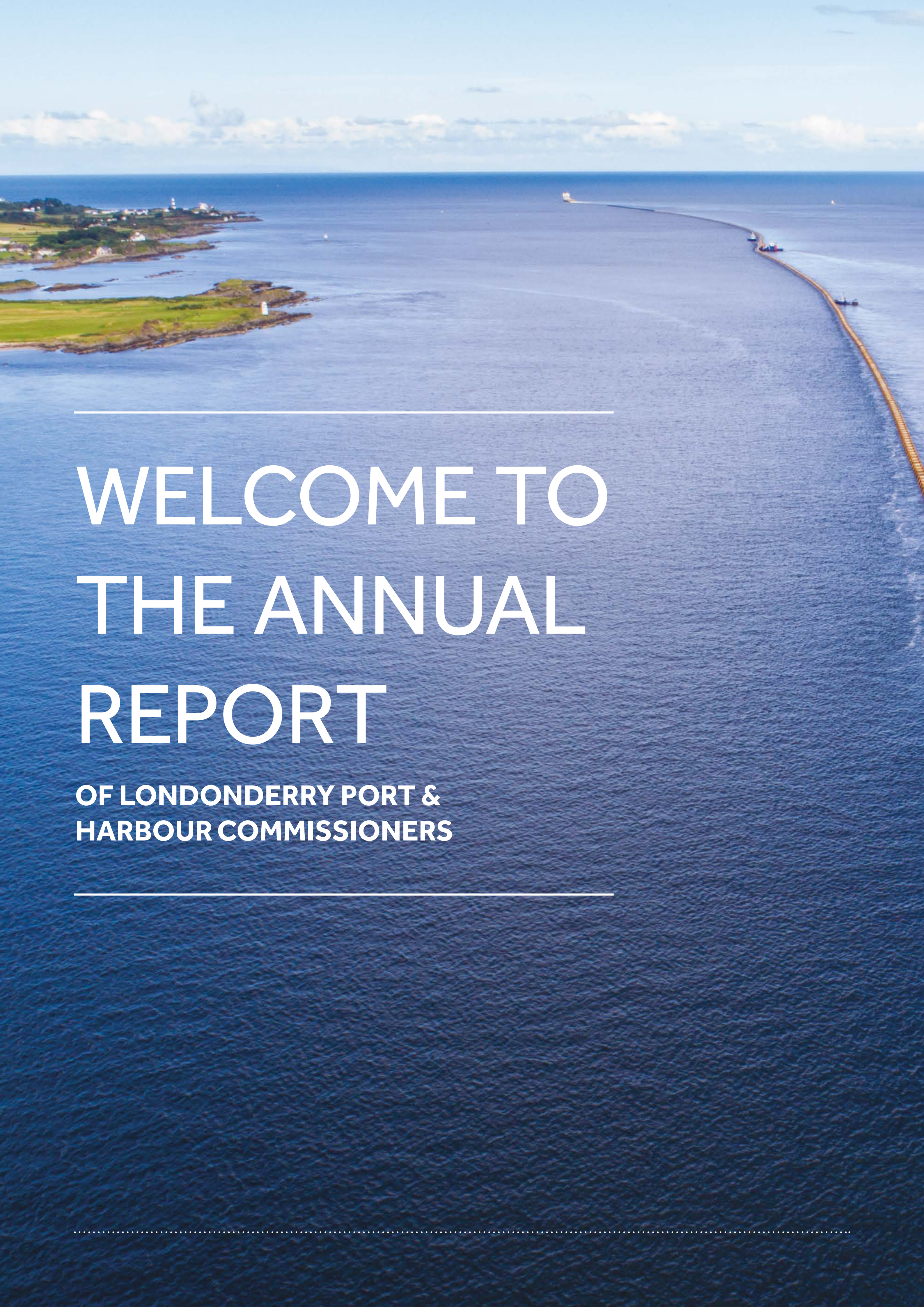
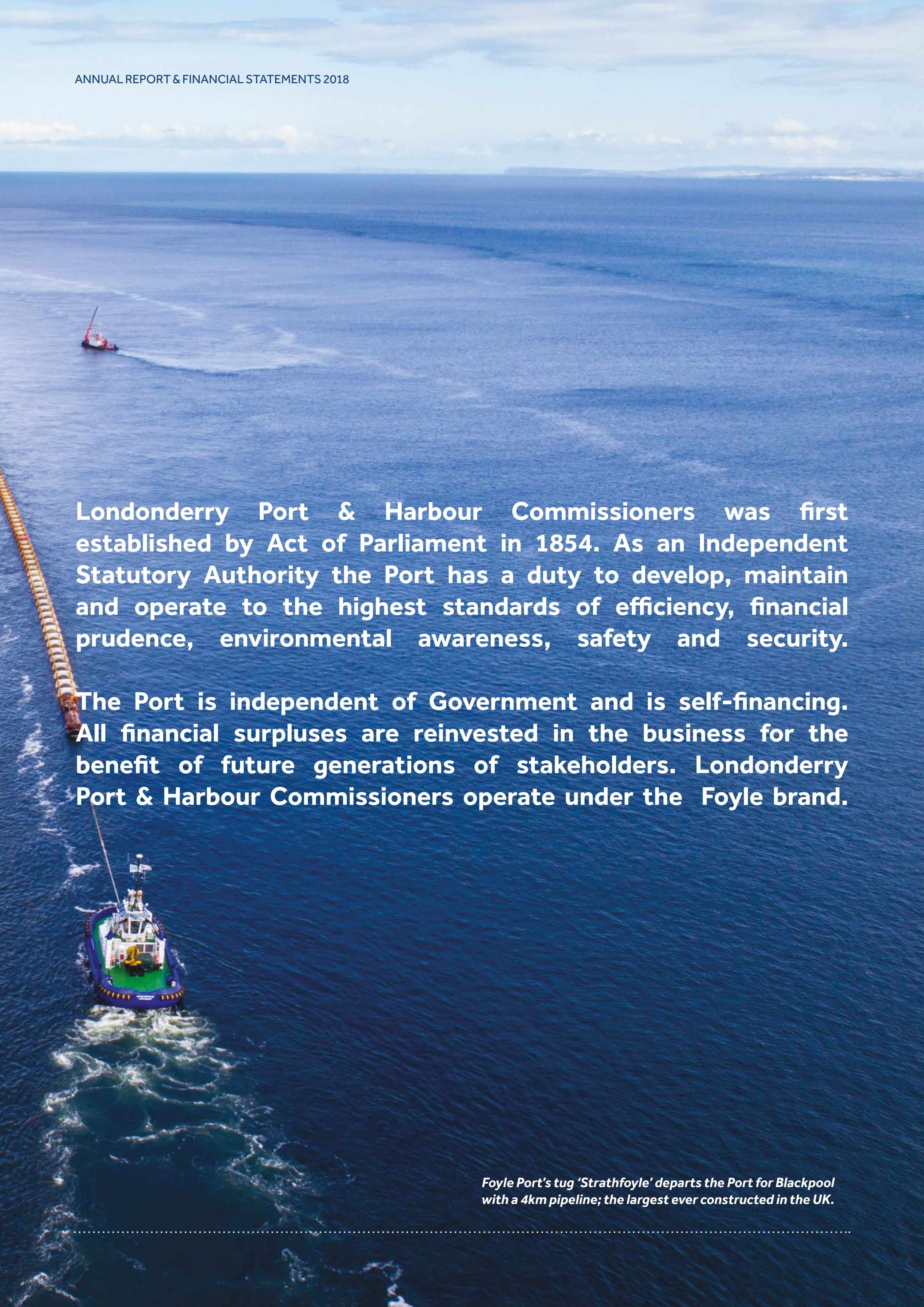
LONDONDERRY PORT & HARBOUR COMMISSIONERS

