

Annual Report & Accounts 2014

Belfast
Harbour







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Chairman's Statement

It is with a great deal of pride and anticipation that I take this opportunity to present the first Annual Report since my appointment as the Chairman of Belfast Harbour.

As the recently appointed Chairman of Belfast Harbour I am conscious of the responsibility of the Harbour's Board and Executive team to continue to successfully operate and develop Belfast Harbour, which is one of Northern Ireland's most important economic assets. By providing best-in-class marine and logistics facilities for our exporters and importers, by developing new commercial opportunities and by making ongoing investments in the regeneration of Belfast Harbour Estate, we will continue to make a significant contribution to economic activity across Northern Ireland and beyond.

I am pleased that I start my term in office by reporting record results for Belfast Harbour following one of the most successful periods in the Harbour's history - despite the impact of the global recession, the effects of which still present difficult trading conditions for many of our customers. It would be remiss, therefore, if I did not publicly put on record the Harbour's appreciation of the sterling contribution made by our former Chair, Dr Leonard O'Hagan CBE, DL to the success of the Harbour during his term of office.

In the past 20 years Belfast Harbour has invested over £400m to enhance its infrastructure and provide customers with the most modern quays, terminals and logistics warehousing on the island.

The Harbour has also sought to diversify its business model, investing in new trades in areas such as offshore energy and cruise ships, and to further develop existing trades such as animal feed, container traffic and freight vehicles.

The result of this substantial and ongoing capital expenditure programme is that 2014 represented a record financial performance for Belfast Harbour delivering turnover of £52.6m, up 4% on 2013, and profit before taxation at £29.4m, up 8% on 2013. Total capital expenditure in 2014 was £13.6m, primarily spent on City Quays 1 as well as dock and quay upgrades.

Port Development

Trade figures for 2014 were similarly impressive with a record 23 million tonnes handled during 2014, up 1.6%. This was the fifth consecutive year of growth and a 47% improvement since the recession's low point in 2009.

Growth was driven primarily by bulk cargo with trade sectors such as stone exports, industrial and domestic coal, paper products and steel growing particularly well.

A record number of freight vehicles also passed through the Harbour, container traffic improved by almost 3% and cruise ship passenger numbers rose to a record 112,000.

As a business, Belfast Harbour competes on an island-wide basis, with customers drawn from as far away as Cork, depending on the sector. With inter-port competition increasing across the island and a need to continually enhance facilities, the Harbour has committed itself to a £140m pipeline of Port development projects including the upgrade of its Roll-On / Roll-Off facilities and expansion of its container capacity.

As an entirely self-funded business with no recourse to the public purse or private finance, there is a clear linkage between the Harbour's ability to invest and grow, and its financial performance. Every penny of our earnings are retained within the business and reinvested in further developing the Harbour's facilities and estate, creating much needed jobs and driving regional development.

Chairman's Statement (cont.)

Therefore, a strong financial performance provides a strong basis from which to develop new capital expenditure projects.

Estate Development

As noted above, Belfast Harbour's operations also extend to the regeneration of the Harbour Estate which is now home to more than 700 tenants providing employment to 23,000 people. 2014 marked important steps in the development of City Quays, the Harbour's landmark scheme to revitalise an area no longer suitable for shipping purposes.

As well noted in the property market, Belfast city centre suffers from a shortage of the Grade A office space favoured by inward investors. To help address this gap the Harbour commenced work during the year on City Quays 1, an 83,000 sq ft office space. Full planning was also received for a further Grade A building, the 124,000 sq ft City Quays 2.

Belfast Harbour has already pre-let 40% of City Quays 1 to Baker & McKenzie, one of the world's largest law firms, who will create 260 new jobs. Upon completion it's anticipated that City Quays will provide £11 million per annum in rateable income and generate c.10,000 jobs.

Corporate Responsibility

Success, however, cannot just be measured in economic terms. As a business Belfast Harbour seeks to play its part to create opportunities for individuals and communities which would not normally be available to them. In that regard the Harbour runs an extensive Corporate Responsibility programme based on the themes of Young People, Community, the Environment and Arts.

During 2014, 80 young people were supported through access to employment and training, over 1,000 participated in environmental and arts programmes, while community sponsorship helped support events which drew over 100,000 attendees.

Outlook

As ever we, together with our customers, face considerable competitive challenges including the growing strength of sterling versus the Euro and the impact this may have on exports and tourism, ongoing economic turbulence especially in the EU and Asia and the impact of market cycles on agri-food and other sectors.

The shared vision of our Board and Executive team is to ensure that Belfast Harbour continues to play a pivotal role in Northern Ireland's economy and to serve our customers and stakeholders by providing globally competitive, best-in-class facilities. 2014 has set yet another high-water benchmark for Belfast Harbour; our challenge is to build upon that and deliver further improvement.

Dr David Dobbin, CBE
Chairman



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Board Member Profiles

1. Dr David Dobbin, CBE Chairman

David Dobbin was appointed to the Board in 2012 and took up the position of Chairman in 2015. David has extensive international business experience in the agri-food sector and is currently Group Chief Executive of United Dairy Farmers, a leading UK dairy cooperative based in Northern Ireland. David is also Chairman of the Ulster Rugby Management Committee and Chairman of the Northern Ireland Food & Drink Association.

A Fellow of the Institute of Directors and a Chartered Mechanical Engineer, he is actively involved in promoting regional economic development and has previously held a number of public and industry appointments including Chairman of the Strategic Investment Board, Chairman of InterTradeIreland, Chairman of the Prince's Trust Northern Ireland, Chairman of CBI Northern Ireland and President of the Northern Ireland Grain Trade.

2. Dr Leonard J. P. O'Hagan, CBE, DL (Out-going Chairman)

Len O'Hagan was appointed Chairman of Belfast Harbour in 2006.

He has held Board positions in a number of international public companies including Fitzwilton Plc, Jefferson Smurfit Group and Safeway Ireland, where he was Chairman. He has also been Chair of The Metropolitan Arts Centre (MAC).

Len's current positions include Vice President of the Ireland US Council, Chair of the all island Congenital Heart Disease Network Board and Non Executive Director of Independent News & Media PLC as well as CEO of the Royal College of Physicians Ireland.

3. Mr Roy Adair Chief Executive Officer

Roy Adair was appointed Chief Executive of Belfast Harbour Commissioners in 2005.

Roy previously held positions with Rothmans International, Flexibox International and the Northern Ireland Quality Centre, where he was the organisation's first CEO. Roy joined electronics group DDL Inc in 1994 to run Irlandus Circuits, a company which he subsequently bought from the Group in 1999.

Roy has been involved as a non-executive in a range of organisations which currently include the Prince's Trust, Business in the Community (as Northern Ireland Chair), the UK Major Ports Group, the Offshore Wind Energy Council and the Ulster University Centre for Economic Policy. He is President Emeritus of the General Stevedoring Council, chairs the diaspora initiative, NI Connections, and has also served as HRH Prince Charles' Ambassador for Social Responsibility, and as an Invest NI Board member.

4. Mr Noel Brady

Noel Brady was appointed to the Board in 2008. Noel is Managing Director of Consult Nb1 Ltd, a business development consultancy which he founded in 2004. Following an early career in the NI Civil Service, Noel held senior management positions with CFM Group Ltd, ICL and Sx3.

He is Chairman of Sentel Limited, and is an Honorary Fellow and Chairman of the Sales Institute of Ireland.

5. Alderman David Browne, MBE

Alderman David Browne was first elected to Belfast City Council in 1994. He was appointed to the Board in July 2005 and reappointed in 2011. In addition to being the former High Sheriff of Belfast, Alderman Browne is a member of several Belfast City Council Committees and Chairman of Grove Housing Association. He was elected as Deputy Lord Mayor of Belfast in 2008.

Board Member Profiles (cont.)

6. Dr Trefor Campbell, CBE

Dr Trefor Campbell was appointed to the Board in 2008. Trefor was formerly Managing Director and subsequently Non Executive Chairman of Moy Park Ltd. Trefor is Patron and NI Council Member of the Prince's Trust, Companion of the Chartered Management Institute, a Fellow of the Royal Society of Agriculture, a Fellow of the Royal Society for Arts & Commerce and a Liveryman of the Worshipful Company of Poulterers.

7. Councillor Patrick Convery

Councillor Patrick Convery is an elected member of Belfast City Council. He was reappointed to the Board of Belfast Harbour Commissioners in February 2012. Councillor Convery is a member of the Development, Parks & Leisure Committee, and is also a Member of both the North Belfast Policing and Community Safety Partnership and the North Belfast Partnership. Councillor Convery served as Lord Mayor of Belfast from 2010 - 2011.

