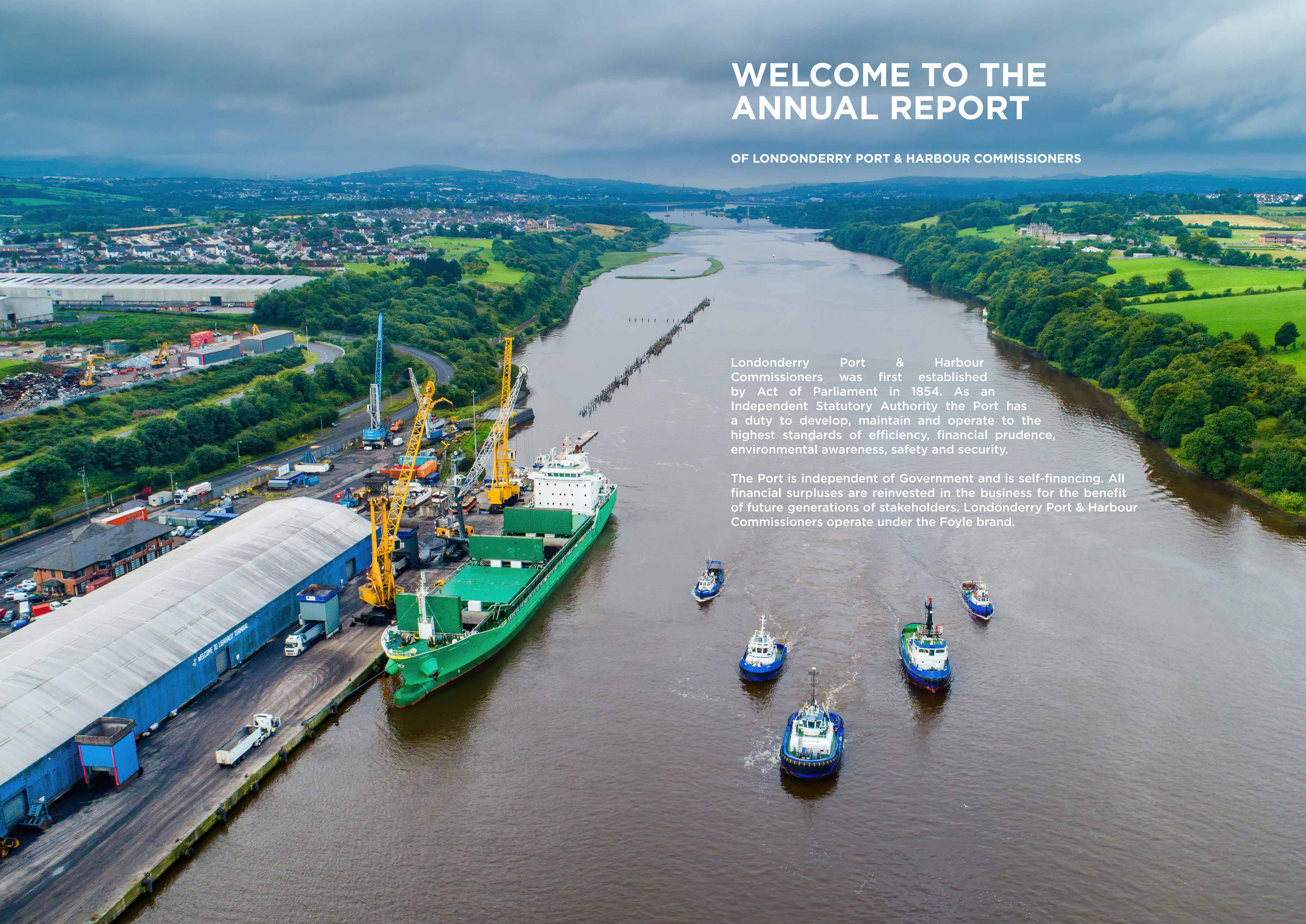
ANNUAL REPORT & FINANCIAL STATEMENTS

LONDONDERRY PORT AND HARBOUR COMMISSIONERS

IN PORTU QUIES

MDCCCLIV

FOR THE YEAR ENDED
31 MARCH 2021



WELCOME TO THE ANNUAL REPORT

OF LONDONDERRY PORT & HARBOUR COMMISSIONERS

Londonderry Port & Harbour Commissioners was first established by Act of Parliament in 1854. As an Independent Statutory Authority the Port has a duty to develop, maintain and operate to the highest standards of efficiency, financial prudence, environmental awareness, safety and security.

The Port is independent of Government and is self-financing. All financial surpluses are reinvested in the business for the benefit of future generations of stakeholders. Londonderry Port & Harbour Commissioners operate under the Foyle brand.

MEMBERS OF THE BOARD

B Anley **Chair**
B McGrath **Chief Executive**
A Bissett
F Hewitt
C McHugh
N Robbins
R Ferguson
C Jackson
R McCready

AUDITORS

Deloitte N.I. Limited
Lincoln Building, 27 - 45 Great Victoria Street
Belfast, BT2 7SL

BANKERS

Ulster Bank
Da Vinci Complex, Culmore Road
Londonderry, BT48 8JB

SOLICITORS

Tughans
Marlborough House, 30 Victoria Street
Belfast, BT1 3GG

Carson McDowell
Murray House, Murray Street
Belfast, BT1 6DN

CONTENTS

CHAIR'S STATEMENT

OVERVIEW

On behalf of the Commissioners, I am delighted to present the Annual Report & Financial Statements for the year ended 31st March 2021. This year has been one of the most challenging years in the Organisation's recent history with the impact of COVID-19, the UK's exit from the EU and a significant fire that occurred on port premises.

It is the Statutory Duty of Londonderry Port & Harbour Commissioners to improve, maintain, regulate and manage the Port to facilitate the harbour undertaking and re-invest all profits in the Organisation for the benefit of future generations of stakeholders.

Foyle Port is a UK Trust Port that is recognised by both the UK and Irish Governments as the Competent Harbour Authority for all of Lough Foyle and its designated pilotage district. During this difficult year the Port played its role, as a Key Worker designated service, facilitating the vital trade flows into and out of the North West region. As this year progressed, Commissioners successfully ensured that our core business remained fully operational whilst, at the same time, continuity plans were quickly implemented as required.

The decimation of the cruise industry and other trade fluctuations relating to COVID-19, coupled with the fire in our largest warehouse in July 2020; impacted on Foyle Port's overall results for the year. Our trade reduced by 9% to 1.7 million tonnes and our operating profit achieved of £1.5 million reflected a 12% reduction on last year.

Despite the very real challenges that created so much uncertainty across the year, this result represents a solid performance which enabled the Commissioners to reinvest £1 million in fixed assets, with Foyle Port's fixed assets now totalling £42.7 million.

THANKS

The results this year are a testament to the innovative and dedicated leadership of our Senior Executive team who have been ably led by our Chief Executive. I wish to thank them for their outstanding commitment to their roles in this difficult year and particularly to our Chief Executive, who has navigated the choppy waters with a steady and experienced hand.

My grateful thanks too to all our employees who have shown great professionalism and adaptability in transitioning to a difficult working environment. An environment that has been, perforce, operationally restricted and often removed from the engagement of working directly with other colleagues.

My sincere thanks to my Commissioner colleagues who have just completed their first full year as a Board in the most trying of circumstances. I would like to

"FOYLE PORT'S PERFORMANCE HAS SHOWN GREAT RESILIENCE IN THE FACE OF CHALLENGE BUT THE COMMISSIONERS REMAIN FOCUSED ON INNOVATION AND ADAPTABILITY TO ENSURE THAT WE DELIVER A SOLID BUSINESS MODEL FOR FUTURE GENERATIONS."

acknowledge how quickly they have embedded as a Board, demonstrating their commitment and flexibility; providing strong leadership, effective governance with calm and steadfast support to the Organisation.

Our diverse business model, designed to improve port resilience in the face of difficult trading years, proved critical this year; with external dredging and towage services provided by Foyle Marine Services and invaluable in-house expertise (which was enormously beneficial in the reinstatement of our warehouse) by Foyle Consulting Engineers and Foyle Engineering.

My thanks to the port customers, some of whom have had to adapt their operations to accommodate the changes presented by the roll-out of Brexit. Foyle Port obtained Authorised Economic Operator status in 2019 and have worked closely with key stakeholders to prepare for the implementation of the NI Protocol. These stakeholders included port customers, HMRC Border Force, DAERA and the Border & Protocol Delivery Group.

