



Report and Accounts
y.e. 31 March 2018

**The Northern Ireland Fishery Harbour Authority
Annual Report and Accounts
for the year ended 31 March 2018**

Compiled in the manner prescribed in
the Northern Ireland Fishery Harbour Authority (Accounts) Regulations
(Northern Ireland) 1998



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NIFHA

Report and Accounts year ended 31 March 2018

CONTENTS

	PAGE
General Information	1
Report of the Authority	2 - 8
Foreword to the Accounts	9 - 10
Statement of Members' and Chief Executive's Responsibilities	11
Governance Statement	12 - 17
Remuneration and Staff Report	18 - 21
Assembly Accountability and Audit Report	22
Independent Auditors' Report	23 - 25
Statement of comprehensive net expenditure account	26
Statement of financial position	27
Statement of cash flows	28
Statement of changes in taxpayers' equity	29
Notes to the accounts	30 - 47

STATUTORY EQUALITY DUTY

In accordance with its Equality Scheme the Authority is committed to providing information in accessible formats.

Copies of this report can be made available in alternative formats by contacting the Authority at the address and telephone number given on page 1.

GENERAL INFORMATION

Board Members

K Burns
H Henderson
D Hill
T Jarvis (Chairman)
M McDonald M.B.E.
G McIlroy
I Morris M.B.E. (deceased)

Chief Executive / Secretary

K Quigley

Independent Auditors

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REPORT OF THE AUTHORITY

Chairman's Statement

I am pleased to again support the Annual Report and Accounts for the Northern Ireland Fishery Harbour Authority this time for the period 2017/2018 as presented.

The Authority is tasked to deliver a wide range of services in its three harbours whilst at the same time meeting high standards of environmental protection and health and safety compliance. Our operatives, office staff, harbour masters and management have all contributed to the smooth and effective running of the organisation. My sincere thanks and appreciation goes to everyone.

Overall operational income again fell slightly against last year however due to prudent management of its resources the Authority was again able to record a trading surplus. This trading surplus is reinvested in the harbours through funding smaller capital works. Towards the end of the year the Authority noted that some vessel owners were taking advantage of significant demand for licences from Scotland and selling up. This development presents a range of risks to the Authority but we remain confident in the long term future of the industry. However in view of this and other pressures it remains the opinion of the Authority that it must continue to be vigilant and proactive in controlling costs. In addition the impact that Brexit will have on the fishing industry and future capital grant streams remains unclear and hence the Authority is further inclined towards a cautionary approach to its business.

The European and Maritime Fisheries Fund opened last year to receive applications. The Authority has submitted a number of applications and has commenced work on two of these. Both projects commenced to date are located in Portavogie, one being repairs to the structure of the ice plant and the second is a substantial refurbishment of the fishmarket. The Authority was also pleased to be able to again deliver a self-funded minor capital works and repair programme. Works included significant repairs and improvements in all three harbours.

Sadly in May of last year our long serving and dedicated Board member Ian Morris passed away. All within the Authority were deeply saddened by his passing and his contribution continues to be missed. There were no other changes in the composition of the board during the year.

I would like to thank our sponsoring department, the Department of Agriculture, Environment and Rural Affairs for their continuing support. Whilst correctly taking a challenging approach to help ensure the Authority delivers the high standards it sets itself, the Board and Staff appreciate the overarching partnership approach that is taken in dealing with issues as they arise.

Finally, I would like to thank the remaining Board members who have served with me, for their ongoing support, guidance and contribution to the ongoing development of the Authority. I am confident that the Board will continue to positively address the many challenges that lie ahead and will guide the Authority in the best interests of all its varied stakeholders.



TERRY JARVIS
CHAIRMAN

Chief Executive's Review

The Authority operates in a dynamic and challenging environment. Without doubt in recent years the fishing industry has enjoyed somewhat better times benefitting from better product prices and lower fuel costs. However notwithstanding this a significant restructuring of the fleet is underway which to date has been primarily focused in Portavogie. There does though remain significant demand for the services the Authority provides. The Authority continues to work hard to deliver well to its broad customer and stakeholder base.

As reported by the Chairman early in the year one of our Board members Ian Morris passed away. Ian was a humble man and would have underrated his contribution at Board. He was a great support to me personally offering encouragement and insight which I heavily relied on.

The outlook going forward remains difficult to predict. Certainly fishermen in general appear to view the opportunities that Brexit may present as significant. However what the outcome of the forthcoming Brexit negotiations will be, remains uncertain and in addition to this uncertainty the Authority sees other risks to its operational income stream. For this reason while the Authority remains confident in the long term prosperity of the Northern Ireland fishing industry it maintains its current cautious attitude to operational spending. However while operating under tight financial constraints the Authority continues to strive to deliver an excellent service to all its stakeholders.

Overall income from landings fell by £20k to £663k from £683k. When taking all income streams (excluding revenue grant) into account overall operational income fell by £32k to £1,336k a fall of 2%. The Authority rightly remains concerned that it has little control over its primary income streams. For the year the Authority reported a deficit after tax of £665k as opposed to a deficit after tax of £656k for 2016/17.

I would wish to join the Chairman in expressing appreciation to DAERA and to the EMFF Selection Panel for their continued financial support for projects promoted by the Authority which are aimed at enabling the local sea fishing industry to operate as competitively and sustainably as possible.

The Authority is made up of an excellent team of people serving all its stakeholders including port users and our many visitors. The safety and welfare of its staff, users and visitors are the key concern of the Authority and hence we continue to prioritise the key areas of health and safety, environmental performance, equality and good relations.

Health, Safety and Environmental Issues

The Authority operates two separate but integrated safety management systems – one for onshore safety and one for marine safety. These systems are based on a risk assessment approach.

On-shore accidents are recorded on a property damage only and an 'over' and 'under 3 day' basis i.e. over or under '3 days off work'. The level of reported accidents rose this year both in severity and number and while the total number remains below historical trends any accident is unacceptable and the Authority continues to work to enhance the safety of its harbours.

There were a total of 3 accidents involving some level of injury reported in 2017/18 and the following table provides a breakdown of these;

	<3 Days	>3 Days
Staff	0	1
Port User	2	0
Visitor	0	0
Total	2	1

Whilst no accident is acceptable the Authority is pleased to see that the downward trend in accidents reported in recent years has been maintained. However it remains concerned that despite the improvement in reporting procedures not all on-shore incidents are reported and would appeal to users to report all incidents promptly, including near misses.

On the marine side there was one incident recorded which sadly involved the death of a crew member of a vessel berthed in the harbour. While the MCA has not yet issued its report on the incident it does appear to have been a tragic but avoidable accident. The Authority also records near misses and while this figure is low the Authority remains concerned that not all marine incidents are reported to it and would appeal to users to report all incidents.

The Authority continues to try to maintain high levels of environmental care. With the support of EMFF, the Fishing for Litter scheme continues to operate. The Authority seeks to be innovative in finding solutions this year locating a recycler of 25 litre oil containers offering a more affordable disposal route for these containers. Further improvements in environmental performance are necessary and will only be achieved with the full co-operation of all Port Users and this requires further improvement in working practices. I would again appeal for Port Users to re-double their efforts to improve waste handling in the harbours. Waste generated by both visitors and fly tipping continues to place a significant demand on the Authority's resources.

Capital Works Projects

Capital works projects are undertaken with the combined assistance of the European Maritime Fisheries Fund (EMFF) and National funding. The Authority has submitted a number of applications to the scheme and work has begun on two of these both based in Portavogie; one being external repairs to the ice plant and the other a significant refurbishment of the fishmarket.

The Authority was also pleased to deliver an enhanced self-funded minor capital works and repair programme. Works included significant repairs to the slipway in Kilkeel, ice plant repairs in Portavogie, roads and others.