8. Mr Peter Dixon

Until recently Peter was Group CEO, Phoenix Energy Holdings, a position he held for 15 years. He was appointed to the Board of Belfast Harbour Commissioners in 2008 and is currently Chairman of Phoenix Energy Holdings and Lionrai Investments and Director of South East Water Ltd and Four Seasons Healthcare. He is a senior advisor to Hastings Infrastructure Fund UK and Terra Firma Capital Partners. He is a Board member of Winston Churchill Memorial Trust and is Chairman of South Belfast Economic Forum. He was previously a Director in East Surrey Holdings Plc and Kellen Investments.

Peter is a Fellow of the Institute of Energy, a Companion of the Institute of Gas Engineers and Patron of the Energy & Utility Skills Council. In support of his charitable work he is an Ambassador for Opportunity Youth. He is also a Lord Taverner.

9. Councillor Matt Garrett

Councillor Matt Garrett was first appointed to the Board in February 2012. Councillor Garrett was elected to serve as a Belfast City Councillor in May 2011 and sits on the Health and Environmental Committee, Town Planning Committee and the Development Committee.

He is a member of the West Belfast District Policing and Community Safety Partnership (DPCSP), also taking his seat on the Belfast PCSP. Other outside bodies Councillor Garrett contributes to are the NI Housing Council and the Northern Ireland Local Government Association (NILGA).

10. Councillor Thomas Haire

Councillor Tom Haire was first appointed to the Board in February 2012. Councillor Haire was first elected to Belfast City Council in May 2011 and re-elected to the new Council in May 2014. He serves on the Strategic Policy and Resources Committee, Parks and Leisure Committee and the Town Planning Committee of Belfast City Council. In addition he represents the Council as a member of the Board of Visit Belfast and the George Best City Airport Forum.

Councillor Haire is Vice Chairman of the Board of Governors at Ashfield Boys High School and the Treasurer of the Ulster Scots Community Network.

11. Ms Christine Hayes

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

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

12. Mrs Rotha Johnston, CBE

Rotha Johnston was first appointed to the Board in February 2012. Rotha is a partner in Johnston Partnership, a property investment business. She is a Pro-Chancellor at Queen's University Belfast, a Director of Northern Ireland Electricity, an independent Board member for the Department of Justice and Chair of NI Screen. In the past she has been BBC Trustee for Northern Ireland, Deputy Chairman of Invest NI and a Director of Variety Foods. She was also a Non Executive Director and member of the Audit Committee at Allied Irish Bank (UK) Ltd.

13 Dr Stephen Kingon, CBE

Stephen Kingon was first appointed to the Board in February 2012 and is the Principal at Stephen Kingon Associates. Currently he is the Chairman of the Balcas Group, the Centre for Competitiveness, Lagan Group Holdings Limited, Lagan Group Limited, Lagan Homes Holdings Limited and Northern Ireland Electricity Ltd. In addition he is a Non Executive Director of Allied Irish Bank UK plc and the Baird Group Limited.

He is also the Honorary Treasurer for Queens University, a member of the Chartered Accountants Regulatory Board and Chairman of the Action for Hearing Advisory Board.

14. Dr Gerard O'Hare, CBE, DL

Gerard O'Hare was first appointed to the Board in February 2012. Gerard is currently Group Chairman and Managing Director of Parker Green International, with 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 also Chairman of The University of Ulster Foundation Board, a Board member of Invest NI and Business in the Community NI. He is Chairman of Belfast Tall Ships 2009 and 2015 and sits on the NI Council of the Prince's Trust.

In addition he is Honorary Consul for the Republic of Latvia in the UK and has been appointed as Ambassador for HRH The Prince of Wales for Corporate Responsibility in 2009 and, more recently, as a Deputy Lieutenant of County Down.

15. Dr Ed Vernon, OBE

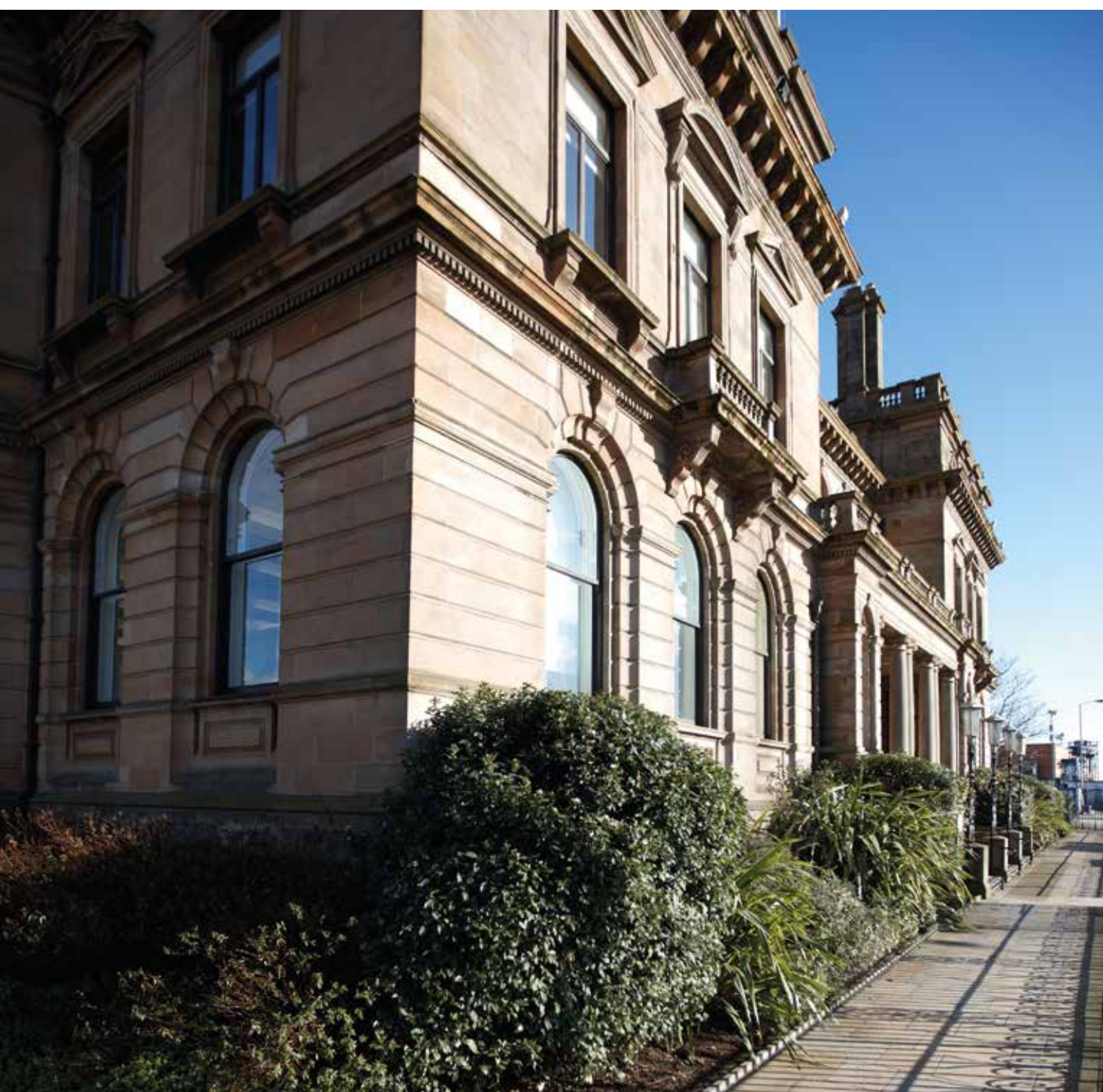
Ed Vernon was first appointed to the Board in February 2012. Ed is a Strategic Advisor to BT Ireland, a Foundation Board Trustee of Queen's University Belfast and Chair of the Riddel Hall Founders' Club. Since 2007 he has been Chairman of Macildowie Ltd, a specialist recruitment agency.

Ed founded B.I.C Systems, a technology services business acquired by BT Group in 2004. He is a former member of Matrix, the NI 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.

Commissioners' Attendance

Name	Board Meetings		Committee Meetings		Total Meetings Attended		Percentage of Total meetings attended
	Possible	Actual	Possible	Actual	Possible	Actual	%
Adair, Roy	6	6	20	19	26	25	96
Brady, Noel	6	6	8	6	14	12	86
Browne, David	6	4	8	4	14	8	57
Campbell, Trefor	6	5	10	8	16	13	81
Convery, Patrick	6	6	7	6	13	12	92
Dixon, Peter	6	3	13	11	19	14	74
Dobbin, David	6	6	8	8	14	14	100
Garrett, Matt	6	5	7	3	13	8	62
Haire, Thomas	6	6	6	5	12	11	92
Hayes, Christine	6	6	7	7	13	13	100
Johnston, Rotha	6	6	8	7	14	13	93
Kingon, Stephen	6	4	12	9	18	13	72
O'Hagan, Len	6	6	13	12	19	18	95
O'Hare, Gerard	6	3	7	4	13	7	54
Vernon, Ed	6	6	14	11	20	17	85





Executive Team



01	02
03	04
05	

- 01. **Graeme Johnston**
Property Director
 - 02. **Trevor Anderson**
Operations Director
 - 03. **Joe O'Neill**
Commercial Director
 - 04. **Patricia Toolan**
Human Resources
Director
 - 05. **Maurice Bullick**
Finance Director
-

Graeme Johnston**Property Director**

Graeme is a qualified Chartered Surveyor and Chartered Project Management Surveyor. He joined the organisation in 2007 having held a number of senior positions in the banking and retail sectors. Previously Graeme was Property Director for the Henderson Group and was all-Ireland Property Manager for the Ulster Bank. Graeme is currently the Treasurer of the Ireland Chapter of Lambda Alpha International.

