



[www.warrenpointport.com](http://www.warrenpointport.com)



# ANNUAL REPORT

2020







## Contents

|  |              |                                |              |
|--|--------------|--------------------------------|--------------|
| Chairman's Statement                   | <b>4-5</b>   | Independent Auditor's Report   | <b>16-18</b> |
| Strategic Report                       | <b>6-7</b>   | Profit & Loss Account          | <b>20</b>    |
| Chief Executive's Report               | <b>8-9</b>   | Balance Sheet                  | <b>21</b>    |
| Vision, Mission, Values                | <b>10</b>    | Statement of Changes in Equity | <b>22</b>    |
| The Port in Numbers                    | <b>11</b>    | Cashflow Statement             | <b>23</b>    |
| The Port in the Community              | <b>12-13</b> | Notes to Financial Statement   | <b>24-36</b> |
| Statement of Members' Responsibilities | <b>15</b>    | Looking Forward                | <b>38</b>    |

## Board

### **S McIlvenny OBE**

(Chairman term completed 31st January 2021)

### **Dr G O'Hare CBE DL**

(Chairman appointed 1st February 2021)

### **D Holmes** (Chief Executive)

### **K Grant** (Finance Director)

### **Cllr. C Mason** (Appointed 1st March 2020)

### **Cllr. K McKeivitt** (Appointed 1st March 2020)

### **G Donaghy**

### **D Gray**

### **Cllr. G Hanna**

### **R Johnston**

### **Cllr. S Doran** (Term completed 29th February 2020)

### **D Sagar** (Term completed 31st October 2020)

## Professional Advisors

|                     |                                    |
|---------------------|------------------------------------|
| Bankers             | <b>Ulster Bank Limited</b>         |
| Independent Auditor | <b>PKF-FPM Accountants Limited</b> |
| Solicitors          | <b>Mills Selig</b>                 |



**Pictured are members of the Senior Management Team**

(LtoR) S Davis, M Murtagh, D Holmes, T Rodgers, K Grant, E O Mahony, K Farrell. (Missing M Young, I Taylor)

## Senior Management

|  |                   |
|--|-------------------|
| Chief Executive                        | <b>D Holmes</b>   |
| Finance Director                       | <b>K Grant</b>    |
| Head of Engineering & Estate           | <b>E O Mahony</b> |
| Harbour Master                         | <b>M Young</b>    |
| Operations Manager                     | <b>I Taylor</b>   |
| Health, Safety & Environmental Manager | <b>T Rodgers</b>  |
| Project Manager                        | <b>K Farrell</b>  |

## Chairman's Statement



I am pleased to present the first Annual Report since commencing my tenure as Chairman of Warrenpoint Harbour Authority in February 2021.

Reflecting on 2020, I would like to thank my predecessor, Stan McIlvenny

OBE, for taking Warrenpoint Harbour Authority through what was an extremely challenging year for all Ports right across the globe.

The Warrenpoint Port has always played a significant role in our rich maritime history, no more so than during 2020 when we were faced with some of the most challenging circumstances that many of us have ever experienced in our lifetime. Warrenpoint Harbour Authority did not falter, and the team worked extremely hard to ensure that the impact from Brexit was minimal; and that the Port was kept Covid free.

Despite being effectively locked down for a substantial part of the year, overall tonnage (3,327,891) fell less than 5% (-4.2% actual) on the previous 2019 figures.

There was a slight shift in the breakdown of the tonnage with 51% Import and 49% Export, compared to 55% and 45% respectively in 2019.

Turnover held up also, at £5,889,863 (down only 1.8%). EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) was up 28.6% to £1,706,574. Profit after tax came in at £71,601 for 2020 (demonstrating a swing of over £600,000 from the previous year loss of £577,899). This buoyant recovery largely took place in the second half of the year.

The Port took a prudent view on Capital Investment in 2020 as the risks of both a Global pandemic and Brexit set upon us. Capital Expenditure was down £1.0m from 2019 to £1.2m and was largely aligned to the Brexit readiness programme. This programme commenced in 2019 and was completed in the early part of 2020. Capital Expenditure was basically then put on hold in 2020 as the team prioritised other matters including health and safety, a diligent response to the pandemic and keeping the employees, and all port users, safe on site.

Having just stepped down after nine years at Belfast

Harbour Board, since joining Warrenpoint Harbour Authority as Chairman I have been very encouraged by how the management team and employees at the Port have navigated 2020. Under the stewardship of our two Executive Directors CEO, David Holmes, and FD, Kieran Grant, what could have been a very challenging financial position, was turned around and resulted in a strong finish to the fiscal year. I am pleased that this continues to be the case in the early months of 2021.

I would like to commend David and Kieran, their Management Teams, Employees and indeed my new non-executive colleagues on the Board for the strong leadership and fortitude shown during this period. As a Trust Port we have significant responsibilities to operate as an accountable commercial organisation but also one that plays a role in the community. As a local person, it is important to me that the people of Warrenpoint and the wider Newry Mourne and Down region, as well as our near neighbours across the Lough, see Warrenpoint Port as an asset to the entire area.

I am extremely pleased that in 2020, communication outreach was central to the ethos of the Port and we sought to improve this at every level with our customers, the team, and the local community. The Covid Community Christmas Fund which supported 23 different organisations with the help of our customers and stakeholders was a fitting end to a difficult year. It demonstrated at an important time that above all else, business is about people.

However, both Brexit and Covid-19 still remain and they will continue to challenge us in 2021. A strong working relationship with Government, Local, Regional and UK wide will continue to be important to us as an organisation and I am grateful for the support that we have already received this year. Looking back on 2020 and looking forward to the remainder of 2021 I am extremely hopeful and optimistic about the future of the Port, not least its continued strategic position in the Northern Ireland economy.

We will continue to support the lobby for the Southern Relief Road which is an important sub-regional infrastructure project that will benefit the wider economy. We will continue to work on the implementation of our strategic Masterplan, and we will focus our efforts on continued recovery from Covid-19 and Brexit.

I am truly honoured to take up this position at a time of change and opportunity. I look forward to making a valued contribution to the Warrenpoint Harbour Authority and to working alongside David Holmes, Kieran



Grant, the senior Management Team, the dedicated and very valued employees, customers, stakeholders, and my esteemed colleagues on the Warrenpoint Harbour Authority Board.

I wish for you all to continue to stay safe and I look forward to engaging with you in the near future.