ANNUAL REPORT & FINANCIAL STATEMENTS 2018



WELCOME TO THE ANNUAL REPORT

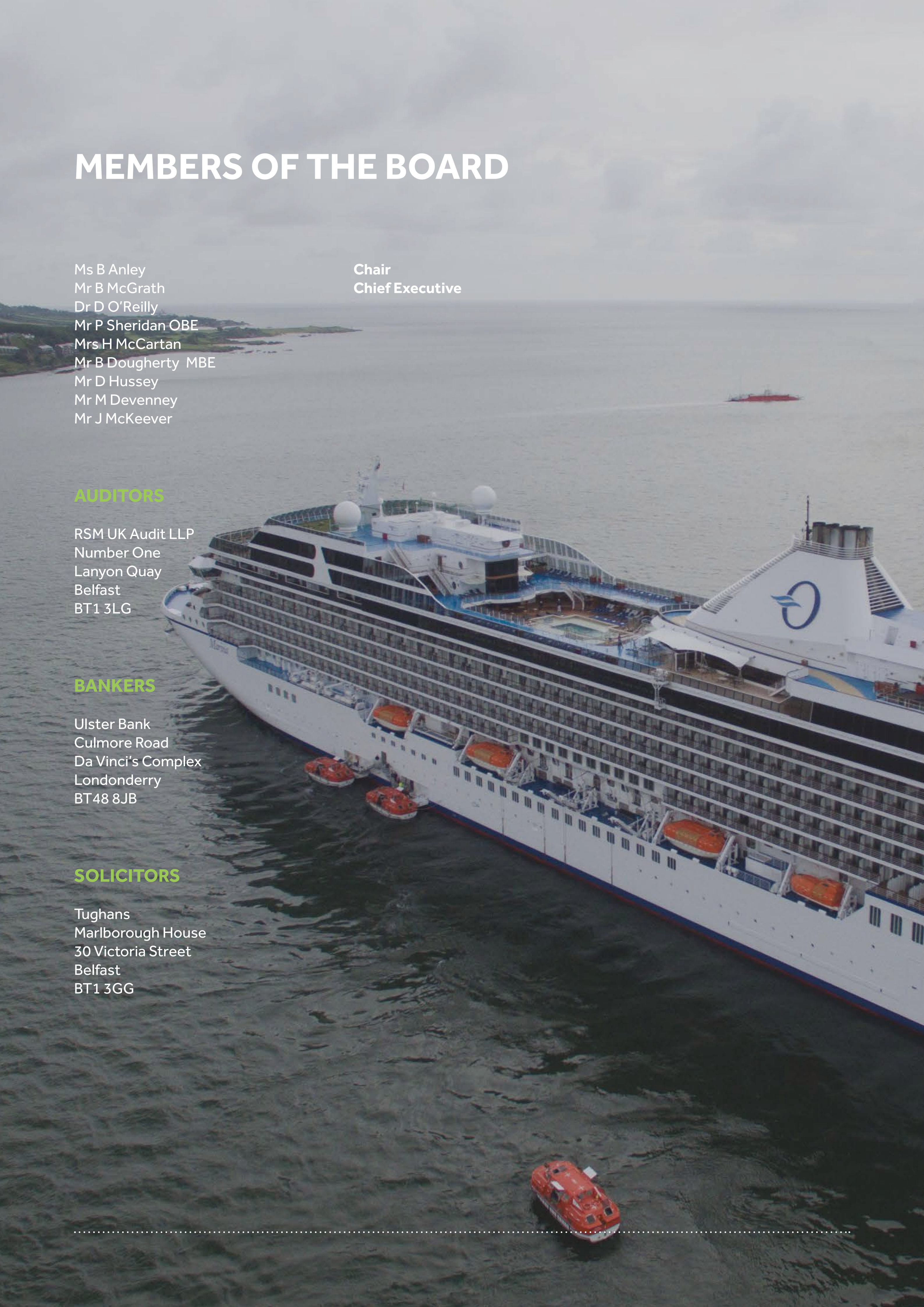
OF LONDONDERRY PORT & HARBOUR COMMISSIONERS



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.

Foyle Port's tug 'Strathfoyle' departs the Port for Blackpool with a 4km pipeline; the largest ever constructed in the UK.



MEMBERS OF THE BOARD

Ms B Anley **Chair**
Mr B McGrath **Chief Executive**
Dr D O'Reilly
Mr P Sheridan OBE
Mrs H McCartan
Mr B Dougherty MBE
Mr D Hussey
Mr M Devenney
Mr J McKeever

AUDITORS

RSM UK Audit LLP
Number One
Lanyon Quay
Belfast
BT1 3LG

BANKERS

Ulster Bank
Culmore Road
Da Vinci's Complex
Londonderry
BT48 8JB

SOLICITORS

Tughans
Marlborough House
30 Victoria Street
Belfast
BT1 3GG

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CHAIR'S STATEMENT

On behalf of Londonderry Port & Harbour Commissioners I am delighted to present the Annual Report and Financial Statements for the year ended March 2018.

During the year 2017/18 turnover increased 6% to £9.1 million; this represents a new record turnover for the organisation and the sixth consecutive year of growth for Foyle Port.

Our statutory duty is to improve, maintain, regulate and manage the Port to facilitate the harbour undertaking and reinvest all profits in the organisation for the benefit of future generations of stakeholders.

Foyle Port achieved operating profits this year of £1.8 million which has enabled us to facilitate significant investment. Over the past 15 year period the Harbour Commissioners have reinvested £31 million in developing the harbour undertaking.

For the year 2017/18 this has included capital investment in Port assets and infrastructure totalling £1.5 million, an expansion in our harbour estate by the addition of 23 acres, an expansion in the capacity of our marine fleet and a significant increase in our employee numbers.

In 2017/18 the average number of employees increased by 9% to 100 employees. Direct employment by Foyle Port has increased by 75% in the last 5 years.

In 2017/18 Foyle Port continued to serve the region facilitating the import of essential commodities for distribution throughout the whole of the North West of Ireland.