Operational Review

Key operational issues relating to 2017/2018 were as follows:-

Vessel Numbers

The number of over 10m vessels based in the 3 harbours fell again by nearly 9% - this follows a 14% decrease recorded in the prior year. During any year vessel numbers vary as owners buy and sell and at times move to

other non-Authority ports. The Authority is however concerned that the overall number of larger vessels is falling. The fleet is primarily made up of previously used vessels. Over time we are also seeing a move to vessels with significantly deeper drafts.

Detailed figures on a port by port basis as at 31 March for the last 5 years are as follows:-

	2018	2017	2016	2015	2014
Ardglass	26	28	31	30	32
Kilkeel	55	63	65	54	52
Portavogie	30	35	44	37	42
Total	111	126	140	121	126

The number of 10m and under vessels in the 3 harbours at 31 March 2018 was 85 which compares with 86 the previous year. The number of these smaller vessels varies seasonally. The pontoon facilities in both Kilkeel and Portavogie were fully occupied throughout the year.

Maintenance Dredging

In total 13,134 tonnes of sediment was dredged from Kilkeel Harbour compared to 21,384 tonnes in the prior year. There was no dredging campaigns undertaken in the other two harbours and no commercial contracts were undertaken during the year.

Fishmarket

NIFHA is the owner and operator of the fish markets at the three harbours and as such has the legal responsibility for ensuring compliance with food safety regulations. The fish markets are licenced food premises and NIFHA operates and maintains these to approved standards.

Slipway Facilities

During the year 149 vessels were slipped; 95 in Kilkeel and 54 in Portavogie. This compares with a total of 175 vessels in the previous year of which 118 were slipped in Kilkeel and 57 in Portavogie.

Ice Supplies

The total tonnage of ice supplied in the three ports in 2017/2018 was 3,389 tonnes which was a 9% reduction on the previous year figure of 3,733 tonnes. On a port by port basis sales increased by 24% in Kilkeel but this gain was offset by reductions in the other two harbours, 18% in Ardglass and 24% in Portavogie.

Estate Management

NIFHA has, with the exception of one location in Portavogie, no available space to rent in any of the three harbours which generally reflects the high level of demand for good property. A number of rent reviews were completed during the year and this is reflected in the increase in rental revenue. During the year a leaseholder of a now near derelict property defaulted on a lease and as a consequence the property on the site reverted to Authority ownership.

Port User Consultation

Three Port Users meetings were held during the year, one in each of the ports. These meetings continue to provide an invaluable forum for consulting with Port Users on operational issues (including safety and environmental issues), on capital works priorities and on equality, good relations and disability issues. However we take the view that good communication is largely dependent on a robust informal network. To that end considerable effort continues to be made to meet regularly on an informal basis with a wide range of stakeholders.

Equality, Good Relations and Disability Duties

Throughout the year NIFHA continued to implement its revised Equality Scheme, its Good Relations policy and the Disability Action Plan. As a matter of course disability issues are considered in all new capital works projects. The annual Equality Report, which details the progress made by the Authority in achieving its annual equality, good relations and disability targets, was submitted to the Equality Commission by the due date of 31 August 2017. During the year the Authority also submitted its five year review of its Equality Scheme.

Personnel

I of course want to extend my thanks to all the staff for the hard work and dedication they steadfastly delivered during the year. Their commitment to the values of the organisation has enabled the Authority to maintain the quality of the work it delivers on behalf of its many customers. It remains the opinion of the Authority that one of the chief ways it can improve the quality of its service is through enhancing the skills of its workforce. The Authority has in place an enhanced training programme based on the development plans that have been put in place for all members of staff.

Financial Review

The Authority recorded a deficit before tax of £915k which compares with a previous year deficit of £853k. Depreciation rose to £1,710k from £1,620k an increase of £90k.

Expenditure excluding depreciation fell to £1,343k from £1,387k the majority of this decrease is related to a reduced repairs programme and a significant reduction in the insurance premium.

Total income before capital and revenue grants was £1,336k which is a 2% decrease on last year. Landing revenues fell by 3% to £663k. Ice sales fell by 9% to £224k in part due to less sales to businesses other than fishing vessels but also mirroring the decline in landings. Slipway revenue was static at £170k. On a port by port basis the revenue picture was more mixed with falls in Ardglass (9%) and Portavogie (12%) being partially offset by an increase in Kilkeel (6%).

The Authority had a positive cash balance at year end of £549k which compares with an opening balance of £618k.

Data Matching

Using Data provided by DAERA under a data sharing agreement NIFHA cross checks landings as declared to it against those declared to DAERA. NIFHA now invoices for identified shortfalls annually in arrears. Although much reduced there continues to be discrepancies between the two sets of data. There are a number of reasons why

one would not expect the two sets of data to match exactly. Where these reasons do not adequately explain the difference between the two sets of data NIFHA raises invoices for amounts that are considered to be recoverable and owed to it.

Sickness /Absence data

The average number of working days lost due to sickness per employee was 10.0 days for 2017/2018. The equivalent figure for the previous year was 9.0 days. With just 21 staff any period of significant absence for any one employee will have a major impact. During the year one employee was absent for a considerable period and eventually had to retire due to ill health.

Data Handling

The Northern Ireland Fishery Harbour Authority has not had any personal data related incidents during the current or previous years.

Key Objectives and Performance Targets

The Authority agreed six key objectives for 2017/18. These are linked to the core values of the organisation as outlined in the Corporate Plan and are designed to assist in the ongoing delivery of the said plan. Under each of these objectives a number of key activities with associated outputs were set. These objectives are outlined below and information is provided on how we performed. In summary while not all targets were fully met the plan was substantively delivered.

- **Key Objective 1: To provide safe and modern harbour facilities which are efficiently managed well maintained and effective.**

There were five activities with seven associated outputs - all of those relating to operational delivery were met. However as reported elsewhere in the body of this report there were a number of accidents - one of which included the death of the fisherman involved. As one of the targets is to minimise the number of accidents the actual unwelcome spike in accidents means that overall although 6 out of seven targets were met we conclude that this target was not met.

- **Key Objective 2: To be a customer centred organisation engaging and communicating with NIFHA's stakeholders.**

This objective was substantially met. There were five activities with five associated outputs. One of these outputs was to hold two accountability meetings with DAERA - due to circumstances outside its control DAERA postponed one of these meetings until shortly after the year end. As communication between both bodies' remains excellent this delay would not significantly impact the overall delivery of Objective 2.

- **Key Objective 3: To develop NIFHA as a learning and innovative organisation that values staff and builds capacity.**

This objective was fully met. There were six activities with again six associated outputs all of which were met during the year.

- **Key Objective 4: To ensure the business of NIFHA is conducted in an open and fully accountable manner by delivering best practice in corporate governance, accountability and effectively addressing all legal responsibilities.**

This objective was fully met. There were five activities with eight associated outputs all of which were met during the year.

- **Key Objective 5: To provide value for money for Government, customers and stakeholders while delivering our statutory and other duties.**

This objective was substantially met. This objective which included maintaining expenditure within approved budget limits had eight activities and nine associated outputs all but one of which were fully met. One activity included developing a plan for moving to a defined contribution benefit scheme. However after further review it was decided not pursue this option further.

- **Key Objective 6: To ensure the work of NIFHA builds wider socio-economic prosperity for the coastal communities which it serves while ensuring that concern for the environment is at the heart of what we do.**

This objective was fully met. There were five activities with six associated outputs all of which were met during the year.

Foreword to the Accounts

Background Information

The Northern Ireland Fishery Harbour Authority (NIFHA) is an executive Non-Departmental Public Body (NDPB) sponsored by the Department of Agriculture, Environment and Rural Affairs for Northern Ireland (DAERA). The Authority was established in 1973 under the Northern Ireland Fishery Harbour Authority Order (Northern Ireland) 1973. Its statutory functions are to manage, maintain and improve the fishing harbours and harbour estates of Ardglass, Kilkeel and Portavogie and to operate such facilities as may be provided at these harbours.

