder continues to be supportive and our relationship has evolved to a more active collaboration, working together to agree and deliver the St Helier Harbour Masterplan. This is essential to ensure freight and ferry capacity needs are met and to provide security to the Island's lifeline services whilst being cognisant of wider Island needs.

The Board

In December 2019 our long-standing Chairman, Charles Clarke, and our Deputy Chair and Senior Independent Director, John Mills, retired from the Board having served for a total of 9 years, initially on the Shadow Board and subsequently on the post incorporation Board. It is a testament to the wisdom and hard work of Charles, John and other past Directors that PoJL is now an organisation in good shape; able to undertake the long planned investment in the airport and harbour. We wholeheartedly thank Charles and John for their years of dedication, hard work and counsel.

The evolution of the board continues into 2020. As well as my appointment as Chairman, Jeffrey Hume has been appointed as my Deputy and the Senior Independent Director. I am pleased to welcome Nicky Dunn and Jane Smallman, who joined the Board this March as Non-Executive Directors. They bring substantial relevant sector knowledge and experience that will complement our extremely well qualified existing Board members.



Condor Rapide.

2020 marks the start of a new era with a Board that has completely transitioned from those who successfully took the company through the incorporation process, and it now has the skills to guide the company through the very different next stage of its development.

Outlook

I am excited and proud to be part of this organisation. We will together weather the Covid-19 storm and I look forward over the next few years to us delivering the substantial projects we are planning that will bring long term benefits to the Island.

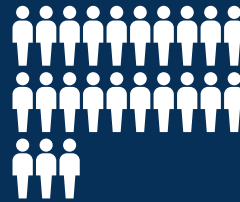
Mark Chown

Chairman
01 May 2020

2019 in Numbers



524K
FREIGHT
TONNAGE



2.3M
PEOPLE THROUGH
OUR GATEWAYS



£48.6M
REVENUE



£7.4M
CAPITAL INVESTMENT



£172M
NET ASSETS



£12.4M
EBITDA (EARNINGS
BEFORE INTEREST,
TAX, DEPRECIATION
& AMORTISATION)

CEO's Review



We have a critical role to play for our Island. Our gateways are the first and last impressions a visitor to Jersey carries with them. It is easy to underestimate the value of connectivity for our business community, for tourism, for Islanders and for visitors.

This is my first report since joining PoJL in July 2019 from the Shannon Group, in Ireland, where I was the CEO. I feel very privileged to have been trusted to lead PoJL at such an important time in its development. At the outset, I would like to thank my predecessor, Doug Bannister for the fantastic job he has done.

Since my arrival, I have been struck by the talent, enthusiasm and pride that our employees have in working for PoJL and serving their community. Although Jersey Airport is more than seventy years old, and the Harbour in St Helier much older again, in many ways PoJL is a relatively young company. It is only four years since it was incorporated as an independent entity with a mandate to operate and develop our Island's gateways.

We have a critical role to play for our Island. Our gateways are the first and last impressions a visitor to Jersey carries with them. It is easy to underestimate the value of connectivity for our business community, for tourism, for Islanders and for visitors.

We have exciting and demanding challenges ahead of us. To future-proof the airport and harbour infrastructure, we will be undertaking some of the largest investment projects on the Island in the years ahead. We will strive to further enhance connectivity to our Island and to ensure that travel to and from Jersey is a pleasurable experience. We will also play a leading role in building a sustainable future for our Island that we can all be proud of.

As reported by the Chair, in his Preface and in the Directors Report on page 62, we have in the first few months of 2020 been overtaken by the Covid-19 pandemic. The Ports are central to the Islands response, working tirelessly to ensure the resilience of our maritime supply chain and essential air connectivity. My senior colleagues and I are embedded in the key Government led committees taking decisions and co-ordinating action. At all levels our employees are rising to the challenge, despite the enormous disruption and continuing uncertainties.

I am proud of the contribution PoJL has made to date and I am confident that our teams will continue to serve their community with pride.

Business Performance

We were able during 2019 to grow our profitability, in EBITDA terms, by 3.0 % to £12.4m – details of which are included in the Financial Review on pages 22-25.

Our core business continued to improve, with air passengers growing by 2.9% to 1.716m, making 2019 the busiest year through our airport since 1995. We have achieved this growth through our continuing route development programme in collaboration with our airline partners. The average size of commercial aircraft operating to Jersey has increased by 18% in the last 5 years, underpinning improved efficiency and lesser environmental impact whilst enabling growth in passenger volumes.

Conversely sea passengers have fallen 16% in the four years since incorporation, from over 770k in 2015 to under 650k in 2019. We hope to see an improvement over the next few years following the recent change in ownership of Condor Ferries. Overall we had 2.36m passengers pass through our airport and harbour gateways, 1.9% more than in 2018.

Combined freight & fuel volumes through the harbour was the highest in more than 10 years, totalling over 524,000 tonnes. The mode of handling this cargo is principally split between Lift On, Lift Off (Cranes), Roll-On, Roll-Off (Linkspan Ramps) and the specialised fuel jetty facility. We have seen a significant reduction in the shipping capacity of Lift On, Lift Off operators and this has led to cargo transferring to Roll-On, Roll-Off. This does present a number of logistical challenges to the business.

More details can be found in 'Keeping Jersey Connected' on pages 17-21.

Economic regulation

Our relationship with our economic regulator is evolving and I am pleased to report we have made good progress in reaching an appropriate understanding with the Jersey Competition and Regulatory Authority (JCRA) regarding forward prices. The JCRA published a Final Decision and Direction in July 2019 allowing prices to increase by JRPI+1% for the period 2020-24. This is the first agreed price review since 2016, and the greater certainty over our future regulated revenues has allowed us to progress with more confidence in our forward investment plans to maintain and enhance our assets so that the people using them can continue to enjoy the use of modern and efficient services.

Improving efficiency

Our Acceleration Programme continues to gather pace, delivering significant savings and productivity improvements. Since incorporation, initiatives from our teams across the business have built cost savings of over £1m per annum and efficiency savings equivalent to over 400 man-days per annum. As an example in 2019 we restructured Group Systems & Technical Services to ensure we provide the most efficient and effective workforce, whilst taking care of their wellbeing.

Further business development

We cannot rely solely on our core business to provide sufficient funding to meet the capital investment needs of the operations. Delivering new revenue streams is therefore critical to long term sustainability.

It is therefore encouraging that our Maritime Services continues to develop with 2019 being the busiest year to date with the team involved in projects in the UK, France, Germany and Romania. Income has increased from £300k in 2017 to over £720k in 2019. This has helped to offset some of the lost revenues from the continued lower volumes of passengers arriving by sea.

We ran a successful tender process during 2019, on behalf of the Government, to identify a new long-term business partner to relaunch the Jersey Aircraft Registry with an innovative business model, due to be announced in 2020.

Public safety

During 2019 Jersey Coastguard co-ordinated 170 Search and Rescue incidents, and our public engagement strategy saw 4,526 primary and secondary school children learn more about this key aspect of our business through workshops and events. The Jersey Strategic Water Safety Forum continues to play an important part in advising on aspects of water safety and together with key stakeholders is further developing a local strategy.

Early in 2019, PoJL secured agreement with the French and UK Governments for the next three-year financial period, up to 2024, to continue its Air Navigation Service Provision for the Channel Islands Control Area. It is a testimony to the professionalism of our Air Traffic Control staff that we continue to be entrusted with operating this important function.

Resilience

We have progressed our Remote Air Traffic Control Tower capability. This exciting development has resulted in Jersey Airport being first in the British Isles to obtain system approval for contingency use, which was received from the European Aviation Safety Agency in April 2019.

We have invested in an IT infrastructure which is independent from the GoJ network and provides a modern, secure and resilient platform. We are also deriving benefits from the innovative Office365 toolset. Importantly it also better enables interactivity with employees and other partners working remotely. We are improving the resilience and security of our systems and as part of that programme have achieved Cyber Essentials certification, and continue to develop our response to cyber security to minimise the potential impact from this threat on our business.

We place great importance on the environmental sustainability of our operations and are developing an Environmental Programme the scope of which can be found on pages 35-36.

Customer Experience

Improving our services for the benefit of passengers is a key component of our mission to enhance Jersey as a great place to live, visit and do business. We are focused on ways of improving the passenger experience and major decisions such as in-sourcing security control, have been taken primarily to ensure that we can work with the team to improve levels of customer service.

We produce a Quality of Service Report every quarter which is submitted to the JCRA. The report covers a range of 'service' related areas from the 'on-time' statistics for flights and sailings through to the waiting time for a berth for your boat at one of the marinas. These reports are published on our website along with this infographic which helps to bring the numbers to life.

In conjunction with the development of a new Ale & Coffee House concept restaurant at Elizabeth Ferry Terminal, we have completed a refurbishment of the Elizabeth Terminal, including new heating and ventilation. We have also made other physical improvements such as investing in flooring and HVAC in the Airport Passenger Pier and improving the airport's free Wifi service.

2019 - Q4 Quality of Service Report

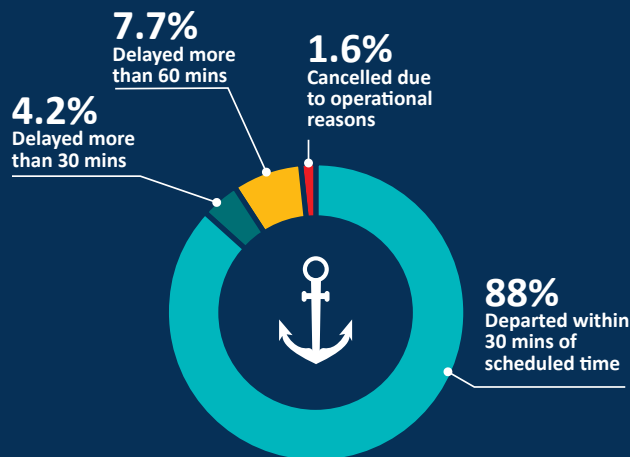
Punctuality of sailings

Within scheduled time



OVER 88% OF SAILINGS ARRIVED OR DEPARTED WITHIN 30 MINS OF SCHEDULED TIME

Percentage based on sailings that took place



Jersey as a destination airport

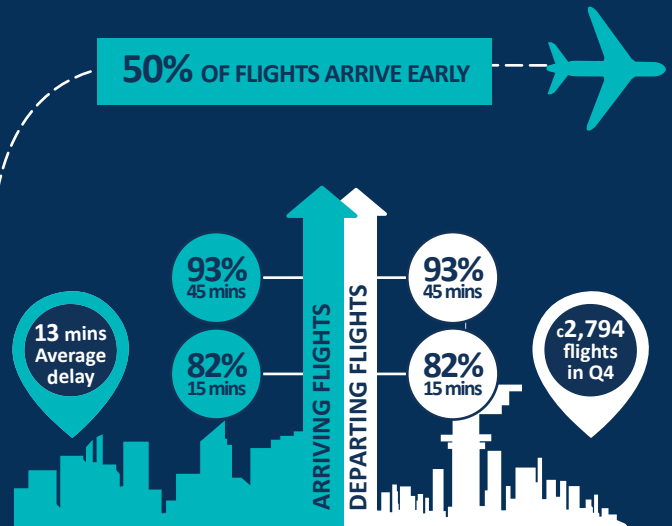
Jersey is classed as a 'destination airport' - i.e. no airlines are based here meaning flights do not originate from the Island. This means if a flight schedule is affected prior to arriving in the Island it will impact on the flight schedule time and could cause a delay on the Jersey departure.

When an aircraft lands in Jersey, the airline and its ground handling agent, supported by Ports of Jersey, work hard to turn the flight around as quickly as possible.

Time for passengers to clear security



50% OF FLIGHTS ARRIVE EARLY



Flight punctuality to & from Jersey Airport

Proportion of flights within scheduled time
Excluding flights affected by weather

Jersey Airport baggage from plane to carousel

DELIVERED IN UNDER 20 MINS
95%



DELIVERED IN UNDER 45 MINUTES
99%

Headline Projects

Design work for an Integrated Terminal Project at the airport was completed during 2019, incorporating valuable input from our passengers and key stakeholders. We have selected our preferred contractors with whom we are currently in negotiation. This project is very important as it will enable us to satisfy a number of regulatory and operational requirements and will provide much needed improvement to our facilities at the airport. Our contractors have commenced the preliminary works, however further progress is currently on hold during the Covid-19 outbreak.

We have been busy developing a Master Plan for the development of St Helier Harbour, taking into account the changing and increasing demands it will face. We are working closely with GoJ to finalise wider, integrated plans for South West St Helier.

We recognise the importance of providing improved marine leisure facilities and have completed the design for berthing along Albert Pier that will facilitate the opportunity to accommodate significantly larger vessels in a 24 hour deep water facility. Work on this project is expected to be complete during 2020, subject to the length of time the Covid-19 outbreak lasts.

There is an acknowledged need to develop more corporate aircraft hangar capacity at Jersey. We have made important progress in securing a number of commitments from prospective tenants. We are now looking to finalise the design and specification, before moving on to construction.

Other Capital Investment Projects

We have made numerous further significant investments in our operational infrastructure and organisational capability and have others in hand:

Bravo Taxiway Refurbishment: this is one of our primary taxiways. It was refurbished during Q1 2019 with minimal disruption to customers and re-opened ahead of time and prior to commencement of the 2019 summer schedule.

Concrete Apron Seals Replacements: Within our long term planning we make provision for the cyclical replacement of concrete seals on taxiways and aprons, which are crucial in maintaining drainage and integrity in these operational areas. During 2019 we decided to consolidate this activity, investing £0.7m in a cost effective solution without disrupting operations.

Fire Training Rig: Our Fire Training Rig is critical in supporting our fire-fighting services team training. In 2019 we refurbished our existing facility, extending the expected life of this asset by up to 15 years. This option was significantly more cost efficient than purchasing a new rig, and we chose a contractor who could provide a temporary training rig, ensuring our capabilities were maintained during the project.

Hold Baggage Screening: It is an aviation security legislative requirement for all airports to update hold baggage screening equipment by October 2020 to Standard 3 technology. Following a tender process in 2019 we have appointed Rapiscan/NISCAM as our preferred suppliers. Implementation will be completed in agreement with timescales set by the Civil Aviation Authority.

St Helier Marina: The Marina contains infrastructure that has reached the end of its operational life and needs improvement and replacement. During 2019 we completed designs and a tender process to complete the works was undertaken. We expect to commence work during 2020.

Finance System: We successfully implemented a replacement finance system in January 2019 to allow the separation from GoJ infrastructure. This gives us the ability to further develop our IT systems, and 2020 will see the introduction of asset management applications allowing more efficient and timely maintenance and investment decisions.

The Shipyard Ale & Coffee House: We entered into an operating agreement with Casual Dining Group (CDG) to operate the 'Shipyard' which opened in July 2019 at the Elizabeth Ferry Terminal. This new facility serves the needs of both ferry customers and members of the general public, is enhanced by a children's play area and provides a venue for local entertainment. It has received excellent reviews.

Community

PoJL undertakes a central role in the community, economy and society of the island through the operations of the Island's strategic transport gateways and other facilities. We also provide substantial community benefit to island residents through our staff, internal resources and financial contributions. We are proud that our own teams raised £42,000 for a range of charitable causes, £30,000 was specifically for our 4 chosen charities.

We continue to deliver two of the Island's largest community events, the Barclays Jersey Boat Show and, together with the Air Display organiser, the International Air Display. The Boat Show was in its 13th year and attracted over 30,000 visitors. It is funded by PoJL, our sponsorship partners and the participants.

We work closely with the organiser to bring the International Air Display to the Island every September. A government grant of £45k was received, supplemented by the modest income from the event itself and underwritten by PoJ

In 2019 PoJL again hosted the world Super League Triathlon event at the Elizabeth Marina. 50 of the world's leading elite triathletes, including Olympians and World Champions, participated over two days of racing along with corporate and community sessions. All of these events are important to the Island community and provide excellent opportunities for charities to fund raise.

Each of the International Air Show, Barclays Boat Show and Super League Triathlon provide events for local residents, assist charities in their fund raising efforts and successfully extend the tourist season into the shoulder months of May and September which benefits the hospitality sector and Island economy.

Through our Public Service Obligation we have a custodial responsibility for many historic assets, some of which continue to deliver operational functions. An example of this is Corbiere Lighthouse where we were able to carry out a much-needed upgrade to modern technology in a sympathetic manner and retain the original optical equipment.

We continue to support GoJ projects such as: the installation and support of CCTV and audio-visual equipment in the Courts, States Chamber and at La Moye Prison.

Our People

During 2019 PoJL employed on average 420 people (360 full time equivalents). In January 2019 we added over 100 staff by the insourcing of the provision of security services. These staff were previously employed by a contractor, and now under our direct control we expect to improve the customer experience in this important function.

During the summer months, our workforce grows with seasonal workers servicing our airport, harbours and marina customers.

We continue to focus on the training of our people, ensuring that growth opportunities are open to all. Alongside our 'Acceleration' programme to achieve efficiencies we have invested in training for Customer Service, Disability Awareness, Hidden Disabilities, De-escalation Training and GDPR. We also enrolled ATC Training Instructors on aerodrome and approach radar courses with Entry-Point-North in Malmo and Brussels. This has improved the training of our people and let them benefit from exposure to the wider European ATC training environment.

We have also invested heavily in leadership development initiatives for all of our management team, which is critical to the delivery of our strategic business plan.

It is pleasing to see people moving within the company to follow new careers in different departments. For example one of our airport fire team joined the Coastguard, which underlines the progress made in creating 'one team' in PoJL. We have also established a Port Skills Showcase to offer prospective employees an opportunity to access a wide range of career opportunities available within the air and sea ports sector from both PoJ and our business partners.

Each year we undertake an employee engagement survey, and obtain valuable feedback about what is working for our people and what we should improve. As a direct result of these surveys we implement various corporate and team level improvements.

We have also reviewed our gender pay distribution, applying the UK Equalities and Human Rights Commission (EHRC) guidelines to our pay scales following the introduction of our Reward Project. There is no significant gender pay gap in any of the pay bands and no overall pattern of gender discrimination across the organisation. Compensation for all employee roles within PoJL is at least to the level of Jersey's Living Wage.

We have committed to the Women in Aviation and Aerospace Charter to work with aviation partners across the UK to build a more balanced and fair industry for women and to encourage existing female employees to search out promotion, into senior management roles.

Finally, we received the prestigious CIPD People Management Award at the UK national level and its Channel Islands counterpart for our Reward Project, which was an employee led, holistic review of all our terms and conditions which was implemented successfully across the company in 2018.



Matt Thomas
Chief Executive Officer
01 May 2020



Business Model

As a large infrastructure business we need to continually invest in our asset base in order to ensure our gateways are open, safe and secure.

PoJL is a company wholly owned by the Government of Jersey (GoJ). It was created in October 2015 in response to a major projected gap between revenues forecast to be generated by the former GoJ Airport and Harbour departments and the cost of the investment in long term capital projects that are required to ensure the fulfilment of PoJL's primary objectives in continuing to operate Jersey's air and sea gateways.

Whilst we operate as a self-sufficient business with the governance and speed of decision making of a private sector company, we reinvest all of our profits in the Island and work with Ministers and their civil servants, regularly agreeing updated strategic business plans.

Strategic Objectives

The primary statutory objective of PoJL is to provide safe, secure and efficient port operations in a manner to secure sustainable growth in the economy of Jersey in the medium to long term. Our mission is therefore to enhance our island as a great place to live, visit and do business, through keeping us reliably, safely and well connected. Underpinning this mission are four strategic objectives, in which we have made considerable progress over the last four or so years.

