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Motor vehicles	Approx. 33%
Boats & boating equipment	21%

In 2018 there were various assets categorised under a new asset category at year end – assets under construction. These assets will only begin to be depreciated when fully complete and re-categorised into one of the above categories.

### 1.E) CHANGE IN ACCOUNTING ESTIMATE

In accordance with its Policy, Loughs Agency reviews the estimated useful lives of its fixed assets on an ongoing basis. This review indicated that the actual lives of certain boats and motor vehicles were longer than the estimated useful lives used for depreciation purposes, in the Financial Statements. As a result, effective 1 January 2017, Loughs Agency changed its depreciation of these assets from straight line to reducing balance to better reflect the estimated periods during which these assets will remain in service.

### 1.F) CURRENCY

The Agency's transactions are effected in both Sterling and Euro. Sterling is effectively the Agency's working currency. Transactions in other currencies are translated to Sterling at an average of the previous month exchange rate. Monetary assets and liabilities denominated in other currencies are translated to Sterling at the rates of exchange prevailing at the balance sheet date (closing rate). Realised gains and losses are taken to the Income Statement.

At year end the Financial Statements are translated into Euro. The Income Statement is translated using the average exchange rate for the year while the Balance Sheet is translated using the closing exchange rate. The closing rate for 2018 is £stg: €1.1179 (2017: £stg: €1.1271). The average rate for 2018 is £stg: €1.1303 (2017: £stg = €1.1407). Currency adjustments arising from this translation of the Financial Statements are reflected in all Balance Sheet Items and accordingly are disclosed in Fixed Assets (Note 10), Capital Grants (Note 13), Pension Scheme (Note 14), General Reserve (Note 15) and the Revaluation Reserve (Note 16). European Central Bank rates are used. It should be noted that the results for the year would be impacted by the changes in foreign exchange rates since the accounts were signed which impacts on the translated values.

### 1.G) GRANTS FROM SPONSOR DEPARTMENTS

The Agency receives its revenue grant from monies voted by the Northern Ireland Assembly and the Houses of the Oireachtas. The grant is drawn down from its Sponsor Departments on an equal 50:50 basis which funded the principal activities of the Loughs Agency as noted in the Annual Report in the current period. Capital expenditure incurred



to acquire fixed assets and investments is credited to the government grant reserve from grant in aid received. On disposal of a tangible fixed asset, or redemption of a fixed investment, where applicable, the profit or loss arising is credited or charged to the Income Statement. The balance remaining on the grant reserve in relation to the asset disposed of is then transferred to the Income Statement.

#### **1.H) OTHER REVENUE GRANTS**

The Agency incurs expenditure in relation to a number of programmes and projects which are able for grant aid. This expenditure includes amounts paid directly by the Agency and grants disbursed to Agencies. Grant income is recognised in the Financial Statements when the related expenditure is incurred on the basis that there is reasonable assurance that the Loughs Agency will comply with conditions attached to the payment of grants.

#### **1.I) EMPLOYEE BENEFITS**

The cost of any unused holiday entitlement is recognised in the period in which the employees' services are received.

#### **1.J) LEASES**

Rentals paid under operating leases are charged to administrative costs on a straight line basis over the terms of the lease.

#### **1.K) VAT**

Loughs Agency is not in a position to reclaim VAT. VAT is therefore included as expenditure and where appropriate capitalised in the value of fixed assets.

#### **1.L) PROVISIONS AND CONTINGENT LIABILITIES**

A provision is made in the Accounts which represents a reliable estimate of probable settlements, e.g. for legal cases against the Body. A contingent liability arises for claims where there is a possible but not probable obligation to settle or a reliable monetary estimate of the obligation cannot be made. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

#### **1.M) CAPITAL GRANTS**

Grants for capital purposes are credited to a capital grant reserve and released to the income statement over the expected useful lives of the assets.



## 2. NORTH SOUTH PENSION SCHEME

On 1 January 2015, the Foyle Fisheries Commission Pension (Amendment) Scheme 1979 closed and members were transferred to the North/South Pension Scheme.

The North/South Pension Scheme was established by the North/South Implementation Bodies and Tourism Ireland Limited with effect from 29 April 2005. It is a defined benefit pension scheme which is funded annually on a pay as you go basis from monies provided by the UK and Irish Exchequers. Funding is provided to the Body by the Department of Agriculture, Environment and Rural Affairs in the North and the Department of Communications, Climate Action and Environment in the South. The scheme is administered by an external administrator.

The North/South Pension Scheme consists of a number of sections with different benefit structures.

The Core Final Salary section is a final salary pension arrangement with benefits modelled on the Classic section of the Principal Civil Service Pension Scheme in Northern Ireland. The scheme provides a pension (eightieths per year of service), a gratuity or lump sum (three eightieths per year of service) and spouse's and children's pensions. Normal Retirement Age is a member's 60th birthday. Pensions in payment (and deferment) increase in line with general price inflation.

The Core Alpha section is a career averaged revalued earnings pension arrangement or CARE scheme with benefits modelled on the Alpha Section of the Principal Civil Service Pension Scheme in Northern Ireland. The Scheme provides a pension based on a percentage (2.32%) of pensionable pay for each year of active membership (the pension is increased at the start of each scheme year in line with general price inflation) and spouse's and children's pensions. Normal Retirement Age is a member's State Pension Age in the relevant jurisdiction, which is currently 67, 68 or between 67 and 68 in the UK and 68 in Ireland. Pensions in payment (and deferment) increase in line with general price inflation.

Most Core section members have benefits in both the Final Salary and Alpha Sections and new entrants who join the Scheme after 1 April 2015 will, in most cases, become members of the Core Alpha section.

The liability at 31 December 2018 has been included in the Financial Statements and a disclosure note has been included (Note 14) detailing the actuarial review calculations, which were carried out by Deloitte Total Reward and Benefits Limited (appointed 1 July 2016). This includes the results of the calculations of the pension liabilities and costs of employees (and ex-employees) of the Loughs Agency for the purposes of the accounts



for the year ended 31 December 2018. Comparative figures for 2017 are also shown.

