

Annual Report & Accounts 2016



Belfast
Harbour





Annual Report 2016.

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Belfast
Harbour

Chairman's Statement



As Northern Ireland's principal trading gateway, and a major driver of economic development and urban regeneration, the scale, scope and impact of Belfast Harbour's activities on the local economy are matched by few other local businesses.

I am delighted to report that our business continued to deliver growth with turnover in 2016 growing by 7% to a record £58.1 million and that operating profit increased by 12% to £32.2 million during the year.

As a result of our Trust Port status we are able to reinvest every penny of our earnings into maintaining and further developing the Harbour's 3,000-acre of land and water estate. This is a highly capital intensive process and our ability to positively impact Northern Ireland's economy is directly related to our capacity to progress major infrastructure projects.

During 2016 the Harbour invested almost **£42 million** in such schemes and committed a further **£105 million** to future investment initiatives. This builds upon investments totalling **£130 million** over the past five years.

Port Activity

Underlying our success in the last year was a record Port throughput with overall tonnage up 1.1% to over 23m tonnes. This throughput has been underpinned by strategic investments over the past decade in new marine facilities which have enabled the Harbour to diversify its business model and expand into new trades.

Of particular note was growth in the freight ferry sector (Roll-On / Roll-Off) with a record number of freight vehicles (503,000) passing through Belfast.

This represents a 60% increase since 2010, reflecting significant investments by both Stena Line and Belfast Harbour improving reliability, frequency, service levels and customer experience.

As with freight, 2016 was also a highly successful year for passenger and cruise services. During the year passenger numbers rose by 9% to over 1.5 million, the highest level since 2004.

Numbers on the Loch Ryan service grew by over 10% and a record 82 cruise ships brought 145,000 visitors.

In other sectors Break Bulk performed strongly with an increase in activity related to offshore wind farm developments. Agri-sector trades were also stronger than anticipated despite the impact of lower milk prices. Cement exports exceeded 200,000 tonnes for the first time since 2007 and coal grew to 2.2 million tonnes - representing 20% of all UK coal imports.

In support of this activity, Belfast Harbour added 90,000 sq ft of additional warehousing to its portfolio during the year whilst £4 million was invested in new cranes, including the largest single crane in operation in any British or Irish port.

Estate Activity

The office-led City Quays development continues at pace with construction on the City Quays 2 office building and the 4* AC by Marriott Hotel both beginning on-site in 2016. By 2020 we expect to have completed 600,000 sq ft of development on the City Quays site.

City Quays 1, the first office, was fully let ahead of expectations and City Quays 2 will be completed in 2017.

Elsewhere Belfast Harbour progressed its 66,000 sq ft Belfast Harbour Studios which should be completed by spring 2017, whilst work on a new boutique hotel at the former Harland & Wolff Headquarters Building continued in Titanic Quarter. Titanic Belfast was also recognised at the World Travel Awards as the 'World's Leading Tourist Attraction'.

More generally, Belfast Harbour and Titanic Quarter Ltd agreed a Memorandum of Understanding to help bring forward new commercially viable projects within Titanic Quarter.

2016 was one of the busiest years in the ongoing regeneration of Belfast Harbour Estate. Activity provided a welcome boost for the local construction sector, but over the long-term the developments noted above will support the growth of strategically important sectors such as media, financial services, tourism and ICT.

Corporate Responsibility

Belfast Harbour continues to commit 1% of operating profit to community programmes and our focus has been to support organisations with a focus on Young People, the Community, Creative Culture and the Environment.

We were named Business of the Year by Arts and Business and were the first and, so far, only organisation to be awarded the Gold Level BITC CORE- Responsible Business Standard Award. This year we partnered with almost 30 organisations delivering initiatives and events that reached 140,000 people, as well as hosting 80 business, charity, fundraising, not-for-profit and community events in the Harbour Office.

Outlook

As ever I am indebted to the support and contribution provided by the Harbour's Board and Senior Management Team.

Given the level of investments planned, and the strength of market demand which is driving the pace of property projects as well as our commitment to maintain and improve the Port, this is an extremely busy yet exciting period for everyone involved with the business.

We anticipate that our investments will bring significant benefits to the Northern Ireland economy both in terms of capacity and job creation, whilst maintaining Belfast Harbour as the region's most important access point to the global marketplace.

Dr David Dobbin, CBE
Chairman



Board Member Profiles



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01. Dr David Dobbin CBE Chairman

David Dobbin was appointed to the Board in 2012 and took up the position of Chairman in 2015. He is also Chairman of Dairy UK (the national trade association for the dairy sector), a member of the KPMG Northern Ireland advisory board, Chairman of the Ulster Rugby Management Committee and Vice Chairman of the Ireland/Northern Ireland 2023 Rugby World Cup Bid.

A Fellow of the Institute of Directors and Chartered Mechanical Engineer, David has previously held a number of senior executive roles in Dale Farm, Boxmore PLC, Dalgety PLC, C&C PLC and Rothmans International. He has been actively involved in promoting economic development and has extensive board level experience across the private, public and voluntary sectors including as a director of Invest NI, BT Ireland, and Food from Britain and as Chairman of the Northern Ireland Food & Drink Assoc., the Strategic Investment Board, Inter Trade Ireland, the Prince's Trust NI, CBI NI and President of the Northern Ireland Grain Trade.

02. Roy Adair CBE 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 (as Deputy Chair) 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 Prince Charles' Ambassador for Social Responsibility, as an Invest NI board member and as a member of the UK Offshore Wind Energy Council. He has recently been appointed to the Ireland Chapter of the Ireland U.S. Council and is Secretary of the Belfast Boy's Model Bursary Fund.

03. Kyle Alexander OBE

Kyle Alexander was appointed to the Board in February 2016. He is a Strategic Advisor with the Strategic Investment Board (N. Ireland) and Chief Executive of Maze Long Kesh Development Corporation. He is Chairman of the Connswater Community Greenway Trust.

Kyle was Director of Development and then Chief Executive of Laganside Corporation which was responsible for the transformation of Belfast's waterfront and Cathedral Quarter. He received an OBE for services to regeneration in N. Ireland in 2007 and was invited to become a Fellow of the Royal Institute of Chartered Surveyors in 2015.

04. Cllr Ciaran Beattie

Cllr Ciaran Beattie is a full-time member of the council and represents the Black Mountain Electoral Area. He is a member of the People and Communities Committee and the City Growth and Regeneration Committee. He does not hold any other public appointments.

05. Jane Chambers

Jane Chambers was appointed to the Board in February 2016. She is a Chartered Civil Engineer and holds a Masters' Degree in Civil Engineering from Queen's University. Currently Jane works as a self-employed consultant specialising in environmental and engineering project management for Irish Water.

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

06. Cllr Sonia Copeland

Cllr Sonia Copeland, appointed to the Board in 2016, is a full-time member of the Council, representing the Titanic electoral Ward.

