

ANNUAL REPORT 2016

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**WARRENPOINT
PORT**



MEMBERS

S McIlvenny OBE (Chairman)
 P Conway (Chief Executive)
 K Grant (Finance Director)
 Cllr. S Doran
 Cllr. G Fitzpatrick
 Cllr. G Hanna (Appointed 22nd August 2016)
 T Haslett CBE
 D Sagar (Appointed 1st October 2016)
 R Johnston (Appointed 1st October 2016)
 A Stephens
 G Donaghy (Term complete 30th September 2016)
 R McCann (Term complete 30th September 2016)
 Cllr. H McKee (Term complete 5th May 2016)

SENIOR MANAGEMENT

Chief Executive
Finance Director
Harbour Master
Engineering & Estates Director

P Conway, DL,BA, Mod(Econ), MA
 K Grant, FCMA
 Catriona Dowling, Master Mariner
 C Cunningham

PROFESSIONAL ADVISERS

Bankers
Independent Auditor
Solicitors

Ulster Bank Limited
 Deloitte (NI) Limited, Belfast
 Mills Selig



Absent from photo are Cllr Gillian Fitzpatrick and Trevor Haslett

Chairmans Statement

This is my second year as Chairman of Warrenpoint Harbour Authority (WHA) and I am pleased to report an improved performance in both tonnages handled and profitability. Tonnage through the ports facilities in 2016 was 3.48 million tonnes, an increase of 7.4%. Profit Before Tax for the financial year ending December 2016 is £927K an increase of 20.6 %.

The increase in commodity over the quays in 2016 was as a consequence of organic growth, demonstrating improving economic activity. The management team continue to seek out new business opportunities.

WHA plays a significant role in both the regional and national economies of this island and in particular, its contribution to the regional economy is significant. To ensure that WHA is ready for future challenges we have appointed a team, headed by SLR Consulting, to produce a master plan which will inform the Commissioners decision making process regarding the future strategic direction of the business.

During the course of the year I have met with many of our customers and as a consequence better understand their businesses and requirements and share their vision for the future. The Port is committed to investing for their future needs and I look forward to a continuing dialogue with them. I take this opportunity to thank them for their business.

Brexit

2016 saw a referendum on Britain's continuing membership of the European Union which resulted in the United Kingdom voting to leave. There has been a great deal of debate and speculation since the June referendum result regarding the impact on the island of Ireland in general and the border regions in particular and it is wholly inappropriate for me to hypothesize further at this time. However, the Commissioners and management are heartened by recent statements from the European Commission, the British and Irish Governments recognising the specific difficulties for the border region and their determination to bring a resolution at an early stage in the negotiations. An appropriate response to the border regions specific difficulties regarding "Brexit" is a business imperative for the Island economy.

Ports policy review and Southern Relief Road

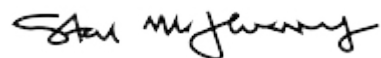
The year also saw the demise of the NI Executive, an election and the commencement of talks to reinstate Government at Stormont. At the time of writing this report, that process is incomplete. From WHA's perspective there are two outstanding matters which directly impact both the governance of the authority and its commercial activity; a Ports Policy and the Southern Relief Road. We would welcome early decisions on these two matters as soon as is practically possible after the resumption of political activity.

Three Members left the Board during the year, Bob McCann, Geraldine Donaghy

and Harold McKee, all of whom made a considerable contribution to both the strategic direction and governance of the board and I would take this opportunity to thank them and also wish them every future success. Deep Sagar, Richard Johnston and Glyn Hanna joined the board and I look forward to working closely with them.

Good corporate governance is a prerequisite for effective board performance and members understand that improving corporate knowledge, robust internal structures, aligned with appropriate behaviour are essential to progress. Corporate Governance training for members was undertaken during the year and will continue throughout 2017.

There is considerable political and economic uncertainty regarding the next years and until there is a resolution to both "Brexit" and the NI Executive, uncertainty will continue. It is therefore ever more important that we focus on the business at hand and continue to provide an efficient cost effective service to our customers.



Stan McIlvenny OBE

3.1%
Increase in
tonnes handled

£5.3m
Turnover during
the year

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 to the Harbour, the Members have adopted the main provisions of the Act and therefore present a Strategic Report.

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

Strategy update and business model

Warrenpoint is one of Northern Ireland's main commercial ports serving a hinterland which includes the southern part of Northern Ireland and the northern part of the Republic of Ireland. In general cargo terms Warrenpoint is the second port in Northern Ireland and the fifth on the island of Ireland.

Warrenpoint's geographic position constitutes a major strategic advantage located half way on the main transport network of the Belfast to Dublin economic corridor,

During 2016 the Board approved the development of a Port Master Plan for Warrenpoint Port and this is expected to be delivered during 2017.

Mission statement

Located at the centre of Ireland's economic corridor Warrenpoint Port aims to be the preferred location for import and export of goods and thus continue to be a major economic driver for its hinterland.

Corporate objectives

The principal corporate objectives are:-

Operate profitably	The Port will strive to operate profitably in order to build reserves and sustain future investments. These investments require a commercial rate of return, thus improving the Port for the benefit of all stakeholders
Health, safety & environment	Operate in a manner where health, safety and environmental awareness are at the highest standards
Regional economic driver and good corporate citizen	Utilise all Port assets for the enhancement of stakeholder value for the Port and its hinterland. The Port will continue to build relationships with all its stakeholders (commercial, local, educational, social)
Corporate governance	Ensure openness and transparency to its stakeholders and that highest Corporate Governance standards are met as consistent with Trust Port requirements
Invest in our people	Maintain the Ports position as a good and fair employer which invests in its people to deliver the quality and efficiency of service required by stakeholders.

Strategic Report

CURRENT AND FUTURE DEVELOPMENTS

Following the Board decision to invest in new cement silos in 2016 the £2.27M project was completed on time and on budget by January 2017.

Dredging continues to be a challenge faced by most ports. The Senior Management Team is examining various solutions to reduce the financial burden of ongoing maintenance dredging. The scheduled 5 – 6 year maintenance dredging programme for the approach channel, the berths and the turning circle will be undertaken in mid-2017. The Authority continues to press for an in-lough disposal site which would substantially reduce dredging costs with a more favourable environmental impact.