As a large infrastructure business we need to continually invest in our asset base in order to ensure our gateways are open, safe and secure. Our commitment to the Island is to continue to develop our facilities, services and products for the benefit of residents, visitors and businesses. This will primarily be achieved through continuing to protect and grow the Island's vital transport connectivity, developing our assets and pursuing projects to increase our income.

We ensure our activities are performed with the optimal safety and security standards, which are routinely independently audited by competent authorities. We continue to improve our operational resilience, which is crucial for the Island's sole gateways to maintain our important transport links. Finally, we provide essential public services such as support for our Coastguard service and custodianship of the Island's Historic Harbours. All of these activities are funded from the commercial profits of our operations and without recourse to the taxpayer.

Enhance Jersey

TO DEVELOP OUR FACILITIES, SERVICES & CONNECTIVITY WITH AN AIM OF ENSURING OPEN, SAFE & SECURE OPERATIONS; DELIGHTING OUR CUSTOMERS; RAISING STANDARDS AND SAFEGUARDING OUR ASSETS.



42
ROUTES ACROSS
THE UK & EUROPE



£350k
CONTRIBUTED TO
BARCLAYS JERSEY
BOAT SHOW



£580k
CONTRIBUTED TO
JERSEY INTERNATIONAL
AIR DISPLAY



ANSP
CERTIFICATION



1ST OPERATIONAL
REMOTE TOWER IN
THE BRITISH ISLES



MARINA & AIRFIELD
AWARDS

Core Business

TO GROW CORE BUSINESS VOLUMES SUSTAINABLY AND PROFITABILITY THROUGH DEVELOPING OUR ASSET BASE, IDENTIFYING NEW OPPORTUNITIES AND WORKING WITH THE RIGHT PARTNERS.



NEW ROUTES
EDINBURGH, LUTON
& VIENNA



SECURE NEW
CONTRACTS WITH
BA & EASYJET



NEW RUNWAY
SURFACE STRATEGY



INSOURCED
ENGINEERING,
SECURITY & PROJECT
MANAGEMENT



NEGOTIATED
CICA UNTIL 2024



NEW CONCESSION
AGREEMENTS WITH
IMPROVED RETURNS

People & Capability

DEVELOP THE ORGANISATION, WORKPLACE & CULTURE: ENSURING OUR TALENTED PEOPLE HAVE OPPORTUNITY TO DEVELOP IN A GREAT, VIBRANT ENVIRONMENT.



AWARD WINNING
REWARD INITIATIVE



AWARD WINNING
EMPLOYEE ENGAGEMENT INITIATIVE



LEAN METHODOLOGY
SAVED OVER
£1M



INTEGRATED
ENGINEERING,
SECURITY & PROJECT
MANAGEMENT



SUCCESSFUL
REWARD STRUCTURE &
SALARY NEGOTIATIONS



OFFICE 365
INTRODUCED ACROSS
BUSINESS

New Business

TO DELIVER A NEW PIPELINE OF OPPORTUNITIES FOR NEW BUSINESS - GROWING OUR REVENUES AND DEVELOPING OUR CAPABILITY AND PARTNERS



NEW COMMERCIAL
TEAM TO DEVELOP
OPPORTUNITIES



NEW PRICING
REGIME FOR
AVIATION FUEL



DIVERSIFIED
INCOME STREAM
IN UK & EUROPE



TRANSFERRED
FROM GOVERNMENT
& GROWN



NEW FACILITY &
OPERATING PARTNER
AT ELIZABETH
TERMINAL



PLANNING
APPROVED FOR
HANGARS



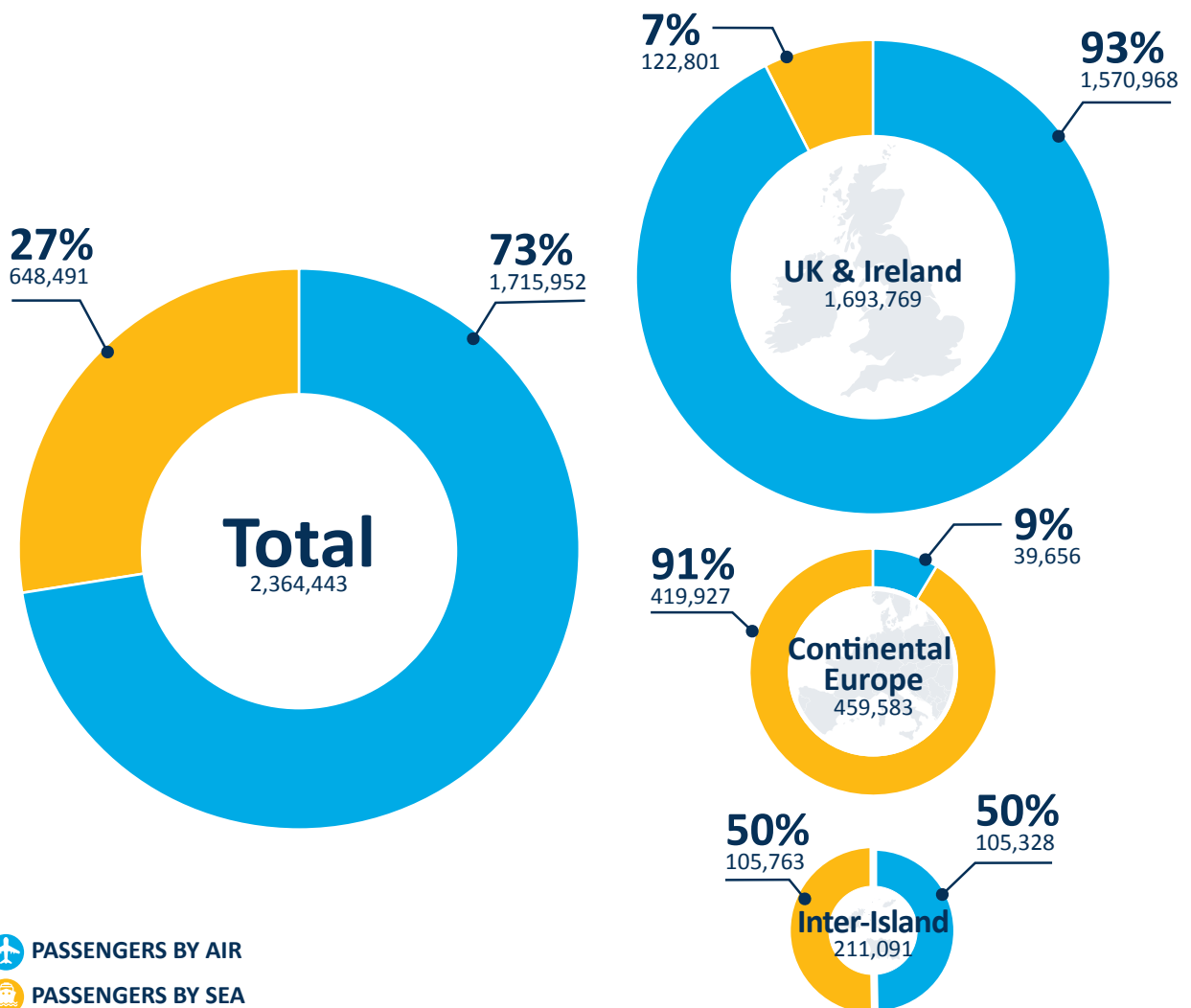
Keeping Jersey Connected

2.36 million passengers travelled through our combined air and sea gateways in 2019.

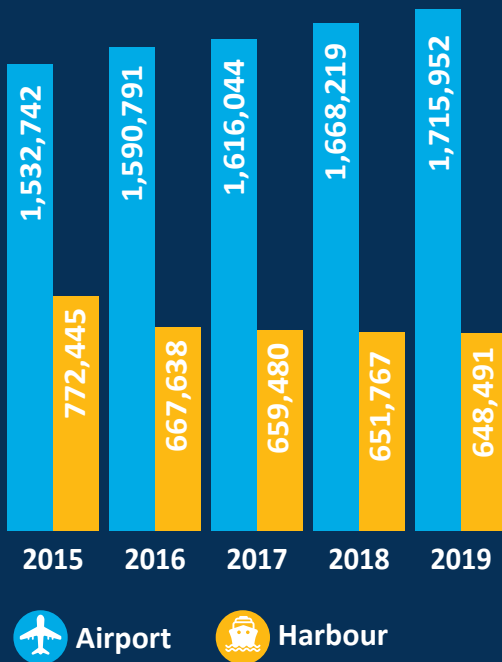
73% - nearly 1.72m - of our passengers chose to travel by air, with 91% of these travelling to and from the United Kingdom.

At the harbour, 65% of passengers were connecting to and from France, with the remainder linking to the UK, Channel Islands, or visiting cruise ships. Visiting cruise business was one of our best years, with 43% increase over 2018.

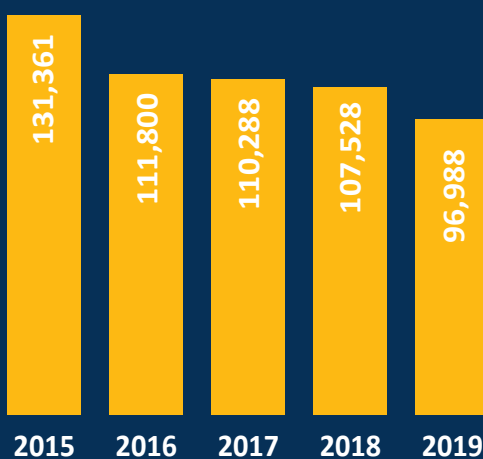
Passenger movements



Passenger numbers



Vehicle traffic numbers



Jersey Airport

2019 was the busiest year since 1995, with nearly 1.72m passengers travelling through the airport. This was an increase of 47,733 over 2018, equating to 2.9% uplift.

Strong growth was achieved on routes such as London Gatwick, Guernsey, Manchester, Liverpool, Southend, London Luton, Edinburgh, Munich, Bristol, Newquay and Bournemouth.

Routes that saw some decline in traffic included Southampton, Birmingham, East Midlands, Glasgow, Cardiff and Doncaster.

95.5% of the market was shared between Jersey’s four largest airlines: easyJet, British Airways, Flybe and Blue Islands. During 2019 both easyJet and British Airways increased their market share showing good load factor improvements. Both Flybe and Blue Islands reduced their market share jointly by around 3%. Easyjet and British Airways both added considerable volumes in the year, with easyJet adding its ninth route, Manchester, to its Jersey network.

This now represents Jersey airport’s sixth consecutive year of growth, the longest sustained growth achieved in over 50 years.

Despite this success, elsewhere it has once again been a turbulent year for airlines, in the UK with UK regional flybmi and Thomas Cook ceasing operations in 2019. In Europe Germania, a former operator of flights to Jersey, as well as French carriers XL Airways and Aigle Azur and Iceland’s WOW air, all disappeared from our skies in 2019.

Early in 2019 it was announced that long-serving Jersey operator, Flybe had been acquired by a consortium led by Virgin Atlantic. The new shareholders, Virgin Atlantic, Cyrus Capital and Stobart Group announced that the airline would rebrand as Virgin Connect in 2020. In early 2020 it became apparent that Flybe was in financial difficulties and it unsuccessfully sought financial support from the UK Government. Faced with further Covid-19 downturn in passenger numbers across its network the airline went into administration in March 2020. Shortly afterwards its code-share partner, Blue Islands, announced its intention to increase its flights to Southampton and take up some routes previously operated by Flybe.

As noted above, we have seen strong growth on the inter-island route, with Guernsey airline Aurigny resuming services to Jersey in May, after an absence of five years. This stimulated the market and introduced competition with Blue Islands on the route. However, less than a year after launching its twice per weekday service, Aurigny announced in February 2020 that it would withdraw from the route at the end of February, leaving Flybe/Blue Islands once again as the sole operator.

Jersey's other scheduled operators, Aer Lingus Regional, Jet2.com, Loganair, Lufthansa Cityline and Eurowings all had good trading years in 2019.

Although aviation fuel prices have come down from a recent high point in late 2018, they stabilised in 2019, albeit at still relatively high levels by recent standards.

The aviation sector has also come under scrutiny from environment campaigners, with increasing concern about climate change. However, with BA's announcement in January 2020 that from 2020 onwards, all UK (including Jersey) flights would be carbon neutral, via carbon offsets – and easyJet already achieving the same on its entire network – it is reassuring to know that Jersey's two largest carriers are leading the field in this important area.

Jersey Harbours

Passenger and vehicle traffic

Jersey's passenger ferry traffic again declined for its sixth year in succession, albeit with the smallest percentage drop seen in recent years of less than 1%. Total passenger numbers were 648,491 – down 3,276. The route to St Malo remained easily the busiest for passenger traffic. For the second year running, inter-island and cruise business increased relative to 2018. Cruise achieved 43% growth since 2018, easily the strongest increase in many years.

Vehicle traffic, however, declined by around 10%, significantly more than last year's reduction, with the total number of ship arrivals once again similar to the prior year at around 2.5k.

Freight volumes

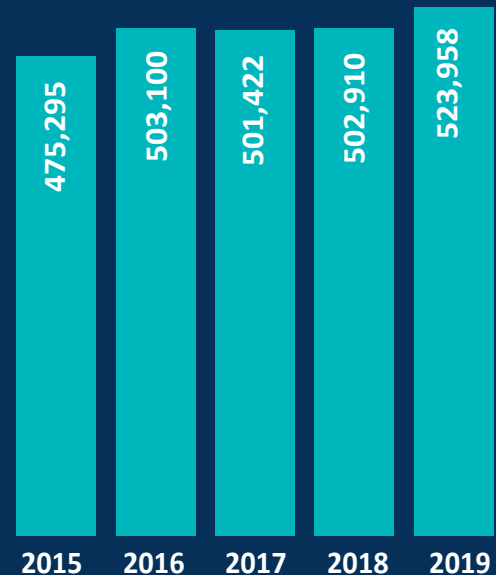
The Port of St Helier handled just shy of 524k tonnes, 4.2% more than in 2018. This is the strongest increase since 2016. As a percentage, excluding bulk fuel, imports reduced slightly, at 77% compared to 80% in 2018.

Port infrastructure was once again challenged with the shift from lift-on/lift-off (LoLo) to roll-on/roll-off (RoRo) particularly marked, with RoRo increasing from 72% to 92% of the total.

After last year's reduction in bulk fuel handled at the fuel berth, 2019 saw a 6% increase. Freight and fuel tonnage is combined for reporting as a proportion of fuel imports come in a containerised form.

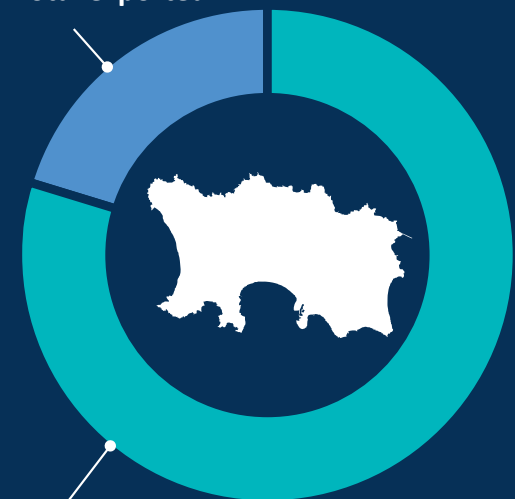
Total imports, including bulk fuel, were 418,945 tonnes and exports 105,013 tonnes.

Freight and fuel (tonnes)



Freight movement (tonnes)

105,013
Total exported



418,945
Total imported

Where we fly

SCHEDULED SERVICES

UK & CHANNEL ISLANDS

- ABERDEEN
- BELFAST INTERNATIONAL
- BIRMINGHAM
- BOURNEMOUTH ★
- BRISTOL
- CARDIFF ★
- DONCASTER SHEFFIELD ★
- EAST MIDLANDS
- EDINBURGH
- EXETER
- GLASGOW
- GUERNSEY
- HUMBERSIDE
- INVERNESS
- LEEDS BRADFORD
- LIVERPOOL
- LONDON CITY
- LONDON GATWICK

- LONDON LUTON
- LONDON SOUTHEND
- MANCHESTER
- NEWCASTLE
- NEWQUAY
- NORWICH
- SOUTHAMPTON
- TEESSIDE

EUROPE

- SØNDERBORG (DENMARK)
- DÜSSELDORF (GERMANY)
- MUNICH (GERMANY)
- STUTTGART (GERMANY)
- DUBLIN (IRELAND)
- GENEVA (SWITZERLAND)

