



Annual Report & Accounts 2019

**Belfast
Harbour**

www.belfast-harbour.co.uk



“ First and foremost, I want to take this opportunity to put on record the gratitude of the Board and the staff at Belfast Harbour to the key workers across all sectors.”

24m

Tonnes of
cargo handled

£40m

invested in
port operations



The first half of 2020 has seen the COVID-19 crisis result in an unprecedented interruption to our daily lives, changing the way that we live and work and no doubt will bring about significant social and economic change after it ends.

First and foremost, I want to take this opportunity to put on record the gratitude of the Board and the staff at Belfast Harbour to the key workers across all sectors who have continued to work tirelessly for us all. I want to pay particular tribute to the key workers of Belfast Harbour and our customers who maintained port operations and ensured that the goods which keep life going in Northern Ireland – such as food, fuel, medical and essential supplies – continued to flow every day.

As a port, we have comprehensive business continuity plans and resources, hoping that they will never have to be used in real life. It is reassuring that the deployment of these plans has allowed Belfast Harbour to continue to operate safely and effectively during this recent crisis and that the Harbour community collectively rose to the challenges faced.

As we reflect back on Belfast Harbour's performance during the 2019 financial year we are acutely aware of the impact that the COVID-19 crisis is having on our Port customers and all aspects of life and the economy. However, it is reassuring to know that as we prepare for the post crisis recovery, that our performance and progress in 2019 provides a strong platform to move forward.

From a financial perspective, Belfast Harbour had a sound performance in 2019 and finished the year with a strong balance sheet.

Profit, turnover and cash flow were in line with expectations and reflected the changing mix of business. Turnover at £65.9m was down slightly (4%) and operating profit at £30.6m was down 15%, largely reflecting the impacts of the completion of offshore windfarm contracts and the ongoing reduction in power station coal. The wind farm lease of our D1 facility has ended and this quayside is now being used for cruise ships and other activities.

Trade through the Port remained strong, with more than 24m Tonnes of cargo handled for only the second time in our history. Passenger numbers exceeded 1.5m for the third year in a row, there were a record number of freight vehicles (up 4% to 542,000) and exports of aggregates rose by 4% to 1.6m Tonnes for the first time. Cruise ship activity continued to grow with 280,000 visitors during the year.

The Board was also very pleased with the progress being made on various projects to transform our business and cater for the emerging needs of our regional economy. During 2019 there was capital expenditure of £44.8m, on a range of port and estate projects. In Port Operations there were investments totalling £40m, to upgrade and automate our container terminal at VT3 and to prepare VT2 for the introduction, by Stena Line, of larger, more sustainable and modern vessels on its Belfast-Birkenhead route.

Within our growing Harbour Estate a 900-space multi-storey car park was completed and work began on City Quays 3, which will be one of Northern Ireland's largest ever Grade A office buildings. It is encouraging to note that the last remaining Grade A office space at City Quays 2 building was occupied.

Chairman's Statement Continued

During 2019 Belfast Harbour launched the latest stage of its strategy 'A Port for Everyone' which details our vision out to 2035 and our plans to become the best regional port in the world, making Belfast Harbour a key gateway for trade, tradeable services and tourism. This will include further developing the Harbour as a key economic hub for the region and creating an iconic waterfront for Belfast which is an attractive and safe place to live, work, visit and invest.

Our plans were developed in anticipation that the rate of societal and economic change will continue apace – driven by the decarbonisation agenda and the changing shape of the economy with growth in tradeable services such as media and ICT, plus the rapid evolution of technology and continued growth in tourism and leisure activities for which the Harbour Estate already is a key regional destination. We now have added the impact of the COVID-19 pandemic as a further driver of change. While the pandemic may influence some of our short and medium term priorities we believe that the long term goals of our strategy largely remain valid.

Key to the delivery of our ambitious plans is close collaboration with our customers and a number of partners including Belfast City Council, Titanic Quarter Limited, our two Universities, Catalyst, Northern Ireland Screen, Odyssey Trust, Tourism NI, Visit Belfast and the Department of Infrastructure. Together our goal is to create a vibrant economy and long-term opportunities for good jobs and a better way of life for our citizens.

Further details of our plans are contained within this report, and we have set a target of building upon our existing environmental work to become the greenest multi-purpose port anywhere in these islands and beyond, and to utilise SMART technology to deliver even greater levels of efficiency and flexibility.

Belfast Harbour is already leading the way as the first port in the UK and Ireland to trial practical applications supported by the new 5G mobile network. We have partnered with one of the world's smartest ports, Rotterdam, to develop new ways to share information and collaborate with our customers.

We also established a Responsible Business and Stakeholder Committee to oversee the formulation and delivery of Belfast Harbour's Responsible Business Strategy. This committee also considers actions to further enhance Belfast Harbour's workforce diversity and inclusion agenda.

Looking Forward

The impacts of the COVID-19 pandemic on trade and the economy are significant and widespread and at this time are still being assessed. Added to this will be the impact of Brexit. Belfast Harbour's sound financial position and intact capabilities will allow us to continue to play a key role in helping drive the local economy and helping address the key challenges from COVID-19 and Brexit, working with our customers and key partners to get the economy back on track.

The current forecasts indicate that our business will see reduced income, profit and cash flow in 2021 but will remain cash positive. While we will continue to invest in opportunities to improve our infrastructure and capability it will be necessary to reprioritise our plans in line with the new reality post the pandemic and our reduced cash flow. Among the many lessons that the pandemic has taught us so far, it is that we are stronger together, and together we can overcome significant challenges and succeed.

Dr David Dobbin, CBE
Chairman



'A Port for Everyone'

Details our Vision out to 2035 and our plans to become the best regional port in the world, making Belfast Harbour a key gateway for trade, tradeable services and tourism.

Board Member Profiles



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Board Member Profiles

1. Dr David Dobbin CBE

David 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. He is currently Chairman of Firmus Energy and 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, C&C 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 Agrifood Strategy Board, Invest NI, BT Ireland, Queen's University Senate and was Vice Chairman of the Ireland/Northern Ireland 2023 Rugby World Cup Bid.

2. Joe O'Neill

Joe was appointed CEO of Belfast Harbour on 1st January 2018 having joined the organisation in 1997 and having held a number of prior roles within Belfast Harbour including Commercial Manager, Port Manager and Commercial Director.

Joe has had lead responsibility for all major port and infrastructure projects in Belfast Harbour Estate over the last 14 years with cumulative investment of c. £300m. Prior to joining the Port, Joe held positions with Undus Ltd and C&C Ltd.

Joe is a board member of the Simon Community and the UK Major Ports Group, a member of the CBI Regional Council, the Centre for Competitiveness and a Council Member of the British Ports Association. Joe was previously Chairman of the MAC theatre in Belfast, stepping down on 31st December 2017.

3. Kyle Alexander OBE

Kyle was appointed to the Board in February 2016. He has considerable experience in delivering urban regeneration, having been Chief Executive of Laganside Corporation which was responsible for the transformation of Belfast's waterfront and Cathedral Quarter. He stepped down as Chief Executive 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. He is a Fellow of the Royal Institute of Chartered Surveyors.

Kyle's ongoing commitment to ensuring social benefit from regeneration is reflected in his role as a Trustee of The Eastside Greenways Trust and The Waterways Community.

Kyle is also a Trustee of Parkinson's UK, representing Northern Ireland interests on the national charity's board.

4. Councillor Ciaran Beattie

Councillor Ciaran Beattie is a full-time member of Belfast City 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. He does not hold any other public appointments.

5. Jane Chambers

Jane was appointed to the Board in February 2016. She is a Chartered Civil Engineer and Chartered Environmentalist 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.

Additionally, 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 Infraction Proceedings being instigated by the European Commission for non compliance with the Urban Wastewater Treatment Directive.

6. Councillor Sonia Copeland

Councillor Copeland is a full-time member of Belfast City Council. She is her party's group leader in City Hall, representing the Titanic Electoral Ward.

She is a member of 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, the Chair of the Older Persons Reference Group. She has recently been appointed onto the Board of Governors for Ashfield Girls School, Braniel Primary School and McArthur Nursery School, as well as appointed onto the Board of the Grand Opera House Trust. Sonia has previously held the post of Deputy Lord Mayor of Belfast.

