



# Annual Report & Accounts 2018

## Belfast Harbour





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# Contents

**04**

Chairman's Statement



**08**

Board Member Profiles



**14**

Commissioners' Attendance



**16**

Executive Team



**18**

Chief Executive Review



**26**

Strategic Report



**30**

Belfast Harbour and the  
Community



**32**

Corporate Governance  
Statement



**36**

Corporate Matters



**40**

Annual Accounts

**83**

Trade and Shipping Statistics

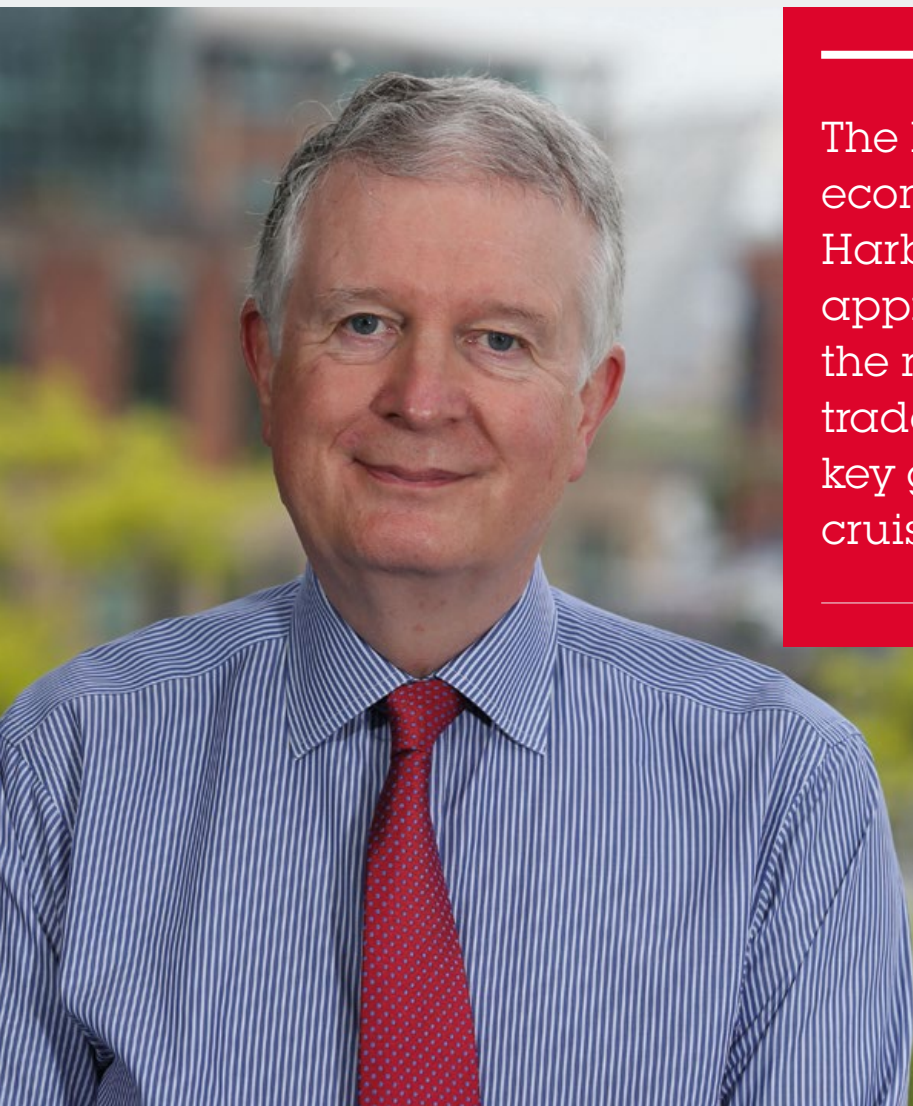
**84**

Key Statistics 2018

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# Chairman's Statement

Belfast Harbour continues to make good progress against its ambition to become a leading 21st century regional port and a key gateway for trade, tradeable services and tourism for this region. In his first year as CEO, Joe O'Neill has led the business to deliver an encouraging trading performance and record financial results for the 2018 financial year. Turnover grew by 11% to £68.8 million and operating profit by 6% to £36 million.



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The Northern Ireland economy relies on Belfast Harbour to handle approximately 70% of the region's seaborne trade as well as being a key gateway for ferry and cruise ship passengers.

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## 24.6m tonnes

Trade increased by more than 900,000 tonnes during the year to 24.6 million tonnes, up 3.8% on 2017.



## 532,000 vehicles

Stena Line's freight vehicle traffic to and from Great Britain, rose by 3% to a record 532,000 vehicles.



## 1.5m passengers

For the second consecutive year, more than 1.5 million passengers passed through the Port.



## £52m capital expenditure

Invested in a range of Port and Estate projects



## £137m capital committed

to strategically significant projects

This financial performance will support our long-term investment strategy to ensure that our port facilities provide our customers with best in class facilities which are the most efficient, environmentally responsible and digitally enabled of any regional port in Europe and beyond. To this end, during 2018 capital expenditure totalled £52 million and a further £137 million was committed to strategically significant projects.

The port industry continues to evolve in response to trends in shipping and freight handling technology with an ever greater need to support larger, more technologically advanced vessels and more automated cargo handling. The sector is also responding to changes in the wider economy with a shift from traded goods to tradeable services & digital content, from fossil fuels to renewable energy and increasing spend on leisure and tourism.

These technological and economic trends have shaped Belfast Harbour's development plans and will require sustained investment in new Port facilities and new business activities. This will ensure that we continue to support our customers and the wider Northern Ireland economy which relies on Belfast Harbour to handle more than 70% of the region's seaborne trade as well as being a key gateway for ferry and cruise ship passengers.

### Port Activity

This year's financial performance was underpinned by record cargo volumes which surpassed 24 million tonnes for the first time. Trade increased by more than 900,000 tonnes during the year to 24.6 million tonnes, up 3.8% on 2017. Growth was led by a strong increase in Stena Line's freight vehicle traffic to and from Great Britain, rising by 3% to a record 532,000 vehicles and, for the second consecutive year, more than 1.5 million passengers passed through the Port.

Throughput in the bulk cargo sector rose by 3% to 9.9 million tonnes with the grain and animal feeds sector performing well with tonnages rising by 7% to a record 2.3 million tonnes driven in part by a dry summer. Northern Ireland's aggregates sector – driven by demand from road building projects in Great Britain – also performed strongly increasing by 100kT accounting for 1.56 million tonnes of exports.

Investing in maritime facilities is highly capital intensive and during 2018 Belfast Harbour committed £40 million to the redevelopment of its container terminal. This is a technology-led project that will provide Belfast Harbour with some of the world's first semi-autonomous gantry cranes. A new combined entrance for Victoria 1 and Victoria 2 ferry terminals was also placed into operation in 2018, and we purchased the world's largest hydraulic crane to enhance cargo handling capacity.

Providing the right infrastructure, however, is only one component of success; none of this would be possible without the achievements and vision of our partners and customers. Stena Line, for instance, introduced a third, larger vessel to its Belfast – Birkenhead route during the year and is building two new larger vessels to be introduced on this route in 2020 and 2021 respectively. For its part Belfast Harbour is investing £15 million in facilities to cater for the new ships.

### Belfast Harbour Estate

In recent years Belfast Harbour has been a key driver in regenerating the city's waterfront. The principal regeneration focus has been on the development of Grade 'A' office space and supporting car park and hotel facilities. We continue to work closely with Invest NI to provide a globally competitive supply of office accommodation for inward investors and indigenous firms.

Belfast Harbour's City Quays development scheme now includes two Grade 'A' office buildings serving blue-chip tenants, a four-star AC Marriott hotel and a 900-space multi-storey car park. Construction of a third signature Grade 'A' office building, which will be the centre piece of the City Quays development, has now commenced. This new 16 storey office building, extending to 250,000 square feet, represents a £50 million investment funded entirely from our own cash flow. As part of our strategy to connect City Quays to the city centre and develop an iconic waterfront we enhanced the scheme's public realm space and purchased the adjacent 'Obel' offices in 2018.

2018 was also a positive year for our partnership with Titanic Quarter Limited with work progressing on updating the masterplan for Titanic Quarter. Belfast Harbour and Titanic Quarter Limited also entered a lease agreement in 2018 with a third party developer to take forward a new hotel project at Hamilton Dock, and issued a contract notice for the joint development of Olympic House, a 190,000 sq. ft. Grade 'A' office building.

In other initiatives, Belfast Harbour committed to fund and develop 120,000 sq. ft. of new space at Catalyst Inc. for knowledge-based enterprises. We were also delighted that Belfast Harbour Film Studios secured Warner Horizon's return to film the second series of 'Krypton'. We have plans to further develop our film studios in response to the rapidly growing market demand for studio space and Belfast/Northern Ireland's growing reputation as a creative destination.

### Responsible Business

As a Trust Port we are acutely aware of our responsibilities to optimise outcomes for the local economy and the society we live in. These responsibilities are core to our corporate strategy and permeate everything we do including our approach to the way we do business, employee and public health and safety; and our stewardship of the environment. We are currently involved in a wide range of community initiatives including cleaning Belfast Lough of plastic waste; improving public safety around the Harbour by working with our own Harbour Police and other partners such as Lagan Search and Rescue; and delivering educational and training initiatives to schools and young people.

During 2018 we were delighted to be re-accredited at Gold Level in the 'Business in the Community' CORE - Standard for Responsible Business and we established a Board Corporate Responsibility sub-committee to provide additional focus on our Responsible Business strategic ambitions. The Committee's primary focus to date has been on the skills agenda and education, with particular emphasis on 'Hard to Reach' groups. This has resulted in the introduction of 'social clauses' in our construction contracts which require contractors to offer training and employment opportunities to local young people.

**As part of our strategy to connect City Quays to the city centre and develop an iconic waterfront we enhanced the area's public realm space and purchased the adjacent 'Obel' offices in 2018.**

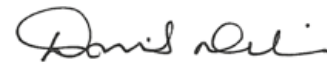
### Outlook

The political and economic outlook is dominated by Brexit, and we continue to engage on this issue with Government via the UK Major Ports Group and British Ports Association to prepare for whatever trade arrangements emerge.

Given the diversified nature of our business, the main driver of our financial accomplishment is the performance of the wider regional economy. In the short term the completion of Ørsted's Irish Sea wind turbine contracts and changes to Kilroot generation contracts will likely result in a dip in our income. However, in the medium term growth in other trade areas and income from our estate investments should more than offset these.

### Support

As ever I am indebted to the support and contribution provided by the Board and Leadership Team. Such support and contribution was crystallised during the Strategic Planning process undertaken during 2018 to establish a vision and strategic plan for our business extending through to 2035. Details of our new vision and strategy will be published later in 2019. Our primary goal is to ensure our customers and the region we serve will have a 21st century, best in class regional port which will support the development of trade and the wider economy. A key facet of our strategic approach is to work collaboratively with key partners such as Belfast City Council, Titanic Quarter Limited, Titanic Foundation, our two Universities, Catalyst, Odyssey, Northern Ireland Screen and Invest NI.



**Dr David Dobbin, CBE**  
Chairman



**Gold**

We were re-accredited at Gold Level in the 'Business in the Community' CORE.







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# Board Profiles

## Statement

### 1. Dr. David Dobbin CBE

David Dobbin was appointed to the Board in 2012 and took up the position of Chairman in 2015. He has extensive board level experience across the private, public and voluntary sectors, and is actively involved in promoting regional economic development and the UK Agri-Food Sector. He is currently a member of the KPMG Northern Ireland Advisory Board.

David has wide industrial experience having previously held a number of senior executive roles in Dale Farm, Boxmore International, Dalgety, Cantrell & Cochrane Ltd and Rothmans International. He has also served as Chairman of a number of organisations including: Dairy UK, Ulster Rugby Management Committee, the Northern Ireland Food & Drink Association, the Strategic Investment Board, InterTradeIreland, the Prince's Trust NI, CBI NI, the NI Centre for Competitiveness and as President of the Northern Ireland Grain Trade. He has also served as a Non-Executive on the boards of: Food from Britain, the NI Agri-Food Strategy Board, Invest NI, BT Ireland, Queen's University Belfast Senate and was Vice Chairman of the Ireland / Northern Ireland 2023 Rugby World Cup Bid.

### 2. Dr. Roy Adair CBE

Roy Adair was appointed Chief Executive of Belfast Harbour Commissioners in 2005 and retired from the company in May 2018. Roy previously held positions with Rothmans International, Flexibox International and the Northern Ireland Quality Centre, where he was the organisation's first CEO. Roy joined electronics group DDL Inc in 1994 to run Irlandus Circuits, a company which he subsequently bought from the Group in 1999.

Roy has been involved as a non-executive in a range of organisations which currently include Ardmore Advertising, the Prince's Trust, Business in the Community (as National Trustee) and the Boys' Model Bursary Fund. He is President Emeritus of the General Stevedoring Council, has also served as Prince Charles' Ambassador for Social Responsibility, is a former Invest NI board member and a former member of the UK Offshore Wind Energy Council. He has recently been appointed to the Ireland Chapter of the Ireland U.S. Council and was a recipient of their Cuchulainn Award. Roy was awarded a doctorate in economics (honoris causa) by Queen's University Belfast in 2018.