As an agri-port, Foyle Port facilitates agricultural commodities such as animal feed and fertiliser for an approximate 20,000 farms in the North West Region. During 2017/18 animal feed imports achieved record levels, increasing by 16%.

Although the overall model is developing towards low carbon initiatives, coal trade remained solid this year, increasing by 11%.

The Commissioners' Strategic Plan 'Defend & Grow – Port + 2020' was an innovative strategy based on a model of increased diversification. A key aim was to strengthen the service offering of the Port whilst avoiding an over reliance on cross-quay trade.

Since the launch of our new Strategy in 2015, our diversified services have gone from strength to strength. In many areas performance has outstripped strategic targets and the Port business has continued to grow. This model has increased our resilience and put Foyle Port on a strong footing to meet any challenges that lie ahead.

Our marine services division undertook significant marine contracts including the facilitation of the construction of a 4km pipeline in Lough Foyle and marine contracts in Drogheda Port and the Isle of Skye. In addition, the expansion of our marine fleet to three harbour tugs enabled the Port to provide emergency towage required off the west coast of Ireland and Scotland.

Our civil engineering and steel fabrication division continues to out-perform budget expectations and strategic targets. The revenue in this division has doubled year on year with notable increases in employment opportunities and apprentice training. Although still a small contributor overall, the development of this division has been exciting as it grows its presence in the market and explores new markets.

Foyle Port is a keen supporter of community initiatives with 1% of profits going to local charities and clubs. The Port is proud to support the Foyle Ambassador Programme, the Oxford Bulls Youth Team and the Foyle Down Syndrome Trust amongst many other charities. During the year Foyle Port was delighted to host a number of primary and post-primary schools, along with community groups, who were shown the work of the Port first hand.

For many years Foyle Port has played a key role in assisting the city to facilitate the Clipper Round the World Yacht Race. This year the Port was pleased to continue in this supporting role by providing the city with our expertise in marine management.

The Board of Commissioners undertook a Board Effectiveness Review in 2017 which was a useful stocktake to identify governance improvements. I would like to thank the Commissioners for their hard work and commitment to the work of Foyle Port. I would also like to thank the Permanent Secretary and the staff at the Department for Infrastructure for their support and assistance throughout this year.

A special thank you to our customers and wider stakeholders for their partnership and collaboration in making Foyle Port such a strong entity.

Most importantly, I would extend thanks to all the staff associated with Foyle Port in their many different roles. Together we make up a team that has proved to be effective, innovative and dedicated to the business of port growth.

As we move closer towards Britain's exit from the European Union we will need to navigate change and uncertainty, both locally and nationally.

Foyle Port has a unique location that transcends both borders and politics.

The Port's location at Lisahally underpins our key position as a gateway for the Atlantic, the United Kingdom and Europe. Furthermore, the Port operation straddles both British and Irish jurisdictions.

Our strong business model, coupled with our dedicated port team, leave me in no doubt that Foyle Port possess the flexibility needed to adapt to a new commercial context and the innovation needed to capitalise on all new opportunities arising in the future.

Bonnie Anley
Chair

CORPORATE GOVERNANCE STATEMENT

Londonderry Port and 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.

CORPORATE GOVERNANCE

The Board of the Londonderry 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 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 observes the UK Corporate Governance Code and the guidance provided within the draft Code of Practice for Northern Ireland Trust Ports.

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 2017/18, an external consultant undertook an Independent Review of the LPHC Board Effectiveness.

COMMISSIONERS' ATTENDANCE

The Board meets in plenary session eight times per annum. The Commissioners also attend a number of Committee Meetings during the year. The Board and Committee attendance for the Financial Year 2017/18 is outlined in the table below:

BOARD ATTENDANCE 2017/2018 Attendance

Name	Board Meetings		Committee Meetings	
	Possible	Actual	Possible	Actual
Ms B Anley	8	8	3	3
Mr M Devenney	8	8	8	4
Mr B Dougherty MBE	8	8	7	7
Mr D Hussey	8	8	7	7
Mrs H McCartan	8	7	11	11
Mr B McGrath	8	8	13	13
Mr J McKeever	8	3	2	1
Dr D O'Reilly	8	7	6	5
Mr P Sheridan OBE	8	7	8	6

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 and Environment; and Pension & Remuneration. The Role and Membership of each Committee is outlined below:

AUDIT COMMITTEE

Mrs H McCartan (Chair)
Mr M Devenney
Mr B Dougherty MBE
Mr D Hussey

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:

- To review the adequacy and effectiveness of the Port's internal financial controls and financial risk management systems.
- To monitor the integrity of the annual financial statements of LPHC.
- 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.
- 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