She is a member of the People and Communities Committee, the North Foreshore Committee, the East Belfast Policing and Community Safety Partnership, the Waterfront and Ulster Hall Ltd Shareholders Committee, and has recently been appointed as Chair of the Older Persons Reference Group and appointed onto the Board of Governors for Ashfield Girls' School.

Board Member Profiles

07. Richard Everitt CBE

Richard Everitt was appointed to the Board in February 2016. He was formerly the Chief Executive at the Port of London Authority from 2004 to 2014 is currently Chairman of the Dover Harbour Board and Air Partner plc and is Chair of the Association of the Participating Bodies of the Pilots National Pension Fund.

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.

08. Diana Fitzsimons

Diana Fitzsimons was appointed to the Board in February 2016. Diana is an RTPI planner and a FRICS development surveyor with her own planning consultancy, having formerly worked in N. Ireland as a Senior Lecturer in Planning & Development, a Principal Commissioner with the Planning Appeals Commission and as Office Director of the planning consultancy Turley. She is currently Chair of Radius Housing Association, Co-Chair of the UN Habitat's Professionals' Forum, an Ambassador for The International Federation for Housing and Planning and a Visiting Professor in the Built Environment at Ulster University.

09. 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.

Additionally, Christine has had a long career in the Finance and Banking industry and 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.

10. Rotha Johnston DBE

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 Director of Northern Ireland Electricity, a member of the KPMG Northern Ireland Advisory Board 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 previously Pro Chancellor at Queen's University Belfast.

11. Cllr Mervyn Jones

Cllr Mervyn Jones was appointed to the Board in February 2016. Mervyn is a retired Chartered Accountant who worked for 26 years in the Dairy Industry and 10 years in Further Education.

Mervyn has been an Alliance Party Councillor on Belfast City Council from 1985 to date, with the exception of 2001-2005.

He has held several posts on the Council during that time. Mervyn has also been the Honorary Treasurer of the Alliance Party for more than 20 years.

12. Deborah Lange

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

Previously Deborah was Senior Vice President of Tax at Oracle Corporation Board 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 Certified Public Accountant.

13. Alderman Frank McCoubrey

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

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 a Board Member of Invest NI and Business in the Community NI. He is Chairman of Belfast Tall Ships 2009/2015 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 recently been appointed 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, a Foundation Board Trustee of Queen's University and Chair of the Riddel Hall Founders' Club. Since 2007 he has been Chairman of Macildowie, a specialist recruitment agency in the East Midlands of England.

Ed founded B.I.C Systems, a technology services business, acquired by BT Group. From 2011 until 2014 he was Asset Management Advisor to the NI Executive. He was awarded an OBE for services to economic development in 2012 and holds an honorary doctorate from Queen's University for exceptional services to business and commerce.



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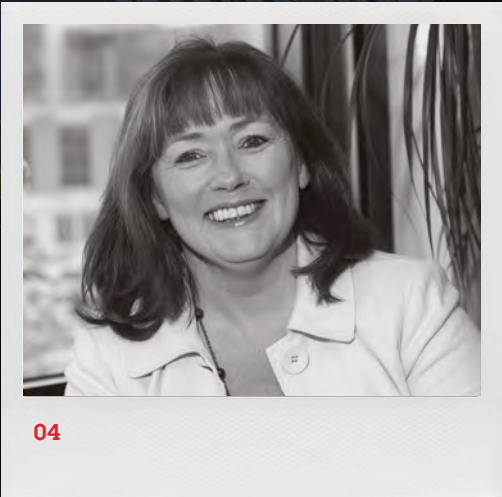
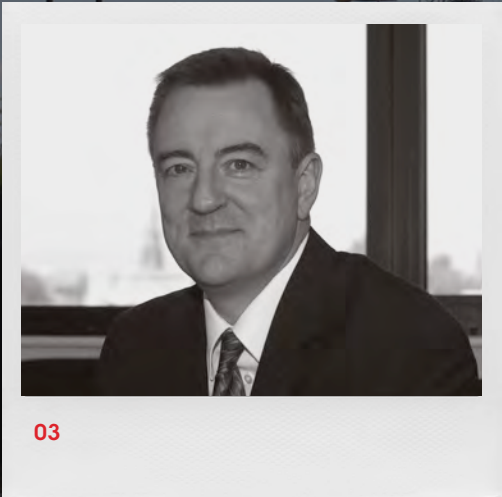
Commissioners' Attendance 2016

Names	Board Meetings		Committee Meetings		Total Meetings Attended		Total
	Possible	Actual	Possible	Actual	Possible	Actual	
Adair, Roy	6	6	21	21	27	27	100
Alexander, Kyle	6	6	7	7	13	13	100
Beattie, Ciaran	6	5	6	3	12	8	67
Chambers, Jane	6	6	6	6	12	12	100
Copeland, Sonia	6	6	6	5	12	11	92
Dobbin, David	6	6	14	14	20	20	100
Everitt, Richard	6	6	6	5	12	11	92
Fitzsimons, Diana	6	6	7	6	13	12	92
Hayes, Christine	6	5	10	9	16	14	88
Johnston, Rother	6	5	9	9	15	14	93
Jones, Mervyn	6	5	7	4	13	9	69
Lange, Deborah	6	6	7	7	13	13	100
McCoubrey, Frank	6	6	6	4	12	10	83
O'Hare, Gerard	6	5	7	5	13	10	77
Vernon, Ed	6	6	10	9	16	15	94





Executive Team



01. 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.

02. 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 held positions with Undus Ltd and Cantrell and Cochrane Ltd. Joe is currently Chair of the MAC and a board member of the Simon Community.

03. Trevor Anderson

Operations Director

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

04. 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.

05. 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 Carwoods and undertook a range of finance portfolios. Prior to that Maurice qualified with Price Waterhouse, Chartered Accountants. Maurice is Treasurer and Council Member of the ports Association, co-opted member of the NI Water Audit Committee and Company Secretary of Belfast Harbour's Pension Scheme and Council member of the Association of Participating Bodies of the Pilot's National Pension Fund.

Chief Executive Review 2016



Roy Adair CBE
Chief Executive Officer

Port Business

Trade

2016 was a record year for Port trade, with over 23mT of goods handled across all sectors. Total tonnage increased by 1.1% over 2015, driven, in particular, by growth in the Freight Ferries (RoRo) market.

Total bulk tonnage remained flat, with gains in the Break and Liquid Bulk sectors offset by a marginal decline in the Dry Bulk sector. At a sectoral level it was a record year for Break Bulk, in part attributable to the return of DONG Energy to the D1 Offshore Wind Terminal, where thirty-two of the world's largest wind turbines – the MHI Vestas 8MW model – were assembled prior to shipping to Burbo Bank for installation. This makes the D1 Terminal the world's first ever location for the mass-scale assembly of the turbines.

