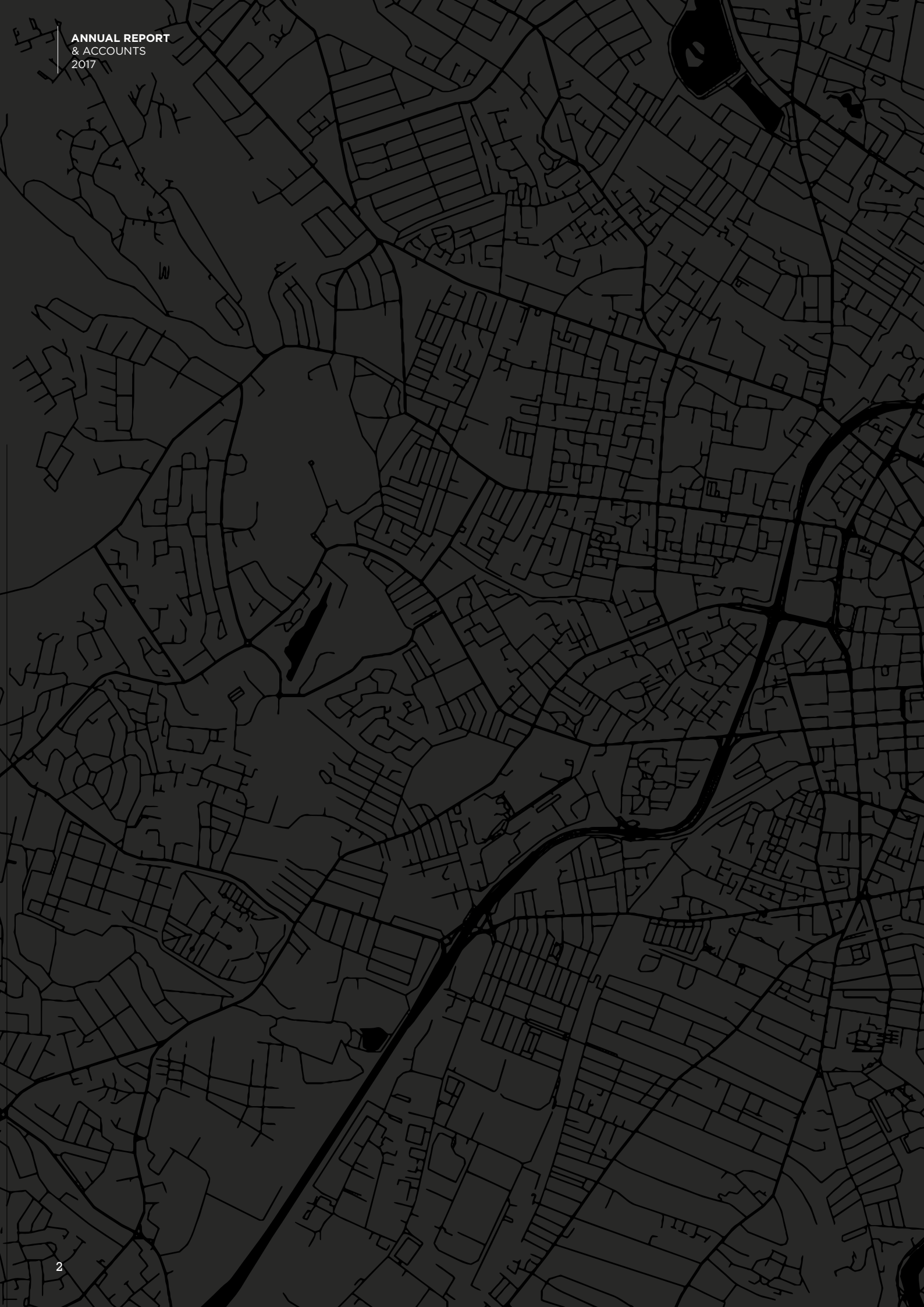




**Belfast  
Harbour**

**ANNUAL REPORT  
& ACCOUNTS  
2017**

**54° 37.50'N  
005° 53.40'W**



The background of the page is a dark grey map of Belfast Harbour, showing the city's layout and the harbour's location. A prominent white diagonal line runs from the top left towards the center. The word 'Contents' is written in a large, white, sans-serif font in the upper middle section.

# Contents

Chairman's Statement	04
Board Member Profiles	06
Commissioners' Attendance 2017	10
Executive Team	11
Port Business	12
Real Estate Division	14
Strategic Report	18
Risks and Uncertainties	20
Belfast Harbour and the Community	22
Corporate Governance Statement	24
Corporate Matters	26
Financial Statements	28
Trade and Shipping Statistics	58

# CHAIRMAN'S STATEMENT



Belfast Harbour delivered a solid result for the 2017 year with another record financial performance. Turnover increased by 6.5% to £61.9million, while operating profit rose by 5.6% to £34million. This performance was a fitting tribute to our retiring CEO, Roy Adair, who has handed over to his successor, Joe O'Neill, a business in good shape, with a strong pipeline of future investments totalling over £130million.

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 2,000-acre estate for the benefit of port users and tenants and the wider local economy. I am pleased to report that our capital spend in 2017 continued at a high level with £42million of investments in Port infrastructure and real estate completed and a further £132million in new projects approved by the board.

#### **Port Activity**

The excellent financial results were supported by a strong trading performance, with the throughput handled by Belfast Harbour increasing by 3% to a record 23.7million tonnes. Sectors which performed particularly well included aggregates, steel, animal feeds & grains, wind farm machinery, Roll-On/Roll-Off freight, ferry passengers and cruise visits.

Notable landmarks included a record number of freight vehicles (up 2%

to 513,000) on Stena Line's three ferry routes from Belfast, while Bulk tonnages also grew, rising by 4% to almost 10million tonnes.

The ongoing importance of the local agri-food sector to our economy was validated by the strong demand for animal feeds and grains, which increased by 11% to 2.2million tonnes. Demand was boosted by higher milk and produce prices as well as poor weather which adversely affected grazing conditions and fodder availability.

## Investment-led Growth

The ongoing investments being made by Belfast Harbour to improve port infrastructure and develop its estate continue to drive growth in turnover and profit. Our investment spend over the last 10 years has exceeded £250 million. This spend together with our forward project commitments of over £130million and future investment plans are focussed on improving the competitiveness of current and future port customers and growing the wider local economy. It is essential that our investment plans support areas of growth in the economy, including tradeable services and that we diversify the trade handled by the Port to reflect developments in the wider economy and reduce any impact from declining sectors. The key strategic challenge facing Belfast Harbour is how to future proof our business and its important role as an economic driver against a background of considerable change and uncertainty. We are not just talking about Brexit, but the trend towards knowledge industries and tradeable services; the introduction of new technology, robotics and artificial intelligence and the changing mix of our energy supply away from oil & coal towards renewables & natural gas. Add to these changes in consumer behaviour such as the trend towards e-shopping and the switching of spend from buying goods to buying experiences and digital content. All of these economic and consumer trends offer opportunities to grow our trade and turnover as well as pose risks to some existing activities.

Investment, improvement and the diversification of our activities are key elements in assuring the future prosperity of Belfast Port and the region. This has led us to invest and develop new business streams in tradeable services via City Quays Grade A office accommodation and our partnership with Titanic Quarter, in creative industries via our film studios, in the knowledge sector via our partnership with Catalyst Inc (formerly the Science Park), in tourism via the development of our cruise ship and ferry business and our new AC Marriott Hotel.

This does not mean that we are overlooking our core port operating business. We are continuing to make significant investments in ferry and container handling facilities, new cranes and materials handlers

and in new logistics and storage facilities. We regard ourselves first and foremost as an operating port and the development of best in class facilities will have priority in how we reinvest our earnings.

## Corporate Responsibility

Belfast Harbour is acutely aware that its role as a Trust Port impacts on a wide range of economic and community stakeholders. As a leading business and economic driver for the region it is essential that we make our contribution to developing the skills base our economy needs and to generating opportunities for young people and the wider communities we are part of. As such, the Harbour continues to invest in amenities and public realm space across its estate which will promote the uptake of leisure and social use as well as funding programmes with a focus on young people, the community, creative culture and the environment.

## Reflections

As a Board we were greatly saddened by the tragic death of Neil Rooney, a stevedore, who died in an

# Investment, improvement and the diversification of our activities are key elements in assuring the future prosperity of Belfast Port and the region.

accident during a cargo unloading operation in March 2017. In June 2017 we were also grieved by the untimely death of Cllr. Mervyn Jones who had become a Harbour Commissioner in 2016. The Board extends its deepest sympathies to both the Rooney and Jones families.