7. Richard Everitt CBE

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

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

8. Diana Fitzsimons

Diana was appointed to the Board in February 2016. Diana is an FRTPI planner and an FRICS development surveyor, having formerly worked in Northern Ireland as a Senior Lecturer in Planning & Development, as a Principal Commissioner with the Planning Appeals Commission, as Office Director of the planning consultancy Turley, and as a sole practitioner planning consultant. She has extensive practical experience in urban regeneration, port planning, housing development and mixed use master planning. She was formerly Chair of both the RTPI and the 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.

9. Christine Hayes

Christine was first appointed to the Board in February 2012. Christine has had a long career in the Finance and Banking industry with particular focus on credit risk, risk management and senior management leadership development. 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.

After leaving banking, she worked as a freelance consultant specialising in business coaching and mentoring, group facilitation and senior management development for a range of incorporated business entities. Christine subsequently completed 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.

10. Rotha Johnston DBE

Rotha was first appointed to the Board in February 2012. Rotha is a Director of Wildflower Property, and Ulster Garden Village. She is also Chair 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.

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.

11. Deborah Lange

Deborah was 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.

Deborah is a Certified Public Accountant. Previously she 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, past 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 past member of the board of Queen's University Belfast Foundation.

12. Alderman Frank McCoubrey

Alderman McCoubrey is a full-time member of Belfast City Council and represents the Court District Electoral Area. He is a member of the People and Communities Committee, the Town Planning Committee, the West Belfast District Policing and Community Safety Partnership and the BCC West Belfast Area Working Group. He does not hold any other public appointments.

13. Dr Gerard O'Hare CBE DL FRICS

Gerard was first appointed to the Board in February 2012. Gerard is currently Group Chairman and Managing Director of Parker Green International, with Irish Head Offices 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 University of Ulster School of Built Environment and Harvard Graduate School of Design in the USA.

Gerard is currently Deputy Chairman of Invest NI. He was Chairman of Belfast Tall Ships 2009/2015 and sits on the NI Council of the Prince's Trust. In addition, Gerard is immediate past Honorary Consul for the Republic of Latvia in the UK and NI. He was also appointed both as 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.

14. Dr Ed Vernon OBE

Ed was first appointed to the Board in February 2012. Ed is a board member of BT Northern Ireland, Deputy Chair of Queen's University Foundation and a member of Belfast City Council's Growth Commission.

Ed founded B.I.C Systems, a technology services business which was acquired by BT Group. He is a former member of Matrix, the Northern Ireland Science and Industry Panel, former Chairman of NI Software Industry Federation and a former 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 for exceptional services to business and commerce.

Commissioners' Attendance

Commissioners' Attendance 2019

Name	Board Meetings		Committee Meetings		Total Meetings Attended		Total Meetings attended
	Possible	Actual	Possible	Actual	Possible	Actual	
Alexander, Kyle	6	5	13	11	19	16	84
Beattie, Ciaran	6	3	7	3	13	6	46
Chambers, Jane	6	4	5	5	11	9	82
Copeland, Sonia	6	3	13	8	19	11	57
Dobbin, David	6	6	22	22	28	28	100
Everitt, Richard	6	6	8	3	14	9	64
Fitzsimons, Diana	6	5	14	12	20	17	85
Hayes, Christine	6	6	12	12	18	18	100
Johnston, Rotha	6	5	13	12	19	17	89
Lange, Deborah	6	6	17	17	23	23	100
McCoubrey, Frank	6	4	5	2	11	6	55
O'Hare, Gerard	6	3	8	7	14	10	71
O'Neill, Joe	6	6	29	29	35	35	100
Vernon, Ed	6	6	22	19	28	25	89



Executive Team Profiles



Executive Team Profiles

1. Trevor Anderson Infrastructure and Business Transformation 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 and Compliance 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, a Board Member of NI Water and Council member of the Association of Participating Bodies of the Pilots' National Pension Fund.

3. Allison Dowling Communications and Marketing Director

Allison joined Belfast Harbour in October 2019, after spending 11 years at Diageo, as Corporate Relations Director GB and as communications and public affairs lead in a number of European and Global leadership roles. Allison has more than 20 years' experience in reputation management, brand building and marketing, gaining diverse experience in internal and external communications and brand marketing from both private and public sector roles. Before joining Diageo her career included five years in Government communications and five years in PR consultancy. She is a former Director of the British Brands Group and former Board Trustee with Titanic Foundation.

4. Graeme Johnston Property and Place Director

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

5. Michael Robinson Port Director

Michael joined the organisation in 2003, holding a number of roles 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.

6. 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.

7. Scott Wilson Development Director

Scott joined the organisation in October 2019 from the Strategic Investment Board where he was Head of the Northern Ireland Executive's Asset Management Unit for eight years. Scott is a qualified Member of the Chartered Institute of Surveyors and the Chartered Institute of Building and has over 28 years of property sector experience in the UK and overseas including roles in construction, development, regeneration, fund management and asset management. Scott is currently Chairman of Camphill Community Holywood, a social enterprise providing residential care and work placement for adults with learning disabilities, he also holds a number of other board positions across the Camphill movement in Northern Ireland.



Chief Executive's Review

A significant review of Belfast Harbour's strategic vision and purpose in 2019 produced a new strategic ambition for 2019-2023 and outlined a longer term 2035 vision.

The strategic review was informed by external socio-economic trends and aligned Belfast Harbour's strategic objectives to the wider public and private sector ambitions for the region.

The review culminated in the 'A Port for Everyone' strategy document and revised vision and purpose statements, which were shared widely with key stakeholder audiences.

Belfast Harbour's Vision

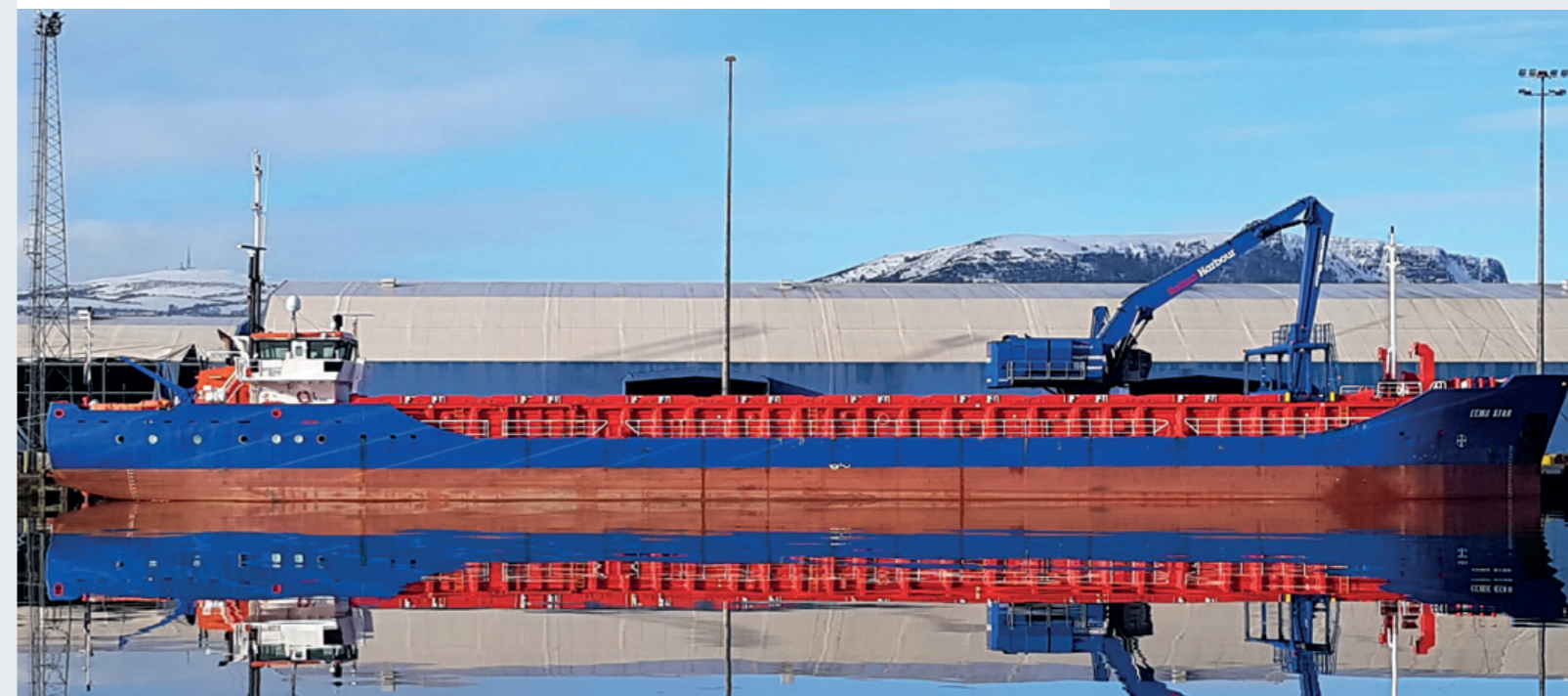
To develop the best regional port in the world and an iconic waterfront for Belfast.

