



**Report and Accounts**  
y.e. 31 March 2017

# NIFHA

## Report and Accounts year ended 31 March 2017

### CONTENTS

	<b>PAGE</b>
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 - 16
Remuneration and Staff Report	17 - 20
Independent Auditors' Report	21 - 22
Net expenditure account	23
Statement of financial position	24
Statement of cash flows	25
Statement of changes in taxpayers' equity	26
Notes to the accounts	27 - 44

### 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.

## Chief Executive / Secretary

K Quigley

## Independent Auditors

M.B. McGrady  
Rathmore House  
52 St Patricks Avenue  
Downpatrick  
BT30 6DS

## Solicitors

Carson McDowell LLP  
Murray House  
Murray Street  
Belfast  
BT1 6DN

## Consulting Engineers

Ove Arup and Partners International Ltd  
The Linenhall  
32-38 Linenhall Street  
Belfast  
BT2 8BG

## Bankers

First Trust Bank  
15 Market Street  
Downpatrick  
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BT30 6LP

Danske Bank  
P.O Box 183  
Donegal Square West  
Belfast  
BT1 6JS

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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 2016/2017 as presented.

The overall environment in which the Authority operates is challenging. 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 fell slightly as against last year however due to prudent management of its resources the Authority was again able to record a small trading surplus. However we continue to remain highly dependent on prawn landings, a product subject to significant cyclical demand in terms of both quantity and price. In view of this and cost pressures continuing to increase it remains the opinion of the Authority that it must remain vigilant and proactive in reducing costs wherever possible while continuing to develop commercial opportunities. 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.

No new large scale capital works commenced during the year. However during the year the European and Maritime Fisheries Fund opened to receive applications. The Authority has already submitted three applications and it is planned to commence these projects in 2017/18. The Authority was also pleased to be able to again deliver a self-funded minor capital works and repair programme. Works included significant repairs to the slipways in Kilkeel and Portavogie and ice plant repairs in both Portavogie and Ardglass.

There were no 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 my fellow 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

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## **Chief Executive's Review**

The Authority operates in a dynamic and challenging environment. In recent years the fishing industry has enjoyed somewhat better times benefitting from better product prices and lower fuel costs. This resurgence has placed significant increased demand on the services the Authority provides. However operational revenue whilst steady has not shown equivalent growth. This is primarily because growth in core revenue has been largely offset by the loss of a substantive element of pelagic landings which were previously landed in Ardglass and now are landed elsewhere. Indeed Operational revenue fell marginally as compared to last year.

The outlook going forward remains uncertain. Fishermen in general appear to view the opportunities that Brexit may present as significant. However the outcome of the forthcoming Brexit negotiations is difficult to foresee and in addition to this the Authority sees other ongoing risks to its operational income stream. For this reason the Authority maintains its 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 remained unchanged at £683k. However when taking all income streams into account overall operational income fell by £49k to £1,388k a fall of 3%. 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 £656k as opposed to a deficit after tax of £609k for 2015/16.

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 fell again this year both in severity and number and while this is welcome the Authority remains committed to further improvement.

There were a total of 3 accidents involving some level of injury reported in 2016/17 and the following table provides a breakdown of these;

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

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 did not involve injury. This compares with three recorded incidents in the previous year. While the number of near misses recorded has increased 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 DAERA the Fishing for Litter scheme continues to operate. The Authority seeks to be innovative in finding solution to waste disposal and this year sent 3 containers of old nets to a recycling facility in Denmark. 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 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 were previously undertaken with the assistance of European Fisheries Fund (EFF) and National funding. The EFF element of this funding has closed and in due course was replaced by the European Maritime and Fisheries Fund (EMFF) which opened during the year. The Authority has already submitted a number of applications. However no projects commenced delivery before the end of the financial year.