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### **3. Joe O'Neill**

Joe O'Neill joined the organisation in 1997, holding a number of roles within Belfast Harbour including Commercial Manager and Port Manager before being appointed Commercial Director in 2005. Prior to joining the Port, Joe held positions with Undus Ltd and Cantrell & Cochrane Ltd. Joe is a board member of the Simon Community and took up the role of CEO of Belfast Harbour with effect from 1st January 2018.

### **4. Kyle Alexander OBE**

Kyle Alexander was appointed to the Board in February 2016. Kyle has considerable experience in delivering urban regeneration projects, having been CEO of Laganside Corporation which was responsible for the transformation of Belfast's waterfront and Cathedral Quarter. He stepped down as CEO of Maze Long Kesh Development Corporation in March 2017 having overseen the establishment of the organisation. Kyle received an OBE for services to regeneration in Northern Ireland in 2007 and is a Fellow of the Royal Institute of Chartered Surveyors (RICS).

Kyle's ongoing commitment to ensuring social benefit from regeneration is reflected in his role as a Trustee of The Connswater Community Greenway Trust and The Waterways Community. Kyle is also a Trustee of Parkinson's UK, representing Northern Ireland's interests on the national charity's board.

### **5. Cllr Ciaran Beattie**

Councillor Ciaran Beattie is a full time member of the Council and represents the Black Mountain Electoral Area. He is a member of the City Growth and Regeneration Committee and Strategic Policy and Resource Committee.

### **6. Jane Chambers**

Jane Chambers was first appointed to the Board in February 2016. She is a Chartered Civil Engineer and holds a Masters' Degree in Civil Engineering from Queen's University Belfast. Currently Jane is working as a project manager in the delivery of the Greater Dublin Drainage project, specialising in environmental protection and major infrastructure delivery for Irish Water.

Jane has had a long career in both contracting and consultancy environments, working at Regional and Technical Director level. She has spent many years delivering project management services for Water Service / Northern Ireland Water and, ultimately, eliminated risks of Infracton Proceedings being instigated by the European Commission for non-compliance with the Urban Wastewater Treatment Directive.

### **7. Cllr Sonia Copeland**

Cllr Sonia Copeland is a full-time member of Belfast City Council representing the Titanic Electoral Ward.

A former Deputy Lord Mayor of Belfast, she is a member of the People and Communities Committee, the North Foreshore Committee, the Licensing Committee, the East Belfast Area Working Group, the East Belfast Policing and Community Safety Partnership, the Waterfront and Ulster Hall Ltd Shareholders Committee and the Chair of the Older Persons Reference Group. Sonia is also a member of the Board of Governors for Ashfield Girls School and Branziel Primary School, as well as the Board of the Grand Opera House Trust.

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### 8. Richard Everitt CBE

Richard Everitt was first appointed to the Board in February 2016. He was formerly the CEO of the Port of London Authority from 2004 to 2014 and is currently Chairman of Dover Harbour Board.

Richard qualified as a solicitor and spent much of his career in BAA plc, the airports company, before becoming CEO of National Air Traffic Services (2001 -2004).

### 9. Professor Diana Fitzsimons

Diana Fitzsimons is an FRTPi planner and an FRICS development surveyor, having formerly worked in Northern Ireland as a Senior Lecturer in Planning & Development, a Principal Commissioner with the Planning Appeals Commission, Office Director of the planning consultancy Turley and as a sole practitioner planning consultant.

Diana was formerly Chair of both the Royal Town Planning Institute (RTPI) and the Royal Institution of Chartered Surveyors (RICS) NI Branches, a member of RICS Governing Council, a member of the Ministerial Advisory Group, deputy President of the International Federation for Housing and Planning (IFHP), Co-Chair of the UN Habitats Professionals' Forum and Deputy Chair of the charity Lionheart. She is currently Chair of Radius Housing Association, an IFHP council member, a member of the RICS Awards Panel and a Visiting Professor in the Built Environment at Ulster University.

### 10. Christine Hayes

Christine Hayes was first appointed to the Board in February 2012. Christine has recently completed her studies with the Open University achieving a first in a Bachelor of Arts (Honours) in Humanities with Art History and is now working as a volunteer business mentor with the Prince's Trust. In the past she has worked as a self-employed consultant specialising in business coaching and mentoring, facilitation and senior management development for a number of incorporated business entities.

Christine has also had a long career in the Finance and Banking industry. She was a founding Director of Egg (the UK's first Internet bank), working as the Risk Director, and prior to that with TSB Group - ultimately becoming its Director of Credit Management.

### 11. Rotha Johnston DBE

Rotha Johnston was first appointed to the Board in February 2012. Rotha is a Director of Wildflower Property and Ulster Garden Villages. She is also a Director of Northern Ireland Electricity Networks, a member of both the KPMG Northern Ireland Advisory Board and the UK Industrial Strategy Council, Chair of NI Screen and a Director of QUBIS Ltd.

Rotha was previously BBC Trustee for Northern Ireland, Deputy Chairman of Invest NI and a Director of Variety Foods. She was also Chair of Senate and Pro-Chancellor at Queen's University Belfast.

### **12. Deborah Lange**

Deborah Lange was first appointed to the Board in February 2016. Deborah is also a member of the board and Chair of the Audit and Risk Committee of Invest NI, and a board member of Queen's University Belfast Foundation.

Previously Deborah was Senior Vice President of Tax at Oracle Corporation based in California. She was also a member of the boards of Planitax and Liquid Engines, both software companies, Chair of the Silicon Valley Tax Directors Group, Chair of the Tax Committee of the American Electronics Association and a member of the Executive Committee of the Tax Executive Institute. Deborah is a Certified Public Accountant.

### **13. Alderman Frank McCoubrey**

Alderman Frank McCoubrey is a full-time member of the Council and represents the Court District Electoral Area. He is a member of the People and Communities Committee, the North Belfast District Policing and Community Safety Partnership and the BCC West Belfast Area Working Group.

### **14. Dr Gerard O'Hare CBE, DL**

Gerard O'Hare was first appointed to the Board in February 2012. Gerard is currently Group Chairman and Managing Director of Parker Green International with an Irish Head Office in Newry and satellite offices in Central and Eastern Europe and the USA.

He is a Fellow of the Royal Institute of Chartered Surveyors and a Visiting Professor at the Ulster University School of Built Environment and Harvard Graduate School of Design in the USA. Gerard is a board member of Invest NI and sits on the Northern Ireland Council of the Prince's Trust. He was Chairman of Belfast Tall Ships 2009/2015.

In addition Gerard is Honorary Consul for the Republic of Latvia in GB and Northern Ireland, and was appointed as an Ambassador for HRH The Prince of Wales for Corporate Responsibility in 2009 and, more recently, as a Deputy Lieutenant of County Down. Gerard is also a trustee and board member of the Air Ambulance of Northern Ireland (ANNI) Charity.

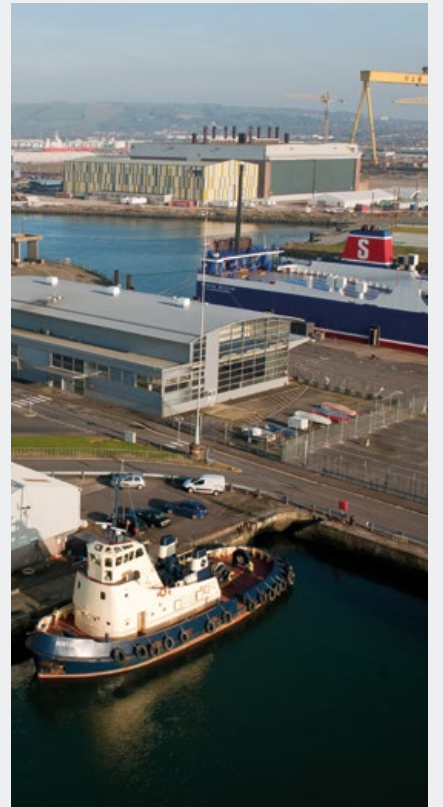
### **15. Dr Ed Vernon OBE**

Ed Vernon was first appointed to the Board in February 2012. Ed is a Strategic Advisor to BT, Deputy Chair of Queen's University Foundation Board and Chair of the Riddel Hall Founders' Club.

Ed founded B.I.C Systems, a technology services business which was acquired by BT Group. Formerly, he was a member of Matrix, the Northern Ireland Science and Industry Panel, Chairman of the Northern Ireland Software Industry Federation and a board member of Invest NI. From February 2011 until January 2014 he was Asset Management Advisor to the Northern Ireland Executive.

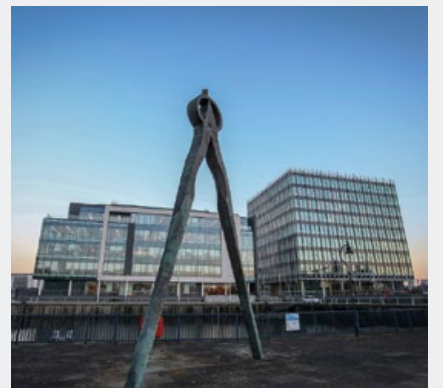
Ed was awarded an OBE for services to economic development in 2012 and in 2013 was awarded an honorary doctorate by Queen's University Belfast for exceptional services to business and commerce.

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# Commissioners' Attendance

Name	Board Meetings		Committee Meetings		Total Meetings Attended		Total Meetings attended
	Possible	Actual	Possible	Actual	Possible	Actual	%
Adair, Roy	2	2	13	13	15	15	100
Alexander, Kyle	6	6	14	13	20	19	95
Beattie, Ciaran	6	5	11	5	17	10	59
Chambers, Jane	6	4	11	9	17	13	76
Copeland, Sonia	6	4	14	8	20	12	60
Dobbin, David	6	6	25	25	31	31	100
Everitt, Richard	6	6	13	5	19	11	58
Fitzsimons, Diana	6	6	14	13	20	19	95
Hayes, Christine	6	6	14	14	20	20	100
Johnston, Rotha	6	5	18	17	24	22	92
Lange, Deborah	6	6	11	11	17	17	100
McCoubrey, Frank	6	1	6	5	11	6	52
O'Hare, Gerard	6	5	10	9	16	14	88
O'Neill, Joe	6	6	31	31	37	37	100
Vernon, Ed	6	6	22	18	28	24	86



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# Executive Team

## **1. Trevor Anderson**

### **Operations Director**

Trevor is an engineer by profession and joined the organisation in 2006 from Bombardier Aerospace. Trevor had spent a total of 22 years with Bombardier in a number of roles including Head of Enterprise Systems for Bombardier Aerospace Worldwide based in Montreal, Canada. Trevor is currently the Chairman of Viable Corporate Services, a social enterprise that delivers services and expertise to small and medium organisations in the Voluntary, Community, Social Enterprise and Private Sectors.

## **2. Maurice Bullick**

### **Finance Director**

Maurice is a Chartered Accountant and has held a number of finance positions in Belfast Harbour since joining the organisation in 2000. Previously Maurice was employed by Cawoods and oversaw a range of finance portfolios. Prior to that Maurice qualified with Price Waterhouse, Chartered Accountants. Maurice is Treasurer and Council Member of the British Ports Association, co-opted Member of the NI Water Audit and Risk Committees and Council member of the Association of Participating Bodies of the Pilot's National Pension Fund.

## **3. Michael Robinson**

### **Commercial Director**

Michael joined the organisation in 2003, holding a number of roles in the organisation before being appointed Commercial Director in 2018. Previously, Michael held positions with both Baltimore Technologies and Informix Software Inc. and started his career in logistics with Diageo. Michael holds a Diploma in Company Direction through the Institute of Directors and is a Board Member of Visit Belfast.

## **4. Graeme Johnston**

### **Property Director**

Graeme is a qualified Chartered Surveyor and Chartered Project Management Surveyor. He joined the organisation in 2007 having held a number of senior positions in the Banking and Retail sectors. Previously Graeme was Property Director for the Henderson Group and was all-Ireland Property Manager for Ulster Bank.

## **5. Patricia Toolan**

### **Human Resources Director**

Patricia joined Belfast Harbour in 2002 as Human Resources Manager and was promoted to Director in 2014. Prior to her appointment Patricia was Human Resources Manager in Nortel Networks NI & Europe, and occupied Human Resources and Business Planning Roles within the BBC over a 10-year period. Patricia is a member of the Chartered Institute of Personnel Development and is currently a member of the Board of Trustees of Cloona Child Contact Centre based in the South Eastern Health and Social Care Trust area.

# Chief Executive Review

## Port

### Trade

2018 proved to be a record year for Belfast Harbour, with trade breaking 24 million tonnes for the first time. A total of 24.6 million tonnes of cargo was handled through the Port, an increase of 3.8% on 2017, preserving our position as the second largest port on the island of Ireland and the 10th largest port in the UK.