Dr D O'Reilly (Chair)
Mr M Devenney
Mrs H McCartan
Mr P Sheridan OBE

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:

- To advise the Board on LPHC's overall risk appetite, tolerance, and strategy.
- 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 AND ENVIRONMENT COMMITTEE

Mr P Sheridan OBE (Chair)
Mr B Dougherty MBE
Mr D Hussey
Mr J McKeever

The primary duty of the Health, Safety and Environment Committee is to provide oversight of the implementation and effectiveness of the Port's Health, Safety and 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

Ms B Anley (Chair)
Mrs H McCartan
Dr D O'Reilly
Mr P Sheridan OBE

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**

MS BONNIE ANLEY - CHAIRMAN
Appointed as Chair of the Board of Commissioners in February 2014 and is also Chair of Foyle Port's Pension and Remuneration Committee. Ms Anley 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.

MR MAURICE DEVENNEY – COMMISSIONER
Appointed as a Harbour Commissioner in December 2011 and was reappointed for a second term in August 2015 as one of the three nominations from Derry City and Strabane District Council. Maurice served as an MLA in the Northern Ireland Assembly in 2014. Maurice is a member of the Port's Audit Committee and Risk Committee.

MR BRIAN DOUGHERTY MBE – COMMISSIONER
Appointed as a Harbour Commissioner in April 2015 and is a member of the Port's Health, Safety and Environment Committee and Audit Committee. Brian is a Partner in Hummingbird (NI) Community Interest Company. He is also a Governor at Foyle College, member of the North-West Cultural Partnership, member of the Londonderry Bands Forum, a Board member at Institute Football Club, trustee at the North West Cricket Union and a Committee member of Cathedral Youth Club. He is currently studying for a PHD at the University of Ulster, Magee.

MR DEREK HUSSEY – COMMISSIONER
Appointed as a Harbour Commissioner in August 2015 as one of the three nominations from Derry City and Strabane District Council. Derek is the UUP group leader on the Council, has represented the Derg Electoral Area as a Councillor since 1989 and is currently deputy Mayor. The former Head of the Business Studies at Castlederg High School also served as an MLA for West Tyrone in the Northern Ireland Assembly from 1998 to 2007. Derek is a member of the Port's Health, Safety and Environment Committee and Audit Committee.

MRS HILARY MCCARTAN – COMMISSIONER

Appointed as a Harbour Commissioner in April 2015. She is Chairperson of the Port's Audit Committee and a Member of the Port's Pension and Remuneration Committee and Risk Committee. Hilary is a Fellow of Chartered Accountants Ireland and has held a number of senior management posts in the private sector including the role of Finance Director. Hilary is currently a Non-Executive Director of the Northern Ireland Transport Holding Company (DFI) and a Non-Executive Director of the Southern Health & Social Care Trust.

MR JIM MCKEEVER – COMMISSIONER

Appointed as a Harbour Commissioner in February 2016, Jim is an SDLP Representative on Derry and Strabane District Council (DCSDC) and served as the deputy Mayor in 2017/18. He is a member of the Assurance, Audit & Risk and Environment & Regeneration Committees for DCSDC. Jim is a member of the Executive Committee of NILGA and a member of the National Association of Councillors. Jim is a member of the Port's Health, Safety and Environment Committee.

DR. DOLORES O'REILLY – COMMISSIONER

Appointed as a Harbour Commissioner in February 2011 and was reappointed for a second term in April 2015. Dolores is Professor Emerita of International Business and Strategy at the University of Ulster. Dolores is an Independent Assessor for the Commission for Public Appointments, a member of the Audit and Risk Committee of the Commission for Older People NI and a Trustee of the Millennium Forum and Foyle Hospice. Dolores is also Chairman of both Golf United and Access Arts for All. Dolores chairs the Port's Risk Committee and is a member of the Port's Pension and Remuneration Committee.

MR PETER SHERIDAN OBE – COMMISSIONER

Appointed as a Harbour Commissioner in February 2011 and was reappointed for a second term in April 2015. Peter is the Chief Executive of Co-operation Ireland and Honorary Professor in the Senator George J. Mitchell Institute for Global Peace, Security and Justice. He is also Interim Chairman of Contact NI, a volunteer member of the Advisory Board of The Woodland Trust, a volunteer member of the Board of Lifeline - Suicide Awareness and of the Advisory Committee of the Board History Project. Peter is a graduate of Cambridge University and was awarded an OBE in 2008 for services to the community. Peter is Chairman of the Port's Health, Safety and Environment Committee and is also a member of the Pension and Remuneration Committee and Risk Committee.