During 2017 our CEO, Roy Adair, announced his intention to retire from the Harbour after 12 years at the helm of the organisation. On behalf of the Board we extend to Roy our sincere gratitude for his contribution and leadership across twelve highly successful and significant years. We look forward to building on Roy's legacy under the guiding hand of his successor, our former Commercial Director, Joe O'Neill, to whom we wish every success in his new role.

## Outlook

While our business continues to perform strongly, we are facing a

number of challenges emanating from emerging trade and port user trends. Despite these we remain positive about the outlook for our business and the wider economy.

The phasing out of coal as an energy source for local electricity generation is expected to accelerate following the failure of the Kilroot Power Station to win a contract at the first ISEM (Integrated Single Electricity Market) capacity auction. Heating fuel imports are also expected to reduce with the greater uptake of natural gas following further investments in the gas network. After record shipments of wind farm components from our Port in the last year we expect to see a sharp contraction in volume as Orsted (formerly known as DONG Energy), see their existing Irish Sea contracts complete with expected delays before new Irish Sea wind farm opportunities materialise. The impact of the expected contraction in these areas should be more than offset by growth in other trade sectors and the additional contribution from our investments in City Quays, Film Studios and Logistics Warehousing.

While Brexit continues to create some uncertainties, we do not anticipate any major impacts on our business, especially if the currently proposed transition period is agreed. This will allow the region to adapt more smoothly to changing trade arrangements. We continue to see positive developments and investment from existing local port users and tenants as well as continued strong interest from foreign direct investors.

In everything we do, Belfast Harbour's achievements are a reflection of the collective effort by the Board, the Executive team and all of our employees and supply chain partners. To all of them I give my sincere thanks for their ongoing contribution and support.

# BOARD MEMBER PROFILES



## **Dr. David Dobbin CBE**

David became Chairman of Belfast Harbour in January 2015 and has been a Commissioner since February 2012. He has extensive board level experience across the private, public and voluntary sectors and is actively involved in promoting regional economic development and the UK Agrifood Sector. He is currently a member of the KPMG Northern Ireland Advisory Board.

David has wide industrial experience having previously held a number of senior executive roles in Dale Farm, Boxmore International, Dalgety, C&C and Rothmans International.

He has also served as Chairman of a number of organisations including: Dairy UK, Ulster Rugby Management Committee, the Northern Ireland Food & Drink Association, the Strategic Investment Board, InterTradelreland, the Prince's Trust NI, CBI NI, the NI Centre for Competitiveness and as President of the Northern Ireland Grain Trade. He has also served as a Non-Executive on the boards of Food from Britain, the NI Agrifood Strategy Board, Invest NI, BT Ireland, Queen's University Belfast Senate and was Vice Chairman of the Ireland/Northern Ireland 2023 Rugby World Cup Bid.



## **Roy Adair CBE**

Roy Adair was appointed Chief Executive of Belfast Harbour Commissioners in 2005 and retired from the company in May 2018.

Roy has held non-executive roles in a range of organisations. These included the Prince's Trust, Business in the Community (NI Chair), the UK Major Ports Group (Deputy Chair). He is currently a member of Ulster University Centre for Economic Policy. He is also President Emeritus of the General Stevedoring Council, chairs the Diaspora initiative, NI Connections, and is a Council member the Ireland Chapter of the Ireland U.S. Council.

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

Roy 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.



## **Kyle Alexander OBE**

Kyle Alexander was appointed to the Board in February 2016. Kyle is an Associate Advisor with the Strategic Investment Board (NI). He is also a Director of The Waterways Community and Lisburn Building Preservation Trust.

Kyle has considerable experience in delivering urban regeneration, having been Chief Executive of Laganside Corporation which was responsible for the transformation of Belfast's waterfront and Cathedral Quarter.

He stepped down as Chief Executive of Maze Long Kesh Development Corporation in March 2017, having overseen the establishment of the organisation. Until August 2017 he was Chairman of the Connswater Community Greenway Trust.



**Councillor Ciaran Beattie**

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



**Councillor Sonia Copeland**

Councillor Copeland is a full time member of Belfast City Council, representing the Titanic Electoral Ward.

She is a member of the People and Communities Committee, the North Foreshore Committee, the Licensing Committee, the East Belfast Area Working Group, the East Belfast Policing and Community Safety Partnership, the Waterfront and Ulster Hall Ltd Shareholders Committee and the Chair of the Older Persons Reference Group.

Sonia was recently appointed to the Board of Governors for Ashfield Girls School and Braniel Primary School, as well as the Board of the Grand Opera House Trust. Councillor Copeland was previously appointed Deputy Lord Mayor of Belfast on 1st June, 2017.



**Professor Diana Fitzsimons**

Diana Fitzsimons is an RTPI planner and an RICS development surveyor with her own planning consultancy. She has extensive practical experience in urban regeneration, port planning, housing development and mixed use master-planning.

She is currently Chair of Radius Housing Association; Co-Chair of the UN Habitat's Professionals' Forum; an Ambassador for IFHP; and a Visiting Professor in the Built Environment at Ulster University.

Diana has worked in Northern Ireland as a Senior Lecturer in Planning & Development, as a Principal Commissioner with the Planning Appeals Commission and as Office Director of the planning consultancy Turley.

She was formerly Chairman of both the RTPI and the RICS NI Branches, a member of RICS Governing Council, a member of the Ministerial Advisory Group, deputy President of the International Federation for Housing and Planning (IFHP) and Deputy Chair of the charity Lionheart.



**Jane Chambers**

Jane Chambers was appointed to the Board in February 2016. Jane is a Chartered Civil Engineer working as a Project Manager in the delivery of the Greater Dublin Drainage project, specialising in environmental protection and major infrastructure delivery for Irish Water.

Jane has had a long career in contracting and consultancy environments, working at Regional and Technical Director levels.

Jane has spent many years delivering project management services for Water Service / Northern Ireland Water.



**Richard Everitt CBE**

Richard Everitt was appointed to the Board in February 2016. Richard is currently Chairman of Dover Harbour Board.

Richard qualified as a solicitor and spent much of his career in BAA plc, the airports company, before becoming Chief Executive of National Air Traffic Services from 2001 to 2004. He was formerly the Chief Executive at the Port of London Authority from 2004 to 2014.



### **Christine Hayes**

Christine Hayes was first appointed to the Board in February 2012. Christine is a volunteer Business Mentor with the Prince's Trust.

Christine has worked as a self-employed consultant specialising in business coaching and mentoring, facilitation and senior management development for a number of incorporated business entities.

Additionally, she 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. Previously she was with TSB Group, ultimately becoming its Director of Credit Management.



### **Rotha Johnston DBE**

Rotha Johnston was appointed to the Board in February 2012. Rotha is a Director of Wildflower Property, a Director of Northern Ireland Electricity Networks, a member of the KPMG Northern Ireland Advisory Board, Chair of NI Screen and a Director of QUBIS.

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



### **Deborah Lange**

Deborah Lange was 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 the Board of Queen's University Belfast Foundation.

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



### **Alderman Frank McCoubrey**

Alderman Frank McCoubrey is a full-time member of Belfast City Council, representing the Court District Electoral Area.

He is a member of the People and Communities Committee, the North Belfast District Policing and Community Safety Partnership, and the Belfast City Council West Belfast Area Working Group.



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

Gerard O'Hare was appointed to the Board in February 2012. Gerard is Group Chairman and Managing Director of Parker Green International. He is a Fellow of the Royal Institute of Chartered Surveyors and a Visiting Professor at Ulster University's School of Built Environment and Harvard Graduate School of Design in the USA.

He is also a member of the Board of Invest NI, Honorary Consul for the Republic of Latvia in the UK and Deputy Lieutenant of County Down.

Gerard sits on the NI Council of the Prince's Trust, is an Ambassador to HRH The Prince of Wales for Corporate Responsibility and is a Trustee and member of the Board of the Air Ambulance Northern Ireland charity.

Gerard was Chairman of Belfast Tall Ships, 2009 - 2015





### **Cllr Mervyn Jones**

Cllr Mervyn Jones was appointed to the Board in February 2016, but passed away in 2017. Mervyn was a valued member of the Board and he is deeply missed by his colleagues and friends at Belfast Harbour.

Mervyn was a retired Chartered Accountant who had worked for 26 years in the Dairy Industry and 10 years in Further Education.

He was an Alliance Party Councillor on Belfast City Council from 1985, with the exception of 2001-2005.

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



### **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 2011-2014 he was Asset Management Advisor to the NI Executive.