Belfast Harbour's Trust Port Purpose

To provide the region with a best-in-class Port to meet current and emerging market requirements and to develop the Estate as a key economic hub and iconic waterfront for Belfast to drive our income from trade, tradeable services and tourism.

5 Strategic Themes will underpin delivery of Belfast Harbour's Vision and Purpose:

- 1 World's Best Regional Port - a best-in-class and customer-focussed Port, with modern and resilient infrastructure and an exemplary Health & Safety offering at its core.
- 2 A best-in-class Green Port delivering sustainability, net zero carbon and high standards of air and water quality.
- 3 A Key Economic Hub - an engine for economic growth for the region, leveraging the Trust Port model, creating jobs and talent pipelines underpinning the Port, Property and Industrial asset base.
- 4 A best-in-class Smart Port empowering our visitors and customers through information and high speed connectivity.
- 5 An Iconic Waterfront for the City transforming the infrastructure and landscape of Belfast's waterfront through integrated Place Making, community and civic engagement.



Port Business Update

Trade

2019's Port trade exceeded 24m Tonnes of cargo for the second year in succession. This result represents another strong performance, recording a total of 24.3m Tonnes of cargo handled and with some individual sectoral highlights. This result built on a landmark trading year in 2018, when trade exceeded 24m Tonnes for the first time.

The aggregate and RoRo sectors both contributed strongly to the overall result. The Cruise business welcomed 148 ships and 280,000 visitors to the region and supported the tourism sector throughout the 2019 season.

Enabling connectivity to other regions is a key responsibility for Belfast Harbour in its role as a leading regional port. Three main ferry routes operated throughout 2019 from Belfast Harbour to Great Britain by Stena Line. For the tenth consecutive year, a record number of freight vehicles, 542,000 equivalent units, passed through the three terminals. Volumes on the Belfast-Heysham route reduced due to lower capacity but, demand remained strong; whilst conversely the Belfast-Birkenhead route saw freight volumes increase by 6% and the Belfast-Cairnryan route enjoyed a similarly healthy growth across its vehicle, passenger and freight businesses. Total passenger volumes also remained strong with passenger numbers exceeding 1.5m for the third year in a row.

Bulk

There were differing, but not unexpected, performances in the Dry Bulk sector as overall throughput rationalised following a peak in 2018. Throughput dropped by 6% finishing the year at 9.3m Tonnes.

After a number of record years of grain and animal feed imports, 2019 saw a 10% drop to 2.1m Tonnes as more favourable local growing conditions resulted in reduced reliance on imported animal feed.

Lissan Coal Company (LCC) enjoyed another successful year in its Belfast Harbour based coal processing facility; importing commodity, primarily from South America, and exporting processed material to destinations across the world. Exports of this industrial commodity rose by 20% in 2019. Thermal coal used in the EP Kilroot power plant continued its trend of reducing tonnage. EP Kilroot retained contracts in 2019 to provide essential capacity to the grid for several more years, however, coal consumption is expected to continue to reduce in line with increased production of renewable energy.

One of Northern Ireland's key export commodities, aggregates, increased trade with more than 1.6m Tonnes exported through the Port during 2019. Co. Down producer Conexpo, which processes its raw material on site at Belfast Harbour, achieved its own milestone during the period and exported over 1m Tonnes of materials, primarily destined for infrastructure projects in Great Britain.

Liquid Bulk tonnage decreased slightly, with 2.3m Tonnes imported into Belfast's oil terminals during 2019. Kerosene imports dropped by 7% due to milder conditions, diesel volumes remained static and petrol had a modest reduction.

Break Bulk tonnages reduced, primarily due to the absence of activities at Belfast Harbour's D1 Wind Terminal with Orsted having completed its Belfast activity in 2018. Other major commodities in this sector- steel, paper and timber-incurred marginal reductions in activity.

Cruise

2019 was a good year for cruise ship calls to Belfast Harbour, with close to a 50% increase on the previous year. In 2019, 148 calls were made versus just over 100 calls in 2018. Visitor numbers to Belfast and Northern Ireland who arrived by cruise ship totalled 280,000. 2019 was the first full season during which Belfast Harbour dedicated the D1 berth as a cruise facility, which reduced interactions between cruise and other port traffic.

The dedicated berth provided an opportunity to enhance the passenger experience, and a terminal building was erected at D1, in partnership with Visit Belfast and Tourism NI. This enabled passenger processing and tourist information to be provided in a modern and comfortable environment which contributed to Belfast being awarded the 2019 accolade of Cruise Critic's Best Cruise Port of Call for UK and Ireland.

Port Development

Investment continued in facilities to drive efficiency and capacity improvements at the Port. The £40m redevelopment of Victoria Terminal 3 (the container terminal) commenced with the first semi-autonomous rubber tyre gantry cranes tested in late 2019 and early 2020. The upgrade is expected to be completed in 2021.

Victoria Terminal 3 experienced a strong increase in volume in 2019 with containers handled up 3% to more than 131,000. This performance is notable in the context of large areas of the terminal being inaccessible due to civil works associated with its upgrade.

The largest hydraulic material handling crane of its kind anywhere in the world was purchased and placed into operation during 2019. This was complemented by on-going civil works at Pollock Dock, which will enhance the crane offering and enable mobile cranes to load and discharge ships more flexibly.

The installation of a new two tier linkspan and berth works at Victoria Terminal 2 were largely completed in 2019. These came into service in Quarter 1 2020, with the arrival of the first of the new build Stena Line ships, Stena Edda, operating on the Belfast-Birkenhead route. These new vessels will increase both freight and passenger capacity, Belfast Harbour and Stena Line will further enhance passenger terminal facilities as they celebrate 25 successful years of partnership between the two organisations.



280,000

visitor numbers to Belfast & Northern Ireland arriving on cruise ships

£40m

redevelopment of Victoria Terminal 3 commenced

131,000

containers handled, an increase of 3%



Estate Business Update

City Quays

Belfast Harbour's Real Estate business had another busy year during 2019 delivering on our strategic objectives. During the year all eight office floors of City Quays 2, Belfast Harbour's most recently completed Grade 'A' water - front office development, were agreed/occupied by tenants from a wide range of sectors including ITV and Wireless (U105 Radio) in the media sector, TP ICAP in the financial services sector, Baker McKenzie in the legal sector, ARM Limited in the software development sector and Aflac in the insurance sector.

The depth and strength of the occupier base and speed of letting stands testament to Belfast Harbour's strategy of providing high quality 'BREEAM Excellent' buildings in advance of tenant demand. Such a strategy has been essential in underpinning Invest NI's objective of securing both new entrants to the Northern Ireland market and expanding indigenous businesses.

The quality of product and building management services at City Quays 2 was recognised through the attainment of 'Premier Property' status, a global standard employed by managing agent CBRE which identifies commercial office assets in each region which are unique, high quality properties which offer a 5-star service to tenants and their visitors.

Furthermore, the City Quays 2 building received three industry accolades – The Royal Institute of British Architects, Royal Society of Ulster Architects Design Award and Sustainability Award and a High Commendation from the British Council for Offices, Northern Region.

The water fronting ground floor area of the building was also occupied in 2019 by 'Centra' for a café/food and convenience store which has provided an enhanced service offer to the mix of uses developing within the scheme.

Construction work completed early in the year on the 907 space multi-storey car park, via local contractor, Felix O'Hare, and opened in January 2019. This strategic £17m facility was developed and financed by Belfast Harbour and is operated via the specialist car park operator, National Car Parks (NCP). The car park is already providing a positive benefit to the overall City Quays development by bringing much required parking facilities for the offices and hotel users.