Pension costs reflect pension benefits earned by employees in the period. An amount corresponding to the pension charge is recognised as income to the extent that it is recoverable, and offset by grants received in the year to discharge pension payments. Pension liabilities represent the present value of future pension payments earned by staff to date. Deferred pension funding represents a corresponding asset, being resources to be made available in future periods from the UK and Irish Exchequers in the manner described above.

Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Comprehensive Income.

The Statement of Financial Position recognises the cumulative liability for pensions earned by employees as at the year end, together with a corresponding asset.





### 3. REVENUE AND CAPITAL GRANTS FROM SPONSOR DEPARTMENTS

	NOTE	2018 (£)	2017 (£)	2018 (€)	2017 (€)
<b>Grants received in year</b>					
Department of Communications, Climate Action and Environment (Grant in Aid)		2,249,688	1,955,313	2,542,822	2,230,426
Department of Agriculture, Environment and Rural Affairs (Grant in Aid)		2,299,688	2,059,063	2,599,338	2,348,773
DAERA / NIEA Environment Fund Grant		-	13,200	-	15,057
<b>Total</b>		<b>4,549,376</b>	<b>4,027,576</b>	<b>5,142,160</b>	<b>4,594,256</b>
<b>Appropriation of grants received in year</b>					
Capitalised against fixed assets	10/13	603,760	331,203	682,430	377,803
Released to revenue		3,945,616	3,696,373	4,459,730	4,216,453
<b>Total</b>		<b>4,549,376</b>	<b>4,027,576</b>	<b>5,142,160</b>	<b>4,594,256</b>

The deviation from the 50:50 funding ratio in 2018 is explained by the fact that the Department of Agriculture, Environment and Rural Affairs provided £50,000 to assist farmers affected by the floods of August 2017. In 2017 the deviation is explained by the fact that the Department of Agriculture, Environment and Rural Affairs, agreed to fund the majority of the retiring CEO pension lump sum.



## 4. OTHER REVENUE GRANTS

	2018		2018		2017		2017	
	INTERREG VA SWELL VA SWELL £Stg	INTERREG VA CATCHMENT CARE CARE £Stg	INTERREG VA SEA MONITOR MONITOR £Stg	TOTAL TOTAL £Stg	TOTAL TOTAL €	INTERREG VA SWELL VA SWELL £Stg	INTERREG VA CATCHMENT CARE CARE £Stg	TOTAL TOTAL €
<b>Revenue Grant Income</b>								
Grant received in year	23,415	227	-	23,642	26,722	-	-	-
Grant receivable current year	494	37,755	3,014	41,263	46,640	12,416	227	14,422
Grant receivable prior year	(12,416)	(227)	-	(12,643)	(14,290)	-	-	-
	<b>11,493</b>	<b>37,755</b>	<b>3,014</b>	<b>52,262</b>	<b>59,072</b>	<b>12,416</b>	<b>227</b>	<b>14,422</b>
<b>Revenue Grant Expenditure</b>								
Expenditure current year	11,483	37,942	3,014	52,439	59,272	12,425	227	14,432
Expenditure previous year	-	-	-	-	-	-	-	-
	<b>11,483</b>	<b>37,942</b>	<b>3,014</b>	<b>52,439</b>	<b>59,272</b>	<b>12,425</b>	<b>227</b>	<b>14,432</b>

Difference in Revenue Grant Income and Revenue Grant Expenditure is due to timing of claims and difference in conversion of receipts / expenditure transacted in Euros.

In 2017, the Agency gained approval of funding under INTERREG VA for its portion of the SWELL programme which is a project aimed at improving water quality in shared transitional waters. NI Water is Lead Partner on this project. Initially grant funding of approximately €3 million has been approved, Loughs Agency's portion of this being €30,063 to the end of April 2018.

The Agency is also involved as a partner in a project CatchmentCARE which in late 2017 secured INTERREG VA funding of approximately €13.8 million over a 5 year period. This project aims to improve freshwater quality in cross border river basins. Lead Partner on this project is Donegal County Council and the Agency's portion of this funding is approximately €1.4million over the period.

A third project, SeaMonitor, in which Loughs Agency is Lead Partner secured funding in December 2018 under INTERREG VA of approximately €1.7 million, over a 4 year period. This project aims to develop cross border capacity for the monitoring and management of marine protected areas and species within the region. Loughs Agency's portion of this funding is approximately €1.7 million over the period.

## 5. ORDINARY INCOME

	2018 (£)	2017 (£)	2018 (€)	2017 (€)
<b>Normal activities</b>				
Licence duties	69,209	75,148	78,227	85,721
Fishery rent	2,556	2,556	2,889	2,916
	<b>71,765</b>	<b>77,704</b>	<b>81,116</b>	<b>88,637</b>
<b>Other activities</b>				
Fines and costs recovered	6,488	17,705	7,333	20,196
Sundry receipts	26,874	81,631	30,376	93,116
	<b>33,362</b>	<b>99,336</b>	<b>37,709</b>	<b>113,312</b>
<b>Total</b>	<b>105,127</b>	<b>177,040</b>	<b>118,825</b>	<b>201,949</b>



## 6. STAFF COSTS AND BOARD REMUNERATION

### 6.A) STAFF NUMBERS

AVERAGE MONTHLY EMPLOYEES (FULL TIME EQUIVALENT)	2018	2017
Senior Management	5	5
Administrative	16	18
Field staff and inspectorate	29	36
<b>Total</b>	<b>50</b>	<b>59</b>