Freight Ferries (RoRo)

RoRo freight volumes reached an all-time high in 2016, with over 503,000 freight vehicles handled in the year by the Port's three ferry services operated by Stena Line. Volumes on the Belfast – Heysham route increased 1.3% and the Belfast – Liverpool service increased at a similar pace. Belfast Harbour remains Northern Ireland's principal maritime gateway for freight vehicles, with 62% of all such traffic flowing through the Port.

In addition, the Port's RoRo volumes have increased by over 60% since 2010 as significant investments by both Belfast Harbour and Stena Line have borne fruit with improved reliability, frequency, service levels and customer experience.

Bulk

Although tonnage in the Dry Bulk sector contracted 1.5% to 6.5mT, there were notable strong trading performances within individual trade sectors – in particular coal, agri-related products and cement. Belfast now accounts for 20% of all UK coal imports and coal is now the Port's largest individual commodity in tonnage terms with 2.2mT of product handled in 2016.

During the year a new state of the art coal wash-plant was successfully installed by Lissan Coal Company, one of the Port's principal coal importers, which contributed to the strong trading performance of this commodity.

The agri-related bulk sector performed better than expected with just under 2mT of grain and animal feed handled at the Port and over 300,000 tonnes of fertiliser imported. The anticipated impact of lower milk prices did not fully materialise and market share gains were made by Belfast-based importers.

2016 saw another strong performance in the recovering cement sector with local producers continuing to compete well in the mainland UK market and further afield. Exports through Belfast surpassed 200,000 tonnes for the first time in nine years.

The Liquid Bulk sector increased to a six-year high with modest growth delivering a total of 2.3mT. Refined oil volumes were steady as the impact of lower energy prices continued to support increased demand from consumers and businesses alike. Kerosene (home heating oil) continues to be the Port's primary liquid commodity with volumes totalling 836,000 tonnes during the year.

It was a record year for the Break Bulk sector, with 488,000 tonnes of project cargoes and related commodities handled. In addition to the return of DONG Energy to the D1 Offshore Wind Terminal, pleasingly, imported steel volumes returned to pre-recession levels suggesting some improvements in the local construction and manufacturing sectors.

Containers (LoLo)

2016 was the first full year of consolidated container services at a single facility at Victoria

Terminal 3 operated by Irish Continental Group (ICG) subsidiary, Belfast Container Terminal Ltd (BCT). The total number of containers handled by the Port increased marginally in 2016 to 124,000 units, broadly in line with Northern Ireland's economic growth during the year.

Passengers & Cruise Ships

The Port's ferry and cruise services carried over 1.5 million passengers in 2016, up 9.3% and the highest level since Seacat services ceased back in 2004. All the Port's passenger ferry services recorded growth in particular Stena Line's service to Loch Ryan, where passenger volumes increased over 10%.

It was also a record year for Cruise ship calls to the Port with Belfast welcoming 145,000 visitors on 82 cruise ship visits, including inaugural calls from National Geographic and Grand Circle Cruise Line's M/V Clio expedition ship.

accommodation in an area of the port where end users can benefit from the logistics savings arising from their prime location.

During the year, the Port continued its crane investment programme with the acquisition of two new Harbour Mobile Cranes at a cost of almost £4m. As well as a new Liebherr Harbour Mobile Crane, the Port has acquired a hydraulic mobile harbour crane from the Mantinen Group. More manoeuvrable than other cranes of this size and capable of handling cargoes such as Refuse Derived Fuel (RDF) and scrap metal, the crane provides both new revenue opportunities and greater deployment flexibility for the Port.

It was also a record year for Cruise ship calls to the Port with Belfast welcoming 145,000 visitors on 82 cruise ship visits, including inaugural calls from National Geographic and Grand Circle Cruise Line's M/V Clio expedition ship.

Port Development

During 2016, the Port continued to expand its warehousing portfolio through both acquisition and construction at a cost of over £3m. Reflecting the continued strength of the Port's steel imports business, a new 27,000 sq ft transit warehouse was constructed at Corry Place. Suitable for storage of steel and other Break Bulk products, it is well located within the Port, proximate to the quayside for importation of goods and equally well positioned to the local road network for onward distribution to end users.

Three further warehouses measuring some 63,000 sq ft in total were acquired during the year in the West Bank Rd / Dargan Rd area of the Port, adjacent to the Port's unit load shipping terminals. The purchase of these warehouses represented the opportunity to acquire quality



Chief Executive Review 2016 Continued...

City Quays

The City Quays 1 five storey Grade 'A' BREEAM Excellent standard office building, of 83,000 sq ft floor area, ended the year fully occupied.

Following the securing of a marquee tenant pre-let of the top two floors to the world's largest law firm, Baker & McKenzie, the letting of the remainder of the building quickly occurred. The remaining floors are now occupied by Cayan, MACOM and BRS Golf in a building which can accommodate some 800 people.

The property was awarded the Royal Institution of Chartered Surveyors Commercial Building accolade recognising the sustainability focus, quality of materials and finishes which were deemed unusually high for a speculative development, and the flexible spaces and services enabling tenants to provide a working environment that assists them in attracting and retaining staff.

During the year work also progressed on the next City Quays Grade 'A' speculative commercial office development located beside City Quays 1 – known as City Quays 2. Lagan Construction continued the build on this nine storey building of 124,000 sq ft which also includes a water fronting cafe/retail unit on the ground floor. City Quays 2 designed by world recognised architects Grimshaw, London, will be completed ready for occupation by mid-2017. The £22m development will accommodate up to 1,000 people and is providing employment to some 600 workers during its construction phase.

Late in the year Belfast Harbour's decision to proceed with the development on a speculative basis was rewarded with a pre-let of two floors to an occupier in the financial services sector. Interest remains strong from other occupier prospects and it is anticipated that other lettings will be agreed prior to the project completing in June 2017.

It remains Belfast Harbour's view, supported by the letting profile of City Quays 1, that building City Quays 2 will prove helpful to Invest NI's objective of securing both new entrants to the Northern Ireland market and expanding indigenous businesses, particularly in the targeted knowledge based sectors.

During the year work also progressed on enabling the next two City Quays non-office developments – City Quays Hotel and City Quays Multi-Storey Car Park. Planning Approval, within the context of the Masterplan, was obtained for the 188 bedroom 4* waterfront hotel with restaurant, bar, gym and meeting rooms. The hotel will be developed, financed and operated by Belfast Harbour under the Marriott brand and via a specialist hotel operator – Interstate Hospitality. This will be the first Marriott branded hotel in Northern Ireland. The nine storey building will provide an additional reason to visit the City Quays and Clarendon area. It will complement the businesses in the surrounding offices providing hotel space for clients and colleagues as well as a food and beverage offer together with formal and informal meeting space. The City Quays hotel is designed by local architects RPP and is being constructed by local contractor Gilbert Ash. The construction phase is providing some 600 jobs and when trading from March 2018 will provide 350 jobs in the hospitality and service sectors.

