



**WARRENPOINT
PORT**



Warrenpoint Harbour Authority

Annual Report and Financial Statements

For the year ended 31 December 2017

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Clare Guinness, Chief Executive, Warrenpoint Port

Warrenpoint Harbour Authority

Members

S McIlvenny OBE (Chairman)

C Guinness (Chief Executive)

*Appointed 6th January 2018

K Grant (Finance Director)

Cllr. S Doran

Cllr. G Fitzpatrick

Cllr. G Hanna

T Haslett CBE

D Sagar

R Johnston

A Stephens

P Conway

*Retired as Chief Executive 5th January 2018

Senior Management

Chief Executive C Guinness

Finance Director K Grant

Harbour Master C Dowling

Engineering Director C Cunningham

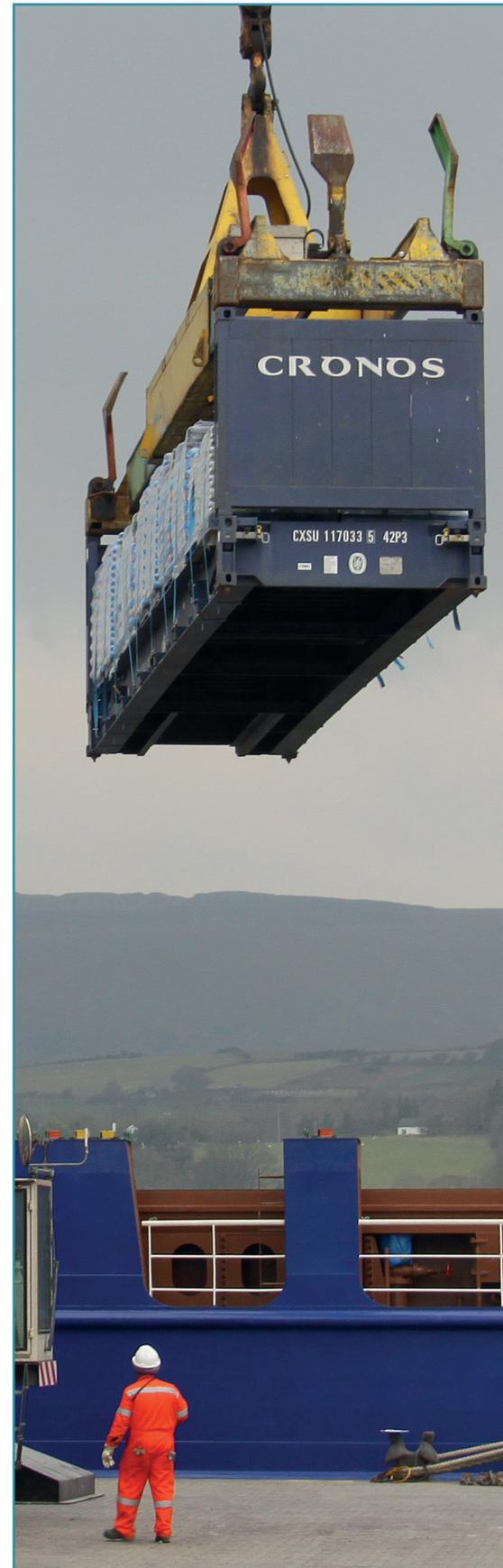
Operations Manager I Taylor

Professional Advisers

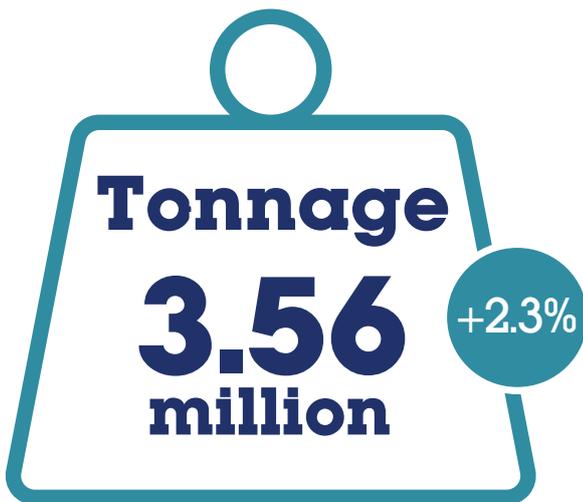
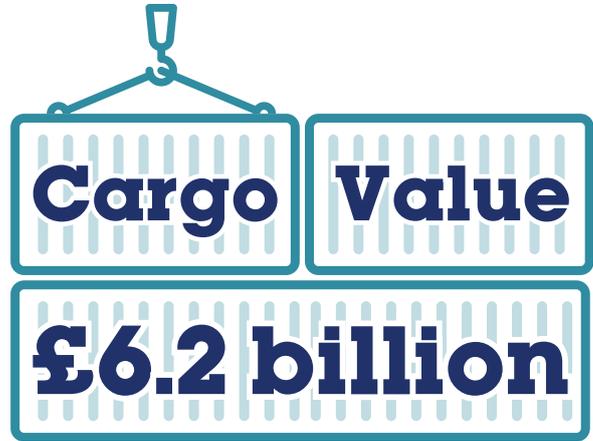
Bankers Ulster Bank Limited

Independent Auditor Deloitte (NI) Limited, Belfast

Solicitors Mills Selig



Warrenpoint Port by numbers



Tonnage Breakdown

←	Imports	1.87 million
→	Exports	1.69 million
<hr/>		
→	Cross Channel	2.93 million
🌐	Foreign (direct)	0.63 million
<hr/>		
🚢	Vessel Calls	994