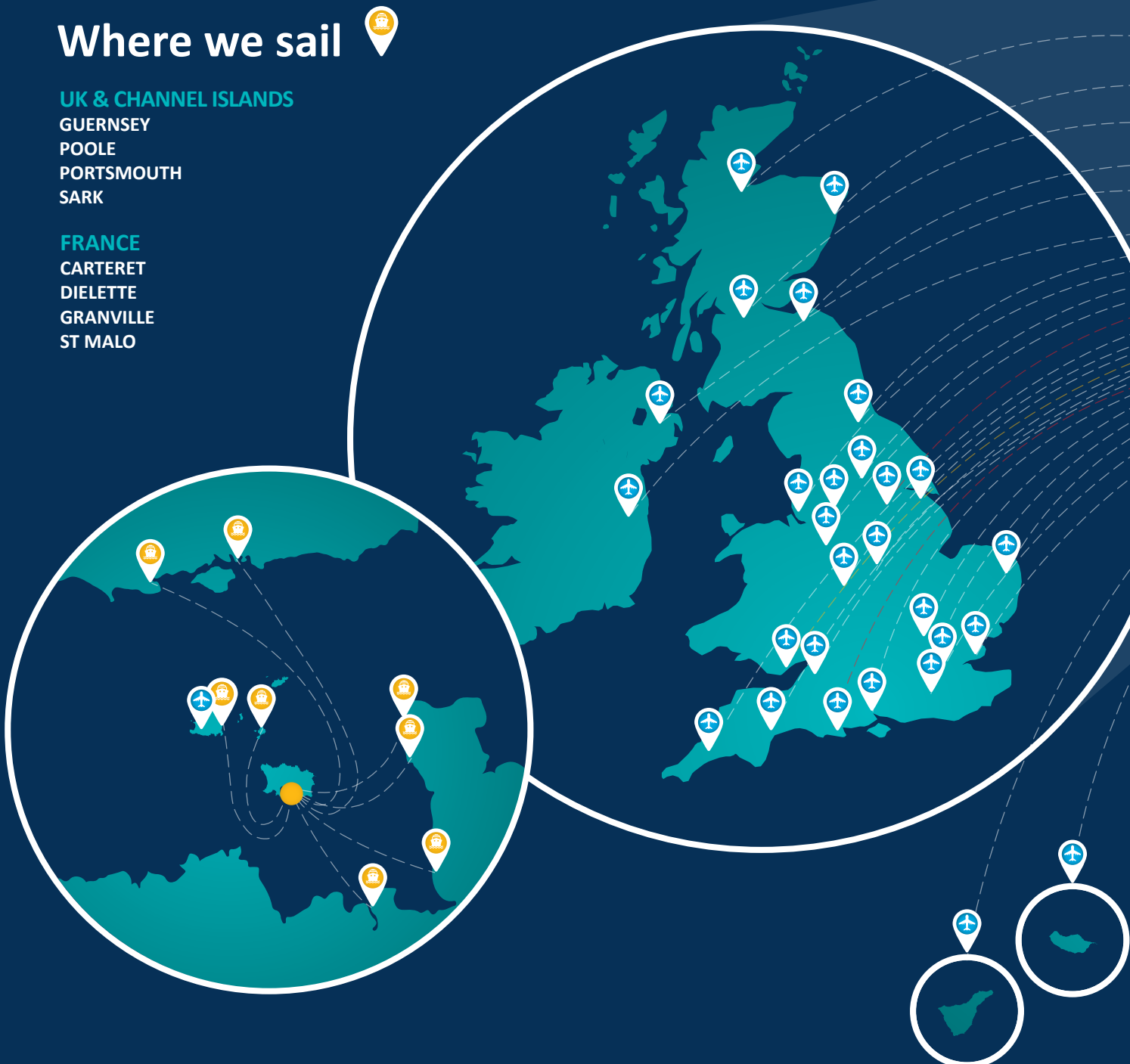
Where we sail

UK & CHANNEL ISLANDS

- GUERNSEY
- POOLE
- PORTSMOUTH
- SARK

FRANCE

- CARTERET
- DIELETTE
- GRANVILLE
- ST MALO



- ★ ROUTE DISCONTINUED FROM MARCH 2020
- ★ ROUTE NOT OPERATED FOR 2020

CHARTER SERVICES

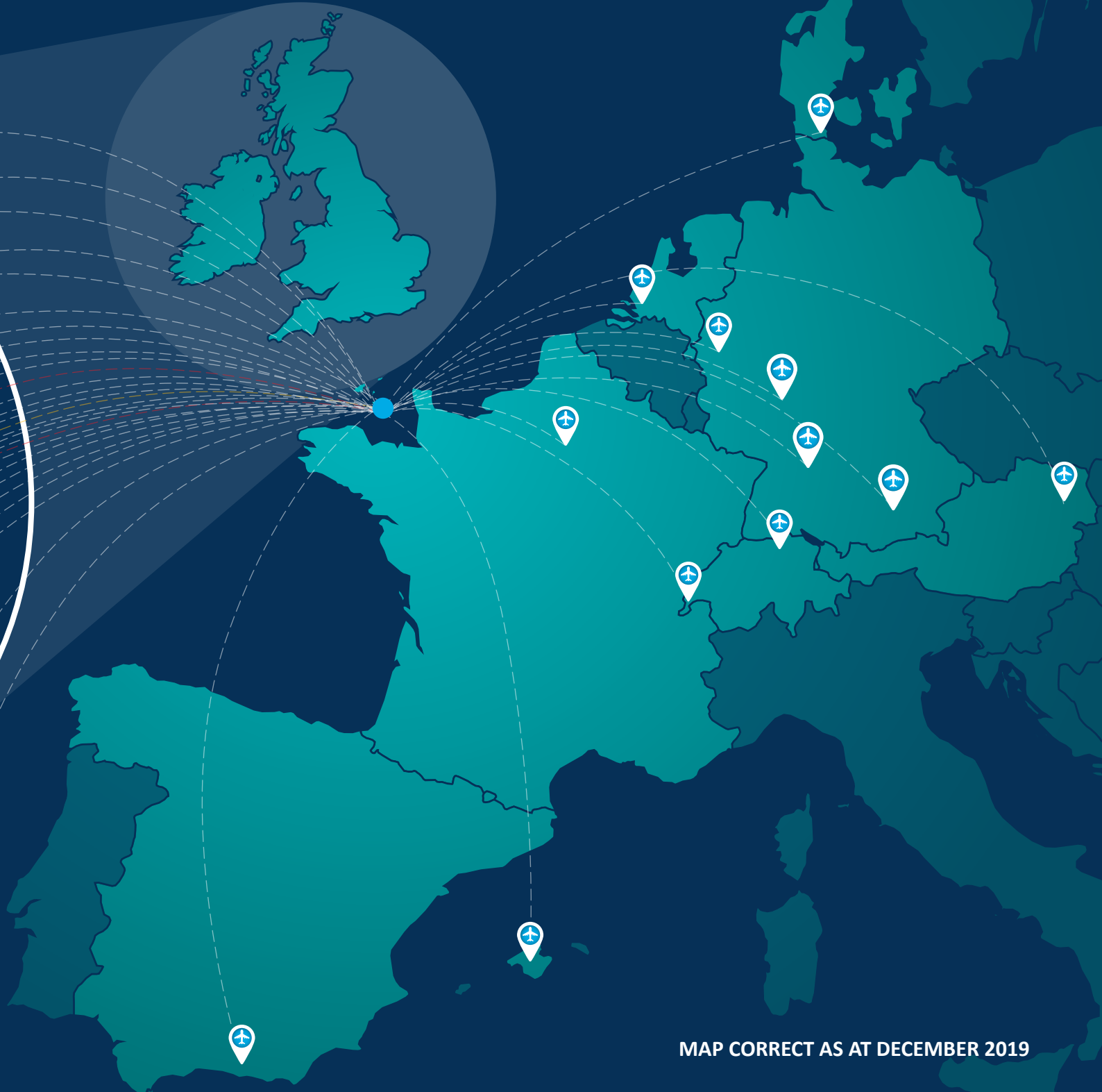
REGULAR

VIENNA (AUSTRIA)
GUERNSEY (CHANNEL ISLANDS)
PARIS CHARLES DE GAULLE (FRANCE)
FRANKFURT (GERMANY)
FUNCHAL (MADEIRA)
MALAGA (SPAIN)

PALMA DE MALLORCA
(SPAIN, BALEARIC ISLANDS)
TENERIFE SOUTH
(SPAIN, CANARY ISLANDS)
GENEVA (SWITZERLAND)
ZURICH (SWITZERLAND)

AD HOC

WE FLEW 21 AD HOC CHARTER
ROUTES IN 2019



Financial Review



In 2019 we grew profits by a further 3%, building confidence in our ability to finance the substantial infrastructure investment required to support sustainable growth in the economy of Jersey.

Our audited financial statements for the year ended 31 December 2019 show a healthy uplift in Turnover of 2.2% to £48.7m. We delivered a 3.0% increase in EBITDA (Earnings before interest, tax, depreciation and amortisation) to £12.4m and managed increases in Operating costs to below the prevailing rate of inflation.

EBITDA is internationally recognised as a measurement of profit; being an indicator of the capability to fund investment from current cashflows. It is therefore particularly relevant for an infrastructure business such as PoJL which is tasked with funding a substantial long-term capital investment programme without recourse to GoJ, the Shareholder.

Comparative financial performance

	Year ended 31 December 2018	Year ended 31 December 2019
	£'000	£'000
Turnover	47,620	48,667
Operating Costs (excluding depreciation)	(35,568)	(36,255)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	12,052	12,412
Operating cash flow from operating activities	11,040	10,140

Turnover

POJL (£'000)			
2018	2019	Variance	%
47,620	48,667	1,047	2.2%

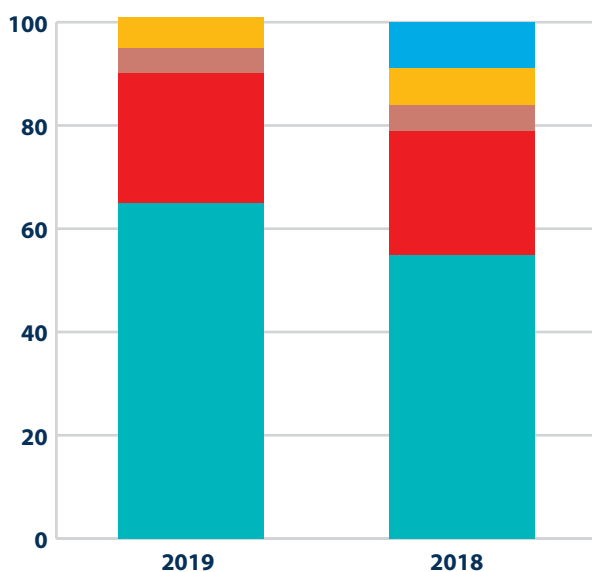
Airport (£'000)			
2018	2019	Variance	%
31,018	31,321	303	1.0%

Harbour (£'000)			
2018	2019	Variance	%
16,602	17,346	744	4.5%

At the Airport overall turnover grew modestly by 1.0%. Passenger numbers increased by 3% in 2019 however the associated yield per passenger has fallen compared to 2018. Volume driven gains have also been offset by a reduction in airport 'out of hours' extension fees, lower income from concessions, and the transfer of radio communication support services back to the Government of Jersey.

Turnover at the Harbour has grown by a more substantial 4.5%. A further small decline in passenger numbers was more than offset by improved freight and fuel volumes, and the success that the Marine Services team had in earning revenue from off-island charter work.

Since incorporation we have been unable through regulation to maintain prices in real terms. Through working closely with the regulator (Jersey Competition Regulatory Authority) and following an extensive process of public consultation, a long term pricing framework is now in place that will allow price increases of up to JRPI +1% to be applied for a 5-year period from 2020.



- Utilities
- Staff Costs
- Security Costs
- Airport Operations
- Corporate
- Security
- Harbour Operations
- Engineering
- Passenger Services

Operating expenditure

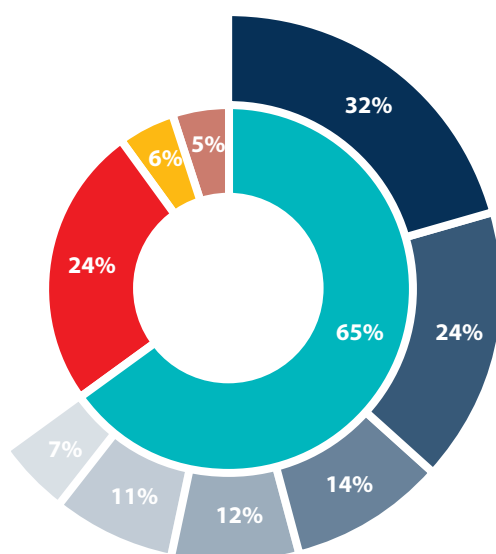
POJL (£'000)			
2018	2019	Variance	%
(35,568)	(36,255)	(687)	(1.9%)

Airport (£'000)			
2018	2019	Variance	%
(22,919)	(23,418)	(499)	(2.2%)

Harbour (£'000)			
2018	2019	Variance	%
(12,649)	(12,837)	(188)	(1.5%)

Cost increases across the airport and harbour business have been held to 1.9% which is below the prevailing rate of inflation and less than the pay increase awarded to our staff. PoJL has been able to manage its cost base in this way by continuing its commitment to delivering operational efficiencies. A significant addition to operational costs during the year was through being able to provide off-island charter work. However, this was more than compensated for by income subsequently invoiced to clients.

The most notable development impacting the composition of the PoJL cost base in 2019 has been the insourcing of security staff at the beginning of the financial year. This decision has increased the proportion of staff costs directly incurred by PoJL, however this has facilitated greater control over the deployment of security resources between the airport and harbour sites. This has provided enhanced assurance of compliance with prevailing regulations whilst at the same time as improving the level of customer service PoJL provides to the travelling public.



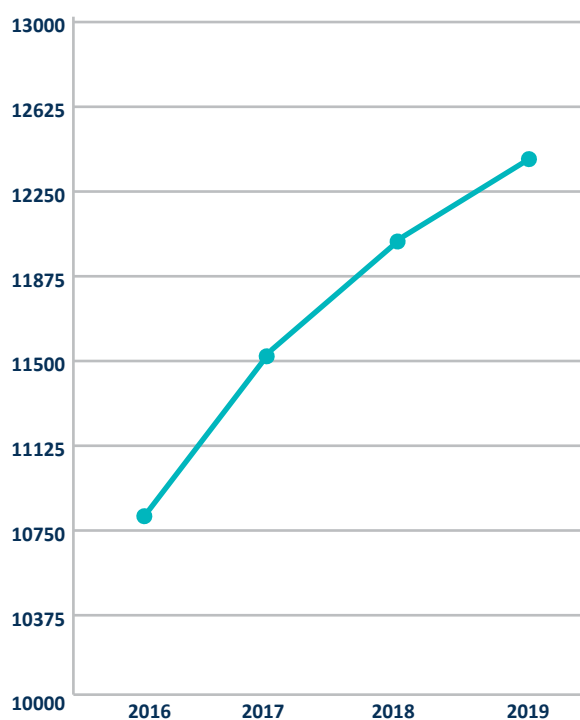
EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation)

POJL (£'000)			
2018	2019	Variance	%
12,052	12,412	360	3.0%

Airport (£'000)			
2018	2019	Variance	%
8,099	7,902	(197)	(2.4%)

Harbour (£'000)			
2018	2019	Variance	%
3,953	4,510	557	14.1%

Total EBITDA has improved by 3.0% due to an increase in airport passenger numbers, harbour fuel and freight volumes, and the continued growth in off island charter work for Marine Services. Despite an uplift in volumes, an inability to apply price increases to regulated income has constrained the performance of the business. This has been mitigated by our success in managing overall cost increases to a level below inflation during the year which has resulted in us being able to continue to grow EBITDA on an incremental basis since incorporation.



The mix in profitability has changed, with the reduction in profit at the Airport reflecting the pressure on yields from aviation revenue streams and a decrease in charges from 'out of hours' extension fees.

Other Profit Improvements

Beyond EBITDA, the Income Statement recognises a number of other items included in the Profit before Tax of £7.1m. Some of these items can introduce volatility in published results and as such are separately shown in accordance with applicable accounting standards.

Depreciation has increased for the year due to accelerated depreciation applied to assets which will be replaced as part of the Future Airport Project and additional infrastructure that has been capitalised during the year.

By continuing to closely manage cash balances, PoJL has also achieved improved returns from bank interest and investments.

Taxation

Upon incorporation, the Company was designated a utility company pursuant to Article 123C of the Income Tax (Jersey) Law 1961 and is therefore liable to Jersey income tax at the rate of 20% on its trading income. Jersey rental income is also taxed at 20%.

The tax charge for 2019 is £1.8m, made up of current tax charges and release of a deferred tax asset that was set up at incorporation arising from the settlement of its pre-1987 debt to the Public Employees Contributory Retirement Scheme (PECRS).

Cashflow

During 2019 the Company's operations generated £10.1m in operating cashflow (2018: £11.1m). We have been successful in the proactive management of trade debtors however cash inflow from operating activities were negatively impacted by the insourcing of supplier payments from GoJ. This reflects the incremental separation of PoJL from GoJ and which effectively decreased credit terms by 30 days for PoJL whilst having an offsetting (positive) effect for GoJ.

Operating cashflows funded a £7.2m investment during the year in operational fixed assets and investment property assets. This level of investment was below the long-term trend expected to encompass significant capital investment programmes such as our Airport Integrated Terminal redevelopment and projects around the harbour. This is reflective of the nature of an infrastructure intensive business where it is necessary to manage periods of very high levels of capital expenditure which are interspersed with years of more modest investment.

After financing activities and these investment costs, we increased our cash balance by £3.5m to £33.1m. We also hold £5.9m in money market investments. This will contribute in the near term to the Integrated Terminal project as well as the major funding gap on future capital expenditure identified by GoJ prior to incorporation.

Capital Expenditure

The principal items of capital expenditure during the year were:

Cash Flow in Period	£'000
Elizabeth Terminal/Shipyard Restaurant	2,036
Airport Masterplan	1,393
Taxiway Bravo	771
Apron Works	687
Airport Projects <£500K	1,135
Harbour Project <£500K	534
Corporate Projects <£500k	650
	7,206

Property, plant and equipment assets

At 31 December 2019, the Company held tangible fixed assets with a net book value of £73.8m (2018: £72.5m). Of this amount £6.7m was in respect of assets in the course of construction at the year end.

Having evaluated the pricing decision by JCRA, enabling PoJL to apply price increases for our regulated income streams from 2020 onwards, there has been no need to impair these assets in 2019.

Investment Property

At 31 December 2019, the Company held investment properties with a net book value of £58.4m, including carparks and the airport fuel farm. The portfolio was revalued internally by a RICS qualified chartered surveyor at the end of 2019 based upon an assessment of passing rents and prevailing market conditions and the fair value was decreased by a small amount as a result.

Debt Financing

The Company was not party to any debt financing at December 2019. Any material borrowing by the Company requires the consent of the Minister for Treasury & Resources ('the Minister') pursuant to the Memorandum of Understanding between the Minister and the Company dated October 2015. In accordance with that Memorandum of Understanding, the Minister during 2019 approved that PoJL may enter into debt facilities up to £40m to be utilised to support our future investment programme and to maintain liquidity.

Pension

The Company continues to participate in the Government sponsored Public Employee's Contributory Retirement Scheme (PECRS) and the Public Employees Pension Scheme (PEPS). In addition, during 2019 PoJL established a Defined Contribution scheme which has already been made available to a number of employees.

During 2019 the Company contributed £2.1m to these schemes.



Andrew Boustouler
Chief Financial Officer
01 May 2020



Corporate Social Responsibility

Our Island, Our Ports, Our Responsibility

At Ports of Jersey we go beyond providing lifeline services of moving people and freight in and out of the Island. Corporate social responsibility (CSR) plays an important role in many aspects of our activities. As a major business in the Channel Islands, we have a high-profile position and continue to demonstrate our commitment to making a positive difference to Island life by supporting many charitable and community related projects. We actively encourage our staff to engage and participate in local events and initiatives as well as support charity activities, particularly those of our chosen partners who provide valuable services to islanders at the time when they most need them.

Charitable Activities

Our approach has always been for the designated charities to be chosen by our own staff and 2019 saw the start of new 2-year partnership agreements with the following:



Beresford Street Kitchen / Aspire

A social enterprise providing training and employment for people with learning disabilities and autism.



Caring Cooks of Jersey

Empowering local children and young people to grow, cook and eat healthy food in childhood and beyond.



Healing Waves

Enabling individuals living with conditions and/or disabilities both neurological and physical, to access the sea in a safe way to participate in water sport activities and experience the therapeutic benefits of the sea.



Jersey Alzheimer's Association

Seeking to raise awareness and improve understanding of dementia throughout Jersey. By providing information and advice this charity seeks to support anybody affected by dementia in whatever way.

“
Ports of Jersey has been a truly inspirational company to work with. The support they have given us throughout the year, especially for The Runway Run, was humbling. Their efforts are reflected through the amazing amount of money raised.

On behalf of everyone at BSK we are truly grateful to Ports of Jersey for their support and look forward to another fantastic year working with them. ”

– Georgie Dodd, Fundraising Manager
Beresford Street Kitchen/Aspire

In early 2019 we met with representatives from each of the selected charities to agree how best we could support them over the 2-years in terms of promotion, volunteering and fundraising. We make a commitment to match any funds they themselves raise through activities taking place on our premises and we do the same for any funds raised by our own people.

Highlights of our efforts during the year included sponsorship of the Beresford Street Kitchen’s Golf Day as well as a ‘Splash Out’ event jointly organised by Healing Waves and Beresford Street Kitchen, which took place at the Watersplash Beachside Centre.

One of the most popular fund-raising events continues to be our ‘Runway Run’, which, as the name suggests, is a unique opportunity for a charity to set up an event on the runway at Jersey Airport, which proved to be hugely successful for two of our partners, attracting generous donations from participants. Similarly, one of our more ‘quirky’ events of the year saw 50 classic and vintage tractors escorted in convoy around the airfield perimeter organised by the Airport Rescue and Fire Fighting (ARFFS) crew in partnership with the Jersey Classic Vehicle Club, with monies raised benefitting Jersey Hospice Care and Healing Waves.

We continued our tradition of colourful and wacky fundraising efforts for ‘Children in Need’, raising in excess of £5,000. Our baking skills were put to the test in the inaugural Island-wide ‘Big Bake’ challenge, which along with nine other local high-profile businesses helped to raise £16,000 for Jersey Cheshire Homes.