The Authority will continue to lobby political representatives on the necessity of a link road taking traffic to/from the port onto the main M1/A1 roads whilst avoiding the city of Newry. This project (Newry Southern Relief Road) now forms part of the plans for upgrading Northern Ireland Infrastructure and Authority will continue to work with the Department for Infrastructure (DfI) to secure support to connect the Port to the core road network linking Belfast and Dublin. The opportunity for EU funding for this project under the Ten-T programme is no longer an option, however, the Government has pledged to redistribute funds following Brexit for key infrastructure projects and the Authority intends to step up its campaign for delivery of this link road.

Revenue generation

The main areas of generating income are as follows:

- Charges for provision of Port facilities to commercial, fishing and

recreational vessels.

- Charges for handling of goods being transported through the Port.
- Charges for storage of goods.
- Rental income from provision of offices and other accommodation to Port customers.
- The members believe that the most effective model for a Port of this size is to use the Authority's own staff and equipment to carry out the stevedoring and secondary handling of general cargoes and containerised traffic.

Business environment

The Port operates within an extremely competitive business environment on the east coast of the island of Ireland. Belfast, Larne and Londonderry all provide competition in the North. In the south Greenore, Drogheda and Dublin are the Port's main competitors.

Warrenpoint's location is key to its success, located half way between Belfast and Dublin. Its economic hinterland also stretches westward to Armagh, Tyrone, Fermanagh, Monaghan, Cavan and beyond. The Port seeks to provide a high quality, efficient and economic service including quick turnaround times with access to Port facilities 24 hours per day, 365 days per year.

Risks and uncertainties

In tandem with all businesses, ports face many challenges, risks and uncertainties. The Port has identified these along with mitigating actions which are detailed below:

Trading:

Ports by their nature rely on a small number of major customers and a loss of business from one of these is always a risk. The Port continues to ensure that it provides an attractive offering to



Strategic Report



existing and new customers in terms of both service and value. This results from continuous benchmarking against competitor ports on the east coast of Ireland.

Infrastructure:

Access is critical to the success of a Port's business and the Authority has identified that the traffic congestion in Newry is a risk to the long term future of business development at the Port. The Authority continues to lobby for the construction of the Newry Southern Relief Road.

Brexit:

In line with many businesses the Authority is gearing up to deal with the consequences of Brexit. The Port's location adjacent to the border, and with up to 40% of the landward business to and from the Republic of Ireland, means that any imposition of trade restrictions/tariffs or delays could have a negative impact on the business. Nevertheless, it is anticipated that the economies in both jurisdictions will continue to grow and that the demands for goods and services in the future will still need to be satisfied. The Authority is involved in the forefront of lobbying, debate and discussion with Government, trade organisations and other strategic partners to ensure that the needs of the business during the transition period are highlighted and sustainable solutions implemented.

Dredging:

Like Ports throughout the UK and Ireland, Warrenpoint is required to maintain the berths, turning circle, and channel therefore dredging costs are always an important factor. The Port continues to work closely with the Department of Agriculture, Environment and Rural Affairs (DAERA) to ensure an economic solution to the high costs of spoil disposal specifically in-lough disposal.

Economy:

The Authority must be adaptable to changes in national and international trading conditions.

Health, Safety and Environment - major incident:

All ports must be prepared to handle major land or marine incidents and Warrenpoint Harbour Authority has several Emergency Planning programmes covering many diverse scenarios. Emergency drills and practices are conducted each year as part of this training programme.

Strategic Report

Regulatory

The Port is a Trust Port and like other Trust Ports across the UK 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.

The main governing legislation under which the Authority operates is the Harbours Act (Northern Ireland) 1970, the Warrenpoint Harbour Authority Order 1971, the Harbours (Northern Ireland) Order 2002 and the Warrenpoint Harbour Authority Order (Northern Ireland) 2002. Under this legislation it is the duty of the designated Harbour Authority to take account of the Code of Practice as issued by the Department for Regional Development. The current Code of Practice was issued in November 2003 and updated in May 2008.

**Approved by the Members on 23rd May 2017
and signed on behalf of the Members**



PETER CONWAY
Chief Executive



Chief Executive's Report



Principal activities

The principal activities of the Authority are the provision of port facilities and stevedoring services.

Review of the business

The Authority is pleased to report a profit on ordinary activities before tax of £927K (2015 - £769K).

During the year the Authority achieved a turnover of £5.35M (2015 - £5.34M) on a cargo throughput of 3.48M tonnes (2015 - 3.24M tonnes)

For the fifth year in succession Warrenpoint Port has recorded record breaking tonnages. Ports are generally seen as a barometer of economic activity and the improvement in volume is reflected by the improved economic outlook with the return to growth in both Northern Ireland and the Republic of Ireland. The improvement in business activities has sustained the recent increase in employee numbers at the Harbour which when taken with agents, hauliers and start-up businesses is responsible for up to 250 working in the Harbour on a daily basis. 2016 saw the retirement of Captain Forrester as Harbour Master and the appointment of Catriona Dowling as the new Harbour Master in July.

Trade

The Authority's revenues are driven by tonnage throughput. Trading conditions for 2016 showed a continuous increase. However 2016 saw the highest tonnage throughput in the Port's history with a 7% increase on 2015 to 3.48M tonnes. This increase in volume has been sustained through the first quarter of 2017.

The growth in trade is due to the increase in some of the long-term commodities handled and the establishment of new commodity lines. Summary details of trading activity by main cargo groups are detailed below:

Roll on – Roll off

Seatruck Ferries, which is the Port's largest customer delivered a record breaking number of 107K units. Some of this increase has been achieved by improved connectivity at the Port of Heysham with the new Lancaster by-pass providing fast access to the M6 Motorway. The delivery of the Newry Southern Relief Road should provide further impetus in developing faster and more efficient logistics on this service. Seatruck ferries economic model based on a driver unaccompanied operation is gaining ever more favour with hauliers and distribution companies.

Containers

The volume of containers through the Port fell during 2016 with the closure of the Cardiff Container service. Nevertheless, Cronus Logistics handled over 20K units through the Port and introduced a new route structure linking Warrenpoint with Dublin, Cardiff and Bristol.

Chief Executive's Report

Dry bulk

Cereal imports mainly for the animal feeds industry increased by 23% during 2016 to almost 300K tonnes. The recently completed new grain store and conveyor system has increased the capacity for the Port to handle Dry Bulk.

The export of bulk cement has now become a major contributor to the Port's trade, with 202K tonnes exported to the South East of England to supply the growing London construction boom. The Authority invested £2.7M (£2.1M – 2016, £0.6M – 2017) in the construction of upgrading of cement silo export facilities and entered a new 10 year through-putting deal with Quinn Industrial Holdings.