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 2016/2017 were as follows:-

### Vessel Numbers

The number of over 10m vessels based in the 3 harbours fell by 14 (10%) this follows a 19% increase 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. Overall vessel numbers remain stable and there has, over the last number of years, been a significant modernisation of the fleet. The fleet is primarily made up of previously used vessels. Over time we are 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:-

	2017	2016	2015	2014	2013
Ardglass	28	31	30	32	33
Kilkeel	63	65	54	52	51
Portavogie	35	44	37	42	41
<b>Total</b>	<b>126</b>	<b>140</b>	<b>121</b>	<b>126</b>	<b>125</b>

The number of 10m and under vessels in the 3 harbours at 31 March 2017 was 86 which compares with 88 last 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 22,176 tonnes of sediment was dredged from Kilkeel Harbour compared to 21,384 tonnes in the prior year. There was also a short dredging campaign undertaken in Portavogie where 3,036 tonnes were dredged. 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 175 vessels were slipped; 118 in Kilkeel and 57 in Portavogie. This compares with a total of 167 vessels in the previous year of which 110 were slipped in Kilkeel and 57 in Portavogie.

#### Ice Supplies

The total tonnage of ice supplied in the three ports in 2016/2017 was 3,733 tonnes which was very close to the previous year figure of 3,757 tonnes. On a port by port basis sales increased by 14% in Kilkeel and 4% in Portavogie but these increases were largely offset by a 13% decrease in Ardglass. A significant proportion of the decrease in sales in Ardglass was due to a non-fishing industry customer no longer requiring our service.

#### Estate Management

NIFHA has 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 with rental revenue remaining relatively static at £124k.

### **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 2016.

## Personnel

I of course want to extend my thanks to all the staff for the hard work and dedication they delivered during the year. Their commitment to the values of the organisation has enabled the Authority to again improve 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 £853k which compares with a previous year deficit of £848k. Depreciation fell to £1,620k from £1,760k a decrease of £140k.

Overall expenditure excluding depreciation remained relatively static falling by £23k to £1,387k from £1,410k.

Total income before capital and revenue grants was £1,388k which is a 3% decrease on last year. Most income was relatively static with the exception of dredger income, there was no commercial dredging undertaken during the year (in 2015/16 the Authority earned £45k from commercial dredging). Landing revenues were static at £683k. Slipway revenue was up 6% (£10k). Ice sales were down 1% (£2k). On a port by port basis revenue was unchanged in Ardglass, down 5% in Kilkeel and up 4% in Portavogie compared to the previous year.

The Authority had a positive cash balance at year end of £618k which compares with an opening balance of £651k.

## 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 any 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 invoices are raised for amounts that are considered to be recoverable and owed to it.



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## Sickness /Absence data

The average number of working days lost due to sickness per employee for 2016/2017 was 9.0 days. The equivalent figure for the previous year was 10.32 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 in excess of 9 months.

## 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 2016/17. 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 all targets were fully met.

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

This objective was fully met. There were five activities with seven associated outputs all of these were fully met. I am particularly pleased to report that for the first time we met the target associated with the number of accidents. While this is encouraging it does not mean that no accidents occurred nor that further incidents cannot occur.

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

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

- **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 five activities with again five associated outputs all of which were met during the year. The Authority was particularly pleased to have obtained the Investors in People Bronze award.

- **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 four activities with seven associated outputs all of which were met during the year.

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

This objective, which included maintaining expenditure within approved budget limits had five activities and eight associated outputs all of which were fully met.

- **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 four activities with five associated outputs all of which were met during the year.

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## 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 21 to 44. The deficit for the year before tax was £853,145 which compares with a previous year deficit before tax of £848,537. 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 10 to the accounts.

### Future Developments

Key Development goals for 2017/2018 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 2017/2018 Business Plan (subject to the availability of grant funding).
- To prepare a new Corporate plan for the period 2018 to 2022
- To submit a draft budget to DAERA by 31 January 2018.
- To implement the 2017/18 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.

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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 2016/17 the Authority paid 96% (2015/16: 96%) of bills paid within this standard with 80% (2015/16 82%) 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 is 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 DAERA 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 2017 the Authority employed 14 operational and maintenance staff and 7 administrative staff. The Authority's head office is located in Downpatrick and there are offices at each of the three harbours.