The developments of City Quays 1 and 2 offices, and hotel, (and ultimately City Quays 3 and 4 offices), are linked to the city centre by a waterfront walkway and cycleway which was completed mid-2015. This is proving a popular amenity both for City Quays' occupiers and citizens of Belfast, and connects to the established waterfront plaza at Obel and beyond to the recently extended Waterfront Hall. As part of the City Quays Hotel contract a new public community space linking the hotel to the City Quays office locations will be formed and this will join with the waterfront walkway in providing a new amenity for the city.

A Reserved Matters Planning Application, also within the context of the approved City Quays Master plan, was lodged for a 900 space multi-storey car park which will ultimately provide space for City Quays occupiers, hotel users and visitors. The car park will also be developed, financed and operated by Belfast Harbour via a specialist operator. The nine storey building will be clad in an innovative design-led façade system ensuring that the finished product is a differentiator in the local market and also complements the high quality development already established within the City Quays scheme. The City Quays car park is also designed by RPP Architects and the aim is to have the facility completed for the opening of the City Quays Hotel in early 2018.

Board approval was obtained in principle for a further Grade 'A' waterfront office development within the context of the City Quays area. This 16 storey 260,000 square feet, highly sustainable building, will front both the river and the new community space adjacent to the hotel and will be one of the tallest new build commercial properties to be built in the last 10 years. Work has already commenced on the design, with a team led by RPP Architects, with a view to lodging a Reserved Matters Planning Application in early 2017 and having the building ready for occupation by the end of 2019.

Clarendon Dock

Belfast Harbour has high quality office space available, in Clarendon, for interim use by prospective City Quays tenants.

Titanic Quarter & Queen's Island

The success of Titanic Belfast was recognised at the World Travel Awards in December 2016 with the award of the title of the 'World's Leading Tourist Attraction' beating competition such as the Eiffel Tower, the Colosseum and the Las Vegas Strip.



With over 3 million visitors since opening in 2012, the attraction has cemented its place as an iconic tourist attraction for the region. HMS Caroline played a central role in the national centenary commemorations of the Battle of Jutland on 31st May 2016 and enjoyed a summer open to the public before undergoing planned marine refurbishments by Harland & Wolff in the Belfast Dry Dock. The vessel has returned to Alexandra Dock where refurbishment works will continue with a view to opening permanently as a visitor attraction later in 2017. Titanic Quarter embraced the visit of a number of Tall Ships as part of the Belfast Maritime Festival and also hosted a number of high profile public events such as the Belsonic music festival, the Euro Football Fan zone and events at the temporary Titanic Exhibition Centre including the NIDARA NI Open Snooker Championship.

Belfast Harbour and Titanic Quarter Limited agreed a Memorandum of Understanding (MoU) in May 2016 which, alongside the existing Development Framework Agreement, creates an opportunity to re-invigorate the development of Titanic Quarter. The MoU parameterises how commercially viable future projects can be brought forward and also provides for the revision of the initial Development Framework (land use model with supporting business case) to take account of market requirements.

Construction work continues on the refurbishment and development of the former Harland and Wolff Headquarters Building and Drawing Offices to create an 84-bedroom boutique hotel and so conserve the heritage assets. A planning application has been submitted for a further 34 bedroom new build extension.

The Northern Ireland Science Park, now rebranded as 'Catalyst Inc.', developed the Concourse 3 building providing 55,000 sq ft of office accommodation. This completed their 'Concourse' development providing 210,000 sq ft of office space across three buildings.

The new Belfast Bike Dock located opposite the Belfast Metropolitan College campus has proven to be very popular and, together with the bike dock at Odyssey, are consistently the highest performing stations in the city.

Planning approval has been granted for the creation of a waterfront pedestrian walkway along Victoria Wharf linking the Titanic Belfast slipways to the Alexandra, Thompson Docks and HMS Caroline. Construction works are expected to commence in the spring and complete in summer 2017.

Titanic Foundation Limited is seeking to preserve, restore and display the Mew Island Lighthouse Optic on the above noted Waterfront Walkway. The Optic was made in Paris in 1887 and operated by the Commissioners of Irish Lights at Mew Island in the Copeland Islands until 2014. A planning application for the display of the Optic was lodged in November 2016 and when installed will add to the existing maritime tourism trail within Titanic Quarter.

Belfast Harbour Studios

Northern Ireland has become one of the most sought-after filming locations for both film and television productions in the UK and Europe. The region continues to attract global players such as HBO, Universal and Playtone, and has welcomed international productions including 'Dracula Untold', 'The Fall' and the worldwide acclaimed 'Game of Thrones'.

During the year planning approval was secured for 66,000 square feet of new build film studios, 23,000 square feet of workshops and production offices of some 37,000 square feet with supporting vehicle parking and backlot. It is located on an eight acre water fronting section of Belfast City Council's North Foreshore site.

This development will create the largest purpose-built media hub in Europe, outside the south east of England, and will reinforce Northern Ireland's already established position as a world class production location.

The site is leased from Belfast City Council and Belfast Harbour commenced development works on the £20m scheme, on a speculative basis, immediately upon receipt of planning approval. Local contractor, O'Hare and McGovern, successfully secured the main contract tender which has resulted in some 400 construction related jobs. The project is scheduled for completion in early 2017.

Belfast Harbour will have not only developed the project, but will operate the facility utilising the skills of specialists in the media sector.

Sales & Marketing

Reports continued throughout the year from local property 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. Belfast Harbour's ability to fund projects and its land ownership with the requisite planning use creates a platform for the organisation to progress speculative development. It is felt that Belfast Harbour's success in securing office occupiers, is as a result of having the right design and quality of built product which can be physically viewed by prospective occupiers underpinning a development strategy of constructing high quality office space in advance of lettings to tenants. Work continued with Invest NI, property agents, and in-market specialists regarding awareness and direct sales and marketing, with Belfast Harbour hosting a number of visits throughout the year from occupier prospects, all of which has assisted in securing occupiers.

Belfast Harbour's digital marketing materials, including an interactive website, proved hugely successful as a conduit for potential property occupiers. These materials were used extensively throughout the year and have been consistently commented on by potential occupiers as leading edge.

Belfast Harbour hosted a number of visits throughout the year from occupier prospects with regards the film studio development. It is hoped that this work carried out in concert with NI Screen will result in Production companies being secured as occupiers on completion of the scheme.



Strategic Report



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, Belfast Harbour has adopted the main provisions of the Act and, therefore, presents a Strategic Report.

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

Strategy Update and Business Model

The core strategy of Belfast Harbour remains investments in the Harbour Undertaking which deliver sustainable financial returns according to investment criteria. Operating the business profitably is a legal requirement and is essential to fund investment and 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 Belfast Harbour financial objective.

Northern Ireland Trust Ports are statutory corporations with their only source of funding being the

substantial investment in regeneration activities, mainly at City Quays. The recent completion and full occupation of City Quays 1 will be followed by the construction of the Film Studio, City Quays 2, City Quays Hotel, City Quays Car Park and preparation for City Quays 3. In addition, significant funds continue to be allocated to substantial improvements in port trading facilities and high capacity harbour cranes.