Break bulk

The Port registered a small decline in both steel and timber in 2016, albeit that overall tonnages remain steady at 206K tonnes.

Fishing, recreational and project cargoes

The Port continues to provide services for a small fishing fleet – mainly mussel dredgers. Facilities are also provided for recreational sailing vessels both berthing at the town dock pontoons during the summer months and winter storage. Project cargoes such as the importation of wind turbines provide additional beneficial income streams for the business.

Capital expenditure

The Port completed a £22m capital expenditure programme in 2010 to modernise and improve its facilities including providing 300 metres of deep water quays, provision of a double lane link span for modern roll on- roll off vessels, a new crane and additional land and covered storage facilities. In 2012 the Port extended its land holding by a further 10 acres with the purchase of the former Gilbert Ash site. This site includes 40,000 square feet of covered storage.

Capital expenditure of £2.6M was committed in 2016 including Cement Silos (£2.1M), Dredging (£338K) and plant equipment and dock building improvements (£160K).

Going concern

The current economic conditions, including the potential impact of Brexit, present increased risks and uncertainties for all businesses. Details of risks and uncertainties that may have a major impact on the port are included in the strategic report. In response to such conditions, the Members have also carefully considered these risks and the extent to which they might affect the preparation of the financial statements on a going concern basis. A risk register is maintained and reviewed at every Board meeting.

The Authority's business activities, together with factors likely to affect its future



Chief Executive's Report

development, performance and position are set out in the Chairman's, Chief Executive's and Strategic Reports.

Using this information, the Members noted the following points:

- The Authority was set-up in 1971 through government legislation. The Regional Development Strategy has highlighted the strategic importance of Northern Irish Ports. DFI has provided partial assistance for the recent £21.7m capital investment project. The Port is now the second only to Belfast Port in Northern Ireland in terms of tonnage throughput.
- 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 shipping through the Port.
- The Authority has sought to diversify wherever possible to maintain revenue streams. The recently developed container service to Bristol and the introduction of cement as an export cargo are examples of this.
- The Authority recognises the ever increasing environmental challenges of operating in an Area of Outstanding Natural Beauty (AONB) and with the recently designated Marine Conservation Zone in close proximity to the Harbour. The Authority understands its responsibility in this area and in meeting these challenges is engaging in a constructive manner with the various regulators and agencies to ensure compliance without hindering economic development.
- The Authority has treasury and cash management procedures and policies in place to manage its finances effectively and efficiently.
- The Authority is able to meet day-to-day decisions regarding its working capital based on up-to-date financial reports and analysis.
- 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.

Health, safety, training and the environment

The Authority prides itself in providing a safe working environment for employees and visitors alike. The management and employees constantly strive to promote safety awareness with good teamwork, feedback and a structured safety management system. A working port is a challenging environment and constant vigilance and example in safety management is a fundamental part of the operations management function. Accident rates and environmental controls at The Port are benchmarked against best practice in the industry. The emergency response plan is continually under review with Newry, Mourne and Down District Council and the emergency services to ensure that all procedures are co-ordinated and that meaningful practical exercises are undertaken. Full scale emergency planning exercises are undertaken on a regular basis.

Local concerns regarding dust migration from the harbour complex have been addressed with the introduction of dust suppression equipment, a dust boss and the installation of monitoring equipment including wind direction velocity and analysis of dust collection. The Harbour Authority is working with the local community and representatives to ensure a long term solution to this problem.



Chief Executive's Report

The Port has an active training programme in place for all employees. A NEBOSH (The National Examination Board in Occupational Safety and Health) Training Programme is currently underway. The Board has also had specialised training courses on corporate governance and the Port Marine Safety Code. The Authority works with other organisations such as Royal Yachting Association in promoting safety at sea schemes working out of Warrenpoint Town Dock.

During 2016 the Authority engaged Quadra, a Health and Safety Consultant to help improve performance and this has been an outstanding success.

Good corporate citizen

The Authority interacts with the local community and engages at many levels with stakeholders. The Port relies on hundreds of local suppliers of goods and services and spends in the region of £90K per month in the local economy.

Senior management is actively involved in lobbying with the Chambers of Commerce, British Ports Association (BPA), Confederation of British Industry (CBI) and other business associations on the many strategic issues relating to the further enhancement and development of Warrenpoint Port. Managers are involved in the Young Enterprise Scheme with St Mark's High School Warrenpoint and with the Sentinus Programme (the home of STEM Science, Technology, Engineering & Mathematics).

Several school visits to the Port were conducted during 2016 where school children of both primary and secondary age were given an introduction to the busy trade in Northern Ireland's second general cargo port.

The Authority also takes an active part in the promotion of local tourism and has joined with Newry, Mourne and Down District Council in Cruise Ireland. The Authority has developed plans to market Warrenpoint as a cruise destination and hopes to encourage visits of smaller cruise ships to the Mourne Region.

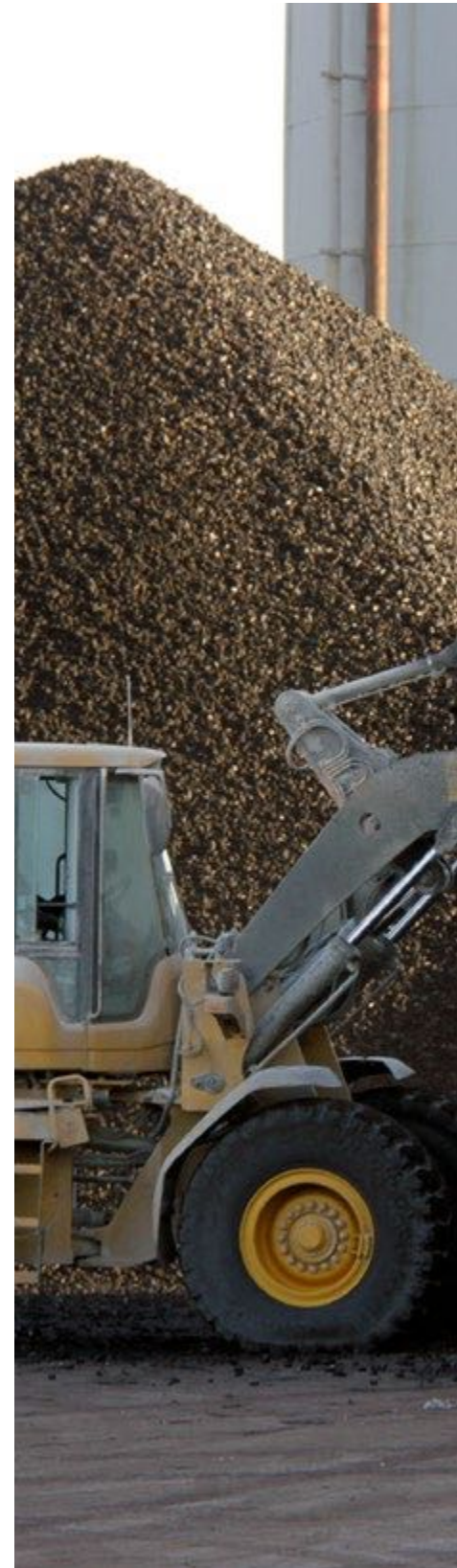
The development of a Mission for Seafarers Centre two years ago has been continuously upgraded and now provides a welcome sanctuary for crew, particularly those far from home.