**Dr Gerard O'Hare CBE DL**  
Chairman





# Strategic Report

Warrenpoint Port is a vital economic driver in the south Down and wider Northern Ireland region contributing a direct GVA of £4.2m and a total GVA impact of £9.3m including supply chain and salary effects into the local economy in 2019/20. It is one of the largest employers in the area, directly employing more than 66 people and indirectly supporting more than 400 additional jobs. Warrenpoint is Northern Ireland's second largest Port, handling circa 12% of Northern Ireland's port activity, with 51% export and 49% import.

Warrenpoint Harbour Authority, as a Trust Port is not bound by The Companies Act 2006 (Strategic Report and Director's Report) Regulations 2013. In line with similar sized corporate entities and as a measure of good governance and practice however, the Members have presented a Strategic Report.

This overview of the matters of strategic importance to the Members should be read as part of the entire annual report.

## Update

2020 was an unprecedented year. While the Port was as well prepared for Brexit as it could possibly be, nothing could have prepared the world for the impact of Covid-19. In 2019/early 2020 the Port was working through its Masterplan objectives of site optimisation with final elements of the six-acre project completed at the start of 2020. The commissioning of this project was in line with the Port's strategy of operational footprint optimisation.

A large proportion of time in 2020 was spent preparing for Brexit, particularly after the release of the Command Paper mid-year which provided some level of clarity. The Port had to make arrangements for the temporary SPS (Sanitary and Phytosanitary) centre on site; and achieve Office of Transit Status and AEO Status.

In the second quarter of 2020, volume in the Port dropped significantly as the pandemic took hold. The Port team worked extremely hard, as frontline workers to ensure the Port remained operational.

There was a 20% reduction in volume in first half of year compared to first half of 2019. There was a significant, concerted effort in the second half of the year, as restrictions eased for a period, to turn this around.

By the end of financial year 2020 the Port had reduced this deficit to a reduction of 4.2% on 2019 volume. The last quarter of the year was amongst the busiest ever seen in the Port despite the difficulties in the local and global economy. This was primarily driven by pent up

demand as restrictions eased and preparations for Brexit.

During the last number of years, the Port also had the opportunity to handle some interesting project cargo including wind turbines. This is not the first time Warrenpoint has been a port of choice for unusual loads. The Port has invested in this making it a niche market that it should be attractive in. The construction of Ireland's only CO2 Plant storing recovered CO2 was also completed at the end of 2020.

While capital investment was largely put on hold in 2020 due to the uncertainties, plans are in place to continue with a significant capital investment programme in 2021.

## Risks and Uncertainties

Brexit and Covid-19 continue to dominate as key risks and uncertainties for the Port. While there is hope that the vaccination programme in 2021 will alleviate the risks associated with Covid-19; there is no certainty that we may not find ourselves in a future lockdown situation. The uncertainties associated with Brexit were less impactful in 2020 than initially anticipated as the Port had made all possible preparations. It is, however, essential that clarity on the future position of the Northern Ireland Protocol is provided.

## Health Safety and Environmental

Under the direction of CEO David Holmes, Health, Safety and Environment was brought to the forefront in 2020. Significant investment was made in reducing the number of reportable incidences while additional training/equipment was also provided.

Covid-19 measures were put in place including a 'two team' system to reduce cross team working, virtual meetings and working from home, where possible. Temperature controlled site attendance systems were deployed as were additional sanitising facilities.

In 2020 the Port increased its commitment to the green agenda, for example by putting in place an electric vehicle policy which will take the Port up to four electric vehicles in 2021; additional tree planting on site and participation in wider stakeholder forums.

David Holmes, CEO, joined the inaugural stakeholder group of MarPamm (Marine Protected Area Management and Monitoring) an environment project set up to develop tools for monitoring and managing a number of protected coastal marine environments across the UK and Ireland.

The Port also participated in CACHE 22, a 'Clean Air

Clean Harbour Environmental Project'. Warrenpoint joined Belfast and Dover Ports along with a number of universities on the European Space Agency funded project identifying opportunities for future improvement.

## Community

The Port continued to invest significantly in its community relations and commitments. The Port created a dedicated email portal onboard@warrenpointharbour.co.uk to deal with enquiries from the public.

The organisation faced criticism over the installation and operation of the new Nippon Gasses CO2 plant. As part of its response the Port worked with members of the local community, elected representatives, and neighbours in Omeath to look at visual softening options. Additional trees were planted with 100 additional trees in place prior to the end of 2020 and further planting in 2021. Visual softening installations were delayed due to Covid-19 but they are due to be in place mid-2021.

The Port introduced its first Ezine 'On Board' in 2020 and initiated the 'Covid Community Christmas Fund'. Further details about community initiatives can be found in the 'Port in the Community' section.

## Funding

In 2020 with the uncertainties faced by Covid-19 and with overall volumes down by 20% Year on Year by mid 2020, Warrenpoint Port was very grateful to avail of Government support for business. The Coronavirus Job Retention Scheme (Furlough) was utilised to mitigate these risks.

## Future Plans

The Southern Relief Road continues to be an infrastructure priority for the Port, as does maximising the available space on site to facilitate continued growth. Certainty in relation to the final implementation of the Northern Ireland Protocol is essential to help the Port support its customers with future plans.

In 2020 Warrenpoint Port embarked with local, regional Government and other Ports on taking a Northern Ireland wide approach on the implementation of Freeport status. This is something that will continue to be explored going forward as will Warrenpoint Port's role in delivering on Northern Ireland's sustainability objectives within the Programme for Government.

## Corporate Governance

Warrenpoint Port like other Trust Ports across the UK

is not owned by Government. Trust Ports are both strategically and financially independent of Government and operate largely in the private sector, although they are 'publicly accountable' to their stakeholders.

Trust Ports have powers to raise revenues by levying dues and charging for the use of port facilities. They operate on a commercial basis, pay taxes and, except in limited cases where there is specific local legislation or exceptional circumstances such as Covid-19, receive no systematic public subsidies.

Warrenpoint Port is required to operate in a commercial manner and is an independent statutory body governed by its own legislation. Governing Legislation includes the Harbours Act (Northern Ireland) 1970, the Warrenpoint Authority Order 1971, the Harbours (Northern Ireland) Order 2002 and the Warrenpoint Authority Order (Northern Ireland) 2012. The Board is comprised of a Chairperson, seven board members including three local councillors and two members of the Executive team.

Approved by the Members on 25th May 2021 and signed on behalf of Members by:



**David Holmes**  
CEO - Warrenpoint Harbour Authority

# Chief Executive's Report



2020 was an exceptional year in the history of the global economy. It was a year which challenged the Port enormously but one in which the Port team collectively delivered a solid, commendable performance. A

significant loss in 2019 was converted into a profit, despite the obstacles presented for the organisation by Covid-19 and Brexit.

