



The Londonderry Port & Harbour Commissioners Annual Report | Financial Statements

for the year ended 31 March 2011



Welcome to the Annual Report of the Londonderry Port & Harbour Commissioners

Londonderry Port & Harbour Commissioners was first established by Royal Charter in 1854 as a Public Trust Port to develop, maintain and operate the Port to the highest standards of efficiency, financial prudence, environmental awareness, safety and security to the benefit of all stakeholders. All financial surpluses generated are reinvested to meet these responsibilities.

Originally located in the heart of Derry City, the Port was relocated to a deep water facility at Lisahally on the outskirts of the city in 1993. Since this move, the Port has gone from strength to strength producing strong results year after year.

The Port aims to play a full role in the regional economy and establish itself as a gateway to the entire North West of Ireland.

The Londonderry Port & Harbour Commissioners

MEMBERS OF THE BOARD

Mr G O'Doherty, Chairman

Mr B McGrath, Chief Executive

Mr R Devine

Mr J McKeever

Dr D O'Reilly (Appointed 1 February 2011)

Mr P Sheridan (Appointed 1 February 2011)

Mr S Bovaird (Retired 31 January 2011)

Mrs M Bradley (Retired 31 January 2011)

Ms L Fleming (Retired 31 January 2011)

Mr J Gilliland (Retired 31 January 2011)

Mr W Hay (Retired 30 November 2010)

PRINCIPAL OFFICER

Mr S Gillespie, Secretary/Financial Controller

AUDITORS

Moore Stephens

Chartered Accountants & Registered Auditors

21/23 Clarendon Street

Londonderry

BT48 7EP

BANKERS

Ulster Bank

Culmore Road

Da Vinci's Complex,

Londonderry

BT48 8JB

SOLICITORS

Caldwell & Robinson

Solicitors

10-12 Artillery Street

Londonderry

BT48 6RG



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Chairman's Statement

I am delighted to report that, despite the continued economic recession, Londonderry Port has enjoyed another successful year of trading. Conditions remained challenging for all of our customers but many maintained or improved their volumes through the Port. During 2010 / 11 the Port, as part of its diversification strategy, has been involved in several marine dredging contracts which have complimented the core business and provided a cushion against the worst effects of the recession.

Against the backdrop of the economic recession, the Commissioners, during the past year, carried out a full review of the strategic direction which had been established in 2009. This review was conducted to ensure that the plan was still fit for purpose given the ever changing economic environment. The review reaffirmed the Board's belief that, by diversifying from core trade and building on core expertise the Port could continue to grow its business and secure the assets for future generations.

In January 2011 several of the Board members' term of office came to an end. I would like to take this opportunity to thank Mr J Gilliland, Mr S Bovaird, Ms L Fleming, Mrs M Bradley and Mr W Hay for their outstanding contribution and support over the years. Two new Board members, Dr Dolores O'Reilly and Mr Peter Sheridan, have been appointed by the Minister and I would like to welcome them to the Port as they begin their first term.

In the course of the year, as well as reviewing the strategic direction, the Board had a number of priority issues that required its

attention. The Health and Safety policy of the Port was reviewed and recommendations were made. Consequently, Health and Safety now feature more prominently as part of the monthly board meetings. A new Safety Committee has been established. The Board is continually working to improve our Corporate Governance and ensure that the organisation meets the highest standards. The Commissioners have also been involved in work regarding our stakeholder involvement and how this area of our work can be quantified. Considerable Port resources are directed to conservancy which is part of both its statutory obligations and provides considerable stakeholder benefit also. It is important therefore that this work can be measured and quantified for all concerned.

The recent completion of the A2 duelling has greatly improved the road access to the Port and the Commissioners look forward to a successful outcome to the public enquiry regarding the A5. The improved road network helps the Port increase the area serviced and improves the supply chain for our customers. This in turn makes Londonderry a more attractive location and enhances the attractiveness of the region for investors, indigenous or inward sourced.

The Department for Regional Development has, throughout the years, continued to champion the North West and are very supportive of the Port. In particular the outgoing Minister, Mr Conor Murphy MLA, took a keen interest in the port operations. I trust that, with the appointment of the new minister, Mr Danny Kennedy MLA, the Board can continue to have a constructive working relationship with DRD at all levels.