I also wish to thank Minister Mallon and her team at the Department for Infrastructure (DfI) and look forward to working in partnership with them to address key issues such as the modernisation of the Harbours' legislation and the Freeport opportunity.

LOOKING AHEAD

Foyle Port has given a particular focus on supporting mental health and wellbeing during the pandemic and we have formed a new partnership with Aware NI to support employees and assist with the implementation of the Commissioners' new Mental Health Policy. 1% of port profits go toward the Port's Corporate Social Responsibility Fund with donations to local charities and clubs that included Foyle Foodbank, Age Concern and Derryware Donations, the latter being a charity who recycle computer equipment for home schooling. This year also saw the Commissioners establish a Stakeholder Working Group to engage with local stakeholders and oversee the Port's local community relations.

Having achieved our targets set out in the Defend & Grow Strategic Plan to March 2020, Foyle Port continues to build on the successes of our diversification strategy.
This year, in light of the economic instability and significant uncertainty, the Commissioners decided to take a prudent approach and implemented a Strategy Bridge to 2023 with a continued strategic focus on port development, investment, tourism and energy. These overarching themes will continue to lay the foundation for our Port Masterplan in future years.

The challenges of the end of the Brexit transition period in December 2020, COVID-19, the NI Protocol and palpable climate change; present a varied vista of opportunities and potential difficulties for Foyle Port going forward. A notable opportunity is the progress of the NI Freeport initiative. This opportunity presents tangible advantages not just to Foyle Port but to the surrounding region.

Chair Bonnie Anley and Chief Executive Brian McGrath with UK Brexit Minister Lord Frost

Foyle Port's performance has shown great resilience in the face of challenge but the Commissioners remain focused on innovation and adaptability to ensure that we deliver a solid business model for future generations. The Commissioners remain steadfast in delivering for the North West Region whilst mindful of the priority to continue to support our customers and safeguard the wellbeing of our employees.

Bonnie Anley
Chair

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

Londonderry Port & Harbour Commissioners (LPHC) is a Trust Port constituted by the Londonderry Port & Harbour Act and Orders 1854-2002. Trust Ports are autonomous, statutory bodies with perpetual succession and established to improve, maintain and manage ports and harbours in accordance with specific legislation. Trust Ports must act commercially with all surpluses re-invested in the organisation for the benefit of all stakeholders, existing, potential and future. In 2005, LPHC was designated as a Public Corporation.

THE BOARD

The Constitution, Powers and Duties of LPHC are set out in the Londonderry Harbour Order (Northern Ireland) 2002. The Order states that the primary duty of LPHC is to take such steps as it considers *"necessary or expedient for the improvement, maintenance and management of the port and the accommodation and facilities afforded therein or in connection therewith"*.

The Department for Infrastructure appoints the Board Members of LPHC. The Board is constituted by a minimum of eight and a maximum of twelve Board Members including the Chairman and Chief Executive. A maximum of three Commissioners on the Board are Council Members of Derry City and Strabane District Council.

PORT MARINE SAFETY CODE

Londonderry Port & Harbour Commissioners as the Competent Harbour Authority and duty holder under the Port Marine Safety Code (PMSC) recognise a responsibility to publicly report on PMSC performance. The main requirements of the Code are to carry out risk assessments for marine operations, implement a safety management system, employ properly qualified marine personnel and ensure that sufficient powers and resources are provided to manage marine operations safely.

Internal compliance audits are carried out on an annual basis on the Port's Safety Management System to ensure that the standards as detailed in the PMSC and associated guide to good practice are met. External independent audits are carried out every three years and the results of the audits are reported by the designated person to the Safety Committee and the Board of Commissioners.

Londonderry Port & Harbour Commissioners are committed to discharging all of its statutory duties and to remaining open, accountable and fit for purpose. The Port manages the safety of marine operations and complies with all of the requirements of the Code. The Port takes reasonable care so that all who may choose to navigate in the harbour may do so without danger to their lives or property. The Port conserves and promotes the safe use of the harbour and has regard to the efficiency, economy and safety of marine operations. Further details on the PMSC can be found on the Port's website **https://www.foyleport.com/port-operations/port-marine-safety-code.**

CORPORATE GOVERNANCE

The Board of the Londonderry Port & Harbour Commissioners is committed to achieving the highest standards of corporate governance and accountability. The LPHC Corporate Governance Framework sets out a Schedule of Matters reserved for the collective decision of the Board and each Board Member commits to adhere to the LPHC Commissioners' Code of Conduct.

Although LPHC is not a company, the duties and responsibilities of a Commissioner are analogous to those of a company director. The Board has regard to the UK Corporate Governance Code and the guidance provided within the draft Code of Practice for Northern Ireland Trust Ports.

INTERNAL CONTROL

It is the responsibility of the Commissioners to ensure that LPHC operates and maintains an effective system of risk management, control and governance sufficient to safeguard the assets of LPHC and to prevent and to detect fraud or error.

There are a range of sources of assurance available to LPHC. These sources include LPHC's risk management system, including LPHC's Risk Register, independent Internal Audit function and the Audit Committee which oversees the work of Internal and External Audit. In addition, LPHC's External Auditors identify within their 'Report to Those Charged with Governance' those control weaknesses identified during the course of the annual audit of the financial statements.

During 2020/21, no significant control weaknesses which pose a significant risk of financial loss, operational disruption or fraud were identified.

BOARD TRAINING AND DEVELOPMENT

The Board as a whole participates in various training sessions each year to keep abreast of key corporate governance developments. The Chair of the Board also conducts a formal performance review meeting with each Commissioner annually. During 2020/21, the Board completed training on the role of the Audit Committee, Equality & Disability and General Data Protection Regulation (GDPR). Furthermore, an external consultant completed an independent review of LPHC's Corporate Governance Framework and Code of Conduct in Spring 2021.

COMMISSIONERS' ATTENDANCE

The Board met in plenary session eight times during 2020/21. The Commissioners also attended a number of Committee Meetings during the year. The Board and Committee attendance for the Financial Year 2020/21 is outlined in the table below:

Name	Board Meetings		Committee Meetings	
	Possible	Actual	Possible	Actual
B Anley	8	8	5	5
B McGrath	8	8	18	18
A Bissett	8	8	11	11
F Hewitt	8	8	14	13
C McHugh	8	8	14	14
N Robbins	8	7	14	13
R Ferguson	8	8	4	4
C Jackson	8	8	4	4
R McCready	8	6	8	7

BOARD COMMITTEES

The Board has established four Committees. Each Committee has a specific purpose to oversee and report to the Board on key governance aspects including Audit, Risk, Health, Safety & Environment; and Pension & Remuneration. The Role and Membership of each Committee is outlined:

AUDIT COMMITTEE

C McHugh **(Chair)**
N Robbins
R Ferguson
R McCready

The Audit Committee has the primary duty of the oversight of Financial Reporting, Audit and Internal Control. In addition, the Committee has the following roles and responsibilities:

1. To review the adequacy and effectiveness of the Port's internal financial controls and financial risk management systems.
2. To monitor the integrity of the annual financial statements of LPHC.
3. To oversee the relationship with the External Auditors of the Organisation, including their terms of engagement and an annual assessment of their independence and objectivity.
4. To ensure that the internal audit function established by management is adequate and provides appropriate independent assurance to the Board through the Audit Committee and Chief Executive.

RISK COMMITTEE

N Robbins **(Chair)**
A Bissett
F Hewitt
C McHugh

The Board has overall responsibility for corporate risk. The primary duty of the Risk Committee is to oversee risk and to provide assurance to the Board that the risk management system is functional and that the identified risks are relevant and accurately assessed. In addition, the Committee has the following roles and responsibilities:

1. To advise the Board on LPHC's overall risk appetite, tolerance, and strategy.

2. To keep under review the adequacy and effectiveness of LPHC's risk management systems, covering all material controls including financial, strategic, operational and compliance.

HEALTH, SAFETY & ENVIRONMENTAL COMMITTEE

F Hewitt **(Chair)**
A Bissett
C Jackson
R McCready

The primary duty of the Health, Safety & Environmental Committee is to provide oversight of the implementation and effectiveness of the Company's Health, Safety & Environmental Risk Management procedures, policies and programmes and to give assurances to the Board on the performance and compliance of the management systems in place.

PENSION & REMUNERATION COMMITTEE

B Anley **(Chair)**
F Hewitt
C McHugh
N Robbins

The primary duty of the Pension & Remuneration Committee is to make recommendations to the Board concerning its overall policy of employee remuneration and to set the framework for executive remuneration. The Committee also has a duty to advise the Board on specific remuneration packages and conditions of employment and to oversee any major changes in employee benefits structures throughout LPHC.