The dry bulk and RoRo (Roll-On / Roll-Off) sectors both contributed strongly to the record performance together with the Cruise sector which brought 115 ships with 185,000 visitors to Belfast in 2018.

### Freight Vehicles & Passengers (RoRo)

There are three main ferry routes from Belfast Harbour to Great Britain operated by Stena Line to the ports of Loch Ryan, Liverpool and Heysham. For the ninth consecutive year a record number of freight vehicles (532,000 units) were handled on these routes. This growth represented an additional 20,000 vehicles, up almost 3% on last year. Volumes on the Belfast-Heysham route remained similar to 2017 whilst increased capacity on the Belfast-Liverpool route boosted

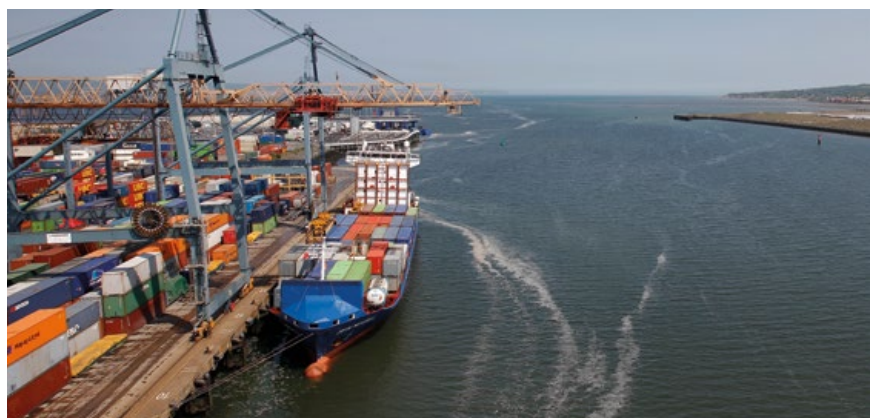
freight volumes by 10%. Total passenger volumes also remained strong with more than 1.5 million passengers utilising the ferry routes for a second successive year. These strong performances have given both Belfast Harbour and Stena Line the confidence to further invest in the Belfast RoRo routes.

### Bulk

There was strong growth in the bulk cargo sector with throughput up 3% to 9.9 million tonnes. This growth was primarily driven by increased imports of animal feeds during 2018 as a result of the cold spring and dry summer weather reducing fodder yields, and continued growth in our coal import and export tonnages.

Northern Ireland-based Lissan Coal Company (LCC) enjoyed a second full year operating its McCaughey Road coal processing facility; importing commodity from South America and exporting processed material to destinations including the Middle East and Australia. As a result coal exports increased by almost 30% in 2018.

One of Northern Ireland's key export commodities, aggregates, experienced further increases in





## 24.6m tonnes

2018 proved to be a record year for Belfast Harbour, with trade breaking 24 million tonnes for the first time.

2018 with more than 1.5 million tonnes exported through Belfast Harbour during the year. Much of this aggregate is processed on site in Belfast Harbour and is destined for the road construction sector in Great Britain.

Kilroot Power Station related coal trade declined by 5% in 2018 to 1.1 million tonnes as a result of the anticipated closure of the facility in November 2018. Following the granting of new contracts, however, Kilroot has been reprieved and imports recommenced prior to the end of the calendar year.

The volume of liquid bulk imports increased slightly with 2.4 million tonnes imported into Belfast's oil terminals during 2018. Kerosene imports dominated the sector with 824,000 tonnes, up 5% year on year. Diesel volumes continued to rise to 758,000 tonnes, up 13% in the last year. Notwithstanding these strong performances, the Port recognises the likely long term decline in imports of oil products as road transport continues to decarbonise and the local mains gas network extends further across Northern Ireland.

On the negative side, break bulk tonnages reduced, primarily due to the completion of Orsted's portfolio of Irish Sea windfarm projects which had been a source of very significant tonnage and revenue for the Port in recent years. Although announcements by the Crown Estates in 2018 for further UK territorial water projects were welcomed, it will be several years before this trade returns to Belfast. Break Bulk tonnages, however, were assisted by another strong year for steel imports with tonnages equalling 2017's record 211,000 tonnes indicating a resilient local manufacturing sector.

### Containers (LoLo)

The number of containers handled at Victoria Terminal 3 increased marginally by 1% to more than 127,000 units, carrying over 2.1 million tonnes of goods. Substantial investment in new cranes and yard equipment at the terminal will futureproof the terminal in terms of both capacity and efficiency of operation.

### Cruise

It was another outstanding year for cruise ship calls to Belfast. For the first time more than one hundred calls were welcomed with 115 ships bringing 185,000 visitors to enjoy the attractions of Belfast and Northern Ireland. The exponential growth in this sector continues with around 150 cruise ships planning to dock in Port during 2019. In March 2019, Belfast Harbour achieved planning consent for a new berth at D3, to be used primarily by cruise vessels.

Following this approval, a review of market demand for such a facility will take place and timeframes for delivery will be considered. Belfast Harbour has already put plans in place for the majority of cruise ships calling in 2019 to berth at the Port's D1 berth, where enhanced cruise ship reception facilities are being developed in partnership with Visit Belfast.



## 9.9m tonnes

There was strong growth in the bulk cargo sector with throughput up 3% to 9.9 million tonnes.



## 115 cruise ships

We welcomed 115 cruise ships bringing 185,000 visitors to enjoy the attractions of Belfast.

### Port Development

On the back of sustained increased tonnage throughput, Belfast Harbour continues to invest in facilities to drive efficiency and capacity improvements for customers using the Port. A £40 million redevelopment of the container terminal at Victoria Terminal 3 commenced in 2018 and will deliver some of the first examples of semi-autonomous rubber tyre gantry cranes to be deployed anywhere in the world and new ship-to-shore cranes capable of handling larger container ships. A further hydraulic material handling crane, the largest in the world, was also ordered in late 2018 and will come into operation early in 2019, offering increased speed and flexibility to a crane fleet which is now one of the most modern in these islands.

**A further hydraulic material handling crane, the largest in the world, was also ordered in late 2018 and will come into operation early in 2019, offering increased speed and flexibility to a crane fleet which is now one of the most modern in these islands.**

These investments demonstrate Belfast Harbour's on-going commitment to its customers and the provision of best-in-class facilities. In 2018 a new combined Victoria Terminal 1 and Victoria Terminal 2 entrance was completed for Stena Line improving accessibility to the terminal and adding additional trailer storage capacity. Stena Line further demonstrated its commitment to Belfast in 2018 with the purchase of two new state-of-the-art 'E-Flexer' vessels which are currently under construction and will be introduced on the Belfast-Birkenhead route in 2020 and 2021 respectively. A new £15 million, two-tier linkspan construction and berth works project at Victoria Terminal 2 will be completed by Belfast Harbour ahead of the arrival of these ships.

Substantial investment in maintaining the Port's main deep-water quay at Stormont Wharf was made during 2018, with circa £3 million spent maintaining this key port asset for the port's major bulk cargo customers.



On the back of sustained increased tonnage throughput, Belfast Harbour continues to invest in facilities to drive efficiency and capacity improvements for customers using the Port.



**£3m**

was spent maintaining the Port's main deep-water quay, Stormont Wharf, for major bulk cargo customers.



# Estate

## City Quays

During the year, six out of the eight office floors within City Quays 2, Belfast Harbour's most recent Grade 'A' waterfront office development, were occupied by tenants from a wide range of sectors. These included ITV and Wireless in the media sector, financial services firm TP ICAP and Baker McKenzie in the legal sector. There is continued strong interest from a range of other occupier prospects for the remaining two floors. It remains Belfast Harbour's view, supported by the letting profile of City Quays 1 and City Quays 2, that providing buildings in advance of tenant demand is essential in underpinning Invest NI's objective of securing both new entrants to the local market and expanding indigenous businesses.

The quality of product and building management services at City Quays 2 have been developed to the highest level in response to the occupier experience expected by Foreign Direct Investment (FDI) companies entering the Belfast market. This has been supported by achieving 'Premier Property' status, a global standard employed by managing agent CBRE which identifies unique, high quality commercial offices offering a five-star service to tenants and their visitors.

During the year construction work completed on the £24 million City Quays Hotel with Gilbert Ash as the main contractor. The 188-bedroom, four-star waterfront hotel with restaurant, bar, fitness suite and meeting rooms was developed and financed by Belfast Harbour under

2018 saw construction work completed on the £24 million City Quays Hotel with Gilbert Ash as the main contractor.





## 80 jobs

The City Quays hotel opened in April 2018 supporting 80 jobs in the hospitality and associated service sectors.



## 5m visitors

Titanic Belfast in October 2018 welcomed its five millionth visitor since opening in March 2012.

the AC by Marriott brand, and is operated via a specialist hotel operator, Interstate Europe Hotels and Resorts. This is the first Marriott branded hotel in Northern Ireland and the first new build AC by Marriott hotel on the entire island.

The 110-seater restaurant, operated by the award-winning chef Jean Christophe Novelli, provides the hotel's food and beverage offering, and is also a stand-alone bistro open to the public.

The hotel and restaurant provide an additional reason to visit the City Quays and Clarendon area. It complements the businesses within the surrounding offices by providing hotel space for clients and colleagues, a food and beverage offer, and formal and informal meeting spaces. The City Quays hotel, designed by local architects RPP, supported c.600 direct and indirect construction related jobs. The hotel officially opened in April 2018 and provides 80 jobs in the hospitality and associated service sectors.

As part of the City Quays Hotel contract a new public plaza linking the hotel to the City Quays offices was formed. This connects with the existing waterfront walkway to provide a new landscaped amenity.

Construction work continued through the year on the 900-space multi-storey car park by local contractor, Felix O'Hare. This key £14 million facility has been developed, financed and will be operated by Belfast Harbour via a specialist car park operator. The project opened in January 2019.

Belfast Harbour Board approval was granted for a further Grade 'A' waterfront office development within City Quays. This 16-storey, 250,000 sq ft, highly sustainable building will front both the river and the new City Quays plaza adjacent to the hotel. It will be one of the largest new build commercial office properties to be constructed in Belfast in the last 10 years. Work was completed on the design with a team led by RPP

Architects and a Reserved Matters Planning Application was submitted. It is anticipated that work will commence in May 2019 with construction work programmed for 30 months. This project will represent a further £50 million strategic development by Belfast Harbour and the completed building will accommodate c.1,800 office workers.

### Titanic Quarter and Queen's Island

Titanic Belfast in October 2018 welcomed its five millionth visitor since opening in March 2012, further underlining its success as a world class tourist attraction.

A 500m waterfront walkway along Victoria Wharf, linking the Titanic slipways to the Alexandra / Thompson Docks and HMS Caroline, was opened to the public in March 2018. This included the launch of the Mew Island Lighthouse Optic known as the 'Great Light'. The Optic was made in Paris in 1887 and was operated until 2014 by the Commissioners of Irish Lights on Mew Island in the Copeland Islands to protect Belfast Lough. The refurbished Optic rotates in a curved glass structure on the apex of the walkway providing an iconic landmark addition to the overall historic maritime visitor experience.

The final phase of the £20 million restoration of HMS Caroline, Alexandra Dock and the Thompson Pump House was completed in spring 2018. The new visitor centre, improved accessibility and attractive new landscaping provides a complementary setting for this historic maritime visitor attraction.

Belfast Harbour and Titanic Quarter Ltd, together with professional consultants, completed the business planning stage of revising the Titanic Quarter Development Framework in 2018. This will now progress to the Concept Masterplan stage.

Belfast Harbour and Titanic Quarter Ltd further entered into an Agreement to Lease, with a third

**The introduction of the Belfast Rapid Transit (BRT) Citi route in September 2018 was an important milestone in the connectivity of Queen's Island to the City centre and other parts of the City.**

party developer, for a hotel development on a site adjacent to Hamilton Dock. It is expected that a related planning application will be lodged in early 2019.

Belfast Harbour and Titanic Quarter Ltd also issued an OJEU Contract Notice in late 2018 for the construction of Olympic House, a proposed 190,000 sq ft Grade 'A' office building on a site located between Belfast Metropolitan College and the Public Record Office of Northern Ireland. This joint development project has already secured planning approval and when built should help address the current lack of Grade 'A' office space in Belfast.

'Catalyst Inc.' is awaiting planning approval for its latest office development, the 120,000 sq ft 'Pierpont Plaza'. This £15 million project will be developed and funded by Belfast Harbour, and will help underpin the growth of the burgeoning knowledge-based sectors in this locale.

The introduction of the Belfast Rapid Transit (BRT) Citi route in September 2018 was an important milestone in the connectivity of Queen's Island to the City centre and other parts of the City. Belfast Harbour and Titanic Quarter Ltd also agreed in 2018 to progress two new road schemes in Titanic Quarter and at Connsbank to address the long term connectivity of Titanic Quarter to the wider roads network. Planning applications for the respective schemes are expected to be lodged in 2019.

#### **Belfast Harbour Studios**

'Krypton', a prequel to Superman, was the first production completed in the new Belfast Harbour Film Studios at Giant's Park. This Warner Horizon TV series successfully premiered on the SyFy channel in the USA in spring 2018 and a second series was commissioned to return to the Belfast Harbour Studios in autumn 2018.