In 2019, over £42,000 was raised by our efforts for many charitable causes, almost £30,000 of which was raised specifically for our 4 chosen charities.

“

All of us at Healing Waves are so grateful that Ports of Jersey chose Healing Waves as one of the four charities to support for 2019 and 2020. This means a lot to us as it shows that the people at Ports care about what we are doing as a charity.

Being able to hold the simulator days up in the airport departure terminal allows us to keep the charity in the minds of the general public and tourists alike. We have had strong interest and met new athletes on the back of these events, so as well as the money raised on these days, new families have since accessed and benefited from our services and that's what it's all about. ”

– The Team
The Healing Waves



Beresford Street Kitchen.



Charity Cheque Presentation.



I would like to express my sincere thanks on behalf of everyone involved with the event for Ports of Jersey's generous sponsorship of the Youth Hackathon. We had around 30 youngsters take part, and they all seemed to thoroughly enjoy the event.

With the theme of the event this year being 'Going Places', it gave the event a very joined-up feel to have you on board with travel-based prizes, Ports branding and one of your senior managers on the judging panel.

Thank you again, it really was a pleasure to have your involvement in the event this year. ””

– Jason Wyatt, Organiser
Jersey Hackathon

Working with Jersey's future generation

PoJL remains committed to supporting the Island's young people and encouraging future careers in aviation and maritime roles.

Through both our fun/educational visits to the airport and harbours as well as our safety awareness programmes, we engaged with almost 5,000 Jersey young people in 2019.

Jersey Coastguard

In 2019 Jersey Coastguard engaged with just over 4,500 local primary and secondary school pupils with its sea and beach safety presentations.

Being an island with such a diverse and unique coastline our school education programme aims to give the best possible advice to school children to help keep them safe while carrying out different activities available on Jersey's beaches, coast and at sea. While the information it provides is predominantly aimed at children it also applies to anyone heading to the coast and is delivered in a fun and interactive way.

Airport Rescue and Fire Fighting Service (ARFFS)

Crew members from across ARFFS facilitate regular on-site visits from local schools, nurseries, youth and charity associations, including Jersey Childcare Trust, Sea, Air and Fire cadets, as well as Prince's Trust. Over and above a fun and informative 'behind the scenes' look at airport life it also provides an opportunity to promote fire awareness and safety issues to this young audience.

Community Initiatives

We have a prominent role in the lives of islanders, so strive to make a positive difference to the local community through investment and support of prominent events, local social projects and volunteering. In 2019 we helped financially support events including Super League Triathlon, Jersey Marathon, Tour des Ports, Jersey Festival of Words, Go Wild Gorillas and Jersey Battle of Flowers.

“

Ports of Jersey Engineering helped JSPCA to remove a rather tired looking shed and replace it with a new one obtained from one of its staff members raising money through sponsored events.

The team carried out the ground works, levelling off the area then building a shutter in readiness for the arrival of the concrete. When this arrived, all the team were there with their wheelbarrows doing shuttle runs from the front of reception around the side of the building to create the base.

It's great to see the team supporting such a fantastic charity. ”

*– Andy Forskitt, Group Engineering
Maintenance Supervisor
Ports of Jersey*



Fund raising for Jersey Alzheimer's.



PoJL Big Bake Team for Jersey Cheshire Homes.

“
Sea Cadets Jersey has been extremely fortunate as a team of Ports of Jersey volunteers carried out the exterior refurbishment of their Boat Maintenance Facility, which was executed to a high professional standard by technician and tradesman volunteers. The building is used to maintain the Unit’s varied fleet of craft, and the PoJL team has helped to ensure that the building remains weathertight, which will allow this essential maintenance work to continue.”

– Capt. Brian Nibbs, President
TS Jersey



Educational visit to the Coastguard.



Educational visit about Duke of Normandy vessel.

Employee Health and Wellbeing

Our people are a great asset and underpin everything we do in the business. We aim to provide them with a positive working environment and offer initiatives that enable wellness and encourage them to be healthy.

By engaging with our people, we established four main areas of focus for our health and wellbeing programme:

- Improve our working environment;
- Promote an active lifestyle;
- Encourage positive healthy habits;
- Wellbeing of the family.

In 2019, we put in place a programme of twelve 'Health and Wellbeing' initiatives supporting these key areas, including stroke awareness and blood pressure checks to promote an active lifestyle; bowel cancer screening, cancer prevention, dementia and immunisation to encourage healthy habits as well as continuing the annual influenza vaccination programme; to nurture wellbeing we offered training in child accident prevention and first aid for our people and their families as well as conducting Triple P for parenting sessions in the workplace. This internationally recognised programme gives parents simple and practical strategies to help them build strong, healthy relationships, confidently manage their children's behaviour and prevent problems developing. By offering it in our workplace we make it more accessible for families.

Under the umbrella of the CSR health and wellbeing programme, in 2019 we undertook some important training towards creating and endorsing a mentally healthy workplace, where our people feel supported to overcome challenges. We offered a Blue Monday event in partnership with Jersey Recovery College, Mental Health First Aid training in partnership with MIND Jersey and Listening Training with Samaritans Jersey. 2020 will see further initiatives, which will continue our work to foster a positive and productive working environment.

Clubs and Associations

Community remains at the heart of our CSR programme. Therefore, it is vital we work with local charitable organisations, clubs and associations where we have shared goals, activities or interests. We continue to support many local clubs and associations through property sponsorship agreements, reduced or free parking, reduced or free boat berthing.

In addition, we support activities with aviation and maritime connections, by providing grants or offering resources. This has opened up diverse and exciting opportunities, which in 2019 included supporting Wetwheels, Helping Wings, Sea Cadets Jersey, Air Training Corps and Jersey Hospice.

Jersey Youth Service and Sea Cadets Jersey benefit from our community support

Both youth work agencies approached Ports of Jersey to ask for assistance in renovating their existing facilities.

Jersey Youth Service requested financial support for installing a Nautical Chart Wall in the classroom as a teaching resource at St Aubin's Fort together with assistance in refreshing and repainting walls. The facility offers a residential and sailing centre, where sailing, kayaking, and other water sports opportunities are offered to Jersey schools and youth projects, as well as holiday courses for 10 to 17-year olds.

Sea Cadets Jersey has a boat maintenance facility in St Helier. This also needed a refresh and repaint to get the building ship-shape for the unit's continuing use and to ensure their boat fleet was ready for the summer season. Sea Cadets Jersey promotes military qualities, including teamwork, respect, loyalty, self-confidence, commitment, self-discipline and honesty in young people through a programme of activities including sailing, windsurfing and powerboating.

Recognising the education benefits of these associations, not only did we support their requests but also provided volunteers to help them 'DIY SOS' style, allowing our people the chance to spend a day or two away from their usual working roles in a productive and interesting way.

At PoJL we strongly believe youth groups and associations are important for providing a valuable pipeline of interest into the maritime and aviation sectors, creating our customers and employees of the future, as well as providing important training and education and. We were proud to support these vibrant and worthwhile causes.

In summary, we are a business that takes an interest in the wider social issues here in the Island. Our CSR programme has come a long way since we started it in 2015, it allows us as a business to make a further positive impact within our community while empowering and encouraging our own staff.



Environmental Report

We aim to reduce the impact of PoJL operations and activities, at both the Airport and Harbours, to safeguard a sustainable local environment for future generations.

Safeguard biodiversity, landscape & built heritage

To safeguard the built heritage which has been entrusted to PoJL in the form of the historic harbours; assets and infrastructure are maintained by Group Engineering and managed by the Property Department. In 2019 this included improvements to the granite jetty at L'Étac and starting a new initiative to clean up the harbour estate.

We put our passengers' safety at the forefront of everything we do and in order to ensure safe operations we must manage our airfield and harbour environments carefully. At the airport this can mean controlling rabbit populations and keeping birds that are a hazard to operations, off the airfield and away from aircraft. At the harbour we lay moorings which impact the seabed, as well as clean slip ways and steps which introduce fluids not naturally present in the marine environment. In addition to this it is possible we may have to clear land to make way for infrastructure which can impact the surrounding ecosystem. To offset any impact, we commit to manage these activities carefully and enhance ecosystems and species where passenger safety is not compromised.

Examples of where we are promoting ecosystems is our continued partnership with local ecologists and the GoJ Environment Department on a project to enhance the Jubilee grasslands with the aim of increasing the population of slow worms, a species which is in decline due to farming and development.

Reduce energy use

Our aim is to reduce the volume of energy we use and in order to do this we have been looking at more energy efficient processes. This has included replacing plant and infrastructure where we used fossil fuels inefficiently with clean electric or other sustainable alternatives, or simply using energy better.

For example, in 2019 we replaced the lighting along the west berth wall of Elizabeth Harbour, not only did we reduce the number of fittings, but we used energy efficient LED lamps instead of the existing sodium lamps. We also adjusted the security lighting on New North Quay to a lower intensity overnight.

Another significant reduction in energy usage in 2019 was achieved by the replacement of the main light in Corbiere lighthouse with energy efficient fittings and removing hazardous mercury from public areas.

In 2020 we will continue our endeavours and plan to replace the gas-powered hot water systems in the Elizabeth and La Collette Marina facilities with electric and replace further harbour lighting with low energy LED fittings.

Manage the impact of noise

We have continued applying strict controls in our local airspace and encourage quieter, cleaner aircraft. Once on the ground we ask airlines to use single engines for taxiing wherever possible, which also reduces emissions, and once parked on stand to use fixed electrical ground power supplied from the terminal rather than stand-alone auxiliary power units that burn fuel and are noisy.

Reduce, reuse, recycle

Several projects will take place in 2020 and in order to reduce the amount of waste the projects will produce, careful planning has been undertaken to reuse as much as possible. For example, due to the enhanced aviation security requirements the airport hold baggage system needs to be upgraded and the X-Ray machines replaced, the design has been undertaken to reuse as much of the existing conveyor equipment as possible. Also, walkways, gantry, handrails etc. will be constructed from material removed from the existing layout.

In 2020 PoJL will take ownership of waste management around the harbour, marinas and historic harbours. This will allow us to fully understand the types of waste being produced and the journey it takes and where it ends up, this will allow us to come up with a strategy to reduce, reuse and/or recycle even more of our waste.

Reduce transport

To continue our reduction in dependency on cars and other motor vehicles the Group Engineering team have purchased two heavy duty electric bikes capable of carrying our tradesmen along with their tools around St Helier harbour and marinas.

In 2020 we will undertake a full review of our vehicle fleet to understand its usage and options for replacing with a more sustainable fleet, be it electric, hybrid or other technology.

Improve air quality

Work continues to measure the emissions from shipping in inland waters. The work to replace the Elizabeth terminal oil fired boilers has been completed and as mentioned elsewhere in the report replacements for the marina and airport boilers will follow.

Analysis of our current vehicle fleet in 2020 should also influence air quality as vehicles start to be replaced with cleaner variants.

Protect water quality and natural resources

De-icing fluids are vital for airport operations in cold weather. Aircraft, the runway and other aircraft manoeuvring areas, along with passenger walkways all need to be ice free. These products are captured and passed through the Airport aeration ponds and reed beds to biodegrade prior to release into local water courses.

However, this is a long process and we only have limited capacity to hold contaminants on-site. Work has started, and will continue in 2020, so that by winter 2020/21 we are using newer, more advanced products that will biodegrade much quicker and allow us to pass the contaminated water through our treatment system in a much better way.

Future Airport project

2020 will see major works being undertaken at the Airport as the Future Airport project gets underway. One of the key drivers for this project is sustainability and environmental protection.

For example, all equipment being removed from the current arrivals building has been catalogued to see where it can be reused within the new project or kept for spares for other assets rather than disposing of them.

As part of the works on the roof of the new combined terminal rainwater will be harvested and stored for use in flushing WCs etc. rather than using treated domestic water as is currently the case.

The current oil-fired heating system is being replaced with an electrical one to reduce emissions.

Photo-Voltaic panels will be used on the roof to generate electricity from the sun, a further reduction in our energy usage.

Finally, all lighting, electrical equipment etc. being installed will be up to date energy efficient varieties to again further reduce energy usage.

What next?

A lot has been achieved in recent years to improve the way PoJL interacts with our environment and to reduce our impact on it, but this is only the start.

A lot of the initiatives mentioned above, particularly those in the Future Airport project, if successful can be rolled out across future projects, in the harbour masterplan for example.

Work is also planned to see what can be done to retrofit some of these initiatives to existing buildings, photo-voltaic panels on the airport cargo centre roof for example.

As we move into the next decade PoJL aims to be at the forefront of sustainable development benefitting not only our island but doing our bit to preserve the planet.



Community Events

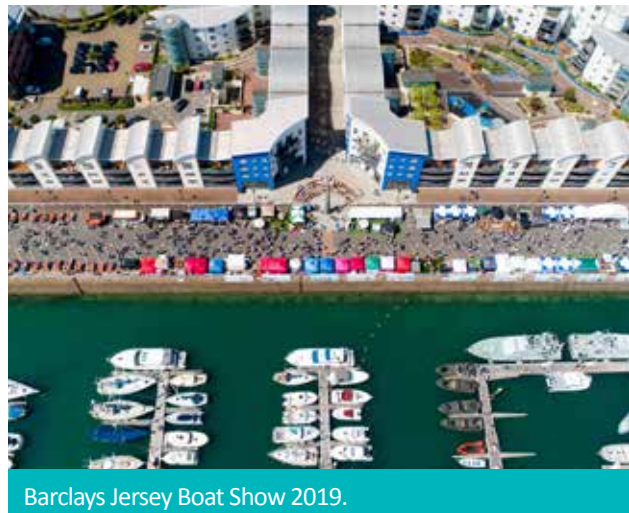
The Barclays Jersey Boat Show and Jersey International Air Display are two of the Island's most popular events, that delight visitors every year.

Barclays Jersey Boat Show

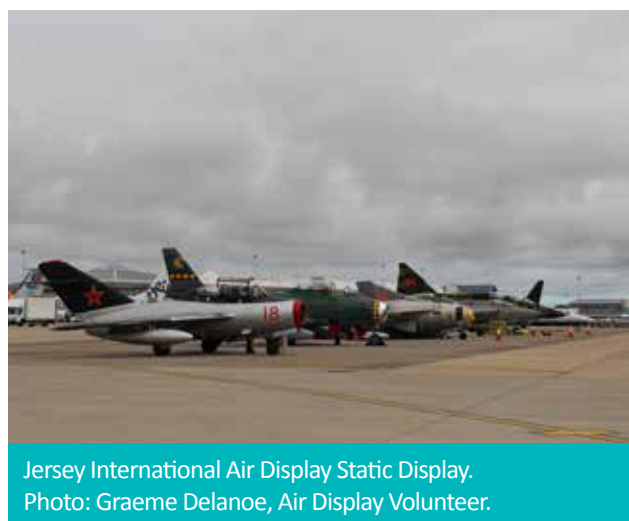
The annual Barclays Jersey Boat Show took place in and around St Helier Marina and adjacent Weighbridge Place and Marina Gardens between Saturday 04 and Monday 06 May 2019.

First staged in 2008 as an opportunity to showcase Jersey's marine leisure industry to a wider audience the event continues to grow in both size and reputation. Regularly attracting in excess of 30,000 visitors over the three days the show remains the largest free-entry event in the Channel Islands. While the essence of the show remains firmly focused on maritime based activities its continuing success has been helped by the participation of many other local and visiting individuals and businesses promoting their lifestyle products. The event attracts an increasing number of visitors to share and discover the Island's maritime culture as well as creating a community spirit.

The event is organised by PoJL with the operational support of local specialists, 3D Events. The event, which receives no financial investment from the Government of Jersey, is funded entirely by sponsorship, revenue from exhibitor fees and investment by PoJL. This financial commitment from Barclays along with additional financial sponsorship from other commercial partners ensures the show can remain a free-entry event, something that PoJL has strived to offer since it was first staged in 2008. Having celebrated its 10th anniversary in 2019, title sponsor Barclays cemented its commitment to the event with a further 3-year sponsorship deal.



Barclays Jersey Boat Show 2019.



Jersey International Air Display Static Display.
Photo: Graeme Delanoe, Air Display Volunteer.

Jersey International Air Display

The Jersey International Air Display remains one of the Island's most popular and attended events, delighting visitors and residents alike since 1952.

The 2019 event took place over three days between Wednesday 11 September and Friday 13 September; with the main public display of aircraft taking place on the afternoon of Thursday 12 September. It is inevitable that with an aviation event of this scale, Jersey Airport plays an increasingly active part in helping to stage it, through the use of its facilities and technology together with the skills of its aviation personnel. This is often performed on a voluntary basis with many hours of people's time given throughout the year.

The formal business arrangements between Government of Jersey and PoJL for the air display continued in 2019 and through this we continue to take on a greater level of responsibility for the overall organization, governance and sponsorship/promotion of the event, all whilst working alongside the event organisers, following set criteria of who is undertaking which task.

Each year an agreed annual budget for the air display is set in advance for all parties to work within along with all of the business and event plans, permissions and approvals required for an aviation event of this scale to take place. Post-event reports are compiled, including financials and submitted to Economic Development, Tourism, Sport and Culture prior to any monies being released and future grants approved.

£95k
Barclays Jersey
Boat Show



£230k
Jersey International
Air Display



APPROX. **38,000**
VISITORS (OVER 3 DAYS)



APPROX. **17,000**
AIR DISPLAY SPECTATORS

Risk Management Statement

The Company's approach to risk is defined in its risk management policy, which outlines the roles and responsibilities for the identification, evaluation and management of risks throughout the business.

The primary feature of our risk management process is the use of agreed, defined matrices, which allow a business wide systematic approach to the evaluation, scoring and escalation of identified risks. This provides the Board and Risk Committee with assurance that they may compare all assessed risks, knowing that they have been evaluated against the same set of perspectives and associated severity ratings.

Set out below are the principal risks to the organisation and the mitigation measures to manage them, which are either in place or planned. This list is not exhaustive and is not set out in any order of priority.

The Committee has identified the following six spheres or categories of risk as the main ones faced by the company, together with principal mitigations as described.

1. Operational Safety and Resilience

The Company's primary statutory object is to provide, or ensure the provision of, safe, secure and efficient port operations for Jersey.

All key operational areas are audited regularly in order to meet this objective, both through internal analysis and external inspection, and to ensure continual compliance with all regulatory and safety requirements imposed upon the Company by various regulators and agencies in the UK, the EU and the Channel Islands. Please see the Compliance and Assurance Statement on page 51.

There is a separate regulatory compliance team, independent from business operations, which works with people in the latter who have specific regulatory assurance responsibilities. Detailed attention is paid to effectual incident and accident investigations and a good reporting culture for the same.

A similar system operates for all internal health and safety matters, with responsibilities defined across all business areas.

2. Business Continuity

The objective is to have zero downtime in significant maritime and aviation infrastructure, or in facilities provided by the company for passengers and freight.

In particular, as well as power-dependent critical assets being linked to back-up supplies, there is a fully operational and approved back-up facility for air traffic to manage the Channel Island airspace, and a remote digital air traffic tower contingency facility, which is the first approved for operational use in the UK. There are comprehensive planned preventative and reactive maintenance programmes at both Airport and Harbour. The company contributes significantly to Jersey-wide emergency and business continuity planning.

Capital expenditure planning includes ensuring that asset life cycles are satisfactorily captured in replacement programmes.

We have over the last two years replaced the Government provided core ICT and applications infrastructure with our own. These provide better resilience and added functionality, including the ability for employees to work remotely, either elsewhere on our estate or if necessary at locations such as from home.