One disappointing aspect was the continued delay on the new port legislation. This legislation was designed to remove LPHC and other Trust Ports in Northern Ireland, from the definition of a public corporation. This would permit Ports to access private finance, which is not permissible under current legislation, and to extend its current operating powers. It is important that we engage with the Minister as soon as possible to try to establish if this new legislation can be enacted. Without the extended powers I am concerned that Londonderry Port will be unnecessarily limited in its growth ambitions at a time when it is important for all businesses to grow to stimulate the economy. The Board of Londonderry Port has the desire to both secure current operations and maximise opportunities for future generations and it is important therefore that this restriction is eliminated for both the region and indeed Northern Ireland as a whole.

One issue that remains to be resolved is the Pilots National Pension Fund (PNPF). Londonderry Port as a competent harbour authority is responsible for the licensing of pilots but not their employment. However, the PNPF has a substantial deficit and the Trustees of the scheme sought to establish, through the courts, if they could change the rules to make harbour authorities liable for the shortfall. A judge has now ruled that in fact the rules can be changed and Londonderry Port, along with many other Ports in the UK, will be liable for its share of the shortfall. This could be a substantial amount of money but as yet it is unspecified.

The note to the accounts reflects the fact that at present the contingent liability is unquantifiable but it must be noted that the Port will have to pay this money at some stage in the near future. This will affect the pilotage rates as charged to our customers as the Port will have to recover the contributions paid to the PNPF.

Looking ahead to next year, preparations are well under way to host a major tourist event, the Clipper Round The World Yacht Race, in June 2012. It is hoped that the event will attract large numbers to the City. The Port is proud to be playing a significant role in this event both logistically and financially. All personnel involved with Londonderry Port and Harbour look forward to assisting in the hosting of this special event.

Finally, I would like to thank the customers for their continued support without which there would be no need for a Port at all, the Commissioners, Staff and the Executive Team for all their hard work throughout the year. The reputation the Port enjoys, the success it achieves and the role in the region that it provides requires all parties to work together and I am happy to report that this is very much the case at Londonderry Port and Harbour.



Board Members



Mr Garvan O'Doherty

Chairman

Was first appointed as a Harbour Commissioner in 1998 and became the Chairman of the Board in 2006. He was reappointed in February 2010 by the Minister for Regional Development for a new term. Also Chairs the Pension and Remuneration Committee. Is the CEO of the Garvan O'Doherty Group which is involved in the property and hospitality sectors throughout the UK and Ireland.



Mr Brian McGrath

Chief Executive/ Commissioner

Has been the Chief Executive and Harbour Commissioner since March 2003 and is the only full time executive board appointment. Became a Chartered Director in 2007 and is a Council member of Londonderry Chamber of Commerce and a Council member of the British Ports Association.



Mr Roy Devine

Has been a Harbour Commissioner since 2007 and was reappointed for a second term in February 2011. Is a Chartered Director and non-executive director of OPT2VOTE Ltd, Biomass CHP Ltd and of Budget Energy Ltd. Is Chairman of CODA (Operations) Ltd and of School Employer Connections Ltd. Is Chairman of the Audit Committee and a member of the Pension and Remuneration Committee.



Mr Joe McKeever

Was originally appointed a Harbour Commissioner in February 2007 and has recently been reappointed for a second term. Is a Board Member of the Probation Board for NI and a part time court official. Is a member of the Audit Committee and the Health and Safety Committee.



Dr Dolores O'Reilly

Was appointed to the Board by the Minister for Regional Development in February 2011 for a four year term. Dr O'Reilly is a member of the LPHC's Audit and Strategic Marketing Committees. Is an Independent Board Member of the Department of Finance and Personnel (DFP) and is Chair of the DFP's Audit and Risk Committee. Is also Professor of International Business Strategy in the University of Ulster.



Mr Peter Sheridan

Began his first term as a Commissioner in February 2011 having been appointed by the Minister for Regional Development. Mr Sheridan is currently Chief Executive of Co-operation Ireland and a member of the Board of the Equality Commission. Mr Sheridan is also a member of the Pension & Remuneration Committee and the Health and Safety Committee.

Board Attendance

Scheduled Board Meetings

	Possible	Actual	%
G O'Doherty	11	11	100%
B McGrath	11	11	100%
R Devine	11	10	91%
J McKeever	11	11	100%
D O'Reilly	2	2	100%
P Sheridan	2	1	50%
W Hay	8	5	62.5%
L Fleming	9	7	77.8%
M Bradley	9	4	44.4%
J Gilliland	9	9	100%
S Bovaird	9	7	77.8%

Chief Executive's Report

Port Marine Safety Code and Conservancy

Londonderry Port is the conservancy authority for Lough Foyle from the Craigavon Bridge to a line from Greencastle in Co Donegal to Magilligan Point in Co Londonderry. The port has a duty to conserve the harbour so that it is fit for use as a port. Conservancy involves a number of functions which include:

- Hydrographic survey to ensure adequate depth for vessels
- Publishing navigation information
- Dredging the navigational channels
- Maintaining aids to navigation as the local lighthouse authority
- Managing wrecks
- Regulating construction works

Londonderry Port has its own dedicated in-house marine team to carry out its conservancy duties. We are committed to regulating marine operations in a way that safeguards the harbour, its users, the public and the environment. Under the Port Marine Safety Code the port monitors, reviews and audits the marine safety management system and meets the national standards of the code.