THE **EXECUTIVE TEAM**

MR 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 Board Member of the Londonderry Chamber of Commerce and a Northern Ireland Board Member of the Prince's Trust. Brian is also a Former Council Member of the 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 Director of Inishowen Maritime Heritage Company, 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.

MR GEORGE CUTHBERT – ENGINEERING & DEVELOPMENT DIRECTOR

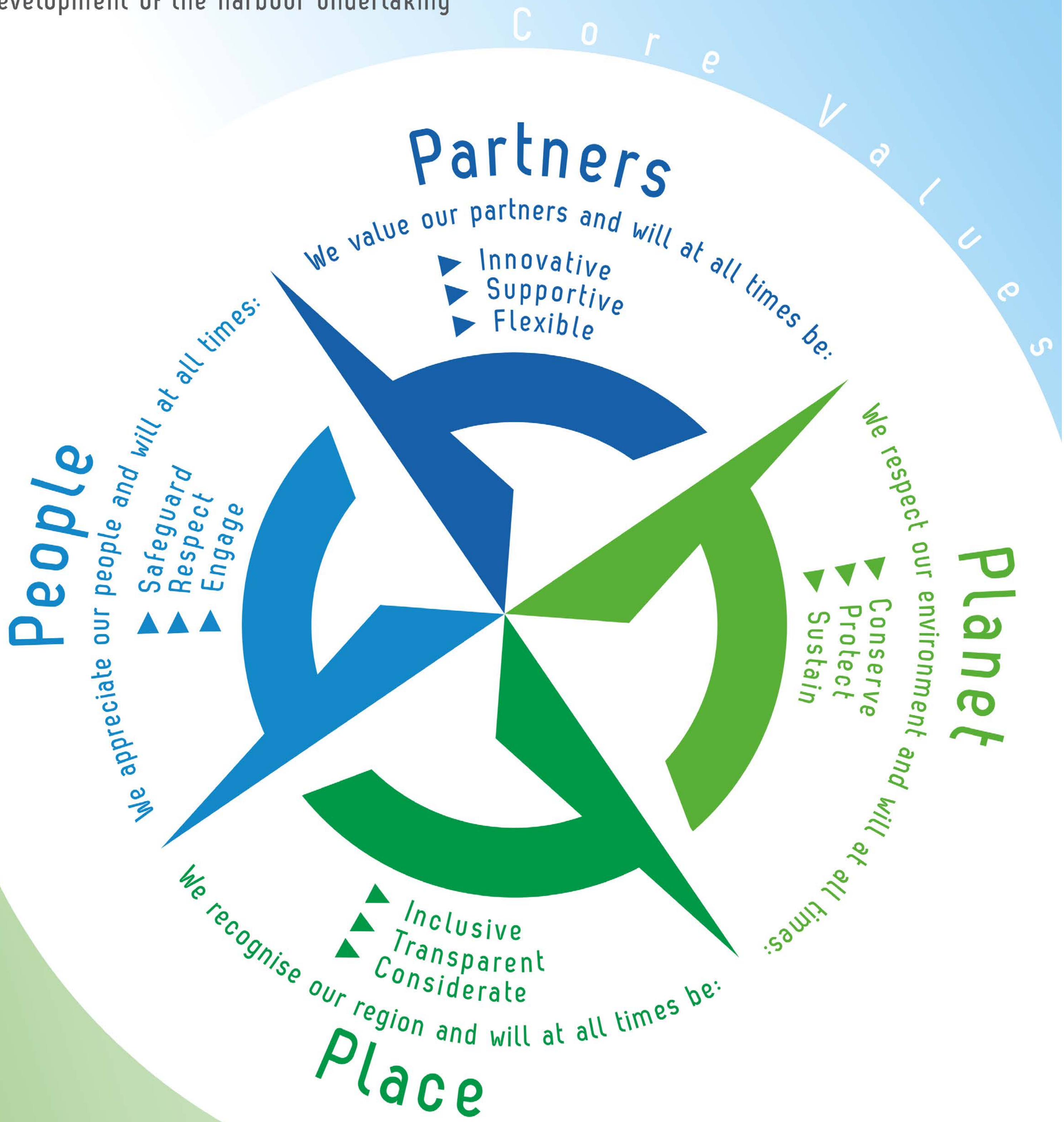
George was appointed as Port Engineer in April 2004 and was promoted to Engineering and Development Director in January 2016. Previously a Senior Engineer at Harland and Wolff, George has over 20 years' project management experience in the engineering, marine and infrastructure sectors. He is a Chartered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

MRS ARLENE THOMPSON – FINANCE & CORPORATE SERVICES DIRECTOR

Arlene was appointed as Financial Controller in May 2013 having held a number of finance positions in the organisation since 2005. Arlene was promoted to Finance and 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 14 years' experience in the finance sector including Public and Private Sector audit.