Gross Value Added

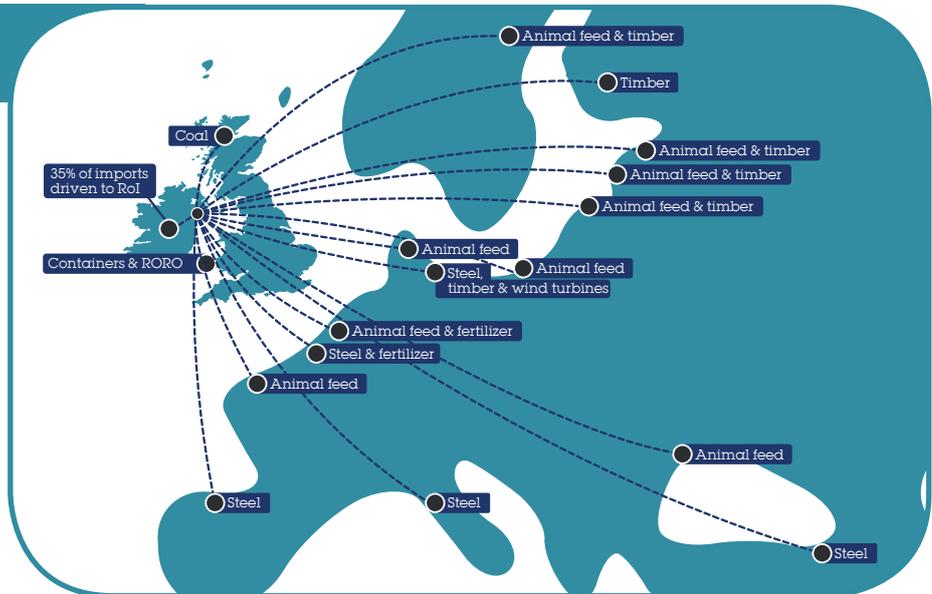


Earnings Before Interest, Taxes,
Depreciation and Amortisation

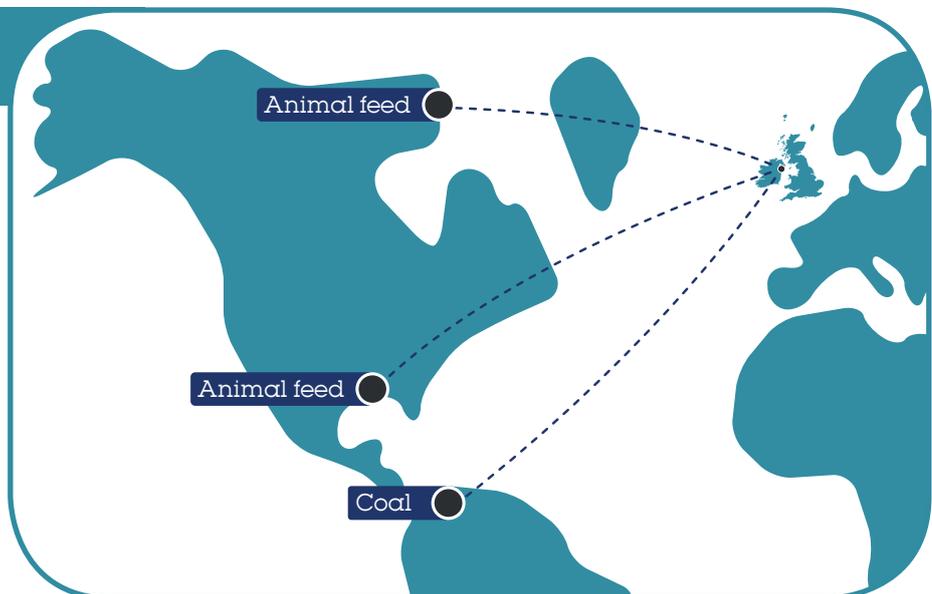
Exports



Imports (East)



Imports (West)



Chairman's statement

In this my third year as Chairman of Warrenpoint Harbour Authority (WHA), I am pleased to report a continued growth in commodity movement over the quays to 3.56 million tonnes which is an increase of 2.3% over the previous year. Net profit for the period was £910,000. These improvements are reflective of continuing growth in the economies north and south of the border. WHA has Trust Port status, and as a result, invests profits into developing, improving and maintaining assets and the harbour estate in general.

WHA remains the second largest port in Northern Ireland by tonnage throughput and fifth on the island of Ireland and is therefore a major driver of the regional economy.

A recent report authored by Ryan Hogg, an Economist, supervised by Richard Johnston, Deputy Director of Ulster University Economic Policy Centre said: "The Port processed 3.48 million tonnes of freight in 2016 which was valued at £6.2 billion" and that "Warrenpoint Harbour's economic impact is significant, employing 65 workers who each contributed £57,325 worth of productivity, total earnings of £1.7 million and GVA of £3.7 million in 2016. The Harbour has generated more than £7 million worth of taxes since 2006."

WHA has strengthened its business links with partners both across the channel and south of the border. This is evident both in the destination of outgoing vessels and in its supply chain. Over this last 10 years, 80% of freight throughput in the harbour has been cross-channel, while over 95% of the company's supply chain were UK based companies.

Goods exiting the harbour have important international reach. This comes most prominently in the shape of roll-on/roll-off (RORO) cargo moving onto international destinations, following its initial journey from Warrenpoint.

It is estimated that Warrenpoint throughput in 2016 was worth £6.2 billion in value, £164 million of which is attributed to direct international trade. In addition, it is estimated by the WHA that up to 40% of throughput begins or ends its journey in the Republic of Ireland."

The uncertainty surrounding Brexit remains the most important pressing issue for both our customers and WHA. WHA's current success has primarily grown as a result of its freight links with the port of Heysham and the resulting traffic flow across the Irish Sea. 35-40% of this traffic, circa 80,000 vehicle movements per annum either originates from or is destined for the Republic of Ireland. Any impediment to the smooth flow of this traffic may have a considerable detrimental impact on cross border trade flows. It is a business imperative that the current cross border arrangements are maintained to ensure efficiency in the supply chain. Failure to secure a free trade agreement may increase costs to, for example, an animal feed importer by £14 million annually. Similarly, customers of steel, timber etc. may face cash flow challenges. We take comfort with pronouncements from both Prime Minister Theresa May and Taoiseach Leo Varadkar that there will be no "hard" border between Northern Ireland and the Republic of Ireland.

We are pleased to note that preliminary work has commenced to determine the best route for the Southern Relief Road, the most important regional infrastructure project in the locality. From WHA's perspective, the relief road is critical to the competitiveness and growth of our business. We would take this opportunity to encourage its construction as soon as possible.

In June, on the occasion of the AGM, the Chief Executive Peter Conway announced his intention to retire in early 2018. This initiated a search and selection process for a

successor, culminating in the appointment of Clare Guinness.

As always I am very grateful and indebted to my fellow board members for their advice, to me personally and their very valuable contribution to the proceedings of meetings. This was particularly important this year as we deliberated on the future direction of WHA and the production of a strategic master plan. The management team and employees have delivered a good performance during the course of the year which has directly contributed to our continuing success.

There are considerable challenges ahead, not least Brexit, but we are confident that WHA will continue to make a significant and increasingly important contribution to the region's economy.



Stan McIlvenny OBE

Chairman

Warrenpoint Harbour Authority



Strategic report

As a trust port, Warrenpoint Harbour Authority is not bound by The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. However, consistent with corporate entities of a similar size, the Members have adopted the main provisions of the Act and present a Strategic Report.

This report, to be read in conjunction with the annual report contains information which the Members consider to be of strategic importance.

Strategy update

The year 2017 saw completion of the Port Masterplan which was formally launched in April 2018. The Masterplan sets out a vision for Port development over the next 25 years informing stakeholders of the Port's medium to long term objectives. The Port's summary strategy with vision, mission and values is summarised in figure 1.

Current and future developments

Short term internal objectives seek to create more space for Port operations to facilitate growth in throughput, principally via RORO and bulk cargo. These include the demolition of redundant buildings and internal road realignment. This will be complemented by increased investment in plant and equipment to ensure the Port continues to deliver for our customers through efficient cargo discharge. In the year ahead, the implementation of new initiatives across HR, environmental, community and charitable ventures, will demonstrate our commitment to increasing the Port's positive contribution.

Risk and uncertainties

Economic & Brexit

The NI economy is growing and the Irish economy more rapidly. This has given rise to increased consumer confidence. The continuation of a fairly benign interest

rate environment is positive set against other uncertainties largely caused by Brexit. The Port is committed to playing its part in trade continuing to flow smoothly and grow irrespective of the outcome of Brexit. With 80% of sea traffic coming to and from Great Britain and 40% of goods coming from our going to the Republic of Ireland, the Port supports frictionless trade on land and sea borders. The continuing lack of progress on the negotiation is of concern, however we are considering all scenarios post Brexit and taking steps to ensure that we are in a position to move swiftly and decisively to continue to deliver for our customers and stakeholders.

Health and safety

Consistent with the Port values, providing a safe working environment for all Port users is critical. Port operations by their nature give rise to health and safety risks which are continually being reviewed and monitored. Further investment will be made in the year ahead to ensure these risks are minimised and appropriately managed. Refer further commentary under "corporate services" on page 10.