As a Trust Port we receive no financial support from Government. We rely on the cash generated from ships' dues and port related activities to sustain the business going forward for the benefit of port users and stakeholders. Our profits are reinvested into the facility and over the last ten years we have overseen a capital spend of £22 million. Within the same

period we ensured that the organisation was strengthened to support the long term growth ambition that has seen an increase in turnover from £2.7million in 2001 to £6.4 million in 2010 / 11. The reinvestment in people, infrastructure and equipment has consolidated our position as a significant regional economic driver. This year saw a capital expenditure of £580,000.

The results for 2010 /11 are set against an international backdrop of slow economic emergence from recession. We have benefited from having a strong strategic framework in place which we have regularly reviewed to ensure its ongoing relevance. The steps taken last year to sell excess capacity, particularly in the marine services sector, has helped boost this year's profits before tax to £1.1 million. Although this figure benefits from a one off marine project there are encouraging signs of recovery in our core business with strong growth in year on year trade levels of 13%.

Health Safety and Environment

External auditors carry out bi-annual surveillance audits of our Integrated Management System with zero nonconformities being raised since its initial certification in February 2010. The system is used as a benchmark to ensure we meet our objectives by driving down the impact on the wider environment in relation to pollution prevention and control. This work will be overseen in the future by a Board subcommittee chaired by a Commissioner.

Environmental Impact

We hold regular meetings with residents from the Culmore and Strathfoyle areas to

listen to their concerns which are mostly in relation to noise and dust emissions.

Our meetings have resulted in a number of investments including the purchase of a new grab for handling dusty cargoes. We have also taken proactive steps to reduce the impact of noise pollution in the harbour. Derry City Council carried out a risk assessment in line with the Pollution Prevention and Control (NI) Regulations. The risk based scheme used seven different components to assess the impact from our operation. The risk was measured as low due to the existing control measures already in place to prevent and where practicable, eliminate air pollution.

This year saw LPHC positioned in the 1st Quintile of the Business in the Community / Arena Networks prestigious Environmental benchmarking survey. The survey was carried out involving 120 organisations from a range of sectors. The survey strives to raise the profile of environmental issues across Northern Ireland's business community. It encourages organisations to improve their environmental performance through benchmarking with their peers and identifies areas where more effort is needed.

Corporate Social Responsibility

We had a very positive response to our success in winning the 2009 Business in the Community award for supporting economic growth. As a consequence we have taken a more strategic approach to Corporate Social Responsibility with the objective to develop a CSR plan which covers every area of our activities. One particular strand of this has seen the development of a three year Health

Action Plan which is designed to help our workforce adopt healthier lifestyle choices which will benefit them and potentially reduce long term sickness in later years. During the lifetime of the Plan we will work with our staff to address important issues such as smoking cessation, weight loss and health and nutrition.

We are delighted to be involved with Derry City Council for the Clipper Round the World yacht race and preparations are in hand to make sure the event is a success.

As ever I am indebted to the Chairman and the Board for their ongoing commitment and support and to the entire workforce who deliver the service to our customers' day in and day out. This year saw our Financial Controller, and Port Engineer qualify as Chartered Directors.

We expect that our Harbour Master will also achieve this standard having passed his Diploma in Company Direction this year. This means that the entire executive team will be made up of Chartered Directors which we believe is unique within Northern Ireland industry. This year I need to mark the special contribution made by the Marine team who through their professionalism and flexibility delivered a substantial contribution to another strong set of results for the Port.

Finally I must thank all our customers whose continued success in very difficult market conditions provide the basis for Londonderry Port's sustained success over the years.

Brian McGrath CDir MIOd
Chief Executive

Statement of Commissioners' Responsibilities

The Commissioners are required to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of The Londonderry Port & Harbour Commissioners (LPHC) and of its profit, or loss for that period. In preparing those financial statements, the Commissioners are required to

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that LPHC will continue in business.