THE BOARD

BONNIE ANLEY - CHAIRMAN

Bonnie Anley has chaired the Board of Commissioners since February 2014 and is also Chair of Foyle Port's Pension & Remuneration Committee. Bonnie is a Chartered Director and a Fellow of the Institute of Directors. She is a Member of the IoD Northern Ireland Committee and a Director of Mourne Country Park Limited. Bonnie was appointed Chair of Northern Ireland Blood Transfusion Service in April 2019 and as Board Member of the Northern Ireland Fire and Rescue Service in April 2020.

ALAN BISSETT - COMMISSIONER

Alan Bissett was appointed Harbour Commissioner in October 2019. Alan is a senior utilities lawyer and has advised on a wide range of corporate and commercial matters at leading firms in Belfast and London. He is a member of the Law Societies of Northern Ireland and of England & Wales. Alan is a Member of the Port's Risk Committee and Health, Safety & Environmental Committee.

FRANK HEWITT - COMMISSIONER

Frank Hewitt was appointed Harbour Commissioner in October 2019. Frank's career spans both the public and private sectors. Mr Hewitt has extensive Non-Executive Board Member experience, including former appointments as Chair of Translink and of the Northern Ireland Science Park, and as Board Member of Invest NI, Strategic Investment Board, and Ilex Urban Regeneration Company. He was the German Government's Honorary Consul in Northern Ireland. Frank Chairs the Port's Health, Safety & Environmental Committee and is a Member of the Pension & Remuneration Committee and Risk Committee.

CATRIONA MCHUGH - COMMISSIONER

Catriona McHugh was appointed Harbour Commissioner in October 2019. Catriona is a Chartered Certified Accountant. She worked as a financial consultant overseas for almost 15 years, returning to Northern Ireland in 2016. She has provided financial consulting services for a range of public sector bodies in Ireland and the UK. Catriona Chairs the Port's Audit Committee and is a Member of the Port's Risk Committee and Pension & Remuneration Committee.

NIGEL ROBBINS - COMMISSIONER

Nigel Robbins was appointed Harbour Commissioner in October 2019. Nigel has over 25 years' experience within the digital, technology, and telecommunications field. He has experience within the Private and Public sectors. He was a senior executive with Viacom Inc. for 15 years and has developed worldwide businesses. Nigel Chairs the Port's Risk Committee and is a Member of the Port's Audit Committee and Pension & Remuneration Committee.

RACHAEL FERGUSON - COMMISSIONER

Rachael Ferguson was appointed Harbour Commissioner in March 2020. She is a Councillor on Derry City & Strabane District Council representing the Faughan Electoral Ward since May 2019. She is a co-founder of an online support group for mothers. She is Vice Chair of NILGA, a Director of Tiny Tots Community Group, a Board Member of Strathfoyle Women's Activity Group, a Board Member of St. Oliver Plunkett's Primary School, a Director of the Rural Partnership Board and a Member of Strathfoyle Safety Forum. Rachael is a Member of the Port's Audit Committee.

CHRISTOPHER JACKSON - COMMISSIONER

Christopher Jackson was appointed Harbour Commissioner in March 2020. He is Deputy Mayor and a Councillor on Derry City & Strabane District Council (DCSDC), elected to represent the Waterside DEA in 2014. Christopher is a member of DCSDC's Planning Committee and sits on the Environment and Regeneration Committee. He is Chairperson of The Whistle Project, a Board Member of Advice North West, a Board Member of Hillcrest Trust and a Board Member of Jack and Jill Playgroup. Christopher is a Member of the Port's Health, Safety & Environmental Committee.

RYAN MCCREADY - COMMISSIONER

Ryan McCready was appointed Harbour Commissioner in April 2020. He is a Councillor on Derry City & Strabane District Council (DCSDC), representing the Faughan Electoral Ward. He is a Non-Executive Director on the City of Derry Airport Ltd Board, Committee Member of the Governance and Strategic Planning Committee of DCSDC and a Member of the Reserve Forces and Cadets Association. Ryan is a Member of the Port's Audit Committee and Health, Safety & Environmental Committee.

THE EXECUTIVE TEAM

BRIAN MCGRATH - CHIEF EXECUTIVE/COMMISSIONER

Brian was appointed as the Chief Executive and Harbour Commissioner in March 2003. A former Director of Harland and Wolff, Brian has many years' experience in ship design and maritime economics. He is a Chartered Director, a Fellow of the Institute of Directors and a Fellow of the Royal Institution of Chartered Surveyors. Brian is a Past President of the Londonderry Chamber of Commerce and a former Council Member of the Northern Ireland Prince's Trust, British Ports' Association and the Confederation of British Industries Northern Ireland.

CAPTAIN BILL MCCANN - OPERATIONS DIRECTOR & HARBOUR MASTER

Bill was appointed as Harbour Master in July 1996 and was promoted to Operations Director in January 2016. He is a Class 1 Master Mariner and spent 16 years in the Merchant Navy with BP Shipping, Souter Shipping and P&O Irish Sea Ferries. He is a Member of the Nautical Institute and a Member of the Institute of Directors. Bill is also the Chairman and Port Security Officer for the Londonderry Port Security Authority.

GEORGE CUTHBERT - ENGINEERING & DEVELOPMENT DIRECTOR

George was appointed as Port Engineer in April 2004 and was promoted to Engineering & Development Director in January 2016. Previously a Senior Engineer at Harland and Wolff, George has over 20 years' project management experience in the engineering, marine and infrastructure sectors. He is a Chartered Engineer and a Chartered Director, a Member of the Institute of Mechanical Engineers and a Fellow of the Institute of Directors.

ARLENE THOMPSON - FINANCE & CORPORATE SERVICES DIRECTOR

Arlene was appointed as Financial Controller in May 2013 having held several finance positions in the Organisation since 2005. Arlene was promoted to Finance & Corporate Services Director in January 2016. She is a Fellow of Chartered Accountants Ireland and holds an Executive Master of Business Administration. Having trained and qualified with Moore Stephens Chartered Accountants, Arlene has over 18 years' experience in the finance sector including Public and Private Sector audit.

DUTY, VISION & VALUES

CHIEF EXECUTIVE'S REPORT

A PORT IN A PERFECT STORM

The financial year ended 31st March 2021 presented a combination of unprecedented challenges to Foyle Port. The arrangements for post Brexit trading remained unresolved despite political promises of frictionless trade, and the Covid-driven national lockdown was beginning to bite in earnest. Not that we were unique in this respect with many of Northern Ireland's businesses plunged into survival mode. We had to wrestle with a public health emergency, at the same time as trying to understand the new trading framework and the Northern Ireland Protocol.

Throughout the Brexit negotiations Foyle Port had highlighted the existential threat to our business in the event of a no deal outcome and, constitutional interpretations aside, we were relieved with the settlement outcome and its minimum impact on our trade flows.

Furthermore, an added complication came in the form of a serious accidental fire at the Lisahally Terminal, in July 2020.

RESERVES, RESILIENCE AND FLEXIBILITY

It is fair to say that our resilience has been tested in extremis this year and has been proven to be up to the challenge. The sustained growth generated through three strategic cycles meant that the strength of our balance sheet, cash reserves and in-house expertise were all ready to withstand the stresses experienced throughout the period. This state of preparedness is a result of a collective team effort and demonstrates the importance of in-depth reserves and prudent planning.

Our primary aims throughout the pandemic were to protect our employees and to keep the business open in line with our Statutory Duty. Immediate arrangements were put in place to alter shift patterns and implement a work from home policy for office staff. I pay particular tribute to colleagues who continued to facilitate the pilotage, berthing and discharge of ships through the Foyle Port terminals this year. I also acknowledge the difficulties experienced by many employees in having to manage the pressures of balancing home working and family life. This can be particularly challenging, and we look forward to a time when home working can be used as an occasional facility of choice rather than a forced necessity. That the quality of work was sustained to our usual standards, as acknowledged in internal and external audits, is a measure of the professionalism reflected throughout the Organisation.

The contribution of Foyle Consulting Engineers during this year merits a special mention. The team were able to oversee the complete redesign, procurement, and construction of the fire damaged shed in record time and within budget. We also greatly appreciate the forbearance of our customer throughout this challenging period, and we are pleased to report that the asset is once again fully operational.