Joe O'Neill**Commercial Director**

Joe joined the organisation in 1997, holding a number of roles within Belfast Harbour including Commercial Manager and Port Manager before being appointed Commercial Director in 2005. Prior to joining the Port, Joe was Trading Manager for Undus Ltd and Quality Manager for Cantrell and Cochrane Ltd. Joe is currently Chair of the Simon Community Corporate Fundraising Committee and Board member and Interim Chair of the MAC

Maurice Bullick**Finance Director**

Maurice is a Chartered Accountant and has held a number of Finance positions in Belfast Harbour since joining the organisation in 2000. Previously Maurice was employed by Cawoods Fuels for 11 years and undertook a range of Finance portfolios. Prior to that Maurice trained and qualified with Price Waterhouse, Chartered Accountants. Maurice is Company Secretary of Belfast Harbour's Pension Scheme and council member of the Association of Participating Bodies of the Pilot's National Pension Fund.

Trevor Anderson**Operations Director**

Trevor is an engineer by profession and joined the organisation in 2006 from Bombardier Aerospace. Trevor had spent a total of 22 years with Bombardier in a number of roles including Head of Enterprise Systems for Bombardier Aerospace Worldwide based in Montreal, Canada. Trevor is currently the Chairman of the Nomadic Trading Company and a member of the Board of Belfast Tall Ships 2015 Ltd.

Patricia Toolan**Human Resources Director**

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

Chief Executive Review 2014



Port Business

Trade

2014 was another record year for Belfast Harbour with total throughput surpassing 23 million tonnes for the first time, an increase of 1.6% year-on-year and the fifth consecutive year of growth. Tonnage handled now sits 47% above the recession low of 15.6 million tonnes in 2009.

The main drivers of increased tonnage continue to be in the Dry Bulk and RoRo sectors. In the Dry Bulk sector commodities such as stone, coal, cement and scrap metal achieved double digit growth. Further RoRo market share gains resulted in more than 476,000 freight vehicles using the Port, a 2.2% increase over 2013.

Continued growth across various trade sectors is evidence of the successful investment by Belfast Harbour in port infrastructure projects which have enhanced Northern Ireland's trade links. As a result of these investments trade through Belfast Harbour has more than doubled in the last twenty years.

Bulk

The Dry Bulk sector experienced another successful year as total tonnage exceeded

7 million tonnes for the first time. A total of 1.4 million tonnes of stone was exported, up some 221,000 tonnes (18%) on the previous year. Total stone exported through Belfast Harbour has more than doubled since 2006 as the local quarry sector secures an increasing number of contracts on the UK mainland and further afield.

The continuing importance of the Agri-Food sector to the Port and the Northern Ireland economy is reflected in the strong performance of the Grain and Animal Feeds sector with a record 2.2 million tonnes imported, a 3.3% increase on 2013 levels.

The Port's major coal companies continue to grow their businesses with increased levels of imports serving more domestic and industrial customers in the Republic of Ireland and also providing substantial growth in exports of specialised industrial coals to mainland Europe and the Middle East. Coal volumes (excluding Kilroot Power Station coal) were up over 20% to almost 800,000 tonnes.

Scrap metal throughout increased by 14% to 373,000 tonnes with substantial volumes now imported into Belfast for processing, prior to export to smelting plants in Europe and further afield.

Cement tonnages rose significantly in 2014 to 79,000 tonnes, compared to 15,000 tonnes in 2013 as local companies successfully targeted export markets.

An outstanding year in terms of cruise shipping with a record **63 cruise ships** handled in 2014, bringing a total of **112,000** tourist visitors to these shores.

The Port's Liquid Bulk volumes are dominated by the import of refined oil products and in 2014 a total of 2.1 million tonnes was handled, down slightly compared to 2013, mainly due to a decline in kerosene imports as a result of the mild early winter period.

Break Bulk tonnages increased in 2014 with the key commodities of steel and paper both experiencing volume growth of over 30% versus 2013 levels, rising to 119,000 and 114,000 tonnes respectively.

Another key success in the sector was the growth in the export of Refuse Derived Fuel (RDF) with almost 70,000 tonnes exported in 2014.

Freight Ferries (RoRo)

For the third consecutive year RoRo freight volumes delivered record volumes with 476,000 freight vehicles handled in 2014, up 2.2%. Volumes on the Belfast-Liverpool route in particular were up over 10% on 2013 levels as a result of the first full year of operation by Stena Line of a third ship on the route. The Port's two other RoRo services to Heysham and Cairnryan performed steadily with Stena Line continuing to grow its market share on the Cairnryan route.

Containers (LoLo)

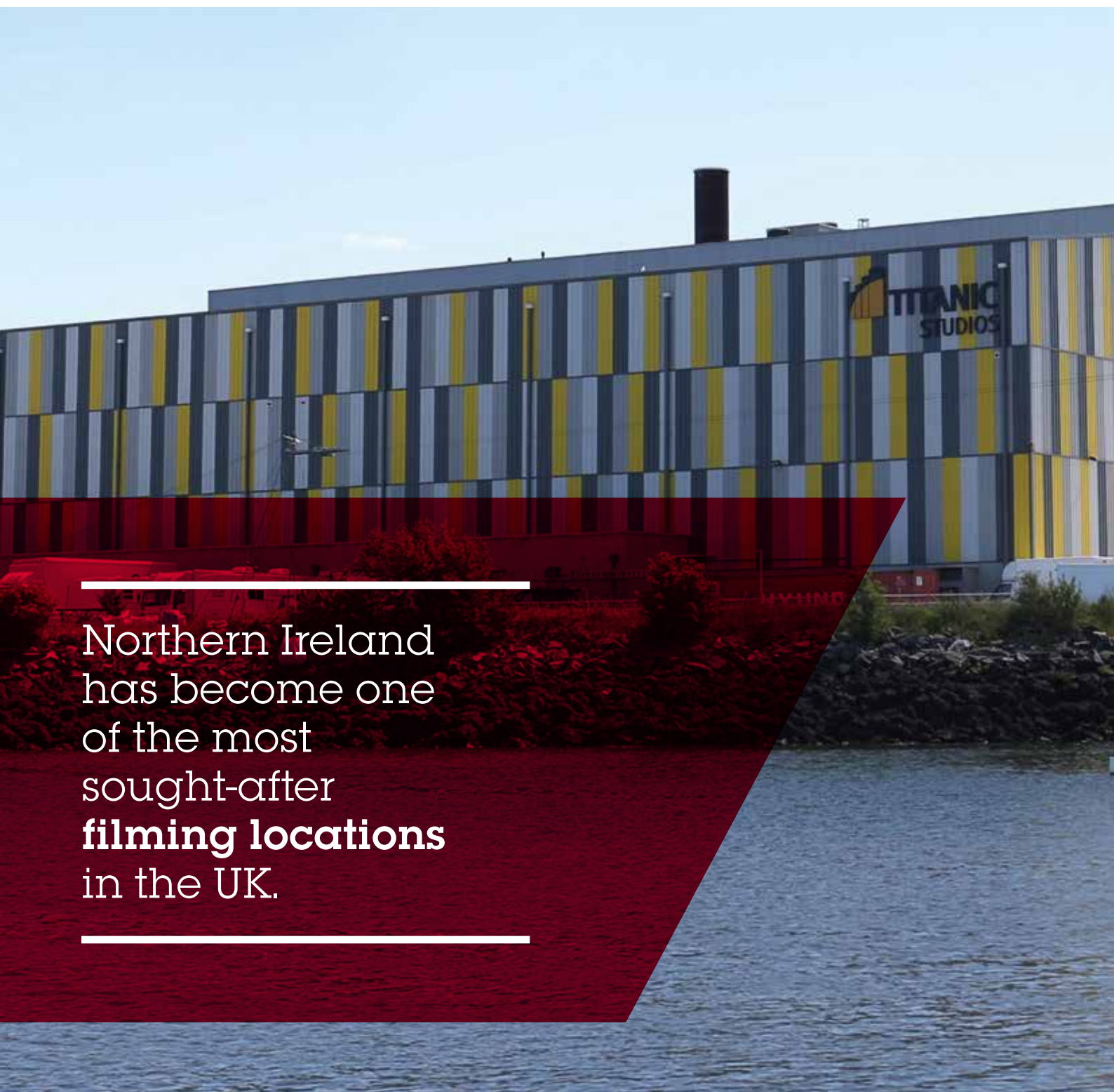
The total number of containers handled increased by 2.9% in 2014 to 125,300 containers. Containers shipped between Belfast Harbour and Great Britain witnessed a significant increase with volumes up 30% compared to 2013.