The Commissioners are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of LPHC and to enable them to ensure that the financial statements comply with the appropriate statutory requirements. They are also responsible for safeguarding the assets of LPHC and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The financial statements are published on LPHCs' website. The maintenance and integrity of LPHCs' website is the responsibility of the Commissioners. The Commissioners' responsibility also extends to the ongoing integrity of the financial statements contained therein.



Garvan O'Doherty
Chairman

25th May 2011

Independent Auditor's Report to the Londonderry Port & Harbour Commissioners

We have audited the financial statements of The Londonderry Port & Harbour Commissioners (LPHC) for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. 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).

This report is made solely to the Commissioners, as a body, in accordance with The Londonderry Port & Harbour Acts. Our audit work has been undertaken so that we might state to the Commissioners those matters we are required to state to them in the 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 LPHC and the Commissioners as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Commissioners and Auditors

As explained more fully in the Statement of Commissioners' Responsibilities on page 8, the Commissioners 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK & Ireland). Those standards

require us to comply with the Auditing Practices Board's (APB'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 LPHCs' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Commissioners; and the overall presentation of the financial statements.



Independent Auditor's Report to the Londonderry Port & Harbour Commissioners Continued

Opinion on the Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of LPHCs' affairs as at 31 March 2011 and 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 Londonderry Port & Harbour Acts.

Opinion on Other Matter

In our opinion the information in the Chairman's Statement and Chief Executive's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 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 or returns; or
- certain disclosures of Commissioners' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

.....
Steven Lindsay FCA

Senior Statutory Auditor



For and on behalf of
Moore Stephens
Chartered Accountants
and
Statutory Auditors

21-23 Clarendon Street
Londonderry
BT48 7EP
Date: 25th May 2011

Profit and Loss Account for the Year Ended 31 March 2011

	NOTES	31/03/11 £	31/03/10 £
TURNOVER	2	6,429,779	5,076,185
Cost of Sales		(4,033,498)	(2,963,103)
GROSS PROFIT		2,396,281	2,113,082
Administration Expenses		(1,275,293)	(1,276,069)
		1,120,988	837,013
Profit/(Loss) on Disposal of Fixed Assets		1,073	(2,872)
Other Interest Receivable and Similar Income	3	44,544	58,789
Operating Profit before Interest and Taxation		1,166,605	892,930
Interest Payable and Similar Charges	4	(110,600)	(112,744)
Profit on Ordinary Activities Before Taxation		1,056,005	780,186
Tax on Profit on Ordinary Activities	6	(353,786)	(205,385)
Profit on Ordinary Activities After Taxation		702,219	574,801
RETAINED PROFIT FOR THE YEAR	16	702,219	574,801

All activities derive from continuing operations.

The notes on pages 15 to 27 form part of these financial statements and should be read in accordance therewith.

Note of Historical Cost Profits and Losses for the Year Ended 31 March 2011

	31/03/11	31/03/10
	£	£
Reported profit on ordinary activities before taxation	1,056,005	780,186
Realisation of property revaluation gains of previous years	-	-
Historical cost profit on ordinary activities before taxation	<u>1,056,005</u>	<u>780,186</u>
Historical cost profit retained for the year after taxation	<u>702,219</u>	<u>574,801</u>

Statement of Total Recognised Gains and Losses for the Year Ended 31 March 2011

	31/03/11	31/03/10
	£	£
Surplus on continuing operations after depreciation of assets and tax	702,219	574,801
Total recognised gains relating to the year	<u>702,219</u>	<u>574,801</u>

Balance Sheet

as at 31 March 2011

	NOTES	31/03/11		31/03/10	
		£	£	£	£
FIXED ASSETS					
Tangible Assets	8a		24,365,850		24,745,454
NON CURRENT ASSETS					
Debtors	11		65,050		-
CURRENT ASSETS					
Stock	9	287,865		193,310	
Debtors	10	1,973,375		1,703,613	
Cash at Bank and on Hand		3,279,013		2,727,428	
		<u>5,540,253</u>		<u>4,624,351</u>	
CREDITORS					
Amounts falling due within one year	12	<u>1,907,946</u>		<u>1,402,721</u>	
Net Current Assets			<u>3,632,307</u>		<u>3,221,630</u>
Total Assets Less Current Liabilities			28,063,207		27,967,084
CREDITORS					
Amounts falling due after one year	13		3,435,902		4,058,098
Provisions for Liabilities and Charges	15		1,893,100		1,877,000
NET ASSETS			<u>22,734,205</u>		<u>22,031,986</u>
RESERVES					
Profit and Loss Account	16		<u>22,734,205</u>		<u>22,031,986</u>
	17		<u>22,734,205</u>		<u>22,031,986</u>

These financial statements were approved at a meeting of the Commissioners held on 25th May 2011.