The Harbour is an active supporter of many festivals including Maiden of Mournes and the Blues on the Bay festival and supports local voluntary organisations and sports clubs in the region.

Employees of the Port and agents contribute both singularly and in conjunction with the Port to many local organisations and national and local charities.

Results

The financial results for the year ended 31 December 2016 are set out in detail on page 18. The profit after tax for the year is £723,306 (2015: £634,291).



Chief Executive's Report

Members

S McIlvenny OBE (Chairman)

P Conway (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 Members on 23rd May 2017
and signed on behalf of the Members**



**Peter C Conway
Chief Executive**



Statement of Member's 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 23rd May 2017
and signed on behalf of the Members**


PETER CONWAY
Chief Executive



Independent Auditor's Report to the Members of Warrenpoint Harbour Authority



We have audited the financial statements of Warrenpoint Harbour Authority for the year ended 31 December 2016 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 (United Kingdom Generally Accepted Accounting Practice), including FRS 102 – ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’.

This report is made solely to the Authority's members, as a body, in accordance with Harbours Act (Northern Ireland) 1970. Our audit work has been undertaken so that we might state to the Authority'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 Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the Members' Responsibilities Statement, the Members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Authority's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Harbours Act (Northern Ireland) 1970.

Independent Auditor's Report to the Members of Warrenpoint Harbour Authority

Opinion on other matters

In our opinion, based on the work undertaken in the course of our 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 have nothing to report in respect of the following matters where we are required to report to you 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.



Deloitte (NI) Limited
Chartered Accountants and Statutory Auditor
Belfast, United Kingdom



The Tall Ship Kaskelot


BOARD MEMBERS ATTENDANCES: 1st January 2016 - 31st December 2016

	Board Meetings		Sub Committee Meetings				Total Meetings Attended	
	Possible	Actual	AUDIT		REMUNERATION		Possible	Actual
			Possible	Actual	Possible	Actual		
Stan McIlvenny - Chairman	8	8			2	2	10	10
Peter Conway - CEO	8	8	2	2			10	10
Kieran Grant - FD	8	7	2	2			10	9
Cllr Sean Doran	8	8			2	2	10	10
Cllr Gillian Fitzpatrick	8	4	2	2			10	6
Cllr Glyn Hanna	3	3	1	1			4	4
Trevor Haslett	8	8			2	2	10	10
Richard Johnston	2	2	1	1			3	3
Deep Sagar	2	2					2	2
Alan Stephens	8	6	2	2			10	8
Cllr Harold McKee	2	2					2	2
Geraldine Donaghy	6	6					6	6
Bob McCann	6	6	1	1			7	7

Profit and Loss Account

Year ended 31 December 2016

	Note	2016 £	2015 £
TURNOVER	3	5,354,085	5,338,595
OPERATING EXPENSES		<u>(4,403,696)</u>	<u>(4,569,158)</u>
OPERATING PROFIT		950,389	769,437
Investment income - interest receivable		10,348	13,085
Interest payable		<u>(33,318)</u>	<u>(13,417)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	927,419	769,105
Tax charge on profit on ordinary activities	6	<u>(204,113)</u>	<u>(134,814)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>723,306</u>	<u>634,291</u>

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

Statement of comprehensive income

For the year ended 31 December 2016

	Note	2016 £	2015 £
PROFIT FOR THE FINANCIAL YEAR	above	723,306	634,291
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		<u>723,306</u>	<u>634,291</u>

Balance Sheet

at 31 December 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	7	<u>27,560,694</u>	<u>26,869,807</u>
CURRENT ASSETS			
Stocks		27,885	32,685
Debtors	9	1,207,001	897,605
Investments		2,600,000	3,100,000
Cash at bank and in hand		<u>871,965</u>	<u>228,609</u>
		4,706,85	4,258,899
CREDITORS - Amounts falling due within one year	10	<u>(1,069,134)</u>	<u>(739,558)</u>
NET CURRENT ASSETS		<u>3,637,717</u>	<u>3,519,341</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		31,198,411	30,389,148
CREDITORS – Amounts falling due after more than one year	11	(18,291,173)	(18,175,998)
PROVISIONS FOR LIABILITIES & CHARGES			
Deferred taxation	12	<u>(316,542)</u>	<u>(345,760)</u>
NET ASSETS		<u>12,590,696</u>	<u>11,867,390</u>
RESERVES		<u>12,590,696</u>	<u>11,867,390</u>

The financial statements of Warrenpoint Harbour Authority were approved by the Members and authorised for issue on 23/05/2017. They were signed on its behalf by:



Stan McLivenny OBE



Peter Conway

Statement of Changes in Equity

at 31 December 2016

	Reserves	Total
At 1 January 2015	11,233,099	11,233,099
Total comprehensive income	<u>634,291</u>	<u>634,291</u>
At 31 December 2015	11,867,390	11,867,390
Total comprehensive income	<u>723,306</u>	<u>723,306</u>
At 31 December 2016	<u>12,590,696</u>	<u>12,590,696</u>