3. Financial Risk

The company is dependent upon its revenues for meeting its obligations, which include a range of public service obligations such as running the Coastguard and maintaining the historic harbours. The company receives no financial support from taxpayers' funds.

There is an established financial model for all budget forecasting and monitoring income and expenditure, and the capital plan is kept under very regular review to ensure relevance, affordability and value for money in relation to business objectives.

The company seeks to work closely with its economic regulator, the Jersey Competition Regulatory Authority (JCRA), in order to aim to ensure that its regulated prices are adjusted at least in line with inflation subject to any efficiency targets.

The closest possible attention is paid to capital project governance, led by a separate project management office and with all roles in projects well defined in line with international best practice.

4. Reputational Risk

Ports of Jersey is a customer-focussed business. Over 2 million passengers pass through its gateways each year, along with every item of freight that is consumed in Jersey.

Customer satisfaction is monitored regularly, and measurable customer service standards set. This is an integral part of the company's requisite reportage to the JCRA. Relevant senior managers develop and maintain the company's relationship with major customers such as airlines, shippers and ferry operators.

Appropriately close liaison is maintained with those in the Government of Jersey who have responsibility for its shareholder function and a watch kept on policy and legislative developments that could possibly impact adversely upon the company.

5. People Risk

The company's staff are, far and away, its most precious and critical asset. Given Jersey's tight labour market, this asset needs nurturing.

Considerable attention is paid to pay, terms and conditions, training and workplace wellbeing across the business, so that these are in line with, or better, than market norms where those can be judged. Succession plans are in place for all critical areas and we currently have apprentices and trainees within three areas of the business. Training budgets are considerable and kept under regular review. Special programmes have been instituted to seek to attract, reward and retain people with particularly key skills.

6. Cyber Risk

The importance of managing this risk has been increasingly recognised and a wide range of counter measures is in place to detect and repel malicious interventions in the company's systems, however they might arise. Penetration testing and vulnerability scans are undertaken by a leading independent consultancy. Staff training has been stepped up to help avert unwitting compromise of the company's IT systems.

The Committee has established a rolling review programme with the aim of ensuring that all angles to this complex problem are covered.

Board of Directors



Mark Chown

Chairman

Appointed: November 2017

Mark Chown has extensive business experience in the private equity, leisure, property and aviation sectors. He held senior executive and non-executive positions with Flybe Group plc over 18 years, until 2014, including Deputy Chairman. During this time Flybe quadrupled in size, to become Europe's largest regional airline. Mark led the successful acquisition of BA Connect, the IPO on the London Stock Exchange and other significant corporate transactions. Mark has held non-executive director and Chairman roles in substantial businesses in the leisure, property and IT sectors.

Mark has a BA (Econ) from Manchester University and a post graduate qualification from the Manchester School of Management. He trained as a chartered accountant with what is now PWC, before moving into the private equity sector with 3i plc, prior to becoming a partner in an independent private equity firm.

During 2019 Mark chaired the Risk Committee and was a member of the Nominations, Investment and Audit Committees.



Jeff Hume

Deputy Chairman and Senior Independent Director

Appointed: January 2017

Jeff Hume was until recently the Senior Independent Director of Manx Telecom plc, an AIM listed company, and throughout 2019 was a member of the London Stock Exchange's Primary Markets Group.

He was the Deputy Chairman of the Dover Harbour Board, a major Trust Port, until December 2016 and the Senior Independent Director of the social housing association Moat Homes Ltd until September 2016. He was the Senior Independent Director and latterly the Chairman of Hyder Consulting plc (the multinational Consulting Engineer) until 2014. He was earlier an Independent Director of Heath Lambert Insurance Brokers.

In his executive career he was the Finance Director of TDG plc (Logistics), AWG plc (Anglian Water and Morrison), Alfred McAlpine plc (Housebuilding and Construction) and Howden Group plc (Mechanical Engineering). He previously held senior management and financial positions in the FTSE100 Hawker Siddeley Group plc.

He is a Fellow of both the Institute of Chartered Accountants and the Association of Corporate Treasurers.

During 2019 Jeff chaired the Audit Committee and was a member of the Nominations and Remuneration Committees. Jeff has been appointed Deputy Chairman and Senior Independent Director.



Charles Hammond

Non-Executive Director

Appointed: January 2019

Charles Hammond has been involved in the Ports industry for over 25 years and is the current CEO of Forth Ports Limited. He holds and has held many different roles in the industry, including Chairman of The United Kingdom Major Ports Group, a member of The Scottish Energy Advisory Board and a member of the Cabinet Secretary's 2020 Vision for Health & Social Care.

Previous roles have included Chairman of Space and People Group, the retail, promotional and brand experience specialist and he has previously been Chairman of the Scottish Enterprise Edinburgh, the Economic Development Agency for the East of Scotland.

During 2019 Charles was a member of the Nominations, Remuneration and Investment Committees.



Geoffery Spence

Non-Executive Director

Appointed: June 2018

Having spent 24 years working in investment banking, specialising in the financing of the Utilities, Energy and Infrastructure industries and its major projects Geoffery Spence also advised the UK Government and public sector on the commercial and financing aspects of these industries, having worked for Morgan Grenfell & Co Ltd, Deutsche Bank AG and HSBC Bank plc.

He was also Chief Executive of Infrastructure UK within HM Treasury, leading its Infrastructure, Policy and Delivery, as well as being a Special Advisor to the Chancellor of the Exchequer's advisor on business and EU policy.

He has held senior positions in Lloyds Bank plc as well as being a member of the UK Government's Thames Estuary Commission.

Nowadays, Geoffery is a Director of a private, charitable acute Hospital in Nazareth, Israel and is a member of the Board of the Association of Consulting Engineers. He is also a member of the London Mayor's Brexit Expert Advisory Panel.

During 2019, Geoffery chaired the Investment Committee and was a member of the Nominations Committee.



Nicky Dunn OBE

Non-Executive Director

Appointed: 01 March 2020

Nicky Dunn has extensive executive and non-executive experience in commercial leisure, together with significant non-executive experience in property and placemaking.

During her executive career Nicky held senior positions for SMG the world's largest venue operator. Her consultancy company IMD Group provides advice to the leisure industry in both the public and private sector.

Until November 2019 she Chaired the board of The Titanic Foundation which built and owns the award-winning Titanic visitor attraction together with other assets along the waterfront in Belfast. She also Chaired the most successful Netball World Cup, held in Liverpool in July 2019.

Nicky currently sits on the boards of The London Legacy Development Company (Olympic Park) and The Young Vic Theatre in London. She Chairs The Jockey Club Live and The London Stadium boards

In 2016 Nicky was awarded an OBE for Services to Tourism



Dr Jane Smallman

Non-Executive Director

Appointed: 01 March 2020

Dr Jane Smallman has worked in civil engineering for most of her professional career. She was at HR Wallingford Ltd, a world leading specialist consultant in civil engineering and environmental hydraulics, for over 30 years. She was Managing Director when she retired in 2015.

Jane is now a Non-Executive Board Member and Chair of the Management Board for the Centre for Environment, Fisheries & Aquaculture Science (Cefas), which is an Executive Agency of the UK Government Department of Environment, Food and Rural Affairs (Defra).

Jane is a Fellow of the Institution of Civil Engineers, and a member of the Trustee Board. She is a Fellow and was previously a Trustee and a Past President of the Institute of Marine Engineering, Science & Technology (IMarEST).

Jane is also an Honorary Visiting Professor to the School of Engineering of the University of Edinburgh.



Matt Thomas

Group Chief Executive Officer

Appointed: July 2019

Matt joined Ports of Jersey as Chief Executive Officer in July 2019, bringing significant international experience in the operation, development and financing of major infrastructure companies. In his previous role, he was the Chief Executive Office of the Shannon Group, the primary catalyst for economic development in the West of Ireland, incorporating airport, tourism, property and aerospace companies.

Before moving to Ireland, Matt was based in Manhattan, leading the \$4bn privatisation of LaGuardia Airport in his role as Chief Commercial Officer of Vantage Airport Group. He was involved in the majority of Vantage's thirty airport projects across four continents, as well as being a director of a number of airports in the Vantage portfolio, including Nassau, Bahamas; Montego Bay, Jamaica and Santiago in Chile.

A qualified accountant, having trained in investment banking, Matt has also held senior management positions at Vancouver Airport (recognised as the best airport in North America), Liverpool John Lennon Airport (where he was CEO), Larnaca and Paphos in Cyprus, Copenhagen and Newcastle Airports.

Matt also serves as a Director for PoJL's 100% subsidiaries PFD Limited and PoJ(Services) Limited.



Andrew Boustouler

Chief Financial Officer and Deputy Chief Executive

Appointed: October 2015

Andrew has fulfilled a number of key roles at both Jersey Airport and Jersey Harbours for more than 15 years and was appointed by the GoJ as Deputy Chief Executive Officer in November 2011 following the establishment of the combined Ports of Jersey.

He undertook a central role in the incorporation process and was appointed to his current role as Chief Financial Officer on its fruition. He has direct responsibility for Finance, Property and Compliance.

Immediately prior to joining the GoJ he was employed by a local law firm where he specialised in structured finance transactions as well as providing general banking and commercial advice.

He was born in Jersey and qualified as a Chartered Certified Accountant in 2001 after having been called to the Bar in 1998 and is a member of the Honourable Society of Lincoln's Inn.

Andrew also serves as a Director for PoJL's 100% subsidiaries PFD Limited and PoJ(Services) Limited.

Corporate Governance Report

Dear Shareholder

Principles of Corporate Governance

As a Board, we recognise that applying sound governance principles in running the Company is essential to provide a solid platform for growth and to maintain the trust of all our stakeholders.

The Company has also entered into a Memorandum of Understanding with its Shareholder which embraces a ‘no surprises’ culture and specifies those strategic and other issues for which the agreement of the Shareholder’s representative should be sought. The efficiency of that interaction and the level of support and encouragement received from the Shareholder is vital in order that we can meet the challenge of the commercial and social objectives of incorporation.

Customer engagement remains high on our agenda. We discuss service issues and costs with individual major carriers and marine traders through a combination of scheduled and ad-hoc meetings. We also inform and take the views of our many Harbour stakeholders through our Marina Development Group meetings and our participation in a range of group and club meetings. We also provide a quarterly “Quality of Service” report to the Jersey Competition and Regulatory Authority (JCRA). Furthermore, we are accountable to the JCRA for pricing decisions and the avoidance of anti-competitive behaviour.

The Board

The Board has arranged a schedule of meetings to consider strategy, performance and the framework of internal controls. We have a Board that has and will support and constructively challenge management to deliver the Board’s objectives. We have established Audit, Remuneration, Risk, Investment and Nominations Committees of the Board with formally delegated duties and responsibilities.

To enable the Board and its Committees to discharge their duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board meetings. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board procedures are followed and that applicable rules and regulations are complied with.

As Chairman, I would like to reiterate my personal commitment to maintaining high standards of corporate governance and to us being transparent about our arrangements.



Mark Chown

Chairman
01 May 2020

Operation of the Board and its Committees

The role of the Board

The Board is collectively responsible for promoting the success of the Company. Its role can be summarised as:

- 1 to provide supervision and entrepreneurial leadership to the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
- 2 to develop and approve the strategic aims of the Company and to ensure that the necessary financial and human resources are in place for the Company to meet the objectives, and
- 3 to set the Company's values and standards and ensure that its obligations to its stakeholders are understood and met.

Whilst the Board has delegated the normal operational management to the Chief Executive, there are a number of matters where the Board formally reserves the decision making authority. These include:

- A Responsibility and approval of overall direction, long term objectives and strategy
- B Extension of Company's activities into new business areas
- C Decisions to cease operating all or a material part of the Company's business
- D Major changes to corporate, management or control structure
- E Approval of all documents and plans required by the Shareholder
- F Approval of dividend policy and distribution
- G Risk management – appropriate level of risk exposure
- H Setting of financial and treasury policies
- I Decisions that do not adhere to policy
- J Board appointment and removals (including Company Secretary)
- K External auditor appointment and removal
- L Board remuneration policy
- M Introduction and material changes to incentive schemes
- N Approval of terms of reference for board committees
- O Retained authority over major financial or property matters (defined in a tiered delegations scheme)

Composition of the Board

The Board normally comprises eight Directors, two of whom are Executive Directors, and six of whom are Non-Executive Directors, reflecting a blend of different experience and backgrounds. Appointments to the Board require the approval of the Shareholder. Each Non-Executive Director is deemed independent. Details of each of the Directors' experience and background are given in their biographies on pages 42-45.

Division of responsibilities

The division of responsibilities between the Chairman and Chief Executive Officer has been agreed by the Board.

Senior Independent Director

The Senior Independent Director is Jeffrey Hume who is available to the Shareholder as an alternative communication channel if required. He was also appointed as Deputy Chairman in February 2020.

Non-Executive Directors

The Non-Executive Directors' letters of appointment set out the duties of the Director and commitment expected. They are expected to commit at least 24 days per annum to their role plus the necessary time to prepare and consider all relevant papers in advance of each meeting.

The Chairman has established a programme of progressively refreshing the Board. The tenures of new Non-Executive Directors will extend to no more than three terms each of three-years.

Key elements of the Non-Executive Director's role are:

- A Strategy – Constructively challenge and develop proposals.
- B Performance – Scrutinise the performance of management in meeting agreed goals and objectives and monitor reporting of performance.
- C Risk – Non-Executive Directors should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust.
- D People – Determine appropriate levels of remuneration of Executive Directors and prime role in appointing Executive Directors and succession planning.

Development, information and support

The Directors are encouraged to attend training and continuing professional development courses as required.

The Deputy Director Business Resources, Jenny Marek-Murray, is also the Company Secretary and supports the Chairman in ensuring that Board members receive the information and support they need in order to carry out their roles.

Conflicts of interest

A process has been developed to identify any of the Directors' potential or actual conflicts of interest. This includes declaring any new conflicts before the start of each Board meeting.

Committee attendance

The number of formal scheduled Board and committee meetings held and attended (in person or by telephone conference) by Directors during the year to 31 December 2019 (excluding committee attendance by directors not as members but by invitation) was as follows:

	Board	Audit	Risk	Investment	Nomination	Remuneration
Charles Clarke	7/7	4/4	-	-	2/2	1/1
John Mills	7/7	-	4/4	-	2/2	2/2
Mark Chown	7/7	4/4	4/4	2/2	1/1	-
Jeffrey Hume	7/7	4/4	-	-	2/2	2/2
Geoffrey Spence	7/7	-	-	2/2	2/2	-
Charles Hammond	5/7	-	-	2/2	1/1	1/1
Matthew Thomas*	3/3	-	-	-	-	-
Andrew Boustouler	7/7	-	-	-	-	-

* Matthew Thomas commenced employment as CEO in July 2019.

Audit, Risk, Remuneration, Investment and Nomination Committees

Membership of all five Board Committees is composed solely of Non-Executive Directors. These Committee members are authorised to obtain, at the Company's expense, professional advice on any matter within their terms of reference and to have access to sufficient resources in order to carry out their duties. A report of the Audit Committee is provided on pages 52-53, the Directors' Remuneration Report on pages 60-61, the report of the Risk Committee is provided on pages 56-57, the report of the Investment Committee is provided on pages 54-55 and the Nominations Committee Report on page 59.

Insurance

The company maintains an appropriate level of directors and officers insurance in respect of legal actions against those individuals.

Other authorities

PoJL has been appointed by the Government of Jersey as both the Harbour Authority and the Airport Authority for Jersey, each of which hold separate meetings and have different responsibilities under law.

Performance evaluation

During the year the then Chairman sought the views of each director on the continuing effectiveness of the Board. The incoming Chairman met with each of the continuing directors and, at his instigation, the Senior Independent Director chaired a review with the whole Board including the newly appointed.





Compliance and Assurance Statement

Open, Safe & Secure.

PoJL places the safety and security of its passengers, employees and business partners at the heart of everything we do. As one of our strategic objectives, the continuous improvement of safety and security standards and compliance with regulatory requirements and industry best-practice are core elements of business as usual.

The transport industry is one of the most intensely regulated sectors of business globally, particularly in relation to Aviation. PoJL is subject to external audits of its various operational management systems annually conducted by a diverse range of authorities including UK CAA, Department of Transport and European Aviation Safety Agency (EASA).

A dedicated team at PoJL is tasked with ensuring compliance with regulation and providing independent assurance to the Board on all of the main operational management systems. The team provides expertise on a range of compliance disciplines including Data Protection (GDPR), Insurance, Business Continuity, Risk Management, as well as core compliance relating to Aviation and Maritime Safety (SMS), Aviation and Maritime Security and Occupational Health & Safety. The Compliance team includes the Head of Internal Audit, who is responsible for the management and delivery of the PoJL's internal audit programme.

Compliance and assurance evidence are compiled from multiple sources, including external (agency) audit, incident and accident investigation, peer-review and Industry benchmarking, regular risk assessment and review, event and occurrence trending and internal audit.

In 2019, PoJL was subject to the following external audits, as part of its compliance obligations:

Audit Title	Audit Agency	Business Area	Audit Dates
Aviation Security	CAA Security	Airport	25 - 27 March 2019
Aviation Security	CAA Security	Airport	07 - 09 Aug 2019
Aviation Security	CAA Security	Airport	27 - 29 Nov 2019
Aerodrome Certification	CAA SRG	Airport (Aerodrome)	28 - 31 Jan 2019
Air Navigation Service (ANS) Certification	CAA SRG/EASA	Airport (ANSP)	18 - 23 March 2019
Air Traffic Unit Competency	CAA SRG/EASA	Airport (ANSP)	19 - 20 March 2019
Habitat Management	BSM	Airport (Aerodrome)	16 July 2019
ISPS (Maritime security)	DfT	Harbour	18 July 2019
QMS ISO 9001	TUV Nord	Airport ATS	28 - 29 May 2019
Statutory Financial Audit	Ernst Young	Group	Jan 28 - May 01 2019

All audits in 2019 were completed without significant (Level 1) non-conformities being recorded against PoJL.

It is the assessment of the Group Safety, Security & Compliance Manager that PoJL complies with the requirements of regulations associated with systems as listed in Table 1, and with its own policies for those systems. In addition, the management of Occupational Health & Safety at PoJL has been assessed as effective, and management arrangements are sufficient and competent to ensure compliance with the published PoJL Health & Safety policy and Health and Safety at Work (Jersey) Law 1989.

Audit Committee Report

Dear Shareholder

As Chairman of the Audit Committee, I am pleased to report below on its work for the year ended 31 December 2019 and the publication of this Annual Report.

The primary responsibilities of the Audit Committee are to provide effective governance over the appropriateness of the Company's financial reporting including the adequacy of related disclosures, the performance of the audit function and the management of the Company's systems of internal control and financial risks. The Company has a separate Risk Committee and the Chairs of these Committees co-ordinate their activities and share information.

I am satisfied that the Committee received sufficient, reliable and timely information from management to enable it to fulfil its responsibilities.

Headline issues

A key accounting issue, as I highlighted last year, has been the carrying values of operating assets inherited from the Government of Jersey in 2015.

In considering the carrying values in the 2018 financial statements, the Committee was concerned at the continuing inability to reach a pricing settlement with the Jersey Competition and Regulatory Authority (JCRA). I noted that in the event that the outcome was less successful than anticipated it would prompt a reappraisal of the carrying values, which could result in a write down. I am pleased to be able to report that agreement was reached with JCRA during 2019 and that the settlement and our year end forecasts supported the current asset valuation without any impairment.

Flybe Limited, an airline providing scheduled services to and from Jersey, entered into administration on 05 March 2020. In addition, during the first few months of 2020 the Covid-19 virus outbreak spread from China to Europe and beyond. These post balance sheet events have had and will have a significant negative impact on our employees, airline and ferry carriers, business sector and more widely the island of Jersey, the extent of which is uncertain.