The following report and accounts have been prepared in accordance with the Northern Ireland Fishery Harbour Authority (Accounts) Regulations (Northern Ireland) 1998 and in accordance with the Accounts Direction given by the Department of Agriculture, Environment and Rural Affairs with the approval of the Department of Finance.

Business Review

A full review of the Northern Ireland Fishery Harbour Authority is given on pages 2 to 8 of the Report and Accounts.

Results for the Year

The results of the Northern Ireland Fishery Harbour Authority are set out in detail in the accounts on pages 26 to 47. The deficit for the year before tax was £915,423 which compares with a previous year deficit before tax of £853,145. This deficit has been taken to reserves. Other transfers to and from reserves are detailed in the Statement of changes in taxpayers' equity.

Fixed Assets

Details of the movement of fixed assets are set out in note 11 to the accounts.

Future Developments

Key Development goals for 2018/2019 are as follows:-

- To operate, maintain and monitor the performance of the Navigational Safety Information System at Kilkeel Harbour.
- To implement the capital works plans as detailed in the Authority's 2018/2019 Business Plan (subject to the availability of grant funding).
- To monitor year 1 of the implementation of the 2018-2022 Corporate Plan.
- To submit a draft budget to DAERA by 31 January 2019.
- To implement the 2018/19 Equality Scheme plan.

Important events occurring after year end

There have been no significant events since the year end which would affect these accounts.

Board Members

Membership of the Board is as noted on page 1.

Disabled Employees

The Authority gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitude and abilities and Health and Safety factors.

Employee Involvement

It is the policy of the Authority to promote the understanding and involvement of all its employees in its aims and performance and it is committed to the continuing development of effective employee communication and consultation.

Independent Auditors

M.B. McGrady & Co are the external auditors of the Northern Ireland Fishery Harbour Authority. Refer to Note 6 for the audit fee.

Payment to Suppliers

The NIFHA is committed to the prompt payment of bills for goods and services received in accordance with the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890). Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later.

During 2017/18 the Authority paid 97% (2016/17: 96%) of bills paid within this standard with 76% (2016/17 80%) being paid within 14 days.

STATEMENT OF MEMBERS' AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under the Northern Ireland Fishery Harbour Authority (Accounts) Regulations (Northern Ireland) 1998, the Members are required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Department of Agriculture, Environment and Rural Affairs for Northern Ireland with approval of the Department of Finance. The accounts are prepared on an accruals basis and must give a true and fair view of the Authority's state of affairs at the year end and of its income and expenditure, recognised gains and losses and cash flow for the financial year.

In preparing the accounts the Members are required to:

- observe the accounts direction issued by the Department of Agriculture, Environment and Rural Affairs for Northern Ireland including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual (FRM) have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on the going concern basis.

As the senior full time official of the Authority the Chief Executive carries the responsibilities of an Accounting Officer for the Authority. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum, issued by the Department of Finance.

By Order of the Members



K QUIGLEY
CHIEF EXECUTIVE / SECRETARY

GOVERNANCE STATEMENT

Introduction

The Northern Ireland Fishery Harbour Authority (NIFHA) is an executive Non-Departmental Public Body sponsored by the Department of Agriculture, Environment and Rural Affairs (DAERA) and constituted under the Harbours Act (Northern Ireland) 1970 and the Northern Ireland Fishery Harbour Authority Order (Northern Ireland) 1973. The Authority's relationship with the Department is set out in the Management Statement and Financial Memorandum documents which are reviewed and agreed between the two parties on a regular basis.

The Authority remains committed to high standards of corporate governance. The Board directs the Authority's risk assessment, resource management, strategic planning, financial, project and operational management to ensure that the aims and objectives as set out in the corporate plan are met. The Board members scrutinise the performance of management in order to be satisfied as to the integrity and strength of financial information, controls and risk management.

Governance Framework

The Authority is managed by a Board consisting of a Chairman, the Chief Executive and between four and eight other Members. The Chairman and Members are appointed by the DAERA minister and are non-executive.

The Board has four sub-committees – Risk and Assurance, Corporate Planning, Finance and General Purposes and Remuneration. The Risk and Assurance sub-committee provides objective advice to the Chief Executive and the Board on corporate governance, risk management and internal control issues.

The Authority is headed by a Chief Executive who is also the Accounting Officer. As at 31 March 2018 the Authority employed 13 operational and maintenance staff and 8 administrative staff. The Authority's head office is located in Downpatrick and there are offices at each of the three harbours namely Ardglass, Kilkeel and Portavogie.

The Chairman and Board members have overall responsibility for the corporate strategy and governance of the Authority and for setting aims and objectives. A corporate plan is in place and there are processes to ensure that there is continuous monitoring and review of performance to confirm that the objectives are achieved. Annual business plans are derived from and are consistent with the corporate plan. Attendance records of meetings are maintained.

Sadly early in the financial year the highly respected board member Ian Morris passed away after a short illness. His contribution to the board and more broadly to the work of the Authority was significant and his thoughtful contributions are still missed. To date the vacancy thereby created has not been filled.

There were no other changes in the membership of the Board during the year.

Board	Number of Meetings attended
Terry Jarvis (Chairman)	4
Helen Henderson	4
Martin McDonald	4
George McIlroy	3
Kate Burns	4
David Hill	4

The Risk and Assurance Committee met three times during the year. Attendances for the committee were as follows:

Risk and Assurance	Number of Meetings attended
Martin McDonald (Chairman)	3
Helen Henderson	2
George McIlroy	3
Kate Burns	3

The Finance and General Purposes committee met four times during the year and attendances were as follows;

Finance and General Purposes	Number of Meetings attended
Terry Jarvis (Chairman)	4
Martin McDonald	4
David Hill	4
George McIlroy	4

The remuneration committee did not meet during the year and the corporate planning committee met twice. One of these meetings was a full day planning meeting for the development of the Corporate plan. Attendance for these meetings were as follows;

Corporate Planning	Number of Meetings attended
Terry Jarvis (Chairman)	2
Helen Henderson	2
Martin McDonald	2
David Hill	2
George McIlroy	2
Kate Burns	2

The Chief Executive Mr Quigley attended all meetings of the Board and its committees.

Board Performance

The chairman and members believe that on the whole the Board has again operated effectively, with meetings generally including constructive and challenging debate. In June 2017 the Board reviewed its own effectiveness. The Board is content that overall it delivers its duties well. All meetings of the Board and its committees were well attended. The Board has continued to maintain a good relationship with its sponsoring body through the timely sharing of information. Members of the senior management team regularly attend the Board meetings and their contribution is valued by the Board.

The Authority operates under and complies with a Management Statement and Financial Memorandum. The Board is confident that it is compliant with the corporate Governance Code.

Members of the Board meet regularly with its stakeholders. During the year a Stakeholder meeting was held in each port. These meetings were well attended by members of the Board.

During the year matters considered by the Board and its committees included;

- The development of a new Corporate plan for the period 2018 to 2022
- The Authority's strategy, business plan, budgets and financing requirements
- Potential Harbour improvements
- Health and Safety both on-shore and marine
- Impact of Living Wage and Pension costs
- Environmental issues
- Capital works and management Projects
- Annual and interim financial statements
- Estate Management and Development

The 2017/18 business plan had six key business objectives. These objectives and the thirty four associated activities were designed to ensure both the ongoing safe and prudent management of the harbours and furthering the implementation of the current corporate plan. The objectives and associated activities were not all fully achieved however substantively the goals of the plan were met. The Board is content that where elements of the plan could not be met they were not materially significant within the overall context of delivering the goals of the Authority.