Cashflow Statement

at 31 December 2016

	Note	2016 £	2015 £
Cash generated by operations	16	<u>1,341,082</u>	<u>1,717,917</u>
Cash flows from investing activities			
Purchase of equipment		(2,592,568)	(185,586)
Proceeds from sale of equipment		7,000	-
Interest paid		(21,274)	13,085
Investment income received		<u>10,348</u>	<u>(14,942)</u>
Net cash flows from investing activities		<u>(2,596,494)</u>	<u>(187,443)</u>
Cash flows from financing activities			
Repayment of borrowings		(101,232)	(135,513)
New Loan raised		<u>1,500,000</u>	_____
Net cash flows from financing activities		<u>1,398,768</u>	<u>(135,513)</u>
Net increase / (decrease) in cash and cash equivalents		<u>143,356</u>	<u>1,394,961</u>
Cash and cash equivalents at beginning of year		<u>3,328,609</u>	<u>1,933,648</u>
Cash and cash equivalents at end of year		<u>3,471,965</u>	<u>3,328,609</u>
Reconciliation to cash at bank and in hand			
Cash at bank and in hand		871,965	228,609
Cash equivalents		<u>2,600,000</u>	<u>3,100,000</u>
		<u>3,471,965</u>	<u>3,328,609</u>

Notes to Financial Statements

Year Ended 31 December 2016

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 3 to 5. 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:

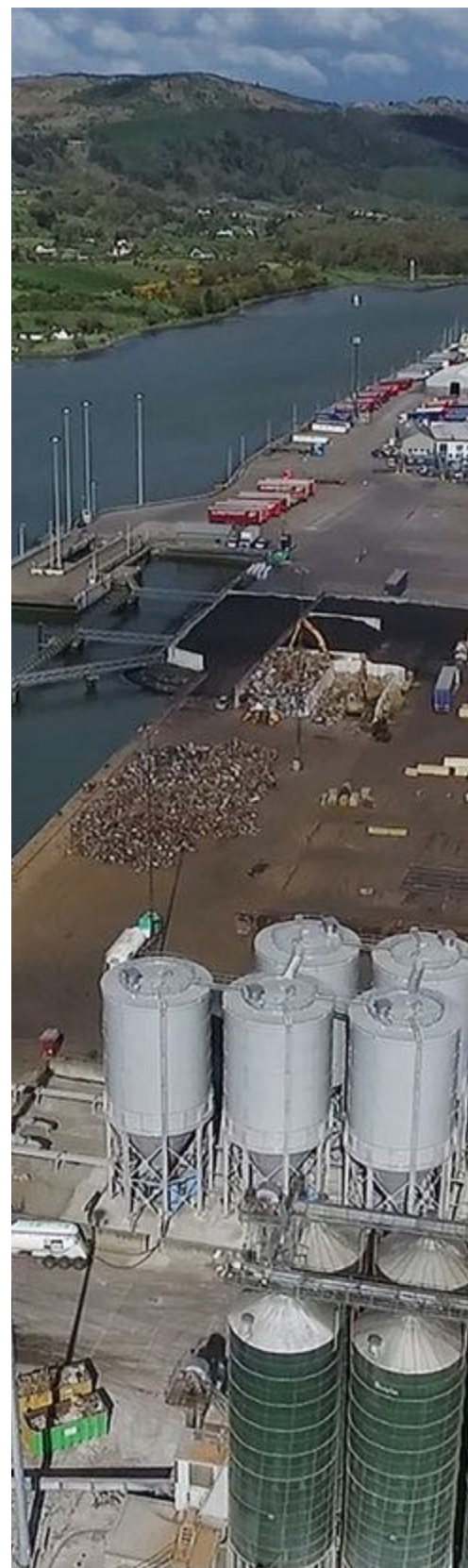
Capital dredging	- 25 to 35 years
Maintenance dredging	- 5 to 6 years
Emergency dredging	- 2 years
Buildings	- 5 to 50 years
Plant and equipment	- 3 to 20 years
Dock structures and excavations	- 10 to 50 years

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

Year Ended 31 December 2016



1. ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

(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.

Notes to Financial Statements

Year Ended 31 December 2016

1. ACCOUNTING POLICIES (CONTINUED)

Impairment of assets (continued)

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.



Notes to Financial Statements

Year Ended 31 December 2016



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.

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.

Notes to Financial Statements

Year Ended 31 December 2016

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.

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. There was an increase in interest payable during 2016 as a result of the drawdown of a £1.5 M loan to facilitate the construction of assets in the port.

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.



Notes to Financial Statements

Year Ended 31 December 2016



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

Year Ended 31 December 2016

3. TURNOVER

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

	2016 £	2015 £
Rendering of services	5,236,684	5,219,828
Rental income	<u>117,401</u>	<u>118,767</u>
	<u>5,354,085</u>	<u>5,338,595</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2016 £	2015 £
Depreciation of tangible fixed assets (note 7)	1,896,681	1,900,406
Amortisation of grants on tangible fixed assets (note 13)	<u>(859,609)</u>	<u>(859,610)</u>
Foreign exchange loss	3,452	100
Gain on disposal of fixed assets	2,000	6,010
Cost of stock recognised as an expense	-	24,530
Operating lease rentals	<u>5,127</u>	<u>5,892</u>

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

	2016 £	2015 £
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>13,400</u>	<u>13,000</u>
Total audit fees	<u>13,400</u>	<u>13,000</u>
Taxation compliance services	<u>7,000</u>	<u>4,500</u>
Total non-audit fees	<u>7,000</u>	<u>4,500</u>

5. EMPLOYEE NUMBERS

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

Notes to Financial Statements

Year Ended 31 December 2016

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in year	2016 £	2015 £
Current tax:		
UK corporation tax on profits of the current year	235,884	176,644
Adjustments in respect of previous periods	<u>(2,553)</u>	<u>(29,979)</u>
Total current tax	<u>233,331</u>	<u>146,665</u>
Deferred tax:		
Origination and reversal of timing differences (including impact of rate change)	(12,844)	4,722
Effect of decrease in tax rate	(17,336)	(38,476)
Adjustments in respect of previous periods	<u>962</u>	<u>21,903</u>
Total deferred tax (credit)/charge – Note 12	<u>(29,218)</u>	<u>(11,851)</u>
Tax on profit on ordinary activities	<u>204,113</u>	<u>134,814</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (Cont'd)

(b) Factors affecting tax charge for the year	2016 £	2015 £
Profit on ordinary activities before tax	<u>927,419</u>	<u>769,105</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 20.25%)	185,484	155,744
Effects of:		
Other expenses not deductible for tax purposes	6,873	1,574
Ineligible depreciation	30,683	24,434
Small companies relief	-	(386)
Change in tax rate	(17,336)	(38,476)
Adjustments to tax charge in respect of previous periods	<u>(1,591)</u>	<u>(8,076)</u>
Tax charge for year	<u>204,113</u>	<u>134,814</u>

Notes to Financial Statements

Year Ended 31 December 2016

(c) Factors that may affect future tax charges

The standard rate of tax applied to reported profit on ordinary activities is 20% (2015: 20.25%). 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. Included in land and buildings is land with a cost of £3,348,747 (2015 - £3,348,747) in respect of which no depreciation is provided.