Chairman



Chief Executive

The notes on pages 15 to 27 form part of these financial statements and should be read in accordance therewith.

Cash Flow Statement for the Year Ended 31 March 2011

	NOTES	31/03/11		31/03/10	
		£	£	£	£
Net Cash Inflow from Operating Activities	(18a)		1,924,078		1,532,055
Returns on Investments and Servicing of Finance					
Interest Received		44,544		58,789	
Interest Paid		(110,600)		(112,744)	
			(66,056)		(53,955)
Taxation					
Corporation Tax Paid		202,848		219,268	
			(202,848)		(219,268)
Capital Expenditure and Financial Investment					
Payments to acquire Tangible Fixed Assets		(512,191)		(890,414)	
Disposal Proceeds from Fixed Assets (Net of Costs)		18,600		-	
Capital Grants Received		-		9,183	
			(493,591)		(881,231)
Financing					
Capital Elements of Hire Purchase Repayments and Disposals			(65,000)		(65,000)
Decrease in Existing Debt			(544,998)		(435,037)
Government Loan			-		-
Decrease in Cash and Cash Equivalents			551,585		(122,436)
Reconciliation of Net Cash Flow to Movement in Net Funds/(Debt)					
Increase/(Decrease) in Cash in Period			551,585		(122,436)
Cash Outflow from Movement in Debt			609,998		500,037
			1,161,583		377,601
Net Debt at 1 April			(1,967,245)		(2,344,846)
Net Debt at 31 March	(18b)		(805,662)		(1,967,245)

The notes on pages 15 to 27 form part of these financial statements and should be read in accordance therewith.

Notes to the Financial Statements for the Year Ended 31 March 2011

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

(a) Basis of Accounting

The financial statements have been prepared on a going concern basis in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

(b) Turnover

Turnover comprises revenue due in respect of services and rentals provided within the Commissioners' ordinary activities, net of value added tax and is recognised when the service has been provided and the contractual obligation has been met.

(c) Grants

Grants that relate to specific capital expenditure are deducted from the cost of the asset and released to the profit and loss account on the same basis as depreciation is charged on the related assets. Other grants are credited to the profit and loss account on an accruals basis.

(d) Tangible Fixed Assets and Depreciation

The cost of fixed assets comprises the purchase price of land, structures, plant and machinery, etc acquired, plus costs of construction and installation. European Regional Development Fund and other grants and contributions are deducted.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset systematically over its expected useful life as follows:

Work and Improvements comprising:

Buildings	20 years - 100 years
Tools and Equipment	5 years - 10 years

Other assets:

Pontoon	10 years - 20 years
Cranes	10 years - 20 years
Plough Boat and Dredging Plant	10 years - 30 years
Tug Boat and Launch	5 years - 30 years
Pilot Boat and Station	5 years - 20 years
Motor Vehicles	4 years
Plant, Machinery and Equipment	5 years - 50 years

Notes to the Financial Statements - Continued

(e) Hire Purchase Commitments

Assets held under hire purchase contracts are capitalised in the balance sheet as tangible fixed assets and depreciated over their estimated useful lives. Liabilities to hire purchase providers are included in creditors due within one year and after one year as appropriate. Finance charges are charged to Profit and Loss Account over the period of the hire purchase contract.

(f) Stocks

Stocks are stated at the lower of cost and net realisable value.

(g) Taxation

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

(h) Deferred Taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

(i) Pension Costs

The pension entitlements of pensionable employees arise under defined contribution pension schemes. These schemes are maintained by contributions from the Commissioners and employees to an independently administered fund. Annual contributions are based on the advice of the scheme administrators and actuaries and are charged to Profit and Loss Account on an accruals basis.

(j) Foreign Currency

Assets and liabilities in foreign currencies are translated at the rate of exchange at the Balance Sheet date. Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transactions. All differences in foreign currency are taken to the Profit and Loss Account.