Dredging

This is an ongoing and substantial activity to ensure that the Board fulfils obligations to conserve the harbour ensuring it is fit for use and can safely accommodate marine traffic. Marine and environmental specialists will be engaged in 2018 to ascertain whether a more cost-effective method of dredging can be adopted so that the Port can improve its marine access, reduce costs and most importantly be more sensitive to Carlingford Lough and the environment. The depth of both the turning circle and deep water pocket are constantly reviewed with smaller scale maintenance dredging carried out as and when necessary to retain the depth required to accommodate larger vessels.

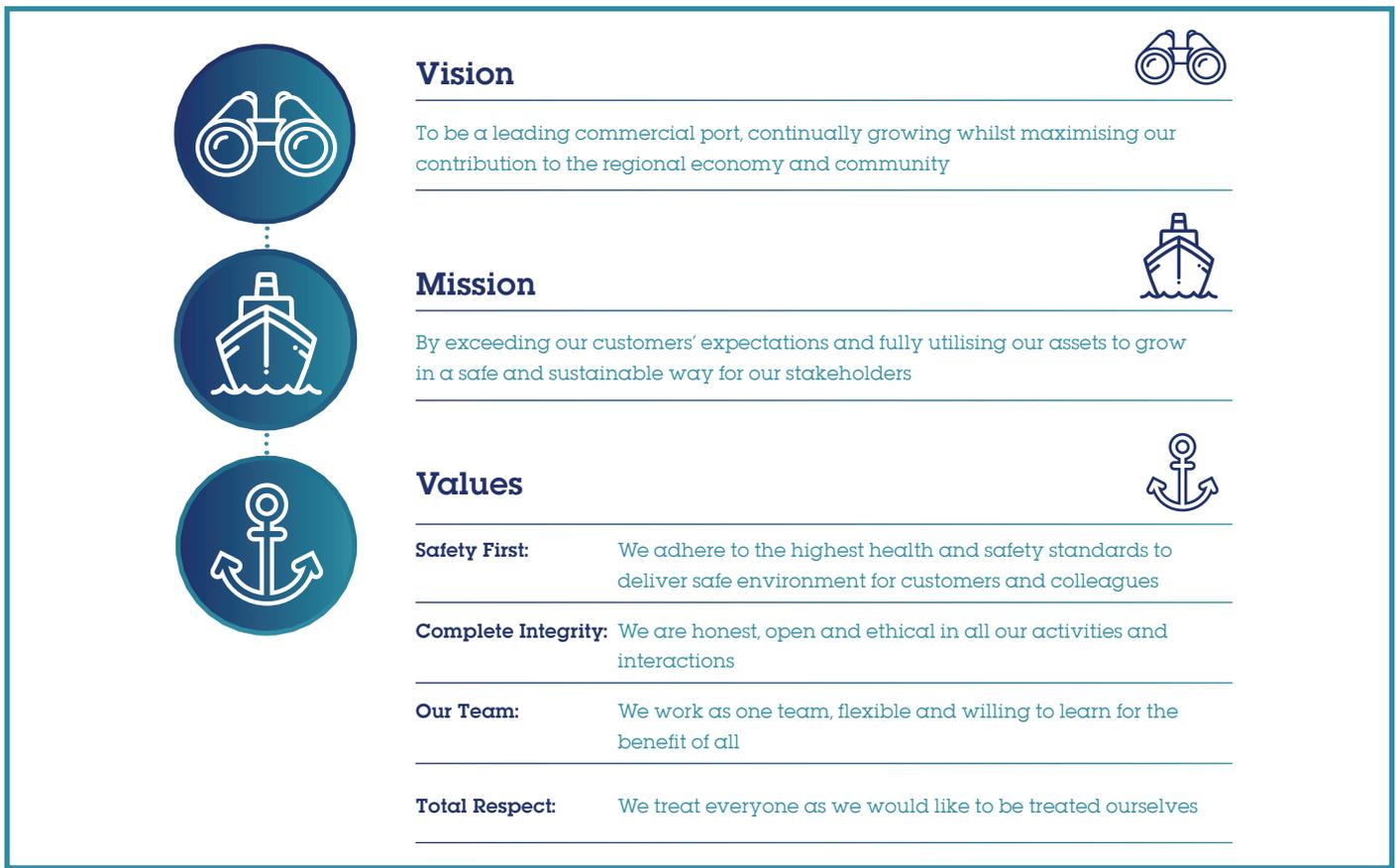


Figure 1: Warrenpoint Port Vision, Mission and Values

Funding

The Port has been accumulating considerable reserves to enable the commencement of a substantial capital expenditure programme in 2018. Support will also be sought from the Department for Infrastructure to ensure that the Port continues to play its vital role in the economic growth of the local and regional economy.

Corporate governance

As a Trust Port and like other Trust Ports across the UK it is not owned by Government but operates autonomously and with a degree of public accountability and a strong public interest ethos. The Port is required to operate in a commercial manner and is an independent statutory body governed by its own legislation. Governing legislation includes the Harbours Act (Northern Ireland) 1970, the Warrenpoint Authority Order 1971, the Harbours (Northern

Ireland) Order 2002 and the Warrenpoint Authority Order (Northern Ireland) 2012. The Board is comprised of a Chairman, four non-executive Directors, three local councillors and two members of the executive team.

Approved by the Members on 22nd May 2018
and signed on behalf of the Members

Clare Guinness

Clare Guinness
Chief Executive
Warrenpoint Harbour Authority

Chief Executive's report

I am delighted to have been appointed as CEO in January 2018.

Trading

Warrenpoint Port enjoyed another successful year's trading in the year 2017 with Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of £1.9 million, Profit Before Tax (PBT) of £910,000, resulting from a record through-put of 3.56 million tonnes. RORO and bulk cargoes performed strongly with increasing throughput particularly notable were cement, timber and grain.

Corporate services

The Port continues to benefit from a local and loyal work force. Increased volumes of trade has at times necessitated working flexibility as we strive to meet customer demands and the Port team have demonstrated commitment to ensuring this critical goal is met. The Port's operational model sees all stevedoring undertaken by Port employees and this is considered to give strategic advantage.

Specific training initiatives through 2017 resulted in four staff being accredited with the Nebosh General Certificate in Occupational Health & Safety as we continue to improve standards and safeguard our people. An in-depth independent review of health and safety will be undertaken in 2018 prior to the appointment of a dedicated Health, Safety & Environmental Officer.

The Port Marine Safety Code (PMSC) sets out a national standard for every aspect of port marine safety. As the duty holder under the PMSC, the Board is fully committed to providing a safe environment for any person within the Warrenpoint Harbour Authority limits. Compliance with the code is subject to independent audit and whilst this

has been achieved, there are a number of actions which the Port will implement in the year ahead. These actions will be led and implemented by the Port's Harbour Master to ensure the satisfactory safety standards continue to be maintained. A key marine safety development in 2017 was the introduction of digital pilot master exchange which provides the marine pilots with access via an app which allows for safer navigation and improved information flow. We are the first Port in Northern Ireland to adopt this leading technology.

We are committed to minimising any adverse impact of Port activities on the environment and exercise our duties as conservator of the Lough. Through 2017 further investment was made in dust suppression equipment. The Masterplan will facilitate wide scale engagement with all our stakeholders.

The Port is part of a vibrant civic-minded community and we are delighted to have supported 33 community and charitable initiatives through the year. Charities such as Carlingford Lough Sailability continue to be supported by the Port. Sailability improve the quality of life and well-being of children and young adults with special needs through the recreational activity and holistic therapy of sailing. We are delighted to assist such excellent causes along with numerous other charities. The Port also hosts visits from local schools including St Mark's High School, St Malachy's High School, Kilbroney Integrated Primary School and Seaview Nursery.