# COMMISSIONERS' ATTENDANCE 2017

Names	Board Meetings		Committee Meetings		Total Meetings Attended		Total Meetings Attended
	Possible	Actual	Possible	Actual	Possible	Actual	%
Adair, Roy	6	6	28	27	34	33	97
Alexander, Kyle	6	6	11	11	17	17	100
Beattie, Ciaran	6	3	9	8	15	11	73
Chambers, Jane	6	5	9	7	15	12	80
Copeland, Sonia	6	5	11	8	17	13	76
Dobbin, David	6	6	21	21	27	27	100
Everitt, Richard	6	6	11	8	17	14	82
Fitzsimons, Diana	6	5	13	11	19	16	84
Hayes, Christine	6	6	9	8	15	14	93
Johnston, Rotha	6	5	13	12	19	17	89
Jones, Mervyn (Deceased 1/6/17)	2	2	4	2	6	4	67
Lange, Deborah	6	5	13	12	19	17	89
McCoubrey, Frank	6	4	8	7	14	11	79
O'Hare, Gerard	6	4	10	10	16	14	88
Vernon, Ed	6	6	18	16	24	22	92

# EXECUTIVE TEAM

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**Joe O'Neill**  
**Commercial Director**  
**(Chief Executive Designate)**

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 a board member of the Simon Community and took up the role of CEO of Belfast Harbour with effect from 1st January 2018.



**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.



**Maurice Bullick**  
**Finance Director**

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



**Graeme Johnston**  
**Property Director**

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



**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.

# PORT BUSINESS



2017 was another record trade year for Belfast Harbour.



## Trade

2017 was another record trade year for Belfast Harbour with almost 23.7 million tonnes handled through the Port, up 3% from 2016.

Aggregates, animal feeds and grains, wind farm machinery and Ro-Ro freight all reported significant increased tonnages which contributed to the 2017 growth.

## Freight Vehicles & Passengers (Ro-Ro)

For the eighth consecutive year a record number of freight vehicles, 513,000 units, passed through the ferry terminals on the three ferry routes operated by StenaLine from Belfast Harbour. This growth represents an additional 10,000 vehicles, up 2% on last year. Freight volumes on the Belfast-Heysham route increased 5%, with carryings up by 3% on the Belfast-Liverpool route. Total passenger volumes also increased by 2% with 1.5 million passengers utilising the ferry routes last year.

## Bulk

There was strong growth in the Bulk sector with throughput up 4% to 9.6million tonnes. Home to Ireland's longest deep-water quay, Belfast Harbour's continued investments to facilitate larger ships has led to more than a doubling of Bulk tonnages since 2009.

Total Dry Bulk tonnage increased 2% in 2017, exceeding 6.6million tonnes. This growth was primarily driven by increased imports of grains and animal feeds and the export of aggregates. Accounting for 9% of all tonnage handled by Belfast Harbour, animal feeds and grain volumes were up 11% with 2.2 million tonnes imported last year – a record year for the sector. The scrap metal sector also experienced record volumes with tonnages up 10%.

One of Northern Ireland's key export commodities, aggregates, recorded an increase of 16% with more than 1.5 million tonnes exported through the Harbour last year. The majority of stone was exported through Conexpo's seven-hectare stone terminal based in Herdman Channel. Opened in 2015, it is the only facility in Europe which can simultaneously produce aggregates to UK and European standards.

Coal imports destined for Kilroot Power Station declined 28% in 2017 to 1.2 million tonnes as a result of the energy market moving away from coal to gas, combined with the increased generation of wind and solar power. Non-power station coal, however, reached record breaking tonnages at almost 800,000 tonnes following a significant investment by Lissan Coal Company in 2016 in a state of the art coal wash-plant in its Harbour premises which has enabled it to establish a global processed coal export business.

Liquid Bulk tonnage figures mirrored that of 2016, with 2.3 million tonnes imported into Belfast's oil terminals during 2017. Kerosene imports dominated the sector with 787,000 tonnes. Diesel volumes increased once again to 674,000 tonnes, up by a third in the last five years.

Break Bulk tonnages reported a record year with volumes up 45%, primarily due to activities at Belfast Harbour's D1 Wind Terminal. Last year 305,000 tonnes of wind turbine components passed over the D1 quay destined for the 660MW Walney Extension Offshore wind farm. Break Bulk tonnages were also bolstered by a 15% increase in steel imports with tonnages reaching a record 211,000 tonnes as Belfast further established itself as the Island's primary steel handling port.



### Containers

The number of containers handled at Victoria Terminal 3 increased marginally by 1.6% to 126,000, carrying over 2.1 million tonnes of goods. This increase was slightly ahead of growth in the Northern Ireland economy in 2017 with the weakening in Sterling assistive to the competitiveness, and hence volumes, of export containers handled.

### Cruise

2017 was an outstanding year for cruise ship calls to the City. A total of 94 cruise ships brought almost 154,000 visitors to Northern Ireland – a record already set to be broken in 2018 with at least 117 cruise ships planning to dock in Belfast Harbour next year.

### Port Development

On the back of successive increased tonnage throughput, modernisation of the crane fleet continued with

the purchase of two new cranes and four hoppers representing a £6m investment. In March 2017 the Port commissioned 'Crane 94', a Gottwald Mobile Crane with a lifting capacity of 100T, along with a NDC Rail Mounted Crane. Four new Bluemac rail mounted hoppers followed and were commissioned in October 2017. The Port's crane and hopper fleet has now been substantially replaced during the last five years with investment in excess of £20m.

In line with a commitment to provide best-in-class facilities for Port customers, construction was completed of a new 20,000 sq ft RUBB facility at Northern Road for storage of Break Bulk cargos, adding to the already extensive warehousing portfolio. The Port also invested £0.75m in the roads infrastructure within the Estate last year, including £0.5m in works to upgrade Seal Road.



The number of containers handled at Victoria Terminal 3 increased marginally by **1.6%** to **126,000**, carrying over **2.1 million** tonnes of goods.



# REAL ESTATE DIVISION



City Quays 3 will be one of the largest new commercial office properties to be built in Belfast in the last 10 years.



## City Quays

During the year construction was completed on the next City Quays Grade 'A' strategic commercial office development located beside the City Quays 1 office – known as City Quays 2.

Lagan Construction completed the build mid-year of this nine storey, 124,000 square feet building, which also includes a water-fronting cafe/retail unit on the ground floor.

City Quays 2, designed by world recognised architects Grimshaw, London, represented a £20million strategic investment by Belfast Harbour and the highly sustainable building can accommodate up to 1,000 people. It also provided employment to some 600 workers during its construction phase.

Belfast Harbour's decision to proceed with the physical construction of the development was rewarded with pre-lets of five out of the eight office floors to occupiers in a wide range of sectors. These included ITV and Wireless in the media sector and TP ICAP in the financial services sector. Interest remains strong from a range of other occupier prospects and it remains Belfast Harbour's view, supported by the letting profile of City Quays 1 and City Quays 2, that providing buildings in advance of tenant demand is proving helpful in supporting Invest NI's objective of securing both new entrants to the Northern Ireland market and expanding indigenous businesses.

The water-fronting ground floor area of the office will also be developed for café/food and convenience retailing. This will provide an additional service offer to the mix of uses developing within the scheme and, indeed, the wider Clarendon area.

During the year construction work also progressed on enabling the next two City Quays non-office developments – City Quays Hotel

and City Quays Multi-Storey Car Park. Gilbert Ash progressed the construction of the 188 bedroom 4\* waterfront hotel with restaurant, bar, gym and meeting rooms. The hotel is being developed, financed and operated by Belfast Harbour under the Marriott brand and via a specialist hotel operator – Interstate Hospitality. This is 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, and will complement the businesses of the surrounding office occupiers. The City Quays hotel was designed by local architects RPP and is providing some 600 direct and indirect construction related jobs. The hotel commenced operation in Spring 2018 and has created 130 jobs in the hospitality and associated service sectors.

As part of the City Quays Hotel contract a new public plaza linking the hotel to the City Quays offices will be formed. This will join with the existing waterfront walkway to provide a new landscaped amenity for the area and the City.

The 907-space, multi-storey car park obtained Planning Approval and construction commenced on site mid-year. Local contractor, Felix O'Hare, is undertaking the construction of this key facility and the £17million project is being developed, financed and will be operated by Belfast Harbour via a specialist car park operator. It is anticipated that this will be a positive benefit to the overall City Quays development providing much required parking facilities for the offices, hotel and retail users. Anticipated project opening is late 2018.

Belfast Harbour Board approval was obtained for a further Grade 'A' waterfront office development within the context of City Quays. This 16-storey, 250,000 square feet, highly





sustainable building, will front both the river and the new City Quays plaza adjacent to the hotel. It will be one of the largest new commercial office properties to be built in Belfast in the last 10 years. Work commenced on the design with a team led by RPP Architects and a Reserved Matters Planning Application was lodged during the year. It is anticipated that, subject to Planning Approval, construction work will commence in 2018 with a view to the building being ready for occupation by late 2020. This project will represent a further £50million strategic development by Belfast Harbour and the completed building will accommodate some 2,000 office workers.