Under applicable accounting standards and in accordance with guidance provided by the Financial Reporting Council these events do not constitute adjustable events in relation to the statement of asset values at December 2019. The Audit Committee has with the aid of financial modelling carefully considered the likely near term prospects of the company and its resources under these emerging circumstances. It concluded that it remains appropriate to publish the 2019 financial statements on a going concern basis.

Since my last report to you the Committee has overseen the development of the internal audit function, to include financial internal audits. We have also overseen the continued development and implementation of a new finance system (Go-Live January 2019). We observed that the control environment in the finance function has continued to improve with the development of functionality in the newly introduced systems.

The Committee has also monitored the organisation in addressing points noted in the external auditors' management letter and by Internal Audit and Baker Tilly, who specifically reported to us on Payroll Assurance (this was taken in-house in January 2018); providing advice on resolution where required.

In the year ahead the Committee will look to continue developing PoJL's internal audit effectiveness, in order to strengthen the control environment, and consider whether and where it should again be supplemented by specialist outsourced capability.



Jeffrey Hume
Chairman, Audit Committee
01 May 2020

Role of the Audit Committee

The Committee's full terms of reference were approved on 01 October 2015. They are available on request to the Company Secretary.

Membership and expertise

During the year to 31 December 2019 the Audit Committee comprised of Jeffrey Hume, Mark Chown and until his retirement Charles Clarke.

All members of the Committee are considered to be independent and, as can be seen from the biographies on pages 42-45, have considerable financial and commercial experience gained through a variety of corporate and professional appointments.

In particular, the Board considers that Jeffrey Hume has the recent and relevant financial experience required by corporate best practice.

The Chief Financial Officer is routinely invited to attend meetings as is the Company Secretary, who is also a qualified accountant.

The Chief Executive and Head of Internal Audit also attend meetings, contributing to the debates. In addition, the Committee members met with operational and finance team members.

External Audit

During this time the Company was advised by its external auditors Ernst and Young LLP. They have a world renowned Infrastructure and Logistics Industry group and bring a large knowledge resource directly applicable to PoJL.

The Committee assessed the effectiveness of its audit enquiries and became satisfied with its independence. We have been particularly pleased with the effectiveness of the transition from the London based Audit Partner to a local Associate Partner. We intend, during 2020 to seek competitive proposals for the Audit from a number of firms. We believe this is good practice with EY having been in post for 4 years.

Meetings held

The Committee held four meetings during the year ended 31 December 2019. The Audit Committee has also formally met twice so far in 2020, the second of which was to review and recommend approval to the full Board the Annual Report and statutory accounts for the year to 31 December 2019. The Committee has met with EY without management being present. The Committee chair has also met with the EY Audit Partner independently.

At the board meeting following each committee meeting, Directors receive a report on the work of the Committee, outlining key matters and making appropriate recommendations.

Financial reporting – significant issues

The main issues and judgements in relation to the published financial statements to 31 December 2019 were:

- A** Revenue recognition – Assurance that the amounts due had been properly captured.
- B** Operating assets - (the headline issue as reported above) the impact of receiving a JCRA settlement on the operating assets' carrying values. The future of assets impacted by the Integrated Terminal project initiated in 2020.
- C** Investment properties – Their fair values at 31 December 2019, as assessed by the RICS led internal team.
- D** Provisions for claims – The adequacy of provisions in relation to the legacy fire-fighting foam contamination of ground water.
- E** Legacy issues - The delay in Government of Jersey implementing in full the agreed resolution of legacy separation issues.

Other work of the Committee

2019 has been a year of refining policies and processes; the Whistle Blowing Policy has been expanded and processes relating to it improved to be commensurate with the organisation. The Committee has also considered and approved the application of hedge accounting in respect of foreign currency contracts and overseen the implementation of processes to enable it.



Investment Committee Report

Dear Shareholder

As Chairman of the Investment Committee, I am pleased to report below on its work for the year ended 31 December 2019.

This my first report to you, as the Committee was formed during 2019 in response to the increased commercial activity the organisation has been and will continue to undertake.

The main responsibilities of the Investment Committee are;

- To provide advice as to the appropriateness of the Company's governance over significant capital investment
- The remit for the committee says that the focus of the committee is to look at the economic, commercial and reputational risk presented by significant capital investment in core infrastructure of the company and purely commercial investment
- Monitor the progress and implementation of such investments, including due diligence required, their performance and any change in risk profile or expected return
- Monitor the organisation's capability to sponsor and manage such investments
- To complement the work of the Risk and Audit Committees and focussing on the economic, commercial and reputational risks presented by such investments.

During the year to 31 December 2019 the Investment Committee comprised of Geoffrey Spence, Mark Chown and Charles Hammond.

All members of the Committee are considered to be independent and, as can be seen from the biographies on pages 42-45, have considerable financial and commercial experience gained through a variety of corporate and professional appointments.

During the year the Committee worked with the Executive reviewing and updating investment appraisal assumptions and approval gates, as well as assessing specific investment cases.

In the year ahead the Committee will look to continue developing PoJL's internal economic evaluations and a pipeline for future commercial investments, in particular in respect of the opportunities which will be presented as part of the Integrated Terminal and Harbour Masterplan projects.



Geoffrey Spence
Chairman, Investment Committee
01 May 2020

Risk Committee Report

Dear Shareholder

The Board is responsible for overseeing the management of risk by approving the risk management policy and governing its implementation. It ensures that risks are managed in an appropriate way by approving risk management procedures, reviewing risk reports and monitoring metrics.

The Board is supported by the Risk Committee, which is appointed to review all aspects of risk faced by the company, and its processes, structures and accountabilities for identifying, managing and mitigating risk across the whole range of its business. This includes the Company's statutory roles as Jersey's Airport Authority and Harbour Authority. (The membership of those two authorities currently comprises the whole Board plus certain senior officers of the company.)

A review of the function, membership and responsibilities of these authorities is planned to report in the second half of 2020. This review is intended to ensure that the authorities continue to provide appropriate assurance to the Board that its statutory duties are being adequately addressed in a period when the business is about to commence a period of sustained and material capital expenditure. Until this review is completed the function of the authorities will remain as currently.

The identification, evaluation, review and management of risks is the responsibility of Executives, Senior Management and departmental teams who have the appropriate expertise within their areas of operations.

The Committee met four times during the year and also received papers as and when necessary. One of these meetings was jointly with the Audit Committee. The following independent Non-Executive Directors served as committee members during the year:

John Mills (Chair, retired 31 December 2019)

Mark Chown Current Committee Chair

The meeting is also regularly attended, by invitation, by other Non-Executive members of the Board, including the Chair of the Audit Committee.

The Committee is supported by the Group Safety, Security and Compliance Manager, who is the Company's Designated Person under the Port Marine Safety Code ("PMSC") and for the Annual Aviation Assurance Report, together with members of his team. The Committee receives and considers the 'Designated Person' reports on behalf of the Board, which is formally the Duty Holder under the PMSC.

The Chairman has regular meetings with that manager and his team and keeps the committee informed accordingly. Risk matters of significance are also addressed directly by the Board, the Chairman taking the lead in the discussion. The Chief Executive Officer and the Chief Financial Officer also regularly attend Risk Committee meetings.

At each of its meetings the Committee receives and reviews the incident and hazard reports for the aerodrome and the harbour as well as looking systematically at a range of specific risks and particular incidents. Although a good deal of its focus is necessarily on operational and safety matters it also considers commercial, financial, regulatory and other risks both through regular review and in respect of specific issues or incidents.

In a company such as PoJL, which involves large public infrastructure, the identification and management of risk is of necessity a moving picture and so a key part of the Committee's role is to keep all known risks under regular review and to commission and receive detailed reports on particular areas; to consider newly-identified risk; to be very alert to all public safety issues; and to assure itself, and through it, the Board, that practice and procedure for identifying, analysing and assessing risk is of the first order throughout the whole company. The aim is always to be satisfied that risks large and small, and their prospective mitigations, are well understood and managed appropriately, and that the Company is not taken by surprise, and has plans, when things happen. The Committee is equally alive to the importance of embedding the right kind of safety and risk management culture throughout the organisation.

During 2019 the Committee's principal activities were as follows:

Aviation Security- Insourcing risk

During 2019, PoJL took the provision of Aviation and Maritime Security in-house. A deep review of possible risks to the operation, compliance and commercial implications was conducted.

Future Airport Project

The project to deliver the new integrated arrivals and departures terminal through the development of the existing departures hall building is arguably one of the most complex and potentially disruptive undertakings for PoJL in the last two decades. The need for rigorous risk analysis is paramount, and the focus of the Risk Committee during 2019 and throughout the life of the project.

Cybersecurity management

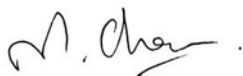
Cyber risk has emerged as the top corporate exposure globally. The Committee took a keen interest in measures taken by PoJL to manage cyber security during 2019.

'Drones' - Unmanned Autonomous Vehicle (UAV) risk and mitigation

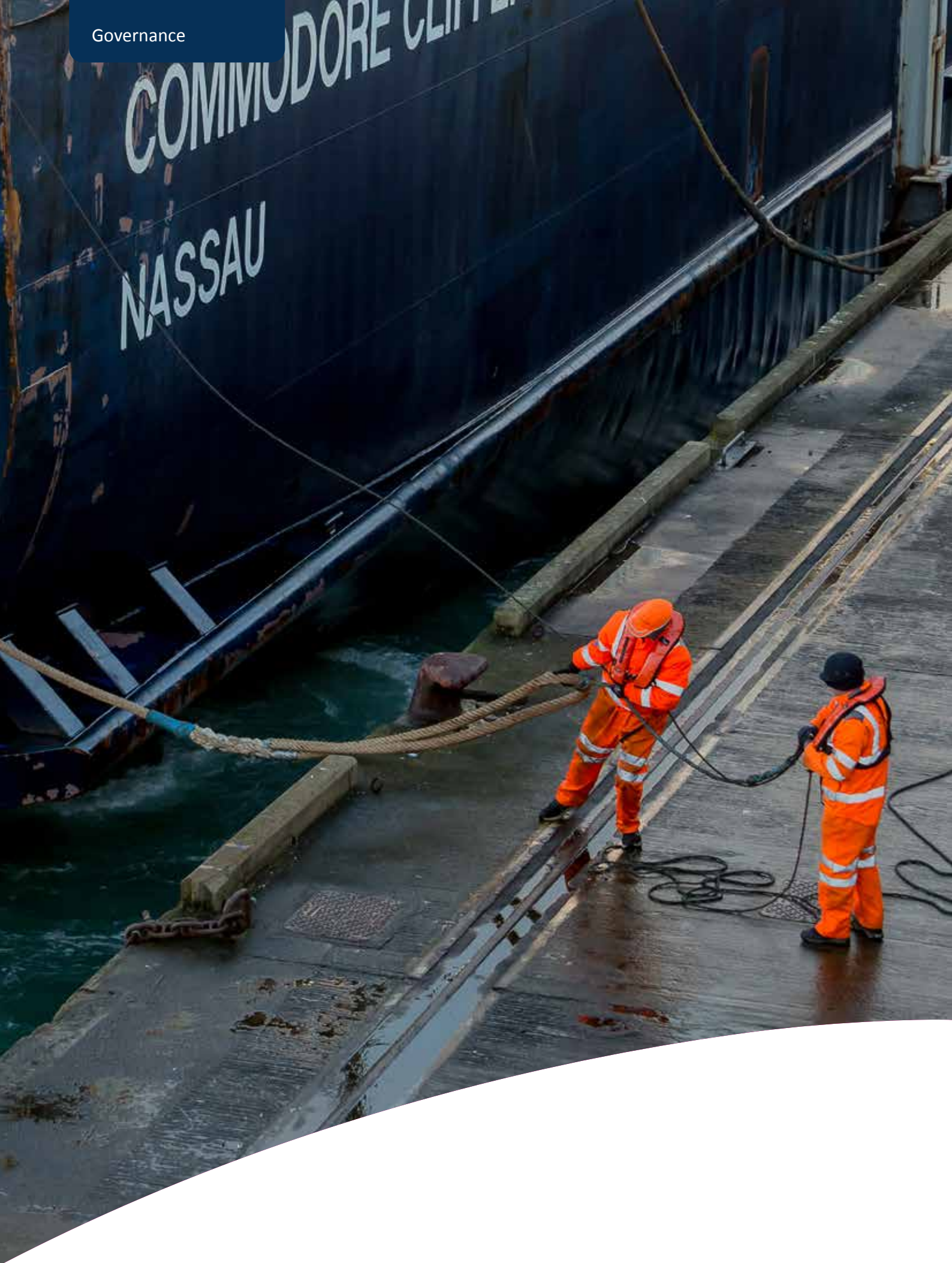
Gatwick Airport experienced two days of disruption from 19 December 2018 that affected over 140,000 passengers. Public awareness of this emergent threat required PoJL to consider its risk exposure and respond with appropriate mitigants.

EASA certification – Change of regulation to EC373.

PoJL manages the Channel Island Control Area in compliance with EU regulations. A new regulation (EC373) affecting all aspects of the service came into force on 02 January 2020. It is essential that impacts of any changes are properly considered, and the Committee monitored emergent risks during 2019.



Mark Chown
Committee Chair
01 May 2020



Nominations Committee Report

Dear Shareholder

The Nominations Committee is responsible for (i) reviewing the structure, size and composition of the Board, (ii) leading the process for potential appointments, and (iii) overseeing succession planning in respect of the Directors and senior executives.

The Committee meets at least once a year and its members during 2019 were the following Non-Executive Directors (NED's):

Charles Clarke (Chair) (retired 31 December 2019)

John Mills (Deputy Chair) (retired 31 December 2019)

Jeffrey Hume

Geoffrey Spence

Charles Hammond

Mark Chown (Current Chair) (appointed 03 December 2019)

The Committee met formally twice during the year and members held a number of other formative discussions. A number of Committee members were part of the selection panels for the appointment of the new Chief Executive Officer and later the new Board Chair, with the outcomes being endorsed by the Board and our Shareholder.

In accordance with Corporate Governance best practice Charles Clarke passed the Chair of the Committee to his deputy for consideration of the appointment of his successor as Board Chair. He also took no part in the selection panel. Those offering themselves as candidates absented themselves throughout.

The Committee's principal activities were as follows:

Recruitment Non-Executive:

Acknowledging the Board's wish to comply with the provisions of the UK Corporate Governance Code in respect of tenure, the Board continues with its plan for an orderly succession process. The Nomination Committee has continued to analyse the current NED's skills and experience against the developing governance needs of the business.

As part of the succession planning process, John Mills took over as Committee Chair to manage the process of appointing a new Board Chair in preparation for Charles Clarke retiring in December 2019.

A search consultancy was appointed, and the selection process was overseen by the Jersey Appointments Commission with the CEO of the Government of Jersey participating as part of the selection panel. A shortlist was compiled, with 5 candidates being interviewed and Mark Chown, an existing member of the Board, was appointed. Mark took over responsibility on 01 January 2020.

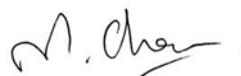
The Committee subsequently appointed Jeffrey Hume to serve as Senior Independent Director and Deputy Chair from 01 January 2020.

The same search consultancy was retained to help recruit two new NEDs; to replace both Mark Chown in his NED position on the Board and John Mills who retired from the Board on 31 December 2019. This process commenced in 2019 and concluded with the appointment of Nicky Dunn and Jane Smallman to the Board on 01 March 2020. Details of their careers and experience are contained in the Board profiles section on page 42-45, and the Committee are confident that their participation in the Board will provide valuable complementary skills to the existing NED's.

Recruitment Senior Executive:

The selection process to appoint a new CEO commenced in 2018, following the resignation of Doug Bannister, and concluded with the appointment of Matthew Thomas who joined us on 01 July 2019. The selection process was overseen by the Jersey Appointments Commission with the CEO of the Government of Jersey participating as part of the selection panel. Matthew brings a wealth of Aviation industry and commercial experience to the business.

In order to provide continuity and experience, whilst the recruitment process for the new CEO was being completed, the Board appointed Alan Merry, our Strategy and Development Director, as Acting CEO from 01 January 2019. Alan moved back to his prior role when Matthew joined us and the Committee would like to thank him for his very capable efforts during this interim period and thereafter.



Mark Chown
Committee Chair
01 May 2020

Directors' Remuneration Report

Dear Shareholder

The Remuneration Committee

The Committee sets the remuneration policy, pension rights and compensation payments for Executive Directors and the Company's Chair. Additionally, it decides remuneration for the senior management team and oversees the employee benefit structure as a whole; keeping the Company's remuneration policies under review. The Committee does not recommend compensation for non-executive directors since they themselves comprise the Committee.

Throughout 2019, the Remuneration Committee members were John Mills (Chair), Charles Hammond and Jeffrey Hume, all of whom were independent Non-Executive Directors. Following John Mills' retirement Jeffrey Hume was appointed Chair of the Committee.

Remuneration Policy

Our policy is that remuneration should be set at a level that is appropriate for the accountabilities associated with the leadership and overall management of the Company so that the Company is able to attract, retain and motivate people of the quality, skills and experience necessary to deliver the Company's objectives. The Committee approves the design of any performance-related schemes for Executive Directors, including requisite performance targets, and any annual payments under such schemes.

Any changes to Directors' remuneration are subject to the agreement of the Minister for Treasury and Resources in her or his capacity as shareholder of the Company on behalf of the Government of Jersey.

In 2018 the Committee supported the development, successful negotiation and implementation of a completely modernised reward structure that unified all PoJL pay groups helping to address potential pay parity issues and providing a pay structure that is flexible, modern and fit for performance related pay in the future. This project was developed through an extensive engagement process which included people from all areas of the business who played a key role in the development of the pay structure. This innovative approach was recognised by the Chartered Institute of Personnel and Development by the project winning category awards in both the UK and Jersey.

In 2019, the decision was taken to in-source the provision of security services which increased the total headcount by c 30%. Building on the development of the new reward structure negotiated and implemented in 2018, work is ongoing to assimilate this new group of employees into PoJL's new terms and conditions.

Directors' Remuneration

The total remuneration of the Directors for the year ended 31 December 2019 is set out below:

	Salary/Fees	Performance Related Pay	Pension Contribution	2019 Total	2018 Total	Notes
	£'000	£'000	£'000	£'000	£'000	
Executive Directors						
M Thomas (CEO)	107	37	15	159	-	Appointed July 2019
A Boustouler (CFO)	170	39	23	232	207	
D Bannister (Former CEO)	-	-	-	-	250	Resigned Dec 2018
Non-Executive Directors						
C Clarke (Chair)	50	-	-	50	50	Retired Dec 2019
J Mills (Deputy Chair & SID)	25	-	-	25	25	Retired Dec 2019
M Chown	25	-	-	25	25	-
C Hammond	25	-	-	25	-	Appointed Jan 2019
J Hume	35	-	-	35	35	-
G Spence	25	-	-	25	15	-
A Smith	-	-	-	-	25	Retired 2018
M Llewellyn	-	-	-	-	8	Retired 2018
Total	462	76	38	576	640	

Andrew Boustouler's salary figure includes Duty Executive standby payments.

Matt Thomas' includes a one-off disturbance allowance to support relocation to the Island.