The net book value of land and buildings comprises freehold property £4,516,627 (2015 - £4,825,656) and short leasehold property £Nil (2015 - £nil).

	Land and Buildings £	Dredging £	Dock Structures and Excavations £	Plant and Equipment £	Assets in Course of Construction £	Total £
Cost or valuation						
At 1 January 2016	13,806,171	6,904,739	24,015,193	10,148,421	44,934	54,919,458
Additions	38,550	337,918	56,470	62,690	2,096,940	2,592,568
Disposals	-	-	-	(46,000)	(5,000)	(51,000)
At 31 December 2016	<u>13,844,721</u>	<u>7,242,657</u>	<u>24,071,663</u>	<u>10,165,111</u>	<u>2,136,874</u>	<u>57,461,026</u>
Depreciation						
At 1 January 2016	(5,630,438)	(5,212,633)	(9,706,084)	(7,500,496)	-	(28,049,651)
Charge for year	(348,908)	(494,803)	(713,167)	(339,803)	-	(1,896,681)
Disposals	-	-	-	46,000	-	46,000
At 31 December 2016	<u>(5,979,346)</u>	<u>(5,707,436)</u>	<u>(10,419,251)</u>	<u>(7,794,299)</u>	-	<u>(29,900,332)</u>
Net Book Value						
At 31 December 2016	<u>7,865,375</u>	<u>1,535,221</u>	<u>13,652,412</u>	<u>2,370,812</u>	<u>2,136,874</u>	<u>27,560,694</u>
At 31 December 2015	<u>8,175,733</u>	<u>1,692,106</u>	<u>14,309,109</u>	<u>2,647,925</u>	<u>44,934</u>	<u>28,869,807</u>

8. FINANCIAL COMMITMENTS

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

	2016 £	2015 £
Leases expiring:		
Within one year	5,453	5,127
Within one and five years	-	5,453
After five years	-	-

Notes to Financial Statements

Year Ended 31 December 2016

9. DEBTORS

	2016 £	2015 £
Trade debtors	1,040,635	755,043
VAT	36,413	16,042
Prepayments and accrued income	<u>129,953</u>	<u>126,520</u>
	<u>1,207,001</u>	<u>897,605</u>

10. CREDITORS - Amounts falling due within one year

	2016 £	2015 £
Trade creditors	177,197	102,390
Corporation tax	240,907	181,645
Other taxation and social security	72,369	64,209
Accruals & deferred income	333,252	286,381
Loan from Dfl	<u>245,409</u>	<u>104,933</u>
	<u>1,069,134</u>	<u>739,558</u>

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

	2016 £	2015 £
Accruals & deferred income	1,158,674	1,442,182
Grants	15,539,746	16,399,355
Loan from Dfl	<u>1,592,753</u>	<u>334,461</u>
	<u>18,291,173</u>	<u>18,175,998</u>

Borrowings are repayable as follows:

	2016 £	2015 £
Loan from Dfl		
Between one and two years	252,150	108,734
Between two and five years	552,579	225,727
After 5 years	<u>788,024</u>	<u>-</u>
On demand or within one year	<u>245,409</u>	<u>104,933</u>
	<u>1,838,162</u>	<u>439,394</u>

Interest is payable on the loans at rates of between 2.04% and 3.59% on the principal amount. There was an increase in interest payable during 2016 as a result of the drawdown of a £1.5Million loan to facilitate the construction of assets in the port.



Peter Conway, CEO of Warrenpoint Port and Alistair Eagles, CEO of Seatruck Ferries shaking hands after signing a new 10 year deal with the Port.

Notes to Financial Statements

Year Ended 31 December 2016

12. DEFERRED TAX

Deferred tax is provided as follows:

	2016 £	2015 £
Accelerated capital allowances	317,674	347,210
Other timing differences	(1,132)	(1,450)
Deferred Tax	<u>316,542</u>	<u>345,760</u>
Provision at start of year	345,760	357,611
Adjustment in respect of prior years	962	21,903
Deferred tax charge to income statement for the period	<u>(30,180)</u>	<u>(33,754)</u>
Provision at end of year	<u>316,542</u>	<u>345,760</u>

13. ERDF AND OTHER GRANTS

	2016 £	2015 £
At start of year	16,399,355	17,258,965
Grants received	-	-
Grants receivable	-	-
Released to profit and loss account	<u>(859,609)</u>	<u>(859,610)</u>
At end of year	<u>15,539,746</u>	<u>16,399,355</u>

14. INVESTMENT 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 2016 was £98,451 (2015: £78,590).

Notes to Financial Statements

Year Ended 31 December 2016

16. CASH FLOW STATEMENT

(i) RECONCILIATION OF OPERATING PROFIT TO CASH GENERATED BY OPERATIONS

	2016 £	2015 £
Operating profit	950,389	769,437
Adjustment for		
Depreciation charges (net of grant release)	1,037,071	1,040,796
Profit on sale of tangible fixed assets	(2,000)	(6,010)
Corporation tax paid	<u>(174,069)</u>	<u>(82,177)</u>
Operating cash flow before movement in working capital	1,811,391	1,722,046
Decrease/(Increase) in stocks	4,800	(2,457)
Decrease/(Increase) in debtors	(309,396)	118,733
(Decrease) in creditors	<u>(165,713)</u>	<u>(120,405)</u>
Cash generated by operations	<u>1,341,082</u>	<u>1,717,917</u>

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

α) 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.

Notes to Financial Statements

Year Ended 31 December 2016

b) Categories and carrying value of financial instruments

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

	2016 £	2015 £
Financial assets		
Measured at undiscounted amount receivable		
Trade and other debtors	1,040,635	755,043
Financial liabilities		
Measured at amortised cost		
Loans payable	1,838,162	439,394
Measured at undiscounted amount payable		
Trade and other creditors	451,435	495,664

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.

19. RELATED PARTY TRANSACTIONS

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 £422,246 (2015: £357,361). Included in these figures is a total remuneration package of £142,944 for the highest paid director (CEO) and a total of £72,421 for the non-executive members of the Board.

Corporate Social Responsibility

Macmillan Coffee Morning



Corporate Social Responsibility

St Malachy's Castlewellan school visits.