### **Titanic Quarter and Queen's Island**

Titanic Belfast had another very successful year and has now welcomed over four million visitors since opening in March 2012.

A 500-metre pedestrian Waterfront Walkway along Victoria Wharf now links Titanic Belfast slipways to Alexandra and Thompson Docks, and HMS Caroline. This opened to the public in Spring 2018.

The new 119-bed Titanic Hotel opened to the public in September 2017, incorporating the restoration of the former Harland and Wolff Headquarters Building & Drawing Offices.

The Mew Island Lighthouse Optic, made in Paris in 1887 and operated by the Commissioners of Irish Lights on Mew Island in the Copeland Islands, protected Belfast Lough up to 2014. The Commissioners of Irish Lights donated the seven-metre high optic to Titanic Foundation Limited and post refurbishment it was relocated to the waterfront in November 2017. The rotating optic is displayed in a curved glass structure and will become an iconic attraction

within Titanic Quarter and Belfast Harbour, adding to the overall historic maritime visitor experience.

Refurbishment works continued on HMS Caroline during 2017 and this historic light cruiser is now open to the public.

Following the signing of a Memorandum of Understanding (MoU) in May 2016, Belfast Harbour and Titanic Quarter Limited, together with professional consultants, commenced the process of revising the Titanic Quarter Development Framework to take account of market factors and the emerging Planning policy context.

Belfast Harbour and Titanic Quarter Limited jointly released to the property market a site adjacent to Hamilton Dock for a hotel development. The market responded with a strong degree of interest and



Titanic Belfast had another very successful year and has now welcomed over four million visitors since opening in March 2012.



negotiations are being concluded with a prospective third party developer to allow the development of a new hotel scheme.

Belfast Harbour and Titanic Quarter Limited are actively exploring the joint development of Olympic House, a proposed 190,000 square feet Grade 'A' office building on a site located between Belfast Metropolitan College and the Public Record Office. The £25million project has already secured Planning Approval and when built will help address the current lack of Grade 'A' office space in the City.

Having completed its 'Concourse' development in 2016, the Northern Ireland Science Park, rebranded as 'Catalyst Inc.', lodged a planning application for its latest office development, 'Pierpont Plaza'. This aims to provide up to 120,000 square feet of space. On receipt of Planning Approval the £15million project will be developed and funded by Belfast

Harbour, and will help underpin the growth of the burgeoning knowledge-based sectors in this area.

The Odyssey Trust completed road realignment works on Sydenham Road / Queen's Quay, including the provision of a new roundabout during the year. These works form part of a development Masterplan Outline Planning Permission. They will facilitate future developments and aid traffic flows, particularly access and egress to the main car park.

#### **Belfast Harbour Studios**

During the year work was completed on the development of a 65,000 square feet new film studio with supporting offices and workshops on an eight-acre site at Giant's Park, on Belfast Lough's North Foreshore. Belfast Harbour funded the £20 million development in state-of-the-art purpose built studios to support the growing media industry within Northern Ireland.





## Belfast Harbour funded the **£20 million** development in a state-of-the-art purpose built studios to support the growing media industry within Northern Ireland.

The studios were completed in June 2017 and the first occupier is a Warner Horizon TV production company which is filming the TV series 'Krypton', a prequel to Superman. It premiered on the 'SyFy' channel' in early 2018.

In addition to developing the scheme, Belfast Harbour will operate a fully serviced facility utilising the skills of specialists in the media sector.

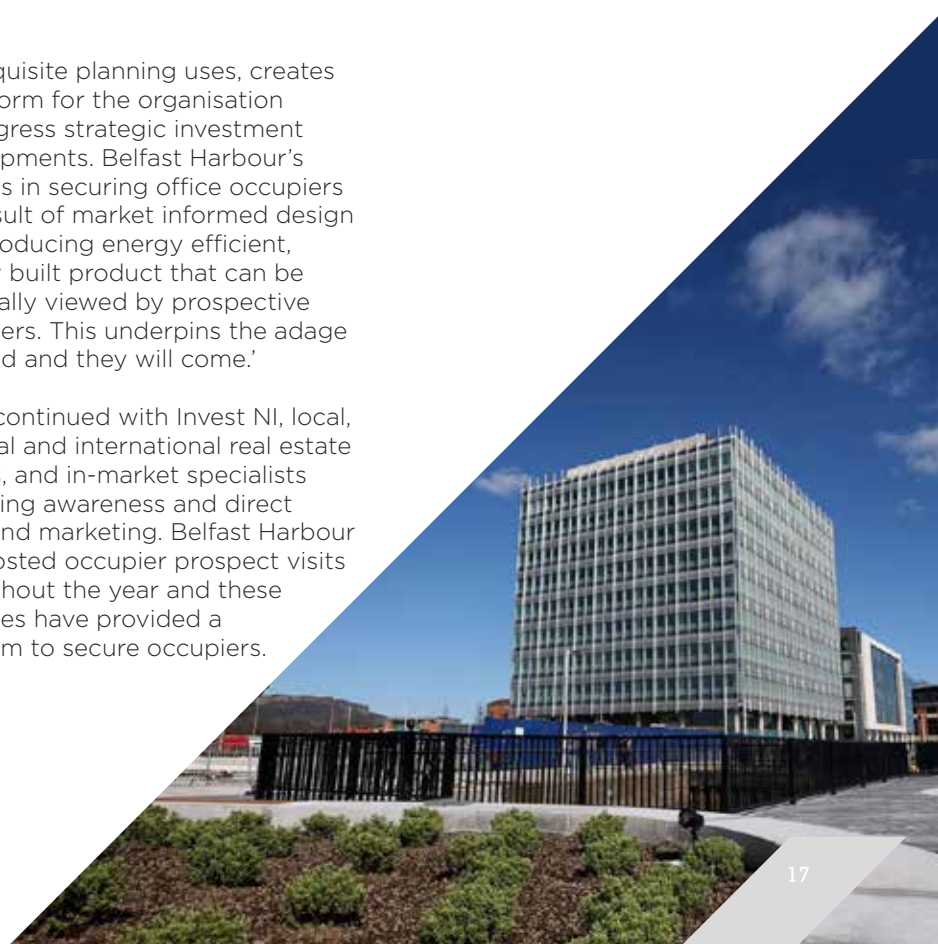
### **Sales & Marketing**

Reports continued throughout the year from local real estate professionals and other market commentators that the lack of Grade 'A' office space could impact the decision-making process of both new market entrant Foreign Direct Investment and growing indigenous companies to locate/relocate to Belfast.

Belfast Harbour's ability to fund projects and its land ownership with

the requisite planning uses, creates a platform for the organisation to progress strategic investment developments. Belfast Harbour's success in securing office occupiers is a result of market informed design and producing energy efficient, quality built product that can be physically viewed by prospective occupiers. This underpins the adage of 'build and they will come.'

Work continued with Invest NI, local, national and international real estate agents, and in-market specialists regarding awareness and direct sales and marketing. Belfast Harbour also hosted occupier prospect visits throughout the year and these activities have provided a platform to secure occupiers.



# STRATEGIC REPORT 2017



Substantial funds continue to be allocated to major improvements in Port trading facilities and modern high capacity harbour cranes.



**B**elfast Harbour is incorporated as a Statutory Corporation and whilst not directly bound by The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, Belfast Harbour has adopted the main provisions of the Act. It, therefore, presents a Strategic Report consistent with corporate entities of a similar size.

This report, to be read in conjunction with the full Annual Report, contains information that the Board consider to be of strategic importance to the organisation.

## Strategy Update and Business Model

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

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

After many years of primary focus on major investment in Port facilities, the next few years will also see substantial investment in regeneration activities, mainly at

City Quays. The recent completion and occupation of City Quays 1, City Quays 2, Belfast Harbour Studio and City Quays Hotel, will be followed by the construction of the City Quays Car Park, City Quays 3 and preparation for City Quays 4. In addition, substantial funds continue to be allocated to major improvements in Port trading facilities and modern high capacity harbour cranes.

Currently £132 million is committed to future projects.