Currently £105m is committed to future projects.

Trading

Belfast Harbour has successfully delivered against its financial objective, delivering a record financial performance for 2016. Turnover is £58.1m up by 7% on 2015, and operating profit is £32.2m, up by 12% on 2015.

The Financial Statements show Profit before Taxation for 2016 at £35.8m which is a £2.3m improvement on the 2015 figure.

The movement on valuation of investment properties is not a trading item and the "Underlying" Profit before Taxation increased by 11% to £33.3m from £29.9m, as set out in the table below:

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.

Profit before Taxation	2016	2015
Profit before Taxation as reported	£35.8m	£33.5m
Less: Surplus on revaluation of investment properties	£(2.5)m	£(3.6)m
"Underlying" Profit before Taxation	£33.3m	£29.9m

profits generated from trading. Hence, Belfast Harbour must generate an acceptable return on assets in order to sustain future investment and borrowing should the need arise.

After many years of primary focus on major investment in port facilities, the next few years will see

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 2016 was £41.7m and in addition, a further £105m has been committed at the 2016 year-end to strategically significant projects.

The principal projects during 2016 were the Film Studio, City Quays 2, City Quays Hotel, new high capacity harbour cranes and harbour warehousing.

In the past five years a total of £130m has been invested in the Harbour, all funded from cash flow.

Liquid funds at December 2016 were £60.4m, all of which is committed to future projects as noted above.

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 will not 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 the overall Northern Ireland economy. Thus, Belfast Harbour will seek to fully utilise all investment allowances, particularly capital allowances. This will be done in a manner fully compliant with legislation, and in a fully transparent way in communication with HMRC.

The oversight of taxation compliance and risk management is within the purview of the Corporate Governance and Audit 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 2016 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 despite 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 recourse to Government for lenders to the Harbour. At present Belfast Harbour is able to maintain its investment strategy at a level supported by cash flow generated by the business and by not utilising its borrowing capability.

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 Safety, Environment and Security. In addition, Belfast Harbour projects and their accretive effect on the Northern Ireland economy can be put at risk by the consenting process. Finally, 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.

Brexit Risk

Brexit will be 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.

Total capital expenditure during 2016 was £41.7m, and in addition, a further £105m has been committed at the 2016 year-end to strategically significant projects.

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 consolidated in 2016, revenue growth was achieved. In mitigation of the economic risk, Belfast Harbour has a well-diversified trading base, strong trading counterparties and continues to seek new business investment with sustainable financial returns.

Belfast Harbour will continue to monitor developments and engage in the process through its membership of the UK Major Ports Group and British Ports Association.

In line with other UK ports Belfast Harbour will seek to encourage Government to negotiate the best possible access to international markets whilst minimising disruption to the flow of goods and people.

Belfast Harbour and the Community

Belfast Harbour continues to commit 1% of operating profit to community initiatives and programmes. In 2016 it continued to support organisations which had a focus on Young People, the Community, Creative Culture and the Environment.

As part of its Corporate Responsibility Programme Belfast Harbour hosted more than 80 business, charity, fundraising, not-for-profit and community events in the Harbour Office, as well as organising Blue Badge Tours of the building and opening for public access during European Heritage Weekend in September.

Belfast Harbour was named Business of the Year by Arts and Business and were the first and, so far, only organisation to be awarded the Gold Level BITC CORE- Responsible Business Standard Award.

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

During 2016 Belfast Harbour partnered with more than 30 organisations to deliver programmes which impact society in a positive way. These included:



Corporate Responsibility Partners Young People Partnerships



Environmental Partnerships



Arts Partnerships



Community Sponsorships



Additional Support Regional Economic support



Support within the Harbour Estate





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.

BHC is independent of Government and any other legal person and management is the responsibility of the Board and the Executive Team. The duties of the Board Members are akin to those of a company director, in particular, to be accountable for the proper exercise of the statutory and administrative requirements placed upon them. In addition Board Members are required to:

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

The Department for Infrastructure appoints Board Members on the basis of open public advertisement. The number of Board Members, including the 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.

The Board

The constitution of the Board is set out in the Belfast Harbour Order (Northern Ireland) Order 2002, Schedule 1.

Belfast Harbour Pension Fund Ltd

Ms C Hayes (Chair)
Mr R Adair CBE
Dr E Vernon OBE
Cllr M Jones

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 Chief Executive Officer, 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 back to the Board.

Commercial Projects Committee

Dr D Dobbin CBE (Chair)
Mr R Adair CBE
Ms R Johnston DBE
Dr G O'Hare CBE, DL
Mr R Everitt CBE
Ms J Chambers
Cllr C Beattie

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

Corporate Governance & Audit Committee

Ms R Johnston DBE (Chair)
Mr R Everitt CBE
Ms D Fitzsimons
Cllr M Jones
Ms D Lange
Ald F McCoubrey
Dr E Vernon OBE

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

The primary reference point for corporate governance is considered to be the pertinent content within the "UK Corporate Governance Code" and taking account of any best practice guidance relating to Trust Ports.

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

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

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

Remuneration Committee

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

Dr G O'Hare CBE, DL (Chair)
Mr R Adair CBE
Ms C Hayes
Cllr S Copeland
Ms J Chambers
Mr K Alexander OBE
Ald F McCoubrey
Cllr C Beattie

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

Property Committee

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

Dr E Vernon OBE (Chair)
Dr D Dobbin CBE
Mr R Adair CBE
Ms D Lange
Mr K Alexander OBE
Ms D Fitzsimons
Cllr S Copeland

Policy and Corporate Planning Committee

Dr D Dobbin CBE (Chair)
Mr R Adair CBE
Ms C Hayes
Ms R Johnston DBE
Dr G O'Hare CBE, DL
Dr E Vernon OBE

To develop strategy on behalf of the Board, guide the Board on policy matters, guide the Executive on Corporate Planning and consider and advise the Board on matters relating to the legal status powers and duties of BHC.



Corporate Matters

Health & Safety

Belfast Harbour is committed to the Port Marine Safety Code, the provision of a safe and healthy working environment and the elimination of accidents. During 2016 Belfast Harbour's Safety Systems were modified to incorporate the new requirements introduced by the Health and Safety Executive's Approved Code of Practice for Safety in Ports. The modified System was subsequently validated against the internationally recognised OHSAS 18001:2007 standard.

Belfast Harbour continue 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 achievements during 2016 included:

- Deployment of new weekly safety training video sessions for front line employees.
- Introduction of two new positions to enhance monitoring of safety on the quayside
- Deployment of new on-line safety induction awareness training for all port visitors
- Introduction of a Safety Dashboard designed to promote safety awareness throughout the organisation.