2. TURNOVER

	31/03/11	31/03/10
	£	£
Revenue from Port Customers	5,327,585	3,963,577
Rents Receivable	322,518	320,651
Storage Receipts	779,676	791,957
	<u>6,429,779</u>	<u>5,076,185</u>

Notes to the Financial Statements - Continued

3. OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	31/03/11	31/03/10
	£	£
Other Interest	28	66
Bank Interest	44,516	58,723
	<u>44,544</u>	<u>58,789</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	31/03/11	31/03/10
	£	£
Bank Interest & Charges	99,571	107,560
3 1/2% Consolidated Loan Stock	1,692	1,744
Finance Leases and Hire Purchase Contracts	9,337	3,440
	<u>110,600</u>	<u>112,744</u>

5. OPERATING PROFIT

	31/03/11	31/03/10
	£	£
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	1,305,645	1,365,068
Auditor's Remuneration for Audit Services	7,350	7,175
Auditor's Remuneration for Other Services	-	-
and after crediting:		
Capital Grant Release	366,187	399,506
Profit/(Loss) on Disposal of Fixed Assets	<u>1,073</u>	<u>(2,872)</u>

Notes to the Financial Statements - Continued

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge is based on the profit for the year and comprises :-	31/03/11	31/03/10
Current year tax	£	£
UK Corporation Tax	337,686	202,856
Adjustment in Respect of Previous Years	-	(571)
	<hr/>	<hr/>
	337,686	202,285
Deferred Tax (note 15)		
Domestic Deferred Tax Charge	16,100	3,100
	<hr/>	<hr/>
	353,786	205,385
	<hr/> <hr/>	<hr/> <hr/>
Factors Affecting the Tax Charge for the Year		
Profit on Ordinary Activities Before Taxation	1,056,005	780,186
	<hr/>	<hr/>
Profit on Ordinary Activities Before Taxation multiplied by Large Companies' Rate of UK Corporation Tax of 28% (2010:28%)	295,681	218,452
	<hr/> <hr/>	<hr/> <hr/>
Effects of :		
Non Deductible Expenses	10,402	2,672
Depreciation	263,048	270,357
Capital Allowances	(226,303)	(275,852)
Marginal Rate Relief	(4,842)	(12,773)
Other Adjustments	(300)	-
Adjustment in Respect of Previous Years	-	(571)
	<hr/>	<hr/>
Current Tax Charge	337,686	202,285
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements - Continued

7. PARTICULARS OF EMPLOYEES

The Average Number of Persons Employed by the Commissioners during the year was 65 (2010:63)	31/03/11 £	31/03/10 £
The Total Remuneration (excluding Commissioners) was:		
Wages and Salaries	1,774,859	1,603,148
Social Security Costs	194,696	167,512
Pension Costs	54,430	51,568
	<u>2,023,985</u>	<u>1,822,228</u>
	31/03/11 £	31/03/10 £
Commissioners' Remuneration	<u>70,042</u>	<u>71,432</u>

Notes to the Financial Statements - Continued

8a. TANGIBLE FIXED ASSETS

	Works & Improvements	Pontoon	Cranes	Plough Boat & Dredging Plant	Tug Boat & Launch	Pilot Boat & Station	Motor Vehicles	Plant, Machinery & Equipment	TOTAL
	£	£	£	£	£	£	£	£	£
Cost or Valuation									
At 1 April 2010:									
Cost	40,305,997	233,452	7,096,601	3,548,768	1,926,734	407,400	117,164	2,719,804	56,355,920
Grants	(18,704,871)	(200,891)	(3,008,291)	(337,500)	(15,395)	(134,240)	-	(933,386)	(23,334,574)
	21,601,126	32,561	4,088,310	3,211,268	1,911,339	273,160	117,164	1,786,418	33,021,346
Additions - costs	203,810	1,304	107,735	89,587	880	154	107,063	66,848	577,381
Disposals - costs	-	-	(3,000)	-	-	-	(40,525)	(17,930)	(61,455)
Additions - grants	-	-	-	-	-	-	-	-	-
Disposals - grants	-	-	116,272	-	-	-	-	-	116,272
At 31 March 2011 - cost	40,509,807	234,756	7,201,336	3,638,355	1,927,614	407,554	183,702	2,768,722	56,871,846
grants	(18,704,871)	(200,891)	(2,892,019)	(337,500)	(15,395)	(134,240)	-	(933,386)	(23,218,302)
	21,804,936	33,865	4,309,317	3,300,855	1,912,219	273,314	183,702	1,835,336	33,653,544
Depreciation									
At 1 April 2010:									
Accumulated Depreciation	(9,058,955)	(81,201)	(5,219,607)	(758,191)	(410,491)	(188,919)	(76,755)	(1,853,608)	(17,647,727)
Accumulated Amortised Grants	5,180,606	67,220	2,998,811	246,094	2,782	56,610	-	819,712	9,371,835
	(3,878,349)	(13,981)	(2,220,796)	(512,097)	(407,709)	(132,309)	(76,755)	(1,033,896)	(8,275,892)
Charge for Year	(759,716)	(12,355)	(149,903)	(141,721)	(67,397)	(19,503)	(26,087)	(128,963)	(1,305,645)
Grants Release	324,039	10,365	3,500	16,875	513	6,712	-	4,183	366,187
Disposals - accum depreciation	-	-	2,100	-	-	-	28,705	13,123	43,928
Disposals - grants	-	-	(116,272)	-	-	-	-	-	(116,272)
At 31 March 2011 - depreciation	(9,818,671)	(93,556)	(5,367,410)	(899,912)	(477,888)	(208,422)	(74,137)	(1,969,448)	(18,909,444)
- grants	5,504,645	77,585	2,886,039	262,969	3,295	63,322	-	823,895	9,621,750
	(4,314,026)	(15,971)	(2,481,371)	(636,943)	(474,593)	(145,100)	(74,137)	(1,145,553)	(9,287,694)
Net Book Value									
31 March 2011 - tangible assets	30,691,136	141,200	1,833,926	2,738,443	1,449,726	199,132	109,565	799,274	37,962,402
- grants	(13,200,226)	(123,306)	(5,980)	(74,531)	(12,100)	(70,918)	-	(109,491)	(13,596,552)
	17,490,910	17,894	1,827,946	2,663,912	1,437,626	128,214	109,565	689,783	24,365,850
31 March 2010 (net)	17,722,777	18,580	1,867,514	2,699,171	1,503,630	140,851	40,409	752,522	24,745,454