Passengers & Cruise Ships

Whilst the Port's ferry services carried some 1.4 million passengers between Belfast and Great Britain in 2014, a figure relatively unchanged compared to 2013, the Port had an outstanding year in terms of cruise shipping with a record of 112,000 tourist visitors to these shores.

Port Development

Following the preparation and submission of a Planning Application and accompanying Environmental Impact Assessment for the proposed reclamation of 60 acres of seabed to the north of Victoria Terminal 4, Planning Permission was granted in September 2014. The proposed reclamation will provide future port capacity in line with the Port's published Masterplan.



Northern Ireland
has become one
of the most
sought-after
filming locations
in the UK.

Chief Executive Review 2014 (cont.)

Construction works to expand the capacity of the Port's main container terminal at Victoria Terminal 3 were commenced in advance of the Port's plan to consolidate container services into a single terminal during 2015.

The quay structure at Pollock Dock C was upgraded during 2014 to provide additional quay facilities to support recent growth in the exports of scrap metal and RDF.

Work commenced on the upgrade of two of the Port's RoRo terminals, Victoria Terminals 1 & 2, to provide additional capacity on the services to Liverpool and Heysham.

Investment was made in new additional storage bunker capacity at Stormont Wharf in light of recent growth in the coal sector.

Real Estate Business

Titanic Quarter

HMS Caroline

In October 2014 HMS Caroline, a light cruiser, the last survivor of the 1916 Battle of Jutland, and the National Museum of the Royal Navy was provided with a further Heritage Lottery Fund grant of £11.5 million. This funding facilitated full restoration works of the vessel itself to allow public access and the provision of a ticketing/visitor centre at its current location in the Alexandra Dock. The Department for Enterprise, Trade and Investment also provided further funding of £2.7 million. The project, when completed will add substantially to the area's wider regeneration. Belfast Harbour has been facilitating and supporting this refurbishment and will continue to do so for the entirety of the project.

Titanic Quarter Hotel

Titanic Foundation Limited extended its asset base to include the former Harland and Wolff Headquarters Building & Drawing Offices. An application for additional Heritage Lottery funding of £5 million was lodged in 2014 to help support the restoration and conversion of this B+ Listed building and, in particular, the heritage assets into an 84-bedroom boutique hotel. The most historically important rooms such as the Drawing Offices, Board Room, Telephony Room and Entrance Lobby will be developed as spaces for public access. A planning application was lodged in November 2014 in support of this proposal.

Titanic Quarter Media

Northern Ireland has become one of the most sought-after filming locations for both film and television production in the UK.

A key facility in Northern Ireland's media success is The Titanic Studios (providing some 110,000 square feet of hi-tech studio space), one of Europe's largest film studios. The set has welcomed international productions including the globally acclaimed 'Game of Thrones', 'Your Highness' and 'City of Ember'.

Further development in the media sector is proposed and a planning application was approved for additional new build film studios, workshops and supporting offices.

Chief Executive Review 2014 (cont.)

Titanic Quarter Leisure & Retail

At the centre of Titanic Quarter's maritime heritage leisure offer is Titanic Belfast, a stunning £100 million interactive attraction which continues to attract large visitor numbers. During 2014 it won a Visitor Centre Outstanding Achievement Award from Themed Entertainment Association, based in the United States. The citation said: "the building inside and out is spectacular... a reason to visit for people from all over the world".

Units totaling 30,000 sq ft on the ground floor of the ARC residential development are available, with MACE further extending its TQ convenience store.

Planning approval was also obtained for a financial services office building to be located between PRONI and Belfast Metropolitan College. Additional planning permission exists for a range of supporting local services, restaurants, retail outlets, fitness clubs and leisure pursuits within Titanic Quarter.

City Quays

City Quays is a proposed 20-acre waterfront, city centre, brownfield regeneration project occupying the area immediately surrounding the Harbour Office on ex-ferry services land. The scheme's outline planning approval for some 2 million sq feet of built space has enabled Belfast Harbour to move on with the physical development.

This commercially office-led project, primarily aimed at facilitating both foreign direct investors (FDI) and growing indigenous businesses will provide high-quality sustainably accredited buildings. Additional uses being proposed include local retail, leisure and a small amount of residential space. City Quays is a natural extension of the Clarendon Dock scheme and a proposed waterfront walkway will provide a linkage along the river to the city centre.

Ultimately the completed development, privately funded by Belfast Harbour, will provide some £11 million per annum of rateable income for central and local government (at today's value) and will support around 10,000 jobs.

The first physical development within the scheme, City Quays 1 commenced on site during 2014 with Heron Bros Ltd being appointed as the main building contractor following an open tender process. This five storey office building, consists of 83,000 sq ft and occupies a waterfront site adjacent to the existing Clarendon Dock offices. The building design is a product of extensive research and development work and takes cognisance of feedback from international and local real estate agents, prospective occupiers and Invest NI. The building will be ready for occupation in early 2015.

Belfast Harbour secured a marquee tenant in late 2014 which pre-let the top two floors of the City Quays 1. Baker & McKenzie who are the world's largest law firm (headquartered in Chicago) has selected this location as their first UK office outside London. An Invest NI introduction, Baker & McKenzie plan to create up to 260 jobs, over a three-year period, by opening a Global Services Centre in Belfast.

This letting to such a world-class tenant 'sets the tone' for the development and has been the springboard for further substantial interest in the remaining space available at City Quays 1.

Belfast Harbour believes that the speculative building of City Quays 1 support in Invest NI's objective of securing new entrants to the NI market, particularly in the knowledge-based sectors.

Ultimately the completed development, privately funded by Belfast Harbour, will provide some **£11 million per annum** of rateable income for central and local government (at today's value) and will support around **10,000 jobs**.

During the year work also commenced on enabling the next City Quays commercial office development – City Quays 2. Full planning approval was received for this nine floor building (124,000 sq ft) which also includes a coffee shop/retail unit on the ground floor. City Quays 2 designed by world renowned architects Grimshaw, London, will be constructed on a waterfront site adjacent to City Quays 1 within the context of the approved Masterplan. The project was advertised in the European Journal for main building contractors and the expectation is to have the property completed for occupation in mid-2016.

Sydenham Business Park

Full planning approval was obtained which will allow Belfast Harbour to develop up to 200,000 sq ft of business space on a number of vacant sites within the Sydenham Business Park area.

Estate Connectivity

In April 2014 the opening of The Sam Thompson Bridge signified an important milestone for the £35 million Connswater Community Greenway. It now provides walking and cycling connectivity from Victoria Park to Airport Road, the Harbour Estate and Titanic Quarter and opens up access to the 9km Connswater Community Greenway currently under construction. The landmark footbridge was named by the public after Sam Thompson who was a local east Belfast shipyard worker and playwright.

Belfast Harbour – Sales & Marketing

It was widely reported throughout the year by local real estate professionals and other market commentators that the lack of Grade 'A' office space could impact on the decision-making process of both new market entrant FDI and growing indigenous companies to locate/relocate to Belfast.

Work continued with Invest NI, international real estate agents, and in-market specialists to raise awareness and support direct marketing activity to help secure Foreign Direct Investors within the Belfast Harbour Estate.

Strategic Report

As a Trust Port, 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.

This report, to be read in conjunction with the full annual report, contains information which the Commissioners consider to be of strategic importance to the Harbour.

Strategy Update and Business Model

The core strategy of Belfast Harbour remains investments which deliver sustainable financial returns according to investment criteria. Operating the business profitably is mandated by law and essential to fund investment and growth needs to best serve the business and the Northern Ireland economy at large. In addition investment in maintenance capital expenditure to keep the basic infrastructure of the Harbour fit for purpose is also required. The business model is highly capital intensive and generating funding from retained profit is key.

Northern Ireland Trust Ports are private corporations regulated by the Department for Regional Development and obliged to generate a commercially acceptable rate of return on their assets, which is mainly achieved through charges on port and other facilities.

After a number of years primarily focused on major investment in port facilities, the next few years will be marked by substantial investment in regeneration activities, mainly at City Quays, with completion of City Quays 1 and commencement of City Quays 2 in 2015.

Trading

Belfast Harbour delivered a record financial performance for 2014, with turnover at £52.6 million, up 4% on 2013, and profit before taxation at £29.4 million, up 8% on 2013.

After a number of years of double digit trade growth, driven by investments and trading gains, the business has increased at a more modest rate during 2014, reflecting a consolidation of these gains.

Capital Expenditure

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

In the past five years a total of £100 million has been invested in the Harbour, all funded from cash flow.