Work commenced on site for a further Grade 'A' waterfront office development – City Quays 3. This 16 storey 250,000 square feet, environmentally sustainable building, will front both the river and the new City Quays plaza adjacent to the AC by Marriott and will be one of the largest new build commercial office properties in the City in recent years. The design team is led by local experts RPP Architects, and construction is being undertaken by main contractor Farrans Construction. It is anticipated that work will be completed by Quarter 4 2021. This project represents a further £50m+ strategic development by Belfast Harbour and the completed building will accommodate 1,800 office workers.

The 188 bedroom 4* AC by Marriott waterfront hotel celebrated its first year's trading in early 2019. The hotel with restaurant, bar, fitness suite and meeting rooms, was developed and financed by Belfast Harbour, 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 under the leadership of the award winning chef Jean-Christophe Novelli, provides the food and beverage for the hotel as well as acting as a stand-alone bistro open to the public.

The hotel and restaurant provide an additional reason to visit the City Quays and Clarendon area. They complement the businesses within the surrounding offices by providing hotel space for clients and colleagues as well as a food and beverage offer together with formal and informal meeting spaces.

The hotel fronts a new public plaza adjacent to the City Quays offices and links with the waterfront walk and cycleway providing a new landscaped amenity for the area and the City.

**250,000
SQ FT**

grade 'A' waterfront office
development – City Quays 3



Titanic Quarter and Queen's Island

Belfast Harbour and Titanic Quarter Limited, together with professional master planning consultants Chapman Taylor, London, embarked in 2019 on the reimagining of the Masterplan for the remainder of the Titanic Quarter development lands. Both organisations also entered into an Agreement to Lease with a third party developer for a hotel development on a site adjacent to Hamilton Dock. A planning application for this significant scheme was lodged late in 2019.

Titanic Belfast achieved a 9% increase in visitor numbers with over 900,000 local and international visitors in their last reporting year to the end of March 2019.

Another significant development announcement surrounded the proposed construction of a £10m aquarium which, subject to planning approval, is scheduled to open in 2021 and is expected to attract 300,000 visitors per annum. Developments such as this align closely with Belfast Harbour's strategic ambition to create an iconic waterfront area, connecting with the City and developing safe and attractive places to live, work, invest and visit.

Belfast Harbour and Titanic Quarter Limited also issued the tender for the construction of Olympic House, a proposed 190,000 square feet Grade 'A' office building on a site located between Belfast Metropolitan College and the Public Record Office. This £32m co-investment development has already secured Planning approval and when built should help address the current lack of Grade 'A' office space in the city.

'Catalyst' awaits planning approval for its latest office development for science and innovation based businesses known as 'Pierpont Plaza' aiming to provide up to 120,000 square feet of space. This £15m project will be developed and funded by Belfast Harbour and will help underpin the growth of the burgeoning knowledge - based sectors in this locale.



Belfast Harbour Studios

In recent years, film and TV production has blossomed in Belfast. To support this industry Belfast Harbour developed in 2017, purpose built sound stages and supporting buildings at Giant's Park to further enhance Northern Ireland's reputation as a global player. The second series of the Warner Horizon TV series 'Krypton', a prequel to Superman, completed in the new Belfast Harbour Film Studios at Giant's Park during 2019.

The strength of demand for studio space is such that immediately upon vacation the entire facility was occupied for a major film production to be known as 'The Northman.'

Within the objectives of 'A Port for Everyone' Strategy, it is an ambition to create a leading European creative and media hub. This will involve extending the existing facility at the Giant's Park by building additional studios, workshops and offices and providing opportunities for businesses involved in the creative industries to base themselves in the Harbour Estate. This further £45m investment will help to realise our, and NI Screen's, ambition for Northern Ireland to become the UK's largest creative and media hub outside of London.

Work continues with NI Screen not only in terms of marketing the studio complex but also in supporting a new creative academy for young people aspiring to a career in Northern Ireland's expanding screen industries. Belfast Harbour provides funding support that enables the Nerve Centre to deliver industry training for 16-19 year-olds attending a Production Design and Film Construction Academy, with the support of NI Screen. The Academy offers up to 80 participants a series of masterclasses and workshops, facilitated by industry professionals, in areas such as costume, makeup and set décor as well as the skills to work as part of the art and construction departments on a production.

Belfast Harbour and the Community

As part of Belfast Harbour's deep and longstanding commitment to supporting local communities, the Board established a Responsible Business and Stakeholder Committee in 2019, to formulate and oversee the implementation of the organisation's community and stakeholder engagement strategies.

Belfast Harbour's 2019 Community Engagement strategy supported initiatives across the four principal themes of employability and skills, environmental sustainability, building community and wellbeing and inclusivity.

During 2019, Belfast Harbour supported more than 10 major initiatives and worked with wide ranging organisations and community groups to deliver programmes which impact our communities in a positive way.

Delivered through a mix of existing and new community partnerships, significant funding was granted during 2019 to fund employability and skills initiatives and help bridge the gap to employment.

Examples of new partnerships developed during the year included our support to Active Communities, in its work with some of the 'hardest to reach' young people in the City and our support to the Nerve Centre Screen Academies, in its work with NI Screen to deliver industry and skills based training for young people.

Our longstanding support for Business in the Community's 'Time to Code' initiative and partnership with the Prince's Trust also continued in 2019, to support its Essential Skills literacy and numeracy sessions and 'Achieve' programmes for young

people attending Extern's alternative education setting. Each of these programmes saw participants build new skills and confidence to bolster their educational foundation and employability prospects.

During 2019, a five year partnership was established to assist with operational costs for Lagan Search and Rescue and to support its team of volunteers in delivering an important water safety, health and wellbeing role for the community.

As part of Belfast Harbour's commitment to improving our local environment, we supported eco-charity Citizen of the Sea in using a converted vessel as a floating collection point for waste that was gathered by volunteers from the beaches and tidelines of Belfast Lough. 3,300 cubic litres of waste was collected and delivered to Abercorn Basin where the Belfast Harbour team took it to be recycled.

Belfast Harbour's partnership with Culture Night saw the delivery of an interactive, family friendly tour which allowed visitors to explore Belfast Harbour locations in a structured, enjoyable way through a guided journey of discovery and learning.

As part of our Responsible Business Programme, Belfast Harbour continued to gift use of the Harbour Office to organisations, hosting more than 100 events in 2019 as well as opening the office to the public during European Heritage Weekend.



Belfast Harbour and the Environment

Belfast Harbour's focus on its environmental obligations and commitment to minimising environmental impact are longstanding. The new Strategy builds on activity to date, and stretches the ambitions of Belfast Harbour's sustainability agenda. The goal to further develop as a Green Port reinforces a commitment to carbon zero development and operations, reducing pollution and ensuring responsible and sustainable environmental management.

During 2019, Belfast Harbour's systems for Environmental and Energy Management were validated against the internationally recognised ISO 14001:2015 and ISO 50001:2011 standards respectively. There were no significant single environmental incidents during 2019, however, with abnormal windy conditions and high volumes in the Dry Bulk trade, significant resources were applied to dust management.

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

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

Participation in the Queen's University Moses Blue Growth study

Other activities during 2019 included:

Attainment of Platinum status in Business in the Community's annual ARENA Network

Environmental Benchmarking Survey for the twelfth consecutive year

Multi-agency pollution response exercises

Ongoing replacement of street lighting with high efficiency LEDs

Purchase of electric vehicles

Installation of solar power and energy storage

Supporting clean-up initiatives in Belfast Lough

Launch of comprehensive Air Quality and Sustainability strategies



In partnership with The Girona Project, Belfast Harbour established a consortium of local SMEs to develop a long-term energy roadmap.

Electricity used throughout the Harbour Estate was procured to ensure 100% of it comes from renewable energy sources.

Belfast Harbour took initial steps to mitigate emissions through the commencement of a vehicle replacement scheme with the purchase of its first electric vehicles.

Belfast Harbour has also purchased wind and solar powered quay lighting and used SMART technology via a 'flower' which generates electricity to power the cruise terminal.



Strategic Report

Belfast Harbour is incorporated as a Statutory Corporation, and whilst not directly bound by The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, Belfast Harbour 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 consider to be of strategic importance to Belfast Harbour.