### 6.B) STAFF AND BOARD COSTS

	2018 (£)	2017 (£)	2018 (€)	2017 (€)
Gross Salaries	1,922,886	1,968,038	2,173,438	2,244,941
Social security costs	177,914	186,148	201,097	212,339
Employers pension costs	899,881	789,588	1,017,135	900,683
Less Recoupments for Seconded staff	(46,910)	(52,874)	(53,022)	(60,313)
<b>Total staff costs</b>	<b>2,953,771</b>	<b>2,890,900</b>	<b>3,338,648</b>	<b>3,297,650</b>
Board remuneration	69,298	76,968	78,327	87,797
Social security costs	5,262	5,527	5,948	6,305
<b>Total Board costs</b>	<b>74,560</b>	<b>82,495</b>	<b>84,275</b>	<b>94,102</b>
<b>Total</b>	<b>3,028,331</b>	<b>2,973,395</b>	<b>3,422,923</b>	<b>3,391,752</b>

Pension Interest costs are now included separately under interest payable costs see Notes 9 and 14. 2018 Gross salaries include amounts which were recouped for bailiffing services amounting to £27,037 (2017: £33,582), £17,873 (2017: £NIL) re amounts recouped for Foyle Ambassadors Programme and a further £2,000 (2017: £NIL) re bursary programmes.



## 6.C) SECONDED AND TEMPORARY STAFF

	2018 (£)	2017 (£)	2018 (€)	2017 (€)
<b>Staff costs above include the following</b>				
Temporary staff	119,922	25,160	135,548	28,700
<b>Total temporary staff costs</b>	<b>119,922</b>	<b>25,160</b>	<b>135,548</b>	<b>28,700</b>
<b>Salaries included under Revenue Grants</b>	2018 (£)	2017 (£)	2018 (€)	2017 (€)
Gross salaries (Full Time) under INTERREG VA expenditure (Note 4) SWELL	9,132	8,993	10,322	10,258
Social security costs (Full Time) under INTERREG VA expenditure (Note 4) SWELL	832	866	940	988
Gross salaries (Full Time) under INTERREG VA expenditure (Note 4) CatchmentCARE	26,940	-	30,451	-
Social security costs (Full Time) under INTERREG VA expenditure (Note 4) CatchmentCARE	2,646	-	2,991	-
	<b>39,550</b>	<b>9,859</b>	<b>44,704</b>	<b>11,246</b>
<b>SALARIES INCLUDED IN PROGRAMME COSTS</b>	2018 (£)	2017 (£)	2018 (€)	2017 (€)
Gross Salaries included in programme costs (Note 7)	98,178	56,774	110,971	64,762
Social Security costs included in programme costs (Note 7)	8,052	5,165	9,100	5,892
Temporary staff costs included in programme costs (Note 7)	19,106	18,301	21,596	20,876
	<b>125,336</b>	<b>80,240</b>	<b>141,667</b>	<b>91,530</b>



## 6.D) CHIEF EXECUTIVE'S COSTS

	2018 (£)	2017 (£)	2018 (€)	2017 (€)
<b>John Pollock</b> <i>(CEO resigned 28 Feb 2017)</i>				
Gross	-	16,423	-	18,734
Social security costs	-	2,080	-	2,373
	<b>-</b>	<b>18,503</b>	<b>-</b>	<b>21,107</b>
<b>Sharon McMahon</b> <i>(appointed Designated Officer effective 1 March 2017)</i>				
Gross	59,587	55,700	67,351	63,537
Social security costs	7,069	6,561	7,990	7,484
	<b>66,656</b>	<b>62,261</b>	<b>75,341</b>	<b>71,021</b>

The Chief Executive and Designated Officer are ordinary members of the North/South Pension Scheme.



## 6.E) SENIOR MANAGEMENT COSTS

Director of Development Kevin Wilson Benefit in Kind 2018 £NIL (2017 £6,631/€7,564, related to use of a company car. This benefit ceased as of 31 March 2017. No other Senior Management staff received any Benefits in Kind. Benefits in Kind are not included in the remuneration figures shown below.

SENIOR MANAGEMENT / DIRECTORS	2018 GROSS (£)	2018 SOCIAL SECURITY COSTS (£)	2017 GROSS (£)	2017 SOCIAL SECURITY COSTS (£)
John Pollock (CEO resigned 28 Feb 2017)	-	-	16,423	2,080
Sharon McMahon (appointed Designated Officer effective 1 March 2017)	59,587	7,069	55,700	6,561
Kevin Wilson (Development)	52,391	6,076	50,724	5,878
John McCartney (Conservation and Protection)	53,701	6,257	53,276	6,231
Barry Fox (Aquaculture & Shellfisheries)	60,764	6,205	57,960	5,733
John Paul O'Doherty (appointed Interim Director of Corporate Services 9 May 2017)	51,276	5,922	45,155	5,106
	<b>277,719</b>	<b>31,529</b>	<b>279,238</b>	<b>31,589</b>



## 6.F) BOARD MEMBERS REMUNERATION INCLUDING SOCIAL SECURITY COSTS

BOARD MEMBER	2018 (£)	2017 (£)	2018 (€)	2017 (€)
Mr Laurence Arbuckle (Chairperson) *(Term ended 12 Dec 2017)	2,872	10,739	3,246	12,250
Mr Michael Murphy (Term ended 12 Nov 2018)	4,791	5,495	5,415	6,268
Mr Andrew Duncan (Vice Chairperson) *	9,448	9,794	10,679	11,172
Mr Michael McCormick *	7,396	7,248	8,360	8,268
Mrs Phil Mahon	5,573	5,495	6,299	6,268
Mr Terry McWilliams	5,573	5,495	6,299	6,268
Mr Allan Ewart	5,573	5,495	6,299	6,268
Mr Ian McCrea	5,573	5,495	6,299	6,268
Mr Alastair Patterson	5,573	5,495	6,299	6,268
Mrs Fiona Walsh*	7,396	7,248	8,360	8,268
Mr Patrick Gibbons*	7,396	7,248	8,360	8,268
Ms Heather Mackey*	7,396	7,248	8,360	8,268
	<b>74,560</b>	<b>82,495</b>	<b>84,275</b>	<b>94,102</b>

\* Republic of Ireland Board Members were paid in Euro at the agreed Euro amounts.