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

Board	Number of Meetings attended
Terry Jarvis (Chairman)	4
Helen Henderson	4
Ian Morris	4
Martin McDonald	4
George McIlroy	4
Kate Burns	2
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	1
Ian Morris	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	2

The remuneration committee did not meet during the year and the corporate planning committee met once attendance for this meeting was as follows;

Corporate Planning	Number of Meetings attended
Terry Jarvis (Chairman)	1
Helen Henderson	0
Ian Morris	1
David Hill	1
Kate Burns	0

The Chief Executive Mr Quigley attended all meetings of the Board and its committees with the exception of one finance committee meeting.

## 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 May 2016 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 port user 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 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 2016/17 business plan had six key business objectives. These objectives and the thirty one 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 all fully achieved. The Board is pleased that the staff have been able to fully deliver the business plan. The Board has processes in place to ensure that it remains content that the 2014/18 Corporate Plan will be fully delivered within its allotted timeframe.

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. The Board is pleased that overall the year on year accident rate is falling and whilst no accident is acceptable 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.

No new major capital works projects commenced during the year. However during 2016/17 the European Maritime and Fisheries Fund (EMFF) opened for applications and already the Authority has submitted a number of applications to the fund. During the year the Authority again delivered an enhanced minor capital works programme focusing primarily on its slipways both in Kilkeel and 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. In addition during the year two accountability meetings attended by the CEO were held with DAERA. 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 the environmental audit and while pleased it noted significant improvements since the last audit it also approved an action plan for further advances. It also reviewed the updated Section 75 and Disability Action plans and approved a new Social Media policy.

The Committee completed a formal self-assessment in May 2016 reviewing its performance for the 2015/16 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 budget for 2017/18, 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

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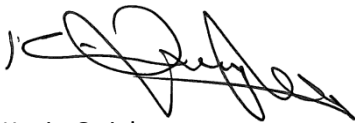
the limited amount of personal or sensitive information handled by the Authority. As NIFHA's Information Risk Owner I have received assurances from the Accounts Administrator that the information governance policy framework is both adequate and effective.

### 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 2017	2016
	£		£	£
Wages and salaries	458,251	24,215	482,466	517,881
Social security costs	37,047	1,640	38,687	30,262
Pension costs	83,414	3,236	86,650	94,132
	578,712	29,091	607,803	642,275
<b>IAS 19 – Actuarial Valuation</b>				
Current service cost	138,000		138,000	130,000
Past service cost/(gain)				
Contributions by the employer	(88,000)		(88,000)	(93,000)
	<b>628,712</b>	<b>29,091</b>	<b>657,803</b>	<b>679,275</b>

**Note (a)** – A related revenue grant of £18,853 (2016: £49,002) 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 31<sup>st</sup> March 2015 being linked to final salary. Benefits after 31<sup>st</sup> 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 31<sup>st</sup> March 2016 and the contributions to be paid until 31<sup>st</sup> March 2020 resulting from that valuation are set out in the Fund’s Rates and Adjustment Certificate. For 2016-17, employers’ contributions of £86,650 were payable to the NICS pension schemes (2015-16 £94,132) at 20% of pensionable pay. The contribution rates are set to meet the cost of the benefits accruing during 2016-17 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

	2017	2016
<b>The average number of persons employed by the Authority during the year was:</b>	<b>Number</b>	<b>Number</b>
Operation and Maintenance	13	13
Administration	8	9
	21	22

All staff employed by the Authority in 2016 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.

	2017	2016
<b>Analysis of Remuneration was as follows:</b>	<b>£</b>	<b>£</b>
Chief Executive’s total remuneration	54,017	53,756
Members’ salaries	29,295	29,575
Operating and Maintenance	292,009	279,334
Administration	107,145	155,216
	<b>482,466</b>	<b>517,881</b>

	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 2017	Total number of exit packages by cost band 2016
< £10,000	Nil	Nil	Nil
£10,000 - £25000	Nil	Nil	1
Total number of exit packages	Nil	Nil	1
Total resource cost	Nil	Nil	£18,000

### 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)

	2016/17			2015/16		
	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	-	8	Nil - £4,999	-
Chief Executive	1	£50,000-£55,000	£1,000	1	£50,000-55,000	£1,000
Median Staff Salary		£18,646			£18,462	
Ratio of Highest- Paid Director Salary to Median Salary		2.9			2.9	

The Board members and Chief Executive consisted of 6 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 31/03/17 and related Lump Sum £'000	Real increase in Pension & related Lump Sum £'000	CETV at 31/03/17 £'000	CETV at 31/03/16 £'000	Real increase in CETV £'000
K J Quigley (CEO)	5 - 10	0 - 1	126	110	16

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.