Strategy Update and Business Model

Belfast Harbour remains committed to investing in the Harbour Undertaking, with delivery of sustainable financial returns according to investment criteria. Operating the business profitably is a legal requirement and is essential to fund investment and to enable trade growth. This enables Belfast Harbour to best serve the business 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 2019 the primary focus of investment covered both Port and Real Estate assets, with substantial expenditure on re-equipment of the Victoria Terminal 3 (VT3) Container

Terminal and improved roll on roll off facilities at Victoria Terminal 2 (VT2) as well as regeneration activities, principally commencement of City Quays 3.

In addition, substantial funds continue to be allocated to ongoing improvements in Port trading facilities. During 2020 the VT2 and VT3 improvement programmes will complete, and the investment in City Quays 3 will continue.

Trading

Belfast Harbour has successfully delivered against its financial objective, delivering a strong financial performance for 2019, with consolidated turnover at £65.9m reduced by 4% on 2018 and consolidated operating profit at £30.6m reduced by 15% on 2018. The ending of the windfarm operation lease at the D1 facility in 2018 has produced a reduction in turnover and operating profit in 2019.

The Financial Statements show consolidated Profit before Taxation for 2019 at £31.6m which is a reduction on the 2018 figure of £7.0m. This is stated after the movement on valuation of investment properties.

The movement on valuation of investment properties is not a trading item, and after adjusting for this, the "Underlying" Profit before Taxation reduced by 14% to £31.3m from £36.6m, as set out in the table below:

	2019	2018
Profit before Taxation as reported	£31.6m	£38.6m
Less: Surplus on revaluation of investment properties	£0.3m	£2.0m
"Underlying" Profit before Taxation	£31.3m	£36.6m

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 the Harbour's Port and Property activities. The beneficiaries are the businesses throughout Northern Ireland, which trade through and rely on the 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 2019 was £44.8m, and in addition, a further £115.7m was committed at the 2019 year-end to strategically significant projects.

This will be funded from Liquid funds which were £55.5m at December 2019 and future trading profits.

In the past 10 years in excess of £290m has been invested in the 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. Thus, Belfast Harbour will seek to fully utilise all investment allowances, particularly capital allowances, although 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 2019 were in excess of £10m.

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. The Harbour has continued to successfully manage the business risks associated with the continuing uncertain economic outlook. The growth in revenue in 2019 was produced by a forward looking investment strategy in capital intensive harbour facilities, which facilitated the business growth and positive economic impact of Belfast Harbour on Northern Ireland notwithstanding the underlying economic environment.



Risks and Uncertainties

Funding Risk

Belfast Harbour as a Trust Port is solely responsible for funding the business's 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 and no recourse to Government for lenders to the 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 trade is reflective of the health of the overall Northern Ireland economy, and the economy will always be a managed risk. Although trade levels slightly reduced in 2019, overall financial performance remained sound. 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 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 for investment 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 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 in view of the preponderance of intra UK trade through the port, together with developed processes for handling WTO trade, traffic impacts are likely to be manageable. The derived demand effects on overall economic activity and their concomitant effects on trade are harder to predict.

COVID-19 Risk

Belfast Harbour is closely monitoring the current uncertainty around COVID-19 and the impact it may potentially have on the operating model and financial performance of the Harbour. It is expected that many Harbour stakeholders will be affected by COVID-19, and Belfast Harbour's management will continue to monitor and review operational performance and business forecasts in light of the rapidly changing situation, bearing in mind the critical role of the port in the Northern Ireland economy. At all times the health and safety of our employees and those of our stakeholders will be the foremost priority.

The Board of Belfast Harbour Commissioners considers that the business model and financial resources, including substantial tangible net worth and cash reserves, together with diversified income sources, mean the business has sufficient resources to address this uncertainty.

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:

Ensure high standards of corporate governance;

1. 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;
2. Ensure that, in reaching decisions, Government policy is taken into account;
3. 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 Chairman and Chief Executive Officer, may be no less than 10 and no more than 15, with up to four Board Members being elected representatives from Belfast City Council.



Belfast Harbour Pension Fund Ltd

Membership

Ms C Hayes (Chair)

Ms D Lange

Mr J O'Neill

Dr E Vernon OBE

*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.

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 Committee

Membership

Dr D Dobbin CBE (Chair)

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 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 & 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 the 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 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 and Place Committee

The Property and Place 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.

Membership

Dr E Vernon OBE (Chair)

Dr D Dobbin CBE

Mr J O'Neill

Ms D Lange

Mr K Alexander OBE

Ms D Fitzsimons

Cllr S Copeland

Policy and Strategy Committee

Membership

Dr D Dobbin CBE (Chair)

Mr J O'Neill

Ms C Hayes

Ms R Johnston DBE

Dr G O'Hare CBE, DL

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 assists the Board on matters relating to the legal status, powers and duties of Belfast Harbour.

Responsible Business and Stakeholder Committee

Membership

Dr D Dobbin CBE (Chair)

Mr J O'Neill

Cllr C Beattie

Ms R Johnston DBE

Dr E Vernon OBE

Mr K Alexander OBE

Ms D Fitzsimons

Cllr S Copeland

The Responsible Business and Stakeholder Committee formulates and oversees the implementation of the organisation's community and stakeholder engagement strategies as well as approving corporate giving. It also considers the organisation's Diversity and Inclusion agenda.





Corporate Matters

People, Diversity and Inclusion

Belfast Harbour has a dedicated team of people who work together to provide port customers, tenants and Harbour Estate visitors with a high level of service, and who also contribute to a diverse range of volunteering activities in the communities in which they live and work. With a strong focus on health and wellbeing, including mental health, employee engagement and assisting our people to reach their full potential, there is a strong sense of camaraderie where people understand their roles 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.

In 2019 we began to reshape the organisation to enhance our customer facing capability and introduce new skillsets driving business transformation to support Belfast Harbour in the implementation of the Strategic Plan, delivering "A Port for Everyone".

We continue to promote 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, and we have success in using apprentice programmes to nurture skills of young people at the start of their careers. Belfast Harbour also promotes ongoing work experience opportunities through the Connect to Success portal provided by the Department for Communities.

In 2019 Belfast Harbour employees again 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. In 2019 we matched well-being initiatives to the demographic profile of our employees with different monthly themes linked to our wellbeing calendar, and in May we ran a Mental Health Awareness campaign with a full programme of physical and lifestyle educational seminars and events.

Corporate Matters

Diversity

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. Both the Equality Scheme and the Disability Action Plan now span 2017 – 2022, in relation to our Section 75 Duties of the Equality Act.

In 2019 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 2019 Belfast Harbour was proud to assist the Women in Maritime Taskforce, hosting the Northern Ireland launch of the Taskforce on International Women's Day in March. Belfast Harbour was also delighted to retain the Gender Diversity Charter Mark NI, after a successful reassessment. This award signals Belfast Harbour's ongoing commitment to EDI with such commitment being reviewed by an independent panel on an annual basis.

Culture and Values

In 2019 we ran a comprehensive programme to engage our people in understanding the Strategic Plan and how everyone can play an important role in the successful future of the business. We also initiated a series of activities to embed the new Values in our people culture. Employees played an important role here, with an employee focus group of representatives from every department meeting regularly. This group developed the internal Values brand "Charting our Course", and played a key role in influencing collateral and developing strong visual reminders and other activities to embrace and embed the Values as part of our everyday working life.

The Values act as a guide to articulating the underpinning behaviours throughout the organisation creating a Culture where all colleagues can flourish and support the delivery of the new Strategy successfully. We will measure progress on embedding the values in 2020, with an employee survey to determine and tailor our People Centred Initiatives accordingly going forward. We have reinvigorated the "Employee Voice" internally with new

opportunities for providing feedback to the senior leadership and a fresh dynamic approach to celebrating and marking everyday exemplars living the Values in how they perform their roles.

Health & Safety

Belfast Harbour is committed to the provision of a safe and healthy working environment and the elimination of accidents. During 2019, Belfast Harbour's overall Safety Management System was validated against the internationally recognised standard ISO 45001:2018.