Although Mr Laurence Arbuckle's term ended on 12 December 2017, he received an ex gratia payment of £2,647 / €2,992 (£2,872 / €3,246 including social security costs) in March 2018 in respect of time and effort on behalf of Loughs Agency from December 2017 to March 2018. This was not an extension of his term of office as Chair of the Agency. Board Members' salaries are not pensionable. Board Members expenses in 2018 were £9,249/€10,454 (2017: £6,578/€7,503).





## 7. PROGRAMME EXPENSES

	2018 (£)	2017 (£)	2018 (€)	2017 (€)
<b>Programme expenditure</b>				
Conservation & Protection	115,588	128,051	130,649	146,068
Marine Tourism & Angling Development	150,663	84,386	170,294	96,259
Aquaculture	47,655	53,622	53,864	61,166
Flood	50,140	-	56,673	-
	<b>364,046</b>	<b>266,059</b>	<b>411,480</b>	<b>303,493</b>

## 8. ADMINISTRATIVE EXPENSES

	2018 (£)	2017 (£)	2018 (€)	2017 (€)
Training and development	34,450	21,843	38,939	24,916
Bank charges	4,291	4,018	4,850	4,583
Postage	3,390	207	3,832	236
Advertising	28,675	33,068	32,411	37,721
Light and heat	58,141	37,049	65,717	42,262
Telephone	69,197	55,580	78,213	63,400
Rent	41,556	45,913	46,971	52,373
Insurance	155,279	149,689	175,512	170,750
Audit fees	22,500	22,500	25,432	25,666
Accountancy fees	480	480	542	547
Motor vehicle expenses	91,287	74,996	103,182	85,548
Boat stores	-	2,500	-	2,851
Boat maintenance	18,028	10,514	20,377	11,993
Printing and stationery	20,349	14,881	23,000	16,975
Licence dealers commission	2,323	2,530	2,626	2,886
Maintenance and repairs	76,200	79,533	86,129	90,723
VAT	10,898	-	12,318	-



CONTINUED	2018 (£)	2017 (£)	2018 (€)	2017 (€)
Travelling and conference expenses	66,201	62,676	74,827	71,494
Meeting expenses	6,662	2,854	7,530	3,256
Health and safety	17,777	11,884	20,093	13,556
Cleaning	13,506	13,086	15,266	14,927
Computer consumables and maintenance	76,619	103,040	86,602	117,538
Other equipment costs	27,922	54,216	31,561	61,844
Subscriptions	8,365	6,198	9,455	7,070
Legal and professional fees	94,758	102,910	107,105	117,391
Licence Fees	4,321	6,850	4,884	7,814
	<b>953,175</b>	<b>919,015</b>	<b>1,077,374</b>	<b>1,048,320</b>

## 9. INTEREST PAYABLE

	2018 (£)	2017 (£)	2018 (€)	2017 (€)
Pension Interest Cost (Note 14e)	413,048	421,129	466,868	480,382
	<b>413,048</b>	<b>421,129</b>	<b>466,868</b>	<b>480,382</b>



## 10A. TANGIBLE FIXED ASSETS – LOUGHS AGENCY

	LAND & BUILDINGS	WEIRS	INTERPRETIVE CENTRE	BOATS & BOATING EQUIPMENT	FIXTURES & FITTINGS	PLANT	OFFICE EQUIPMENT	COMPUTER EQUIPMENT	MOTOR VEHICLES	ASSETS UNDER CONSTRUCTION	TOTAL	TOTAL
	£STG	£STG	£STG	£STG	£STG	£STG	£STG	£STG	£STG	£STG	£STG	£STG
<b>Cost</b>												
At 1 January 2018	3,562,516	1,412,490	558,281	851,451	110,156	975,561	65,748	366,540	514,207	-	8,416,950	11,366,684
Additions	23,868	32,640	-	28,515	3,022	358,461	-	33,983	24,537	98,734	603,760	682,430
Disposals	(45,427)	-	-	(411,009)	-	(35,642)	(2,362)	-	(45,261)	-	(539,701)	(610,024)
<b>At 31 Dec 2018</b>	<b>3,540,957</b>	<b>1,445,130</b>	<b>558,281</b>	<b>468,957</b>	<b>113,178</b>	<b>1,298,380</b>	<b>63,386</b>	<b>400,523</b>	<b>493,483</b>	<b>98,734</b>	<b>8,481,009</b>	<b>11,439,090</b>
<b>Depreciation</b>												
At 1 January 2018	135,681	865,060	272,057	647,634	52,536	891,874	34,119	317,052	352,454	-	3,568,467	4,816,493
Charge for year	122,233	56,608	22,331	37,692	7,635	39,791	6,502	24,611	54,286	-	371,689	420,120
Depreciation on disposal	(3,632)	-	-	(366,257)	-	(35,641)	(2,362)	-	(45,261)	-	(453,153)	(512,199)
<b>At 31 Dec 2018</b>	<b>254,282</b>	<b>921,668</b>	<b>294,388</b>	<b>319,069</b>	<b>60,171</b>	<b>896,024</b>	<b>38,259</b>	<b>341,663</b>	<b>361,479</b>	<b>-</b>	<b>3,487,002</b>	<b>4,724,414</b>
<b>Net Book Value</b>												
At 31 Dec 2018	3,286,675	523,462	263,893	149,888	53,007	402,356	25,127	58,860	132,004	98,734	4,994,006	6,714,676
Currency Translation Adjustment												(1,131,877)
												5,582,799
<b>At 31 Dec 2017</b>	<b>3,426,835</b>	<b>547,430</b>	<b>286,224</b>	<b>203,817</b>	<b>57,620</b>	<b>83,687</b>	<b>31,629</b>	<b>49,488</b>	<b>161,753</b>	<b>4,848,483</b>	<b>6,550,191</b>	
Currency Translation Adjustment												(1,085,466)
												5,464,725

The currency translation adjustment is the difference between the net book value of fixed assets calculated using the current year end exchange rate and their net book value using the previous year's rate of exchange.