The 65,000 sq ft Belfast Harbour Film Studios, with supporting offices and workshops, provides much needed studio space to support the local media industry and the wider economy.

#### **Acquisitions**

Following a competitive bid process Belfast Harbour purchased the Obel offices at 68 Donegall Quay for £15.2 million from its previous owner, US fund, Marathon Asset Management. The acquisition brought the landmark office building back into local ownership, demonstrated Belfast Harbour's confidence in the Northern Ireland economy and provided a boost to Belfast's commercial property market.

The acquisition was on the basis of a strategic, long-term investment with the building being occupied by a blue-chip tenant, global law firm Allen & Overy, which employs more than 500 people in Belfast.

The property comprises 52,000 sq ft of commercial office space over seven floors with two retail units on the ground floor currently let to Mount Charles (trading as 'Fed & Watered') and the Lagan Boat Company.

The property is contiguous with the City Quays regeneration scheme and its purchase will deliver a sustainable commercial return for Belfast Harbour. This in turn will be reinvested to support the continuing success of the business for the benefit of our stakeholders.

Further acquisitions were completed during the year which, when redeveloped, will assist in reconnecting Belfast's waterfront to the city centre. Such enhanced connectivity is particularly important as the number of occupiers and visitors in Titanic Quarter, the SSE Arena, Odyssey Pavilion and City Quays continues to grow.





## Krypton

'Krypton', a prequel to Superman, was the first production completed in the new Belfast Harbour Film Studios.



## Obel

Obel offices at 68 Donegal Quay were purchased for £15.2 million



# Strategic Report 2019

Belfast Harbour is a Statutory Corporation, commonly referred to as a Trust Port, and whilst not directly bound by The Companies Act 2006 (Strategic Report and Directors Report) Regulations 2013, it has adopted the main provisions of the Act and therefore presents a Strategic Report consistent with corporate entities of a similar size.

This report, to be read in conjunction with the full annual report, contains information that the Board considers to be of strategic importance to the Harbour.

Belfast Harbour presents consolidated financial statements for the first time for 2018, and hence all figures referred to in this report are consolidated.

## Strategy Update and Business Model

Belfast Harbour remains committed to investing in the Harbour undertaking to deliver sustainable financial returns according to agreed investment criteria. Operating the business profitably is a legal requirement and is essential to fund investment and enable trade growth. This enables Belfast Harbour to best serve businesses and the Northern Ireland economy at large. In addition there is investment in maintenance capital expenditure to keep the basic infrastructure of the Harbour fit for purpose. The business model is highly capital intensive, and generating retained profits to fund trading and investment is the core financial objective of Belfast Harbour.

Northern Ireland Trust Ports are independent statutory corporations with their only source of funding being profits generated from trading. Hence Belfast Harbour must generate an acceptable return on assets in order to sustain operating expenditure and future investment.

The primary focus of Belfast Harbour is and remains major investment in port facilities to enable and develop port trade. In 2018, significant investment in substantial regeneration activities, principally at City Quays, was also undertaken. City Quays Hotel was completed in the year and commenced trading, the City Quays Car Park was mostly constructed and neared completion at year end, and the City Quays development was reinforced by the acquisition of the 'Obel' office on Donegall Quay. In addition substantial funds continue to be allocated to major improvements in port trading facilities and modern high capacity harbour cranes. During 2019 the focus of investment will be on port facilities, mainly with the re-equipping of the Victoria Terminal 3 Container Terminal cranes and improved RoRo facilities at Victoria Terminal 2.

## Trading

Belfast Harbour successfully delivered against its financial objective, with a record financial performance for 2018, with turnover at £68.8 million, an improvement of 11% on 2017 and operating profit at £36 million, an improvement of 6% on 2017.

The Financial Statements for 2018 are consolidated group financial statements for the first time. This reflects the commencement of trading by the City Quays Hotel Ltd subsidiary, which traded well with a positive contribution to operating profit in its first eight months of operation.

The Financial Statements show Profit before Taxation for 2018 at £38.6 million which is stated after the movement on valuation of investment properties, which had increased significantly in 2017.



The movement on valuation of investment properties is not a trading item and after adjusting for this the 'Underlying' Profit before Taxation increased by 7% to £36.6 million from £34.5 million in 2017, as set out in the table below:

	2018	2017
Profit before Taxation as reported	<b>£38.6 m</b>	<b>£65.8 m</b>
Less: Surplus on revaluation of investment properties	<b>£2.0 m</b>	<b>£31.3 m</b>
'Underlying' Profit before Taxation	<b>£36.6 m</b>	<b>£34.5 m</b>

### Capital Expenditure

Belfast Harbour is primarily an infrastructure business; wholly funded at present by retained profits. No public money is received or spent by Belfast Harbour.

All profit net of taxation is reinvested in the development of Belfast Harbour's port and property activities. The beneficiaries are the businesses throughout Northern Ireland which trade through and rely on Belfast Harbour, and consequently there is a significant positive impact on the local economy in general. As is common in the Ports' industry the scale of economic benefit of this investment is considerably in excess of the direct economic benefit to Belfast Harbour itself.

Total capital expenditure during 2018 was £52 million and in addition a further £137 million has been committed to projects.

Such investment will be funded from Liquid funds which were £62 million at December 2018 and future trading profits.

In the past 10 years a total of £260 million has been invested in Belfast

Harbour, mostly in port facilities and all funded from trading profit.

### Taxation Strategy

It is the policy of Belfast Harbour as a good corporate citizen to adhere to all taxation legislation, ensuring payment of all tax properly due and not to engage in any contrived or artificial transactions to secure a tax saving.

Hence the risk appetite of Belfast Harbour towards any tax mitigation scheme is low and it is anticipated that all corporation tax will be paid at a level similar to the policy rate, save for the point noted below on investment allowances.

Belfast Harbour has a capital-intensive business model, and investment in capital including plant is considered accretive to the development of the business and overall Northern Ireland economy. Belfast Harbour will, therefore, seek to fully utilise all investment allowances, particularly capital allowances. This will be done in a manner fully compliant with legislation and in a fully transparent way, in communication with HMRC.

The total taxes paid by Belfast Harbour in 2018 were in excess of £11 million.

The oversight of taxation compliance and risk management is within the purview of the Audit and Risk Committee.

### Business Environment

Belfast Harbour has considerable financial resources together with a diverse business model holding long-term contracts with key customers. Belfast Harbour has continued to successfully manage the business risks associated with the continuing uncertain economic outlook. The growth in revenue in 2018 was produced by a forward looking investment strategy in capital intensive harbour facilities. This facilitated business growth and a positive economic impact on Northern Ireland from Belfast Harbour activities, notwithstanding the underlying economic environment.

**Total capital expenditure during 2018 was £52 million and in addition a further £137 million committed to projects**



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Belfast Harbour, like all UK ports, operates in a highly regulated industry and is fully cognisant of the regulatory obligations, not least those pertaining to People, Safety, Environment and Security.

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# Risks and Uncertainties

## Funding Risk

As a Trust Port, Belfast Harbour is solely responsible for funding the business, and operating and investing activities via retained profit. Most major UK Trust Ports are classified for public expenditure accounting purposes as 'public corporations'. The classification has the potential to impact on public budgets as any exercise of borrowing powers by Belfast Harbour will 'count' as public borrowing even though there is no public money involved nor recourse to Government for lenders to Belfast Harbour. At present Belfast Harbour is able to maintain its investment strategy at a level supported by trading profits generated by the business, without utilising its borrowing capability.

## Economic Risk

Belfast Harbour's trade is reflective of the health of the overall Northern Ireland economy which will always be a managed risk, although trade levels increased and revenues grew during 2018.

In mitigation of the economic risk Belfast Harbour has a well-diversified trading base across a number of trading sectors, strong trading counterparties and continues to seek new business investment opportunities with sustainable financial returns.

## Trading Risk

Belfast Harbour is exposed to competition on the main trades through the Port, and over time there have been market share gains and losses through the effect of competition from other ports.

In mitigation of this risk Belfast Harbour has a well-diversified trading base, strong trading counterparties and, especially, an active strategy to invest in facilities to preserve and enhance the offer to customers.

## Regulatory Risk

Belfast Harbour, like all UK ports, operates in a highly regulated industry and is fully cognisant of the regulatory obligations, not least those pertaining to People, Safety, Environment and Security. In addition the successful execution of Belfast Harbour developments and their accretive effect on the Northern Ireland economy depends on planning and consenting processes. Belfast Harbour is also aware of the need to operate a strong governance model, including governance specifically pertaining to Trust Ports.

In mitigation of regulatory risks Belfast Harbour has strong oversight mechanisms in place at Board and Executive level for monitoring and meeting the ongoing challenges in all of these areas.

## Brexit Risk

Brexit is the single greatest change to the UK's trading relationship with Europe and the rest of the world since the UK joined the European Economic Community in 1973.

Belfast Harbour will continue to monitor developments and engage with Government via the UK Major Ports Group and British Ports Association. The objective is to achieve best possible access to European and other markets with minimal disruption to the flow of people and goods.

Belfast Harbour continually assesses Brexit risks, and considers that in view of the preponderance of intra UK trade through the port, together with developed processes for handling World Trade Organisation trade, traffic impacts are likely to be manageable. The derived demand effects on overall economic activity and their derived demand effects on trade through the Harbour are harder to predict.



# Belfast Harbour and the Community

During 2018 Belfast Harbour continued to support community initiatives and projects with a focus on Young People, the Community, Creative Culture and the Environment. A significant amount of funding went to employability and skills initiatives bridging the gap to employment for those either unemployed or underemployed.

As part of its Corporate Responsibility Programme Belfast Harbour hosted more than 90 business, charity, fundraising, not-for-profit and community events in the Harbour Office, as well as organising Blue Badge Tours of the building and opening for public access during European Heritage Weekend in September.

During 2018 Belfast Harbour supported more than 35 initiatives working with 23 organisations to deliver programmes which impact society in a positive way. These included:

## Corporate Responsibility Partnerships

### Young People Partnerships

Prince's Trust Essential Skills via Fairbridge Programme and Excel Clubs

Business in the Community via Time to Code

BookTrust

Queen's University Student's Union via Homework Clubs

Fighting Words

StemAware

Science Starz

### Environmental Partnerships

The Conservation Volunteers

Belfast Hills Partnership

### Arts Partnerships

Culture Night

Beat Carnival

OH Yeah Music Centre

The MAC

The Black Box

The Grand Opera House

The Lyric Theatre

### Community Sponsorships

The Mela

The Simon Community

Angel Eyes

The Haven Community Foundation

Westland Community Centre

Sailortown Regeneration Group

## Additional Support

### Regional Economic support

NI Centre for Economic Policy

Catalyst Inc. Connect

### Support within the Harbour Estate

HMS Caroline Berthing

Nomadic Charitable Trust Hamilton Dock

Sea Cadets Provision

The wide variety of partners Belfast Harbour works with enables it to reach a large audience in a variety of different sectors.

# Corporate Governance Statement

## The Organisation

Belfast Harbour Commissioners (BHC) was first constituted by The Belfast Harbour Act 1847 as a statutory corporation with the underlying purpose of operating, maintaining and improving Belfast Harbour. The powers and duties of BHC are limited to those conferred by the various Belfast Harbour Acts and Orders 1847-2002, and any relevant public general Acts such as the Harbours' Act (NI) 1970. In common with other Northern Ireland and Great Britain ports similarly constituted, BHC is generally referred to as a 'Trust Port' although it is not a trust in any legal sense.

## The Board

The constitution of the Board is set out in the Belfast Harbour Order (Northern Ireland) Order 2002, Schedule 1. BHC is committed to high standards of Corporate Governance. The primary reference point for corporate governance is considered to be the pertinent content within the 'UK Corporate Governance Code' and taking account of any best practice guidance relating to Trust Ports. BHC is independent of Government and any other legal person and management is the responsibility

of the Board and the Executive Team. The duties of the Board Members are akin to those of a company director, in particular, to be accountable for the proper exercise of the statutory and administrative requirements placed upon them. In addition Board Members are required to:

1. Ensure high standards of corporate governance;
2. Establish the overall strategic direction of the Port, having regard to the best interests of the Port and the local economy following consultation with key stakeholders where relevant;
3. Ensure that, in reaching decisions, Government policy is taken into account;
4. Ensure that, in carrying out their functions, due regard is paid to the need to promote equality of opportunity.

The Department for Infrastructure appoints Board Members on the basis of open public advertisement. The number of Board Members, including the Chair and Chief Executive Officer, may be no less than 10 and no more than 15, with up to 4 Board Members being elected representatives from Belfast City Council.





### Board Committees

The Board operates a Committee system with the objective of maintaining high standards of corporate governance and streamlining the work of the Board. All Board Members are also members of at least two of the Board's Committees. All Committees report to the Board.

#### Commercial Projects Committee

##### Membership

Dr D Dobbin CBE (Chair)

Mr R Adair CBE (stepped down 31/5/18)

Mr J O'Neill

Ms R Johnston DBE

Dr G O'Hare CBE, DL

Mr R Everitt CBE

Ms J Chambers

Cllr C Beattie

The role of the Commercial Projects Committee is to consider major commercial projects.