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**

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

We have audited the financial statements of the Northern Ireland Fishery Harbour Authority for the year ended 31 March 2017 under the Northern Ireland Fishery Harbour Authority (Accounts) Regulations (Northern Ireland) 1998. These comprise the 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 Report that is described in that report as having been audited.

### Respective responsibilities of the Members' and Chief Executive and auditor

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. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require we comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Northern Ireland Fishery Harbour Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Northern Ireland Fishery Harbour Authority; and the overall presentation of the financial statements.

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.

### Opinion on Regularity

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.

### Opinion on financial statements

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 2017 and of its net expenditure, changes in taxpayers' equity and cash flows for the year then ended; and

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

- 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.

Opinion on other matters

In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Northern Ireland Fishery Harbour Authority (Accounts) Regulations (Northern Ireland) 1998; 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 report by exception

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 Report to be audited are not in agreement with the accounting records; 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.

A handwritten signature in black ink, appearing to read 'M.B. McGrady', is written over the printed name.

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

12<sup>th</sup> September 2017.



## Net expenditure account for the year ended 31 March 2017

	Notes	2017 £	2016 £
<b>Income - continuing operations</b>			
Income from activities	4	2,167,777	2,341,679
<b>Expenditure</b>			
Staff and related costs	5	657,803	679,275
Depreciation	11	1,619,864	1,760,399
Other operating charges	6	728,888	733,795
		3,006,555	3,173,469
<b>Operating deficit</b>		(838,778)	(831,790)
Finance income	7	633	253
Other finance income/(costs)	8	(15,000)	(17,000)
<b>Finance and other income - net</b>		(14,367)	(16,747)
<b>Surplus/(Deficit) before income tax</b>		(853,145)	(848,537)
Income tax credit/(charge)	10	196,789	239,761
<b>Surplus/(Deficit) for the year</b>		(656,356)	(608,776)

All amounts above relate to continuing operations of the Northern Ireland Fishery Harbour Authority.

The notes on pages 27 to 44 are an integral part of these financial statements.

## Statement of financial position as at 31 March 2017

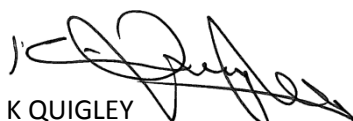
	Notes	2017 £	2016 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	29,319,334	30,107,887
Deferred income tax assets	17	325,588	247,504
		<b>29,644,922</b>	<b>30,355,391</b>
<b>Current assets</b>			
Trade and other receivables	12	185,975	258,926
Cash and cash equivalents	13	618,029	651,473
		<b>804,004</b>	<b>910,399</b>
<b>Total assets</b>		<b>30,448,926</b>	<b>31,265,790</b>
<b>Current liabilities</b>			
Trade and other payables	14	187,244	196,485
Government grants	16	765,697	888,910
		<b>952,941</b>	<b>1,085,395</b>
<b>Non-current assets plus net current assets</b>		<b>29,495,985</b>	<b>30,180,395</b>
<b>Non-current liabilities</b>			
Deferred income tax liabilities	17	2,913,352	2,911,859
Government grants	16	13,892,029	14,542,395
Pension liabilities	15	763,000	478,000
		<b>17,568,381</b>	<b>17,932,254</b>
<b>Assets less liabilities</b>		<b>11,927,604</b>	<b>12,248,141</b>
<b>Reserves</b>			
Income and expenditure account		142,749	630,760
Revaluation reserve		11,343,864	11,176,390
Capital reserve		440,991	440,991
<b>Total taxpayers' equity</b>		<b>11,927,604</b>	<b>12,248,141</b>

The notes on pages 27 to 43 are an integral part of these financial statements.