## 10B. TANGIBLE FIXED ASSETS BELONGING TO AND FUNDED BY CATCHMENTCARE EU PROJECT

	COMPUTER EQUIPMENT £STG	MOTOR VEHICLES £STG	TOTAL £STG	TOTAL €(€)
<b>Cost</b>				
At 1 January 2018	-	-	-	-
Additions	1,109	29,945	31,054	35,100
Disposals	-	-	-	-
<b>At 31 Dec 2018</b>	<b>1,109</b>	<b>29,945</b>	<b>31,054</b>	<b>35,100</b>
<b>Depreciation</b>				
At 1 January 2018	-	-	-	-
Charge for year	46	3,668	3,714	4,198
Depreciation on disposal	-	-	-	-
<b>At 31 Dec 2018</b>	<b>46</b>	<b>3,668</b>	<b>3,714</b>	<b>4,198</b>
<b>Net Book Value</b>				
<b>At 31 Dec 2018</b>	<b>1,063</b>	<b>26,277</b>	<b>27,340</b>	<b>30,902</b>
<i>Currency Translation Adjustment</i>				(339)
				<b>30,563</b>
<b>At 31 Dec 2017</b>	-	-	-	-
<i>Currency Translation Adjustment</i>				-
				-

These assets have been purchased for work on the CatchmentCARE Project. The assets must be managed and maintained at all times with a view to efficiency and value for money with appropriate steps taken to minimise the risk of theft or fraud. All EU projects must take the following action to ensure effective management of assets:

- a) Nominate a senior member of staff who will have responsibility for the management and disposal of assets;
- b) Prepare and maintain a register of all assets valued at more than €1,000/£1,000. In drawing up the register particular care should be taken with valuable or attractive items which may be susceptible to theft;
- c) Update the asset register continuously with auditable records of procurement and disposal of funded assets;
- d) Check the register quarterly and make it available upon request to staff from any authorised auditor;
- e) Maintain the assets in a cost effective manner designed to ensure they are retained at a good standard.



## 11. RECEIVABLES

	2018 (£)	2017 (£)	2018 (€)	2017 (€)
Trade debtors	12,747	15,496	14,250	17,465
Prepayments	144,783	131,462	161,853	148,171
Bailiffing	7,217	9,000	8,068	10,144
Other debtors	49,710	56,880	55,571	64,109
Grants receivable	72,543	3,243	81,096	3,656
	<b>287,000</b>	<b>216,081</b>	<b>320,838</b>	<b>243,545</b>

## 12. PAYABLES

	2018 (£)	2017 (£)	2018 (€)	2017 (€)
Trade creditors	86,535	24,401	96,737	27,502
Accruals	210,795	127,269	235,648	143,444
Other creditors	69,486	59,063	77,678	66,571
	<b>366,816</b>	<b>210,733</b>	<b>410,063</b>	<b>237,517</b>

Other debtors and creditors includes an amount of £44,337 (2017: £44,293) relating to a settlement on 21 October 2016 of £87,500 from which legal fees of £43,237 were deducted, in lieu of an ongoing pollution case. The balance of funds of £44,263 plus interest accrued of £74 are being held by the Agency's solicitors until such time as a planning has been completed and agreed with the partners in relation to habitat reinstatement schemes. The Agency is striving to ensure all schemes will be completed in 2019.



### 13. CAPITAL GRANTS

	NOTE	DAERA/ DCCAE (£)	LOCAL GOVT (£)	EU FUNDS (£)	INTERREG CARE (£)	TOTAL (£)	TOTAL (€)
<b>Gross capital grant</b>							
At 1 January		3,788,352	907,578	2,525,543	-	7,221,473	9,661,790
Additions	3	603,760	-	-	31,054	634,814	717,529
Disposals		(130,683)	(10,000)	-	-	(140,683)	(159,013)
<b>At 31 December 2018</b>		<b>4,261,429</b>	<b>897,578</b>	<b>2,525,543</b>	<b>31,054</b>	<b>7,715,604</b>	<b>10,220,306</b>
<b>Grant amortisation</b>							
At 1 January		2,375,584	656,632	1,068,934	-	4,101,150	5,323,858
Amortised in year		241,226	35,952	53,636	3,715	334,529	378,118
Eliminated on disposal		(113,871)	(3,639)	-	-	(117,510)	(132,821)
<b>At 31 December 2018</b>		<b>2,502,939</b>	<b>688,945</b>	<b>1,122,570</b>	<b>3,715</b>	<b>4,318,169</b>	<b>5,569,155</b>
<b>Unamortised capital grants</b>							
At 31 December 2018		1,758,490	208,633	1,402,973	27,339	3,397,435	4,651,151
Currency Translation Adjustment							(853,158)
							<b>3,797,993</b>
<b>As at 1 January</b>		<b>1,412,768</b>	<b>250,946</b>	<b>1,456,609</b>	<b>-</b>	<b>3,120,323</b>	<b>4,337,932</b>
Currency Translation Adjustment							(821,016)
							<b>3,516,916</b>



## 14. PENSION SCHEME

Loughs Agency employees are members of the North/South Pension Scheme. This Scheme consists of a number of sections with different benefit structures. For further details see Note 2.

Sponsor Departments will meet pension liabilities as they fall due on a yearly basis and within agreed limits. Pension payments were also made to individuals who retired in previous years.

FRS 102 requires Financial Statements to reflect, at fair value, the assets and liabilities arising from an employer's retirement benefit obligations. It requires the operating costs of providing retirement benefits to employees, to be recognised in the accounting period in which benefits are earned by the employees, and the related finance costs and any other changes in the value of the liabilities to be recognised in the accounting periods in which they arise. FRS 102 also requires the Financial Statements to contain adequate disclosure of the cost of providing retirement benefits and the related gains, losses and liabilities.