Notes to the Financial Statements - Continued

8b. TANGIBLE FIXED ASSETS – continued

Included on previous page are assets held under HP contracts or finance leases as follows:-

	Cranes	Total
	£	£
Net Book Values		
At 31 March 2011	566,438	566,438
At 31 March 2010	609,188	609,188
Depreciation charged for the year		
At 31 March 2011	42,750	42,750
At 31 March 2010	42,750	42,750

9. STOCK

	31/03/11	31/03/10
	£	£
Consumables	265,365	163,310
Goods for Resale	22,500	30,000
	287,865	193,310

Notes to the Financial Statements - Continued

10. DEBTORS (Amounts falling due within one year)

	31/03/11	31/03/10
	£	£
Trade Debtors	1,395,472	1,178,207
Other Debtors	157,341	107,626
Prepayments	420,562	417,780
	<u>1,973,375</u>	<u>1,703,613</u>

11. DEBTORS (Amounts falling due after one year)

	31/03/11	31/03/10
	£	£
Other Debtors	65,050	-
	<u>65,050</u>	<u>-</u>

12. CREDITORS (Amounts falling due within one year)

	31/03/11	31/03/10
	£	£
Bank Loans (refer to note 13 for security)	394,522	387,542
Obligations under Hire Purchase Contracts (note 14)	65,000	65,000
Trade Creditors	141,796	148,265
Other Creditors	1,097	925
Corporation Tax	337,694	202,856
Accruals	772,289	400,367
Government Loan	189,247	184,029
VAT	6,301	13,737
	<u>1,907,946</u>	<u>1,402,721</u>

Notes to the Financial Statements - Continued

13. CREDITORS (Amounts falling due after one year)

	31/03/11	31/03/10
	£	£
3 ½% Consolidated Loan Stock (Undated)	50,742	51,142
Obligations under Hire Purchase Contracts (note 14)	151,667	216,667
Bank Loans	1,668,881	2,046,861
Government Loan	1,564,612	1,743,428
	3,435,902	4,058,098

Analysis of Loans

Not wholly repayable within five years other than by instalments:

	£	£
Bank Loans	2,063,403	2,434,403
Other Loans	1,804,601	1,978,599
	3,868,004	4,413,002
Included in current liabilities	(583,769)	(571,571)
	3,284,235	3,841,431

Loan Maturity Analysis

	£	£
In more than one year but not more than two years	586,841	573,338
In more than two years but not more than five years	1,543,320	1,668,576
In more than five years	1,154,074	1,599,517
	3,284,235	3,841,431

Bank of Ireland hold a letter of comfort dated 27/09/02 as security for bank loans.

Northern Bank hold a letter of comfort dated 27/05/99 as security for bank loans.