The financial statements on pages 23 to 26 were authorised for issue by the Board Members of the Authority on **29 June 2017** 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 2017

Notes	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Operating deficit before income tax and finance costs	<b>(838,778)</b>	(831,790)
Adjustments for:		
Depreciation of property, plant and equipment	<b>1,619,864</b>	1,760,399
Movement in trade and other receivables	<b>72,951</b>	978,322
Movement in trade and other payables	<b>(9,240)</b>	(546,626)
Notional charges	<b>7,657</b>	6,508
Difference between pension charge and cash contributions	<b>50,000</b>	37,000
Release of deferred capital grant	<b>(780,901)</b>	(905,851)
Net cash (used in)/generated from operating activities	<b>121,553</b>	<b>497,962</b>
<b>Cash flows from investing activities</b>		
Interest received	<b>633</b>	253
Purchases of property plant and equipment	<b>(162,952)</b>	(811,636)
Net cash used in investing activities	<b>(162,319)</b>	<b>(811,383)</b>
<b>Cash flows from financing activities</b>		
Capital Grants received from Department of Agriculture & Rural Development	<b>7,322</b>	777,518
Net cash generated from financing activities	<b>7,322</b>	<b>777,518</b>
<b>Movement in cash and cash equivalents</b>	<b>(33,444)</b>	<b>464,097</b>
Cash and cash equivalents at the beginning of the year	<b>651,473</b>	187,376
<b>Cash and cash equivalents at the end of the year</b>	<b>13</b>	<b>651,473</b>

The notes on pages 27 to 44 are an integral part of these financial statements.

## Statement of changes in taxpayers' equity for the year ended 31 March 2017

	Capital Reserves £	Revenue Reserves £	Revaluation Reserve £
<b>Balance at 1 April 2015</b>	440,991	646,734	9,793,673
Deficit for the year	-	(608,776)	-
Actuarial gain/(loss) on retirement benefit obligations	-	160,000	-
Deferred tax credit on actuarial loss on retirement benefit obligations	-	(32,000)	-
Back log depreciation	-	-	(266,050)
Other notional charges	-	6,508	-
Transfer from net expenditure account to unrealised revaluation reserve	-	572,867	(572,867)
Deferred taxation on transfer from unrealised revaluation reserves to net expenditure account	-	(114,573)	114,573
Indexation uplift on property, plant and equipment	-	-	2,633,826
Deferred tax on indexation uplift on revaluation of property, plant and equipment	-	-	(526,765)
<b>At 31 March 2016</b>	<b>440,991</b>	<b>630,760</b>	<b>11,176,390</b>
Deficit for the year	-	(656,356)	-
Actuarial gain(loss) on retirement benefit obligations	-	(220,000)	-
Deferred tax credit/(debit) on actuarial loss on retirement benefit obligations	-	44,000	-
Back log depreciation	-	-	(152,628)
Other notional charges	-	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
Indexation uplift on property, plant and equipment	-	-	820,988
Deferred tax on indexation uplift on revaluation of property, plant and equipment	-	-	(164,198)
<b>At 31 March 2017</b>	<b>440,991</b>	<b>142,749</b>	<b>11,343,864</b>

The notes on pages 27 to 44 are an integral part of these financial statements.

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## Notes to the financial statements for the year ended 31 March 2017

### 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 2015/16 Government Financial Reporting Manual (FReM) issued by DFP Northern Ireland. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM 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.

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## Notes to the financial statements for the year ended 31 March 2017

### 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 <sup>1</sup> / <sub>3</sub> %

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.

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## Notes to the financial statements for the year ended 31 March 2017

### 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.

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## Notes to the financial statements for the year ended 31 March 2017

### 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.



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## Notes to the financial statements for the year ended 31 March 2017

### 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 2017

### 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 £104k and if the useful economic life had been decreased by one year depreciation would have increased by £138k.