It is important to pay tribute to and thank the outgoing Chairman of the Board of Warrenpoint Harbour Authority, Stan McIlvenny for guiding the team through a difficult year; and for his counsel over the past five years. The Port would also like to warmly welcome our new Chairman, Dr Gerard O' Hare CBE DL, who joined in February 2021. We wish him well in the new role and look forward to a successful tenure.

## Trading:

The first six months of the year were particularly challenging; but with the temporary lifting of lockdown mid-year; and a robust effort on delivering a safe recovery, the Port turned a significant deficit around. This resulted in the second half of the year producing stronger than forecasted results.

Overall tonnage, which at the mid-year point was down 20% on 2019, recovered to deliver a reduction of 4.2% on 2019 volumes. Equally the volume of imports relative to exports held up, with a slight increase in exports from 45% in 2019 to 49% in 2020 and a slight decrease in imports from 55% to 51% in 2020.

There was a significant improvement in the overall finances in 2020 with a profit after tax of £71,601 delivered. This was converted from carrying a deficit in 2019 of (£577,899) and was delivered despite the obvious challenges. EBITDA was also up 28.6% to £1,706,574.

The final quarter of 2020 was amongst the busiest the Port has ever seen. Across the year timber and RDF (Refuse Derived Fuel) saw the largest increases in volume with cement also up slightly. RoRo, LoLo and steel volumes, while down on 2019 due to restrictions, were still significant.

## The robust figures can be attributed to several key factors including:

- A strong relationship with existing customers
- A training investment in the Port team
- A fundamental commitment to staying safely open for business with the wholehearted engagement of our teams
- A focused effort to respond in kind to presented consignment opportunities
- Staying one step ahead of the logistical uncertainty that Brexit offered
- Pursuing strategic improvements within the Port.

## Safety:

In a year dominated by a global pandemic it was extremely important for the Port to focus on safety. The team worked to deliver a significant percentage decrease in (reportable) incidences, while investing in our Health and Safety team capability and its resources.

The Port was kept Covid free during 2020 due to significant efforts by the team right across the board. It managed to do this while delivering front line services by working through the pandemic, for which we are immensely proud. Measures were put in place to protect and support the team, who must all be commended for working extremely hard to ensure the Port was fully functioning throughout.

## Challenges:

Warrenpoint Port spent the best part of 2020 preparing for what impact Brexit would have on services, while dealing with a global pandemic.

A significant amount of the Brexit preparation work carried out was to enable the Port to support its customers. The Port also had to prepare for DAERA (Department of Agriculture, Environment and Rural Affairs) to use its site to carry out checks on some products coming from GB to NI. These are currently being carried out at temporary facilities, while awaiting further information on permanent arrangements. It was important for the Port to be able to support customers with the transition and to make sure Warrenpoint Port offered the smoothest process possible.

## Steps undertaken include:

- Registered as an Office of Transit to enable incoming cargoes a greater degree of service and convenience



- Liaising closely with HMRC to modify and be compliant with new liability arrangements
- Working closely with the Local Council to ensure that their SPS checks could be facilitated
- Achieving Authorised Economic Operator (AEO) status - an internationally recognised quality mark that shows the Port's role in the international supply chain is secure; and has customs control procedures that meet UK and EU standards.

Covid-19 also presented many challenges in terms of safety primarily, and economically. This continued all year with increased engagement throughout with the Port team and its customers to navigate the uncertainties. With restrictions easing towards the later part of 2020, there were visible improvements which have continued into 2021 with the roll out of the vaccine programme.

## Community:

In a year where community came first, it was important for the Port to reflect this sentiment. During 2020 the organisation invested in its communications strategy, social media, and community engagement. This culminated in working with our team and customers to raise more than £12,000 for our new initiative - a 'Covid Community Christmas Fund'. This money was distributed to 23 different community and charity organisations in the local area.

The Port also increased its face to face and virtual stakeholder engagement as well as introducing a new Ezine, and communications channel called 'On Board'. This commitment to open and transparent communication is something the Port will continue to build on in 2021.

## Going Concern Statement:

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

By way of background, the Port's business activities, together with the factors affecting its future development, performance and position are set out also in the Chairman's and Strategic Reports.

### Using this information, the Members consider that:

- Warrenpoint Harbour Authority was set-up in 1971

through government legislation. The Regional Development Strategy has highlighted the strategic importance of Northern Irish ports. Warrenpoint Port is now the second only to Belfast Port in Northern Ireland in terms of tonnage throughput.

- The Port's key customers are in a reasonably resilient position given the unprecedented present economic climate. Long-term contracts are in place and some customers continue to make significant investments to service their shipping through the Port of Warrenpoint.
- The organisation has sought to diversify wherever possible to maintain revenue streams. The completion of the long-term CO2 Plant is one example of this diversification.
- The Port has treasury and cash management procedures and policies in place to manage its finances effectively and efficiently.
- Warrenpoint Port can make day-to-day decisions regarding its working capital based on up-to-date financial reports and analysis.
- The Port 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 Warrenpoint Harbour Authority has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

## Results

The financial results for the year ended 31 December 2020 are set out in detail on page 20. The Profit after Tax for the year is £71,601 (2019: Loss after Tax £577,899).

## The Future

The Port is very much open for business and actively pursuing growth in 2021 and beyond. Continued investment in facilities, people, plant, processes, and corporate responsibility will help to position Warrenpoint Port at the forefront of strategic infrastructure assets in Northern Ireland and the wider UK and Ireland economies.