Going concern report

The current economic conditions, including Brexit present increased risks and uncertainties for all businesses. In response to such conditions, the Members have carefully considered these risks and the extent to which they might affect the preparation of the financial statements on a

going concern basis.

By way of background, the Authority's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's, Chief Executive's and Strategic Reports.

Using this information, the Members consider that:

- The Regional Development Strategy has highlighted the strategic importance of northern Irish ports. The Port is now the second only to Belfast by tonnage.
- The Authority's key customers are in a stable position given the present economic climate. Long-term contracts are in place and some customers have made recent significant investments to service their activity through Warrenpoint Port.
- The Authority has sought to diversify wherever possible to maintain revenue streams. The importation of wind turbines and the construction of silos for export of cement are examples of this.
- The Authority has treasury and cash management procedures and policies in place to manage its finances effectively and efficiently.
- The Authority uses up-to-date budget projections that are revised throughout the year so that financial decisions can be made in a timely and effective manner.

The Members therefore consider that the Authority has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Results

The financial results for the year ended 31 December 2017 are set out in detail on page 22. The profit after tax for the year is £690,221 (2016: £723,306).

Members

S McIlvenny OBE (Chairman)
 C Guinness (Chief Executive)
 K Grant (Finance Director)
 Cllr. S Doran
 Cllr. G Fitzpatrick
 Cllr. G Hanna
 T Haslett CBE
 D Sagar
 R Johnston
 A Stephens

Approved by the Board on 22nd May 2018 and signed on behalf of the Board

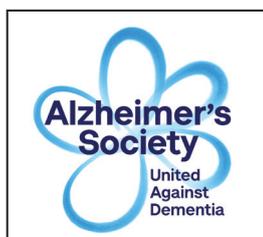


Clare Guinness
Chief Executive
Warrenpoint Harbour Authority



Warrenpoint Port: Supporting our community

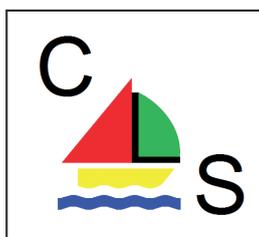
Over the financial year Warrenpoint Port supported the following charities and community groups, also playing an active part in business organisations to promote the Port's values and support its position as an economic driver.



Alzheimer's Society



The Cabbage Patchers



Carlingford Lough Sailability



Community Centre for Warrenpoint



Friends of St Dallen's



GOAL



Kilbroney Vintage Show



Life and Time Care



Lislea Drama Festival



Love the Oceans



Macmillan Cancer Support Newry and Mourne



The Mission to Seafarers



Newry Drama Festival



Northern Ireland Children's Hospice



Southern Area Hospice Services



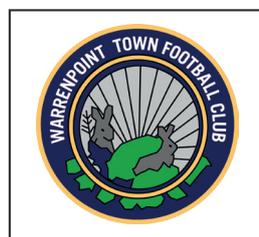
Space



St Peter's GAA Club



Warrenpoint Pantomime Club



Warrenpoint Town Football Club



Warrenpoint Port supports Macmillan Cancer Support in the Newry and Mourne area



Local schools join Warrenpoint Port in a tree-planting scheme at the entrance to the Port



Taoiseach Leo Varadkar meets with Clare Guinness, Chief Executive of Warrenpoint Port



Supporting local gardening group, the Cabbage Patchers



Warrenpoint Port partners with Port stakeholders to organise a beach clean-up



Philip Rycroft Permanent Secretary of the Department for Exiting the EU meets with Clare Guinness, Chief Executive of Warrenpoint Port

Warrenpoint Port Masterplan 2018-2043

In April 2018, Warrenpoint Harbour Authority published its draft Masterplan for Warrenpoint Port covering 2018-2043 which set out a vision to build on the Port's position as the second largest harbour in Northern Ireland and as a major economic driver for the region.

The draft document outlined key objectives including upgrading transport links to the Port, improving Port capacity and facilities, maintaining and growing its customer base and developing improved linkages with Warrenpoint town.

The Masterplan was designed as a best practice initiative to help the Port set out its plans to continue to grow and develop in a period of some uncertainty, and to inform its leading stakeholders at government and local authority level, along with the local community and its customers, on its plans and requirements for the future.

A public exhibition to present the Masterplan was held at the Town Dock House in Warrenpoint where attendees were encouraged to discuss and comment on the proposals.



Download the Warrenpoint Port Masterplan 2018-2043 and Masterplan Consultation Report at www.warrenpointport.com/documents

Overall the exhibition was well-received and the opportunity enabled concerns to be voiced about operational issues, and allowed members of the community to understand the Port's long term plans.

A report responding to the publication, and outlining future steps to be taken by the Port, has been published at www.warrenpointport.com/documents.



Masterplan priorities

Warrenpoint Harbour Authority set 5 core objectives of the Masterplan to address the key issues affecting the future operation of the Port.

1. Improve transportation and circulation

We need to achieve a better route to the A1/N1 via the proposed Southern Relief Road so that goods can reach our cross border hinterland without causing unnecessary congestion and travel delays in Newry. This is our number one strategic priority with the Department for Infrastructure. At Warrenpoint, we need to achieve a better and safer form of access to the Port. We want to explore the options with Transport NI to bring a new road access into the Port from the roundabout and create a one way system for freight movement. We also have to maintain the sea channel to the Port with a more efficient dredging plan that allows shipping numbers to increase, turn safely and dock at the Port. We will be working closely with Northern Ireland Environment Agency on this in the coming months.

2. Improve Port capacity, operations and facilities

We need to improve how port operations work by providing better access and storage facilities, a safer working environment, better internal circulation and new facilities for more efficient loading and unloading of cargoes. This may require the consolidation of parts of the Port estate by acquisition and reclamation of areas such as 'the gut'.

3. Grow a diverse customer base

The Port needs to strengthen and diversify its customer base. This means developing better cargo handling facilities and more specialist storage solutions to encourage new customers and serve our existing customers better. Over the early years of the Masterplan we will be investing in new cranes, plant and machinery and redeveloping facilities for our customers and shipping agents.

4. Develop and improve linkages with the Town

We have a strong commitment to the Warrenpoint community. Under the Masterplan we want to redevelop the Town Dock Office as our main administration centre so that we face the Town Square and provide an open public access through the railings to the Marina. These proposals should have a major regeneration and amenity impact on the town centre.

5. Develop a long term expansion strategy for expansion

Through necessity ports have to plan for the long term so we have to canvass options for what might happen even beyond the next 25 years. For an estuary Port like Warrenpoint Harbour, this means looking at the strategic options for increasing dockside capacity and making sure that long term options are not compromised by short term development decisions.

Statement of Members' responsibilities

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

The Harbours Act (Northern Ireland) 1970 requires the Members to prepare such financial statements for each financial year. Under that law the Members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The Members must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Authority and of the profit or loss of the Authority for that period. In preparing these financial statements, the Members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Authority will continue in business.