2018 marked the end of the current Corporate plan. The Board, with inputs from the senior management team, and after consulting widely, prepared and submitted to DAERA a new corporate plan covering the four year period from April 2018 to March 2022.

The 2014-2018 Corporate Plan had 6 objectives with 28 activities created to deliver these objectives. All but one of the activities were delivered. The undelivered activity related to the delivery of an Environmental Management System (EMS). After further consideration the Board decided that the benefits of this work would not at this time be matched by the administrative burden placed on an already stretched operational team. Therefore it was decided not to proceed with EMS during the lifetime of the 2018-2022 Corporate Plan.

Fishing Harbours are, by their nature, work environments where the risk of an accident is significant. The Authority has always worked hard to provide as far as reasonably possible a safe working environment within its harbour facilities. However, recognising that the accident rate was too high, it has in recent years devoted more resource and effort into addressing all aspects of Health and Safety. Generally this has delivered good results however last year was disappointing in that it saw a rise in incidents both in terms of number and severity. The Board will continue to press the executive team to maintain its focus on improving health and safety and to take what learning they can from any incidents that do occur. Despite these setbacks the Board would wish to express its thanks to both the fishermen and contractors who have, through their efforts, helped generate a significant improvement in the health and safety culture around the Authority's harbours.

During 2016/17 the European Maritime and Fisheries Fund (EMFF) opened for applications and the Authority has submitted a number of applications to the fund. Work on two projects is well underway and it is hoped other projects will be approved to enable the Authority to commence delivery of additional capital projects during 2018/19. During the year the Authority once more delivered an enhanced minor capital works programme again focusing primarily on its slipways both in Kilkeel and Portavogie but also undertaking other works including renewals in the ice plant in Portavogie.

The Board has continued its work with the management of the Authority to ensure financial and budgetary controls remain robust and it is pleased that operational revenue was ahead of forecast which allowed the Authority both to deliver its operational plan and its enhanced self-funded minor capital works programme while still delivering an above forecast operational surplus.

The Board believes that good communication with its sponsoring body DAERA is not only a requirement of good governance but essential to its goal of delivering a quality service to its customers. To this end copies of the papers and minutes of all meetings are forwarded to DAERA. The Board regularly welcomes representatives of DAERA to attend its board meetings and Internal Audit to attend Risk and Assurance committee meetings. The authority hoped to hold two Accountability meetings with DAERA however only one was held. The Board was pleased to have again been invited along with the CEO to present to the DAERA board.

The Risk and Assurance committee's role is to provide independent assurance to the Board and Chief Executive as Accounting Officer on the effectiveness of NIFHA's risk management and internal control systems. The three meetings held were well attended by Board members. In addition the CEO and a representative from DAERA and Internal Audit attended all meetings.

The Risk and Assurance Committee undertook regular reviews of the risk register and updated it accordingly. During the year the Committee considered a range of topics including the performance of both the Marine and Health & Safety Management Systems. The Committee also considered the Corporate plan from a Risk and Assurance perspective.

The Committee completed a formal self-assessment in June 2017 reviewing its performance for the 2016/17 financial year. The Committee reviewed the outcome of the self-assessment and is content that it continues to deliver well.

The Chair of the Audit Committee attended a meeting of DAERA's Arm's Length Bodies and fed back to the board and audit committee on any relevant policy issues.

The Finance Committee met four times during the year. The committee considered both management accounts and the statutory accounts. It also considered the proposed budgets for the Corporate plan and the 2018/19 Business plan and also Estate Management and trade debtors.

There were no ministerial directions given during the year.

The Board relies on financial and other reports prepared by the Authority's management team. These reports while well-established are regularly reviewed and updated as required. The Board is content through its experience that the quality of these reports is high. The Board further relies on the work of DAERA's internal Auditor and the external Auditor to provide further assurance as to the quality of these reports.

Internal Audit Opinion

An internal audit is performed annually by the internal audit branch of our sponsor the Department of Agriculture, Environment and Rural Affairs. The overall opinion was stated as "Satisfactory". No major areas of concern were identified within the review.

Risk Management

With due consideration to its scale NIFHA has a well embedded and robust risk management framework in place with the direct involvement of the Senior Management Team and oversight from the Board and its committees.

NIFHA's risk register is reviewed at all Board and Audit Committee Meetings. The risk register itself is considered to be a live document and is reviewed on a monthly basis by the senior management team.

Information Risk

NIFHA's approach to the management of information security risk is proportionate to the nature of the risks and the limited amount of personal or sensitive information handled by the Authority. As NIFHA's Information Risk Owner I have received assurances from the Accounts Administrator that the information governance policy framework is both adequate and effective.

Conflicts of Interest

On appointment Board members are required to provide a list of any interests which may give rise to a conflict of interest. At all Board meetings a standing item on declarations of interest is included and brought to the attention of the members by the Chair. This standing item is also included for all committee meetings. There was one conflict of interest declared during the year. This was declared by a Board member with regard to one particular issue the Board was considering and was appropriately dealt with by the Chair.

Conclusion

As Accounting Officer based on the work of our Accounts Administrator, DAERA Internal Audit and our External Auditors I consider the overall system of risk management, internal control and governance provides satisfactory assurance to me in relation to the ability of NIFHA to effectively discharge its governance responsibilities. I also confirm that this Governance Statement is compliant with the code of good practice.



Kevin Quigley
CHIEF EXECUTIVE

REMUNERATION AND STAFF REPORT

The pay award for staff in the Northern Ireland Fishery Harbour Authority is guided by the NICS Pay Remit Process and is based on performance. Although the Authority is a public body, salaries and wages are not based on any public sector scale comparator e.g. the NICS or Local Government pay scales.

Salary

'Salary' includes gross salary, overtime and any other allowance to the extent that it is subject to UK taxation and any gratia payments.

Bonuses

No bonuses were paid in the year.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the Authority and treated by HMRC as a taxable emolument. The benefit in kind for the Chief Executive is a premium on a health insurance policy.

Service Contracts

The Authority does not have any service contracts with members of its staff and staff appointments are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Authority's policy on its discretionary powers under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2007.

Staff Costs (Audited)

	Permanently employed staff	Temporary staff	Total 2018	2017
	£		£	£
Wages and salaries	464,127	15,077	479,204	482,466
Social security costs	38,246	1,103	39,349	38,687
Pension costs	84,561	1,684	86,245	86,650
	586,934	17,864	604,798	607,803
IAS 19 – Actuarial Valuation				
Current service cost	170,000	-	170,000	138,000
Past service cost/(gain)	-	-	-	-
Contributions by the employer	(88,000)		(88,000)	(88,000)
	668,934	17,864	686,798	657,803

Note (a) – A related revenue grant of £44,852 (2017: £18,853) has been agreed and accrued in note 4.

The Northern Ireland Local Government Pension Scheme is a funded defined benefit plan with benefits earned up to 31st March 2015 being linked to final salary. Benefits after 31st March 2015 are based on a career average revalued earnings scheme. Details of the benefits earned over the period covered by this disclosure are set out in “The Local Government Pension Scheme Regulations (Northern Ireland) 2014 and The Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014.