OUR STATUTORY DUTY

To improve, maintain, regulate and manage the Port to facilitate the development of the harbour undertaking



OUR VISION

To grow and constantly improve the business and reinvest our profits for the benefit of future generations of stakeholders

CHIEF EXECUTIVE'S REPORT

Following our best-ever corporate performance last year, we have delivered another milestone for 2017/18 with a 6% growth in turnover to a record level of £9.15 million, with healthy profits on ordinary activities before tax of £1.63 million. This reflects a strong endorsement of our decision to diversify our operations. We continue to reinvest our profits in line with our fiduciary duty to sustain the harbour undertaking for future generations. I am proud of the commercial creativity and application by the Directors and the effort of all our staff whose endeavours are translated into these financial results. The annual report and accounts are, at least to the casual observer, something of a one-dimensional snapshot of our work. I wish to acknowledge for the record just how much effort is required in every aspect of our collective and varied areas of work in the delivery of such strong results year on year.

Set against the ever-faster approaching Brexit, and the associated business and political uncertainties, our diversified activities continue to drive growth in line with our strategic plans. Increased divisional activity has necessitated a significant, and planned, increase of 75% of directly employed staff in the last five years. This presents management challenges as we retain our organisational vision and values during substantial organisational change. We remain committed to investing in our people and assets to ensure our long-term sustainability.

Brexit has made us reassess many fundamental strategic issues going forward. Regardless of personal views either for or against Britain exiting the European Union, it is the job of management to proactively seek out and identify opportunities for the organisation where we can. Central to our business narrative is our location and jurisdiction.

We sit on the periphery of the United Kingdom and the North West of Ireland. Operating with substantial commercial freedoms established in legislation since 1854, we are often referred to as a UK Trust Port. Our jurisdiction straddles the border and we are recognised as the Competent Harbour and Pilotage Authority for all of Lough Foyle by the British and Irish Governments, with integrated operations within and across both jurisdictions.

It is imperative that the Port maintains our outward looking perspective as the region's Atlantic maritime hub. This presents enormous potential in the post Brexit context, offering a gateway into the United Kingdom and Europe and is unique within the British Isles.

We have long been strong advocates in support of the City Region strategy promoted by Derry and Strabane and Donegal County Councils. The Port Economic Zone naturally sits across this City Region. The Port's strong fundamentals; liquidity, balance sheet, profitability, fixed assets, and staff expertise presents stakeholders with a robust platform to play an ever-increasing role in the promotion and much needed development of this cross border regional economy.