## Trading

Belfast Harbour has successfully delivered against its core financial objective, delivering a record financial performance for 2017, with turnover at £62million, improving by 6.5% on 2016, and operating profit at £34million, up 5.6% on 2016. The Financial Statements show Profit before Taxation for 2017 at £66million which is a £30million improvement on 2016. This is stated after the movement on valuation of investment properties. The movement on valuation of investment properties is not a trading item, and the "Underlying" Profit before Taxation increased by 3.8% to £34.6million from £33.3million, as set out in the table below:

	2017	2016
Profit before Taxation as reported	£65.8m	£35.8m
Less: surplus on revaluation of investment properties	£31.3m	£2.5m
"Underlying" profit before Taxation	£34.6m	£33.3m

## Capital Expenditure

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

All profit, net of taxation, is reinvested in the development of the Harbour's Port and Property activities. The beneficiaries are the businesses throughout Northern Ireland, which trade through and rely on the Harbour, and consequently there is a significant positive impact on the local economy in general. As is common in the Port's 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 2017 was £42.6million, and in addition, a further £132million has been committed at the 2017 year-end to strategically significant projects.

In the past 10 years a total of £250million has been invested in the Harbour, all funded from trading profit.

Liquid funds at December 2017 were £61.7million 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 not to engage in any contrived or artificial transactions to secure a tax saving.

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

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

The total taxes paid by Belfast Harbour for 2017 are in excess of £10million.

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

## Business Environment

Belfast Harbour has considerable financial resources together with a diverse business model holding long-term contracts with key customers. The Harbour has continued to successfully manage the business risks associated with the continuing uncertain economic outlook. The growth in revenue in 2017 was produced by a forward looking investment strategy in capital intensive harbour facilities, which also facilitated the positive economic impact of Belfast Harbour on Northern Ireland despite the underlying benign economic environment.



In the past 10 years a total of **£250million** has been invested in the Harbour, all funded from trading profit.



# RISKS AND UNCERTAINTIES



Belfast Harbour has a well-diversified trading base across a number of sectors and continues to seek new business investment with sustainable financial returns.



## Funding Risk

Belfast Harbour as a Trust Port is solely responsible for funding the business, operating and investing activities via retained profit. Most major UK Trust Ports are classified for public expenditure accounting purposes as “public corporations”. The classification has the potential to impact on public budgets as any exercise of borrowing powers by Belfast Harbour will “count” as public borrowing even though there is no public money involved and no recourse to Government for lenders to the Harbour. At present Belfast Harbour is able to maintain its investment strategy at a level supported by trading profits generated by the business, without utilising its borrowing capability.

## Economic Risk

Belfast Harbour trade is reflective of the health of the overall Northern Ireland economy, and the economy will always be a managed risk. Although trade levels consolidated in 2017, revenue growth was achieved. In mitigation of the economic risk, Belfast Harbour has a well-diversified trading base across a number of trading sectors, strong trading counterparties, and continues to seek new business investment with sustainable financial returns.

## Trading Risk

Belfast Harbour is exposed to competition on the main trades through the Port, and over time there have been market share gains and losses through the effect of competition from other ports. In mitigation of this risk, Belfast Harbour has a well-diversified trading base, strong trading counterparties and, especially, an active strategy for investment in facilities to preserve and enhance the offer to customers.

## Regulatory Risk

Belfast Harbour, like all UK ports, operates in a highly regulated

industry and is fully cognisant of the regulatory obligations not least those pertaining to People, Safety, Environment and Security. In addition, the successful execution of Belfast Harbour developments and their accretive effect on the Northern Ireland economy depends on planning and consenting processes. Belfast Harbour is also aware of the need to operate a strong governance model, including governance specifically pertaining to Trust Ports. In mitigation of regulatory risks, Belfast Harbour has strong oversight mechanisms in place at Board and Executive level for monitoring and meeting the ongoing challenges in all of these areas.

## Brexit Risk

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

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

Belfast Harbour continually assesses Brexit risks, and in view of the preponderance of intra UK trade through the Port, together with developed processes for handling WTO trade, traffic impacts are likely to be manageable. The derived demand effects on overall economic activity and their concomitant effects on trade are harder to predict, and are monitored periodically.





# BELFAST HARBOUR AND THE COMMUNITY

**B**elfast Harbour continues to commit 1% of operating profit to community initiatives and programmes. In 2017 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.

For the first time in 2017 Belfast Harbour published a Responsible Business report detailing a number of initiatives it is driving forward to ensure a positive impact on surrounding communities and environments.

During 2017 Belfast Harbour supported more than 35 initiatives working with 25 organisations to deliver programmes which impact society in a positive way. These included:

## Corporate Responsibility Partners

### Young People Partnerships

- Prince's Trust Essential Skills via Fairbridge Programme and Excel Clubs
- Business in the Community via Responsible Business Internships and Time to Code
- Beyond Skin
- BookTrust
- Queen's University Student's Union
- Wheelworks
- Fighting Words
- StemAware
- Science Starz

### Environmental Partnerships

- The Conservation Volunteers
- Belfast Hills Partnership

### Arts Partnerships

- Culture Night
- Beat Carnival
- New Lodge Arts
- OH Yeah Music Centre
- The MAC
- The Black Box
- Belfast Exposed

### Community Sponsorships

- The Mela
- Sailortown
- Belfast Lough Sailabilty
- The Simon Community
- Angel Eyes
- The Big Lunch
- East Belfast Awards

### Additional Support

- Regional Economic support
- NI Centre for Economic Policy
- NI Connections
- Catalyst Inc. Connect

### Support within the Harbour Estate

- HMS Caroline Berthing
- Nomadic Charitable Trust Hamilton Dock
- Sea Cadets Provision





# CORPORATE GOVERNANCE STATEMENT



The Board operates a Committee system with the objective of maintaining high standards of corporate governance and streamlining the work of the Board.



## The Organisation

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

## The Board

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

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

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

1. Ensure high standards of corporate governance;
2. Establish the overall strategic direction of the Port, having regard to the best interests of the Port and the local economy following consultation with key stakeholders where relevant;

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

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

## Belfast Harbour Pension Fund Ltd

### Membership

Ms C Hayes (Chair)

Mr R Adair CBE

Dr E Vernon OBE

Cllr M Jones (Deceased 1.6.17)

Mr R Everitt CBE (1.11.2017)

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

### Membership

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.

## Audit & Risk Committee

### Membership

Ms R Johnston DBE (Chair)

Mr R Everitt CBE

Ms D Fitzsimons

Cllr M Jones (Deceased 1.6.17)

Ms D Lange

Ald F McCoubrey

Dr E Vernon OBE

The Committee function is oversight of all Financial Reporting issues and to seek assurance on the control environment:

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

### Membership

Dr D Dobbin CBE (Chair)

Ms C Hayes

Ms R Johnston DBE

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

## Safety, Environmental & Security Committee

### Membership

Dr G O'Hare CBE, DL (Chair)

Mr R Adair CBE

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.

### Membership

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 Strategy Committee

### Membership

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

The Committee's role is 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



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



## Health & Safety

Belfast Harbour is committed to the provision of a safe and healthy working environment and the elimination of accidents. During 2017, Belfast Harbour's overall Safety Management System was validated against the internationally recognised OHSAS 18001:2007 standard and the Marine Safety Management System was audited by external specialists, Marico Marine, and declared to be compliant with the Port Marine Safety Code.

It is with sadness that we report an accident which occurred on 21st 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.

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

Other achievements during 2017 included:

- Participation in an industry working group with Port Skills and Safety to update safety in port guidance documentation
- Introduction of an additional position to enhance monitoring of safety on the quayside
- Implementation of a programme aimed at improving the standards of roadworthiness of vehicles using the Harbour
- Implementation of a programme to improve the safety of interactions between port users and other third-parties
- Completion of a simulation-based towage workshop to review best practice in the context of changing navigational requirements
- Introduction of additional initiatives focussed on health and wellbeing
- A fire safety review of Harbour buildings

## Environment

Belfast Harbour is committed to the prevention of pollution and to responsible and sustainable environmental management. During 2017 Belfast Harbour's systems for Environmental and Energy Management were validated against the internationally recognised ISO 14001:2015 and ISO 50001 standards. There were no significant single environmental incidents during 2017, however, due to the high volumes in the Dry Bulk trade significant resources were applied to dust management.

Belfast Harbour continues 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 2017 included:

- Attainment of Platinum status in Business in the Community's annual ARENA Network Environmental Benchmarking Survey for the ninth consecutive year
- Introduction of further wild flower meadows to promote endangered species and encourage biodiversity
- Improvement of nesting sites for Black Guillemots
- Ongoing replacement of street lighting with high efficiency LEDs

## Business Continuity

Belfast Harbour is committed to maintaining effective contingency plans to safeguard business continuity during disruptive events. During 2017 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, and to extend the deployment of apprenticeships and internships across the organisation as a successful route to developing people and talent for the future.

In 2017 Belfast Harbour employees participated in a comprehensive workplace wellbeing survey, providing an immediate personal and confidential health report to participants and useful employee feedback on the direction of its future wellbeing strategy and

initiatives. 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. In 2017 a five-year review of the effectiveness of the Equality Scheme was undertaken and a report submitted to the Equality Commission together with a five year review of the Disability Action Plan which will now span 2017 - 2022.