The funded nature of the LGPS requires participating employers and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. The last actuarial valuation was at 31st March 2016 and the contributions to be paid until 31st March 2020 resulting from that valuation are set out in the Fund’s Rates and Adjustment Certificate. For 2017-18, employers’ contributions of £86,245 were payable to the NICS pension schemes (2016-17 £86,650) at 20% of pensionable pay. The contribution rates are set to meet the cost of the benefits accruing during 2017-18 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

	2018	2017
The average number of persons employed by the Authority during the year was:	Number	Number
Operation and Maintenance	13	13
Administration	8	8
	21	21

All staff employed by the Authority in 2018 and 2017 had permanent contracts of employment. Two additional temporary staff members were employed in the year to cover sick leave/staff holidays. The staff consists of 15 male and 6 female employees. The average number of working days lost due to sickness per employee was 10.0 days for 2017/2018. The equivalent figure for the previous year was 9.0 days

	2018	2017
Analysis of Remuneration was as follows:	£	£
Chief Executive’s total remuneration	55,357	54,017
Members’ salaries	27,181	29,295
Operating and Maintenance	292,963	292,009
Administration	103,703	107,145
	479,204	482,466

	Number	Number
Chief Executive to whom retirement benefit is accruing under defined benefit scheme	1	1

Compensation schemes-exit packages

The following section provides details of the exit packages paid by the Authority.

	Number of voluntary redundancies	Total number of exit packages by cost band 2018	Total number of exit packages by cost band 2017
< £10,000	Nil	Nil	Nil
£10,000 - £25000	Nil	Nil	Nil
Total number of exit packages	Nil	Nil	Nil
Total resource cost	Nil	Nil	Nil

Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the Board Members and the Chief Executive of the Authority.

Remuneration (Audited)

	2017/18			2016/17		
	Number of people	Salary	Benefits in Kind £ (to nearest £1,000)	Number of people	Salary	Benefits in Kind £ (to nearest £1,000)
Chairman	1	£5,000 - £9,999	-	1	£5,000 - £9,999	-
Board Member	6	Nil - £4,999	-	6	Nil - £4,999	-
Chief Executive	1	£55,000-£60,000	£1,000	1	£50,000-55,000	£1,000
Median Staff Salary		£18,833			£18,646	
Ratio of Highest- Paid Director Salary to Median Salary		2.9			2.9	

The Board members and Chief Executive consisted of 5 male and 2 female members.

Pension Benefits (Audited)

Board Members have no pension entitlement from the Authority. The Chief Executive is a contributory member of the NILGOSC pension scheme. The NILGOSC scheme is a statutory scheme which provides benefits on an average salary basis at retirement.

Name and Title	Total Accrued Pension as at 31/03/18 and related Lump Sum £'000	Real increase in Pension & related Lump Sum £'000	CETV at 31/03/18 £'000	CETV at 31/03/17 £'000	Real increase in CETV £'000
K J Quigley (CEO)	10 - 15	1 - 2	145	126	11

The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NILGOSC pension arrangements and for which the NILGOSC has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost, CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.



Kevin Quigley
CHIEF EXECUTIVE

Assembly Accountability and Audit Report

Regularity of expenditure

There were no special payments or losses made by the Authority in the year. (2016/17 - £nil)

Fees and Charges

The Authority collects harbour and landing dues and various other fees from boat owners and in return provides a range of services to the industry. DAERA approved the 2017-18 annual business plan which aimed to achieve a surplus of £6,950 after revenue grant but before capital charges, interest, IAS 19, tax and notional adjustments. The Authority actually recorded a surplus of £120,384 on this basis.

Remote contingent liabilities

There were no contingent liabilities requiring disclosure under Assembly reporting requirements. The Authority had no significant remote contingent liabilities to report in 2017-18. (2016-17 £nil). Note 20 provides further details regarding the contingent liabilities that are included within the financial statements.



Kevin Quigley
CHIEF EXECUTIVE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTHERN IRELAND FISHERY HARBOUR AUTHORITY

Opinion

We have audited the financial statements of the Northern Ireland Fishery Harbour Authority for the year ended 31 March 2018 under the Northern Ireland Fishery Harbour Authority (Accounts) Regulations (Northern Ireland) 1998. These comprise the statement of comprehensive net expenditure account, the statement of financial position, the statement of cash flows, the statement of changes in taxpayers' equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. We have also audited the information in the Remuneration and staff report and the Assembly accountability and audit report that is described in those reports as having been audited.

In our opinion:

- the financial statements give a true and fair view, of the state of the Northern Ireland Fishery Harbour Authority as at 31 March 2018 and of its net expenditure, changes in taxpayers' equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with Northern Ireland Fishery Harbour Authority (Accounts) Regulations (Northern Ireland) 1998 and the Accounts Direction made by the Department of Agriculture, Environment and Rural Affairs with the approval of the Department of Finance

Basis of 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 Authority 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTHERN IRELAND FISHERY HARBOUR AUTHORITY (continued)

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 directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters

- In our opinion, in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.
- the parts of the Remuneration and Staff Report and the Assembly Accountability and Audit Report to be audited has been properly prepared in accordance with Department of Finance directions made under the Government Resources and Accounts Act (Northern Ireland) 2001 and
- the information given in the Report of the Authority and the Foreword to the Accounts for the financial year which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Authority and its environment obtained in the course of the audit, we have not identified material misstatements in the members report

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration and Staff Report and Assembly Accountability and Audit Report to be audited 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 of the information and explanations we require for our audit; or
- the Governance Statement does not reflect compliance with Department of Finance's guidance.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTHERN IRELAND FISHERY HARBOUR AUTHORITY (continued)

Respective responsibilities of the Members' and Chief Executive

As explained more fully in the Statement of Members' and Chief Executive's Responsibilities, the Members and Chief Executive 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 the financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the members and Chief Executive are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the Authority or to cease operations, or have no realistic alternative but to do so.

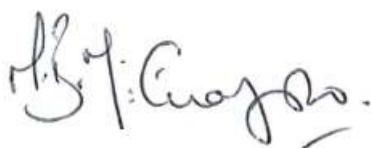
Auditors responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

In addition, we are required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.



M.B. McGrady & Co
Chartered Accountants and Registered Auditors
52 St. Patricks Avenue
Downpatrick
Co. Down
BT30 6DS

Statement of comprehensive net expenditure account for the year ended 31 March 2018

	Notes	2018 £	2017 £
Income - continuing operations			
Income from activities	4	2,154,408	2,167,777
Expenditure			
Staff and related costs	5	686,798	657,803
Depreciation	11	1,709,761	1,619,864
Other operating charges	6	655,677	728,888
		3,052,236	3,006,555
Operating income/(expenditure)		(897,828)	(838,778)
Finance income	7	405	633
Other finance income/(costs)	8	(18,000)	(15,000)
Finance and other income - net		(17,595)	(14,367)
Net income/(expenditure) before income tax		(915,423)	(853,145)
Income tax credit/(charge)	10	250,559	196,789
Net income/(expenditure) for the year		(664,864)	(656,356)
Other comprehensive net income/(expenditure)			
Items that will not be reclassified to net operating expenditure:			
Actuarial gain/(loss) on retirement benefit obligations		96,000	(220,000)
Deferred tax credit/(debit) on actuarial gain/(loss) on retirement benefit obligations		(18,240)	44,000
Indexation uplift on property, plant and equipment		2,580,469	820,988
Deferred tax on indexation uplift on revaluation of property, plant and equipment		(490,289)	(164,198)
Deferred tax movement on change of tax rate		145,667	-
Backlog depreciation		(515,824)	(152,628)
		1,797,783	328,162
Total Comprehensive net income/(expenditure) for the year		1,132,919	(328,194)

All amounts above relate to continuing operations of the Northern Ireland Fishery Harbour Authority. The notes on pages 30 to 47 are an integral part of these financial statements.