"A WHOLESALE MODERNISATION OF OUR HARBOUR LEGISLATION AND OUR DESIGNATION AS A FREEPORT WOULD STIMULATE A STEP CHANGE IN OPERATIONAL SCALE WHICH WILL BE DRIVEN BY SHIPPING, GREEN ENERGY, AND INNOVATION"

REVIEW AND STEP CHANGE

The crises of 2020 / 2021 occurred just as we had completed our last strategic cycle. We have taken the opportunity to implement a bridging strategy to allow time for the trading environment to settle in the aftermath of Northern Ireland Protocol uncertainties and pandemic disruption. We have not stood still however, and this period has provided a number of recently appointed team members, in HR, Engineering, Corporate Services and Marine Services, to make significant contributions in their specialised fields. Together with our long serving staff members we are well equipped to face the next set of challenges.

We have also learned from the experiences of this year and will look to gain increased efficiencies going forward. We have started an organisational review to ensure that we can embark on our next master plan with confidence.

Looking forward we would urge the Department for Infrastructure and the Northern Ireland Executive to recognise the potential offered by Foyle Port as a vehicle to help "level up" the regional economy. A wholesale modernisation of our Harbour legislation and our designation as a Freeport would stimulate a step change in operational scale which will be driven by shipping, green energy, and innovation.

THANKS

I wish to thank the Chair for her unwavering support, and to Committee Chairs and Board Members who have maintained the oversight and governance of the Organisation so professionally throughout the year. We look forward to developing closer relationships with Board members when we can revert to in-person board meetings, hopefully, in the near future. We also appreciate the support which we received from officials within the Department for Infrastructure and DAERA in addressing the pandemic response and complex Brexit related issues.

Finally, this result could not have been delivered without the dedication and expertise of the Executive Directors who, as usual, took the challenges in their stride and led by example in the most taxing of circumstances.

Brian McGrath
Chief Executive and Commissioner

TURNOVER & PROFITABILITY

TURNOVER **£9.2million**

6.3% RETURN ON CAPITAL EMPLOYED

EBITDA **£3.3million**

CAPITAL INVESTMENT

£42.7million ASSET BASE

OVER **£30million** REINVESTMENT PROGRAMME

£968k CAPITAL INVESTMENT

CAPACITY

POTENTIAL OF UP TO **3 MILLION SQ FT** OF WAREHOUSING

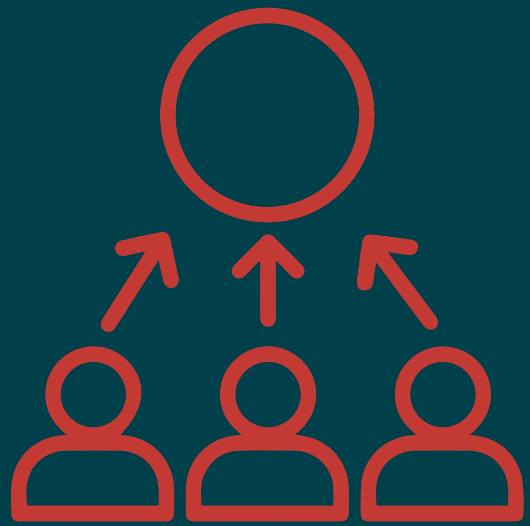
>500 ACRES EXPANSION CAPACITY

£100 MILLION PRIVATE INVESTMENT TO THE REGION

EMPLOYMENT & PAYROLL COSTS

108 EMPLOYEES

74% INCREASE IN EMPLOYEE NUMBERS IN THE LAST 10 YEARS



£4.3million PAYROLL COSTS FOR THE YEAR

TRADE

GROSS TONNAGE OF VESSELS

1,859,411

VESSEL VISITS

357

GROSS TONNAGE OF CARGO

Imports

1,610,196

Exports

133,518

HEALTH, SAFETY & ENVIRONMENTAL

MEMBER SINCE 2016

ECOPORTS

5 ELECTRIC VEHICLES

CO_2 EMISSIONS REDUCED BY

76T

ISO ACCREDIATION (FROM 2003)

SYSTEM CERTIFICATION ISO 14001:2004 SGS

UKAS ENVIRONMENTAL MANAGEMENT 005

SYSTEM CERTIFICATION ISO 9001:2008 SGS

UKAS QUALITY MANAGEMENT 005

80%

OF ELECTRICITY HAS BEEN SOURCED FROM LOW CARBON FUELS

FOYLE PORT IN THE COMMUNITY

action mental health

STRATHFOYLE COMMUNITY ASSOCIATION

GFC GREENCASTLE FC

Proudly Supporting AWARE OVERCOMING DEPRESSION. CHANGING LIVES.

Saint Oliver Plunkett Primary

Inishowen Maritime Museum & Planetarium

STRATHFOYLE WOMEN'S ACTIVITY GROUP LTD. Investing in You and Your Family Tel : 7186 0733

ENAGH YOUTH FORUM

Foyle foodbank

Marie Curie Care and support through terminal illness

OUR PEOPLE

STATEMENT OF COMMISSIONERS' RESPONSIBILITIES

The Commissioners are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

The law requires the Commissioners to prepare financial statements for each financial year. Under that law the Commissioners have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Commissioners must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of Londonderry Port & Harbour Commissioners ('LPHC') and of the profit of LPHC for that period. In preparing these financial statements, the Commissioners are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that LPHC will continue in business.

The Commissioners are responsible for keeping adequate accounting records that are sufficient to show and explain LPHC's transactions and disclose with reasonable accuracy at any time the financial position of LPHC and enable them to ensure that the financial statements comply with the appropriate statutory requirements. They are also responsible for safeguarding the assets of LPHC 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 Organisation's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as each person who was a Commissioner at the date of approving this report is aware, there is no relevant audit information of which LPHC's auditor is unaware. Additionally, each Commissioner has taken all the necessary steps that they ought to have taken as a Commissioner in order to make themselves aware of all relevant audit information and to establish that LPHC's auditor is aware of that information.

Bonnie Anley
Chair
25th August 2021

INDEPENDENT AUDITOR'S REPORT TO
LONDONDERRY PORT & HARBOUR COMMISSIONERS

OPINION

In our opinion the financial statements of Londonderry Port & Harbour Commissioners ('LPHC'):

- Give a true and fair view of LPHC's affairs as at 31 March 2021 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 LPHC which comprise:

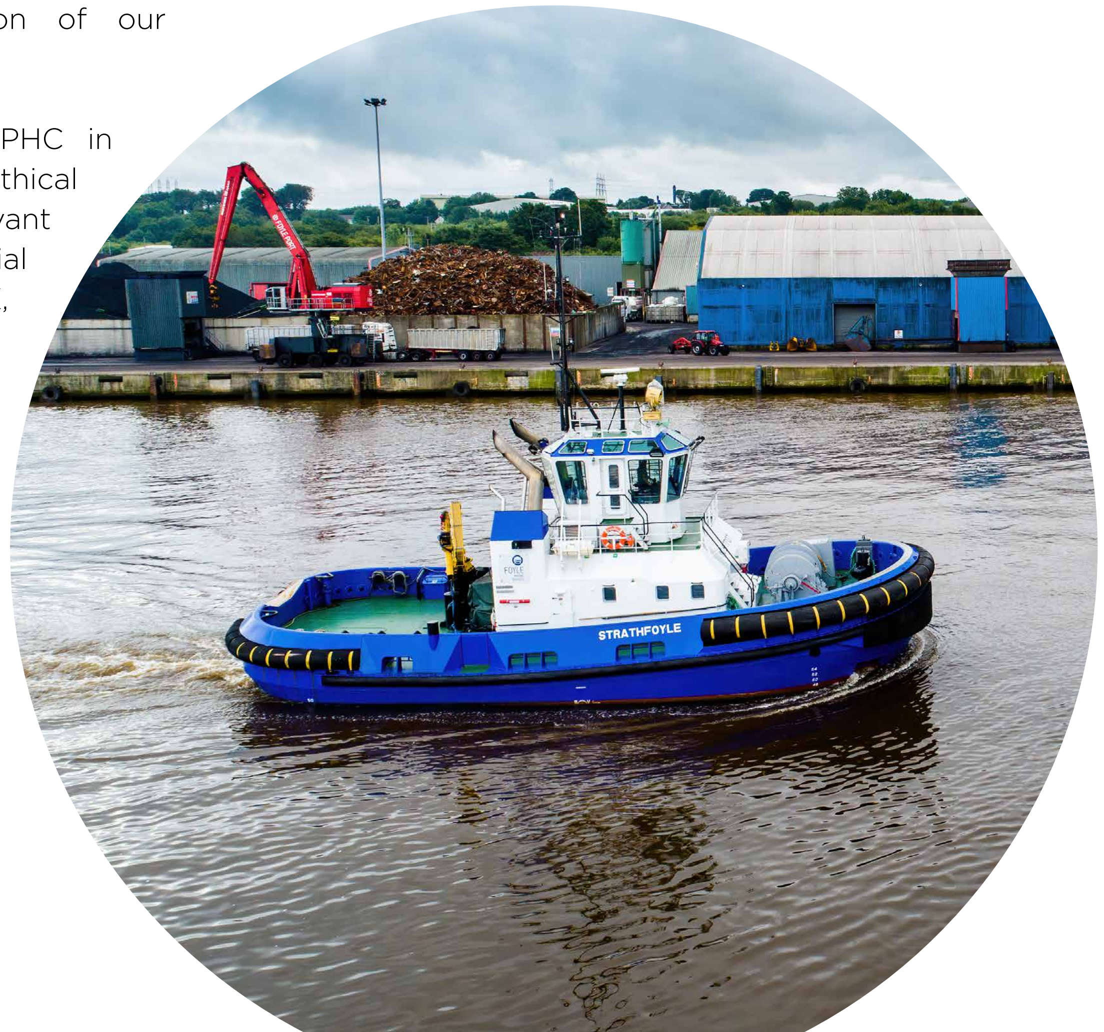
- The profit and loss account;
- The statement of comprehensive income;
- The balance sheet;
- The statement of changes in equity;
- The statement of cash flows; and
- The related notes 1 to 24.