All profit, net of taxation, is reinvested in the development of the Port and Regeneration projects. The beneficiaries are the businesses throughout Northern Ireland which trade through and rely upon the Harbour, and consequently the main beneficiary is the local economy in general. As is common in the Port 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 in 2014 was £13.6 million and in addition a further £36.9 million has been committed at the year end to other projects.

The principal project during 2014 was the construction of City Quays 1 and expenditure on docks and quay upgrades.

Principal commitments are to the redevelopment of City Quays, plus a cruise facility, expansion of logistics warehousing and upgrade of unit load facilities.

Liquid funds at December 2014 were £55.2 million all of which is committed to future projects as noted above.

Business Environment

Belfast Harbour has a 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 2014 was produced by a forward looking investment strategy in capital intensive harbour facilities, which facilitate Port business growth despite the underlying economic environment.

Risks and Uncertainties

Funding

Belfast Harbour as a Trust Port is solely responsible for funding the business including investment in infrastructure via retained profit. At present a "Public Corporation" classification applies to all major UK Trust Ports, including Belfast Harbour, even though it is not in the public sector.

This classification has the potential to impact on public budgets. Belfast Harbour currently manages its funding to facilitate investment within the constraints of no borrowing.

Economic

Belfast Harbour trade is reflective of the health of the overall Northern Ireland economy, and although trade growth was steady in 2014, due largely to investment in facilities, the underlying growth has been modest. The economy will always be a managed risk. In mitigation of this risk, Belfast Harbour has a well-diversified trading base, strong trading counterparties and continues to seek new business investment with sustainable financial returns.

Trading

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 in particular an active strategy for investment in facilities to preserve and enhance the offer to customers.

Regulatory

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 Safety, Environment and Security. In addition Belfast Harbour is aware of the need for good governance, including governance specifically pertaining to Trust Ports. In mitigation Belfast Harbour has strong oversight mechanisms in place at Board and Executive level for monitoring and meeting the ongoing regulatory challenges.





The Prince's Trust Development Award proved to be a turning point in my career – I have gone from being long-term unemployed with very few qualifications to being a qualified welder with a full-time job and plans for my own future development. I simply would not have been able to afford to do the training course if it was not for the Prince's Trust funding – I am very grateful to the Prince's Trust for helping me get my career back on track.

Danny Anderson was a recent recipient of a Prince's Trust Development Award – Funded by Belfast Harbour



Belfast Harbour and the Community

Corporate Responsibility is the management of an organisation's positive impact on society and the environment through its operations, products or services and through its interaction with key stakeholders such as employees, customers, investors and suppliers.

Belfast Harbour is fully committed to its corporate citizenship role and understands the importance of the Port to Belfast and regional economy.

Our Corporate Responsibility commitment is a strategic objective and forms part of Belfast Harbour's value system. There are four dimensions to Belfast Harbour's Corporate Responsibility Strategy: Young People, Environment, Community and the Arts.

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

In 2014 Belfast Harbour supported a variety of organisations through programme support, donations and sponsorships including:

Corporate Responsibility Partnerships

Young Peoples Partnerships

Prince's Trust Development Awards

Belfast Metropolitan College - Commissioners Programme

BITC Responsible Business Internships

Environmental Partnerships

Action Renewables Green Teacher Awards

RSPB workshops

Arts Partnerships

Opera House Summer Outreach Programme

The Lyric SkyHawk school engagement project

Belfast Festival at Queen's

Community Sponsorships

Feile an Phobail

The Mela

Sailortown

Belfast Children's Festival/Young at Art

Additional Support

Regional Economic support

Riddell Hall at Queen's University

NI Centre for Economic Policy

NI Connections

NI Science Park Connect

American Ireland Fund

Belfast Harbour and the Community (cont.)

Support within the Harbour Estate

HMS Caroline Berthing

Nomadic Charitable Trust Hamilton Dock

Sea Cadets Provision

The wide variety of partners we work with enables us to reach a large audience in a variety of different sectors.

Impact

CR Pillar	Numbers impacted
Young People	80
Arts	580 plus 59,000 attendance at Belfast Festival
Environment	590
Community Sponsorship	102,000 attendees at events [36,500 (Belfast Children's Festival), 25,000 (Belfast Mela), c.40,000 (Feile an Phobail)]

[Note that the community sponsorship includes all attendees at events part funded by Belfast Harbour].

The most significant addition to the Harbour's CR activities was the 80 young people who participated in our young people programmes support access to employment or training.

Fundraising

The Employee Corporate Responsibility committee held several events throughout 2014 such as a coffee morning for NI Cancer Fund for Children and a pub quiz for Autism NI and ADD NI. Overall the team raised £3,500.



I'm delighted to have been selected for this once-in-a-lifetime opportunity. It is an extremely exciting time for Belfast Harbour's property portfolio and I feel privileged to be starting my career working alongside such an experienced team.



Laura Morgan

BHC Property Intern (BitC - Responsible Business Interns)





Corporate Governance Statement



The Board

The Board of Belfast Harbour was first constituted by The Belfast Harbour Act 1847 as a corporate body with the underlying purpose of operating, maintaining and improving Belfast Harbour. The powers and duties of the Board 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, Belfast Harbour is generally referred to as a 'Trust Port'.

Belfast Harbour is independent of Government 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;
- 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;
- Ensure that, in reaching decisions, Government policy is taken into account;
- Ensure that, in carrying out their functions, due regard is paid to the need to promote equality of opportunity.

The Department for Regional Development 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.

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. The Chairman of the Board is Chairman of the Commercial Projects and Remuneration Committees. All Board Members are also members of at least two of the Board's Committees.

Belfast Harbour Pension Fund Ltd

Chair 2014: Trefor Campbell

The sole function of the Belfast Harbour Pension Fund Limited 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 Limited comprise four Board Members, including the Chief Executive Officer, as well as two Directors nominated by the scheme membership.

Belfast Harbour is generally referred to as a **‘Trust Port’.**

Commercial Projects Committee

Chair 2014: Len O’Hagan

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

Corporate Governance & Audit Committee

Chair 2014: Stephen Kingon

Belfast Harbour is committed to high standards of Corporate Governance which is under the oversight of the Corporate Governance & Audit Committee.

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

- Monitoring the integrity of the organisation’s financial statements;
- Reviewing the organisation’s internal financial control and risk management systems;
- Monitoring and reviewing the effectiveness of the organisation’s internal audit function;
- Monitoring and reviewing the external auditors’ independence, objectivity and effectiveness.