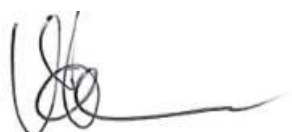
Statement of financial position as at 31 March 2018

	Notes	2018 £	2017 £
Assets			
Non-current assets			
Property, plant and equipment	11	29,918,430	29,319,334
Deferred income tax assets	17	310,069	325,588
		30,228,499	29,644,922
Current assets			
Trade and other receivables	12	471,516	185,975
Cash and cash equivalents	13	549,400	618,029
		1,020,916	804,004
Total assets		31,249,415	30,448,926
Current liabilities			
Trade and other payables	14	309,246	187,244
Government grants	16	744,123	765,697
		1,053,369	952,941
Non-current assets plus net current assets		30,196,046	29,495,985
Non-current liabilities			
Deferred income tax liabilities	17	2,991,545	2,913,352
Government grants	16	13,376,978	13,892,029
Pension liabilities	15	767,000	763,000
		17,135,523	17,568,381
Assets less liabilities		13,060,523	11,927,604
Reserves			
Income and expenditure account		327,794	142,749
Revaluation reserve		12,291,738	11,343,864
Capital reserve		440,991	440,991
Total taxpayers' equity		13,060,523	11,927,604

The notes on pages 30 to 47 are an integral part of these financial statements.

The financial statements on pages 26 to 29 were authorised for issue by the Board Members of the Authority on **28 June 2018** and were signed on its behalf by:

T JARVIS
Chairman



K QUIGLEY
Chief Executive/Secretary



Statement of cash flows for the year ended 31 March 2018

Notes	2018 £	2017 £
Cash flows from operating activities		
Operating deficit before income tax and finance costs	(897,828)	(838,778)
Adjustments for:		
Depreciation of property, plant and equipment	1,709,761	1,619,864
Movement in trade and other receivables	(285,541)	72,951
Movement in trade and other payables	122,002	(9,240)
Corporation tax payable	(18,591)	-
Notional charges	-	7,657
Difference between pension charge and cash contributions	82,000	50,000
Release of deferred capital grant	(773,954)	(780,901)
Net cash (used in)/generated from operating activities	(62,151)	121,553
Cash flows from investing activities		
Interest received	405	633
Purchases of property plant and equipment	(244,212)	(162,952)
Net cash used in investing activities	(243,807)	(162,319)
Cash flows from financing activities		
Capital Grants received from Department of Agriculture & Rural Development	237,329	7,322
Net cash generated from financing activities	237,329	7,322
Movement in cash and cash equivalents	(68,629)	(33,444)
Cash and cash equivalents at the beginning of the year	618,029	651,473
Cash and cash equivalents at the end of the year	549,400	618,029

The notes on pages 30 to 47 are an integral part of these financial statements.

Statement of changes in taxpayers' equity for the year ended 31 March 2018

	Capital Reserves	Revenue Reserves	Revaluation Reserve	Total taxpayers' equity
	£	£	£	£
Balance at 1 April 2016	440,991	630,760	11,176,390	12,248,141
Net income/(expenditure) for the year	-	(656,356)	-	(656,356)
Other comprehensive net income/(expenditure)		(176,000)	504,162	328,162
Other notional charges	-	7,657	-	7,657
Transfer from net expenditure account to unrealised revaluation reserve	-	420,860	(420,860)	-
Deferred taxation on transfer from unrealised revaluation reserves to net expenditure account	-	(84,172)	84,172	-
At 31 March 2017	440,991	142,749	11,343,864	11,927,604
Net income/(expenditure) for the year	-	(664,864)	-	(664,864)
Other comprehensive net income/(expenditure)	-	77,760	1,720,023	1,797,783
Other notional charges	-	-	-	-
Transfer from net expenditure account to unrealised revaluation reserve	-	953,270	(953,270)	-
Deferred taxation on transfer from unrealised revaluation reserves to net expenditure account	-	(181,121)	181,121	-
At 31 March 2018	440,991	327,794	12,291,738	13,060,523

The notes on pages 30 to 47 are an integral part of these financial statements.

Notes to the financial statements for the year ended 31 March 2018

1. Accounting policies, financial risk management & critical accounting estimates/judgements

General information

The Authority's principal activity during the year was the improvement, management and maintenance of the three fishery harbours and harbour estates of Ardglass, Kilkeel and Portavogie. The Authority is registered and domiciled in Northern Ireland.

The financial statements are presented in Sterling. All of the Authority's assets and liabilities are denominated in Sterling.

Statement of accounting policies

These financial statements have been prepared in accordance with the 2017/18 Government Financial Reporting Manual (FRm) issued by DoF Northern Ireland. The accounting policies contained in the FRm apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FRm permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Authority for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Authority for its principal activity is described below. They have been applied consistently in dealing with items that are considered material to the accounts. These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment.

Income

Income comprises the fair value of the consideration received or receivable in respect of berthing, landing and buyer dues, revenue from services and rental income. Income also includes release from deferred government capital grants received from DAERA. Income is shown net of value-added tax. Income is recognised over the period for which services are provided, using a straight line basis over the term of the service provided. The Authority recognises income when the amount of income can be reliably measured and it is probable that future economic benefits will flow to the Authority.

Property, plant and equipment

Freehold property is shown at fair value, based on periodic, but at least every 5 years, valuations by Land and Property Services, less subsequent depreciation for buildings. In intervening years these valuations are subject to annual indexation using relative price indices. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment, with the exception of freehold property, is stated at cost less depreciation and accumulated impairment losses. The initial cost of an asset comprises cost plus any costs directly attributable to bringing the asset into operation and an estimate of any decommissioning costs.

Notes to the financial statements for the year ended 31 March 2018

1. Accounting policies, financial risk management & critical accounting estimates/judgements (continued)

Property, plant and equipment (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The charge for depreciation is calculated so as to write off the depreciable amount of assets over their estimated useful economic lives on a straight line basis. The rates of each major class of depreciable asset are as follows:

Freehold property	-	Nil%
Harbour property and equipment	-	2 - 25%
General equipment	-	4 - 33 ¹ / ₃ %

The assets' residual values and useful economic lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An asset is derecognised upon disposal or when no future economic benefit is expected to arise from the asset.

Impairment of non-financial assets

The Authority assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Authority makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

Loans and receivables (financial instruments)

(a) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables.

Notes to the financial statements for the year ended 31 March 2018

1. Accounting policies, financial risk management & critical accounting estimates/judgements (continued)

(a) Trade and other receivables (continued)

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the trade and other receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'operating costs'. When a trade and other receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against 'other operating costs' in the income and expenditure account.

(b) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Other financial liabilities at amortised costs (financial instruments)

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Income tax and deferred income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the net expenditure account. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither an accounting nor a taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Notes to the financial statements for the year ended 31 March 2018

1. Accounting policies, financial risk management & critical accounting estimates/judgements (continued)

Income tax and deferred income tax (continued)

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the net expenditure account.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Authority will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the net expenditure account over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the net expenditure account on a straight line basis over the expected useful economic lives of the related assets.

Operating lease commitments

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the net expenditure account on a straight-line basis over the period of the lease.

Pension liabilities

The Authority provides a defined benefit pension scheme for employees through NILGOSC. The assets of the scheme are held separately from those of the Authority. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to reserves in the statement of changes in taxpayers' equity in the period in which they arise.

Notes to the financial statements for the year ended 31 March 2018

1. Accounting policies, financial risk management & critical accounting estimates/judgements (continued)

Pension liabilities (continued)

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

A revised version of IAS 19 came into effect for accounting periods commencing on or after 1 January 2013. Disclosures within note 16 have been calculated under the revised IAS 19.

Financial risk factors

(a) Market risk

The Authority has no interest rate risk as it has no borrowings and it has a minimal exchange rate risk as almost all of its transactions are denominated in Sterling.

(b) Credit risk

The Authority's main exposure to credit risk is the non-payment of landing dues and other service charges by port users. Where the Authority's trade and other receivables are deemed to be impaired or past due, management has made a reasonable provision for non-performance by its customers.

(c) Liquidity risk

The Authority is financed primarily by levy and commercial income. The extent to which levies may be raised and retained for use in operations is set out in statute. The Authority is not exposed to significant liquidity risks.