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 LPHC 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

In auditing the financial statements, we have concluded that the Commissioners' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the entity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Commissioners with respect to going concern are described in the relevant sections of this report.

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 LPHC's 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 intend to liquidate LPHC or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commissioners.
- Conclude on the appropriateness of the Commissioners' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

EXTENT TO WHICH THE AUDIT WAS CONSIDERED CAPABLE OF DETECTING IRREGULARITIES, INCLUDING FRAUD

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the entity's industry and its control environment, and reviewed entity's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the entity operates in, and identified the key laws and regulations that:

- Had a direct effect on the determination of material amounts and disclosures in the financial statements – including the Harbours Act (Northern Ireland) 1970 and tax legislation; and
- Do not have a direct effect on the financial statements but compliance with which may be fundamental to the entity's ability to operate or to avoid a material penalty. These included UK employment law, environmental regulations and the Data Protection Act 2018.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the entity for fraud, and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

REVENUE RECOGNITION

- We assessed the design, determined the implementation and tested the operating effectiveness of the key controls over the posting of revenue relating to the cut-off of port revenue;
- We selected a sample of transactions, and ensured the revenue was recorded accurately and in the correct period;
- We developed expectations of categories of port revenue based on different types of port charges; and
- We tested a sample of credit notes to ensure the amount was accurately recorded.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- Reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- Reading minutes of meetings of those charged with governance.

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 Chair's Statement and Chief Executive's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Chair's Statement and Chief Executive's Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of LPHC and its environment obtained in the course of the audit, we have not identified any material misstatements in the Chair's Statement and Chief Executive's Report.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

We have nothing to report in respect of these matters.

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.

Ian Kelsall (Senior Statutory Auditor)
For and on behalf of Deloitte (NI) Limited Statutory Auditor
Belfast, Northern Ireland
15th September 2021

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

	NOTE	2021 £	2020 £
Turnover	**3**	9,212,535	10,368,251
Cost of Sales		(6,151,565)	(6,692,136)
Gross Profit		**3,060,970**	**3,676,115**
Administrative Expenses		(2,132,553)	(1,953,067)
		928,417	1,723,048
Other Operating Income	**5**	587,035	1,527
Operating Profit	**4**	**1,515,452**	**1,724,575**
(Loss) / Profit on Disposal of Fixed Assets		(60,255)	39,963
Profit on Ordinary Activities Before Interest		**1,455,197**	**1,764,538**
Interest Receivable and Similar Income	**8**	30,395	71,189
Foreign Exchange Gain		11,633	2,739
Interest Payable and Similar Charges	**9**	(191,098)	(206,322)
Profit on Ordinary Activities Before Taxation		**1,306,127**	**1,632,144**
Tax on Profit on Ordinary Activities	**10**	(301,156)	(420,997)
Profit for the Financial Year		**1,004,971**	**1,211,147**

The notes on pages 39 to 58 form part of these financial statements and should be read in accordance therewith.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	NOTE	2021 £	2020 £
Profit for the Financial Year		1,004,971	1,211,147
Total actuarial (losses) / gains from defined benefit pension liability	**19**	(405,350)	314,745
Movement on deferred tax relating to pension liability	**20**	77,017	(58,912)
Total Comprehensive Income for the Year		**676,638**	**1,466,980**

The notes on pages 39 to 58 form part of these financial statements and should be read in accordance therewith.

BALANCE SHEET AS AT 31 MARCH 2021

	NOTE	2021 £	2021 £	2020 (Restated) £	2020 (Restated) £
FIXED ASSETS					
Intangible Assets	11		10,657		12,303
Tangible Assets	12		42,682,556		44,167,577
			42,693,213		44,179,880
CURRENT ASSETS					
Stock	14	257,623		255,781	
Debtors	15	2,932,307		2,561,193	
Investments		3,267,680		5,263,966	
Cash and Cash Equivalents		6,345,113		2,398,488	
		12,802,723		10,479,428	
CURRENT LIABILITIES					
Amounts falling due within one year	16	(3,226,489)		(2,304,309)	
Capital Grants	18	(395,660)		(395,660)	
		(3,622,149)		(2,699,969)	
Net Current Assets			9,180,574		7,779,459
Total Assets Less Current Liabilities			**51,873,787**		**51,959,339**
LONG TERM LIABILITIES					
Amounts falling due after more than one year	17		(4,983,285)		(5,561,743)
Capital Grants	18		(11,677,479)		(12,073,139)
Pension Liability	19		(1,498,000)		(1,224,000)
Provisions for Liabilities and Charges	20		(804,857)		(866,929)
NET ASSETS			**32,910,166**		**32,233,528**
RESERVES					
Profit and Loss Account			32,910,166		32,233,528
TOTAL RESERVES			**32,910,166**		**32,233,528**

These financial statements were approved at a meeting of the Commissioners held on 25th August 2021 and signed on their behalf by:

Bonnie Anley
Chair

Brian McGrath
Chief Executive

The notes on pages 39 to 58 form part of these financial statements and should be read in accordance therewith.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Profit and loss reserves £
Balance at 1 April 2019	30,766,548
Year ended 31 March 2020	
Profit for the Financial Year	1,211,147
Total actuarial gains from defined benefit pension	314,745
Movement on deferred tax relating to pension liability	(58,912)
Balance at 31 March 2020	**32,233,528**
Year ended 31 March 2021	
Profit for the Financial Year	1,004,971
Total actuarial losses from defined benefit pension	(405,350)
Movement on deferred tax relating to pension liability	77,017
Balance at 31 March 2021	**32,910,166**

The notes on pages 39 to 58 form part of these financial statements and should be read in accordance therewith.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	NOTE	£	2021 £	£	2020 (Restated) £
Cash flows from operating activities					
Cash generated from operations	1		3,067,557		3,335,092
Interest paid			(193,364)		(208,839)
Income taxes paid			(175,367)		(171,989)
Net cash inflow from operating activities			**2,698,826**		**2,954,264**
Investing activities					
Purchase of tangible fixed assets		(967,953)		(4,444,740)	
Proceeds from disposal of tangible fixed assets		185,946		42,100	
Net amounts drawn down from treasury deposits		1,996,286		3,171,784	
Interest received		47,272		76,348	
Capital grants received		551,023		-	
Net cash used in investing activities			1,812,574		(1,154,508)
Financing activities					
Repayment of borrowings		(564,775)		(669,211)	
Net cash used in financing activities			(564,775)		(669,211)
Net increase in cash			3,946,625		1,130,545
Cash and cash equivalents at beginning of the year			2,398,488		1,267,943
Cash and cash equivalents at end of the year			**6,345,113**		**2,398,488**

The notes on page 38 form part of the statement of cash flows and should be read in accordance therewith.