The Members are responsible for keeping adequate accounting records that are sufficient to show and explain the Authority's transactions and disclose with reasonable accuracy at any time the financial position of the Authority and enable them to ensure that the financial statements



comply with the Harbours Act (Northern Ireland) 1970. They are also responsible for safeguarding the assets of the Authority and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Auditor

Each of the persons who is a Member at the date of approval of this report confirms that:

- so far as the Member is aware, there is no relevant

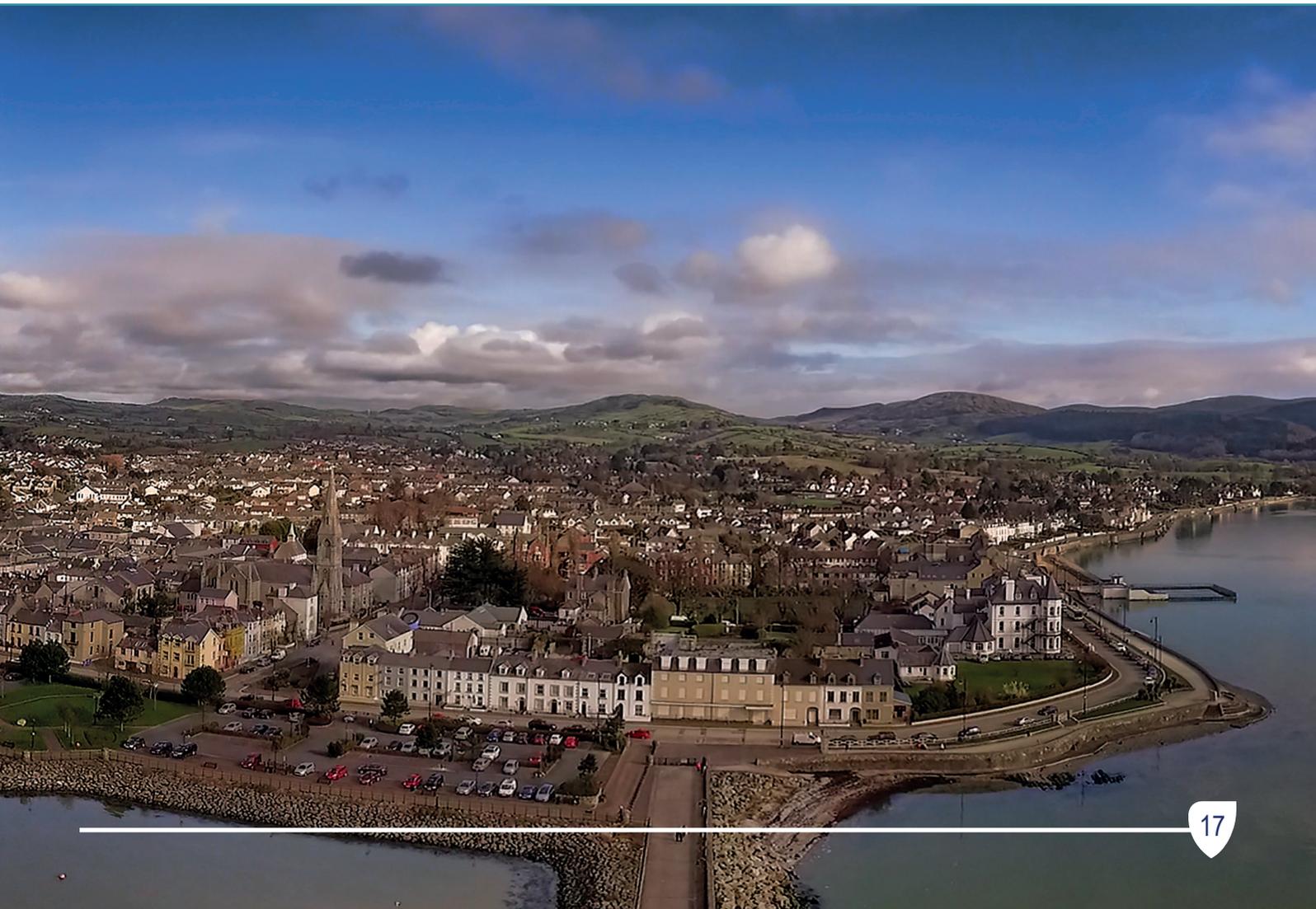
audit information of which the Authority's auditor is unaware; and

- the Member has taken all the steps that he / she ought to have taken as a Member in order to make himself / herself aware of any relevant audit information and to establish that the Authority's auditor is aware of that information.

Approved by the Members on 22nd May 2018 and signed on behalf of the Members



Clare Guinness
Chief Executive
Warrenpoint Harbour Authority



Independent auditor's report to the Members of Warrenpoint Harbour Authority

Report on the audit of the financial statements

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Warrenpoint Harbour Authority affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Harbours Act (Northern Ireland) 1970.

We have audited the financial statements of Warrenpoint Harbour Authority which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the cash flow statement; and
- the related notes 1 to 19.

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

Basis for opinion

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

We are independent of the Warrenpoint Harbour Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (FRC) 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 are required by ISAs (UK) to report in respect of the following matters where:

- the Members' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Members 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.

We have nothing to report in respect of these matters.

Other information

The Members are responsible for the other information. The other information comprises the information included

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

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

We have nothing to report in respect of these matters.

Responsibilities of Members

As explained more fully in the Statement of Members' responsibilities, the Members 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 Members 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 Member are responsible for assessing Warrenpoint Harbour Authority'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 Members

either intend to liquidate Warrenpoint Harbour Authority or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Members, as a body, in accordance with the Harbours Act (Northern Ireland) 1970. 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 Warrenpoint Harbour Authority as a body, for our audit work, for this report, or for the opinions we have formed.

Independent auditor's report to the Members of Warrenpoint Harbour Authority

Report on other legal and regulatory requirements

Opinions on other matters

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

- the information given in the Chairman's Statement, Strategic Report and Chief Executive's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Chairman's Statement, Strategic Report and Chief Executive's Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Chairman's Statement, Strategic Report and Chief Executive's Report.

Matters on which we are required to report by exception

We are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Deloitte (NI) Limited

Deloitte (NI) Limited
Statutory Auditor
Belfast, United Kingdom



Photo credit: Mourn Images

Profit and loss account For the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	3	5,785,898	5,354,085
Operating Expenses		(4,876,381)	(4,403,696)
Operating Profit		909,517	950,389
Investment income - interest receivable		11,570	10,348
Interest payable		(37,478)	(33,318)
Other finance income		24,797	-
Profit on ordinary activities before taxation	4	908,406	927,419
Tax charge on profit on ordinary activities	6	(218,185)	(204,113)
Profit for the financial year		<u>690,221</u>	<u>723,306</u>

All activities in the current and prior year derive from continuing operations.

Statement of comprehensive income

	Note	2017 £	2016 £
Profit for the financial year	Above	<u>690,221</u>	<u>723,306</u>
Other comprehensive income		-	-
Total comprehensive income		<u>690,221</u>	<u>723,306</u>

Balance sheet At 31 December 2017

	Note	31 December 2017 £	31 December 2016 £
Fixed Assets			
Tangible assets	7	<u>25,095,354</u>	<u>27,560,694</u>
Current assets			
Stocks		26,680	27,885
Debtors: due within one year	9	1,651,956	1,207,001
Debtors: due greater than one year		2,224,883	-
Investments		2,500,000	2,600,000
Cash at bank and in hand		<u>384,196</u>	<u>871,965</u>
		6,787,715	4,706,851
Creditors - Amounts falling due within one year	10	(1,141,569)	(1,069,134)
Net current assets		<u>5,646,146</u>	<u>3,637,717</u>
Total assets less current liabilities		30,741,500	31,198,411
Creditors – Amounts falling due after more than one year	11	(17,115,321)	(18,291,173)
Provisions for liabilities & charges			
Deferred taxation	12	<u>(345,262)</u>	<u>(316,542)</u>
Net Assets		<u><u>13,280,917</u></u>	<u><u>12,590,696</u></u>
Reserves		<u><u>13,280,917</u></u>	<u><u>12,590,696</u></u>