**David Holmes**  
CEO - Warrenpoint Harbour Authority

## Vision, Mission and Values

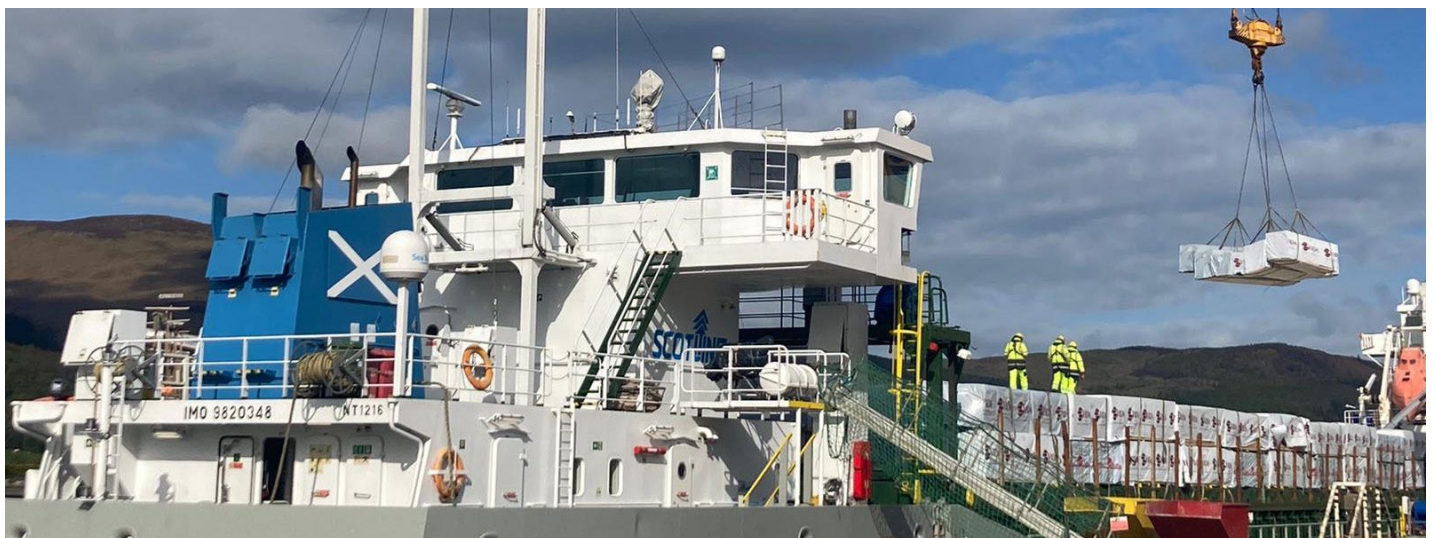
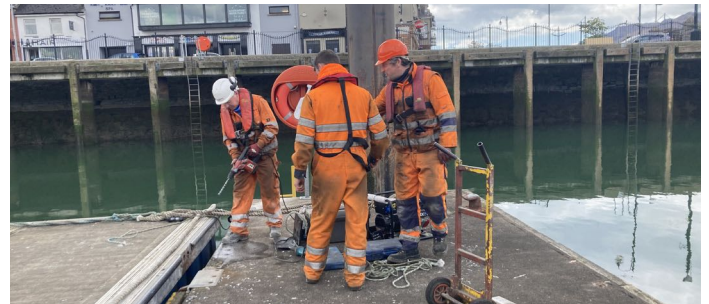


### Vision

To be a leading commercial port continually growing while maximising our contribution to the regional economy and community

### Mission

By exceeding our customer expectations and fully utilising our assets to grow in a safe and sustainable way for our stakeholders



### Values

**SAFETY FIRST** - We adhere to the highest health and safety standards to deliver a safe environment for customers and colleagues

**COMPLETE INTEGRITY** - We are honest, open and ethical in all our activities and interactions

**OUR TEAM** - We work as one team, flexible and willing to learn for the benefit of all

**TOTAL RESPECT** - We treat everyone as we would like to be treated ourselves



# The Port in Numbers 2020



**60** ACRES



**7** BERTHS



**66** EMPLOYEES



OVERALL  
TONNAGE  
**3,327,891**



IMPORT EXPORT  
**51%** **49%**



TURNOVER  
**£5,889,863**  
(-1.8% Year on Year)



PROFIT AFTER TAX  
**£71,601**  
+ve swing of £649,500



EBITDA  
**£1,706,574.**  
+28.6% Year on Year

# The Port in the Community



66 EMPLOYEES ON COBABBLE



23 ORGANISATIONS/CHARITIES SUPPORTED



3 SPORTS SPONSORSHIPS



£12,000+ DONATED



20 LARGE TOYS DONATED



FIRST EZINE PRODUCED



ONBOARD EMAIL CREATED



QUARTERLY ELECTED REPRESENTATIVE MEETING ESTABLISHED



Launching Covid Community Christmas



Tree planting at the Port



Providing toys for Charity Toy Mountain



Launching CoBabble at the Port



Supporting St Peter's GAA



Redecorating a Family room at Women's Aid



Working with the Cabbage Patchers in the Community



Recognising a Local Hero



Supporting local Schools



Warrenpoint Port is committed to being a good corporate citizen, never more so than in 2020 when community spirit was even more vital to people.

It is important for the Port to continually improve its communication and this was a core objective of 2020. During the year, the Port formalised its engagement with local elected representatives by putting in place a quarterly forum. This is an opportunity for local representatives to get an update from the Port and to directly raise any issues or concerns from the community.

The opportunity to do this directly by the public was also formalised with the introduction of **onboard@warrenpointharbour.co.uk** email. Here people can contact the Port directly to raise issues, concerns or make observations. CEO David Holmes also has an open-door policy, meeting directly/virtually with many local people and groups during the year.

During 2020 Warrenpoint Port improved its internal communication by introducing the locally produced app, 'CoBabble' to all employees to issue communications, updates and information in the absence of large face to face meetings. The CEO also issues a weekly update to the team.

The Port continued its support of the local sporting sector with sponsorships at Warrenpoint Golf Club, Warrenpoint GAA and Warrenpoint Town FC.

During the year the Port engaged with and supported many different organisations, community groups and business entities including the local Chambers of Commerce, The Mission to Seafarers, MarPamm, the local boat owners and Southern Area Hospice. This included donated toys to the Newry Christmas Charity Dinner Fund and working with customers to make donations, including a pallet of compost and a range of masonry paint to The Cabbage Patchers.

2020 was a very difficult year for many people and the Port wanted to show its support for the NHS and all frontline workers, including those at the Port. A large rainbow was painted on the Town Dock office which was also illuminated blue at night. The rainbow remained there throughout the year.

To acknowledge the impact on our local community the Port launched a new initiative- the 'Covid Community Christmas Fund'. This saw the Port, with the generous support of customers and stakeholders raise more than £12,000 which was donated to 23 local organisations who applied to the Fund.

This fund supported activities from Christmas parties and selection boxes for the youngest in our communities who have had a difficult year in school and nursery; to supporting our esteemed older citizens, some of whom received breakfast packs. It was able to help support festive lights, competition prizes as fundraisers and very importantly vouchers and donations to go directly to people in our community who needed a helping hand at Christmas. The fund supported a 'Drive In Cinema' for a charity; homeless people; those requiring cancer treatment; as well as supporting survivors of head injuries. One project that particularly touched the Port team was our ability to help with the redecorating of a family room at a local Women's Aid shelter; where women and children who bravely may have had to escape the family home at Christmas could take refuge.