### 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

	2017	2016
	£	£
Berthing dues	89,393	78,610
Landing and market dues	682,578	683,760
<b>Revenue from services:</b>		
- Ice Sales	246,380	247,966
- Slipways	167,999	157,759
- Sundry, telephone and power	40,609	34,275
- Water	17,359	15,614
Rental income	123,705	124,324
Hire of Kilmourne Dredger	-	44,518
Release of deferred Government Grant	780,901	905,851
Building Sustainable Prosperity/European Fisheries Fund – note 5(a)	18,853	49,002
	<b>2,167,777</b>	<b>2,341,679</b>

## Notes to the financial statements for the year ended 31 March 2017

### 5. Staff Costs

	<b>Total 2017 £</b>	<b>2016 £</b>
Wages and Salaries	482,466	517,881
Social Security Costs	38,687	30,262
Pension Costs	86,650	94,132
	<b>607,803</b>	<b>642,275</b>
<b>IAS 19 – Actuarial Valuation</b>		
Current Service Cost	138,000	130,000
Contributions by the employers	(88,000)	(93,000)
	<b>657,803</b>	<b>679,275</b>

Note (a) – A related revenue grant of £18,853 (2016: £49,002) has been agreed and accrued in note 4. Further analysis of staff costs is located in the Staff Report on page 17.

### 6. Other operating charges

	<b>2017 £</b>	<b>2016 £</b>
Repairs and general upkeep	321,903	302,296
Training	11,526	10,739
Insurance	111,691	106,578
Rent and rates	30,134	23,074
Electricity and water	153,998	158,118
Lease payments for equipment	12,063	10,231
Audit and accountancy	7,000	9,600
Telephone, printing stationery and postage	9,581	10,997
Travelling and subsistence	13,865	10,826
Sundries	14,763	21,336
Legal and professional fees	22,348	42,410
Health and safety	10,461	5,748
Advertising	1,118	299
Bad debt	780	15,035
Internal Audit fee (Notional cost)	7,657	6,508
	<b>728,888</b>	<b>733,795</b>

## 7. Finance income

	2017	2016
	£	£
<b>Interest income:</b>		
Short-term bank deposits	633	253
<b>Interest expense:</b>		
Bank borrowings	-	-
<b>Finance costs - net</b>	<b>633</b>	<b>253</b>

## 8. Other finance cost

	2017	2016
	£	£
Interest on pension scheme liabilities	15,000	17,000

## 9. Performance against key financial targets

The following key financial target was agreed with the Department of Agriculture, Environment and Rural Affairs for 2016/2017:

- To achieve an operating surplus of £22,701 after revenue grant but before capital charges, interest, IAS 19, tax and notional adjustments.

The Authority actually recorded a surplus of £57,841 on this basis (2015/16 surplus was £66,266).

## Notes to the financial statements for the year ended 31 March 2017

### 10. Income tax

	2017 £	2016 £
<b>Current income tax:</b>		
Current income tax charge at 20% (2016:20%)	-	(6,525)
<b>Total current income tax</b>	-	(6,525)
<b>Deferred income tax:</b>		
Origination and reversal of temporary differences	(196,789)	(233,236)
<b>Total deferred income tax</b>	(196,789)	(233,236)
<b>Income tax credit</b>	(196,789)	(239,761)

Factors affecting the corporation tax charge for the year:

	2017 £	2016 £
<b>Deficit before income tax</b>	(853,145)	(848,537)
Tax calculated at the UK standard rate of corporation tax for small companies of 20% (2014: 20%)	(170,629)	(169,707)
Effects of:		
Expenses not deductible for tax purposes/(income not taxable)	(154,649)	(179,919)
Timing differences	304,194	343,101
Tax losses carried forward	21,084	-
Utilised tax losses	-	-
<b>Total current income tax</b>	-	(6,525)

## Notes to the financial statements for the year ended 31 March 2017

### 11. Property, plant and equipment

	Harbour Property and Equipment			General	Total
	Kilkeel	Ardglass	Portavogie	Equipment	
	£	£	£	£	£
<b>Cost or valuation</b>					
<b>At 31 March 2016</b>	22,370,280	4,865,832	7,918,405	51,213	35,205,730
Additions	86,041	19,175	28,837	28,898	162,951
Indexation	528,550	112,735	179,703	-	820,988
<b>At 31 March 2017</b>	<b>22,984,871</b>	<b>4,997,742</b>	<b>8,126,945</b>	<b>80,111</b>	<b>36,189,669</b>
<b>Depreciation</b>					
<b>At 31 March 2016</b>	2,858,711	786,684	1,421,157	31,291	5,097,843
Provided during the year	833,555	267,144	511,585	7,580	1,619,864
Back log depreciation	87,373	19,262	45,993	-	152,628
<b>At 31 March 2017</b>	<b>3,779,639</b>	<b>1,073,090</b>	<b>1,978,735</b>	<b>38,871</b>	<b>6,870,335</b>
<b>Net book amount</b>					
<b>At 31 March 2017</b>	<b>19,205,232</b>	<b>3,924,652</b>	<b>6,148,210</b>	<b>41,240</b>	<b>29,319,334</b>
At 31 March 2016	19,511,569	4,079,148	6,497,248	19,922	30,107,887

Depreciation expense of £1,619,864 (2016: £1,760,399) has been fully charged to expenditure.