NOTES TO THE STATEMENT OF CASH FLOWS

1. Cash Generated from Operations

	2021 £	2020 £
Profit for the year after tax	1,004,971	1,211,147
Adjustments for:		
Taxation charged	301,156	420,997
Finance costs	191,098	206,322
Investment income	(30,395)	(71,189)
Loss / (Gain) on disposal of tangible fixed assets	60,255	(39,963)
Amortisation of intangible fixed assets	1,646	1,646
Depreciation of tangible fixed assets	2,206,773	2,040,758
Amortisation of capital grants	(395,660)	(375,457)
Adjustment for pension funding	(131,350)	(120,255)
Movements in working capital:		
Increase in stock	(1,842)	(55,245)
Increase in debtors	(939,015)	(33,951)
Increase in creditors	799,920	150,282
	3,067,557	**3,335,092**

2. Analysis of Changes in Net Debt	**1 April 2020 £**	**Cash Flows £**	**Other Non-Cash Changes £**	**31 March 2021 £**
Cash and Cash Equivalents	2,398,488	3,946,625	-	6,345,113
Investments	5,263,966	(1,996,286)	-	3,267,680
	7,662,454	1,950,339	-	9,612,793
Government Loans (Note 17)	(6,111,461)	564,775	-	(5,546,686)
Pension Liability (Note 19)	(1,224,000)	131,350	(405,350)	(1,498,000)
3½% Consolidated Stock (Note 17)	(15,057)	-	-	(15,057)
Total	**311,936**	**2,646,464**	**(405,350)**	**2,553,050**

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) General Information
The legal form of the entity, its country of incorporation, and the nature of the entity's operations and principal activities are set out in the Corporate Governance Statement on page 5 of the Annual Report.

(b) Accounting Convention
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"). There were no material departures from that standard.

The financial statements are prepared in sterling, which is the functional currency of the organisation. Monetary amounts in these financial statements are rounded to the nearest £Sterling.

The principal accounting policies adopted are set out below.

(c) Going Concern
The Commissioners continue to keep the ongoing situation relating to the Coronavirus pandemic (COVID-19) under review. We are focused on ensuring the safety of our employees and implementing the necessary business continuity procedures in line with Government Guidance.

The Commissioners have assessed the financial position of the Organisation, including the likely impact of COVID-19 and at the time of approving the financial statements, the Commissioners have a reasonable expectation that the Organisation has adequate resources to continue in operational existence for the foreseeable future. Thus, the Commissioners continue to adopt the going concern basis of accounting in preparing the financial statements.

(d) Turnover
Turnover is recognised at the fair value of the consideration received or receivable for services and rentals provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from services to Port users and rentals is recognised when the service has been provided and the contractual obligation has been met.

(e) Grants
The Organisation has adopted the accruals model whereby capital grants are recognised as a liability on the balance sheet and released to the profit and loss account over the useful economic life of the asset. Revenue grants, including the Coronavirus Job Retention Scheme are credited to the profit and loss account in the period to which they relate.

(f) Intangible Fixed Assets
The cost of intangible assets comprises the purchase price of development, materials and employee benefits. Intangible fixed assets are initially measured at cost and subsequently measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset systematically over its expected useful life as follows:

CE Marking	10 years

CE marking is a certification mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area. The CE marking is also found on products sold outside the EEA that are manufactured in, or designed to be sold in, the EEA.

(g) Tangible Fixed Assets and Depreciation
The cost of fixed assets comprises the purchase price of land, structures, plant and machinery, etc. acquired, plus costs of construction and installation. Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation and any impairment losses. Depreciation is provided on tangible fixed assets at rates calculated to write off the cost of each asset systematically over its expected useful life as follows:

Work and Improvements comprising:

Buildings	20 years	-	100 years
Tools and Equipment	5 years	-	10 years

Other assets:

Pontoon	10 years	-	20 years
Cranes	10 years	-	20 years
Plough Boat and Dredging Plant	10 years	-	30 years
Tug Boats	5 years	-	30 years
Pilot Boat and Station	5 years	-	20 years
Plant, Machinery and Equipment	3 years	-	50 years
Dry Dock	5 years		
Motor Vehicles	4 years		

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the profit and loss account.

(h) Impairment of Assets

At each reporting end date, the Organisation reviews the carrying amounts of its tangible and intangible 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 it is not possible to estimate the recoverable amount of an individual asset, the Organisation estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(i) Stock

Stocks are valued at the lower of cost and net realisable value.

(j) Investments

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

(k) Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of twelve months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

(l) Financial Instruments

The Organisation has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments measured at amortised costs. An equity instrument is any contract that evidences a residual interest in the assets of the Organisation after deducting all of its liabilities. Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price.

Debt instruments are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost, using the effective interest rate method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

(m) Provisions

Provisions are recognised when the Organisation has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

(n) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Organisation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred Taxation

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Organisation has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

(o) Employee Benefits
The pension entitlements of pensionable employees arise under a defined contribution pension scheme. This scheme is maintained by contributions from the Commissioners and employees to an independently administered fund. Annual contributions are charged to the Profit and Loss Account on an accruals basis.

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Organisation is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

The Commissioners, in common with other Competent Harbour Authorities, are making recovery plan payments to the Pilot's National Pension Fund (PNPF), which is a centralised, multi-employer defined benefit pension scheme for non-associated employers which provides benefits for employed and self-employed maritime pilots upon retirement and also on death before or after retirement. Full details are disclosed in note 19.

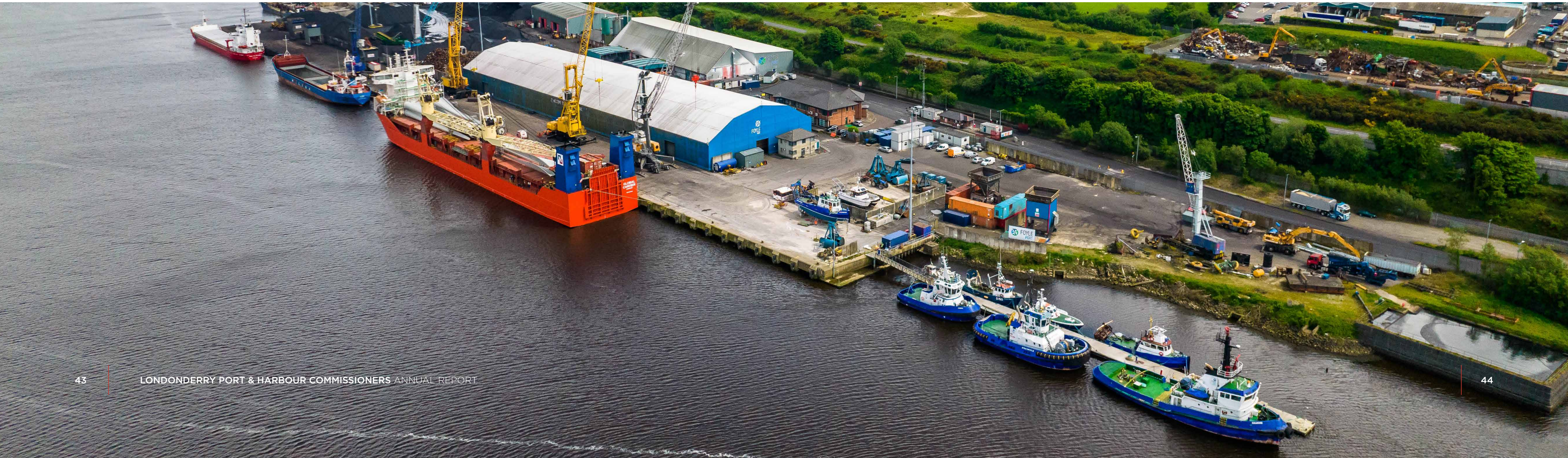
(p) Foreign Currency
Assets and liabilities in foreign currencies are translated at the rate of exchange at the Balance Sheet date. Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transactions. All differences in foreign currency are taken to the Profit and Loss Account.

2. JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Organisation's accounting policies, the Commissioners are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key Sources of Estimation Uncertainty - Employee Benefits
The Organisation has recognised a defined benefit pension scheme liability in the balance sheet, the value of which has been prepared by an independent qualified actuary. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.



3. TURNOVER AND OTHER REVENUE

An analysis of turnover is as follows:	2021 £	2020 £
Revenue from Port Customers	7,634,840	8,804,316
Rents Receivable	632,135	569,291
Storage Receipts	945,560	994,644
	9,212,535	10,368,251
Turnover analysed by geographical market		
United Kingdom and Ireland	9,212,535	10,368,251

4. OPERATING PROFIT

Operating Profit is stated after charging:	2021 £	2020 £
Amortisation of intangible fixed assets (Note 11)	1,646	1,646
Depreciation of tangible fixed assets (Note 12)	2,206,773	2,040,758
Auditor's remuneration for audit of the financial statements	17,000	16,275
Auditor's remuneration for taxation compliance services	5,000	4,725
and after crediting:		
Capital grant amortisation (Note 18)	395,660	375,457
Foreign exchange gain	11,633	2,739

5. OTHER OPERATING INCOME

	2021 £	2020 £
Insurance proceeds	436,223	-
Grants received in relation to Covid-19	150,812	1,527
	587,035	1,527

Insurance proceeds relate to the income received as a result of a fire on the premises during the financial year.