### **Corporate Culture**

Belfast Harbour Commissioners are 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 business to ensure employee engagement.

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

The stated Corporate Values of Belfast Harbour are:

- Safety - provide a safe environment for everyone using Belfast Harbour;
- Environmental Sustainability - seek to reduce the impact we have on our natural environment;
- Service to Society - make a difference to our local and regional communities;
- Integrity - mean what we say and say what we mean;
- Respect / Equality - treat everyone as a valued customer;
- Teamwork - co-operate to achieve

the best outcomes, and

- People - develop the business environment to make Belfast Harbour a rewarding place to work.

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



# **FINANCIAL STATEMENTS**

**For the year ended 31 December 2017**



# Contents

Statement of Commissioners' Responsibilities	30
Independent Auditor's Report	31
Income Statement	33
Statement of Other Comprehensive Income	34
Statement of Financial Position	35
Statement of Changes in Equity	36
Statement of Cash Flows	37
Notes to the Financial Statements	38

# STATEMENT OF COMMISSIONERS' RESPONSIBILITIES



Belfast Harbour has successfully delivered against its core financial objective, delivering a record financial performance for 2017, with turnover at **£62million**, improving by **6.5%** on 2016, and operating profit at **£34million**, up **5.6%** on 2016.



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

## Report on the audit of the financial statements

### Opinion

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 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Harbours Act (Northern Ireland) 1970.

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

- the 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 21.

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

### Basis for opinion

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

We are independent of the Belfast Harbour Commissioners in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with

these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

- the Commissioners' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Commissioners have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

### Other information

The Commissioners are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

### **Responsibilities of Commissioners**

As explained more fully in the Commissioners' responsibilities statement, the Commissioners are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Commissioners determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commissioners are responsible for assessing the Belfast Harbour Commissioners' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Commissioners either intend to liquidate the Belfast Harbour Commissioners or to cease operations, or have no realistic alternative but to do so.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the Commissioners, as a body, in

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

### **Report on other legal and regulatory requirements**

#### **Opinion on other matters**

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

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

In the light of the knowledge and understanding of the 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 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.

We have nothing to report in respect of these matters.

#### **Deloitte (NI) Limited**

Chartered Accountants  
and Statutory Auditor  
Belfast, United Kingdom  
Date: 26th April 2018



# ANNUAL ACCOUNTS

## Income Statement for the year ended 31 December 2017

		2017	2016
	Note	£'000	£'000
<b>Turnover</b>	5	<b>61,887</b>	<b>58,112</b>
Net operating expenses		(27,849)	(25,886)
<b>Operating profit</b>		<b>34,038</b>	<b>32,226</b>
Surplus on revaluation of investment properties		31,281	2,544
<b>Profit on ordinary activities before interest and similar income</b>		<b>65,319</b>	<b>34,770</b>
Investment income	6	515	1,067
<b>Profit on ordinary activities before taxation</b>	8	<b>65,834</b>	<b>35,837</b>
Tax on profit on ordinary activities	18	(12,575)	(6,332)
<b>Profit for the financial year</b>		<b>53,259</b>	<b>29,505</b>

All activities derive from continuing operations.

### Explanation of "Underlying" Profit before Taxation

	2017	2016
	£'000	£'000
Profit before taxation as reported	65,834	35,837
Less: Surplus on revaluation of investment properties	(31,281)	(2,544)
<b>"Underlying" profit before taxation</b>	<b>34,553</b>	<b>33,293</b>

**Statement of Other Comprehensive Income  
for the year ended 31 December 2017**

		2017	2016
		£'000	£'000
Profit for the year	Above	53,259	29,505
Actuarial gain/ (loss) on defined benefit pensions	19	3,383	(2,701)
Deferred tax (debit) / credit associated with defined benefit pensions	17	(575)	484
<b>Total comprehensive income for the year</b>		<b>56,067</b>	<b>27,288</b>

# Statement of Financial Position at 31 December 2017

		2017	2016
	Note	£'000	£'000
<b>Fixed assets</b>			
Tangible assets	10	429,356	377,025
<b>Investments</b>	11	-	-
<b>Current assets</b>			
Stocks		625	650
Debtors: due within one year	13	25,457	23,005
Debtors: due greater than one year	13	5,330	2,687
Investments	14	60,451	58,751
Cash at bank and in hand		1,263	1,648
		93,126	86,741
<b>Creditors: Amounts falling due within one year</b>	15	(16,335)	(15,732)
<b>Net current assets</b>		76,791	71,009
<b>Total assets less current liabilities</b>		506,147	448,034
<b>Creditors : Amounts falling due after more than one year</b>	16	(28,113)	(30,059)
<b>Provisions for liabilities</b>	17	(20,248)	(16,256)
<b>Net assets</b>		<b>457,786</b>	<b>401,719</b>
<b>Reserves</b>			
Profit & Loss Account		367,933	343,147
Revaluation Reserve		89,853	58,572
		<b>457,786</b>	<b>401,719</b>

The financial statements were approved by the Commissioners on 17 April 2018 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 2017

	Property Revaluation Reserve	Profit & Loss account	Total
	£'000	£'000	£'000
<b>Balance at 31 December 2015</b>	<b>56,028</b>	<b>318,403</b>	<b>374,431</b>
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)
<b>Balance at 31 December 2016</b>	<b>58,572</b>	<b>343,147</b>	<b>401,719</b>
Profit for the year	-	53,259	53,259
Transfer to the revaluation reserve	31,281	(31,281)	-
Other comprehensive income for the year	-	2,808	2,808
<b>Balance at 31 December 2017</b>	<b>89,853</b>	<b>367,933</b>	<b>457,786</b>

# Statement of Cash Flows for the year ended 31 December 2017

	2017	2016
	£'000	£'000
<b>Cash flows from operating activities</b>		
Operating profit	34,038	32,226
Adjustments for:		
Depreciation	11,561	11,353
Impairment	8,461	-
Release of EU grants	(1,484)	(1,453)
Surplus on Land	(8,816)	-
(Profit)/Loss on disposal of fixed assets	59	(21)
Increase in maintenance dredging provision	999	1,385
Pension Charge	372	269
Pension contributions in cash	(206)	(235)
Decrease / (increase) in stocks	25	47
Increase in debtors due within 1 year	(2,516)	(3,530)
Decrease / (increase) in debtors due greater than 1 year	606	5,516
Decrease in creditors due within 1 year	(1,060)	(4,822)
<b>Cash from operations</b>	<b>42,039</b>	<b>40,735</b>
Corporation tax paid	(7,536)	(7,460)
<b>Net cash generated from operating activities</b>	<b>34,503</b>	<b>33,275</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(40,136)	(46,400)
Proceeds from land transactions	5,913	-
Net realisation from sale of tangible assets	488	181
Interest received	547	1,007
<b>Net cash from investing activities</b>	<b>(33,188)</b>	<b>(45,212)</b>
<b>Net increase/ (decrease) in cash</b>	<b>1,315</b>	<b>(11,937)</b>
Cash and cash equivalents at the beginning of the year	60,399	72,336
<b>Cash and cash equivalents at the end of the year</b>	<b>61,714</b>	<b>60,399</b>
<b>Components of cash and cash equivalents</b>		
Cash at bank and in hand	1,263	1,648
Investments	60,451	58,751
	<b>61,714</b>	<b>60,399</b>

# Notes to the Financial Statements for the year ended 31 December 2017

## 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.

Belfast Harbour Commissioners

was a parent undertaking of two subsidiary entities at the balance sheet date. The Commissioners have elected not to prepare consolidated financial statements on the grounds of materiality. Information about the subsidiary undertakings is included in note 11 to these financial statements and the grounds for exemption from the requirement to prepare consolidated accounts will be kept under review in future accounting periods.

### 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 2017 to December 2017. To the extent that rental and storage income is received in 2017 but relates to 2018 it is treated as deferred income. Rental and storage income relating to 2017 but not received until 2018 is accrued for in the financial statements.

### 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. 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

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

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

#### 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.

### 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 2017 at fair value, having regard to valuations performed by Colliers International, an independent valuer with (RICS) qualified surveyors with experience of the location and classification of property being valued. There are elements of uncertainty in the underlying assumptions of the methodology used to determine the fair value of investment property, specifically in relation to environmental conditions, estimated rental values and estimated rental yields .