During the year the Port also recognised a local man for bravery in preventing an accident on the Lough and made a donation to Southern Area Hospice from a fundraiser organised by the Port team in memory of our dear friend and colleague Kevin McGeough.

While 2020 required much of Warrenpoint Port's community engagement to be virtual, it is hoped that 2021 will see a return to more face-to-face meetings, visits, and interactions. Warrenpoint Port is committed to being a valuable part of the local community and will continue to build on the momentum of 2020, in 2021 and beyond.







## 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 25th May 2021  
and signed on behalf of the Members



**DAVID HOLMES**

**CEO- Warrenpoint Harbour Authority**

# Report on the audit of the financial statements

## Opinion

We have audited the financial statements of Warrenpoint Harbour Authority (the 'entity') for the year ended 31 December 2020 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 notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

### In our opinion the financial statements:

- give a true and fair view of the state of the entity's affairs as at 31 December 2020 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.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events

or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

## Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## Opinions 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.

## Matters on which we are required to report by exception

In the light of the knowledge and understanding of the entity and its environment obtained in the course of the



audit, we have not identified material misstatements in the Chairman's Statement, Strategic Report and Chief Executive's Report.

We have nothing to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Responsibilities of members

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, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the members are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We designed procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We obtained an understanding of the legal and regulatory framework applicable to the entity through enquiry of management, industry research and the application of cumulative audit knowledge. We identified the following principal laws and regulations relevant to the entity – the Harbours Act (Northern Ireland) 1970 and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

We developed an understanding of the key fraud risks to the entity (including how fraud might occur), the controls in place to help mitigate those risks, and the accounts, balances and disclosures within the financial statements which may be susceptible to management bias. Our understanding was obtained through review of the financial statements for significant accounting estimates, analysis of journal entries, walkthrough of the key controls cycles in place and enquiry of management.

### Our procedures to respond to those risks identified included, but were not limited to:

- Enquiry of management, those charged with governance and the entity's solicitors (or in-house legal team) around actual and potential litigation and claims.
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

## The purpose of our audit work and to whom we owe our responsibilities

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

PKF FPM

### **PKF-FPM Accountants Limited**

#### **Chartered Accountants**

Statutory Auditors

Dromalane Mill

The Quays

Newry

Co. Down

Northern Ireland

BT35 8QS





ANNA G.  
LIMASSOL

IMO 9061291

## Profit and Loss Account

### For the year ended 31 December 2020

|   | Note | 2020<br>£            | 2019<br>£               |
|---|------|----------------------|-------------------------|
| <b>TURNOVER</b>   | 3    | 5,889,863            | 5,999,416               |
| <b>SITE REORGANISATION COSTS</b>                            |      | -                    | (879,689)               |
| <b>OTHER OPERATING EXPENSES</b>                             |      | (5,435,893)          | (5,529,549)             |
| <b>TOTAL OPERATING EXPENSES</b>                             |      | <u>(5,495,893)</u>   | <u>(6,409,238)</u>      |
| <b>OPERATING PROFIT/(LOSS)</b>                              |      | 453,970              | (409,822)               |
| Investment income - interest receivable                     |      | 12,581               | 26,513                  |
| Interest payable  |      | (73,495)             | (81,048)                |
| Other finance income  |      | <u>23,058</u>        | <u>26,536</u>           |
| <b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b> | 4    | 416,114              | (437,821)               |
| Tax charge on (loss)/profit on ordinary activities          | 6    | <u>(344,513)</u>     | <u>(140,078)</u>        |
| <b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>                 |      | <u><u>71,601</u></u> | <u><u>(577,899)</u></u> |

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

## Statement of Comprehensive Income

### For the year ended 31 December 2020

|   | Note  | 2020<br>£            | 2019<br>£               |
|---|-------|----------------------|-------------------------|
| <b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b> | Above | <u>71,601</u>        | <u>(577,899)</u>        |
| Other comprehensive income                  |       | <u>-</u>             | <u>-</u>                |
| <b>TOTAL COMPREHENSIVE INCOME</b>           |       | <u><u>71,601</u></u> | <u><u>(577,899)</u></u> |



# Balance Sheet

## At 31 December 2020

|   | Note | 2020<br>£    | 2019<br>£    |
|---|------|--------------|--------------|
| <b>FIXED ASSETS</b>   |      |              |              |
| Tangible assets   | 7    | 25,238,989   | 26,080,997   |
| <b>CURRENT ASSETS</b>   |      |              |              |
| Stocks  |      | 47,205       | 39,088       |
| Debtors: due within one year                                    | 9    | 1,851,692    | 1,634,250    |
| Debtors: due after one year                                     | 9    | 1,468,933    | 1,723,875    |
| Investments   |      | 1,025,112    | 1,518,659    |
| Cash at bank and in hand  |      | 2,873,420    | 1,667,138    |
|   |      | 7,266,362    | 6,583,010    |
| <b>CREDITORS - Amounts falling due within one year</b>          | 10   | (1,356,803)  | (1,865,172)  |
| <b>NET CURRENT ASSETS</b>                                       |      | 5,909,559    | 4,717,838    |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                    |      | 31,148,548   | 30,798,835   |
| <b>CREDITORS - Amounts falling due after more than one year</b> | 11   | (16,814,037) | (16,787,949) |
| <b>PROVISIONS FOR LIABILITIES &amp; CHARGES</b>                 |      |              |              |
| Deferred taxation   | 12   | (876,214)    | (624,190)    |
| <b>NET ASSETS</b>   |      | 13,458,297   | 13,386,696   |
| <b>RESERVES</b>   |      | 13,458,297   | 13,386,696   |

The financial statements of Warrenpoint Harbour Authority were approved by the Members and authorised for issue on 25th May 2021. They were signed on its behalf by:



**David Holmes**  
Chief Executive  
Warrenpoint Harbour Authority



**Dr Gerard O'Hare CBE DL**  
Chairman  
Warrenpoint Harbour Authority

## Statement of Changes in Equity As at 31 December 2020

|                            | <b>Reserves</b>          | <b>Total</b>             |
|----------------------------|--------------------------|--------------------------|
|                            | <b>£</b>                 | <b>£</b>                 |
| At 1 January 2019          | 13,964,595               | 13,964,595               |
| Total comprehensive income | (577,899)                | (577,899)                |
| At 31 December 2019        | <u>13,386,696</u>        | <u>13,386,696</u>        |
| At 1 January 2020          | 13,386,696               | 13,386,696               |
| Total comprehensive income | 71,601                   | 71,601                   |
| At 31 December 2020        | <u><u>13,458,297</u></u> | <u><u>13,458,297</u></u> |