Capital risk management

The Authority has no obligation to increase reserves as it is a public sector organisation.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are discussed below:

Notes to the financial statements for the year ended 31 March 2018

1. Accounting policies, financial risk management & critical accounting estimates/judgements (continued)

Estimate of useful economic life of assets

The entity assesses the useful economic life of fixed assets on an annual basis. If the useful economic life had been increased by one year, depreciation would have decreased by £106k and if the useful economic life had been decreased by one year depreciation would have increased by £128k.

2. Method of financing capital works

Capital works have been financed by grants mainly from the Department of Agriculture, Environment and Rural Affairs at varying rates with the balance funded internally.

3. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive with the Members of the Board making strategic decisions.

The Authority's sole activity is the improvement, management and maintenance of fishery and harbours and harbour estates. As such, in the opinion of the Members, the Authority has only one operating segment, and all income, expenditure, assets and liabilities relate to the Authority's sole activity.

4. Income

	2018	2017
	£	£
Berthing dues	99,937	89,393
Landing and market dues	663,218	682,578
Revenue from services:		
- Ice Sales	223,718	246,380
- Slipways	169,836	167,999
- Sundry, telephone and power	38,199	40,609
- Water	16,063	17,359
Rental income	124,631	123,705
Release of deferred Government Grant	773,954	780,901
Building Sustainable Prosperity/European Fisheries Fund – note 5(a)	44,852	18,853
	2,154,408	2,167,777

Notes to the financial statements for the year ended 31 March 2018

5. Staff Costs

	Total 2018 £	2017 £
Wages and Salaries	479,204	482,466
Social Security Costs	39,349	38,687
Pension Costs	86,245	86,650
	604,798	607,803
IAS 19 – Actuarial Valuation		
Current Service Cost	170,000	138,000
Contributions by the employers	(88,000)	(88,000)
	686,798	657,803

Note (a) – A related revenue grant of £44,852 (2017: £18,853) has been agreed and accrued in note 4. Further analysis of staff costs is located in the Staff Report on page 18.

6. Other operating charges

	2018 £	2017 £
Repairs and general upkeep	258,198	321,903
Training	14,840	11,526
Insurance	81,001	111,691
Rent and rates	33,626	30,134
Electricity and water	160,181	153,998
Lease payments for equipment	12,009	12,063
Audit and accountancy	7,000	7,000
Telephone, printing stationery and postage	9,209	9,581
Travelling and subsistence	9,408	13,865
Sundries	17,749	14,763
Legal and professional fees	43,327	22,348
Health and safety	5,738	10,461
Advertising	968	1,118
Bad debt	2,423	780
Internal Audit fee (Notional cost)	-	7,657
	655,677	728,888

7. Finance income

	2018	2017
	£	£
Interest income:		
Short-term bank deposits	405	633
Interest expense:		
Bank borrowings	-	-
Finance costs - net	405	633

8. Other finance cost

	2018	2017
	£	£
Interest on pension scheme liabilities	18,000	15,000

9. Performance against key financial targets

The following key financial target was agreed with the Department of Agriculture, Environment and Rural Affairs for 2017/2018:

- To achieve an operating surplus of £6,950 after revenue grant but before capital charges, interest, IAS 19, tax and notional adjustments.

The Authority actually recorded a surplus of £120,384 on this basis (2016/17 surplus was £57,841).

Notes to the financial statements for the year ended 31 March 2018

10. Income tax

	2018 £	2017 £
Current income tax:		
Current income tax charge at 19% (2017:20%)	18,591	-
Total current income tax	-	-
Deferred income tax:		
Origination and reversal of temporary differences	(285,429)	(196,789)
Change in corporation tax rate	16,279	
Total deferred income tax	(269,150)	(196,789)
Income tax credit	(250,559)	(196,789)

Factors affecting the corporation tax charge for the year:

	2018 £	2017 £
Deficit before income tax	(915,724)	(853,145)
Tax calculated at the UK standard rate of corporation tax for small companies of 19% (2017: 20%)	(173,988)	(170,629)
Effects of:		
Expenses not deductible for tax purposes/(income not taxable)	(128,052)	(154,649)
Timing differences	320,631	304,194
Tax losses carried forward		21,084
Total current income tax	18,591	-

Notes to the financial statements for the year ended 31 March 2018

11. Property, plant and equipment

	Harbour Property and Equipment			General	Total
	Kilkeel	Ardglass	Portavogie	Equipment	
	£	£	£	£	£
Cost or valuation					
At 31 March 2017	22,984,871	4,997,742	8,126,945	80,111	36,189,669
Additions	9,841	-	233,473	898	244,212
Indexation	1,668,699	352,763	559,007	-	2,580,469
At 31 March 2018	24,663,411	5,350,505	8,919,425	81,009	39,014,350
Depreciation					
At 31 March 2017	3,779,639	1,073,090	1,978,735	38,871	6,870,335
Provided during the year	897,722	276,219	529,206	6,614	1,709,761
Back log depreciation	298,264	77,774	139,786	-	515,824
At 31 March 2018	4,975,625	1,427,083	2,647,727	45,485	9,095,920
Net book amount					
At 31 March 2018	19,687,786	3,923,422	6,271,698	35,524	29,918,430
At 31 March 2017	19,205,232	3,924,652	6,148,210	41,240	29,319,334

Depreciation expense of £1,709,761 (2017: £1,619,864) has been fully charged to expenditure.

Indexation has been charged at a rate of +7.64% according to the BCIS index. The Accounting Officer is not aware of any material change in the value of fixed assets other than that which has been fully reflected above and therefore the valuation has not been updated.

If land and buildings were stated on the historical cost basis, the amounts would be as follows

	2018	2017
	£	£
Cost	39,319,216	39,075,004
Accumulated depreciation	(29,628,350)	(28,871,859)
Net book amount	9,690,866	10,203,145

Notes to the financial statements for the year ended 31 March 2018

12. Trade and other receivables

	2018	2017
	£	£
Trade receivables	100,148	88,945
Grant receivables	251,022	26,175
Other receivables – VAT	63,514	53,057
Prepayments and accrued income	56,832	17,798
	471,516	185,975

None of the Authority's trade and other receivables are impaired or past due. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The fair value of the Authority's trade and other receivables is not materially different to their carrying values.

13. Cash and cash equivalents

	2018	2017
	£	£
Cash at bank and on hand	549,400	618,029

14. Trade and other payables

	2018	2017
	£	£
Trade payables	155,766	47,147
Other tax and social security	10,967	11,248
Other payables	49,774	52,829
Corporation tax	18,591	-
Accruals and Deferred Income	74,148	76,020
	309,246	187,244

Notes to the financial statements for the year ended 31 March 2018

15. Pension liabilities

The Authority operates a funded scheme of the defined benefit type with assets held in separate trustee administered funds.

An actuarial valuation of the scheme using the projected unit basis was carried out at 31 March 2016. The valuation was carried out by Scott Campbell FIA of Aon Hewitt Limited.