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

#### Dredging provision

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

#### Pensions

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



## 5. Turnover

	2017	2016
	£'000	£'000
<b>Turnover is analysed as follows:</b>		
Port revenue	53,189	51,271
Estate revenue	8,698	6,841
	<b>61,887</b>	<b>58,112</b>

## 6. Investment income

	2017	2016
	£'000	£'000
Interest receivable	483	624
Finance lease income	-	315
Other finance income	32	128
	<b>515</b>	<b>1,067</b>

## 7. Employee numbers

The average number of employees during the year was 148 (2016:141)

## 8. Profit before tax

	2017	2016
	£'000	£'000
<b>Profit before tax is stated after charging/ (crediting) the following:</b>		
Depreciation of tangible fixed assets – owned (Note 10)	11,561	11,353
Impairment of tangible fixed assets (Note 10)	8,461	-
Amortisation of EU grants	(1,484)	(1,453)
	18,538	9,900
Surplus on Land	(8,816)	-
(Profit)/Loss on disposal of fixed assets	59	(21)
Foreign Exchange Loss /(Gain)	(20)	(68)
	<b>137</b>	<b>157</b>

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

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

Audit of the financial statements	35	35
Taxation compliance services	23	19
Other taxation advisory services	68	86
Total non-audit services	91	105
Fees payable to the auditor in respect of associated pension scheme		
Actuarial services	-	5
Audit	11	12
Total	11	17

## 9. Pilotage

	2017	2016
	£'000	£'000
<b>Income from pilotage (included in turnover)</b>		
Pilotage services	2,142	2,083
Ships navigating under pilotage exemption certificates	165	159
	<b>2,307</b>	<b>2,242</b>
<b>Expenditure on provision of pilotage (included in net operating expenses)</b>		
Providing the services of pilots	1,858	1,633
Providing, maintaining and operating pilot boats	272	228
	2,130	1,861
Gain against port operational costs (net operating expenses)	177	381
	<b>2,307</b>	<b>2,242</b>

## 10. Tangible fixed assets

	Capital Dredging	Dock Structures	Land & Buildings	Roads	Plant & Machinery
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 January	15,099	225,729	80,627	29,184	77,153
Reclassified	-	1,275	11	-	7,256
Revaluation adjustment	-	-	-	-	-
Additions	-	323	6,239	32	1,676
Disposals	-	-	(1,302)	-	(2,194)
At 31 December	15,099	227,327	85,575	29,216	83,891
<b>Depreciation</b>					
At 1 January	(6,221)	(79,391)	(21,669)	(16,153)	(58,825)
Depreciation charge	(258)	(3,747)	(1,820)	(854)	(4,882)
Impairment	-	-	-	-	(8,461)
Disposals	-	-	330	-	1,647
At 31 December	(6,479)	(83,138)	(23,159)	(17,007)	(70,521)
<b>Balance sheet value</b>					
31 December 2016	8,878	146,338	58,958	13,031	18,328
31 December 2017	8,620	144,189	62,416	12,209	13,370

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 2017 at fair value, having regard to valuations performed by Colliers International, an independent valuer with (RICS) qualified surveyors with experience of the location and classification of property being valued. The surplus arising on revaluation has been taken to the property revaluation reserve. Land and Buildings includes £15,043,571 (2016: £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 2017 are capital contributions amounting to £260,364 (2016: £273,910).

Assets in the Course of Construction	Operational Assets	Estate Property	Assets in the Course of Construction	Estate Assets	Total 2017	Total 2016
£'000	£'000	£'000	£'000	£'000	£'000	£'000
7,006	434,798	92,658	32,047	124,705	559,503	510,481
(8,542)	-	37,479	(37,479)	-	-	5,695
-	-	31,281	-	31,281	31,281	2,544
4,545	12,815	(293)	30,069	29,776	42,591	41,738
-	(3,496)	-	-	-	(3,496)	(955)
3,009	444,117	161,125	24,637	185,762	629,879	559,503
-	(182,259)	(219)	-	(219)	(182,478)	(171,920)
-	(11,561)	-	-	-	(11,561)	(11,043)
-	(8,461)	-	-	-	(8,461)	(310)
-	1,977	-	-	-	1,977	795
-	(200,304)	(219)	-	(219)	(200,523)	(182,478)
7,006	252,539	92,439	32,047	124,486		377,025
3,009	243,813	160,906	24,637	185,543	429,356	

## 11. Fixed asset investments

	2017	2016
	£'000	£'000
<b>Subsidiary undertakings</b>		
Cost	-	-

Subsidiary undertaking	Registered office address	Principal activity
BHC Estates Limited	Harbour Office, Corporation Square, Belfast, BT1 3AL	Management of investment property
City Quays Hotel Limited	Harbour Office, Corporation Square, Belfast, BT1 3AL	Operation of a hotel

### NOTES (11)

Belfast Harbour Commissioners holds 100% of the share capital (comprising two £1 ordinary shares, respectively) of the following subsidiary undertakings, both of which are incorporated in Northern Ireland. The shareholdings are held directly.

## 12. Capital commitments

	2017	2016
	£'000	£'000
Capital expenditure which has been contracted for but has not been provided for in the accounts	24,722	35,680
Capital expenditure which has been authorised by the Commissioners but has not yet been contracted for	107,113	69,876

### NOTES (12)

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

## 13. Debtors

	2017	2016
	£'000	£'000
<b>Due within one year:</b>		
Trade debtors	8,405	8,092
Amounts owed by Group undertakings (note 20)	693	-
Other debtors	14,101	12,765
Prepayments and accrued income	2,258	2,148
	<b>25,457</b>	<b>23,005</b>
<b>Due greater than one year:</b>		
Other debtors	972	1,578
Pension asset (note 19)	4,358	1,109
	<b>5,330</b>	<b>2,687</b>

### NOTES (13)

Other debtors due within one year include an amount owed by the Belfast Harbour Commissioners' Pension Scheme of £11,631k at 31 December 2017 (2016: £9,924k).

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## 14. Investments

	2017	2016
	£'000	£'000
Short-term deposits	<b>60,451</b>	<b>58,751</b>

## 15. Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Trade creditors	615	130
Other taxation and social security	250	237
Other creditors	9,077	9,483
Corporation tax	3,292	2,632
Accruals and deferred income	1,784	1,837
EU grants	1,317	1,413
	<b>16,335</b>	<b>15,732</b>

## 16. Creditors: amounts falling due after one year investments

	2017	2016
	£'000	£'000
EU grants	25,287	26,676
Other creditors	2,826	3,383
	<b>28,113</b>	<b>30,059</b>

### Pilots National Pension Fund

The Belfast Harbour Commissioners' share of the PNPf liabilities has been determined by the PNPf Trust Company Ltd and was notified to the Commissioners on 29 October 2012. The appropriate obligation of £3.0m, (2016: £3.2m) 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 £182k (2016: £176k) and creditors: due after one year of £2,826k (2016: £3,008k). The majority of this obligation refers to "Orphan Liabilities", which do not relate to retirement benefit obligations of employment with Belfast Harbour Commissioners.



## 17. Provisions for liabilities

	Deferred taxation	Maintenance dredging	Total
	£'000	£'000	£'000
At 1 January 2017	14,253	2,003	16,256
Adjustment in respect of prior years	28	-	28
Charged to income statement for the period	4,353	999	5,352
Charged to other comprehensive income	575	-	575
Amounts applied	-	(1,963)	(1,963)
<b>At 31 December 2017</b>	<b>19,209</b>	<b>1,039</b>	<b>20,248</b>

### Deferred tax

Deferred tax is provided as follows:

	2017	2016
	£'000	£'000
Fixed asset timing differences	5,231	5,963
Short term timing differences	(677)	(823)
Investment properties held at fair value and rollover relief	13,914	8,924
Pensions	741	189
<b>Provision for deferred tax</b>	<b>19,209</b>	<b>14,253</b>

### Maintenance dredging

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

## 18. Tax on profit on ordinary activities

The tax charge comprises:

	2017	2016
	£'000	£'000
<b>Current tax on profit on ordinary activities</b>		
UK corporation tax	8,624	7,057
Adjustment in respect of previous periods	(430)	(644)
<b>Total current tax</b>	<b>8,194</b>	<b>6,413</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	4,929	804
Adjustment in respect of previous periods	28	36
Effect of decrease in tax rate	(576)	(921)
<b>Total deferred tax</b>	<b>4,381</b>	<b>(81)</b>
<b>Total tax on profit on ordinary activities</b>	<b>12,575</b>	<b>6,332</b>

The charge for the year can be reconciled to the profit per the income statement as follows:

	2017	2016
	£'000	£'000
<b>Profit on ordinary activities before tax</b>	<b>65,834</b>	<b>35,837</b>
Tax on profit on ordinary activities at standard UK corporation tax rate of 19.25% (2016:20.0%)	12,673	7,167
Effects of:		
- Expenses not deductible for tax purposes	162	122
- Non-qualifying depreciation	1,096	886
- Decrease in tax rate	(576)	(921)
- Entitlement to indexation allowances	(377)	(314)
- Adjustments to tax charge in respect of previous periods	(403)	(608)
<b>Total tax charge for period</b>	<b>12,575</b>	<b>6,332</b>

#### Factors that may affect future tax charges

The standard rate of tax applied to reported profit on ordinary activities is 19.25% (2016: 20.0%). The main rate of corporation tax will fall 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 BHC.