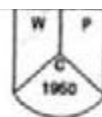
Corporate Social Responsibility

Carlingford Lough Sailability



Some of the Charities and Organisations supported by

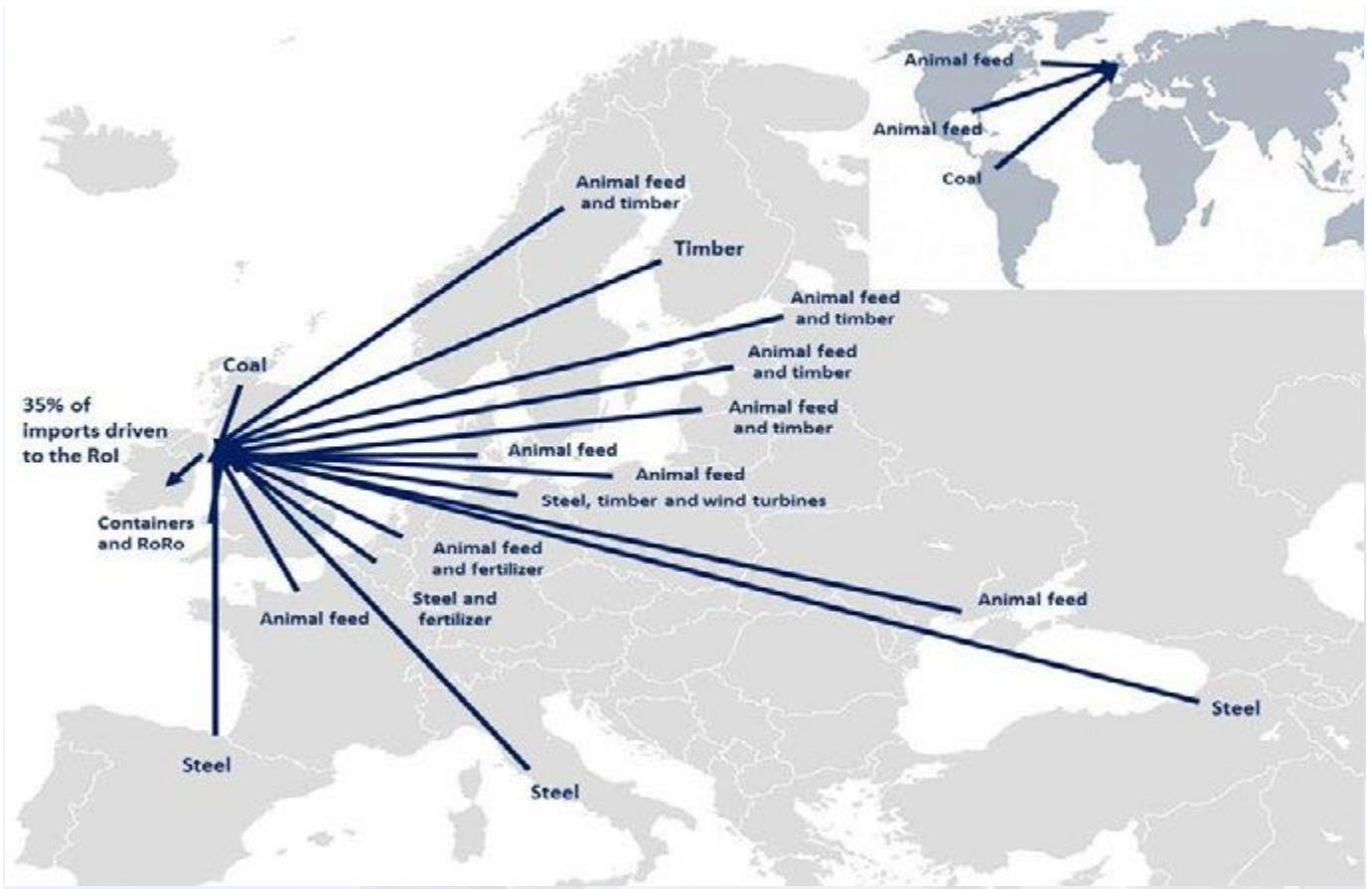
Warrenpoint Port



Warrenpoint Panto Club

Peter Street,
Warrenpoint,
Co. Down.