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 priorities during 2019 included:

Workplace health and wellbeing

Continued engagement in an industry working group with Port Skills and Safety to develop guidance for safer working practices

Vehicle safety within the Harbour Estate

Safety of interactions in operational port areas

Multi-agency emergency response exercises

Safety in public areas including water safety

Business Continuity

Belfast Harbour is committed to maintaining effective contingency plans to safeguard business continuity during disruptive events and its Business Continuity Management System is certified to 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

Belfast Resilience Board

Belfast First Responders Group

Other activities during 2019 included:

- Familiarisation visits for emergency and humanitarian responders
- Be Prepared workshops for Harbour tenants to encourage business continuity planning
- Participation in the development of a flood prevention scheme for Belfast
- Multi-agency emergency response exercise focused on cruise ships

Crisis Management processes have been activated in response to the COVID-19 emergency, with emphasis on the health and safety of employees and stakeholders, and continuity of the Port operating model.

Technical Innovation at Belfast Harbour

As part of Belfast Harbour's ambition to create a best-in-class SMART Port, 2019 saw partnerships established with BT and Titanic Quarter Limited to optimise the 5G opportunity in general and specifically to assist with CCTV and policing operations and Augmented Reality and Virtual Reality applications.

With the introduction of a new Information Services team in 2019, Belfast Harbour has streamlined corporate operations, to include finance and asset management. The on-going work on the asset management system 'Maximo' for example, will improve Operations Engineering ability to maintain and develop the Port's infrastructure and equipment, including cranes and material handlers.

Work also commenced during the year with the Port of Rotterdam to scope the development of a Port Community System and enter into a Memorandum of Understanding to reflect this.

All Belfast Harbour's investments will consider SMART technology to ensure they are future proof and efficient.

Trade and Shipping Statistics

	2019 (000s)	2018 (000s)
Passengers		
Passengers	1,624	1,549
Passengers Cars	328	316
Unit Load		
Freight Vehicles	542	536
Containers	131	128
Bulk Cargo		
Liquid Bulk	2,284	2,362
Dry Bulk	6,698	7,047
Break Bulk	318	459
Import Bulk Commodities		
Petroleum Products	1,961	2,041
Grain & Feeds	2,114	2,353
Coal	2,135	2,206
Fertilisers	293	321
Timber	39	63
Export Bulk Commodities		
Stones	1,612	1,555
Scrap	329	357
Shipping		
Gross Tonnage (000s Tonnes)	112,460	112,778
Number of Arrivals	5,688	5,788

Consolidated Financial Statements Contents

for the year ended 31 December 2019

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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

Report on the audit of the financial statements

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 2019 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.

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.

Annual Accounts

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

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.

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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
8/6/20**

Annual Accounts

Consolidated income statement for the year ended 31 December 2019

		2019	2018
	Note	(€'000)	(€'000)
Turnover	5	65,929	68,789
Net operating expenses		(35,330)	(32,802)
Operating Profit		30,599	35,984
Surplus on revaluation of investment properties	12	324	2,021
Profit before taxation and similar income		30,923	38,005
Investment income	6	725	618
Profit before taxation	7	31,648	38,623
Tax on profit	10	(6,452)	(7,214)
Profit for the financial year		25,196	31,409

All activities derive from continuing operations.

Explanation of "Underlying" Profit before Taxation

	2019	2018
	(€'000)	(€'000)
Profit before taxation as reported	31,648	38,623
Less: Surplus on revaluation of investment properties	(324)	(2,021)
"Underlying" profit before taxation	31,324	36,602

Annual Accounts

Consolidated statement of other comprehensive income for the year ended 31 December 2019

		2019	2018
		(€'000)	(€'000)
Profit for the financial year	Overleaf	25,196	31,409
Actuarial gain/(loss) on defined benefit pensions	21	1,294	(604)
Deferred tax (debit)/credit associated with defined benefit pensions	18	(220)	102
Total comprehensive income		26,270	30,907

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Consolidated statement of financial position at 31 December 2019

		2019	2018
	Note	(£'000)	(£'000)
Fixed assets			
Tangible assets	12	502,819	472,269
Investment in Associate	13	515	-
		503,334	472,269
Current assets			
Stocks		740	634
Debtors: due within one year	14	19,575	20,157
Debtors: due greater than one year	14	6,601	5,441
Investments	15	52,850	59,950
Cash at bank and in hand		2,646	2,554
		82,412	88,736
Creditors: Amounts falling due within one year	16	(20,308)	(22,934)
Net current assets		62,104	65,802
Total assets less current liabilities		565,438	538,071
Creditors: Amounts falling due after more than one year	17	(25,499)	(27,051)
Provisions for liabilities	18	(25,041)	(22,392)
Net assets		514,898	488,628
Reserves			
Profit & Loss Account		422,700	396,754
Reserves		92,198	91,874
		514,898	488,628

The consolidated financial statements of Belfast Harbour Commissioners were approved on 21st April, 2020 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 2019

		2019	2018
	Note	(£'000)	(£'000)
Fixed assets			
Tangible assets	12	506,711	472,562
Investments	13	515	-
		507,226	472,562
Current assets			
Stocks		724	619
Debtors: due within one year	14	19,511	20,171
Debtors: due greater than one year	14	7,216	6,069
Investments	15	52,850	59,950
Cash at bank and in hand		2,077	2,088
		82,378	88,897
Creditors: Amounts falling due within one year	16	(19,757)	(22,352)
Net current assets		62,621	66,545
Total assets less current liabilities		569,847	539,107
Creditors: Amounts falling due after more than one year	17	(25,499)	(27,051)
Provisions for liabilities	18	(25,576)	(22,487)
Net assets		518,772	489,569
Reserves			
Profit & Loss Account		423,756	397,741
Revaluation Reserve		95,016	91,828
		518,772	489,569

The profit of BHC for the financial year was £28,129k (2018: £32,285k).

The consolidated financial statements of Belfast Harbour Commissioners were approved by the Commissioners on 21st April, 2020 and signed on their behalf by:

Dr D Dobbin CBE
Chairman

J O'Neill
Chief Executive

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Finance Director

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Consolidated Statement of Changes in Equity at 31 December 2019

	Revaluation Reserve	Profit & Loss Account	Total
	(£'000)	(£'000)	(£'000)
Balance at 31 December 2017	89,853	367,868	457,721
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)
Balance at 31 December 2018	91,874	396,754	488,628
Profit for the financial year	-	25,196	25,196
Transfer to the revaluation reserve	324	(324)	-
Other comprehensive income for the year	-	1,074	1,074
Balance at 31 December 2019	92,198	422,700	514,898

BHC Statement of Changes in Equity at 31 December 2019

	Revaluation Reserve	Profit & Loss Account	Total
	(£'000)	(£'000)	(£'000)
Balance at 31 December 2017	89,853	367,933	457,786
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)
Balance at 31 December 2018	91,828	397,741	489,569
Profit for the financial year	-	28,129	28,129
Transfer to the revaluation reserve	3,188	(3,188)	-
Other comprehensive income for the year	-	1,074	1,074
Balance at 31 December 2019	95,016	423,756	518,772

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Consolidated Cash Flow Statement for the Year Ended 31 December 2019

	2019	2018
	(£'000)	(£'000)
Cash flows from operating activities		
Operating Profit	30,599	35,984
Adjustments for:		
Depreciation	11,397	10,360
Impairment	100	400
Release of EU grants	(1,124)	(1,303)
Loss on disposal of fixed assets	(26)	3
Increase in maintenance dredging provision	1,190	1,101
Pension Charge	254	281
Pension contributions in cash	(166)	(161)
Decrease in stocks	(105)	(9)
Decrease/(increase) in debtors due within 1 year	543	4,658
(Increase)/decrease in debtors due greater than 1 year	154	(724)
Increase/(decrease) in creditors due within 1 year	151	2,931
Cash from operations	42,967	53,521
Corporation tax paid	(5,853)	(7,372)
Net cash generated from operating activities	37,114	46,149
Cash flows from investing activities		
Purchase of tangible assets	(44,820)	(46,578)
Proceeds from land transactions	-	-
Net realisation from sale of tangible assets	41	118
Interest received	657	450
Net cash from investing activities	(44,122)	(46,010)
Net (decrease)/ increase in cash	(7,008)	139
Cash and cash equivalents at beginning of year	62,504	62,365
Cash and cash equivalents at end of year	55,496	62,504
Components of cash and cash equivalents		
Cash at bank and in hand	2,646	2,554
Investments	52,850	59,950
Cash and cash equivalents	55,496	62,504

Annual Accounts

Notes to the Consolidated Financial Statements for the Year Ended 31 December 2019

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.