Incentive scheme

A non-pensionable incentive scheme for the executive directors was in place throughout the year. This provided for a maximum payment of 45% of base salary, excluding any allowances, for the Chief Executive and 30% for the Chief Financial Officer. Awards under the scheme are assessed by the Committee against performance criteria directly linked to the Company's financial and other objectives. The scheme and its awards have been confirmed by the Minister acting as shareholder. 60% of the potential is determined against the Company's financial performance and the remaining 40% against a range of personal performance objectives. The Chief Executive joined in July 2019 and the amount payable to him has been pro-rated accordingly.

Notice Period and other benefits

The service contracts of Executive Directors contain a mutual notice period of six months or compensation for loss of office. Both Executive Directors are members of the Jersey Public Employees' Pension Scheme (PEPS). The Chief Executive is provided with private health cover, but neither receives company cars or a car allowance.

Non-Executive Directors are reimbursed for any travel and other out-of-pocket expenses in accordance with Company policy but receive no other payments.



Jeffrey Hume
Committee Chair
01 May 2020

Directors' Report

Introduction

The Directors of the Company present their report and the audited financial statements of the Company for the year ended 31 December 2019

Directors of the Company

The Directors of the Company are:

Mark Chown, Chair
Jeffrey Hume, Deputy Chair and Senior Independent Director
Nicky Dunn OBE, Non-Executive (appointed 01 March 2020)
Charles Hammond, Non-Executive
Geoffrey Spence, Non-Executive
Jane Smallman, Non-Executive (appointed 01 March 2020)
Matthew Thomas, Chief Executive Officer (appointed 01 July 2019)
Andrew Boustouler, Chief Financial Officer

Charles Clarke and John Mills served as Directors throughout 2019 and have retired.

The Secretary of the Company is Jenny Marek-Murray (appointed 02 May 2019).

Provision of information to Auditors

So far as each of the Directors at the time of this annual report is approved are aware:

- A** there is no relevant audit information of which the auditors are unaware; and
- B** that they have taken all the steps they ought to have to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Future developments

An analysis of future developments are described in the Chief Executive Officer's Review on pages 07-11

Post balance sheet date events

Flybe Limited, an airline providing scheduled services to and from Jersey, entered into administration on 5 March 2020. In addition, during the first few months of 2020 the Covid-19 virus outbreak spread from China to Europe and beyond.

These combined issues have, and will have for an indeterminate time, a major negative impact on our employees, carriers, business sector and more widely the Island of Jersey. At present all normal passenger services have been suspended, however the core freight movements to and from the Island continue to operate and special arrangements have been made for some essential flights.

The depth of the problems facing the Company and the Island continue to evolve, as are the consequent decisions we take in conjunction with the Government of Jersey. It is not possible to determine the duration of these with confidence, nor the rate of recovery.

It is a changing picture making enormous demands on our management team and our staff; working together with our carriers and other partners, each of which have their own pressures. At the same time, we are determined to look after the welfare of our people and through it their families. We are immensely proud with how professionally and determinedly our organisation has been in responding to the challenge.

We continue to focus on our core mandate which is to safeguard the Island's strategic air and sea links for the movement of passengers and freight and to operate the Airport and Harbour in a safe, secure and regulatory compliant manner. In operating the Island's only gateways, we must ensure that the business is able to respond with agility as soon as possible.

In previous adverse conditions, for example the Icelandic ash cloud and 9/11, demand has recovered swiftly after restrictions have been lifted and continued to increase thereafter. The rate of recovery in these circumstances will depend in part upon decisions taken by our own Governments and its counterparts, such as interim support for the airlines. The directors will continue to monitor the situation, assess the challenges that may arise and endeavour to foster and take appropriate action as matters develop. Our airline and ferry carriers have found serving Jersey to be profitable. The routes to and from Jersey operated by Flybe were commercially viable and attracted substantial interest from other airlines prior to the onset of Covid-19 pandemic.

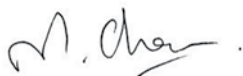
The company has resilience, with a strategic shareholder, an experienced board and management, no debt and having accumulated significant cash and financial investment reserves in order to fund capital expenditure projects which have yet to be contractually committed. Further progress on our Integrated Terminal project at the airport has necessarily been paused. Cash and financial investment reserves as at 31 December 2019 amounted to £39.0m, in comparison to a full year of operating costs amounting to £36.3m in 2019.

Re-appointment of auditors

The auditors, Ernst & Young LLP, who were reappointed during the year, have indicated their willingness to continue in office. We intend, during 2020 to seek competitive proposals for the Audit from a number of firms. The Directors believe this is good practice with EY having been in position for four years.

Forward looking statements

Certain statements in this annual report are forward looking. Where the financial report includes forward-looking statements, these are made by the Directors in good faith based on the information available to them at the time of their approval of this report. Such statements are based on current expectations and are subject to a number of risks and uncertainties, including both economic and business risk factors that could cause actual events or results to differ materially from any expected future events or results referred to in these forward-looking statements.



Mark Chown
Chair
01 May 2020



Jenny Marek-Murray
Company Secretary
01 May 2020

Statement of Directors' Responsibilities

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

Jersey Company law requires the Directors to prepare financial statements for each financial period in accordance with any generally accepted accounting principles. The financial statements of the Company are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- specify which generally accepted accounting principles have been adopted in their preparation; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 102 ("FRS 102") the Financial Reporting Standard applicable in the UK and Republic of Ireland, issued by the Financial Reporting Council.

The Directors are responsible for keeping accounting records which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements prepared by the Company comply with the requirements of the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Andrew Boustouler
Chief Financial Officer
01 May 2020

Independent Auditor's Report to the Members of Ports of Jersey Limited

Opinion

We have audited the financial statements of Ports of Jersey Limited (the "Company") for the period ended 31 December 2019 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 27, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the state of the Company affairs as at 31 December 2019 and of its result for the period then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Emphasis of matter – Effects of COVID-19

We draw attention to Note 1 and Note 27 of the financial statements, which describes the economic and social disruption the company is facing as a result of COVID-19 which is impacting employees, operational activity, financial performance and the airline and ferry carriers that normally service the Island. Our opinion is not modified in respect of this matter.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the 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 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.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies

(Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the Company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 64 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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.

Chris Barry

for and on behalf of Ernst & Young LLP
Jersey, Channel Islands
01 May 2020

Notes:

1. The maintenance and integrity of the Ports of Jersey Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.
2. Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Comprehensive Income for the Year Ended 31 December 2019

	Note	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Turnover	4	48,667	47,620
Operating costs (excluding depreciation)	6	(36,255)	(35,568)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		12,412	12,052
Revaluation of investment properties	12	(45)	(566)
Profit on disposal of fixed assets	11	127	-
Depreciation	11	(6,015)	(4,028)
Operating profit		6,479	7,458
Finance lease income		228	228
Interest receivable	8	196	106
Realised gain on financial investment	14	138	-
Unrealised gain on financial investments	14	58	(119)
Unrealised loss on foreign exchange forward contracts		-	(229)
Profit before taxation		7,099	7,444
Other tax charges on profit	9	(1,776)	(1,860)
Taxation	9	(1,776)	(1,860)
Profit for the financial year		5,323	5,584
Other Comprehensive Income: Net gain on cash flow hedges		557	-
Total Comprehensive income		5,880	5,584

Statement of Financial Position as at 31 December 2019

	Note	As at 31 December 2019 £'000	As at 31 December 2018 £'000
Assets			
Non-current assets			
Tangible assets	11	73,805	72,509
Investment property	12	58,363	58,416
Finance lease receivable	13	2,457	2,456
Financial investments	14	5,946	5,888
Deferred tax	21	-	158
Unrealised gain on forward foreign exchange contracts	20	254	-
		140,825	139,427
Current assets			
Trade and other receivables	16	5,362	6,267
Finance lease receivable assets	13	225	227
Inventories	15	324	363
Cash and cash equivalents	17	33,093	29,573
Unrealised gain on forward foreign exchange contracts	20	334	-
		39,338	36,430
Total assets		180,163	175,857
Liabilities			
Current liabilities			
Trade and other payables	18	(6,471)	(8,569)
Unrealised loss on forward foreign exchange contracts	20	(15)	(106)
		(6,486)	(8,675)
Non-current liabilities			
Provisions	19	(600)	(600)
Unrealised loss on forward foreign exchange contracts	20	-	(123)
Deferred tax	21	(738)	-
		(1,338)	(723)
Total liabilities		(7,824)	(9,398)
Net assets		172,339	166,459

	Note	As at 31 December 2019	As at 31 December 2018
Shareholder's equity			
Called up share capital	22	1	1
Incorporation reserve		137,350	137,350
Retained earnings		34,431	29,108
Cash flow hedge		557	-
Total shareholder's equity		172,339	166,459

Approved and authorised by the Board and signed on its behalf on 03 April 2020.



Mark Chown
Chair
01 May 2020



Matthew Thomas
Group Chief Executive
01 May 2020

Statement of Changes in Equity for the Period Ended 31 December 2019

	Called up share capital	Incorporation Reserve	Profit and loss reserve	Cash flow hedge reserve	Total
2019	£'000	£'000	£'000	£'000	£'000
At 01 January 2019	1	137,350	29,108	-	166,459
Profit for the financial year	-	-	5,323	-	5,323
Other comprehensive income	-	-	-	557	557
At 31 December 2019	1	137,350	34,431	557	172,339

	Called up share capital	Incorporation Reserve	Profit and loss reserve	Cash flow hedge reserve	Total
2018	£'000	£'000	£'000	£'000	£'000
At 01 January 2018	1	137,350	23,525	-	160,876
Total comprehensive income for the year	-	-	5,583	-	5,583
At 31 December 2018	1	137,350	29,108	-	166,459

The Incorporation Reserve consists of the value of assets transferred from the Government of Jersey to Ports of Jersey Limited on 01 October 2015, in accordance with the Air and Sea Ports Incorporation (Transfer) (Jersey) Regulations 2015.

Statement of Cash Flows for the Year Ended 31 December 2019

	Note	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Cash flows from operating activities			
EBITDA	a	12,412	12,052
Less gain on terminated hedged transactions		(101)	-
(Increase)/decrease in inventories		38	30
(Increase)/decrease in debtors		907	(385)
(Decrease)/increase in creditors		(2,277)	(16)
Tax payment		(839)	(641)
Net cash inflow from operating activities		10,140	11,040
Cash flows from investing activities			
Purchase of tangible assets		(7,401)	(7,193)
Proceeds on disposal of tangible asset		220	-
Additions to investment property		-	(21)
Purchase of investments		(2,000)	-
Finance lease interest received		228	228
Interest received		196	106
Proceeds on disposal of investments		2,137	-
Net cash outflow from investing activities		(6,620)	(6,880)
Change in cash during the year		3,520	4,160
Cash at 01 January 2019		29,573	25,413
Cash at 31 December 2019		33,093	29,573

Notes to the Statement of Cash Flows

a) Reconciliation of operating profit to net cash inflow from operating activities

	Note	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Operating profit		6,479	7,458
<i>Adjustments for:</i>			
Depreciation	11	6,015	4,028
Profit on disposal of tangible asset	11	(127)	-
Revaluation of investment property	12	45	566
EBITDA		12,412	12,052

Notes to the Financial Statements

1. Basis of Preparation

The financial statements are prepared on the going concern basis, under the historical cost convention, as modified for the revaluation of investment properties.

The Company and its dormant subsidiaries are private companies limited by shares and incorporated in Jersey Channel Islands.

The address of its registered office:

Jersey Airport
St Peter
Jersey JE1 1BY

The Company was incorporated on 16 September 2015 and assets were transferred from the Government of Jersey on 01 October 2015. These financial statements are the financial statements of Ports of Jersey Limited (“the Company”) for the year to 31 December 2019. These financial statements have been prepared in accordance with Financial Reporting Standard 102 (“FRS 102”).

The Company is a wholly-owned subsidiary of the Government of Jersey and is included in the consolidated financial statements of the Government of Jersey, which are publicly available.

The financial statements were approved by the Directors on 01 May 2020.

The principal accounting policies, which have been applied consistently throughout the period, are set out below.

Going concern

The Directors have prepared these financial statements on a going concern basis, which requires the Directors to have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Demand over the years for the Company’s core services and those of its predecessor operations within Government has been reasonably stable and the Company has consistently traded profitably.

Flybe Limited, an airline providing scheduled services on 6 routes to and from Jersey, entered into administration on 5 March 2020 having previously settled its aviation dues outstanding at 31 December 2019. Annual income from Flybe was running at c£3m and at the point of failure Flybe had a balance of £316K outstanding which is now being claimed with the administrator as an unsecured debt. In addition, during the first few months of 2020 the Covid-19 virus outbreak has spread from China to Europe and beyond. At present all normal passenger services have been suspended, however the core freight movements to and from the Island continue to operate and arrangements have been made for some essential flights.

In previous adverse conditions, for example the Icelandic ash cloud and 9/11, demand has recovered swiftly after restrictions have been lifted and continued to increase thereafter. The rate of recovery in these circumstances will depend in part upon decisions taken by our own Government and its counterparts, such as interim support for the airlines. Our airline and ferry carriers have found serving Jersey to be profitable. The routes to and from Jersey operated by Flybe were commercially viable and attracted substantial interest from other airlines prior to the onset of Covid-19 pandemic.

The company has resilience, with a strategic shareholder, an experienced board and management, no debt and having accumulated significant cash and financial investment reserves in order to fund capital expenditure projects which have yet to be contractually committed. Further progress on our Integrated Terminal project at the airport has necessarily been paused. Cash and financial investment reserves as at 31 December 2019 amounted to £39.0m, in comparison to a full year of operating costs amounting to £36.3m in 2019.

It is not possible to determine the duration of these problems with confidence, nor the rate of recovery. However the Directors have a reasonable expectation that sufficient funds are available to meet the Company’s liabilities as they fall due over a period of at least 12 months from the date of approval of these financial statements. Accordingly these financial statements have been prepared on that basis.

2. Summary of Significant Accounting Policies

2.1 Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the Company's principal activity of the operation and management of the Ports of Jersey, and comprises:

Revenue type	Based on	Point of recognition
Airport, Harbour and other traffic charges:		
Passenger charges	Volume	On passenger landing/departing
Aircraft and vessel charges	Weight	On use of facilities
Freight and fuel charges	Weight and type	On freight/fuel landing/departing
Channel Islands Control Area (CICA)	Cost recovery of being a air navigation services provider	Straight line on contracted value
Property, marinas and operational facilities:		
Property letting income	Lease agreement	Recognised straight line over period
Marina and mooring rentals	Location and length of vessel	Recognised straight line over period
Usage and charges of operational systems	Usage	On provision of services
Other invoiced sales	Various	On provision of goods/services
Retail:		
Concession fees	% of turnover	As concession earns relevant income
Car parking:		
Airport car parking	Date of parking	When space occupied
Harbour car parking	Period of permit	Recognised straight line over period

2.2 Government Grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions are met. Grants are revenue in nature and are credited to the income statement so as to match them with the expenditure to which they relate.

During 2019, the Company received monies from the Government of Jersey in respect of the Jersey International Air Display (2019: £45,000, 2018: £75,000). This grant is provided to offset expenditure incurred by the Company in organising the air display. The Company provides an assurance statement to the Government of Jersey at the end of the year to confirm that all terms and conditions have been adhered to and that the grants has been fully utilised.

2.3 Tangible Assets

Terminal complexes, airfield assets, maritime infrastructure, plant and equipment and Company occupied properties are stated at cost less accumulated depreciation. Assets in the course of construction are stated at cost less provision for impairment (if any). Assets in the course of construction are reclassified within tangible assets when substantially all the activities necessary to get the asset ready for use are complete. Where appropriate, cost includes relevant borrowing costs, own labour costs of construction and related project management costs, and directly attributable overheads. Costs that are associated with projects that are in the early stages of planning are capitalised where the Directors are satisfied that it is probable the necessary consents will be received and the resources will be available to achieve a successful delivery of an asset such that future commercial returns will flow to the Company.

Depreciation is provided on tangible assets, other than land, and assets in the course of construction, to write off the costs of the assets, less estimated residual value, on a straight-line basis over their expected useful life as follows:

Asset Type	Depreciation rate
Terminal buildings & satellite structures	20-50 years
Runway surfaces	20-30 years
Runway bases	20-50 years
Maritime piers and quays	20-50 years
Taxiways and aprons	20-50 years
Baggage systems	10 years
Security equipment	10 years
Other plant and equipment including runway lighting, buoys and beacons, cranes and building plant	10-15 years
Motor vehicles	5-10 years
Marine vessels	10 -20 years
Office equipment	10 years
Computer equipment	10 years
Computer software	5-10 years

The Company assesses, at each balance sheet date, whether there is an indication that an asset's residual value and/or useful life may not be appropriate. If such indication exists, the useful lives and residual values are reviewed, and adjusted if appropriate.

The Company assesses, at each balance sheet date, whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. Where the asset does not generate cash flows that are independent of other assets, the recoverable amount of the income-generating unit to which the asset belongs is estimated. Recoverable amount is the higher of an asset's net realisable value and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the profit and loss account in those expense categories consistent with the function of the impaired asset.

2.4 Investment properties

Property (including land held for development) is classified as investment property if:

- It is not occupied by the company or used by the company for the provision of operational ports services that are material in nature (e.g. stevedoring);
- It is a defined area (land, buildings, jetties, and other fixed structures) and one or more users pay an amount, whether rental or commercial revenue for use of that area for a period of one or more years; and
- Any “ancillary services” provided by the company at the property are insignificant to the arrangements as a whole. Ancillary services are deemed to be significant when they take place within the property, the value of the services exceeds one quarter of the estimated rental value of the property and they are provided under a non-cancellable contract.

Completed investment property is measured at fair value. Investment property in the course of construction is measured at cost (including interest and other appropriate net outgoings) until such time as it is possible to determine fair value, consistent with the criteria in measuring completed investment property, with the exception of underlying land, which is included at carrying value before construction commenced.

Valuations are conducted annually. Surpluses or deficits arising on the revaluation of investment property are recognised in the income statement.

2.5 Leases

Operating leases

i) Company as lessor

Leases where the Company retains substantially all the risks and rewards of ownership are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying value of the leased asset and recognised over the lease term on a straight line basis as with income.

ii) Company as lessee

Rental costs under operating leases are charged to the profit and loss account in equal instalments over the period of the lease.

Finance leases

i) Company as lessor

Amounts due from lessees under financial leases are recorded as receivables at the amount of the Company’s net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate on the Company’s net investment outstanding in respect of the leases.

ii) Company as lessee

Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease obligation. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction in the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit and loss account, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company’s policy on borrowing costs.

2.6 Inventories

Consumables consist of engineering spares and other consumable stores and are valued at the lower of costs and net realisable value.

2.7 Debtors

Trade debtors are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

A provision for the impairment of trade debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract.

2.8 Creditors

Trade creditors are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

2.9 Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

2.10 Employee benefits

i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits are recognised as an expense in the period in which the service is received.

ii) Defined contribution pension scheme

The Company participates in 2 multi-employer defined contribution pension schemes operated by the Government of Jersey. Pension contributions for the Company's staff to these scheme amounted to £2.2M.

2.11 Current and deferred taxation

Taxation expense/credit for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Current or deferred taxation assets and liabilities are not discounted.

i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years.

ii) Deferred tax

Deferred tax arises from timing differences that are the difference between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except that deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2.12 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

2.13 Dividend distribution

A dividend distribution to the Company's shareholder is recognised as a liability in the Company's financial statements in the year in which the shareholder's right to receive payment of the dividend is established by approval of the dividend by the Board.

2.14 Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

2.15 Financial Investments

Financial investments are classified at initial recognition and are subsequently measured at fair value through profit and loss.