The valuation used for FRS 102 disclosures at 31 December 2018 has been carried out by a qualified independent actuary (Deloitte Total Reward and Benefits Limited).

The principal actuarial assumptions used to calculate scheme liabilities under FRS 102 at 31 December 2018 are:

ASSUMPTIONS		2018	2017
Discount rate - North		2.75%	2.5%
Discount rate - South		2.15%	2.1%
Rate of inflation - North		2.15%	2.1%
Rate of inflation - South		1.4%	1.65%
Rate of increase in salaries - North		2.15%	2.1%
Rate of increase in salaries - South		2.15%	3%
Rate of increase in pensions - North		2.15%	2.1%
Rate of increase in pensions – South (Core members)		1.4%	1.65%
Rate of increase in pensions – South (all other members)		2.15%	3%



ASSUMPTIONS	2018 MALE	2018 FEMALE	2017 MALE	2017 FEMALE
AVERAGE EXPECTED FUTURE LIFE AT AGE 65 FOR	YEARS	YEARS	YEARS	YEARS
Members currently aged 65	21.9	23.8	22.1	23.9
Members currently aged 45	23.3	25.4	23.5	25.4

#### 14. A) MOVEMENT IN NET PENSION LIABILITY DURING THE FINANCIAL YEAR

	2018 (£)	2017 (£)	2018 (€)	2017 (€)
(Deficit) in the plan at the beginning of the year	(17,092,066)	(16,758,543)	(19,264,467)	(19,644,364)
Benefits paid during the year	475,595	410,073	537,565	467,770
Member contributions	(104,595)	(109,438)	(118,224)	(124,836)
Current Service costs	(899,881)	(789,588)	(1,017,135)	(900,683)
Net transfers out of/ (in to) the scheme	-	1,950	-	2,224
Interest on Scheme Liabilities	(413,048)	(421,129)	(466,868)	(480,382)
Actuarial (loss) /gains	1,105,031	574,609	1,249,016	655,456
Difference on currency translation			155,224	760,348
<b>(Deficit) in the plan at the end of the year</b>	<b>(16,928,964)</b>	<b>(17,092,066)</b>	<b>(18,924,889)</b>	<b>(19,264,467)</b>





## 14.B) ANALYSIS OF MOVEMENT IN (DEFICIT) IN THE PLAN OVER THE PERIOD

	2018 (£)	2017 (£)	2018 (€)	2017 (€)
Experience (loss)/ gain	225,980	244,072	255,425	278,413
Gain/ (loss) from exchange rate movements	(14)	(55,323)	(16)	(63,107)
(Loss)/ gain on change to assumptions	879,065	385,860	993,607	440,150
<b>Actuarial (loss)/ gain</b>	<b>1,105,031</b>	<b>574,609</b>	<b>1,249,016</b>	<b>655,456</b>

The main element of the actuarial gain of £1,105,031 relates to the changes in the actuarial assumptions which have decreased the value placed on the liabilities. The change in the Northern and Southern discount rates and inflation rates result in a £775,000 decrease in the value of the liabilities. The change in mortality assumption decreases the liabilities further by around £104,000. There is a further experience gain on the liabilities which reflects the fact that a full actuarial valuation has been carried out and experience over the year was different from that assumed at the previous year-end.

## 14.C) DEFERRED FUNDING FOR PENSIONS

Loughs Agency recognises as an asset a deferred funding asset of £16,928,964 / €18,924,889 as at 31 December 2018 (2017: £17,092,066/€19,264,467). The net deferred funding for pensions recognised in Income & Expenditure in 2018 includes:-

	2018 (£)	2017 (£)	2018 (€)	2017 (€)
<b>Deferred Funding for Pensions</b>				
Current service cost	899,881	789,588	1,017,135	900,683
Other finance cost	413,048	421,129	466,868	480,382
Benefits paid during the year	(475,595)	(410,073)	(537,565)	(467,770)
	<b>837,334</b>	<b>800,644</b>	<b>946,438</b>	<b>913,295</b>



#### 14.D) ANALYSIS OF CURRENT PENSION SERVICE COSTS

	2018 (£)	2017 (£)	2018 (€)	2017 (€)
Service cost (Note 6b)	899,881	789,588	1,017,135	900,683
Interest on pension liabilities (note 9)	413,048	421,129	466,868	480,382
	<b>1,312,929</b>	<b>1,210,717</b>	<b>1,484,003</b>	<b>1,381,065</b>

#### 14.E) HISTORY OF DEFINED BENEFIT LIABILITIES

	2018 (£)	2017 (£)	2018 (€)	2017 (€)
(Deficit) as at 31 December	(16,928,964)	(17,092,066)	(18,924,889)	(19,264,467)
Experience (loss) / gain	225,980	244,072	255,425	278,413
Percentage of scheme liabilities	1.3%	1.4%	1.3%	1.4%



## 14.F) DEFERRED ASSET FOR PENSIONS

	2018 (£)	2017 (£)	2018 (€)	2017 (€)
Balance at 1 January	17,092,066	16,758,543	19,264,467	19,644,364
Increase/ (Decrease) in deferred funding for pension assets	(163,102)	333,523	(184,354)	380,450
Difference on currency translation			(155,224)	(760,347)
<b>Balance at 31 December</b>	<b>16,928,964</b>	<b>17,092,066</b>	<b>18,924,889</b>	<b>19,264,467</b>