The financial statements of Warrenpoint Harbour Authority were approved by the Members and authorised for issue on 22nd May 2018 . They were signed on its behalf by:



Clare Guinness
Chief Executive
Warrenpoint Harbour Authority



Stan McIlvenny OBE
Chairman
Warrenpoint Harbour Authority

Statement of changes in equity As at 31 December 2017

	Reserves £	Total £
At 1 January 2016	11,867,390	11,867,390
Total comprehensive income	723,306	723,306
At 31 December 2016	<u>12,590,696</u>	<u>12,590,696</u>
At 1 January 2017	12,590,696	12,590,696
Total comprehensive income	690,221	690,221
At 31 December 2017	<u>13,280,917</u>	<u>13,280,917</u>

Cash flow statement For the year ended 31 December 2017

	Note	2017 £	2016 £
Cash generated by operations	16	<u>1,532,394</u>	<u>1,341,082</u>
Cash flows from investing activities			
Purchase of equipment		(2,072,244)	(2,592,568)
Proceeds from sale of equipment		18,500	7,000
Interest paid		(41,080)	(21,274)
Investment income received		11,570	10,348
Finance lease receipts		208,500	-
Net cash flows from investing activities		<u>(1,874,754)</u>	<u>(2,596,494)</u>
Cash flows from financing activities			
Repayment of borrowings		(245,409)	(101,232)
New loan raised		-	1,500,000
Net cash flows from financing activities		<u>(245,409)</u>	<u>1,398,768</u>
Net (decrease)/increase in cash and cash equivalents		<u>(587,769)</u>	<u>143,356</u>
Cash and cash equivalents at beginning of year		<u>3,471,965</u>	<u>3,328,609</u>
Cash and cash equivalents at end of year		2,884,196	3,471,965
Reconciliation to cash at bank and in hand			
Cash at bank and in hand		384,196	871,965
Cash equivalents		<u>2,500,000</u>	<u>2,600,000</u>
		<u>2,884,196</u>	<u>3,471,965</u>

Notes to financial statements

Year ended 31 December 2017

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

General information and basis of accounting

Warrenpoint Harbour Authority is a Trust Port operating under the Harbours Act (Northern Ireland) 1970, the Warrenpoint Harbour Authority Order 1971, the Warrenpoint Harbour Authority Order (Northern Ireland) 2002, and the Warrenpoint Harbour Authority Order (Northern Ireland) 2002. The nature of the entity's operations and principal activities are set out in the strategic report on pages 8 and 9.

The financial statements have been prepared under the historic cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the entity is considered to be pounds sterling as that is the currency of the primary economic environment in which it operates.

Going concern

The Members have a reasonable expectation that the Authority has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land and assets not in use, at rates calculated to write off the cost,

less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

- Capital dredging: 25 to 35 years
- Maintenance dredging: 5 to 6 years
- Emergency dredging: 2 years
- Buildings: 5 to 50 years
- Plant and equipment: 3 to 20 years
- Dock structures and excavations: 10 to 50 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Assets in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees. Depreciation on these assets commences when the assets are ready for their intended use.

Financial instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the related contractual arrangements. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities.

Notes to financial statements (continued)

Year ended 31 December 2017

(i) Financial assets and liabilities

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

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables subsequently are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the entity transfers to another party substantially all of the risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to

impose additional restrictions on the transfer.

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

Investments

Investments comprise short term deposits held with banks and are held at fair value.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Provision is made for obsolete, slow-moving or defective items where appropriate.

Impairment of assets

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

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

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Taxation

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

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

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference.

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

Current tax assets and liabilities are offset only when

there is a legally enforceable right to set off the amounts and the Authority intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if a) the Authority has a legally enforceable right to set off current tax assets against the current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Turnover

Turnover is the amount derived from charges to port users and from rents of property in the normal course of business.

Turnover is stated net of VAT, other sales-related taxes, and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable.

Where a contract has been only partially completed at the balance sheet date, turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Notes to financial statements (continued) Year ended 31 December 2017

Employee benefits

The defined benefit pension scheme (the Warrenpoint Harbour Authority Pension and Assurance Scheme) was closed to new members on 30 April 2002 and was wound up on 4 July 2012. The defined benefit scheme was replaced on the same date by a new Group Personal Pension Scheme, a defined contribution scheme, to which the members of the defined benefits scheme were transferred.

All pension liabilities in respect of the defined benefit pension scheme have now been discharged.

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

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any exchange gains or losses are recognised in the profit and loss account.

Leases

As lessee

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

similarly spread on a straight-line basis over the lease term.

As lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The amount due from the lessee under finance leases is recognised as a debtor at the amount of the net investment in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Provisions

Provisions are recognised when a past event gives rise to a present obligation, a transfer of economic benefits is probably, and when a settlement amount can be reliably estimated.

Borrowing costs

Borrowing costs which are directly attributable to the construction of tangible fixed assets are not capitalised

as part of the cost of those assets. Instead all borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

2. Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying the Authority's accounting policies

The following are the critical judgements and key sources of estimation uncertainty that have the most significant effect on the amounts disclosed in the financial statements.

Recognition and depreciation of dredging assets.

Dredging is an essential requirement of most ports whereby siltation of the channel, turning circle and berths is removed to a different location in order to keep waterways navigable by the commercial and recreational vessel that utilise the Port.

This Port currently classifies dredging under four different headings depending on the nature and expected useful life of the dredging campaign. The useful life of the dredging campaign is monitored by continued surveying

of the waterways to ascertain the rate of siltation in these areas. The economic life is deemed to have ended when a vessel can no longer safely navigate the appropriate waterway.

1. Operational dredging

This is a form of maintenance dredging required to maintain existing navigable waterways or channels. In this particular type of dredge there usually an immediate requirement to remove siltation from a berth or waterway that has been caused by external forces such as vessel movements or extreme weather conditions. The cost of this dredge is fully charged to the profit and loss account when costs are incurred.

2. Emergency dredging

This is similar to above but the siltation rate is such that the useful economic life of the dredge is spread over two or more years. In this port, the deep water quays currently silt up at such a rate that there has been a requirement to dredge this area every two years so that it can facilitate larger commercial vessels and cruise ships.

3. Maintenance dredging

Again this is similar to points 1 and 2 above, the main difference being a different siltation rate. In Warrenpoint Port, the first 1km of the channel including the non-deep water berths require a maintenance dredge every five to six years.

4. Capital dredging

This is typically dredging to create a new berth or waterway or to deepen existing facilities to allow large ships access. Therefore the depreciation rate of this type of dredge is much longer. Once the capital dredging is complete the area will usually be subject to a maintenance dredge depending again on the siltation rates of the area.

Notes to financial statements (continued)

Year ended 31 December 2017

3. Turnover

An analysis of the Authority's turnover is as follows:

	2017	2016
	£	£
Rendering of services	5,669,446	5,236,684
Rental income	116,452	117,401
	<u>5,785,898</u>	<u>5,354,085</u>

4. Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation of tangible fixed assets (note 7)	1,772,486	1,896,681
Amortisation of grants on tangible fixed assets (note 13)	(784,742)	(859,609)
Foreign exchange loss	0	3,452
Loss on disposal of fixed assets	(90,028)	2,000
Cost of stock recognised as an expense	-	-
Operating lease rentals	6,056	5,127
	<u>6,056</u>	<u>5,127</u>

The analysis of the auditor's remuneration is as follows:

	2017	2016
	£	£
Fees payable to the company's auditor for the audit of the company's annual accounts	14,390	13,400
Total audit fees	<u>14,390</u>	<u>13,400</u>
Taxation compliance services	15,500	7,000
Total non-audit fees	<u>15,500</u>	<u>7,000</u>

5. Employee numbers

The average number of employees during the year was 67 (2016: 65).