2.16 Foreign Exchange Derivatives

The Company uses forward foreign exchange currency contracts to reduce exposure to future foreign currency cash flows arising from certain contracted Euro income streams and forward purchases of equipment in Euros. Such derivative financial instruments are initially measured at fair value on the date on which the derivative contract is entered into and are subsequently measured at fair value through profit or loss unless the derivative contract is part of a hedging relationship. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles. Hedge accounting is applied prospectively from the date that the derivative is documented as an economic hedge.

2.17 Hedge Accounting

As part of its risk management strategy the Company applies hedging strategies using derivative instruments. At inception, the Company formally documents how the hedging relationship meets the hedge accounting criteria. It also records the economic relationship between the hedged item and the hedging instrument, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and on an ongoing basis.

The fair value of the forward foreign currency contracts is calculated by reference to current foreign currency contracts with similar maturity profiles.

When the hedged item is a forecast transaction, the Company also assesses whether the transaction is highly probable and presents an exposure to variations in cashflows that could ultimately affect the income statement. In addition to the above information, hedge documentation for such transactions also describes the nature and specifics of the forecast transactions and explains the Company's rationale as to why it was concluded the transactions to be highly probable.

2.18 Cash Flow Hedges

Applying cash flow hedge accounting enables the Company to reduce the cash flow fluctuations arising from foreign exchange. From an accounting point of view, a cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised forecast transaction and could affect profit and loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in Other Comprehensive Income (OCI) within equity (Cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in operating costs in the Income statement.

When the hedged cash flow affects the income statement, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the income statement.

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

2.19 Disclosure Exemptions

The company's financial statements are separate financial statements. The company is exempt from the requirement to prepare consolidated financial statements as the Companies (Jersey) Law 1991 does not require the preparation of consolidated financial statements.

As a result of the parent being the Government of Jersey, the Company has taken advantage of the following exemptions:

FRS 102.33.11 - Exemption from related party disclosure requirements 33.9 in relation to a state that has control, joint control or significant influence over the reporting entity.

3. Significant Accounting Judgements and Estimates

In applying the Company's accounting policies, management have made estimates and judgements. Actual results may, however, differ from the estimates calculated and management believes that the following are the more significant judgements impacting these financial statements.

Estimates:

3.1 Investment properties

Investment properties were valued at fair value at 31 December 2019 internally by a qualified Chartered Surveyor. The valuations were prepared in accordance with the appraisal and valuation manual issued by the Royal Institute of Chartered Surveyors. Valuations were carried out having regard to comparable market evidence. In assessing fair value, current and potential future income (after deduction of non-recoverable outgoings) has been capitalised using yields derived from market evidence. See note 12 for the significant methods and assumptions used.

3.2 Useful lives of tangible fixed assets

Tangible fixed assets are depreciated on a systematic basis based on management's best estimates of the asset's useful life. This estimate is based on a variety of factors such as the expected use, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses. see note 2.3 for the significant methods and assumptions used.

Judgements:

3.3 Classification of investment property

Property has been classified as investment property, according to the criteria in note 2.4, in accordance with the principles set out in FRS 102. That is, properties where their cash flows (from rental or sale) are largely independent of those from other assets held by the entity.

3.4 Classification of finance lease receivables

Property has been classified as a finance lease, where the Company retains the legal title to an asset but passes substantially all the risks and rewards of ownership to the lessee in return for a stream of rentals. The Company considers any leases with over 30 years outstanding at the end of the accounting period when considering the classification.

3.5 Classification of Public Employees Pension Scheme (PEPS)

The PEPS Scheme has been accounted for as a defined contribution scheme as the Government of Jersey is legally responsible for the scheme, as opposed to Ports of Jersey. Ports of Jersey has no influence over the contribution rates set.

4. Turnover

Turnover is analysed as follows:	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Airport and Harbour charges	23,278	22,702
Channel Islands control area (CICA)*	6,392	6,327
Marina charges	3,961	3,860
Sale of services	906	1,550
Concessions	5,711	5,782
Car parking	1,778	1,693
Property income due under operating leases	4,253	3,698
Recharges**	1,547	1,286
Other Income	841	722
	48,667	47,620

* CICA income relates to recharge of costs incurred to be an Air Navigation Services Provider (ANSP) as regulated by the European Union Safety Agency (EASA).

** Recharges mainly consist of utility costs recharged to tenants and airlines.

5. Property Income Due Under Operating Leases

Amounts receivable under operating leases at 31 December 2019:

Future minimum lease payments	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Not later than one year	4,304	4,071
Later than one year and not later than 5 years	9,301	8,134
Later than five years	18,147	20,893
	31,752	33,098

Operating leases relate to property leases on buildings and land. Rentals are reviewed periodically every 1-5 years (dependent on specific lease) and increased in accordance with prevailing Jersey RPI or market value. There are no contingent rental agreements currently in place and therefore, no contingent rental has been recognised in the income statement.

6. Operating Costs (excluding depreciation)

	Year ended 31 December 2019	Year ended 31 December 2018
	£'000	£'000
Wages and salaries	20,141	16,523
Social security costs	1,068	888
Pension costs	2,157	1,910
Other staff related costs	60	96
	23,426	19,417
General expenses	12,829	16,151
	36,255	35,568

	Year ended 31 December 2019	Year ended 31 December 2018
	£'000	£'000
Operating costs include:		
Staff training and development	400	350
Rentals under operating leases		
- Other operating leases	142	131
Services provided by the Company's auditor		
- Audit fees	135	96
- Other non-audit services	-	45
Foreign Exchange Losses	37	-

The operating lease charge relates to a property lease which is cancellable within one year.

Employee information

The average number of full time equivalent ("FTE") employees during the year to 31 December 2019 analysed by function was:

	Year ended 31 December 2019	Year ended 31 December 2018
Operational	255	166
Other	108	109
	363	275

7. Directors' Emoluments

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Directors' emoluments		
Salaries	538	590
Pensions and benefits	38	50
Directors' emoluments	576	640
Other key management personnel	871	651
Total key management personnel compensation	1,447	1,291

8. Net Interest (Payable)/Receivable

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Interest receivable		
Interest receivable on money market funds and bank deposits	196	106
Net interest (payable)/receivable	196	106

9. Taxation on Profit

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Current tax		
Total current tax charge	811	631
Prior year adjustment	208	10
	1,019	641
Deferred tax		
Deferred tax on timing differences	757	1,219
	757	1,219
Total tax charge for the year	1,776	1,860

Reconciliation of tax charge

The Company is taxed as a utility company under Article 123C(3) of the Income Tax (Jersey) Law 1961. Accordingly, the company is liable to Jersey income tax at the standard rate of 20% on its trading income. Jersey source rental income is also taxed at the rate of 20%.

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Profit before tax	7,099	7,443
Tax on profit at 20%	1,420	1,489
Effect of:		
Non-taxable (gains)/losses on investment property	9	113
Other permanent differences	139	248
Payment in excess of provision	208	10
Total tax charge for the year	1,776	1,860

10. Investments in Subsidiaries

At 31 December 2019, the Company had investments in the following subsidiary undertaking:

Subsidiary Undertakings	Holding	%
PFD Limited	Ordinary Shares	-
Ports of Jersey (Services) Ltd	Ordinary Shares	100

At 31 December 2019, PDF Limited and Ports of Jersey (Services) Ltd did not hold any net assets and as such have no carrying value.

All subsidiaries are incorporated and operate in Jersey, Channel Islands.

11. Tangible Assets

	Operational Land	Buildings	Structures	Plant and equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 01 January 2019	10,160	24,068	24,752	19,481	5,666	84,127
Additions	2	5	-	43	7,351	7,401
Transfers	-	1,980	815	3,492	(6,287)	-
Other valuation adjustments	(6)	18	(17)	8		3
Disposals				(182)		(182)
At 31 December 2019	10,156	26,071	25,550	22,842	6,730	91,349
Depreciation						
At 01 January 2019	-	3,549	3,646	4,423	-	11,618
Charge for the year	-	2,419	1,171	2,425	-	6,015
Disposals	-	-	-	(89)	-	(89)
At 31 December 2019	-	5,968	4,817	6,759	-	17,544
Net book value						
At 31 December 2018	10,160	20,519	21,106	15,058	5,666	72,509
At 31 December 2019	10,156	20,103	20,733	16,083	6,730	73,805

12. Investment Property

2019	Completed Investment property £'000	Assets in the course of construction £'000	Total £'000
Valuation			
At 01 January 2019	58,416	-	58,416
Other valuation adjustments	(8)	-	(8)
Increase/(decrease) in fair value of investment properties	(45)	-	(45)
At 31 December 2019	58,363	-	58,363
2018			
	Completed Investment property £'000	Assets in the course of construction £'000	Total £'000
Valuation			
At 01 January 2018	58,335	-	58,335
Additions	21	-	21
Reclassified to operational assets	626	-	626
Increase/(decrease) in fair value of investment properties	(566)	-	(566)
At 31 December 2018	58,416	-	58,416

The fair value of the Company's investment property at 31 December 2019 has been arrived at on the basis of a valuation carried out at that date internally, by a chartered surveyor, in accordance with the RICS Valuation Standards 6th Edition ("the Red Book"). The valuation was arrived at by reference to market evidence of transaction prices for similar properties, land valuations and discounted cash flow methods. Where there were outstanding or forecoming reviews, rental value has been assessed in accordance with the terms of occupational lease review provisions. Otherwise, rental values have been assessed on the basis of Market Rent, assuming a new lease drawn on terms appropriate to current practice in the relevant market.

The key unobservable inputs are the yields and or discount rates. The %s used were in the ranges:

	2019	2018
Commercial property:	7%-10% (yield)	7%-10% (yield)
Car parks:	10% (discount rate)	10% (discount rate)

13. Finance Lease Receivables

	2019 £'000	2018 £'000
At 01 January 2019	2,683	2,684
Repayment	(1)	(1)
At 31 December 2019	2,682	2,683
Made up of:		
Current finance lease receivables	225	227
Non-current finance lease receivables	2,457	2,456
	2,682	2,683

Amounts receivable under finance leases at 31 December 2019

	2019		2018	
	Present value of minimum lease payments £'000	Gross investment £'000	Present value of minimum lease payments £'000	Gross investment £'000
Not later than one year	225	227	225	228
Later than one year and not later than 5 years	727	910	727	910
Later than five years	1,730	14,390	1,731	14,599
	2,682	15,527	2,683	15,737
Future interest amounts		(12,845)		(13,054)
	2,682	2,682	2,683	2,683

These finance lease receivables represent three properties which are held by tenants under long leases and where substantially all the risks and rewards of ownership have been passed to those tenants in exchange for lease payments to the Company.

14. Financial Investments

	2019	2018
	£'000	£'000
At 01 January 2019	5,888	6,007
Additions	2,000	-
Disposals	(2,138)	-
Realised gains/(losses)	138	-
Unrealised (loss)/gain	58	(119)
At 31 December 2019	5,946	5,888

The Company holds a portfolio of two funds, invested in bonds, which are recognised on the balance sheet at fair value through profit and loss. Details of the funds are disclosed below, further information is available at the fund manager's respective websites. The investments can be realised at any time, but the Company has no intention of realising them in the next 12 months. During the year one investment was sold, due to poor performance with funds reinvested into the remaining 2 funds. The funds in place at the end of the year were;

Insight Investment Management (Global) Ltd - IIFIG Bonds Plus 400 fund.
Goldman Sachs Asset Management – Global Strategic Income Bond.

The value of these holdings will vary subject to market fluctuations. Investments are valued at the market prices and exchange rates prevailing at the balance sheet date.

15. Stocks

	2019	2018
	£'000	£'000
Raw materials and consumables	324	363

The replacement cost of raw materials and consumables at 31 December 2019 was not materially different to the amount at which they are included in the financial statements.

16. Trade and Other Receivables

	2019	2018
	£'000	£'000
Due within one year:		
Trade debtors	2,755	4,728
Other debtors	81	931
Prepayments and accrued income	2,526	608
	5,362	6,267

17. Cash and Cash Equivalents

	2019 £'000	2018 £'000
Cash	1,104	55
Money market funds	31,989	29,518
	33,093	29,573

Operating bank accounts and money market funds generally earn interest at floating rates based on the prevailing bank base rate and are subject to interest rate risk.

18. Creditors: Amounts Falling Due within One Year

	2019 £'000	2018 £'000
Trade creditors	218	1,132
Accruals & deferred income	3,847	3,227
Capital creditors	997	232
Due to parent undertaking	-	2,728
Corporation tax	811	631
Other creditors	598	617
	6,471	8,567

19. Provisions for Liabilities

	2019 Other provisions £'000	2018 Other provisions £'000
At 01 January 2019	600	700
Amounts paid	(22)	-
Charged/(credited) to profit and loss account	22	(100)
At 31 December 2019	600	600

Other provisions relates to a number of claims and ongoing costs that have been assessed in conjunction with the relevant legal advisors and represents the present value of the maximum amount of projected cash outflow for the relevant claims. As the Directors consider that it is highly likely that the full outflow will ultimately be incurred there is no adjustment necessary to reduce the projected cash outflow as a result of any residual estimation uncertainty. The projected outflows are expected to arise over a period in excess of ten years.

20. Cash Flow Hedging

The Company uses forward foreign currency contracts to reduce exposure to future foreign currency cash flows arising from certain contracts Euro income streams and forward purchases of equipment in Euros. Such hedging instruments are initially measured at fair value with the effective portion of the gain or loss taken to Other Comprehensive Income and any ineffectiveness portion taken to profit and loss. Forward foreign currency contracts are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of the forward foreign currency contracts is calculated by reference to current foreign currency contracts with similar maturity profiles.

The total amount of Euros covered by the forward foreign currency contracts at 31 December 2019 was €25,210,150 (2018: €12,771,500) and they exchange Euros into Sterling rates as listed in the below table. Hedge accounting is applied prospectively from the date that the forward foreign currency contract is documented as an hedge. In this case, the movement in the fair value of the contracts considered to be an effective hedge is recognised in Other Comprehensive Income.

The Company is holding the following foreign exchange forward contracts:

As at December 2019	< 1 Year	Years 1-2	Years 2-3	Years 3-4	Total
Foreign exchange forward exchange contracts (highly probable forecast revenues)	-	-	-	-	-
Notional amount (in £000s)	5,727	6,107	5,916	5,715	23,465
Fair value (in £000s)	254	114	113	107	588
Average forward rate (EUR/GBP)	1.115	1.133	1.119	1.107	-
Foreign exchange forward exchange contracts (highly probable forecast purchases)	-	-	-	-	-
Notional amount (in £000s)	847	-	-	-	847
Fair value (in £000s)	15	-	-	-	15
Average forward rate (EUR/GBP)	1.152	-	-	-	-
As at December 2018	< 1 Year	Years 1-2			Total
Foreign exchange forward exchange contracts (highly probable forecast revenues)	-	-			-
Notional amount (in £000s)	5,656	5,726			11,382
Fair value (in £000s)	106	123			229
Average forward rate (EUR/GBP)	1.129	1.115			-
		2019			2018
		£'000			£'000
Financial assets at fair value through profit or loss					
Current Assets					
Forward foreign currency contracts		334			-
Non-Current Assets					
Forward foreign currency contracts		254			-
Current Liabilities					
Financial assets at fair value through profit or loss		(15)			(106)
Non-current liabilities					
Forward foreign currency contracts		-			(123)
		573			(229)

Comparatives have been updated to be consistent and comparable with current year presentation

21. Deferred Tax

	2019 £'000	2018 £'000
Accelerated capital allowances	(1,481)	(1,535)
Pension deductions in future periods	882	1,693
Net gain on cash flow hedges in other comprehensive income	(139)	-
	(738)	158

22. Called Up Share Capital

	2019 £'000	2018 £'000
Called up, allotted and fully paid		
1,000 ordinary shares of £1.00 each	1	1

23. Commitments

	2019 £'000	2018 £'000
Capital		
Capital expenditure that has been contracted for but has not been provided for in the financial statements	402	-
Capital expenditure where purchase orders have been raised but there is no contract in place	575	736
	977	736

Contracted capital expenditure relates to project management and construction fees in respect of the Integrated Terminal Development. The commitment is due to be satisfied by June 2020. There are no specific performance related conditions related to this commitment, except for Ports for Jersey standard terms of doing business.

24. Pension Costs

The Company's principal participation in pension is through the Public Employees Pension Scheme (PEPS), also operated by the Government of Jersey. The retirement benefits of PEPS are calculated with reference to the retiring employee's average salary and length of service. However, the benefits are subject to a cap on the employers contributions of 16.5% of salaries.

In the event that the costs of the schemes retirement benefits are such that the cap would be exceeded, the employer has the right to unilaterally reduce the benefits. Ports of Jersey currently contribute 16% of employees' salaries to the scheme. As the Government of Jersey are legally responsible for the scheme Ports of Jersey accounts for this scheme as a defined contribution scheme. The cumulative contributions of employers and employees to the scheme as at 31 December 2019 was £2.8m (2018: £1.2m). The directors consider that no significant actuarial surplus or deficit attributable to the Ports of Jersey exists in PEPS at 31 December 2019.

The company is also a participating employer in the Public Employees' Contributory Retirement Scheme (PECRS) operated by the Government of Jersey. The scheme is accounted for as a defined contribution scheme as the employer is not responsible for meeting any deficiency in the scheme, rather only a fixed amount is payable by the employer.

Further information on these schemes can be found in the financial statements of The Government of Jersey.

Post incorporation a sum of £20.7M was paid in respect to pension liabilities for a pre-1987 pension scheme. This was part of the terms of incorporation for the transfer of the Company's employees' benefits to the newly formed entity. The Company does not have any liability as at the period 31 December 2019 for the pre-1987 scheme.

Copies of the latest Annual Accounts of the schemes, and of the Government of Jersey, may be obtained from Government of Jersey, Treasury and Exchequer, 19-21 Broad Street, St Helier, Jersey, JE2 3RR.

25. Ultimate Parent Undertaking

The immediate parent undertaking is States of Jersey Investments Limited. The ultimate parent undertaking and controlling party is Government of Jersey.

26. Contingent Liabilities

As at 31 December 2019, there were no contingent liabilities.

27. Post Balance Sheet Events

Flybe Limited, an airline customer providing scheduled services to and from Jersey, entered into administration on 05 March 2020 having previously settled its aviation dues outstanding at 31 December 2019. Rockayne Limited, trading as Channel Islands Lines, a property customer, providing freight storage within the Island, entered into administration on 05 April 2020 having previously settled its property debts outstanding at 31 December 2019. In addition, during the first few months of 2020 the Covid-19 virus outbreak spread from China to Europe and beyond.

As detailed in the Going Concern section of note 1 and in the Directors Report, this combination has had a major negative impact on the Company's immediate prospects. However under applicable accounting standards and in accordance with guidance provided by the Financial Reporting Council these do not constitute adjustable events in relation to the valuation of the Company's non-financial assets in these financial statements.

Corporate Information

Directors

Mark Chown	Chair
Jeffrey Hume	Deputy Chair and Senior Independent Director
Nicky Dunn OBE	Non-Executive Director
Charles Hammond	Non-Executive Director
Dr Jane Smallman	Non-Executive Director
Geoffrey Spence	Non-Executive Director
Matthew Thomas	Chief Executive
Andrew Boustouler	Chief Financial Officer

Company Secretary

Jenny Marek-Murray

Registered Office

Jersey Airport
St Peter
Jersey JE1 1BY

Auditors

Ernst & Young LLP
Liberation House
Castle Street
Jersey JE1 1EY

Bankers

HSBC
Halkett Street
St Helier
Jersey JE4 8NJ

Solicitors

Carey Olsen
47 Esplanade
St Helier
Jersey JE1 0BD



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