6. PARTICULARS OF EMPLOYEES

The average number of persons employed by the Commissioners during the year was 108 (2020: 105).

Their aggregate remuneration comprised:	2021 £	2020 £
Wages and salaries	3,707,400	3,634,806
Social security costs	362,361	358,077
Pension costs	190,699	173,699
	4,260,460	4,166,582

Key Management Personnel

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 £1,122,190 (2020: £977,794).

7. COMMISSIONERS' REMUNERATION

	2021 £	2020 £
Remuneration for qualifying services	91,951	87,868

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £	2020 £
Bank Interest	30,395	71,189

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Bank Interest & Charges	144,226	159,432
Interest on Pilots' National Pension Fund Liability	46,442	46,440
3½% Consolidated Loan Stock	430	450
	191,098	206,322

10. TAXATION

	2021 £	2020 £
Current year tax		
UK Corporation Tax on profits for the current period	300,197	157,085
Adjustment in respect of prior periods	(13,986)	(1,167)
Deferred tax		
Origination and reversal of timing differences	20,043	200,035
Adjustment in respect of prior periods	(5,098)	285
Effect of changes in tax rates	-	64,759
Total tax per profit and loss account	301,156	420,997

The charge for the year can be reconciled to the profit per the profit and loss account as follows:

	2021 £	2020 £
Profit before taxation	1,306,127	1,632,144
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2020: 19%)	248,164	310,107
Effects of :		
Expenses not deductible	72,076	47,397
Other tax reliefs	-	(384)
Adjustment in respect of prior periods	(19,084)	(882)
Tax rate changes	-	64,759
Tax charge for the year	301,156	420,997

The standard rate of tax applied to reported profit on ordinary activities is 19% (2020: 19%). In the 2021 Budget the Government announced that from 1 April 2023 the main rate of corporation tax would increase from 19% to 25% on profits over £250,000.

The changes announced in the Finance Bill 2021 were not substantively enacted at 31 March 2021. Therefore, deferred tax has been calculated at 19%, being the rate enacted at 31 March 2021, in accordance with FRS102. The potential impact of the tax rate increase from 19% to 25% from 1 April 2023 would increase the deferred tax liability by £254,166.

11. INTANGIBLE FIXED ASSETS

	CE Marking £
Cost	
At 1 April 2020	
Cost	16,464
Additions	-
Disposals	-
At 31 March 2021	16,464
Depreciation	
At 1 April 2020	
Accumulated Amortisation	4,161
Charge for Year	1,646
Release on Disposal	-
At 31 March 2021	5,807
Net Book Value	
31 March 2021	**10,657**
31 March 2020	12,303

12. TANGIBLE FIXED ASSETS

	Works & Improvements £	Pontoon £	Cranes £	Plough Boat & Dredging Plant £	Tug Boats £	Pilot Boat & Station £	Motor Vehicles £	Plant, Machinery & Equipment £	Dry Dock £	TOTAL £
Cost										
At 1 April 2020 Cost	45,634,331	2,232,607	11,349,224	4,578,837	5,977,318	650,110	240,616	3,088,903	1,155,290	74,907,236
Additions	598,810	14,639	87,242	108,064	-	10,350	2,771	111,024	35,053	967,953
Disposals	(246,777)	(7,556)	(25,110)	-	-	(154)	(63,784)	(239,733)	(261,329)	(844,443)
At 31 March 2021	45,986,364	2,239,690	11,411,356	4,686,901	5,977,318	660,306	179,603	2,960,194	929,014	75,030,746
Depreciation										
At 1 April 2020 Accumulated Depreciation	16,283,183	1,168,206	6,649,463	2,050,289	1,537,597	470,141	169,269	1,862,797	548,714	30,739,659
Charge for Year	838,227	143,336	405,485	166,247	212,023	23,545	33,062	196,319	188,529	2,206,773
Release on Disposal	(149,550)	(7,556)	(22,294)	-	-	(154)	(63,784)	(93,575)	(261,329)	(598,242)
At 31 March 2021	16,971,860	1,303,986	7,032,654	2,216,536	1,749,620	493,532	138,547	1,965,541	475,914	32,348,190
Net Book Value 31 March 2021	**29,014,504**	**935,704**	**4,378,702**	**2,470,365**	**4,227,698**	**166,774**	**41,056**	**994,653**	**453,100**	**42,682,556**
31 March 2020	29,351,148	1,064,401	4,699,761	2,528,548	4,439,721	179,969	71,347	1,226,106	606,576	44,167,577

13. FINANCIAL INSTRUMENTS

	2021 £	2020 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost:		
Cash and Cash Equivalents	6,345,113	3,398,488
Trade Debtors	1,466,310	1,591,592
Other Debtors	971,998	566,208
	8,783,421	5,556,288

	2021 £	2020 £
Carrying amount of financial liabilities		
Measured at amortised cost:		
Government Loans	5,546,686	6,111,461
Trade Creditors	698,093	249,107
Other Creditors	29,341	1,266
	6,274,120	6,361,834

14. STOCK

	2021 £	2020 £
Consumables	203,633	185,500
Materials	53,990	65,097
Finished Goods	-	5,184
	257,623	255,781

15. DEBTORS (Amounts falling due within one year)

	2021 £	2020 £
Trade Debtors	1,466,310	1,591,592
Other Debtors	971,998	566,208
VAT	264,741	127,944
Prepayments & Accrued Income	229,258	275,449
	2,932,307	2,561,193

16. CREDITORS (Amounts falling due within one year)

	2021 £	2020 £
Trade Creditors	698,093	249,107
Corporation Tax	219,225	108,381
Government Loans	578,458	564,775
Other Tax & Social Security	88,367	95,737
Accruals & Deferred Income	1,613,005	1,285,043
Other Creditors	29,341	1,266
	3,226,489	2,304,309

17. CREDITORS (Amounts falling due after more than one year)

	2021 £	2020 £
3½ % Consolidated Loan Stock (Undated)	15,057	15,057
Government Loan	4,968,228	5,546,686
	4,983,285	5,561,743

Analysis of Loans	2021 £	2020 £
Not wholly repayable within five years other than by instalments:		
Government Loans	5,546,686	6,111,461
	5,546,686	6,111,461
Included in current liabilities	(578,458)	(564,775)
	4,968,228	5,546,686

Loan Maturity Analysis	2021 £	2020 £
In more than one year but not more than two years	592,477	578,458
In more than two years but not more than five years	1,469,091	1,625,460
In more than five years	2,906,660	3,342,768
	4,968,228	5,546,686

18. CAPITAL GRANTS

	Works & Improvements £	Pontoon £	Cranes £	Plough Boat & Dredging Plant £	Tug Boat & Launch £	Pilot Boat & Station £	Plant, Machinery & Equipment £	TOTAL £
Cost								
At 1 April 2020								
Cost	19,256,444	2,009,663	2,618,856	337,500	15,395	134,240	357,956	24,730,054
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	(19,676)	(19,676)
At 31 March 2021	19,256,444	2,009,663	2,618,856	337,500	15,395	134,240	338,280	24,710,378
Amortisation								
At 1 April 2020								
Accumulated Amortisation	7,800,471	1,078,266	2,618,856	337,500	7,913	119,070	299,179	12,261,255
Amortised for Year	258,175	125,785	-	-	513	5,675	5,512	395,660
Release on Disposal	-	-	-	-	-	-	(19,676)	(19,676)
At 31 March 2021	8,058,646	1,204,051	2,618,856	337,500	8,426	124,745	285,015	12,637,239
Net Book Value								
At 31 March 2021	**11,197,798**	**805,612**	-	-	**6,969**	**9,495**	**53,265**	**12,073,139**
At 31 March 2020	11,455,973	931,397	-	-	7,482	15,170	58,777	12,468,799

Total Capital Grants of £12,073,139 is split between current liabilities £395,660 (2020: £395,660) and non-current liabilities £11,677,479 (2020: £12,073,139).

19. EMPLOYEE BENEFITS

The Commissioners operate a defined contribution pension scheme for all employees. Employees are automatically enrolled in this scheme once mandatory registration criteria are met. Employees who meet these criteria have the option of opting out of the scheme. The amount charged in the profit and loss account for pension costs under the above scheme was £190,699 (2020: £173,699).