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. The Commissioners have considered the possible financial impact of COVID-19, and whilst the situation continues to develop, the Commissioners have concluded that the Group has sufficient financial resources to operate for at least twelve months from the date of approval of these financial statements. 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.

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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
Capital dredging	35 to 50
Dock structures	12 to 50
Buildings	10 to 50
Roads	5 to 50
Plant & machinery	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).

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 related contractual arrangements. 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 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.

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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 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 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.

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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 2019 to December 2019. To the extent that rental and storage income is received in 2019 but relates to 2020 it is treated as deferred income. Rental and storage income relating to 2019 but not received until 2020 is accrued for in the financial statements.

Employee benefits

The Commissioners operate both a 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 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 leasee

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.

Investment in Associate

An associate is an entity over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. The results and assets and liabilities are incorporated in these consolidated financial statements using the cost model. The investments in associates are measured at cost less any accumulated impairment losses.

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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 2019 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.

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.

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5. Turnover

Turnover is analysed as follows

	2019	2018
	(€'000)	(€'000)
Port revenue	47,477	54,141
Estate revenue	12,876	11,097
Hotel revenue	5,576	3,548
	65,929	68,786

6. Investment Income

	2019	2018
	(€'000)	(€'000)
Interest receivable	617	495
Other finance income	108	123
	725	618

7. Profit before Taxation

Profit before taxation is stated after charging/ (crediting)

	2019	2018
	(€'000)	(€'000)
Depreciation of tangible fixed assets (see note 12)	11,397	10,361
Impairment of tangible fixed assets (see note 12)	100	400
Amortisation of EU grants (see notes 16 and 17)	(1,124)	(1,304)
Loss on disposal of fixed assets	(26)	3
Foreign exchange loss/(gain)	34	(46)
Fees payable to the auditor and its associates for the audit of the annual accounts	40	38
Fees payable to the auditor and its associates for other services to the Group		
The audit of the subsidiaries	8	8
Total audit fees	48	46
Taxation and compliance services	22	24
Other taxation advisory services	35	97
Total non-audit fees	57	121

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.

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8. Pilotage

	2019	2018
	(£'000)	(£'000)
Income from pilotage (included in turnover)		
Pilotage services	2,277	2,176
Ships navigating under pilotage exemption certificates	180	175
	2,457	2,351
Expenditure on provision of pilotage (included in net operating expenses)		
Providing the services of pilots	2,070	1,887
Providing, maintaining and operating pilot boats	439	338
	2,509	2,225
(Loss)/Gain against port operational costs	(52)	126
(net operating expenses)	2,457	2,351

9. Employee Numbers

The average number of employees during the year was 212 (2018:201).

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10. Tax and profit

The tax charge comprises:

	2019	2018
	(£'000)	(£'000)
Current tax and profit		
UK corporation tax	5,635	7,098
Adjustments in respect of previous periods	(640)	(1,446)
Total current tax	4,995	5,652
Deferred tax		
Origination and reversal of timing differences	1,442	1,077
Adjustment in respect of previous periods	167	599
Effect of decrease in tax rate	(152)	(114)
Total deferred tax (see note 18)	1,457	1,562
Total tax on profit	6,452	7,214

The standard rate of tax applied to reported profit is 19% (2018: 19%).

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:

	2019	2018
	(£'000)	(£'000)
Group profit before tax	31,648	38,623
Tax on Group profit at standard UK corporation tax rate of 19% (2018: 19%)	6,013	7,338
Effects of		
- Expenses not deductible for tax purposes	139	268
- Non-qualifying depreciation	925	864
- Entitlement indexation allowances	-	(295)
- Effect of decrease in tax rate	(152)	(114)
- Adjustments to tax charge in respect of previous years	(473)	(847)
Group total tax charge for year	6,452	7,214

11. Profit attributed 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 the footnote to BHC's balance sheet.

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Annual Accounts

**12.
Consolidated
Tangible
Fixed Assets**

	Capital Dredging	Dock Structures	Land & Buildings	Roads	Plant & Machinery	Assets in the Course of Construction	Operational Assets	Estate Property	Assets in the Course of Construction	Estate Assets	Total 2019	Total 2018
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Cost or Valuation												
At 1 January	15,099	223,367	105,352	30,416	88,149	14,968	477,351	186,488	15,335	201,823	679,174	629,879
Reclassified	-	10,581	12,759	-	7,316	(16,488)	14,168	202	(14,370)	(14,168)	-	-
Revaluation adjustment	-	-	-	-	-	-	-	324	-	324	324	2,021
Additions	-	439	3,236	899	1,320	28,417	34,311	1,671	5,757	7,428	41,739	51,772
Disposals	-	-	-	-	(170)	-	(170)	-	-	-	(170)	(4,498)
At 31 December	15,099	234,387	121,347	31,315	96,615	26,897	525,660	188,685	6,722	195,407	721,067	679,174
Depreciation												
At 1 January	(6,730)	(83,990)	(28,175)	(17,901)	(69,890)	-	(206,687)	(219)	-	(219)	(206,906)	(200,523)
Reclassified	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	(249)	(3,933)	(2,572)	(926)	(3,717)	-	(11,397)	-	-	-	(11,397)	(10,361)
Impairment	-	-	-	-	(100)	-	(100)	-	-	-	(100)	(400)
Disposals	-	-	-	-	154	-	154	-	-	-	154	4,378
At 31 December	(6,979)	(87,923)	(30,747)	(18,827)	(73,553)	-	(218,029)	(219)	-	(219)	(218,248)	(206,906)
Balance sheet value												
At 31 December 2018	8,369	139,377	77,177	12,515	18,259	14,968	270,665	186,269	15,335	201,604		472,269
At 31 December 2019	8,120	146,464	90,600	12,488	23,062	26,897	307,631	188,466	6,722	195,188	502,819	

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 reclassification as estate property in 2001, was valued by the Commissioners as at 31 December 2019 at fair value.

The surplus arising on revaluation has been taken to the property revaluation reserve. Land and Buildings includes £13,301,600 (2018: £12,664,261) for land which is not depreciated. The amounts above are stated net of capital contributions (excluding EU grants). Included in the balance sheet value at 31 December 2019 are capital contributions amounting to £233,271 (2018: £246,817).

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12. BHC Tangible fixed assets

	Capital Dredging	Dock Structures	Land & Buildings	Roads	Plant & Machinery	Assets in the Course of Construction	Operational Assets	Estate Property	Assets in the Course of Construction	Estate Assets	Total 2019	Total 2018
	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)	(£'000)
Cost or Valuation												
At 1 January	15,099	223,367	88,261	30,416	80,743	14,967	452,853	210,734	15,335	226,069	678,922	629,879
Reclassified	-	10,581	12,759	-	7,316	(16,488)	14,168	202	(14,370)	(14,168)	-	-
Revaluation adjustment	-	-	-	-	-	-	-	3,188	-	3,188	3,188	1,975
Additions	-	439	2,789	899	1,375	28,417	33,919	2,062	5,757	7,819	41,738	51,566
Disposals	-	-	-	-	(170)	-	(170)	-	-	-	(170)	(4,498)
At 31 December	15,099	234,387	103,809	31,315	89,264	26,896	500,770	216,186	6,722	222,908	723,678	678,922
Depreciation												
At 1 January	(6,730)	(83,990)	(27,925)	(17,901)	(69,594)	-	(206,141)	(219)	-	(219)	(206,360)	(200,523)
Reclassified	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge	(249)	(3,933)	(2,230)	(926)	(3,323)	-	(10,661)	-	-	-	(10,661)	(9,815)
Impairment	-	-	-	-	(100)	-	(100)	-	-	-	(100)	(400)
Disposals	-	-	-	-	154	-	154	-	-	-	154	4,378
At 31 December	(6,979)	(87,923)	(30,155)	(18,827)	(72,863)	-	(216,748)	(219)	-	(219)	(216,967)	(206,360)
Balance sheet value												
At 31 December 2018	8,369	139,377	60,336	12,515	11,149	14,967	246,712	210,515	15,335	225,850		472,562
At 31 December 2019	8,120	146,464	73,654	12,488	16,401	26,896	284,022	215,967	6,722	222,689	506,711	

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 2019 at fair value.