#### Audit and Risk Committee

##### Membership

Ms R Johnston DBE (Chair)

Mr R Everitt CBE

Ms D Fitzsimons

Ms D Lange

Ald F McCoubrey

Dr E Vernon OBE

Belfast Harbour is committed to high standards of Corporate Governance which is under the oversight of the Audit and Risk Committee. The primary reference point for corporate governance is considered to be the pertinent content within the 'UK Corporate Governance Code' and taking account of any best practice guidance relating to Trust Ports.

This oversight covers all Financial Reporting issues, the control environment and any governance matters:

1. Monitoring the integrity of the organisation's financial statements;
2. Reviewing the organisation's internal financial control and risk management systems;
3. Monitoring and reviewing the effectiveness of the organisation's internal audit function;
4. Monitoring and reviewing the external auditors' independence, objectivity and effectiveness.

Neither the Chairman of the Board nor the CEO are members of this Committee, but they are entitled to attend meetings.

#### Remuneration Committee

##### Membership

Dr D Dobbin CBE (Chair)

Ms C Hayes

Ms R Johnston DBE

The primary duty of the Remuneration Committee is to set policy on remuneration and related matters, and to ensure that such remuneration policy facilitates the employment and retention of senior personnel. The Committee is also responsible for senior management appointments.

#### Safety, Environmental & Security Committee

##### Membership

Dr G O'Hare CBE, DL (Chair)

Mr R Adair CBE (Stepped down 31/5/18)

Mr J O'Neill

Ms C Hayes

Cllr S Copeland

Ms J Chambers

Mr K Alexander OBE

Ald F McCoubrey

Cllr C Beattie

The Safety, Environmental & Security Committee advises the Board on all aspects of safety, environment and security throughout the Port and Harbour Estate, including on-going obligations under the Port Marine Safety Code and the operation of Belfast Harbour Police.

### Property Committee

#### Membership

Dr E Vernon OBE (Chair)

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Dr D Dobbin CBE

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Mr R Adair CBE (Stepped down 31/5/18)

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Mr J O'Neill

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Ms D Lange

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Mr K Alexander OBE

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Ms D Fitzsimons

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Cllr S Copeland

The Property Committee considers major land issues not related to pure port operations within the Commissioners' land management role. It is particularly concerned with all matters relating to regeneration projects including City Quays and Titanic Quarter.

### Policy and Strategy Committee

#### Membership

Dr D Dobbin CBE (Chair)

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Mr R Adair CBE (Stepped down 31/5/18)

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Mr J O'Neill

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Ms C Hayes

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Ms R Johnston DBE

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Dr G O'Hare CBE, DL

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Dr E Vernon OBE

The Committee develops strategy on behalf of the Board, guides the Board on policy matters, guides the Executive on Corporate Planning and considers / advises the Board on matters relating to the legal status, powers and duties of Belfast Harbour.

### Corporate Responsibility Committee

#### Membership

Dr D Dobbin CBE (Chair)

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Mr J O'Neill

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Ms R Johnston DBE

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Dr E Vernon OBE

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Mr R Everitt CBE

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Mr K Alexander OBE

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Ms D Fitzsimons

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Cllr S Copeland

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Cllr C Beattie

The Committee makes recommendations to the Board as to its future CR policy approach/objectives including potential actions/activities/partnerships to deliver the desired business and stakeholder outcomes. It also considers what policies/actions the Board could pursue to ensure that BHC's workforce diversity is representative of the makeup of its catchment area.

### Belfast Harbour Pension Fund Ltd

#### Membership

Ms C Hayes (Chair)

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Mr R Adair CBE (stepped down 31/5/18)

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Mr J O'Neill

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Dr E Vernon OBE

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Mr R Everitt CBE

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\*plus two member nominated Directors

The sole function of the Belfast Harbour Pension Fund Ltd is to act as Trustee to the Belfast Harbour Pension Scheme, operated for the benefit of the Board's employees. The Directors of the Belfast Harbour Pension Fund Ltd comprises of four Board Members, including the CEO, as well as two Directors nominated by the scheme membership.



# Corporate Matters

## People, Diversity and Inclusion

Belfast Harbour has a professional team of people who work together to provide customers and port users with a high level of service. With a clear focus on engagement, development and well-being, there is a strong sense of camaraderie where people understand their role and how they contribute to the overall success of the business.

Emphasis is placed on attracting and retaining highly skilled employees and creating an environment where they feel motivated and committed, and have a sense of belonging within

the team. It is important that Belfast Harbour continues to invest in developing the skills and expertise of its people, seeking to maximise job enrichment and personal development.

We have also extended the deployment of apprenticeships and internships across the organisation as a successful route to developing people and talent for the future. In conjunction with the deployment of new apprenticeships Belfast Harbour has been promoting future careers to young people within local schools, focusing on areas of the talent market where there may be a shortage of skills in years to come.



With a clear focus on engagement, development and well-being, there is a strong sense of camaraderie where people understand their role and how they contribute to the overall success of the business.

Belfast Harbour actively promotes ongoing work experience opportunities and recently registered with Connect to Success with a full roll out planned for Q1 2019.

In 2018 Belfast Harbour employees participated in a comprehensive workplace wellbeing survey, providing an immediate personal and confidential health report to participants and useful employee feedback on the direction of our future wellbeing strategy and initiatives. This complemented the already existing workplace wellbeing initiatives in place throughout the business, with further plans to extend the initiatives based on the survey results.

Belfast Harbour is committed to meeting its statutory duties and continues to promote diversity, equality of opportunity and good relations through its people, culture and corporate responsibility activities. In 2017 a five-year review of the effectiveness of the Equality Scheme was undertaken and a report submitted to the Equality Commission. We have also taken the opportunity to revise and update both the Equality Scheme and the Disability Action Plan which will now span 2017 – 2022.

In 2018 Belfast Harbour shifted focus on its Equality, Diversity and Inclusion (EDI) strategy from that of equal opportunities to developing an EDI strategy that focuses on wide-ranging, impactful and proactive initiatives. In 2018 Belfast Harbour was proud to support the Women in Maritime Pledge and was the first port in Northern Ireland to sign up. Belfast Harbour was also delighted to be issued with the bronze award from Gender Diversity Charter Mark NI. This award signals Belfast Harbour's ongoing commitment to EDI with such commitment to be reviewed by an independent panel on an annual basis.

## **Culture and Values**

As part of the Strategic Planning process undertaken during 2018, we reviewed Belfast Harbour's Culture and Values. It was very important to get input from colleagues at an early stage to help review the Values and formulate the type of culture that we, as colleagues, should aspire to achieve. To facilitate this discussion we had representation from across the organisation, including colleagues from every department, in focus groups where personal views and suggestions were shared both openly and enthusiastically. The feedback from these focus groups, and those of our senior managers, was invaluable and has been integrated into a revised set of corporate and personal Values. These revised Values will act as a guide to articulating the underpinning behaviours which we will embed and encourage throughout the organisation creating a Culture where all colleagues can flourish and support the delivery of the new Strategy successfully.

## **Health & Safety**

Belfast Harbour is committed to the provision of a safe and healthy working environment and the elimination of accidents. To ensure we prioritise safety on a day to day basis we have implemented a Safety Management System validated against the internationally recognised OHSAS 18001:2007 which focuses our activities on safety and underpins our commitment.

Belfast Harbour continues to be an active participant in the Northern Ireland Safety Group which seeks to promote the adoption of best health and safety practice throughout local industry.

Other Health & Safety initiatives in 2018 included:

- Continued commitment to an industry working group with Port Skills and Safety to develop guidance and create safer working practices;

- A programme aimed at improving the standards of roadworthiness of vehicles using the Harbour;
- Workshops for Port Users on the safety of interactions in common working areas;
- Publication of a Towage Operations Manual providing guidance on best-in-class practices;
- Development of a licence regime for marine service providers;
- Multi-agency emergency response exercises;
- Additional Life Saving Equipment, including Smart Life Belts and Life Boat mooring facilities and;
- Upgrades to CCTV for public and road safety.

### Environment

Belfast Harbour is committed to the prevention of pollution, and to responsible and sustainable environmental management. In 2018 we made a commitment to remove plastics from Belfast Lough and the first step was the installation of a sea-bin into the marina. This will be followed up by a number of community initiatives and further operational activity to fulfil this commitment.

Belfast Harbour continued to be an active participant in a number of key strategic environmental forums which include:

- The Eco-Ports Project which seeks to identify and share environmental best practice within the port industry;
- Climate NI;
- Business in the Community Environmental Workshops and;
- Participation in the development of the Marine Plan for Northern Ireland.

Other achievements during 2018 included:

- Attainment of Platinum status in Business in the Community's annual ARENA Network Environmental Benchmarking Survey for the eleventh consecutive year;
- Multi-agency pollution response exercises;
- Ongoing replacement of street lighting with high efficiency LEDs;
- Purchase of electric vehicles;
- Installation of solar and wind powered lighting solutions and;
- Installation of an innovative filter solution to remove plastics and other waste from the marina.

### Business Continuity

Belfast Harbour is committed to maintaining effective contingency plans to safeguard business continuity during disruptive events. During 2018 Belfast Harbour's Business Continuity Management System was validated against the internationally recognised ISO 22301 standard.

Belfast Harbour chairs a Harbour Resilience Forum comprised of key stakeholders and emergency responders, and is an active participant in the following groups:

- Belfast Emergency Preparedness Group;
- Belfast Flooding and Severe Weather Working Group;
- One Hundred Resilient Cities Network and;
- Belfast First Responders Group.

Other achievements during 2018 included:

- Familiarisation visits for emergency and humanitarian responders and
  - 'Be Prepared' workshops for Harbour tenants to encourage business continuity planning.
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# Financial Statements Contents

# Belfast Harbour

for the year ended 31 December 2018

## 42

Statement of Commissioners'  
Responsibilities



## 43

Independent auditor's  
report to the Belfast Harbour  
Commissioners



## 47

Consolidated Income  
Statement



## 48

Consolidated Statement of  
Other Comprehensive Income



## 49

Consolidated Statement  
of Financial Position



## 50

BHC Statement  
of Financial Position



## 51

Consolidated statement  
of changes in equity



## 51

BHC Statement of  
changes in equity

## 52

Consolidated  
cash flow statement

## 54

Notes to the financial  
statements

# Annual Accounts

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## Statement of Commissioners' Responsibilities

The Commissioners are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations. Under that law the Commissioners have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'. The Commissioners must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Belfast Harbour Commissioners and of the profit or loss of the Belfast Harbour Commissioners and its subsidiaries for that period. In preparing these financial statements, the Commissioners are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Belfast Harbour Commissioners will continue in business.

The Commissioners are responsible for keeping adequate accounting records that are sufficient to show and explain the Belfast Harbour Commissioners' transactions and disclose with reasonable accuracy at any time the financial position of the Belfast Harbour Commissioners and enable them to ensure that the financial statements comply with the Harbours Act (Northern Ireland) 1970. They are also responsible for safeguarding the assets of the Belfast Harbour Commissioners and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Commissioners are responsible for the maintenance and integrity of the corporate and financial information included on the Belfast Harbour Commissioners' website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Annual Accounts

## Independent Auditor's Report to the Belfast Harbour Commissioners

### Opinion

In our opinion the financial statements of the Belfast Harbour Commissioners (the 'parent entity' or 'BHC') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and the parent entity's affairs as at 31 December 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Harbours Act (Northern Ireland) 1970.

We have audited the financial statements of the Belfast Harbour Commissioners which comprise:

- the consolidated income statement;
- the consolidated statement of other comprehensive income;
- the consolidated statement of financial position;
- the BHC statement of financial position;
- the consolidated statement of changes in equity;
- the BHC statement of changes in equity;
- the consolidated statement of cash flows; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the Belfast Harbour Commissioners 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.

# Annual Accounts

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## Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the Commissioners' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Commissioners have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group of the parent entity'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.

We have nothing to report in respect of these matters.

## Other information

The Commissioners are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 respect of these matters.

## Responsibilities of Commissioners

As explained more fully in the Commissioners' responsibilities statement, the Commissioners 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 Commissioners determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioners are responsible for assessing the group's and the Belfast Harbour Commissioners' 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 Commissioners either intend to liquidate the group or the Belfast Harbour Commissioners or to cease operations, or have no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as

# Annual Accounts

α 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and

the reasonableness of accounting estimates and related disclosures made by the Commissioners.

- Conclude on the appropriateness of the Commissioners' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

# Annual Accounts

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## Use of our report

This report is made solely to the Commissioners, as a body, in accordance with the Harbours Act (Northern Ireland) 1970. Our audit work has been undertaken so that we might state to the Commissioners those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Commissioners, for our audit work, for this report, or for the opinions we have formed.

## Report on other legal and regulatory requirements

### Opinion on other matters

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Annual Report has been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and the parent entity and its environment obtained in the course of the audit, we have not identified any material misstatements in the Annual Report.