IMPORTS



Total capital investment

2.6m

Total Payroll costs

2.1m

Full time Equivalent direct employees

65

Commercial Vessel Calls

969

Tonnes Handled

3.48m

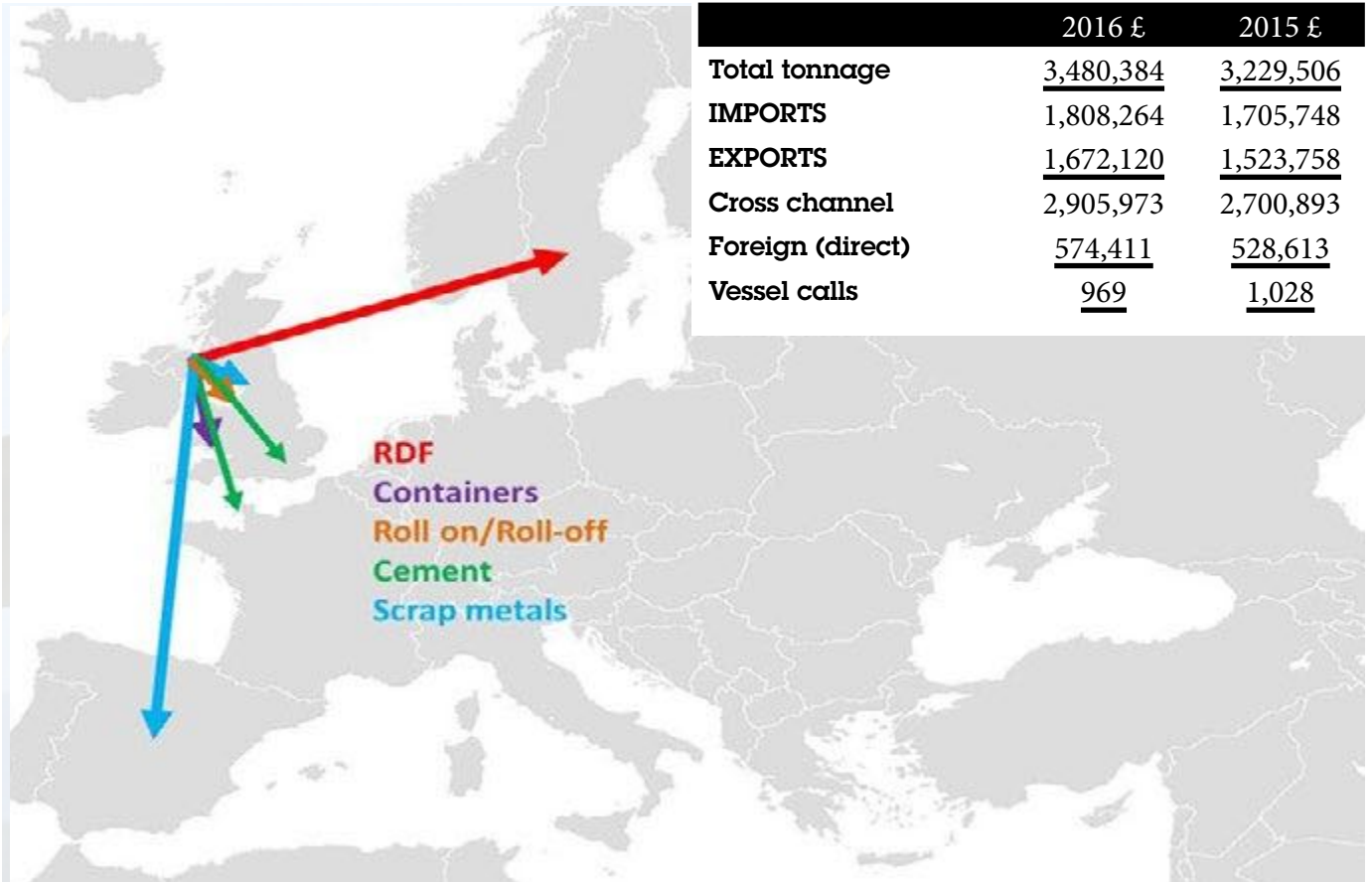
Vehicle movements

OVER **230,000**
PER YEAR

EXPORTS

TRADE STATISTICS (UNAUDITED)

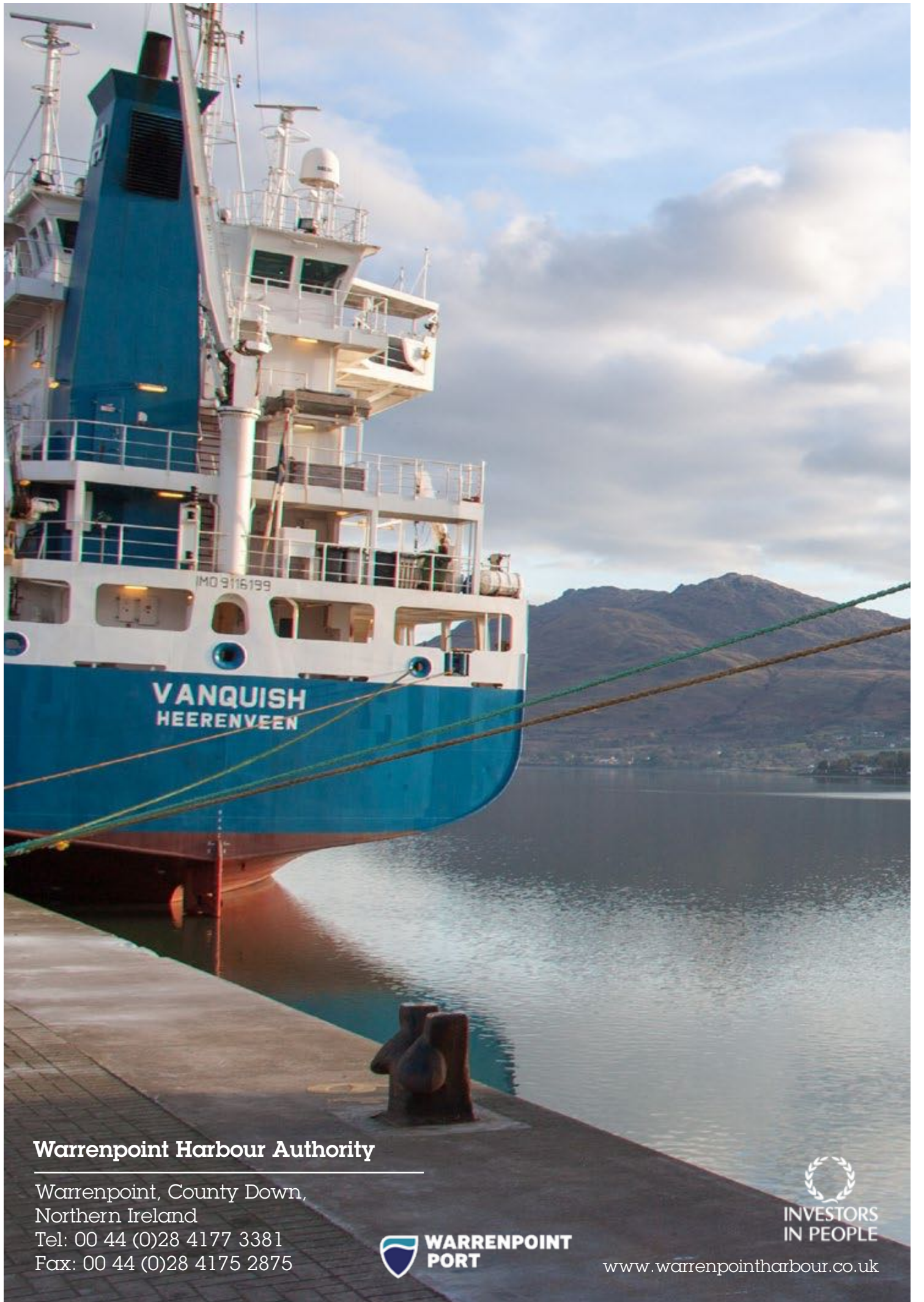
	2016 £	2015 £
Total tonnage	<u>3,480,384</u>	<u>3,229,506</u>
IMPORTS	1,808,264	1,705,748
EXPORTS	<u>1,672,120</u>	<u>1,523,758</u>
Cross channel	2,905,973	2,700,893
Foreign (direct)	<u>574,411</u>	<u>528,613</u>
Vessel calls	<u>969</u>	<u>1,028</u>



Indirect
employment
in region
**OVER
2000**

Number
of people
working in
harbour daily
150+





Warrenpoint Harbour Authority

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