PILOTS' NATIONAL PENSION FUND ('PNPF')

The PNPF is a centralised multi-employer defined benefit pension scheme for non-associated employers. It provides benefits for employed and self-employed maritime pilots upon retirement and also on death before or after retirement.

The PNPF is administered by a separate Trustee Company which is legally separate from LPHC. The Trustee Directors are required by law to act in the interests of all relevant beneficiaries and are responsible for the PNPF's investment policy and day-to-day administration.

The Trustee of the PNPF sought the guidance of the court on a number of issues relating to the Trustee's powers under the Rules of the PNPF, including who is liable to contribute. Until the legal status of the PNPF had been clarified, LPHC was unable to determine its share of the liabilities of the PNPF.

Following the court's determination and further information being made available on the extent of the PNPF's liabilities, LPHC is able to determine its share of the liabilities as described below.

LPHC is responsible for its own share of the total liabilities in the PNPF, together with a proportionate share of the 'orphan' liabilities of the PNPF i.e. those liabilities that cannot be attributed to another participating port authority.

The last formal actuarial valuation of the PNPF was completed as at 31 December 2019 and showed a deficit of £159 million. This was higher than anticipated under the existing recovery plan, requiring an increase in the deficit contributions payable with effect from 1 January 2021. The results of these calculations have been updated to 31 March 2021 by a qualified independent actuary.

The present value of the defined benefit obligation, the current service costs and any past service costs were measured using the projected unit credit method. Actuarial gains and losses have been recognised in the period in which they occur (but outside of the profit and loss account) through the Statement of Comprehensive Income.

The main assumptions used to calculate scheme liabilities are as follows:

Key Financial Assumptions as at 31 March	**2021**	**2020**
Discount rate (% p.a.)	2.0%	2.5%
Rate of salary increases (% p.a.)	2.5%	2.6%
Rate of increase to pensions in deferment where not subject to a minimum (% p.a.)	2.5%	1.8%
RPI inflation (% p.a.)	3.0%	2.6%
CPI inflation (% p.a.)	2.5%	1.8%
Pension increases: maximum 5% p.a., minimum 0% p.a.	3.0%	2.4%
Pension increases: maximum 5% p.a., minimum 3% p.a.	3.5%	3.3%

Key Demographic Assumptions as at 31 March	2021	2020
Mortality base table % of S3 PxA Standard Tables (2020: S2PxA Standard Tables)	105%	105%
Mortality future improvements (core projections)	CMI_2020	CMI_2019
Mortality future improvements (% p.a. long term improvement)	1.00%	1.00%
Male life expectancy		
- Retiring at age 65 now	21.6 years	21.4 years
- Retiring at age 65 in 20 years	22.6 years	22.4 years
Female life expectancy		
- Retiring at age 65 now	23.9 years	23.5 years
- Retiring at age 65 in 20 years	25.1 years	24.5 years

Contributions to meet PNPF liability

LPHC made contributions of £178,000 in respect of the PNPF recovery plan during the year ended 31 March 2021 (2020: £167,000).

Changes in the value of assets	2021 £	2020 £
Opening fair value of assets	3,342,000	3,315,000
Interest income on assets	82,000	77,000
Member contributions	3,000	3,000
LPHC Contributions	178,000	167,000
Actuarial (loss) / gain on assets	(3,000)	137,000
Benefits paid	(312,000)	(339,000)
Expenses paid	(17,000)	(18,000)
Closing fair value of assets	3,273,000	3,342,000

The value of the assets did not include any assets used directly by LPHC, nor did it include any direct investment by LPHC's own financial instruments.

Actual asset allocation	2021 %	2020 %
'Growth' Assets		
- Partners Growth Fund	35.6	30.6
- Fund of Hedge Funds	0.9	8.1
- Diversified Growth Funds	5.3	4.5
- Downside Risk Hedge	0.3	0.3
'Matching' Assets		
- Corporate Bonds	10.2	10.0
- Gilts	25.7	16.3
- Liquidity Fund	19.1	26.2
- Cash	2.9	4.0
	100.0	100.0

Actual return on assets	2021 £	2020 £
Expected return on assets	82,000	77,000
Actuarial (loss) / gains on assets	(3,000)	137,000
Actual return	79,000	214,000

Changes in the defined benefit liabilities	2021 £	2020 £
Opening defined benefit liability	4,566,000	4,974,000
Service cost	1,000	2,000
Interest cost	110,000	115,000
Member contributions	3,000	3,000
Actuarial loss / (gain) on liability	403,000	(189,000)
Benefits paid	(312,000)	(339,000)
Closing defined benefit liability	4,771,000	4,566,000

Analysis of amounts recognised in Income Statement	2021 £	2020 £
Financing cost		
- Net interest on the net liability	46,442	46,440
Total Expense	46,442	46,440

Analysis of amounts recognised in Statement of Comprehensive Income	2021 £	2020 £
Total actuarial losses / (gains)	405,350	(314,745)
Total losses / (gains) in Statement of Comprehensive Income	405,350	(314,745)

Reconciliation of funded status to Balance Sheet	2021 £	2020 £
Present value of funded defined benefit obligation	(4,771,000)	(4,566,000)
Fair value of assets	3,273,000	3,342,000
Deficit	(1,498,000)	(1,224,000)

	2021 £	2020 £
Liability recognised on the balance sheet	(1,498,000)	(1,224,000)
Related deferred tax asset (Note 20)	284,620	232,560
Net Liability recognised on the Balance Sheet	(1,213,380)	(991,440)

20. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Taxation
	£
Opening balance 1 April 2020	866,929
Debit to profit and loss account	14,945
Credit to statement of comprehensive income	(77,017)
Closing balance 31 March 2021	804,857

The amount credited to the Statement of Comprehensive Income of £77,017 represents the portion of the deferred tax asset relating to the actuarial loss recognised in the Statement of Comprehensive Income multiplied by the appropriate rate of tax.

Deferred tax assets and liabilities are offset where the Organisation has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2021	2020
Balances:	£	£
Timing differences	1,089,477	1,099,489
Pension deficit	(284,620)	(232,560)
	804,857	866,929

The net deferred tax liability expected to reverse in the next 12 months is £49,569. This primarily relates to the reversal of timing differences.

21. CAPITAL COMMITMENTS

	2021	2020
	£	£
Capital Expenditure contracted for or authorised by the Commissioners but not provided in the financial statements	3,928,241	1,648,332

22. CONTINGENT LIABILITY

The Court of Appeal ruled in June 2019 that Police Service of Northern Ireland (PSNI) staff were owed money for a shortfall in pay going back 20 years. The court ruled that miscalculations arose because holiday pay had been based on basic working hours excluding overtime. A number of aspects of this decision were appealed to the Supreme Court and if that appeal was successful it would have impacted directly on the potential loss to be claimed in the holiday pay claims lodged by employees of Londonderry Port & Harbour Commissioners. The appeal to the Supreme Court did not proceed in June 2021 and it is our understanding that a confidential settlement was reached between PSNI and the trade union supporting the case. As a consequence, the Tribunal in Northern Ireland has adjourned all 76,000 holiday pay claims currently awaiting hearing (including those against Londonderry Port) until it decides how these cases will be listed and determined. It is likely there will be a number of test cases and one of those should test whether claimants can claim back as far as 1998 when working time legislation was introduced. As this type of test case has not yet been heard it is not yet possible to quantify the potential loss for all claims currently lodged against Londonderry Port & Harbour Commissioners.

23. INVESTMENT IN SUBSIDIARIES

Londonderry Port & Harbour Commissioners hold one ordinary €1 share, not yet paid, representing a 100% holding in Foyle Port (Ireland) Limited, a dormant company, registered in the Republic of Ireland. Consolidated accounts are not prepared as the subsidiary is wholly immaterial.

24. PRIOR PERIOD RESTATEMENT

It has been noted that deposits in excess of 3 months as at 31 March 2020 were included within Cash and Cash Equivalents. The deposits have been reclassified as investments as they do not meet the definition of cash equivalents under FRS102. The comparative figures in the primary financial statements and notes have been restated to reflect this.

The effects of the prior period reclassification are summarised below:

	2020
Balance Sheet	£
Investments	5,263,966
Cash and Cash Equivalents	(5,263,966)

LONDONDERRY PORT &
HARBOUR COMMISSIONERS

HARBOUR OFFICE
PORT ROAD
LISAHALLY
LONDONDERRY
BT47 6FL

TEL: (028) 7186 0555

WWW.FOYLEPORT.COM