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

Remuneration Committee

Chair 2014: Len O’Hagan

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

Chair 2014: Peter Dixon

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

Property Committee

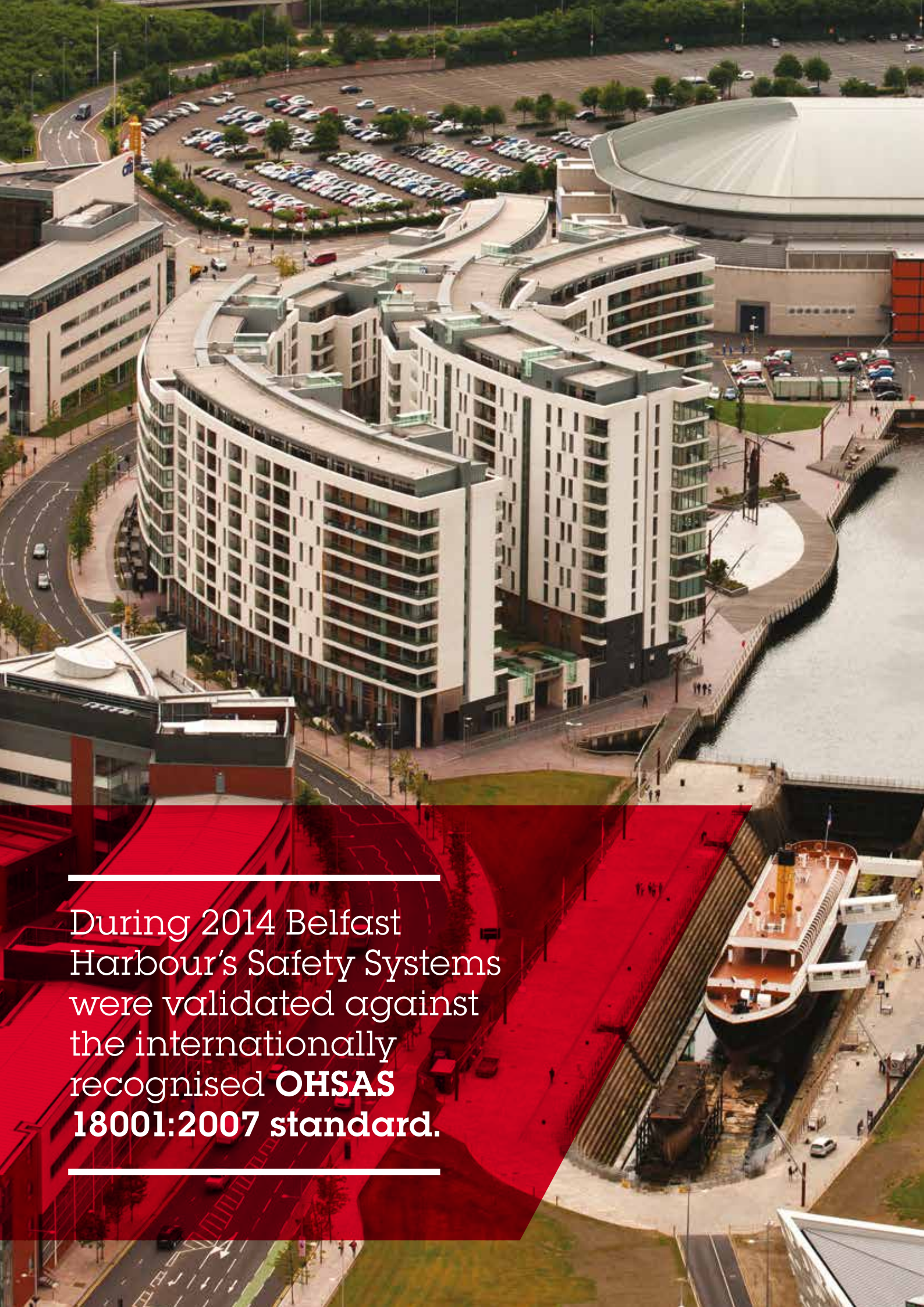
Chair 2014: Ed Vernon

The Property Committee considers major land issues not related to pure port operations within the Commissioners’ land management role. It is particularly concerned with all matters relating to the Titanic Quarter regeneration project on land formerly used for shipbuilding and occupied by Harland & Wolff.

Port’s Policy Committee

Chair 2014: David Dobbins

The Port’s Policy Committee advises the Board on the constitutional and legal status, powers and duties of Belfast Harbour.



During 2014 Belfast Harbour's Safety Systems were validated against the internationally recognised **OHSAS 18001:2007** standard.

Health & Safety

Belfast Harbour is committed to the Port Marine Safety Code, the provision of a safe working environment and the elimination of accidents. During 2014 Belfast Harbour's Safety Systems were validated against the internationally recognised OHSAS 18001:2007 standard. It is pleasing to note that the Harbour's reportable accident statistics continue to compare very favourably with industry benchmarks.

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

Environment

Belfast Harbour is committed to the prevention of pollution and to responsible and sustainable environmental management. During 2014 Belfast Harbour's Environmental Management system was validated against the internationally recognised ISO 14001 standard. There were no significant single environmental incidents during 2014, however, due to the significant increase in the Dry Bulk trade and the unusually dry and windy weather considerable efforts were devoted to dust management.

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

- Eco-Ports Project which seeks to identify and share environmental best practice within the port industry;
- Waterframework group which addresses River Basin Management;
- Coastal and Marine Forum addressing Integrated Coastal Zone Management;
- Northern Ireland Bio-diversity Group;
- Belfast Strategic Flood Forum;
- Business in the Community Environmental Workshops.

Business Continuity

Belfast Harbour is committed to maintaining effective contingency plans to safeguard business continuity during disruptive events. During 2014 Belfast Harbour's Business Continuity Management System was validated against the internationally recognised ISO 22301 standard. Belfast Harbour continues to be an active participant in the Belfast Emergency Preparedness Group.

Other achievements during 2014 included:

Recertification to the Carbon Trust Standard.

Achievement of Platinum status in Business in the Community's annual ARENA Network Environmental Benchmarking Survey for the sixth consecutive year.

People, Diversity and Inclusion

Belfast Harbour strives to achieve a modern people-centric culture with a strong focus on our employees' engagement, development and well-being; seeking to attract and retain high performing employees and creating an environment where these expectations co-exist in an enabling culture of appropriately skilled and motivated employees.

Belfast Harbour continues to invest in developing the skills and expertise of our people. In 2015 employees participated in a number of wellbeing initiatives and corporate social responsibilities activities in local communities.

We continue our commitment to implementing Belfast Harbour's revised Equality Scheme and Action Plan. Belfast Harbour is committed to meeting its statutory duties and continues to promote diversity, equality of opportunity and good relations through our people culture and corporate responsibility activities.



Belfast Harbour

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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). 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 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.

Independent Auditor's Report to the Belfast Harbour Commissioners

We have audited the financial statements of the Belfast Harbour Commissioners for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, and the related notes 1 to 18. 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).

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, as a body corporate, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of commissioners and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Belfast Harbour Commissioners' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Commissioners; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Belfast Harbour Commissioners' affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Harbours Act (Northern Ireland) 1970.

Opinion on other matters

In our opinion the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

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

Deloitte LLP
Chartered Accountants
and Statutory Auditor
Belfast, United Kingdom

Date: 28th April 2015

Annual Accounts

Profit and Loss Account for the year ended 31 December 2014

		2014	2013
	Note	£'000	£'000
Turnover	1	52,567	50,328
Net operating expenses		(24,798)	(24,125)
Operating profit	2	27,769	26,203
Profit on ordinary activities before interest and similar incomes		27,769	26,203
Investment income	4	1,666	1,088
Profit on ordinary activities before taxation		29,435	27,291
Taxation	13	(3,639)	(6,638)
Profit on ordinary activities after taxation and retained profit for the year	15	25,796	20,653

All activities derive from continuing operations. There is no material difference between the results as reported in the Profit and Loss Account and the results on an unmodified historical cost basis. Accordingly, a note of the historical cost profits and losses for the period is not given.

Statement of Total Recognised Gains and Losses ("STRGL") for the year ended 31 December 2014

		2014	2013
	Note	£'000	£'000
Profit for the year	Above	25,796	20,653
Surplus on revaluation of estate property	6	7,172	1,141
Actuarial gain on defined benefit pensions	14	555	3,065
Deferred tax debit associated with defined benefit pensions	13	(111)	(732)
Total recognised gains relating to the year		33,412	24,127

Balance Sheet at 31 December 2014

		2014	2013
	Note	£'000	£'000
Fixed assets			
Tangible fixed assets	6	296,586	284,935
Current assets			
Stocks		667	578
Debtors: due within one year	8	19,493	16,745
Debtors: due greater than one year	8	5,492	5,523
Investments	9	54,350	36,900
Cash at bank and in hand		800	1,046
		80,802	60,792
Current liabilities			
Creditors: due within one year	10	(9,578)	(11,830)
Net current assets		71,224	48,962
Total assets less current liabilities		367,810	333,897
Non current liabilities			
Creditors: due within one year	11	(3,354)	(3,510)
Provisions for liabilities and charges			
Other provisions	12	(4,108)	(2,834)
Deferred taxation	13	(5,183)	(4,638)
		(9,291)	(7,472)
Net assets excluding pension liability		355,165	322,915
Pension liability	14	(287)	(1,449)
Net assets including pension liability		354,878	321,466
Reserves			
Profit & Loss Account		297,914	271,674
Revaluation Reserve		56,964	49,792
		354,878	321,466

The financial statements were approved by the Commissioners and authorised for issue on 28 April 2015 and signed on their behalf by:- **D. DOBBIN** Chairman, **R. ADAIR** Chief Executive, **S. KINGON** Commissioner, **J.M. BULLICK** Finance Director

Annual Accounts

Cash Flow Statement for the year ended 31 December 2014

		2014	2013
	Note	£'000	£'000
Net cash inflow from operating activities		35,675	35,570
Returns on investments and servicing of finance		960	1,015
Taxation			
Corporation tax paid		(6,740)	(3,978)
Capital expenditure and financial investment	16	(12,691)	(7,362)
Net cash flow before management of liquid resources		17,204	25,245
Management of liquid resources			
Cash transferred to deposit		(17,450)	(24,838)
(Decrease) / Increase in cash	17	(246)	407
Reconciliation of operating profit to operating cash flows			
Operating profit		27,769	26,203
Depreciation (net of grant release)		8,957	8,860
Profit on disposal of fixed assets		(19)	(53)
Increase in maintenance dredging provision		1,943	1,081
FRS 17 Pension charge		264	284
Pension contributions in cash		(230)	(209)
Increase in stocks		(89)	(79)
(Increase) / decrease in debtors due within 1 year		(1,365)	105
Decrease in debtors due greater than 1 year		31	(550)
Decrease in creditors due within 1 year		(1,586)	(72)
		35,675	35,570

Notes to the Financial Statements for the year ended 31 December 2014

1. Statement of Accounting Policies

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards. The following material accounting policies have been adopted by the Commissioners to determine the amounts to be included in respect of items in the Balance Sheet and to determine the profit or loss for the year. They have all been applied consistently throughout the year and the preceding year.

Basis of preparation

The financial statements are prepared under the historical cost convention as modified by the revaluation of estate property.

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

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

Pension costs

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

For the defined contribution section of the scheme the amount charged to the profit and loss account in respect of pension costs and other post-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.