It is with sadness that we report an accident which occurred on the 21 March 2017 during a cargo unloading operation which resulted in the tragic death of a stevedore. An investigation into the cause of the accident is underway.

Environment

Belfast Harbour is committed to the prevention of pollution and to responsible and sustainable environmental management. During 2016 Belfast Harbour's systems for Environmental and Energy Management were validated against the internationally recognised ISO 14001 and ISO 50001 standards.

There were no significant single environmental incidents during 2016, however, due to the continued high volumes in the Dry Bulk trade considerable efforts were required on 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
- Climate NI
- Belfast Strategic Flood Forum
- Business in the Community Environmental Workshops

Other achievements during 2016 included:

- Attainment of Platinum status in Business in the Community's annual ARENA Network Environmental Benchmarking Survey for the eighth consecutive year
- Creation of one acre of wild flower meadow to promote endangered species and encourage biodiversity
- Introduction of 24 nesting boxes for Black Guillemots
- Installation of energy efficient LED lighting on our major quays and commencement of a similar replacement program for street lighting.

Business Continuity

Belfast Harbour is committed to maintaining effective contingency plans to safeguard business continuity during disruptive events. During 2016 Belfast Harbour's Business Continuity Management System was validated against the internationally recognised ISO 22301 standard. Belfast Harbour chairs a Harbour Resilience Forum comprised of key stakeholders and emergency responders, and is an active participant in the following groups:

- Belfast Emergency Preparedness Group
- Severe Weather and Flood Working Group

- One Hundred Resilient Cities Network

People, Diversity and Inclusion

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

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

It's important that Belfast Harbour continues to invest in developing the skills and expertise of its people, seeking to maximise job enrichment and personal development. All employees have the opportunity to take a volunteering day each year and various activities are promoted throughout the year. In 2016 employees participated in a number of diverse wellbeing initiatives and more than one in four employees took up opportunities to give back to the community by volunteering in local communities.

In 2016 Belfast Harbour signed up to The Gender Project, this is a three year business-led collaboration of prominent companies in Northern Ireland who are committed to improving gender balance at all levels of their organisation. It provides an opportunity to audit policies, processes and practices and share best practice.

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. We continue our commitment to implementing Belfast Harbour's revised Equality Scheme and Action Plan.

Corporate Culture

Belfast Harbour is committed to promoting a sound corporate culture, reflecting the way the organisation does business, the way decisions are made and the organisational goal of being a leading corporate citizen.

The organisation's Purpose and Values are stated in the Corporate Plan for the business, approved by the Board and communicated throughout the organisation to ensure employee engagement.

The Purpose of Belfast Harbour is to operate and maintain the Port, develop Port capacity and develop the Property Business, so supporting the development of the regional economy.

The stated Corporate Values of Belfast Harbour are:

- Service to Society - make a difference to our local and regional communities;
- Environmental Sustainability - seek to reduce the impact we have on our natural environment;
- People - develop the business environment to make Belfast Harbour a rewarding place to work;
- Safety - provide a safe environment for everyone using Belfast Harbour;
- Respect / Equality - treat everyone as a valued customer;
- Teamwork - cooperate to achieve the best outcomes, and
- Integrity - mean what we say and say what we mean.

The Corporate Plan is publicly available and there is a publicly advertised Annual Meeting held at the Harbour Office.





Belfast Harbour

Annual Accounts 2016

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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 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 2016 which comprise the Income Statement, the Statement of Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 20. 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**'.

This report is made solely to the Commissioners' members, 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.

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 2016 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, 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 company 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 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
Glasgow, United Kingdom

Date

Annual Accounts

Income Statement for the year ended 31 December 2016

		2016	2015
	Note	£'000	£'000
Turnover	5	58,112	54,346
Net operating expenses		(25,886)	(25,648)
Operating profit		32,226	28,698
Surplus on revaluation of investment properties		2,544	3,623
Profit on ordinary activities before interest and similar income		34,770	32,321
Investment income	6	1,067	1,215
Profit on ordinary activities before taxation	8	35,837	33,536
Tax on profit on ordinary activities	17	(6,332)	(6,299)
Profit for the financial year		29,505	27,237

All activities derive from continuing operations.

Explanation of "Underlying" Profit before Taxation

	2016	2015
	£'000	£'000
Profit before taxation as reported	35,837	33,536
Less: Surplus on revaluation of investment properties	(2,544)	(3,623)
"Underlying" profit before taxation	33,293	29,913

Statement of Other Comprehensive Income for the year ended 31 December 2016

		2016	2015
	Note	£'000	£'000
Profit for the year	Above	29,505	27,237
Actuarial (loss)/gain on defined benefit pensions	18	(2,701)	2,607
Deferred tax credit / (debit) associated with defined benefit pensions	16	484	(472)
Total comprehensive income for the year		27,288	29,372

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Statement of Financial Position at 31 December 2016

		2016	2015
	Note	£'000	£'000
Fixed assets			
Tangible assets	10	377,025	338,561
Current assets			
Stocks		650	697
Debtors: due within one year	12	23,005	19,617
Debtors: due greater than one year	12	2,687	10,035
Investments	13	58,751	70,500
Cash at bank and in hand		1,648	1,836
		86,741	102,685
Creditors: Amounts falling due within one year	14	(15,732)	(16,652)
Net current assets		71,009	86,033
Total assets less current liabilities		448,034	424,594
Creditors : Amounts falling due after more than one year	15	(30,059)	(31,529)
Provisions for liabilities	16	(16,256)	(18,634)
Net assets		401,719	374,431
Profit & Loss Account		343,147	318,403
Revaluation Reserve		58,572	56,028
Reserve		401,719	374,431

The financial statements were approved by the Commissioners on 25 April 2017 and signed on their behalf by:

Dr D. Dobbin CBE
Chairman

R. Adair CBE
Chief Executive

R. Johnston DBE
Commissioner

J.M. Bullick
Finance Director

Statement of Changes in Equity at 31 December 2016

	Property Revaluation Reserve	Profit & Loss Account	Total
	£'000	£'000	£'000
Balance at 31 December 2014	52,405	292,654	345,059
Profit for the year	-	27,237	27,237
Transfer to the revaluation reserve	3,623	(3,623)	-
Other comprehensive income for the year	-	2,135	2,135
Balance at 31 December 2015	56,028	318,403	374,431
Profit for the year	-	29,505	29,505
Transfer to the revaluation reserve	2,544	(2,544)	-
Other comprehensive income for the year	-	(2,217)	(2,217)
Balance at 31 December 2016	58,572	343,147	401,719