## 19. Employee Benefits

### Defined contribution scheme

The Commissioners operate a defined contribution pension scheme. The total cost charged to the income statement of £633k (2016: £543k) represents contributions payable to the defined contribution section of the scheme at rates specified in the Schedule of Contributions. As at 31 December 2017, contributions of £60k (2016: £56k) due in respect of the current reporting period had not been paid over to the scheme. Amounts owed to the Commissioners by the Pension Scheme are disclosed in note 13 to these accounts.

### Defined benefit scheme

The Commissioners operate a defined benefit pension scheme. The last full actuarial valuation was carried out at 31 December 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:

	31/12/2017	31/12/2016
Discount rate	2.50%	2.60%
Rate of compensation increase	3.80%	3.80%
Rate of pension increases	3.10%	3.20%
Rate of price inflation	3.30%	3.30%

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

	31/12/2017	31/12/2016
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%

### Assumed life expectancy on retirement at age 65

	Male Years	Female Years
Retiring today (member age 65)	21.3	24.2
Retiring in 20 years (member age 45 today)	23.0	26.1

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:

	2017	2016
	£'000	£'000
Current service cost	372	269
Net interest income	(32)	(128)
	340	141
Recognised in other comprehensive income	(3,383)	2,701
<b>Total income / (cost) relating to defined benefit scheme</b>	<b>(3,043)</b>	<b>2,842</b>

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

	2017	2016
	£'000	£'000
Present value of defined benefit obligation	46,284	47,122
Fair value of plan assets	(50,642)	(48,231)
<b>Asset recognised in the balance sheet</b>	<b>(4,358)</b>	<b>(1,109)</b>

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

	At year end 31/12/2017	At year end 31/12/2016
	£'000	£'000
At 1 January	47,122	38,879
Service cost	372	269
Interest cost	1,197	1,394
Participant contributions	27	27
Actuarial losses / (gains)	(271)	8,955
Benefits paid	(2,163)	(2,402)
<b>At 31 December</b>	<b>46,284</b>	<b>47,122</b>

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

	At year end 31/12/2017	At year end 31/12/2016
	£'000	£'000
At 1 January	48,231	41,820
Interest income	1,229	1,522
Actuarial gain / (loss)	3,112	6,254
Employer contributions	206	1,010
Participant contributions	27	27
Benefits paid	(2,163)	(2,402)
<b>At 31 December</b>	<b>50,642</b>	<b>48,231</b>

**Plan Assets**

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

	Plan Assets at 31/12/2017	Plan Assets at 31/12/2016
<b>Asset Category</b>		
Equities	17%	21%
Debt instruments	59%	55%
Property	8%	8%
Other	16%	16%
	<b>100%</b>	<b>100%</b>

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## 20. Related party transactions

BHC Estates Limited and City Quays Hotel Limited are related parties by virtue of being wholly owned subsidiary undertakings (note 11). During the year Belfast Harbour Commissioners advanced amounts of £693k to City Quays Hotel Limited. Amounts owed by subsidiary undertakings are given in note 13.

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 £671k (2016: £645k) 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 13.

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 £2,891k (2016: £2,839k).

## 21. 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:

	2017	2016
	£'000	£'000
<b>Financial assets</b>		
Investments	60,451	58,751
Cash	1,263	1,648
Loans and receivables	24,171	22,435
<b>Financial liabilities</b>		
Amortised cost	9,942	9,850

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.

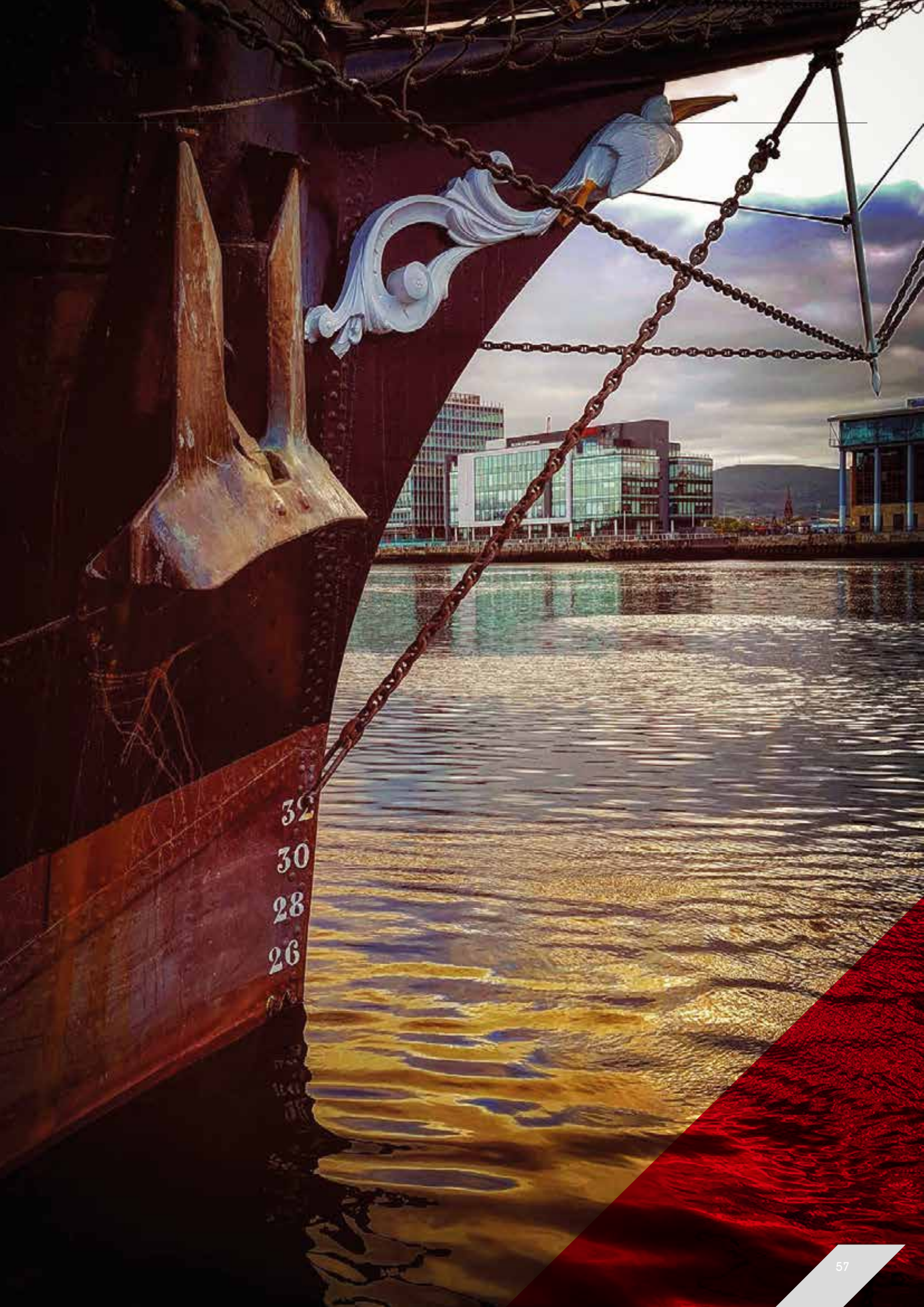
The entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The entity defines counterparties as having similar characteristics if they are related entities. The credit risk on liquid funds is limited because 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.





32  
30  
28  
26

# TRADE AND SHIPPING STATISTICS

	2017	2016
	000	000
<b>Passengers</b>		
Passengers	1,543	1,510
Passengers Cars	318	309
<b>Unit Load</b>		
Freight Vehicles	513	503
Containers	126	124
<b>Bulk Cargo (000s Tonnes)</b>		
Liquid Bulk	2,279	2,279
Dry Bulk	6,633	6,495
Break Bulk	710	488
<b>Import Bulk Commodities (000s Tonnes)</b>		
Petroleum Products	1,959	1,956
Grain & Feeds	2,189	1,978
Coal	1,954	2,203
Fertilisers	312	323
Timber	55	64
<b>Export Bulk Commodities (000s Tonnes)</b>		
Stone	1,526	1,310
Scrap	388	354
<b>Shipping</b>		
Gross Tonnage (000s Tonnes)	111,742	111,379
Number of Arrivals	5,874	5,817



# Contact Us

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