# Cashflow Statement

## For the year ended 31 December 2020

|   | Note | 2020<br>£   | 2019<br>£   |
|---|------|-------------|-------------|
| <b>Cash generated by operations</b>                         | 16   | 950,362     | 1,534,431   |
| <b>Cash flows from investing activities</b>                 |      |             |             |
| Purchase of equipment                                       |      | (1,086,649) | (2,254,559) |
| Proceeds from sale of equipment                             |      | 6,470       | (5,020)     |
| Interest paid   |      | (73,495)    | (86,328)    |
| Grant income received                                       |      | 1,091,598   | -           |
| Investment income received                                  |      | 35,639      | 26,513      |
| Finance lease receipts                                      |      | -           | 278,000     |
| <b>Net cash flows from investing activities</b>             |      | (26,437)    | (2,041,394) |
| <b>Cash flows from financing activities</b>                 |      |             |             |
| Repayment of borrowings                                     |      | (211,190)   | (532,819)   |
| <b>Net cash flows from financing activities</b>             |      | (211,190)   | (532,819)   |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |      | 712,735     | (1,039,782) |
| <b>Cash and cash equivalents at beginning of year</b>       |      | 3,185,797   | 4,225,579   |
| <b>Cash and cash equivalents at end of year</b>             |      | 3,898,532   | 3,185,797   |
| <b>Reconciliation to cash at bank and in hand</b>           |      |             |             |
| Cash at bank and in hand                                    |      | 2,873,420   | 1,667,138   |
| Cash equivalents  |      | 1,025,112   | 1,518,659   |
|   |      | 3,898,532   | 3,185,797   |

# Notes to Financial Statements

## Year ended 31 December 2020

### 1. ACCOUNTING POLICIES

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

#### 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 6 to 7.

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 outcome of Brexit remains a source of continued uncertainty and the Members have considered this risk along with the risk of normal business activity in preparation of the financial statements on a going concern basis. The outbreak of coronavirus and the impact on the business given the economic uncertainty has also been considered.

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.

#### (i) Financial assets and liabilities

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

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



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

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

### Investments

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

### Stocks

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

### Impairment of assets

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

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

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

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount

that would be received for the asset if it were to be sold at the reporting date.

### Taxation

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

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

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

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

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

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Authority intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if a) the Authority has a legally enforceable right to set off current tax assets against the current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different

# Notes to Financial Statements

## Year ended 31 December 2020 (continued)

taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### Turnover

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

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

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

### Employee benefits

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

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

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

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

### Foreign currency

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

### Leases

#### *As lessee*

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

#### *As lessor*

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

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

### Grants

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

### Provisions

Provisions are recognised when a past event gives rise to a present obligation, a transfer of economic benefits is probable, 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 the profit or loss account in the period in which they are incurred.

## 2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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 is 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 the port, the deep water quays currently silt up at such a rate that there has been a requirement to dredge

this area every one/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 2020 (continued)

### 3. TURNOVER

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

|                       | 2020             | 2019      |
|-----------------------|------------------|-----------|
|                       | £                | £         |
| Rendering of services | 5,800,510        | 5,908,116 |
| Rental income         | 89,353           | 91,300    |
|                       | <b>5,889,863</b> | 5,999,416 |

### 4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

|   | 2020      | 2019        |
|---|-----------|-------------|
|   | £         | £           |
| Depreciation of tangible fixed assets (note 7)            | 1,928,657 | 3,119,452   |
| Amortisation of grants on tangible fixed assets (note 13) | (711,071) | (1,380,862) |
| Exceptional site reorganisation costs                     | -         | 879,689     |
| Foreign exchange gain                                     | (721)     | (98)        |
| (Profit)/loss on disposal of fixed assets                 | (6,470)   | (5,020)     |
| Operating lease rentals                                   | 10,159    | 6,811       |

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

|  | 2020   | 2019   |
|--|--------|--------|
|  | £      | £      |
| Fees payable to the company's auditor for the audit of the company's annual accounts | 14,000 | 15,250 |
| Total audit fees   | 14,000 | 15,250 |
| Taxation compliance services   | 5,500  | 4,750  |
| Total non-audit fees   | 5,500  | 4,750  |

### 5. EMPLOYEE NUMBERS

The average number of employees during the year was 66 (2019: 68).

## 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

### (a) Analysis of charge in year

|  | 2020           | 2019     |
|--|----------------|----------|
|  | £              | £        |
| Current tax:   |                |          |
| UK corporation tax on profits of the current year                                | <b>92,489</b>  | (67,475) |
| Adjustments in respect of previous periods                                       | -              | 645      |
|  | <hr/>          | <hr/>    |
| Total current tax  | <b>92,489</b>  | (66,830) |
|  | <hr/>          | <hr/>    |
| Deferred tax:  |                |          |
| Origination and reversal of timing differences (including impact of rate change) | <b>252,024</b> | 228,254  |
| Effect of decrease in tax rate   | -              | 2,680    |
| Adjustments in respect of previous periods                                       | -              | (24,026) |
|  | <hr/>          | <hr/>    |
| Total deferred tax charge – Note 12  | <b>252,024</b> | 206,908  |
|  | <hr/>          | <hr/>    |
| Tax on profit on ordinary activities   | <b>344,513</b> | 140,078  |
|  | <hr/>          | <hr/>    |

### (b) Factors affecting tax charge for the year

|   | 2020           | 2019      |
|---|----------------|-----------|
|   | £              | £         |
| Profit on ordinary activities before tax  | <b>416,114</b> | (437,821) |
|   | <hr/>          | <hr/>     |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%) | <b>79,061</b>  | (83,185)  |
|   | <hr/>          | <hr/>     |
| Effects of:   |                |           |
| Other expenses not deductible for tax purposes  | <b>926</b>     | 25,027    |
| Ineligible depreciation   | <b>264,526</b> | 218,920   |
| Change in tax rate  | -              | (24,026)  |
| Adjustments to tax charge in respect of previous period   | -              | 3,342     |
|   | <hr/>          | <hr/>     |
| Tax charge for year   | <b>344,513</b> | 140,078   |
|   | <hr/>          | <hr/>     |

### (c) Factors that may affect future tax charges

The standard rate of tax applied to reported profit on ordinary activities is 19% (2019: 19%). The main rate of corporation tax is due to increase from 19% to 25% from 1 April 2023 on profits over £250,000.