## 15. GENERAL RESERVE

	2018 (£)	2017 (£)	2018 (€)	2017 (€)
At 1 January	306,560	186,912	345,524	219,098
(Deficit)/surplus for the year	71,877	66,574	81,242	75,941
Transfer (out of) / into pension scheme	-	(1,950)	-	(2,224)
Transfer from revaluation reserve	105,323	53,074	119,046	60,542
Actuarial (loss) / gain on pension scheme	1,105,031	574,609	1,249,016	655,456
Adjustment for Deferred Pension asset	(1,105,031)	(572,659)	(1,249,016)	(653,232)
Difference on currency translation			(5,017)	(10,057)
<b>At 31 December</b>	<b>483,760</b>	<b>306,560</b>	<b>540,795</b>	<b>345,524</b>



## 16. REVALUATION RESERVE

	2018 (£)	2017 (£)	2018 (€)	2017 (€)
At 1 January	1,716,698	1,769,772	1,934,890	2,074,527
Increase in revaluation reserve		-		-
Transfer from/ (to) Income Statement	(105,323)	(53,074)	(119,046)	(60,542)
Difference on currency translation			(14,488)	(79,095)
<b>At 31 December</b>	<b>1,611,375</b>	<b>1,716,698</b>	<b>1,801,356</b>	<b>1,934,890</b>

## 17. NOTES TO THE CASHFLOW STATEMENT

### 17.A) NET CASHFLOW FROM OPERATING ACTIVITIES

	NOTE	2018 (£)	2017 (£)	2018 (€)	2017 (€)
Operating (deficit)/surplus		71,877	66,574	81,242	75,941
Loss/(profit) on disposal of fixed assets		36,224	32,794	40,944	37,408
Depreciation	10	375,403	372,298	424,318	424,680
Capital grant release	13	(334,529)	(319,224)	(378,118)	(364,139)
Net Deferred Pension funding	14	(837,334)	(800,644)	(946,438)	(913,295)
(Profit) on disposal of capital grant assets		(23,173)	(68,576)	(26,192)	(78,224)
(Increase)/decrease in debtors	11	(70,919)	33,462	(77,293)	48,968
Increase/(decrease) in creditors	12	156,083	(59,802)	172,546	(79,604)
Pension service cost	14	1,312,929	1,210,717	1,484,003	1,381,065
Pension benefits paid	14	(475,595)	(410,073)	(537,565)	(467,770)
Difference on currency translation				1,008	589
<b>Net cash (outflow)/inflow from operating activities</b>		<b>210,966</b>	<b>57,526</b>	<b>238,455</b>	<b>65,619</b>



## 17.B) NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	NOTE	2018 (£)	2017 (£)	2018 (€)	2017 (€)
Purchase of tangible fixed assets	10	(634,814)	(331,203)	(717,530)	(377,803)
Proceeds from disposal of tangible fixed assets		50,324	35,782	56,882	40,817
<b>Net cash outflow from capital expenditure and financial investment</b>		<b>(584,490)</b>	<b>(295,421)</b>	<b>(660,648)</b>	<b>(336,986)</b>

## 17.C) NET CASH INFLOW FROM FINANCING

	NOTE	2018 (£)	2017 (£)	2018 (€)	2017 (€)
Capital grants received	13	634,814	331,203	717,529	377,803
<b>Net cash inflow from financing</b>		<b>634,814</b>	<b>331,203</b>	<b>717,529</b>	<b>377,803</b>

## 18. COMMITMENTS

There were a number of Capital Commitments at 31 December 2018.

	(£)	(€)
Omagh Office	257,621	287,995
E-Licensing upgrade	12,700	14,197
Fish Counter	25,308	28,292

See note 21 for commitments relating to operating leases.



## 19. CONTINGENT LIABILITIES

As at 31 December 2018 the Agency was engaged in bringing a number of civil legal cases relating to pollution incidents. These remain ongoing and the Agency would only become liable for legal costs (estimated £50,000/€56,355) in the event that the proceedings were unsuccessful. In the event that the proceedings are successful the estimated settlement costs outlined above will be discharged by the Defendants. Also, some oyster appeal cases are listed for the Circuit Court and once completed are likely to release a number of other oyster cases currently being held up in the District Court. It is hard to estimate the costs of these, not knowing what way the outcome will go, but they could potentially cost £22,363/ €25,000.

Furthermore the Agency has been engaged in an arbitration process with one of its partners under the INTERREG Marine Angling & Tourism Programme. The partner is requesting monies in respect of currency losses (estimated £41,000 / €56,000) incurred as a result of a grant being paid to them in Euros under the programme. This remains an ongoing potential contingent liability.

The Agency has also been engaged in an arbitration process with one of its employees in relation to the removal of the pension augmentation when the Agency joined the North South Pension Scheme. The employee is alleging a potential loss of earnings with the removal of the augmentation. This remains an ongoing potential contingent liability.

## 20. POST BALANCE SHEET EVENTS

### APPROVAL OF 2019 BUSINESS PLAN

At the date of approval of these Accounts, Loughs Agency's 2019 Business Plan had not been formally approved by the Sponsor Departments, Finance Departments or the North South Ministerial Council (NSMC). Approval is unlikely to be received until the 2019/20 Budget for the Northern Ireland Executive has been agreed. The Southern Sponsor Department has continued to fund the Body's activities in the absence of an approved Business Plan.

The Northern Sponsor Department has implemented contingency arrangements, to enable the payment of funding to the Body. As a result, all 2019 funding requested to date has been paid by both Sponsor Departments.

There have been no other significant events outside the year end which affect these accounts.



## 21. OPERATING LEASE

At 31 December 2018 the Agency had a number of non-cancellable operating leases as follows:

- a business letting agreement for the 1st and 2nd floors of the D'arcy Magee Court, Dundalk Street, Carlingford of €16,800 per annum. The lease agreement is due for renewal at the end of July 2019;
- a lease agreement for rental of an external storage unit in Carlingford of £12,000 per annum. It is due for renewal on 1 August 2019;
- a lease agreement for a disaster recovery site at Pennyburn Industrial Estate of £4,680 per annum. It is due for renewal 1 December 2020; and
- a lease for lease of land at Castlefinn for launching boats into the river of €2,200 per annum, renewed annually.