6. Tax on profit on ordinary activities

(a) Analysis of charge in year	2017	2016
	£	£
Current tax:		
UK corporation tax on profits of the current year	189,793	235,884
Adjustments in respect of previous periods	(328)	(2,553)
	<u>189,465</u>	<u>233,331</u>
Total current tax	<u>189,465</u>	<u>233,331</u>
Deferred tax:		
Origination and reversal of timing differences (including impact of rate change)	32,200	(12,844)
Effect of decrease in tax rate	279	(17,336)
Adjustments in respect of previous periods	(3,759)	962
	<u>28,720</u>	<u>(29,218)</u>
Total deferred tax charge/(credit) – Note 12	<u>28,720</u>	<u>(29,218)</u>
Tax on profit on ordinary activities	<u>218,185</u>	<u>204,113</u>
	<u>218,185</u>	<u>204,113</u>
(b) Factors affecting tax charge for the year		
	2017	2016
	£	£
Profit on ordinary activities before tax	<u>908,406</u>	<u>927,419</u>
	<u>908,406</u>	<u>927,419</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (2016: 20%)	174,868	185,484
Effects of:		
Other expenses not deductible for tax purposes	5,214	6,873
Ineligible depreciation	41,911	30,683
Change in tax rate	(3,759)	(17,336)
Adjustments to tax charge in respect of previous periods	(49)	(1,591)
	<u>218,185</u>	<u>204,113</u>
Tax charge for year	<u>218,185</u>	<u>204,113</u>
	<u>218,185</u>	<u>204,113</u>

(c) Factors that may affect future tax charges

The standard rate of tax applied to reported profit on ordinary activities is 19.25% (2016: 20%). The applicable tax rate has changed following substantive enactment of the Finance (No 2) Act 2015, which provided for the reduction in the main rate of corporation tax from 20% to 19% from 1 April 2017 and the substantive enactment of the Finance Act 2016, which provided for the reduction in the main rate of corporation tax from 19% to 17% on 1 April 2020. This will affect the future tax charge of Warrenpoint Harbour Authority. It is not expected this rate reduction will have a material impact on Warrenpoint Harbour Authority.

Notes to financial statements (continued)

Year ended 31 December 2017

7. Tangible assets

	Land and Buildings £	Dredging £	Dock Structures and Excavations £	Plant and Equipment £	Assets in Course of Constructions £	Total £
Cost or valuation						
At 1 January 2017	13,844,721	7,242,657	24,071,663	10,165,111	2,136,874	57,461,026
Additions	-	1,245,273	36,310	162,437	628,225	2,072,245
Disposals/Transfer	-	-	-	(125,950)	(2,765,099)	(2,891,049)
At 31 December 2017	13,844,721	8,487,930	24,107,973	10,201,598	-	56,642,222
Depreciation						
At 1 January 2017	(5,979,346)	(5,707,436)	(10,419,251)	(7,794,299)	-	(29,900,332)
Charge for year	(345,282)	(487,240)	(616,537)	(323,427)	-	(1,772,486)
Disposals	-	-	-	125,950	-	125,950
At 31 December 2017	(6,324,628)	(6,194,676)	(11,035,788)	(7,991,776)	-	(31,546,868)
Net Book Value						
At 31 December 2017	7,520,093	2,293,254	13,072,185	2,209,822	-	25,095,354
At 31 December 2016	7,865,375	1,535,221	13,652,412	2,370,812	2,136,874	27,560,694

Included in land and buildings is land with a cost of £3,348,747 (2016 - £3,348,747) in respect of which no depreciation is provided.

The net book value of land and buildings comprises freehold property £4,171,345 (2016 - £4,516,627) and short leasehold property £nil (2016 - £nil).

8. Financial commitments

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017 £	2016 £
Leases expiring:		
Within one year	-	5,453
Within one and five years	-	-
After five years	-	-

9. Debtors

Due within one year	2017	2016
	£	£
Trade debtors	1,163,582	1,040,635
VAT	33,051	36,413
Prepayments and accrued income	207,339	129,953
Amounts receivable under finance leases	247,984	-
	<u>1,651,956</u>	<u>1,207,001</u>
Due greater than one year		
Amounts receivable under finance leases	2,224,883	-
	<u>3,876,839</u>	<u>1,207,001</u>
Finance Lease receivables	Minimum lease payments	
	2017	2016
	£	£
Amounts receivable under finance leases:		
Within one year	278,000	-
In the second to fifth years inclusive	1,114,085	-
After five years	1,221,675	-
	<u>(140,893)</u>	<u>-</u>
Less: unearned finance income		
Present value of minimum lease payments receivable	<u>2,472,867</u>	<u>-</u>
	Present value of minimum lease payments	
	2017	2016
	£	£
Amounts receivable under finance leases:		
Within one year	247,984	-
In the second to fifth years inclusive	1,028,822	-
After five years	1,196,060	-
	<u>2,472,867</u>	<u>-</u>
Present value of minimum lease payments receivable		
Analysed as:		
Non-current finance lease receivables (recoverable after 12 months)	2,224,883	-
Current finance lease receivables (recoverable within 12 months)	247,984	-
	<u>2,472,867</u>	<u>-</u>
Present value of minimum lease payments receivable		
	<u>2,472,867</u>	<u>-</u>

The authority has entered into finance lease arrangements for certain installations on the harbour site. The term of the finance lease is 10 years and no value has been placed on the unguaranteed residual values of the leased assets.

Notes to financial statements (continued)

Year ended 31 December 2017

10. Creditors - Amounts falling due within one year

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	£	£
Trade creditors	231,806	177,197
Corporation tax	194,816	240,907
Other taxation and social security	71,520	72,369
Accruals & deferred income	391,277	333,252
Loan from Dfl	252,150	245,409
	<u>1,141,569</u>	<u>1,069,134</u>

11. Creditors - Amounts falling due after more than one year

	2017	2016
	£	£
Accruals & deferred income	1,019,713	1,158,674
Grants	14,755,005	15,539,746
Loan from Dfl	1,340,603	1,592,753
	<u>17,115,321</u>	<u>18,291,173</u>

Borrowings are repayable as follows:

	2017	2016
	£	£
Loan from Dfl		
Between one and two years	259,091	252,150
Between two and five years	444,761	552,579
After 5 years	636,751	788,024
	<u>252,150</u>	<u>245,409</u>
On demand or within one year	1,592,753	1,838,162

Interest is payable on the loans at rates of between 2.04% and 3.59% on the principal amount.

12. Deferred tax

Deferred tax is provided as follows:

	2017 £	2016 £
Accelerated capital allowances	347,174	317,674
Other timing differences	(1,911)	(1,132)
	<hr/>	<hr/>
Deferred Tax	345,262	316,542
	<hr/> <hr/>	<hr/> <hr/>
Provision at start of year	316,542	345,760
Adjustment in respect of prior years	279	962
Deferred tax charge to income statement for the period	28,441	(30,180)
	<hr/>	<hr/>
Provision at end of year	345,262	316,542
	<hr/> <hr/>	<hr/> <hr/>

13. ERDF and other grants

	2017 £	2016 £
At start of year	15,539,746	16,399,355
Grants received	-	-
Grants receivable	-	-
Released to profit and loss account	(784,742)	(859,609)
	<hr/>	<hr/>
At end of year	14,755,004	15,539,746
	<hr/> <hr/>	<hr/> <hr/>

14. Investments in subsidiaries

The Authority holds two ordinary £1 shares, not yet paid, representing a 100% holding in Warrenpoint Bulk Liquid Storage Co. Limited, a dormant company, registered in the United Kingdom. Consolidated accounts are not prepared as the subsidiary is wholly immaterial.