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

We are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent entity, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent entity financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

**Kevin Sheehan**

(Senior Statutory Auditor)

**For and on behalf of**

**Deloitte (NI) Limited**

**Statutory Auditor**

**Belfast, Northern Ireland**

**30/5/19**

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# Annual Accounts

## Consolidated Income Statement for the year ended 31 December 2018

		2018	2017
	Note	£'000	£'000
<b>Turnover</b>	5	<b>68,786</b>	<b>61,887</b>
Net operating expenses		(32,802)	(27,914)
<b>Operating profit</b>		<b>35,984</b>	<b>33,973</b>
Surplus on revaluation of investment properties	12	2,021	31,281
<b>Profit before taxation and similar income</b>		<b>38,005</b>	<b>65,254</b>
Investment income	6	618	515
<b>Profit before taxation</b>	7	<b>38,623</b>	<b>65,769</b>
Tax on profit	10	(7,214)	(12,575)
<b>Profit for the financial year</b>		<b>31,409</b>	<b>53,194</b>

All activities derive from continuing operations.

## Explanation of "Underlying" Profit before Taxation

	2018	2017
	£'000	£'000
Profit before taxation as reported	38,623	65,769
Less: Surplus on revaluation of investment properties	(2,021)	(31,281)
<b>"Underlying" profit before taxation</b>	<b>36,602</b>	<b>34,488</b>

# Annual Accounts

## Consolidated Statement of Other Comprehensive Income for the year ended 31 December 2018

		2018	2017
	Note	£'000	£'000
<b>Profit for the financial year</b>	Overleaf	<b>31,409</b>	<b>53,194</b>
Actuarial (loss) / gain on defined benefit pensions	21	(604)	3,383
Deferred tax (debit) / credit associated with defined benefit pensions	18	102	(575)
<b>Total comprehensive income</b>		<b>30,907</b>	<b>56,002</b>



# Annual Accounts

## Consolidated Statement of Financial Position at 31 December 2018

		2018	2017
	Note	£'000	£'000
<b>Fixed assets</b>			
Tangible assets	12	472,269	429,356
<b>Current assets</b>			
Stocks		634	625
Debtors: due within one year	14	20,157	24,770
Debtors: due greater than one year	14	5,441	5,330
Investments	15	59,950	60,451
Cash at bank and in hand		2,554	1,914
		<b>88,736</b>	<b>93,090</b>
Creditors: Amounts falling due within one year	16	(22,934)	(16,364)
<b>Net current assets</b>		<b>65,802</b>	<b>76,726</b>
<b>Total assets less current liabilities</b>		<b>538,071</b>	<b>506,082</b>
Creditors: Amounts falling due after more than one year	17	(27,051)	(28,113)
Provisions for liabilities	18	(22,392)	(20,248)
<b>Net assets</b>		<b>488,628</b>	<b>457,721</b>
<b>Reserves</b>			
Profit & Loss Account		396,754	367,868
Revaluation Reserve		91,874	89,853
		<b>488,628</b>	<b>457,721</b>

The consolidated financial statements of Belfast Harbour Commissioners were approved on 16th April 2019 by the Commissioners and signed on their behalf by:

**Dr. D. Dobbin CBE**  
Chairman

**J O'Neill**  
Chief Executive

**R. Johnston DBE**  
Commissioner

**J.M. Bullick**  
Finance Director

# Annual Accounts

## BHC Statement of Financial Position at 31 December 2018

		2018	2017
	Note	£'000	£'000
<b>Fixed assets</b>			
Tangible assets	12	472,562	429,356
<b>Current assets</b>			
Stocks		619	625
Debtors: due within one year	14	20,171	25,457
Debtors: due greater than one year	14	6,069	5,330
Investments	15	59,950	60,451
Cash at bank and in hand		2,088	1,263
		<b>88,897</b>	<b>93,126</b>
Creditors: Amounts falling due within one year	16	(22,352)	(16,335)
<b>Net current assets</b>		<b>66,545</b>	<b>76,791</b>
<b>Total assets less current liabilities</b>		<b>539,107</b>	<b>506,147</b>
Creditors: Amounts falling due after more than one year	17	(27,051)	(28,113)
Provisions for liabilities	18	(22,487)	(20,248)
<b>Net assets</b>		<b>489,569</b>	<b>457,786</b>
<b>Reserves</b>			
Profit & Loss Account		397,741	367,933
Revaluation Reserve		91,828	89,853
		<b>489,569</b>	<b>457,786</b>

The profit for the financial year dealt with in the consolidated financial statements of BHC was £32,285k (2017: £53,259k).

The consolidated financial statements of Belfast Harbour Commissioners were approved by the Commissioners on 16th April 2019 and signed on their behalf by:

**Dr. D. Dobbin CBE**  
Chairman

**J O'Neill**  
Chief Executive

**R. Johnston DBE**  
Commissioner

**J.M. Bullick**  
Finance Director

# Annual Accounts

## Consolidated Statement of Changes in Equity at 31 December 2018

	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
<b>Balance at 31 December 2016</b>	<b>58,572</b>	<b>343,147</b>	<b>401,719</b>
Profit for the financial year	-	53,194	53,194
Transfer to the revaluation reserve	31,281	(31,281)	-
Other comprehensive income for the year	-	2,808	2,808
<b>Balance at 31 December 2017</b>	<b>89,853</b>	<b>367,868</b>	<b>457,721</b>
Profit for the financial year	-	31,409	31,409
Transfer to the revaluation reserve	2,021	(2,021)	-
Other comprehensive income for the year	-	(502)	(502)
<b>Balance at 31 December 2018</b>	<b>91,874</b>	<b>396,754</b>	<b>488,628</b>

## BHC Statement of Changes in Equity at 31 December 2018

	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
<b>Balance at 31 December 2016</b>	<b>58,572</b>	<b>343,147</b>	<b>401,719</b>
Profit for the financial year	-	53,259	53,259
Transfer to the revaluation reserve	31,281	(31,281)	-
Other comprehensive income for the year	-	2,808	2,808
<b>Balance at 31 December 2017</b>	<b>89,853</b>	<b>367,933</b>	<b>457,786</b>
Profit for the financial year	-	32,285	32,285
Transfer to the revaluation reserve	1,975	(1,975)	-
Other comprehensive income for the year	-	(502)	(502)
<b>Balance at 31 December 2018</b>	<b>91,828</b>	<b>397,741</b>	<b>489,569</b>

# Annual Accounts

## Consolidated cash flow statement for the year ended 31 December 2018

	2018	2017
	£'000	£'000
<b>Cash flows from operating activities</b>		
Operating Profit	35,984	33,973
Adjustments for:		
Depreciation	10,360	11,561
Impairment	400	8,461
Release of EU grants	(1,303)	(1,484)
Surplus on Land	-	(8,816)
Loss on disposal of fixed assets	3	59
Increase in maintenance dredging provision	1,101	999
Pension Charge	281	372
Pension contributions in cash	(161)	(206)
Decrease in stocks	(9)	25
Decrease / (increase) in debtors due within 1 year	4,658	(1,829)
(Increase) / decrease in debtors due greater than 1 year	(724)	606
Increase / (decrease) in creditors due within 1 year	2,931	(1,031)
<b>Cash from operations</b>	<b>53,521</b>	<b>42,690</b>
Corporation tax paid	(7,372)	(7,536)
<b>Net cash generated from operating activities</b>	<b>46,149</b>	<b>35,154</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(46,578)	(40,136)
Proceeds from land transactions	-	5,913
Net realisation from sale of tangible assets	118	488
Interest received	450	547
<b>Net cash from investing activities</b>	<b>(46,010)</b>	<b>(33,188)</b>
<b>Net increase in cash</b>	<b>139</b>	<b>1,966</b>
Cash and cash equivalents at beginning of year	62,365	60,399
<b>Cash and cash equivalents at end of year</b>	<b>62,504</b>	<b>62,365</b>
<b>Components of cash and cash equivalents</b>		
Cash at bank and in hand	2,554	1,914
Investments	59,950	60,451
<b>Cash and cash equivalents</b>	<b>62,504</b>	<b>62,365</b>



# Annual Accounts

## Notes to the consolidated financial statements for the year ended 31 December 2018

### 1. Statutory Information

Belfast Harbour is a Statutory Corporation first constituted under The Belfast Harbour Act 1847 and domiciled in Northern Ireland. The principal place of business is Harbour Office, Corporation Square, Belfast, BT1 3AL.

As a Statutory Corporation, Belfast Harbour is not bound by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. However, consistent with corporate entities of a similar size to the Harbour, the Commissioners have adopted the main provisions of the Act and therefore present a strategic report. The principal activities of the Harbour and its subsidiaries (the Group) and the nature of the Group's operations are set out in the strategic report.

### 2. Compliance with Accounting Standards

The financial statements have been prepared in accordance with FRS 102. There were no material departures from that standard.

### 3. Accounting policies

#### Basis of preparation

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Belfast Harbour Commissioners is pounds sterling because that is the

currency of the primary economic environment in which BHC and its subsidiaries (the Group) operate. The consolidated financial statements are also presented in pounds sterling. Foreign operations are included in accordance with the policies set out below.

#### Basis of consolidation

The financial statements consolidate the financial statements of the Harbour and its subsidiary undertakings drawn up to 31 December each year. This is the first year of consolidation. The Commissioners elected not to prepare consolidated financial statements in the prior year on the grounds of materiality.

#### Going concern

The financial statements have been prepared using the going concern basis of accounting.

The Group has considerable financial resources, together with long-term contracts with a number of customers and a presence across different business sectors. As a consequence, the Commissioners believe that the organisation is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the Commissioners have a reasonable expectation that adequate resources are available to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

# Annual Accounts

### 3. Accounting policies (continued)

#### Tangible fixed assets – operational assets

Operational assets are stated at cost, net of depreciation and any provision for impairment. The cost of operational fixed assets, which excludes estate property, comprises the purchase price of assets acquired, net of capital contributions received (excluding EU grants which are shown separately within creditors).

No provision is made for depreciation of land nor assets under construction. Other operational fixed assets are depreciated by the straight-line method according to their effective economic lives as follows:

	Years
<b>Capital dredging</b>	35 to 50
Dock structures	12 to 50
<b>Buildings</b>	10 to 50
Roads	5 to 50
<b>Plant &amp; machinery</b>	3 to 40
Fixtures & fittings	5

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

#### Tangible fixed assets – estate property

Estate property primarily represents land let to tenants who are not associated with port operations. This property falls within the FRS 102 Section 16 definition of investment property and so is not depreciated but is revalued annually and included in the balance sheet at fair value. Revaluation surpluses or deficits are recognised in the Income Statement. Deferred tax is provided on these gains at the rate expected to apply when the property is sold.

#### Reserves

The surplus arising on the revaluation of investment properties is recognised in the income statement and then transferred to the revaluation reserve (the amount transferred is stated before related deferred tax).

# Annual Accounts

## Notes to the consolidated financial statements for the year ended 31 December 2018

### 3. Accounting policies (continued)

#### Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

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

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

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

#### Inventories

Inventories are valued at cost with provision for any obsolete or defective content.

#### Impairment of assets

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

#### Non-financial assets

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

The recoverable amount of goodwill is derived from measurement of the present value



# Annual Accounts

### 3. Accounting policies (continued)

#### Impairment of assets (continued)

of the future cash flows of the cash-generating units (CGUs) of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss previously recognised for assets other than goodwill, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets of the CGU, except for goodwill, on a pro-rata basis. Impairment of goodwill is never reversed.

#### Financial assets

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

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it

were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### Taxation

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

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred

# Annual Accounts

## Notes to the consolidated financial statements for the year ended 31 December 2018

### 3. Accounting policies (continued)

#### Taxation (continued)

at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in

subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to non-depreciable property measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset. In other cases, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

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

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off

# Annual Accounts

## 3. Accounting policies (continued)

### Taxation (continued)

current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

### Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer.

Turnover comprises revenue from charges to port users, from rents of both operational and estate property and from the hotel. Turnover is recognised in the period in which it is earned. Shipping income is earned in the period in which it falls due i.e. in accordance with the date on which a particular ship docks in the Port of Belfast. Rental and storage income is recognised for the period January 2018 to December 2018. To the extent that rental and storage income is received in 2018 but relates to 2019 it is treated as deferred income. Rental and storage income relating to 2018 but not received until 2019 is accrued for in the financial statements.

### Employee benefits

The Commissioners operate both a defined benefit pension scheme and a defined contribution scheme in the UK, the assets of which are held in a separate trustee-administered fund.

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in

# Annual Accounts

## Notes to the consolidated financial statements for the year ended 31 December 2018

### 3. Accounting policies (continued)

#### Employee Benefits (continued)

the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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

#### Leases

##### The Group as lessee

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

##### The Group as lessor

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

#### EU grants

EU grants relating to tangible fixed assets are included within deferred income and are recognised over the expected useful economic life.

#### Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### Investments

Fixed asset investments, comprising shares in subsidiary undertakings, are stated at cost less provision for impairment.

Current asset investments are stated at lower of cost and net realisable value. Investments comprise monies on short term deposits.