Annual Accounts

Statement of Cash Flows for the year ended 31 December 2016

	2016	2015
	£'000	£'000
Cash flows from operating activities		
Operating profit	32,226	28,698
Adjustments for:		
Depreciation	11,353	11,118
Release of EU grants	(1,453)	(1,496)
Profit on disposal of fixed assets	(21)	(28)
Increase in maintenance dredging provision	1,385	750
Pension Charge	269	309
Pension contributions in cash	(235)	(223)
Decrease / (increase) in stocks	47	(30)
Increase in debtors due within 1 year	(3,530)	(717)
Decrease / (increase) in debtors due greater than 1 year	5,516	(1,602)
Decrease in creditors due within 1 year	(4,822)	(625)
Cash from operations	40,735	36,154
Corporation tax paid	(7,460)	(2,368)
Net cash generated from operating activities	33,275	33,786
Cash flows from investing activities		
Purchase of tangible assets	(46,400)	(17,806)
Net realisation from sale of tangible assets	181	163
Interest received	1,007	1,043
Net cash from investing activities	(45,212)	(16,600)
Net (decrease) / increase in cash	(11,937)	17,186
Cash and cash equivalents at the beginning of the year	72,336	55,150
Cash and cash equivalents at the end of the year	60,399	72,336
Components of cash and cash equivalents		
Cash at bank and in hand	58,751	70,500
Investments	60,399	72,336

Notes to the Financial Statements for the year ended 31 December 2016

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 nature of the Harbour's operations and its principal activities 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 presentation currency is pounds sterling.

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.

Employee benefits

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

For the defined contribution section of the scheme the amount charged to the income statement 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 FRS 102 the operating and financing costs of the defined benefit pension scheme are charged to the income statement 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 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 comprehensive income. 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.

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 2016 to December 2016. To the extent that rental and storage income is received in 2016 but relates to 2017 it is treated as deferred income. Rental and storage income relating to 2016 but not received until 2017 is accrued for in the financial statements.

Annual Accounts

Inventories

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

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).

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.

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 40
Roads	5 to 50
Plant & machinery	3 to 40

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 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. 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.

Where items recognised in other comprehensive income 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 as the transaction or other event that resulted in the tax expense or income.

Financial instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the related contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity 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.

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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 entity 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 Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, 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.

Impairment

At each balance sheet date, the entity reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years.

A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions

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

EU grants

EU grants relating to tangible fixed assets are included within deferred income and are recognised 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.

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4. Critical accounting judgements and key sources of estimation uncertainty

The following are the Commissioners' critical accounting judgements and key sources of estimation uncertainty:

Revaluation of investment properties

Estate property, including certain land reclassified as estate property in 2001, was valued by the Commissioners as at 31 December 2016 at fair value. There are elements of uncertainty in the underlying assumptions of the methodology used to determine the fair value of investment property.

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.

5. Turnover

	2016	2015
	£'000	£'000
Turnover is analysed as follows:		
Port revenue	51,271	48,246
Estate revenue	6,841	6,100
	58,112	54,346

6. Investment income

	2016	2015
	£'000	£'000
Interest receivable	624	575
Finance lease income	315	635
Other finance income	128	5
	1,067	1,215

7. Employee numbers

The average number of employees during the year was 141 (2015:138)

8. Profit before tax

	2016	2015
	£'000	£'000
Profit before tax is stated after charging/ (crediting) the following:		
Depreciation of tangible fixed assets - owned	11,353	11,118
Amortisation of EU grants	(1,453)	(1,496)
	9,900	9,622
Profit on disposal of fixed assets	(21)	(28)
The analysis of the auditor's remuneration is as follows:		
Audit of the financial statements	35	34
Total audit	35	34
Taxation compliance services	61	18
Other taxation advisory services	44	50
Total non-audit services	105	68
Fees payable to the auditor in respect of associated pension scheme	5	12
Actuarial services	12	12
Audit	17	24
Total	154	126

9. Pilotage

	2016	2015
	£'000	£'000
Income from pilotage (included in turnover)		
Pilotage services	2,083	1,969
Ships navigating under pilotage exemption certificates	159	167
	2,242	2,136
Expenditure on provision of pilotage (included in net operating expenses)		
Providing the services of pilots	1,633	1,471
Providing, maintaining and operating pilot boats	228	468
	1,861	1,939
Gain against port operational costs (net operating expenses)	381	197
	2,242	2,136

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10. Tangible fixed assets

	Capital Dredging	Dock Structures	Land & Buildings	Roads
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 January	15,099	225,070	73,640	29,005
Reclassified	-	8	3,811	-
Revaluation adjustment	-	-	-	-
Additions	-	683	3,176	179
Disposals	-	(32)	-	-
At 31 December	15,099	225,729	80,627	29,184
Depreciation				
At 1 January	(5,962)	(75,709)	(19,957)	(15,300)
Depreciation charge	(259)	(3,682)	(1,712)	(853)
Reclassified	-	-	-	-
Disposals	-	-	-	-
At 31 December	(6,221)	(79,391)	(21,669)	(16,153)
Balance sheet value				
31 December 2015	9,137	149,361	53,683	13,705
31 December 2016	8,878	146,338	58,958	13,031

Plant & Machinery	Assets in the Course of Construction	Operational Assets	Estate Property	Total 2016	Total 2015
£'000	£'000	£'000	£'000	£'000	£'000
72,565	10,430	425,809	84,672	510,481	489,149
112	(3,931)	-	5,695	5,695	-
-	-	-	2,544	2,544	3,623
5,399	32,554	41,991	(253)	41,738	18,569
(923)	-	(955)	-	(955)	(860)
77,153	39,053	466,845	92,658	559,503	510,481
(54,773)	-	(171,701)	(219)	(171,920)	(161,527)
(4,537)	-	(11,043)	-	(11,043)	(11,118)
(310)	-	(310)	-	(310)	-
795	-	795	-	795	725
(58,825)	-	(182,259)	(219)	(182,478)	(171,920)
17,792	10,430	254,108	84,453		338,561
18,328	39,053	284,586	92,439	377,025	

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 2016 at fair value. The surplus arising on revaluation has been taken to the property revaluation reserve. Land and Buildings includes £11,921,000 (2015: £11,921,000) 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 2016 are capital contributions amounting to £273,910 (2015: £287,457).

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11. Capital commitments

	2016	2015
	£'000	£'000
Capital expenditure which has been contracted for but has not been provided for in the accounts	35,680	45,091
Capital expenditure which has been authorised by the Commissioners but has not yet been contracted for	69,876	54,656

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

12. Debtors

Due within one year:		
Trade debtors	8,092	6,173
Other debtors	12,765	10,769
Amounts receivable under finance leases	-	600
Prepayments and accrued income	2,148	2,075
	23,005	19,617
Due greater than one year:		
Other debtors	1,578	2,014
Amounts receivable under finance leases	-	5,080
Pension asset (note 18)	1,109	2,941
	2,687	10,035

Other debtors due within one year include an amount owed by the Belfast Harbour Commissioners' Pension Scheme of £9,924k at 31 December 2016 (2015: £8,972k).

As a result of a change in contractual arrangements, there has been a change in the classification of amounts receivable under finance leases. This finance lease has been reclassified as an investment property (note 10).