Indexation has been charged at a rate of +2.49% 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

	2017	2016
	£	£
Cost	39,075,004	38,912,052
Accumulated depreciation	(28,871,859)	(27,672,855)
<b>Net book amount</b>	<b>10,203,145</b>	<b>11,239,197</b>

## Notes to the financial statements for the year ended 31 March 2017

### 12. Trade and other receivables

	2017	2016
	£	£
Trade receivables	88,945	178,576
Grant receivables	26,175	45,408
Other receivables – VAT	53,057	23,270
Corporation tax refund	-	6,525
Prepayments and accrued income	17,798	5,147
	<b>185,975</b>	<b>258,926</b>

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

	2017	2016
	£	£
Cash at bank and on hand	<b>618,029</b>	<b>651,473</b>

### 14. Trade and other payables

	2017	2016
	£	£
Trade payables	47,147	47,729
Other tax and social security	11,248	11,370
Other payables	52,829	46,967
Corporation tax	-	-
Accruals and Deferred Income	76,020	90,419
	<b>187,244</b>	<b>196,485</b>

## Notes to the financial statements for the year ended 31 March 2017

### 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 2013. The valuation was carried out by Scott Campbell FIA of Aon Hewitt Limited.

The financial assumptions used by the actuary were:

	2017	2016
Rate of increase in salaries	3.5%	3.3%
Rate of increase in pensions in payment	2.0%	1.8%
Discount rate	2.5%	3.2%
Inflation assumption (RPI)	3.1%	2.9%
Inflation assumption (CPI)	2.0%	1.8%

The mortality assumptions used were as follows:	2017	2016
Longevity at age 65 for current pensioners (in years):		
- Men	23.2	22.3
- Women	25.8	24.5
Longevity at age 65 for future pensioners (in years)		
- Men	25.4	24.5
- Women	28.1	27.2

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

	Value at 2017 £	Value at 2016 £
Equities	3,090,000	2,500,000
Bonds	477,000	421,000
Property	435,000	459,000
Cash	108,000	80,000
Other	37,000	17,000
Total market value of assets	4,147,000	3,477,000
Present value of scheme obligations	(4,904,000)	(3,949,000)
Present value of unfunded obligations	(6,000)	(6,000)
<b>Deficit in scheme</b>	<b>(763,000)</b>	<b>(478,000)</b>



## Notes to the financial statements for the year ended 31 March 2017

### 15 Pension liabilities (continued)

#### Reconciliation of present value of scheme liabilities

	2017	2016
	£	£
At 1 April 2016	3,955,000	3,951,000
Current service cost	138,000	130,000
Past service (gain)/cost	-	-
Interest cost	133,000	125,000
Contributions by members	24,000	29,000
Benefits paid	(113,000)	(108,000)
Actuarial (gains)/losses	773,000	(172,000)
<b>At 31 March 2017</b>	<b>4,910,000</b>	<b>3,955,000</b>

#### Reconciliation of fair value of scheme assets

	2017	2016
	£	£
At 1 April 2016	3,477,000	3,367,000
Interest income on assets	118,000	108,000
Actuarial gains/(losses)	553,000	(12,000)
Benefits paid	(113,000)	(108,000)
Contributions paid by members	24,000	29,000
Contributions paid by the employer	88,000	93,000
<b>At 31 March 2017</b>	<b>4,147,000</b>	<b>3,477,000</b>

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

	2017	2016
	£	£
Current service cost (excluding administration expense)	136,000	129,000
Administration expense	2,000	1,000
Past service (gain)/cost	-	-
Interest on pension scheme liabilities	17,000	17,000
<b>Total operating charge</b>	<b>153,000</b>	<b>147,000</b>

## Notes to the financial statements for the year ended 31 March 2017

### 15. Pension liabilities (continued)

The total current service cost of £138,000 (2016: £130,000) 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 £75,000.