# Annual Accounts

#### 4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 3, the Commissioners are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Commissioners have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### Revaluation of investment properties

Estate property, including certain land reclassified as estate property in 2001, was valued by the Commissioners as at 31 December 2018 at fair value. There are elements of uncertainty in the underlying assumptions of the methodology used to determine the fair value of investment property, specifically in relation to environmental conditions, estimated rental values and estimated rental yields.

The surplus arising on the revaluation of investment properties is recognised in the income statement and then transferred to the revaluation reserve.

#### Dredging provision

The provision for maintenance dredging reflects the Commissioners' obligation to maintain channels and berths within the Port at a minimum depth. Dredging costs are dependent on a range of factors including environmental conditions, volumes of material to be dredged and the nature of the dredging equipment.

# Annual Accounts

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## Notes to the consolidated financial statements for the year ended 31 December 2018

### 4. Critical accounting judgements and key sources of estimation uncertainty (continued)

#### Pensions

The liability of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future inflation rates. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to uncertainty.

#### Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors.

# Annual Accounts

## 5. Turnover

Turnover is analysed as follows:

	2018	2017
	£'000	£'000
Port revenue	54,141	53,189
Estate revenue	11,097	8,698
Hotel revenue	3,548	-
	<b>68,786</b>	<b>61,887</b>

## 6. Investment income

	2018	2017
	£'000	£'000
Interest receivable	495	483
Other finance income	123	32
	<b>618</b>	<b>515</b>

# Annual Accounts

## Notes to the consolidated financial statements for the year ended 31 December 2018

### 7. Profit before taxation

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

	2018	2017
	£'000	£'000
Depreciation of tangible fixed assets (see note 12)	10,361	11,561
Impairment of tangible fixed assets (see note 12)	400	8,461
Amortisation of EU grants (see notes 16 and 17)	(1,304)	(1,484)
Surplus on land transactions	-	(8,816)
Loss on disposal of fixed assets	3	59
Foreign exchange loss / (gain)	46	(20)

In the prior year the impairment of tangible fixed assets arose as result of a write down in the carrying value of the D1 Quay used as an offshore wind energy facility for the Irish Sea. The tenant of the facility had given notice of an intention to terminate their lease early, and hence the Net Book Value at 31 December 2017 was impaired by £8.5m to reflect the shorter useful economic life of the asset.

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

	2018	2017
	£'000	£'000
<b>Fees payable to the auditor and its associates for the audit of the annual accounts</b>	<b>38</b>	<b>35</b>
<b>Fees payable to the auditor and its associates for other services to the Group</b>		
The audit of the subsidiaries	8	-
<b>Total audit fees</b>	<b>46</b>	<b>35</b>
Taxation compliance services	24	23
Other taxation advisory services	97	68
<b>Total non-audit fees</b>	<b>121</b>	<b>91</b>

Fees payable to Deloitte and its associates for non-audit services to BHC are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.



# Annual Accounts

## 8. Pilotage

	2018	2017
	£'000	£'000
Income from pilotage (included in turnover)		
Pilotage services	2,176	2,142
Ships navigating under pilotage exemption certificates	175	165
	<b>2,351</b>	<b>2,307</b>
Expenditure on provision of pilotage (included in net operating expenses)		
Providing the services of pilots	1,887	1,858
Providing, maintaining and operating pilot boats	338	272
	<b>2,225</b>	<b>2,130</b>
Gain against port operational costs	126	177
(net operating expenses)	<b>2,351</b>	<b>2,307</b>

## 9. Employee numbers

The average number of employees during the year was 201 (2017: 150).

# Annual Accounts

## Notes to the consolidated financial statements for the year ended 31 December 2018

### 10. Tax on profit

The tax charge comprises:

	2018	2017
	£'000	£'000
<b>Current tax on profit</b>		
UK corporation tax	7,098	8,624
Adjustments in respect of previous periods	(1,446)	(430)
<b>Total current tax</b>	<b>5,652</b>	<b>8,194</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	1,077	4,929
Adjustment in respect of previous periods	599	28
Effect of decrease in tax rate	(114)	(576)
<b>Total deferred tax (see note 23)</b>	<b>1,562</b>	<b>4,381</b>
<b>Total tax on profit</b>	<b>7,214</b>	<b>12,575</b>

The standard rate of tax applied to reported profit is 19% (2017: 19.25%). The main rate of corporation tax will fall from 19% to 17% on 1 April 2020. This will affect the future tax charge of the group. It is not expected that this rate reduction will have a material impact on the group.

# Annual Accounts

## 10. Tax on profit (continued)

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2018	2017
	£'000	£'000
<b>Group profit before tax</b>	<b>38,005</b>	<b>65,254</b>
Tax on Group profit at standard UK corporation tax rate of 19% (2017: 19.25%)	7,338	12,561
Effects of:		
- Expenses not deductible for tax purposes	268	273
- Non-qualifying depreciation	864	1,096
- Entitlement to indexation allowances	(295)	(377)
- Effect of decrease in tax rate	(114)	(576)
- Adjustments to tax charge in respect of previous years	(847)	(402)
<b>Group total tax charge for year</b>	<b>7,214</b>	<b>12,575</b>

## 11. Profit attributable to BHC

As permitted by Section 408 of the Companies Act 2006, no separate income statement or statement of other comprehensive income is presented in respect of BHC. The profit attributable to BHC is disclosed in the footnote to BHC's balance sheet.

# Annual Accounts

## Notes to the consolidated financial statements for the year ended 31 December 2018

### 12. Consolidated Tangible fixed assets

	Capital Dredging	Dock Structures	Land & Buildings	Roads
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 January	15,099	227,327	85,575	29,216
Reclassified	-	(4,408)	18,290	654
Revaluation adjustment	-	-	-	-
Additions	-	448	1,487	546
Disposals	-	-	-	-
<b>At 31 December</b>	<b>15,099</b>	<b>223,367</b>	<b>105,352</b>	<b>30,416</b>
<b>Depreciation</b>				
At 1 January	(6,479)	(83,138)	(23,159)	(17,007)
Reclassified	-	2,847	(2,847)	-
Depreciation charge	(251)	(3,699)	(2,169)	(894)
Impairment	-	-	-	-
Disposals	-	-	-	-
<b>At 31 December</b>	<b>(6,730)</b>	<b>(83,990)</b>	<b>(28,175)</b>	<b>(17,901)</b>
<b>Balance sheet value</b>				
31 December 2017	8,620	144,189	62,416	12,209
<b>31 December 2018</b>	<b>8,369</b>	<b>139,377</b>	<b>77,177</b>	<b>12,515</b>

The Harbour Estate has been classified as estate property on the basis that it is currently substantially let to tenants who are not associated with port operations. Estate property, including certain land reclassified as estate property in 2001, was valued by the Commissioners as at 31 December 2018 at fair value. The surplus arising on revaluation has been taken to the property revaluation reserve. Land and Buildings includes £12,664,261 (2017: £15,043,571) for land which is not depreciated.

# Annual Accounts

Plant & Machinery	Assets in the Course of Construction	Operational Assets	Estate Property	Assets in the Course of Construction	Estate Assets	Total 2018	Total 2017
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
83,891	3,009	444,117	161,125	24,637	185,762	629,879	559,503
6,056	(1,438)	19,154	2,239	(21,393)	(19,154)	-	-
-	-	-	2,021	-	2,021	2,021	31,281
2,700	13,397	18,578	21,103	12,091	33,194	51,772	42,591
(4,498)	-	(4,498)	-	-	-	(4,498)	(3,496)
<b>88,149</b>	<b>14,968</b>	<b>477,351</b>	<b>186,488</b>	<b>15,335</b>	<b>201,823</b>	<b>679,174</b>	<b>629,879</b>
(70,521)	-	(200,304)	(219)	-	(219)	(200,523)	(182,478)
-	-	-	-	-	-	-	-
(3,347)	-	(10,361)	-	-	-	(10,361)	(11,561)
(400)	-	(400)	-	-	-	(400)	(8,461)
4,378	-	4,378	-	-	-	4,378	1,977
<b>(69,890)</b>	<b>-</b>	<b>(206,687)</b>	<b>(219)</b>	<b>-</b>	<b>(219)</b>	<b>(206,906)</b>	<b>(200,523)</b>
13,370	3,009	243,813	160,906	24,637	185,543		429,356
<b>18,259</b>	<b>14,968</b>	<b>270,665</b>	<b>186,269</b>	<b>15,335</b>	<b>201,604</b>	<b>472,269</b>	

The amounts above are stated net of capital contributions (excluding EU grants). Included in the balance sheet value at 31 December 2018 are capital contributions amounting to £246,817 (2017: £260,364).

# Annual Accounts

## Notes to the consolidated financial statements for the year ended 31 December 2018

### 12. BHC Tangible fixed assets

	Capital Dredging	Dock Structures	Land & Buildings	Roads
	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>				
At 1 January	15,099	227,327	85,575	29,216
Reclassified	-	(4,408)	2,437	654
Revaluation adjustment	-	-	-	-
Additions	-	448	249	546
Disposals	-	-	-	-
<b>At 31 December</b>	<b>15,099</b>	<b>223,367</b>	<b>88,261</b>	<b>30,416</b>
<b>Depreciation</b>				
At 1 January	(6,479)	(83,138)	(23,159)	(17,007)
Reclassified	-	2,847	(2,847)	-
Depreciation charge	(251)	(3,700)	(1,919)	(894)
Impairment	-	-	-	-
Disposals	-	-	-	-
<b>At 31 December</b>	<b>(6,730)</b>	<b>(83,991)</b>	<b>(27,925)</b>	<b>(17,901)</b>
<b>Balance sheet value</b>				
31 December 2017	8,620	144,189	62,416	12,209
<b>31 December 2018</b>	<b>8,369</b>	<b>139,376</b>	<b>60,336</b>	<b>12,515</b>

The Harbour Estate has been classified as estate property on the basis that it is currently substantially let to tenants who are not associated with port operations. Estate property, including certain land reclassified as estate property in 2001, was valued by the Commissioners as at 31 December 2018 at fair value. The surplus arising on revaluation has been taken to the property revaluation reserve. Land and Buildings includes £12,237,007 (2017: £15,043,571) for land which is not depreciated.

# Annual Accounts

Plant & Machinery	Assets in the Course of Construction	Operational Assets	Estate Property	Assets in the Course of Construction	Estate Assets	Total 2018	Total 2017
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
83,891	3,009	444,117	161,125	24,637	185,762	629,879	559,503
90	(1,439)	(2,666)	24,059	(21,393)	2,666	-	-
-	-	-	1,975	-	1,975	1,975	31,281
1,260	13,397	15,901	23,575	12,091	35,666	51,566	42,591
(4,498)	-	(4,498)	-	-	-	(4,498)	(3,496)
<b>80,743</b>	<b>14,967</b>	<b>452,853</b>	<b>210,734</b>	<b>15,335</b>	<b>226,069</b>	<b>678,922</b>	<b>629,879</b>
(70,521)	-	(200,304)	(219)	-	(219)	(200,523)	(182,478)
-	-	-	-	-	-	-	-
(3,051)	-	(9,815)	-	-	-	(9,815)	(11,561)
(400)	-	(400)	-	-	-	(400)	(8,461)
4,378	-	4,378	-	-	-	4,378	1,977
<b>(69,594)</b>	<b>-</b>	<b>(206,141)</b>	<b>(219)</b>	<b>-</b>	<b>(219)</b>	<b>(206,360)</b>	<b>(200,523)</b>
13,370	3,009	243,813	160,906	24,637	185,543		429,356
<b>11,149</b>	<b>14,967</b>	<b>246,712</b>	<b>210,515</b>	<b>15,335</b>	<b>225,850</b>	<b>472,562</b>	

The amounts above are stated net of capital contributions (excluding EU grants). Included in the balance sheet value at 31 December 2018 are capital contributions amounting to £246,817 (2017: £260,364).