The total future minimum lease payments under these lease are as follows:

OPERATING LEASES	2018 (£)	2017 RESTATED (£)	2018 (€)	2017 RESTATED (€)
<b>Expiry</b>				
Not later than 1 year	22,414	22,327	25,057	25,165
Later than 1 year and not later than 5 years	4,290	8,970	4,796	10,110
Later than 5 years	-	-	-	-

## 22. RELATED PARTY TRANSACTIONS

The Foyle, Carlingford and Irish Lights Commission (Loughs Agency) is a North South Implementation Body sponsored by the Department of Agriculture, Environment and Rural Affairs in the North (DAERA) and the Department of Communications, Climate Action and Environment in the South (DCCAE). The Departments are regarded as related parties. During the period Loughs Agency has had various transactions with these Departments.



None of the members of key management staff or other related parties has undertaken any material transactions with the Loughs Agency during the period.

In 2017, the Agency gained approval of funding under INTERREG VA for its portion of the SWELL programme and also a portion under the CatchmentCARE project. The partners for INTERREG VA SWELL are: Northern Ireland Water (Lead), Irish Water, Agri-Food and BioSciences Institute (AFBI), Loughs Agency and East Border Region.

The partners for INTERREG VA CatchmentCARE are: Donegal County Council (Lead), AFBI, Inland Fisheries Ireland, Loughs Agency, University of Ulster, Armagh City, Banbridge & Craigavon Borough Council, British Geological Survey and Geological Survey Ireland.

In 2018, the Agency again received approval of funding under INTERREG VA to act as Lead Partner on another project SeaMonitor. The partners involved in INTERREG VA SeaMonitor are: Loughs Agency (Lead), Marine Institute, University of Glasgow, Queen's University Belfast, AFBI, University College Cork, Galway Mayo Institute of Technology, Ocean Tracking Network Dalhousie University and University of California.

None of the members of key management staff or other related parties has undertaken any material transactions with the Loughs Agency during the period.

On 21 October 2016 the Agency, acting on its own behalf and also on behalf of local external parties, received a settlement of £87,500 from which legal fees of £43,237 were deducted, in lieu of an ongoing pollution case. The balance of funds of £44,263 are being held by the Agency's solicitors until such time as planning has been completed and agreed with the partners in relation to habitat reinstatement schemes. At 31 December 2018, £74 has been earned in interest and the amount of £44,337 has been included as a debtor and creditor in Loughs Agency Financial Statements. The Agency is striving to ensure all schemes will be completed in 2019.

On 22 October 2018, the Agency, acting in partnership with the fishery owners, received a high court settlement for damages to the fishery of £100,000, in relation to a significant fish kill case. This money is currently being held by the Agency's solicitors until fees have been settled. After solicitor's fees are paid the balance of any funds will be utilised to reinstate the affected river.





## 23. LOSSES AND SPECIAL PAYMENTS

There were no losses or special payments in 2018.

## 24. FINANCIAL INSTRUMENTS

### 24. A) FINANCIAL INSTRUMENTS

Due to the non-trading nature of its activities, and the way in which the Loughs Agency is financed, it is not exposed to the degree of financial risk faced by business entities. Loughs Agency has very limited powers to borrow or invest surplus funds and financial assets and liabilities are generated by day-to-day operational activities and are not held to change the risks facing the Agency in undertaking its activities.

The Agency's financial instruments mainly consist of cash, trade debtors and trade creditors.

### 24. B) LIQUIDITY, INTEREST RATE AND FOREIGN CURRENCY RISK

The Agency's net revenue resource requirements are financed by resources voted annually by the Northern Ireland Assembly and Dáil Éireann, as is its capital expenditure. It is not therefore exposed to significant liquidity risks. The Agency does not access funds from commercial sources and so is not exposed to significant interest rate risk. The Agency's transactions are effected in the currencies of each part of the island, with realised gains and losses being taken to the Income Statement. The Agency's exposure to foreign currency risk is not significant as it receives agreed levels of funding from its Sponsor Departments, in sterling and does not engage in trading activities.



# Appendix 1 Accounts Direction

ACCOUNTS DIRECTION GIVEN BY THE DEPARTMENT OF AGRICULTURAL, ENVIRONMENT AND RURAL AFFAIRS, NORTHERN IRELAND AND THE DEPARTMENT OF COMMUNICATIONS, CLIMATE ACTION AND ENVIRONMENT, IRELAND, WITH THE APPROVAL OF THE FINANCE DEPARTMENTS, NORTH AND SOUTH (THE DEPARTMENT OF FINANCE AND THE DEPARTMENT OF PUBLIC EXPENDITURE AND REFORM), IN ACCORDANCE WITH THE NORTH/SOUTH CO-OPERATION (IMPLEMENTATION BODIES) (NORTHERN IRELAND) ORDER 1999 AND THE BRITISH-IRISH AGREEMENT ACT 1999.

The annual accounts shall give a true and fair view of the income and expenditure and cash flows for the calendar year, and the state of affairs as at the year end. Subject to this requirement, the Loughs Agency shall prepare accounts for the calendar year ended 31 December 2018 and subsequent calendar years in accordance with:

- a) The North South Implementation Bodies Annual Reports and Accounts Guidance;
- b) Other guidance which the Finance Departments may issue from time to time in respect of accounts which are required to give a true and fair view; and
- c) Any other specific disclosures required by the Sponsor Departments.

Except where agreed otherwise with both Finance Departments, in which case the exception shall be described in the notes to the accounts.

Signed by authority of the:

Department of Agriculture,  
Environment and Rural Affairs  
(Northern Ireland)

John Speers

.....

Date 22nd March 2019

Department of Communications,  
Climate Action and Environment  
(Ireland)

Matthew Collins

.....

Date 22nd March 2019





Loughs  
 Agency  
Gníomhaireacht na Lochanna  
Factrie für Loughs

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