# Notes to Financial Statements

## Year ended 31 December 2020 (continued)

### 7. TANGIBLE ASSETS

|                          | Land and<br>Buildings<br>£ | Dredging<br>£    | Dock<br>Structures<br>and<br>Excavations<br>£ | Plant and<br>Equipment<br>£ | Total<br>£        |
|--------------------------|----------------------------|------------------|---|-----------------------------|-------------------|
| <b>Cost or valuation</b> |                            |                  |   |                             |                   |
| At 1 January 2020        | 12,548,608                 | 7,228,930        | 25,228,251                                    | 13,654,136                  | 58,659,925        |
| Additions                | 93,261                     | -                | 952,837                                       | 40,551                      | 1,086,649         |
| Disposals                | -                          | (213,843)        | (32,600)                                      | (961,590)                   | (1,208,033)       |
| At 31 December 2020      | <b>12,641,869</b>          | <b>7,015,087</b> | <b>26,148,488</b>                             | <b>12,733,097</b>           | <b>58,538,541</b> |
| <b>Depreciation</b>      |                            |                  |   |                             |                   |
| At 1 January 2020        | 6,097,329                  | 5,706,731        | 12,317,023                                    | 8,457,845                   | 32,578,928        |
| Charge for year          | 211,915                    | 350,716          | 772,331                                       | 593,695                     | 1,928,657         |
| Disposals                | -                          | (213,843)        | (32,600)                                      | (961,590)                   | (1,208,033)       |
| At 31 December 2020      | <b>6,309,244</b>           | <b>5,843,604</b> | <b>13,056,754</b>                             | <b>8,089,950</b>            | <b>33,299,552</b> |
| <b>Net Book Value</b>    |                            |                  |   |                             |                   |
| At 31 December 2020      | <b>6,332,625</b>           | <b>1,171,483</b> | <b>13,091,734</b>                             | <b>4,643,147</b>            | <b>25,238,989</b> |
| At 31 December 2019      | 6,451,279                  | 1,522,199        | 12,911,228                                    | 5,196,291                   | 26,080,997        |

Included in land and buildings is land with a cost of £3,348,747 (2019 - £3,348,747) in respect of which no depreciation is provided.

The net book value of land and buildings comprises freehold property £2,983,879 (2019 - £3,192,532) and short leasehold property £nil (2019 - £nil).

### 8. FINANCIAL COMMITMENTS

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

|                           | 2020<br>£     | 2019<br>£ |
|---------------------------|---------------|-----------|
| <b>Leases expiring:</b>   |               |           |
| Within one year           | <b>13,401</b> | -         |
| Within one and five years | <b>32,108</b> | 8,173     |
| After five years          | -             | -         |



## 9. DEBTORS

| <b>Due within one year</b>  | <b>2020</b>                                    | 2019      |
|---|--|-----------|
|   | <b>£</b>                                       | £         |
| Trade debtors   | <b>1,362,729</b>                               | 918,328   |
| VAT   | <b>26,080</b>                                  | 154,796   |
| Corporation tax   | -  | 67,475    |
| Prepayments and accrued income                                      | <b>207,939</b>                                 | 238,707   |
| Amounts receivable under finance leases                             | <b>254,944</b>                                 | 254,944   |
|   | <b>1,851,692</b>                               | 1,634,250 |
| <b>Due greater than one year</b>                                    |  |           |
| Amounts receivable under finance leases                             | <b>1,468,933</b>                               | 1,723,875 |
|   | <b>3,320,625</b>                               | 3,358,125 |
| <b>Finance Lease receivables</b>                                    |  |           |
|   | <b>Minimum lease payments</b>                  |           |
|   | <b>2020</b>                                    | 2019      |
|   | <b>£</b>                                       | £         |
| Amounts receivable under finance leases:                            |  |           |
| Within one year   | <b>278,000</b>                                 | 278,000   |
| In the second to fifth years inclusive                              | <b>1,126,686</b>                               | 1,126,686 |
| After five years  | <b>653,075</b>                                 | 662,441   |
| Less: unearned finance income                                       | <b>(333,884)</b>                               | (88,308)  |
| Present value of minimum lease payments receivable                  | <b>1,723,877</b>                               | 1,978,819 |
|   | <b>Present value of minimum lease payments</b> |           |
|   | <b>2020</b>                                    | 2019      |
|   | <b>£</b>                                       | £         |
| Amounts receivable under finance leases:                            |  |           |
| Within one year   | <b>254,944</b>                                 | 254,944   |
| In the second to fifth years inclusive                              | <b>1,069,264</b>                               | 1,069,264 |
| After five years  | <b>399,669</b>                                 | 654,611   |
| Present value of minimum lease payments receivable                  | <b>1,723,877</b>                               | 1,978,819 |
| Analysed as:  |  |           |
| Non-current finance lease receivables (recoverable after 12 months) | <b>1,468,933</b>                               | 1,723,875 |
| Current finance lease receivables (recoverable within 12 months)    | <b>254,944</b>                                 | 254,944   |
| Present value of minimum lease payments receivable                  | <b>1,723,877</b>                               | 1,978,819 |

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

# Notes to Financial Statements

## Year ended 31 December 2020 (continued)

### 10. CREDITORS - Amounts falling due within one year

|                                    | 2020                    | 2019             |
|------------------------------------|-------------------------|------------------|
|                                    | £                       | £                |
| Loan from Dfl                      | <b>428,801</b>          | 424,513          |
| Trade creditors                    | <b>322,464</b>          | 434,987          |
| Corporation tax                    | <b>25,014</b>           | -                |
| Other taxation and social security | <b>70,635</b>           | 63,802           |
| Accruals & deferred income         | <b>509,889</b>          | 941,870          |
|                                    | <u><b>1,356,803</b></u> | <u>1,865,172</u> |

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

|                            | 2020                     | 2019              |
|----------------------------|--------------------------|-------------------|
|                            | £                        | £                 |
| Loan from Dfl              | <b>3,167,794</b>         | 3,383,272         |
| Accruals & deferred income | <b>602,829</b>           | 741,790           |
| Grants                     | <b>13,043,414</b>        | 12,662,887        |
|                            | <u><b>16,814,037</b></u> | <u>16,787,949</u> |

Borrowings are repayable as follows:

|                              | 2020                    | 2019             |
|------------------------------|-------------------------|------------------|
|                              | £                       | £                |
| Loan from Dfl                |                         |                  |
| Between one and two years    | <b>437,508</b>          | 433,133          |
| Between two and five years   | <b>1,366,548</b>        | 1,352,883        |
| After 5 years                | <b>1,363,738</b>        | 1,597,256        |
|                              | <u><b>428,801</b></u>   | <u>424,513</u>   |
| On demand or within one year | <u><b>3,596,595</b></u> | <u>3,807,785</u> |

Interest is payable on the loans at rates of between 2.01% and 2.04% on the principal amount.