In accordance with FRS17 the operating and financing costs of the defined benefit pension scheme are charged to the profit and loss account in the period in which they arise and are recognised separately. The cost of benefits accruing during the year in respect of current and past service is charged against operating profit. The costs of past service benefit enhancements, settlements and curtailments are also recognised in the period in which they arise. The expected return on the scheme assets and the interest cost, being the increase in the present value of the scheme liabilities arising from the passage of time are included in other finance (costs)/income within investment income. Changes in the actuarial assumptions used to value the Scheme's past service benefit obligations, and the difference between actual and expected returns on assets during the year, are both recognised in the statement of total recognised gains and losses. Pension costs are assessed in accordance with the advice of qualified actuaries.

Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

Annual Accounts

Turnover

This comprises revenue from charges to port users and from rents of both operational and estate property. 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 2014 to December 2014. To the extent that rental and storage income is received in 2014 but relates to 2015 it is treated as deferred income. Rental and storage income relating to 2014 but not received until 2015 is accrued for in the financial statements.

Stocks

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

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 SSAP 19 definition of investment property and so is not depreciated but is revalued annually and included in the balance sheet at open market value.

Tangible fixed assets – operational assets

The cost of operational fixed assets, which excludes estate property, comprises the purchase price of assets acquired, net of grants and contributions received.

No provision is made for depreciation of land. 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 40
Roads	5 to 50
Plant & machinery	3 to 40

Current taxation

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

Deferred taxation

Deferred tax is recognised in respect of all timing differences between accounting and taxable profits which have originated but not reversed at the balance sheet date. Deferred tax is measured at the average tax rate expected to apply in the periods in which the timing differences are expected to reverse. Capital gains tax is not provided for on the surplus arising on the revaluation of estate property except where such property is subject to a binding agreement for sale that will give rise to taxation. Deferred tax is measured on a non-discounted basis.

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 taxable profits and the 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.

Provisions

Provisions are recognised when a past event gives rise to a present obligation and when a settlement amount can be reliably estimated.

Government grants

Government grants relating to tangible fixed assets are credited against the fixed assets to which they relate and are amortised over the expected useful economic lives of the assets concerned.

Investments

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

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As Lessor

The amount due from the lessee under finance leases is recognised as a debtor at the amount of the net investment in the lease.

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Assets leased under operating leases are recorded as fixed assets and depreciated over their useful lives. The method of depreciation reflects the pattern of usage of the asset. Rental income is recognised on a straight-line basis over the lease term.

Lease incentives

Lease incentives are recognised as a debtor. The income is allocated to accounting periods on a straight-line basis over the term of the lease.

Notes to the Financial Statements for the year ended 31 December 2014

2. Operating profit

	2014	2013
	£'000	£'000
Operating profit is stated after charging/ (crediting) the following:		
Depreciation of tangible fixed assets - owned	10,505	10,430
Amortisation of government grants on tangible fixed assets	(1,548)	(1,570)
	8,957	8,860
Profit on disposal of fixed assets	(19)	(53)
Auditor's remuneration (including expenses) Annual audit	33	36
Rents from estate property	(5,538)	(5,445)

Annual Accounts

3. Employee numbers

The average number of employees during the year was 122 (2013:120).

4. Investment income

	2014	2013
	£'000	£'000
Interest receivable	874	474
Finance lease income	635	635
Other finance income	157	(21)
	1,666	1,088

5. Pilotage

	2014	2013
	£'000	£'000
Income from pilotage (included in turnover)		
Pilotage services	1,917	1,760
Ships navigating under pilotage exemption certificates	156	165
	2,073	1,925
Expenditure on provision of pilotage (included in net operating expenses)		
Providing the services of pilots	1,280	1,051
Providing, maintaining and operating pilot boats	682	659
	1,962	1,710
Gain / (charge) against port operational costs (net operating expenses)	111	215
	2,073	1,925

6. Tangible fixed assets

	Capital Dredging	Dock Structures	Land & Buildings	Roads	Plant & Machinery	Assets in the Course of Construction	Operational Assets	Estate Property	Total 2014	Total 2013
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation										
At 1 January	14,023	168,697	69,936	20,529	45,561	1,739	320,485	61,107	381,592	373,230
Reclassified	-	-	920	-	409	(1,329)	-	-	-	-
Revaluation adjustment	-	-	-	-	-	-	-	7,172	7,172	1,141
Additions	-	(163)	280	204	2,691	9,388	12,400	1,233	13,633	7,475
Disposals	-	-	-	-	(46)	-	(46)	-	(46)	(254)
At 31 December	14,023	168,534	71,136	20,733	48,615	9,798	332,839	69,512	402,351	381,592
Depreciation										
At 1 January	(4,566)	(37,604)	(16,461)	(10,109)	(27,917)	-	(96,657)	-	(96,657)	(88,049)
Depreciation charge	(241)	(2,793)	(999)	(710)	(4,204)	-	(8,947)	(10)	(8,957)	(8,860)
Impairment	-	-	-	-	-	-	-	(197)	(197)	-
Disposals	-	-	-	-	46	-	46	-	46	252
At 31 December	(4,807)	(40,397)	(17,460)	(10,819)	(32,075)	-	(105,558)	(207)	(105,765)	(96,657)
Balance sheet value										
31 December 2013	9,457	131,093	53,475	10,420	17,644	1,739	223,828	61,107	-	284,935
31 December 2014	9,216	128,137	53,676	9,914	16,540	9,798	227,281	69,305	296,586	-

The amounts above are stated net of grants and contributions. Included in the balance sheet value at 31 December 2014 are grants and contributions amounting to £35,897,805 (2013: £37,446,409).

Part of 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 Osborne King as at 31 December 2014 at open market value. The surplus arising on revaluation has been taken to the property revaluation reserve. Land and buildings includes £11,617,493 (2013: £11,362,686) for land which is not depreciated.

Annual Accounts

7. Capital commitments

	2014	2013
	£'000	£'000
Capital expenditure which has been contracted for but has not been provided for in the accounts	6,762	9,608
Capital expenditure which has been authorised by the Commissioners but has not yet been contracted for	30,200	44,600

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

8. Debtors

	2014	2013
	£'000	£'000
Due within one year:		
Trade debtors	6,645	6,382
Other debtors	9,453	7,939
Amounts receivable under finance leases	600	600
Corporate tax	834	-
Prepayments and accrued income	1,961	1,824
	19,493	16,745
Due greater than one year:		
Other debtors	448	514
Amounts receivable under finance leases	5,044	5,009
	5,492	5,523

Other debtors due within one year include an amount owed by the Belfast Harbour Commissioners' Pension Scheme of £8,220k at 31 December 2014 (2013: £7,465k).

Amounts receivable under finance leases comprises a net investment in the Northern Ireland Science Park lease of £5,644k (2013: £5,609k). The cost of assets acquired for the purpose of letting under this finance lease were £5,546k (2013: £5,546k) as at 31 December 2014. During the year income receivable in respect of this finance lease was £635k. (2013: £635k)

9. Investments

	2014	2013
	£'000	£'000
Short-term deposits	54,350	36,900

10. Creditors: due within one year

Trade creditors	593	138
Other taxation and social security	208	200
Corporation tax	-	2,992
Other creditors	6,968	6,720
Accruals	1,809	1,780
	9,578	11,830

11. Creditors: due after one year

Other creditors	3,354	3,510
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Pilots National Pension Fund

The Belfast Harbour Commissioners' share of the PNPf liabilities has been determined by the PNPf Trust Company Ltd and was notified to the Commissioners on 29 October 2012. The appropriate obligation of £3.5m, (2013: £3.6m) 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 £164k (2013: £131k) and Creditors: due after one year of £3,354k (2013: £3,510k). The majority of this obligation refers to "Orphan Liabilities", which do not relate to retirement benefit obligations of employment with Belfast Harbour Commissioners.

12. Other provisions

	2014
	£'000
Maintenance dredging:	
At 1 January	2,834
Charged to Profit and Loss Account	1,943
Amounts applied	(669)
At 31 December	4,108

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

Annual Accounts

13. Taxation

(i) Tax on ordinary activities based on profit for the year comprises:

	2014	2013
	£'000	£'000
UK corporation tax		
UK corporation tax on profit for the year	7,094	7,188
Adjustment in respect of previous periods	(4,179)	(338)
Total current tax	2,915	6,850
Deferred tax		
Timing differences, origination and reversal	539	(259)
Adjustment in respect of previous periods	6	(136)
	545	(395)
Other timing differences arising from FRS17 Pension Adjustments	179	183
Total deferred tax	724	(212)
Tax on profit on ordinary activities	3,639	6,638

(ii) Reconciliation of current year tax charge

The current year tax charge for the year is lower than the standard rate of corporation tax of 21.5% (2013: 23.25%) for the reasons set out in the following reconciliation:

Profit on ordinary activities before tax	29,435	27,291
Tax on profit on ordinary activities at the standard rate of tax	6,328	6,345
Factors affecting charge:		
Items not deductible for tax purposes	371	131
Non-qualifying depreciation	1,160	1,311
Capital allowances in excess of depreciation	(482)	(425)
FRS17 Pension timing difference	(193)	(158)
Other short term timing differences	(90)	(16)
Adjustments in respect of previous periods	(4,179)	(338)
Current tax charge for the period	2,915	6,850

The adjustment in respect of previous periods reflects the entitlement to rollover relief in respect of historic disposals agreed with HMRC.