The Authority also holds two ordinary £1 shares, not yet paid, representing a 100% holding in Warrenpoint Harbour Authority Marina Limited, a dormant company, registered in the United Kingdom. Consolidated accounts are not prepared as the subsidiary is wholly immaterial.

15. Pension schemes

The Authority operates defined contribution schemes for all staff. The total expense charged to profit or loss in the year ended 31 December 2017 was £ 113,116 (2016: £109,925).

Notes to financial statements (continued)

Year ended 31 December 2017

16. Cash flow statement

(i) Reconciliation of operating profit to cash generated by operations

	2017 £	2016 £
Operating profit	909,517	950,389
Adjustment for		
Depreciation charges (net of grant release)	987,743	1,037,071
Loss/(Profit) on sale of tangible fixed assets	90,028	(2,000)
Corporation tax paid	(235,555)	(174,069)
	<u>1,751,733</u>	<u>1,811,391</u>
Operating cash flow before movement in working capital		
Decrease in stocks	1,205	4,800
Increase in debtors	(196,970)	(309,396)
(Decrease) in creditors	(23,574)	(165,713)
	<u>1,532,394</u>	<u>1,341,082</u>
Cash generated by operations	1,532,394	1,341,082

17. Contingent liability

Government Grant

It is a condition upon which grants are paid that the fixed infrastructure assets to which they relate remain in use by Warrenpoint Harbour Authority for periods which reflect their economic life. In the event that either of these conditions is breached, a liability to repay any or all of the grants will arise.

18. Financial instruments

a) Overview

This note provides details of the entity's financial instruments.

Liabilities or assets that are not contractual (such as income taxes, prepayments, provisions and deferred income) are not financial assets or financial liabilities and accordingly are excluded from the disclosures provided in this note.

Details of the significant accounting policies and methods adopted for each class of financial asset and financial liability are disclosed in the accounting policies note.

18. Financial instruments (continued)

b) Categories and carrying value of financial instruments

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

	2017	2016
	£	£
Financial assets		
Measured at undiscounted amount receivable		
Trade and other debtors	1,163,582	1,040,635
Debt instruments measured at amortised cost		
Finance leases	2,472,867	-
Total interest income for financial assets at amortised cost	24,797	-
Financial liabilities		
Measured at amortised cost		
Loans payable	1,592,753	1,838,162
Measured at undiscounted amount payable		
Trade and other creditors	560,993	451,435

c) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the entity. The entity has adopted a policy of only dealing with creditworthy counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, provisions are made.

The entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The entity defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the entity's maximum exposure to credit risk.

At the end of the reporting period, there are no significant concentrations of credit risk for loans and receivables. The carrying amount reflected above represents the entity's maximum exposure to credit risk for such loans and receivables.

d) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Members, which have established an appropriate liquidity risk management framework for the management of the entity's short-, medium- and long-term funding and liquidity management requirements. The entity manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

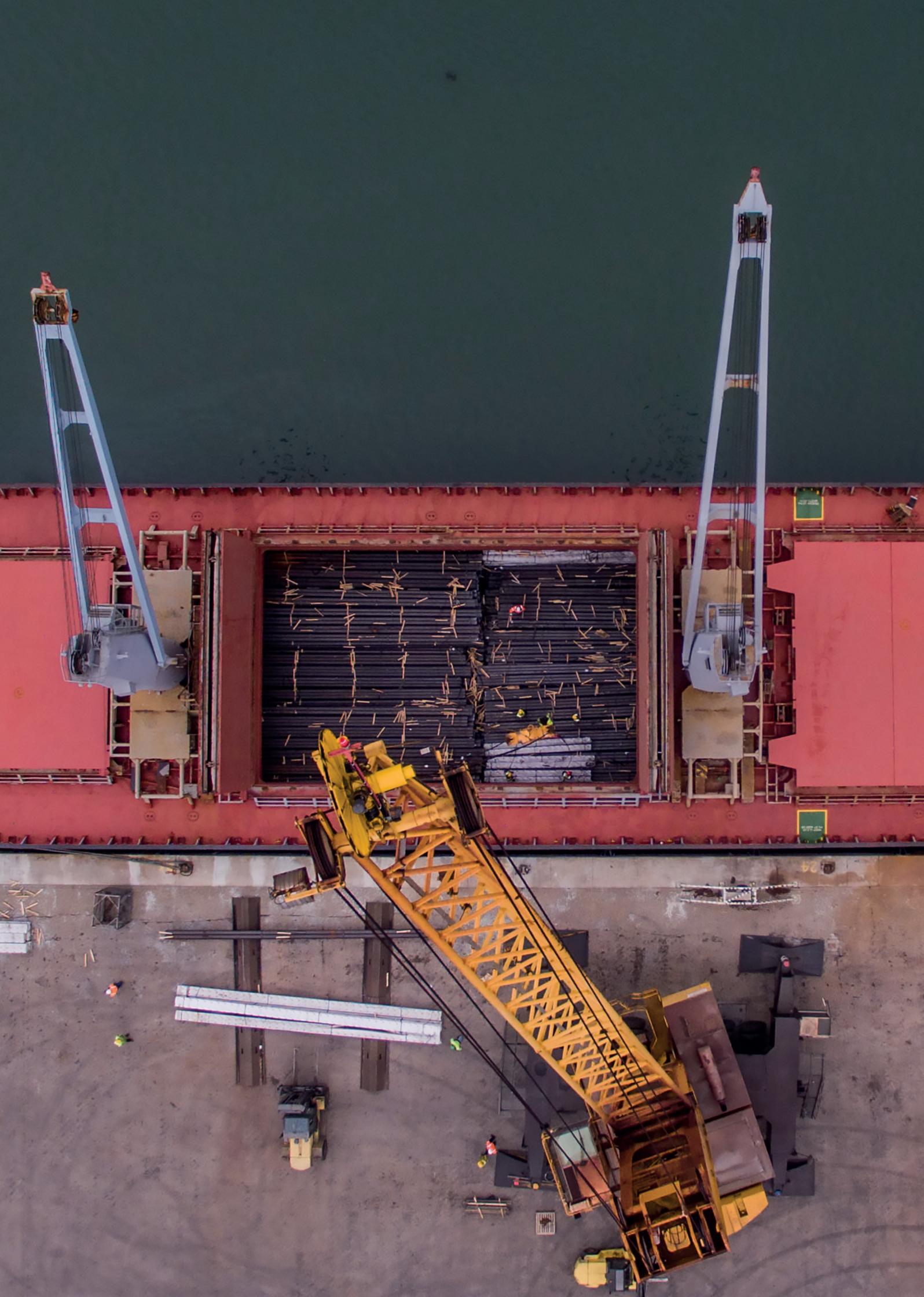
Notes to financial statements (continued) Year ended 31 December 2017

19. Related party transactions

(i) Reconciliation of operating profit to cash generated by operations

All board members and certain senior employees who have authority and responsibility for planning, directing and controlling activities are considered to be key management personnel. The total remuneration in respect of these individuals is £545,941 (2016: £446,411), included in these figures is a total remuneration package of £144,779 (2016: £142,944 for the highest paid director (CEO) and a total of £82,780 (2016: £72,421) for the non-executive members of the Board.







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