## 12. DEFERRED TAX

### Deferred tax is provided as follows:

|  | 2020           | 2019    |
|--|----------------|---------|
|  | £              | £       |
| Accelerated capital allowances                         | <b>876,214</b> | 626,666 |
| Other timing differences                               | -              | (2,476) |
|  | <hr/>          | <hr/>   |
| Deferred Tax   | <b>876,214</b> | 624,190 |
|  | <hr/>          | <hr/>   |
| Provision at start of year                             | <b>624,190</b> | 417,284 |
| Adjustment in respect of prior years                   | -              | 2,680   |
| Deferred tax charge to income statement for the period | <b>252,024</b> | 204,226 |
|  | <hr/>          | <hr/>   |
| Provision at end of year                               | <b>876,214</b> | 624,190 |
|  | <hr/>          | <hr/>   |

## 13. ERDF AND OTHER GRANTS

|                                     | 2020              | 2019        |
|-------------------------------------|-------------------|-------------|
|                                     | £                 | £           |
| At start of year                    | <b>12,662,887</b> | 14,043,749  |
| Grants received in the year         | <b>1,091,598</b>  | -           |
| Released to profit and loss account | <b>(711,071)</b>  | (1,380,862) |
|                                     | <hr/>             | <hr/>       |
| At end of year                      | <b>13,043,414</b> | 12,662,887  |
|                                     | <hr/> <hr/>       | <hr/> <hr/> |

## 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 2020 was £78,178 (2019: £122,107).



# Notes to Financial Statements

## Year ended 31 December 2020 (continued)

### 16. CASH FLOW STATEMENT

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

|  | 2020             | 2019      |
|--|------------------|-----------|
|  | £                | £         |
| Operating profit/(Loss)                                | <b>453,970</b>   | (409,822) |
| Adjustment for   |                  |           |
| Depreciation charges (net of grant release)            | <b>1,217,586</b> | 1,738,590 |
| (Profit)/Loss on sale of tangible fixed assets         | <b>(6,470)</b>   | 21,005    |
| Corporation tax paid                                   | -                | (114,663) |
|  | <hr/>            | <hr/>     |
| Operating cash flow before movement in working capital | <b>1,665,086</b> | 1,235,110 |
|  |                  |           |
| (Increase)/Decrease in stocks                          | <b>(8,117)</b>   | (10,916)  |
| (Increase)/Decrease in debtors                         | <b>(29,975)</b>  | 352,047   |
| Increase/(Decrease) in creditors                       | <b>(676,632)</b> | (41,810)  |
|  | <hr/>            | <hr/>     |
| <b>Cash generated by operations</b>                    | <b>950,362</b>   | 1,534,431 |

### 17. CONTINGENT LIABILITY

#### Government Grant

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

### 18. FINANCIAL INSTRUMENTS

#### a) Overview

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

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

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

## b) Categories and carrying value of financial instruments

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

|  | <b>2020</b>      | 2019      |
|--|------------------|-----------|
|  | <b>£</b>         | £         |
| <b>Financial assets</b>                                      |                  |           |
| Measured at undiscounted amount receivable                   |                  |           |
| Trade and other debtors                                      | <b>1,362,729</b> | 918,328   |
| Debt instruments measured at amortised cost                  |                  |           |
| Finance leases   | <b>1,723,877</b> | 1,978,819 |
| Total interest income for financial assets at amortised cost | <b>23,058</b>    | 26,536    |
| <b>Financial liabilities</b>                                 |                  |           |
| Measured at amortised cost                                   |                  |           |
| Loans payable  | <b>3,596,595</b> | 3,807,785 |
| Measured at undiscounted amount payable                      |                  |           |
| Trade and other creditors                                    | <b>764,027</b>   | 764,454   |

## 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.

# Notes to Financial Statements

## Year ended 31 December 2020 (continued)

---

### 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 £574,763 (2019: £570,642), included in these figures is a total remuneration package of £73,523 (2019: £76,206) for the non-executive members of the Board.

## 20. POST BALANCE SHEET EVENTS

After the balance sheet date, we have seen macroeconomic uncertainty as a result of the coronavirus outbreak. The Authority considers this to be a non-adjusting post balance sheet event. The scale and duration of these developments remain uncertain but could affect our revenues, cash flow and financial condition. We have been implementing contingency plans to mitigate the potential adverse impact on the Port's staff and operations. Immediate Covid focus is on protecting the wellbeing of our employees whilst keeping the Port open for business as an essential component of the island's supply chain enjoying designated key worker status.





## Looking Forward

---

While 2020 was nothing short of an exceptional year, Warrenpoint Harbour Authority responded, and was rewarded with a strong set of results.

In 2021 the Port will aim to build on this foundation, continuing to prioritise safety and communication and environment, working closely with our team and the local community. Covid-19 has not gone away and 2021 will continue to be a period of recovery.

There are Brexit issues still outstanding and there is hope amongst the team that these will be quickly resolved and final agreement on trading with our nearest neighbours will be implemented in the near future.

2021 will be a year of investment, with support from the Department for Infrastructure, Warrenpoint Port aims to get back on track with its capital expenditure programme and its process of continuous improvement in Port facilities, its people and its services.

2021 marks 50 years since the initiation of Warrenpoint Harbour Authority with work completed on the facilities

in 1974. The Port hopes to reflect on that history and build on the achievements of not only the last 50 years, but almost 250 years of Warrenpoint as a Port.

The Port will continue to lobby for the important sub-regional infrastructure project- the Southern Relief Road and will continue to work on implementing its Masterplan.

The Port will continue to work with its customer base new and existing to support them in making Warrenpoint a good place to operate from and do business. It also hopes to continue to attract new business; to advance the green agenda by reducing its carbon footprint, planting more trees, and protecting the Lough; and by bringing forward the conversation around Freeport Status in Northern Ireland.

2021 is a year of hope and optimism, one which will take the solid foundations of 2020 and build upon them. Warrenpoint Port is looking to the future, is open for business and ready for growth.









[www.warrenpointport.com](http://www.warrenpointport.com)