#### Actuarial gains and losses

The cumulative amount of actuarial gains recognised in the statement of changes in taxpayers' equity is £355,000.

#### 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 2017	Approximate % increase to employer liability	Approximate monetary amount (£'000)
0.1% decrease in Real Discount Rate	1.7%	84
1 year decrease in member life expectancy	3.0%	145
0.1% increase in the Salary Increase Rate	0.5%	24
0.1% increase in the Pension Increase Rate	1.2%	60

#### Amounts for current and previous four years:

	2017	2016	2015	2014	2013 (restated)
	£	£	£	£	£
Fair value of scheme assets	4,147,000	3,477,000	3,367,000	2,968,000	2,704,000
Present value of defined benefit obligation	(4,910,000)	(3,955,000)	(3,951,000)	(3,446,000)	(3,388,000)
Deficit	(763,000)	(478,000)	(584,000)	(478,000)	(684,000)
Experience gains/(losses) on assets	553,000	(12,000)	261,000	130,000	287,000
Experience gains/ (losses) on liabilities	(773,000)	172,000	(323,000)	141,000	(307,000)

## Notes to the financial statements for the year ended 31 March 2017

### 16. Government grants

	£
At 1 April 2015	15,559,638
Grant received and receivable	777,518
Amortised during the year	(905,851)
At 31 March 2016	15,431,305
Grant received and receivable	7,322
Amortised during the year	(780,901)
<b>At 31 March 2017</b>	<b>14,657,726</b>

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 £765,697 (2016: £888,910) and the non-current portion is £13,892,029 (2016: £14,542,395).

### 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.

	2017	2016
	£	£
Deferred income tax assets to be recovered after more than 12 months	<b>(152,600)</b>	(95,600)
Deferred income tax assets to be recovered within 12 months	<b>(172,988)</b>	(151,904)
	<b>(325,588)</b>	(247,504)
Deferred income tax liabilities to be recovered after more than 12 months	<b>2,740,364</b>	2,759,955
Deferred income tax liabilities to be recovered within 12 months	<b>172,988</b>	151,904
	<b>2,913,352</b>	2,911,859
<b>Deferred income tax liabilities - net</b>	<b>2,587,764</b>	2,664,355

## Notes to the financial statements for the year ended 31 March 2017

### 17. Deferred income tax (continued)

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

	£
At 1 April 2015	2,338,826
Credited to the net expenditure account	(233,236)
Charged directly to the statement of changes in taxpayers' equity	558,765
At 31 March 2016	2,664,355
Credited to the net expenditure account	(196,789)
Charged directly to the statement of changes in taxpayers' equity	120,198
<b>At 31 March 2017</b>	<b>2,587,764</b>

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 1 April 2015	2,607,530	(151,904)	(116,800)	2,338,826
Credited/(charged) to the net expenditure account	(222,436)		(10,800)	(233,236)
Credited/(charged) directly to the statement of changes in taxpayers' equity	526,765		32,000	558,765
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 changes in taxpayers' equity	164,198		(44,000)	120,198
<b>At 31 March 2017</b>	<b>2,913,352</b>	<b>(172,988)</b>	<b>(152,600)</b>	<b>2,587,764</b>

## Notes to the financial statements for the year ended 31 March 2017

### 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 2018 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	
	2017	2016	2017	2016
	£	£	£	£
No later than one year	<b>11,500</b>	11,500	<b>8,112</b>	2,261
Later than one year and no later than five years	<b>46,000</b>	46,000	<b>32,448</b>	-
Later than five years	<b>99,667</b>	111,167	<b>8,112</b>	-
	<b>157,167</b>	168,667	<b>48,672</b>	2,261

### 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 2017

### 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:

	2017	2016
	£	£
Grants received and receivable	26,175	781,112
Rents received and receivable	12,955	12,955
	<b>39,130</b>	<b>794,067</b>

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

	2017	2016
	£	£
Grants receivable from related parties	-	-

### 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.