The financial assumptions used by the actuary were:

	2018	2017
Rate of increase in salaries	3.6%	3.5%
Rate of increase in pensions in payment	2.1%	2.0%
Pension accounts revaluation rate	2.1%	2.0%
Discount rate	2.6%	2.5%
Inflation assumption (RPI)	3.2%	3.1%
Inflation assumption (CPI)	2.1%	2.0%

The mortality assumptions used were as follows:	2018	2017
Longevity at age 65 for current pensioners (in years):		
Male currently aged 65	23.3	23.2
Female currently aged 65	25.9	25.8
Longevity at age 65 for future pensioners (in years)		
Male currently aged 45	25.5	25.4
Female currently aged 45	28.2	28.1

The market value of assets in the scheme and the expected rate of return were:

	Value at 2018 £	Value at 2017 £
Equities	3,114,000	3,090,000
Bonds	541,000	477,000
Property	436,000	435,000
Cash	196,000	108,000
Other	74,000	37,000
Total market value of assets	4,361,000	4,147,000
Present value of scheme obligations	(5,122,000)	(4,904,000)
Present value of unfunded obligations	(6,000)	(6,000)
Deficit in scheme	(767,000)	(763,000)

Notes to the financial statements for the year ended 31 March 2018

15 Pension liabilities (continued)

Reconciliation of present value of scheme liabilities

	2018	2017
	£	£
At 1 April 2017	4,910,000	3,955,000
Current service cost	170,000	138,000
Past service (gain)/cost	-	-
Interest cost	122,000	133,000
Contributions by members	27,000	24,000
Benefits paid	(114,000)	(113,000)
Actuarial (gains)/losses	13,000	773,000
At 31 March 2018	5,128,000	4,910,000

Reconciliation of fair value of scheme assets

	2018	2017
	£	£
At 1 April 2017	4,147,000	3,477,000
Interest income on assets	104,000	118,000
Re-measurement gains/(losses) on assets	109,000	553,000
Benefits paid	(114,000)	(113,000)
Contributions paid by members	27,000	24,000
Contributions paid by the employer	88,000	88,000
At 31 March 2018	4,361,000	4,147,000

Analysis of the amount charged to net expenditure account are as follows:

	2018	2017
	£	£
Current service cost (excluding administration expense)	168,000	136,000
Administration expense	2,000	2,000
Past service (gain)/cost	-	-
Interest on pension scheme liabilities	18,000	15,000
Total operating charge	188,000	153,000

Notes to the financial statements for the year ended 31 March 2018

15. Pension liabilities (continued)

The total current service cost of £170,000 (2017: £138,000) is included within staff costs. The total contributions expected to be made to the scheme by the Northern Ireland Fishery Harbour Authority in the year to 31 March 2018 are £88,000.

Actuarial gains and losses

The cumulative amount of actuarial losses recognised in the statement of changes in taxpayers' equity is £322,000.

Sensitivity analysis

IAS19R requires the disclosure of the sensitivity of the results to the methods and assumptions used.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below.

On materiality grounds the sensitivity of unfunded benefits has not been included.

Changes in assumptions at year ended 31 March 2018	Approximate % increase to employer liability	Approximate monetary amount (£'000)
0.1% decrease in Real Discount Rate	1.7%	87
1 year decrease in member life expectancy	3.0%	152
0.1% increase in the Salary Increase Rate	0.5%	25
0.1% increase in the Pension Increase Rate	1.2%	62

Amounts for current and previous four years:

	2018	2017	2016	2015	2014
	£	£	£	£	£
Fair value of scheme assets	4,361,000	4,147,000	3,477,000	3,367,000	2,968,000
Present value of defined benefit obligation	(5,128,000)	(4,910,000)	(3,955,000)	(3,951,000)	(3,446,000)
Deficit	(767,000)	(763,000)	(478,000)	(584,000)	(478,000)
Experience gains/(losses) on assets	109,000	553,000	(12,000)	261,000	130,000
Experience gains/ (losses) on liabilities	(13,000)	(773,000)	172,000	(323,000)	141,000

Notes to the financial statements for the year ended 31 March 2018

16. Government grants

	£
At 1 April 2016	15,431,305
Grant received and receivable	7,322
Amortised during the year	(780,901)
At 31 March 2017	14,657,726
Grant received and receivable	237,329
Amortised during the year	(773,954)
At 31 March 2018	14,121,101

The grants were provided to the Authority for the purpose of its expenditure on its property, plant and equipment. The current portion of the government grants is £744,123 (2017: £765,697) and the non-current portion is £13,376,978 (2017: £13,892,029).

17. Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2018	2017
	£	£
Deferred income tax assets to be recovered after more than 12 months	(145,730)	(152,600)
Deferred income tax assets to be recovered within 12 months	(164,339)	(172,988)
	(310,069)	(325,588)
Deferred income tax liabilities to be recovered after more than 12 months	2,827,206	2,740,364
Deferred income tax liabilities to be recovered within 12 months	164,339	172,988
	2,991,545	2,913,352
Deferred income tax liabilities - net	2,681,476	2,587,764

Notes to the financial statements for the year ended 31 March 2018

17. Deferred income tax (continued)

The gross movement on the deferred income tax account is as follows:

	£
At 1 April 2016	2,664,355
Credited to the net expenditure account	(196,789)
Charged directly to the statement of other comprehensive income	120,198
At 31 March 2017	2,587,764
Credited to the net expenditure account	(269,150)
Charged directly to the statement of other comprehensive income	362,862
At 31 March 2018	2,681,476

The movement in deferred tax assets and liabilities during the year is as follows:

	Valuation of property, plant & equipment £	Tax losses £	Pension provision £	Total £
At 31 March 2016	2,911,859	(151,904)	(95,600)	2,664,355
(Credited)/charged to the net expenditure account	(162,705)	(21,084)	(13,000)	(196,789)
(Credited)/charged directly to the statement of other comprehensive income	164,198		(44,000)	120,198
At 31 March 2017	2,913,352	(172,988)	(152,600)	2,587,764
(Credited)/charged to the net expenditure account	(266,429)	8,649	(11,370)	(269,150)
(Credited)/charged directly to the statement of other comprehensive income	344,622		18,240	362,862
At 31 March 2018	2,991,545	(164,339)	(145,730)	2,681,476

Notes to the financial statements for the year ended 31 March 2018

18. Borrowing powers

The Department of Agriculture, Environment and Rural Affairs has confirmed that under Article 26(2) of the Northern Ireland Fishery Harbour Authority Order (Northern Ireland) 1973, the Authority's conditional borrowing limit to 31 December 2019 is £1,000,000.

19. Operating lease commitments

The Authority leases various tangible assets under non-cancellable operating lease arrangements.

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

	Land and buildings		Plant and equipment	
	2018	2017	2018	2017
	£	£	£	£
No later than one year	11,500	11,500	8,612	8,112
Later than one year and no later than five years	46,000	46,000	34,072	32,448
Later than five years	88,167	99,667	3,380	8,112
	145,667	157,167	46,064	48,672

20. Contingent liabilities

The Northern Ireland Fishery Harbour Authority has a contingent liability to repay grants received, if certain conditions are not fulfilled.

21. Related party transactions

Northern Ireland Fishery Harbour Authority is a Non-Departmental Public Body sponsored by the Department of Agriculture, Environment and Rural Affairs for Northern Ireland.

The Department of Agriculture, Environment and Rural Affairs for Northern Ireland is regarded as a related party. During the year, the Authority had various material transactions with the Department.

Apart from this no other members, the Chief Executive, key management staff or other related parties have undertaken any material transactions with the Authority during the year.

As at 31 March the entity had the following balances with the Department of Agriculture, Environment and Rural Affairs for Northern Ireland: -

Notes to the financial statements for the year ended 31 March 2018

21. Related party transactions (continued)

The Authority's related party transactions during the year with the Department of Agriculture, Environment and Rural Affairs in Northern Ireland were as follows:

	2018 £	2017 £
Grants received and receivable	282,181	26,175
Rents received and receivable	12,955	12,955
	295,136	39,130

At 31 March the entity had the following trade and other receivables balances with government entities, all falling due within one year.

	2018 £	2017 £
Grants receivable from related parties	177,092	26,175

22. Financial instruments

The entity's financial instruments are classified as follows:

Assets and liabilities	Category of financial instrument
Trade and other receivables	Loans and other receivables
Cash and cash equivalents	Loans and other receivables
Borrowings	Other financial liabilities at amortised cost
Trade and other payables	Other financial liabilities at amortised cost

23. Ultimate controlling party

The Northern Ireland Fishery Harbour Authority has no ultimate controlling party.