# Annual Accounts

## Notes to the consolidated financial statements for the year ended 31 December 2018

### 13. Fixed asset investments

	BHC		
	2018	2017	
	£'000	£'000	
Subsidiary undertakings	-	-	
Total	-	-	
BHC has investments in the following subsidiary undertakings.			
	Registered office address	Holding	%
<b>Trading Entities</b>			
BHC Estates Limited	Harbour Office, Corporation Square, Belfast, BT1 3AL	Ordinary Shares	100
City Quays Hotel Limited	Harbour Office, Corporation Square, Belfast, BT1 3AL	Ordinary Shares	100
<b>Dormant Entities</b>			
City Quays Car Park Limited	Harbour Office, Corporation Square, Belfast, BT1 3AL	Ordinary Shares	100
Belfast Harbour Film Studios Limited	Harbour Office, Corporation Square, Belfast, BT1 3AL	Ordinary Shares	100



# Annual Accounts

## 14. Debtors

	Group		BHC	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
Trade debtors	9,066	8,405	8,993	8,405
Amounts owed by Group undertakings	-	-	99	693
Other debtors	10,331	14,107	10,353	14,101
Prepayments and accrued income	760	2,258	726	2,258
	<b>20,157</b>	<b>24,770</b>	<b>20,171</b>	<b>25,457</b>
<b>Amounts falling due after more than one year:</b>				
Other debtors	1,696	972	2,324	972
Pension asset	3,745	4,358	3,745	4,358
	<b>5,441</b>	<b>5,330</b>	<b>6,069</b>	<b>5,330</b>

## 15. Investments

	Group		BHC	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Short-term deposits	59,950	60,451	59,950	60,451

# Annual Accounts

## Notes to the consolidated financial statements for the year ended 31 December 2018

### 16. Creditors – amounts falling due within one year

	Group		BHC	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Trade creditors	293	616	174	615
Corporation tax	1,559	3,292	1,559	3,292
Other taxation and social security	361	250	263	250
Other creditors	17,693	9,105	17,604	9,077
EU grants (see note 7)	890	1,317	890	1,317
Accruals and deferred income	2,138	1,784	1,862	1,784
	<b>22,934</b>	<b>16,364</b>	<b>22,352</b>	<b>16,335</b>

### 17. Creditors – amounts falling due after more than one year

	Group		BHC	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Other creditors	2,641	2,826	2,641	2,826
EU grants (see note 7)	24,410	25,287	24,410	25,287
	<b>27,051</b>	<b>28,113</b>	<b>27,051</b>	<b>28,113</b>

### Pilots National Pension Fund

The Belfast Harbour Commissioners' share of the PNPf liabilities has been determined by the PNPf Trust Company Ltd and was notified to the Commissioners on 29 October 2012. The appropriate obligation of £2.8m, (2017: £3.0m) based on the currently available information, has been reflected in the accounts and included within other creditors. This has been split between creditors: due within one year of £188k (2017: £182k) and creditors: due after one year of £2,641k (2017: £2,826k). The majority of this obligation refers to "Orphan Liabilities", which do not relate to retirement benefit obligations of employment with Belfast Harbour Commissioners.

## 18. Provisions for liabilities

	Deferred Taxation	Maintenance Dredging	Total
	£'000	£'000	£'000
<b>Group</b>			
At 1 January 2018	19,209	1,039	20,248
Adjustment in respect of prior periods	599	-	599
Charged to income statement	964	1,101	2,065
Charged to other comprehensive income	(102)	-	(102)
Amounts applied	-	(418)	(418)
<b>At 31 December 2018</b>	<b>20,670</b>	<b>1,722</b>	<b>22,392</b>

	Deferred Taxation	Maintenance Dredging	Total
	£'000	£'000	£'000
<b>BHC</b>			
At 1 January 2018	19,209	1,039	20,248
Adjustment in respect of prior periods	599	-	599
Charged to income statement	1,059	1,101	2,160
Charged to other comprehensive income	(102)	-	(102)
Amounts applied	-	(418)	(418)
<b>At 31 December 2018</b>	<b>20,765</b>	<b>1,722</b>	<b>22,487</b>

### Deferred Tax

Deferred tax is provided as follows:

	2018	2017
	£'000	£'000
Fixed asset timing differences	6,500	5,231
Short term timing differences	(693)	(677)
Investment properties held at fair value and rollover relief	14,350	13,914
Pensions	637	741
Trading Losses	(124)	-
<b>Provision for deferred tax</b>	<b>20,670</b>	<b>19,209</b>

Deferred tax assets and liabilities are offset only where the Group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Group.

There is no expiry date on timing differences, unused tax losses or tax credits.

### Maintenance Dredging

The provision for maintenance dredging reflects the Commissioners' obligation to maintain channels and berths within the port at a minimum depth.

# Annual Accounts

## Notes to the consolidated financial statements for the year ended 31 December 2018

### 19. Financial instruments

#### a) Overview

This note provides details of the entity's financial instruments. Except where otherwise stated, the disclosures in this note exclude retirement benefit assets and obligations.

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

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

#### b) Categories and carrying value of financial instruments

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

	Group		BHC	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
<b>Financial assets</b>				
Investments	59,950	60,451	59,950	60,451
Cash	2,554	1,914	2,088	1,263
Loans and receivables	21,093	23,485	21,769	24,171
	<b>83,597</b>	<b>85,850</b>	<b>83,807</b>	<b>85,885</b>
<b>Financial liabilities</b>				
Amortised cost	18,349	9,971	18,041	9,942
	<b>18,349</b>	<b>9,971</b>	<b>18,041</b>	<b>9,942</b>

At the end of the reporting period, there are no significant concentrations of credit risk for loans and receivables. The carrying amount reflected above represents the entity's maximum exposure to credit risk for such loans and receivable.

# Annual Accounts

## 19. Financial instruments (continued)

### c) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the entity. The entity has adopted a policy of only dealing with creditworthy counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, provisions are made.

The entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The entity defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the entity's maximum exposure to credit risk.

### d) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Commissioners, which has established an appropriate liquidity risk management framework for the management of the entity's short-, medium- and long-term funding and liquidity management requirements. The entity manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

## 20. Capital commitments

	2018	2017
	£'000	£'000
<b>Group and BHC</b>		
Capital expenditure which has been contracted for but has not been provided for in the accounts	23,829	24,722
Capital expenditure which has been authorised by the Commissioners but has not yet been contracted for	113,526	107,113

The above amounts do not take account of any future grants or contributions which may be receivable.

# Annual Accounts

## Notes to the consolidated financial statements for the year ended 31 December 2018

### 21. Employee benefits

#### Defined contribution scheme

The Commissioners operate a defined contribution pension scheme. The total cost charged to the income statement of £764k (2017: £633k) represents contributions payable to the defined contribution section of the scheme at rates specified in the Schedule of Contributions. As at 31 December 2018, contributions of £76k (2017: £60k) due in respect of the current reporting period had not been paid over to the scheme. Amounts owed to the Commissioners by the Pension Scheme are disclosed in note 13 to these accounts.

#### Defined benefit scheme

The Commissioners operate a defined benefit pension scheme. The last full actuarial valuation was carried out at 31 December 2017 by a qualified independent actuary. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

#### Weighted average assumptions to determine benefit obligations at:

	31/12/2018	31/12/2017
Discount rate	2.80%	2.50%
Rate of compensation increase	3.80%	3.80%
Rate of pension increases	3.20%	3.10%
Rate of price inflation	3.30%	3.30%

#### Weighted average assumptions to determine cost relating to defined benefit plans at:

	31/12/2018	31/12/2017
Discount rate	2.50%	2.60%
Rate of compensation increase	3.80%	3.80%
Rate of pension increases	3.10%	3.20%
Rate of price inflation	3.30%	3.30%

# Annual Accounts

## 21. Employee benefits (continued)

### Assumed life expectancy on retirement at age 65

	Male Years	Female Years
Retiring today (member age 65)	21.3	21.2
Retiring in 20 years (member age 45 today)	23.0	22.9

The principal assumptions used to measure the scheme liabilities are the discount rate, rate of inflation, rate of salary growth and rate of mortality.

Amounts recognised in the income statement in respect of the defined benefit scheme is as follows:

	2018	2017
	£'000	£'000
<b>Group and BHC</b>		
Current service cost	281	372
Net interest income	(111)	(32)
	<b>170</b>	<b>340</b>
Recognised in other comprehensive income	604	(3,383)
<b>Total income / (cost) relating to defined benefit scheme</b>	<b>774</b>	<b>(3,043)</b>

# Annual Accounts

## Notes to the consolidated financial statements for the year ended 31 December 2018

### 21. Employee benefits (continued)

The amount included in the balance sheet arising from BHC's obligations in respect of its defined benefit scheme is as follows:

	2018	2017
	£'000	£'000
Present value of defined benefit obligation	44,423	46,284
Fair value of plan assets	(48,168)	(50,642)
<b>Asset recognised in the balance sheet</b>	<b>(3,745)</b>	<b>(4,358)</b>

Movement in the present value of defined benefit obligation were as follows:

	At year end 31/12/2018	At year end 31/12/2017
	£'000	£'000
<b>At 1 January</b>	<b>46,284</b>	<b>47,122</b>
Service cost	281	372
Interest cost	1,128	1,197
Participant contributions	26	27
Actuarial losses / (gains)	(961)	(271)
Benefits paid	(2,335)	(2,163)
<b>At 31 December</b>	<b>44,423</b>	<b>46,284</b>



# Annual Accounts

## 21. Employee benefits (continued)

Movements in the fair value of plan assets were as follows:

	At year end 31/12/2018	At year end 31/12/2017
	£'000	£'000
<b>At 1 January</b>	<b>50,642</b>	<b>48,231</b>
Interest income	1,239	1,229
Actuarial (loss) / gain	(1,565)	3,112
Employer contributions	161	206
Participant contributions	26	27
Benefits paid	(2,335)	(2,163)
<b>At 31 December</b>	<b>48,168</b>	<b>50,642</b>

## Plan Assets

The weighted-average asset allocations at the year end were as follows:

	Plan Assets at 31/12/2018	Plan Assets at 31/12/2017
<b>Asset Category</b>		
Equities	15%	17%
Debt instruments	66%	59%
Property	9%	8%
Other	10%	16%
	<b>100%</b>	<b>100%</b>

# Annual Accounts

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## Notes to the consolidated financial statements for the year ended 31 December 2018

### 22. Related party transactions

The Belfast Harbour Commissioners pay, on behalf of the Belfast Harbour Commissioners' Pension Scheme, pensions payable to pensioner members and benefits payable to members, both of which are reimbursed by the scheme. In addition, administrative expenses of £681k (2017: £671k) were borne by the Belfast Harbour Commissioners on behalf of the scheme. Amounts owed by the Belfast Harbour Commissioners' Pension Scheme are disclosed in note 21.

All board members, directors and certain senior employees who have authority and responsibility for planning, directing and controlling activities are considered to be key management personnel. The total remuneration in respect of these individuals is £3,330k (2017: £2,891k).

## Trade and Shipping Statistics

	2018	2017
	000's	000's
<b>Passengers</b>		
Passengers	1,549	1,543
Passengers Cars	316	318
<b>Unit Load</b>		
Freight Vehicles	532	513
Containers	128	126
<b>Bulk Cargo (tonnes)</b>		
Liquid Bulk	2,362	2,279
Dry Bulk	7,047	6,633
Break Bulk	459	710
<b>Import Bulk Commodities (tonnes)</b>		
Petroleum Products	2,041	1,959
Grain and Feeds	2,353	2,189
Coal	2,206	1,954
Fertilisers	321	312
Timber	63	55
<b>Export Bulk Commodities (tonnes)</b>		
Aggregates	1,555	1,526
Scrap	357	388
<b>Shipping</b>		
Gross Tonnage (000s Tonnes)	112,778	111,742
Number of Arrivals	5,788	5,874

# Key Statistics in 2018



## Over 24m

Tonnes handled



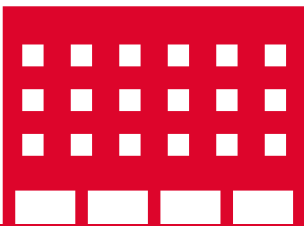
## 185,000

Cruise visitors



## 80 Jobs

Supported at the new  
City Quays Hotel



## Krypton

'Krypton', a prequel to Superman,  
was the first production completed  
in the new Belfast Harbour  
Film Studios



Belfast  
Harbour

## £68.8m

Turnover growth of 11%

## £52m

Invested in capital  
expenditure



## £137m

Committed in  
strategically  
significant  
projects



## 1.5 Million

Ferry passengers



## 2.3m

Tonnes of grain and  
animal feed handled



# Key Statistics in 2018

## £40m

Committed to the redevelopment of container terminal



## 532k

Freight vehicles through the port



## 5 Millionth



Visitor welcomed at Titanic Belfast since 2012

## BRT

Rapid Transit (BRT) Citi route - an important milestone in the connectivity of Queen's Island to the City centre and other parts of the City



## £14m

Investment in 900 space multi-storey car park



## £3m

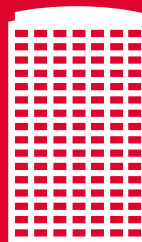
Investment in maintaining the main deep water quay at Stormont Wharf for the port's major cargo customers

## 1.56m

Tonnes of aggregate exports

## 9.9m

Bulk cargo up 3%

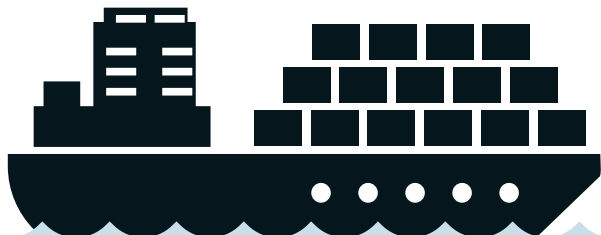


## 16 Storey

Construction commenced on City Quays 3, a Grade A waterfront office building

## More than 70%

of NI seaborne trade handled





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Shipping 2018

**112,778**

Gross Tonnage  
(000s Tonnes)

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# Belfast Harbour

Harbour Office

Corporation Square  
Belfast BT1 3AL

+44 28 9055 4422

(Text phone) +44 28 9032 2013

[belfast-harbour.co.uk](http://belfast-harbour.co.uk)