Notes to the Financial Statements - Continued

14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	31/03/11	31/03/10
	£	£
Amounts payable		
Within one year	65,000	65,000
Within two to five years	151,667	216,667
More than five years	-	-
	<u>216,667</u>	<u>281,667</u>
Analysis of Changes in Hire Purchase Contracts during the year:		
At 1 April	281,667	346,667
Capital element of Hire Purchase Payments	<u>(65,000)</u>	<u>(65,000)</u>
At 31 March	<u>216,667</u>	<u>281,667</u>
Hire Purchase contracts shown as:		
Current obligations	65,000	65,000
Non-current obligations	<u>151,667</u>	<u>216,667</u>
	<u>216,667</u>	<u>281,667</u>

Notes to the Financial Statements - Continued

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Taxation	
	£	
Accelerated Capital Allowances		
Opening balance	1,877,000	
Movement in year	16,100	
Closing balance	<u>1,893,100</u>	
	31/03/11	31/03/10
	£	£
Full Potential Liability	<u>1,893,100</u>	<u>1,877,000</u>

16. RESERVES

	Profit & Loss A/c	Total
	£	£
At 1 April 2010	22,031,986	22,031,986
Retained profit for the year	702,219	702,219
At 31 March 2011	<u>22,734,205</u>	<u>22,734,205</u>

17. RECONCILIATION OF MOVEMENT IN RESERVES

	31/03/11	31/03/10
	£	£
Opening position	22,031,986	21,457,185
Profit for the financial year	702,219	574,801
Closing position	<u>22,734,205</u>	<u>22,031,986</u>

Notes to the Financial Statements - Continued

18. CASH FLOW STATEMENT

	31/03/11	31/03/10
	£	£
A Reconciliation of Operating Profit to Net Cash Inflows from Operating Activities		
Operating Profit before Interest	1,166,605	892,930
Interest Received	(44,544)	(58,789)
Depreciation (Net of Capital Grant Released)	939,458	965,562
(Profit)/Loss on Disposal of Fixed Assets	(1,073)	2,872
Increase in Stock	(94,555)	(101,187)
Increase in Debtors	(334,812)	(101,497)
Increase/(Decrease) in Creditors	292,999	(67,836)
	1,924,078	1,532,055

	2010	Cashflow	Other non cash changes	2011
	£	£	£	£
B Analysis of Changes in Net Funds/(Debt)				
Cash at Bank and In Hand	2,727,424	551,585	-	3,279,009
Bank Overdraft	-	-	-	-
	2,727,424	551,585	-	3,279,009
Debt Due Within One Year	(571,571)	(12,198)	-	(583,769)
Debt Due After One Year	(3,841,431)	557,196	-	(3,284,235)
Hire Purchases	(281,667)	65,000	-	(216,667)
	(4,694,669)	609,998	-	(4,084,671)
Net Debt	(1,967,245)	1,161,583	-	(805,662)

Notes to the Financial Statements - Continued

19. PENSION COSTS

The Commissioners operate defined contribution pension schemes for salaried employees. The amount charged in the profit and loss account for pension costs under the above schemes was £54,430 (2010: £51,568).

20. CAPITAL COMMITMENTS

	31/03/11	31/03/10
	£	£
Capital Expenditure contracted for or authorised by the Commissioners but not provided in the financial statements	492,549	276,131

21. CONTINGENT LIABILITIES

Pilots National Pension Fund

Londonderry Port is a Competent Harbour Authority (CHA) which licences Pilots to operate in Lough Foyle. There are currently four licensed pilots and each is a member of the Pilots National Pension Fund (PNPF). The PNPF is in deficit and the Fund's Trustee took a case to the High Court for direction as to whether the rules of the Scheme could be amended to make CHAs responsible for any deficit. The Scheme's most recent actuarial valuation cannot be finalised because of the legal proceedings however it is estimated that the Scheme's deficit is between £200m and £300m.

The initial High Court judgement ruled in favour of the Scheme's Trustee but several ports have appealed this decision. It is unlikely that the outcome from this appeal will be known until later in 2011. The Commissioners consider that there is insufficient information available to allow an accurate determination of the potential share of any deficit and therefore a specific provision cannot be made for any liabilities arising in this matter at this time.

22. RELATED PARTIES

There were no transactions with related parties during the year.

Trade and Shipping Statistics for the Year Ended 31 March 2011

GROSS TONNAGE OF VESSELS

	31/03/11	31/03/10
Home Trade	307,536	380,435
Foreign Trade	1,483,931	1,118,593
	<u>1,791,467</u>	<u>1,499,028</u>

GROSS TONNAGE OF CARGO

	31/03/11	31/03/10
Imports	1,732,079	1,541,998
Exports	82,172	63,742
Total Trade	<u>1,814,251</u>	<u>1,605,740</u>

This page does not form part of the statutory financial statements

Notes

Notes



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