13. Investments

Short-term deposits	58,751	70,500
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14. Creditors: amounts falling due within one year

	2016	2015
	£'000	£'000
Trade creditors	130	444
Other taxation and social security	237	217
Other creditors	9,483	8,990
Corporation tax	2,632	3,681
Accruals	1,837	1,824
EU grants	1,413	1,496
	15,732	16,652

15. Creditors: amounts falling due after one year

EU grants	26,676	28,045
Other creditors	3,383	3,484
	30,059	31,529

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 £3.2m, (2015: £3.4m) 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 £176k (2015: £170k) and creditors: due after one year of £3,008k (2015: £3,184k). 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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16. Provisions for liabilities

	Deferred taxation	Maintenance dredging	Total
	£'000	£'000	£'000
At 1 January 2016	14,817	3,817	18,634
Charged to profit and loss account	(80)	1,385	1,305
Charged to other comprehensive income	(484)	-	(484)
Amounts applied	-	(3,199)	(3,199)
At 31 December 2016	14,253	2,003	16,256

Deferred tax

Deferred tax is provided as follows:

	2016	2015
	£'000	£'000
Fixed asset timing differences	5,963	5,839
Short term timing differences	(823)	(825)
Investment properties held at fair value	8,639	8,758
Rollover Relief	285	516
Pensions	189	529
Provision for deferred tax	14,253	14,817

Maintenance dredging

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

17. Tax on profit on ordinary activities

The tax charge comprises

	2016	2015
	£'000	£'000
Current tax on profit on ordinary activities		
UK corporation tax	7,057	6,874
Adjustment in respect of previous periods	(644)	9
Total current tax	6,413	6,883
Deferred tax		
Origination and reversal of timing differences	804	1,084
Adjustment in respect of previous periods	36	(57)
Effect of decrease in tax rate	(921)	(1,611)
Total deferred tax	(81)	(584)
Total tax on profit on ordinary activities	6,332	6,299

The standard rate of tax applied to reported profit on ordinary activities is 20% (2015: 20.25%). The applicable tax rate has changed following the substantive enactment of the Finance (No 2) Act 2015, which provided for the reduction in the main rate of corporation tax from 20% to 19% on 1 April 2017 and the substantive enactment of the Finance Act 2016, which provided for the reduction in the main rate of corporation tax rate from 19% to 17% on 1 April 2020. This will affect the future tax charge of BHC.

It is not expected that this rate reduction will have a material impact on Belfast Harbour Commissioners.

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17. Tax on profit on ordinary activities (continued)

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

	2016	2015
	£'000	£'000
Profit on ordinary activities before tax	35,837	33,536
Tax on profit on ordinary activities at standard UK corporation tax rate of 20% (2015:20.25%)	7,167	6,791
Effects of:		
- Expenses not deductible for tax purposes	122	185
- Non-qualifying depreciation	886	1,224
- Decrease in tax rate	(921)	(1,611)
- Non-taxable credit - entitlement to indexation allowances	(314)	(242)
- Adjustments to tax charge in respect of previous periods	(608)	(48)
Total tax charge for period	6,332	6,299

18. Employee Benefits

Defined contribution scheme

The Commissioners operate a defined contribution pension scheme. The total cost charged to the income statement of £543k (2015: £460k) represents contributions payable to the defined contribution section of the scheme at rates specified in the Schedule of Contributions. As at 31 December 2016, contributions of £56k (2015: £44k) due in respect of the current reporting period had not been paid over to the scheme.

Defined benefit scheme

The Commissioners operate a defined benefit pension scheme. The last full actuarial valuation was carried out at 31 December 2014 by a qualified independent actuary. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

Weighted average assumptions to determine benefit obligations at:

	31/12/2016	31/12/2015
Discount rate	2.60%	3.70%
Rate of compensation increase	3.80%	3.40%
Rate of pension increases	3.20%	2.90%
Rate of price inflation	3.30%	2.90%

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

	31/12/2016	31/12/2015
Discount rate	3.70%	3.40%
Rate of compensation increase	3.40%	3.40%
Rate of pension increases	2.90%	2.90%
Rate of price inflation	2.90%	2.90%

Assumed life expectancy on retirement at age 65

	Male Years	Female Years
Retiring today (member age 65)	21.2	24.1
Retiring in 20 years (member age 45 today)	22.9	26.0

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

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

	2016	2015
	£'000	£'000
Current service cost	269	309
Net interest income	(128)	(5)
	141	304
Recognised in other comprehensive income	2,701	(2,607)
Total income / (cost) relating to defined benefit scheme	2,842	(2,303)

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

	2016	2015
	£'000	£'000
Present value of defined benefit obligation	47,122	38,879
Fair value of plan assets	(48,231)	(41,820)
Asset recognised in the balance sheet	(1,109)	(2,941)

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

	At year end	At year end
	31/12/2016	31/12/2015
	£'000	£'000
At 1 January	38,879	42,810
Service cost	269	309
Interest cost	1,394	1,413
Participant contributions	27	26
Actuarial losses / (gains)	8,955	(3,175)
Benefits paid	(2,402)	(2,504)
At 31 December	47,122	38,879

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

	At year end	At year end
	31/12/2016	31/12/2015
	£'000	£'000
At 1 January	41,820	42,450
Interest income	1,522	1,418
Actuarial gain / (loss)	6,254	(568)
Employer contributions	1,010	998
Participant contributions	27	26
Benefits paid	(2,402)	(2,504)
At 31 December	48,231	41,820

Plan Assets

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

	Plan Assets At 31/12/2016	Plan Assets At 31/12/2015
Asset Category		
Equities	21%	21%
Debt instruments	55%	51%
Property	8%	9%
Other	16%	19%
	100%	100%

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 £645k (2015: £554k) 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 12.

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 £2,839k (2015: £2,671k).

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20. Financial instruments

a) Overview

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

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

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

b) Categories and carrying value of financial instruments

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

	2016	2015
	£'000	£'000
Financial assets		
Investments	58,751	70,500
Cash	1,648	1,836
Loans and receivables	22,435	24,636
Financial liabilities		
Amortised cost	9,850	9,651

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

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

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

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

d) Liquidity risk management

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

Trade and Shipping Statistics

	2016	2015
	000's	000's
Passengers		
Passengers	1,510	1,367
Passenger Cars	309	282
Unit load		
Freight Vehicles	503	501
Containers	124	123
Bulk Cargo		
Liquid Bulk	2,279	2,255
Dry Bulk	6,495	6,594
Break Bulk	488	384
Import Bulk Commodities		
Petroleum Products	1,956	1,956
Grain and Feeds	1,978	1,970
Coal	2,203	2,171
Fertilisers	323	275
Stones	1,310	1,534
Scrap	354	360
Timber	64	52
Shipping		
Gross Tonnage (000s Tonnes)	111,379	108,589
Number of Arrivals	5,817	5,662



Shipping 2016

111,379

Gross Tonnage
(000s Tonnes)

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