The surplus arising on revaluation has been taken to the property revaluation reserve. Land and Buildings includes £12,874,346 (2018: £12,237,007) for land which is not depreciated. The amounts above are stated net of capital contributions (excluding EU grants). Included in the balance sheet value at 31 December 2019 are capital contributions amounting to £233,271 (2018: £246,817).

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13. Fixed asset investments

	BHC	
	2019	2018
	(£'000)	(£'000)
Investment in Associate	515	-
Total	515	-

The Investment in Associate is held at cost at 31 December 2019 (note 22)

Subsidiary undertakings	-	-
Total	-	-

BHC has investments in the following subsidiary undertakings:

	Registered office address	Holding	%
Trading Entities			
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
Dormant Entities			
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

14. Debtors

	Group		BHC	
	2019	2018	2019	2018
	(£'000)	(£'000)	(£'000)	(£'000)
Amounts falling due within one year				
Trade debtors	9,283	9,066	9,213	8,993
Amounts owed by Group undertakings	-	-	97	99
Other debtors	9,356	10,331	9,356	10,353
Prepayments and accrued income	936	760	845	726
	19,575	20,157	19,511	20,171
Amounts falling due after more than one year:				
Other debtors	1,542	1,696	2,157	2,324
Pension asset (note 21)	5,059	3,745	5,059	3,745
	6,601	5,441	7,216	6,069

Other debtors due within one year include an amount owed by the Belfast Harbour Commissioners Pension Scheme of £6,519k at 31 December 2019 (2018: £8,731k).

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15. Investments

	Group		BHC	
	2019	2018	2019	2018
	(£'000)	(£'000)	(£'000)	(£'000)
Short term deposits	52,850	59,950	52,850	59,950

16. Creditors - amounts falling due within one year

	Group		BHC	
	2019	2018	2019	2018
	(£'000)	(£'000)	(£'000)	(£'000)
Trade creditors	2,741	293	2,603	174
Corporation tax	701	1,559	656	1,559
Other taxation and social security	382	361	280	263
Other creditors	13,237	17,693	13,147	17,604
EU grants (see note 7)	1,124	890	1,124	890
Accruals and deferred income	2,123	2,138	1,947	1,862
	20,308	22,934	19,757	22,352

17. Creditors - amounts falling due after more than one year

	Group		BHC	
	2019	2018	2019	2018
	(£'000)	(£'000)	(£'000)	(£'000)
Other creditors	2,446	2,641	2,446	2,641
EU grants (see note 7)	23,053	24,410	23,053	24,410
	25,499	27,051	25,499	27,051

Pilots National Pension Fund

The Belfast Harbour Commissioners' share of the PNPf liabilities has been determined by the PNPf Trust Company and was notified to the Commissioners on 29 October 2012. The appropriate obligation of £2.6m, (2018: £2.8m) 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 £195k (2018: £188k) and creditors: due after one year of £2,446k (2018: £2,641k). The majority of this obligation refers to "Orphan Liabilities" which do not relate to retirement benefit obligations of employment with Belfast Harbour Commissioners.

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18. Provisions for liabilities

	Deferred Taxation	Maintenance Dredging	Total
	(£'000)	(£'000)	(£'000)
Group			
At 1 January	20,670	1,722	22,392
Adjustment in respect of prior periods	167	-	167
Charged to income statement	1,290	1,190	2,480
Charged to other comprehensive income	220	-	220
Amounts applied	-	(218)	(218)
At 31 December 2019	22,347	2,694	25,041
BHC			
At 1 January	20,765	1,722	22,487
Adjustment in respect of prior periods	72	-	72
Charged to income statement	1,825	1,190	3,015
Charged to other comprehensive income	220	-	220
Amounts applied	-	(218)	(218)
At 31 December 2019	22,882	2,694	25,576
Deferred Tax			
Deferred tax is provided as follows:		2019	2018
		(£'000)	(£'000)
Fixed asset timing differences		7,744	6,500
Short Term timing differences		(662)	(693)
Investment properties held at fair value and rollover relief		14,405	14,350
Trading Losses		-	(124)
Pension		860	637
Provision for deferred tax		22,347	20,670
Classification of Deferred Tax Liabilities			
		2019	2018
		(£'000)	(£'000)
Within 12 months		-	-
After 12 months		22,347	20,670

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 and the same taxable entity or other 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.

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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 disclosure 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	
	2019	2018	2019	2018
	(£'000)	(£'000)	(£'000)	(£'000)
Financial assets				
Investments	52,850	59,950	52,850	59,950
Cash	2,646	2,554	2,077	2,088
Loans and receivables	20,181	21,093	20,822	21,769
	75,677	83,597	75,749	83,807
Financial liabilities				
Accruals and deferred income	16,362	18,349	16,031	18,041
	16,362	18,349	16,031	18,041

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

c) Credit risk management

Credit risk refers to the risk a counterparty will default on its contractual obligations resulting in a 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 the financial assets liabilities.

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20. Capital commitments

	2019	2018
	(£'000)	(£'000)
Group and BHC		
Capital expenditure which has been contracted for but has not been provided for in the accounts	76,163	23,829
Capital expenditure which has been authorised by the Commissioners but has not yet been contracted for	39,551	113,526

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

21. Employee Benefits

Defined contribution scheme

The Commissioners operate a defined contribution pension scheme. The total charged to the income statement of £853k (2018: £764k) represents contributions payable to the defined contribution section of the scheme at rates specified in the Schedule of Contributions. As at 31 December 2019, contributions of £82k (2018: £76k) 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 14 to these accounts.

Defined benefit scheme

The Commissioners operate a defined benefit 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 services cost and past service cost were measured using the projected unit credit method.

Weighted average assumptions to determine benefit obligations of:

	31/12/2019	31/12/2018
Discount rate	2.00%	2.80%
Rate of compensation increase	3.50%	3.80%
Rate of pension increase	2.90%	3.20%
Rate of inflation increase	3.00%	3.30%

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

	31/12/2019	31/12/2018
Discount rate	2.80%	2.50%
Rate of compensation increase	3.80%	3.80%
Rate of pension increase	3.20%	3.10%
Rate of inflation increase	3.30%	3.30%

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21. Employee Benefits (continued)

Assumed life expectancy on retirement at age 65

	Male years	Female years
Retiring today (member age 65)	22.3	21.3
Retiring in 20 years (member at 45 today)	23.9	23.0

The principal assumption 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 are as follows:

	2019	2018
	(£'000)	(£'000)
Group and BHC		
Current service cost	254	281
Net interest income	(108)	(111)
	146	170
Recognised in other comprehensive income	(1,294)	604
Total income / (cost) relating to defined benefit scheme	(1,148)	774

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

	2019	2018
	(£'000)	(£'000)
Present value of defined benefit obligation	46,971	44,423
Fair value of plan assets	(52,030)	(46,168)
Asset recognised in the balance sheet	(5,059)	(3,745)

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

	At year end 31/12/19	At year end 31/12/19
	(£'000)	(£'000)
At 1 January	44,423	46,284
Service cost	254	281
Interest cost	1,211	1,128
Participant contributions	27	26
Actuarial losses / (gains)	3,387	(961)
Benefits Paid	(2,331)	(2,335)
At 31 December	46,971	44,423

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21. Employee Benefits (continued)

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

	At year end 31/12/19	At year end 31/12/18
	(£'000)	(£'000)
At 1 January	48,168	50,642
Service cost	1,319	1,239
Interest cost	4,681	(1,565)
Participant contributions	166	161
Actuarial losses / (gains)	27	26
Benefits Paid	(2,331)	(2,335)
At 31 December	52,030	48,168

Plan Assets

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

	At year end 31/12/19	At year end 31/12/18
	(£'000)	(£'000)
Asset category		
Equities	17%	15%
Debt instruments	71%	66%
Property	9%	9%
Other	3%	10%
Total	100%	100%

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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, administration expenses of £763k (2018: £681k) 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 14.

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 £3,361k (2018: £3,330k).

During the year Belfast Harbour Commissioners made payments totalling £515,000 to OH (Office) Developments Limited. This amount is held as an Investment in Associate at 31 December 2019 (2018: £nil). See note 13.

Harbour Office

Corporation Square
Belfast BT1 3AL

+44 28 9055 4422

(Text phone) +44 28 9032 2013

belfast-harbour.co.uk

**Belfast
Harbour**