13. Taxation (continued)**(iii) Analysis of deferred tax balance (excluding FRS17 Retirement Benefits)**

	2014	2013
	£,000	£,000
Accelerated capital allowances	6,019	5,554
Other timing differences	(836)	(916)
Total provision	5,183	4,638

	2014
	£'000
Analysis of movement in provision	
Provision at start of period	4,638
Deferred tax charge in profit and loss account for period (excluding FRS17 adjustment):	
Current Year	539
Prior year	6
Provision at end of period	5,183

(iv) FRS17 Retirement Benefits

In accordance with FRS17 "Retirement Benefits", the pension related deferred tax assets are included within the balance sheet classification "Pension liability". The total movement for the year amounted to £290k (2013 - £915k) with a debit to the profit and loss account of £179k (2013 - £183k) and a debit to the statement of total recognised gains and losses of £111k (2013 - £732k).

(v) Deferred tax not provided

The Commissioners do not have an active capital asset realisation policy and do not provide for deferred tax on revalued estate property in the absence of a binding agreement for disposal.

(vi) Factors that may affect future tax charges

The Finance Act 2013, provided for the reduction in the main rate of corporation tax from 21% to 20% on 1 April 2015, which will affect the future taxable profits of BHC. It is not expected that any tax rate reductions will have a material impact on BHC.

Annual Accounts

14. Pension Commitments

The Commissioners operate a defined benefit pension scheme. The last full actuarial valuation was carried out at 31 December 2011 by a qualified independent actuary.

	At year end 31/12/2014	At year end 31/12/2013
	£'000	£'000
Change in benefit obligation		
Benefit obligation at beginning of year	39,108	40,427
Current service cost	264	284
Interest cost	1,677	1,461
Plan participants' contributions	27	27
Actuarial (gains) / losses	3,998	(904)
Benefits paid	(2,264)	(2,187)
Benefit obligation at end of year	42,810	39,108
Analysis of defined benefit obligation		
Plans that are wholly or partly funded	42,810	39,108
Change in plan assets		
Fair value of plan assets at beginning of year	37,296	34,871
Expected return on plan assets	1,834	1,440
Actuarial gains on plan assets	4,553	2,161
Employer contributions	1,004	984
Plan participants' contributions	27	27
Benefits paid	(2,264)	(2,187)
Fair value of plan assets at end of year	42,450	37,296
Net deficit in pension scheme	(360)	(1,812)
Related deferred tax asset	73	363
Net pension liability	(287)	(1,449)

14. Pension Commitments (continued)

	At year end 31/12/2014	At year end 31/12/2013
	£'000	£'000
Components of pension cost		
Current service cost	264	284
Interest cost	1,677	1,461
Expected return on plan assets	(1,834)	(1,440)
Total pension cost recognised in net operating expenses	107	305
Actuarial gains immediately recognised	(555)	(3,065)
Total pension income recognised in the STRGL	(555)	(3,065)
Cumulative amount of actuarial losses immediately recognised	2,265	2,820

Plan Assets

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

	Plan Assets At 31/12/2014	Plan Assets At 31/12/2013
Asset Category		
Equities	31%	34%
Corporate Bonds	35%	39%
Index-Linked Gilts	25%	18%
Property	9%	9%
	100%	100%

To develop the expected long-term rate of return on assets assumption, the Commissioners considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the actual asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 3.86% expected long-term rate of return assumption.

	Year to 31/12/2014	Year to 31/12/2013
	£'000	£'000
Actual return on plan assets	6,387	3,601

Annual Accounts

14. Pension Commitments (continued)

Weighted average assumptions used to determine benefit obligations at:

	31/12/2014	31/12/2013
Discount rate	3.40%	4.40%
Rate of compensation increase	3.40%	3.90%
Rate of increase of pensions in payment	2.90%	3.20%
Rate of increase of pensions in deferment	2.90%	3.20%
Inflation	2.90%	3.40%

Weighted average assumptions used to determine net pension cost for year ended:

	31/12/2014	31/12/2013
Discount rate	4.40%	3.70%
Expected long-term return on plan assets	5.00%	4.20%
Rate of compensation increase	3.90%	3.20%
Rate of increase of pensions in payment	3.20%	2.70%
Inflation	3.40%	2.70%

Weighted average life expectancy for mortality tables used to determine benefit obligations at year end

	Male Years	Female Years
Member age 65 (current life expectancy)	20.9	20.8
Member age 45 (life expectancy at age 65)	22.6	22.5

The principal assumptions used to measure the scheme liabilities are set out below:

Assumption

Discount rate
Rate of inflation
Rate of salary growth
Rate of mortality

14. Pension Commitments (continued)

Five year history

	2014	2013	2012	2011	2010
	£'000	£'000	£'000	£'000	£'000
Benefit obligation at end of year	(42,810)	(39,108)	(40,427)	(38,330)	(35,027)
Fair value of plan assets at end of year	42,450	37,296	34,871	33,128	32,659
Deficit	(360)	(1,812)	(5,556)	(5,202)	(2,368)
Difference between the actual and expected return on scheme assets	4,553	2,161	2,254	465	1,568
Percentage of scheme assets	11%	6%	6%	1%	5%
Experience gains and (losses) on scheme liabilities	(14)	(10)	1,020	(7)	382
Percentage of scheme liabilities	0%	0%	3%	0%	1%

The expected amounts of contributions due to be paid to the Scheme in the year ended 31 December 2015 is £1,012k (consisting of £984k from the Commissioners and £28k from the members).

The Commissioners also operate a defined contribution pension scheme. The total cost charged to income of £384k (2013: £353k) represents contributions payable to the defined contribution section of the scheme at rates specified in the Schedule of Contributions. As at 31 December 2014, contributions of £37k (2013: £33k) due in respect of the current reporting period had not been paid over to the scheme.

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since the adoption of FRS17 is a loss of £10.513million (2013: loss of £11.068million).

Annual Accounts

15. Reserves

	Property Revaluation Reserve	Profit & Loss Account	Total 2014	Total 2013
	£'000	£'000	£'000	£'000
Balance at 1 January	49,792	271,674	321,466	297,339
Retained profit for the year	-	25,796	25,796	20,653
Surplus on revaluation of estate property	7,172	-	7,172	1,141
Actuarial loss (net of deferred tax)	-	444	444	2,333
At 31 December	56,964	297,914	354,878	321,466

The profit and loss reserve excluding pension liability is £293,262 (2013: £273,123k).

16. Analysis of cash flows for headings netted in Cash Flow Statement

	2014	2013
	£'000	£'000
Capital expenditure and financial investment:		
Purchase of tangible fixed assets	(12,710)	(7,415)
Net realisation from land transactions		-
Net realisation from other tangible fixed assets	19	53
	(12,691)	(7,362)

17. Reconciliation of net cash flow to movement in net funds

	2014	2013
	£'000	£'000
Increase / (decrease) in cash	(246)	407
Cash flow from movement in liquid resources	17,450	24,838
Movement in net funds	17,204	25,245
Net funds at 1 January	37,946	12,701
Net funds at 31 December	55,150	37,946

18. Analysis of changes in net funds

	1 January 2014	Cash Flow	31 December 2014
	£'000	£'000	£'000
Cash at bank and in hand	1,046	(246)	800
Current asset investments	36,900	17,450	54,350
	37,946	17,204	55,150

19. Related Party Transactions

The Belfast Harbour Commissioners pay, on behalf of the Belfast Harbour Commissioners' Pension Scheme, pensions payable to pensioner members and benefits payable to members, both of which are reimbursed by the scheme. In addition, administrative expenses of £651k (2013: £498k) 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 8.

Trade and Shipping Statistics

	2014	2013
	000's	000's
Passengers		
Passengers	1,405	1,404
Passenger Cars	279	287
Unit load		
Freight Vehicles	476	466
Containers	125	122
Bulk Cargo		
Liquid Bulk	2,119	2,173
Dry Bulk	7,078	6,745
Break Bulk	416	452
Import Bulk Commodities		
Petroleum Products	1,847	1,848
Grain and Feeds	2,156	2,088
Coal	2,596	2,700
Fertilisers	355	323
Stones	1,441	1,220
Scrap	373	327
Timber	43	51
Shipping		
Gross Tonnage (000s Tonnes)	108,571	107,349
Number of Arrivals	5,649	5,544

Shipping 2014

108,571

Gross Tonnage
(000s Tonnes)

Belfast Harbour



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