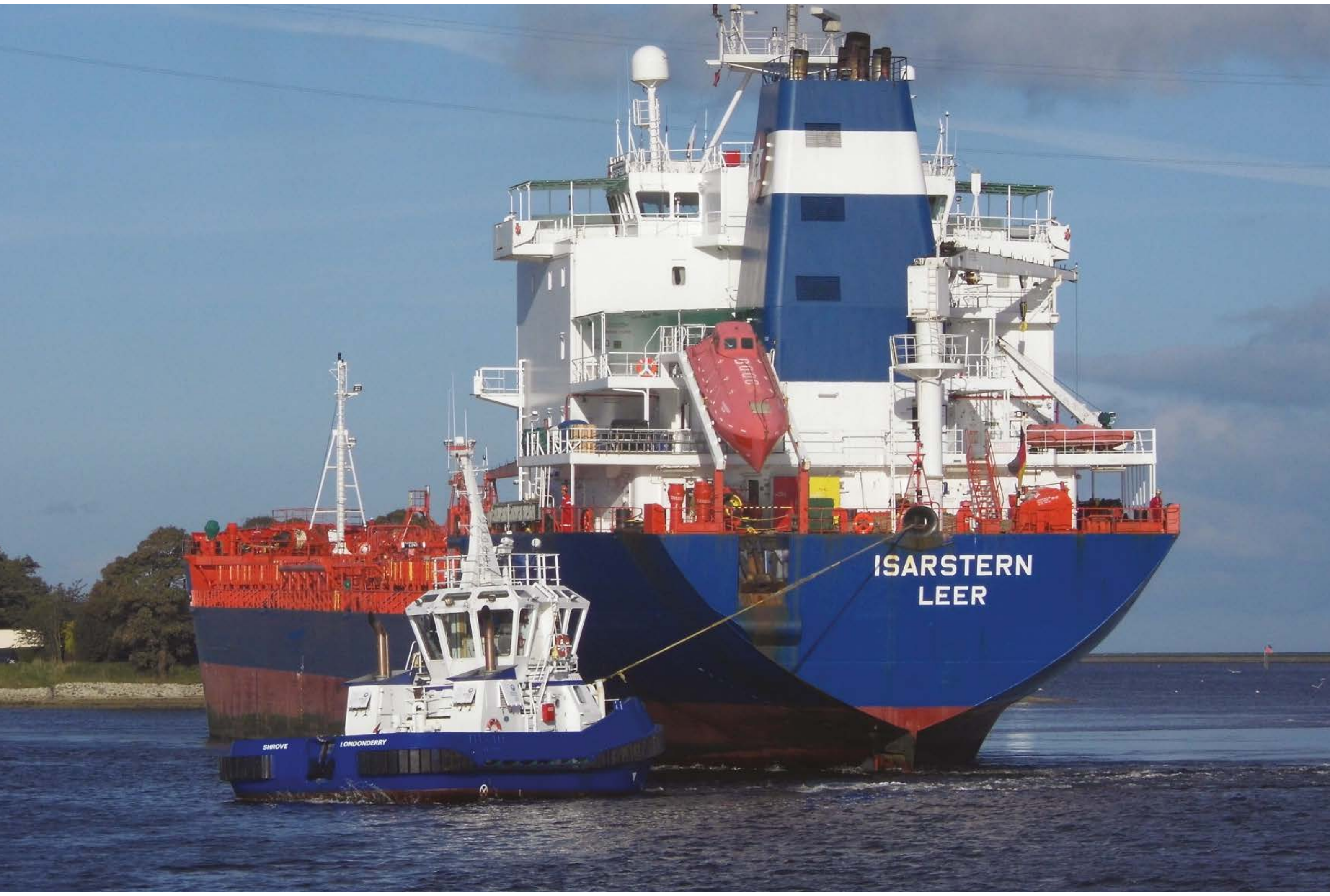
Significantly, the Port's potential is further reflected in already existing physical infrastructure which is primed for development and future investment. The many positive attributes available to us include most of the development prerequisites needed to deliver a step change; multi deep-water terminal locations within the harbour, potentially the largest available adjacent port landbank in Britain and Ireland, close proximity to industrial power and the quickest data transfer fibre optic infrastructure.

The visit of the Chancellor of the Exchequer, the Rt Hon Phillip Hammond MP, to Derry / Londonderry in July 2018 to encourage a City Deal bid must be secured as an economic watershed for this region. We will fully apply all our resources in support of the City Deal in a joined-up approach to Regional Development in partnership with our political stakeholders, North and South of the border, the Department for Infrastructure and our business partners. Indeed, we would advocate that the British and Irish Governments support the funding of a broader cross border City Region with the Port at its commercial and economic centre.

As ever my thanks go to the Chair of the Board, the Committee Chairs and Commissioners, for their support and oversight, and most importantly the latitude afforded to me in pursuit of long-term strategic visioning and the delivery of our objectives.

In 2019 the Port will celebrate the 165th Anniversary of its statutory foundation. How fitting if future generations were to look back at this point in our history and declare that this was when Foyle Port emerged as a truly regional asset for the benefit of all our stakeholders.

Brian McGrath
Chief Executive



TURNOVER & PROFITABILITY

£9.1million Turnover

Triple Turnover in last 15 years

6.6%
Return on Capital Employed

CAPITAL INVESTMENT

Over £30million
reinvestment programme

£40m

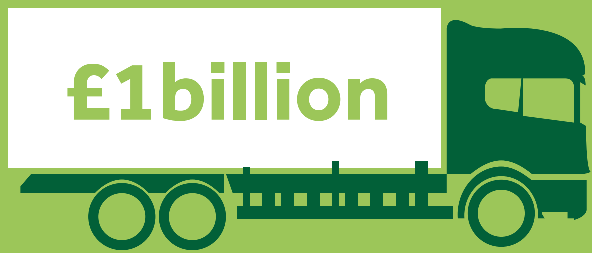
£40million
fixed asset base

EMPLOYMENT & PAYROLL COSTS

75%
increase
in direct employee numbers in last 5 years

£3.6million
payroll costs for the year

REGIONAL CONTRIBUTION



Handling c. £1billion worth of commodities annually

Supporting 1,000 jobs for the region

Facilitating 20,000 farms in the North West of Ireland

£100 million
private investment -to the region

CAPACITY FOR GROWTH

Potential of up to 3million sq ft of warehousing

>500 acres
Expansion Capacity

FOYLE SAILABILITY

OXFORD BULLS

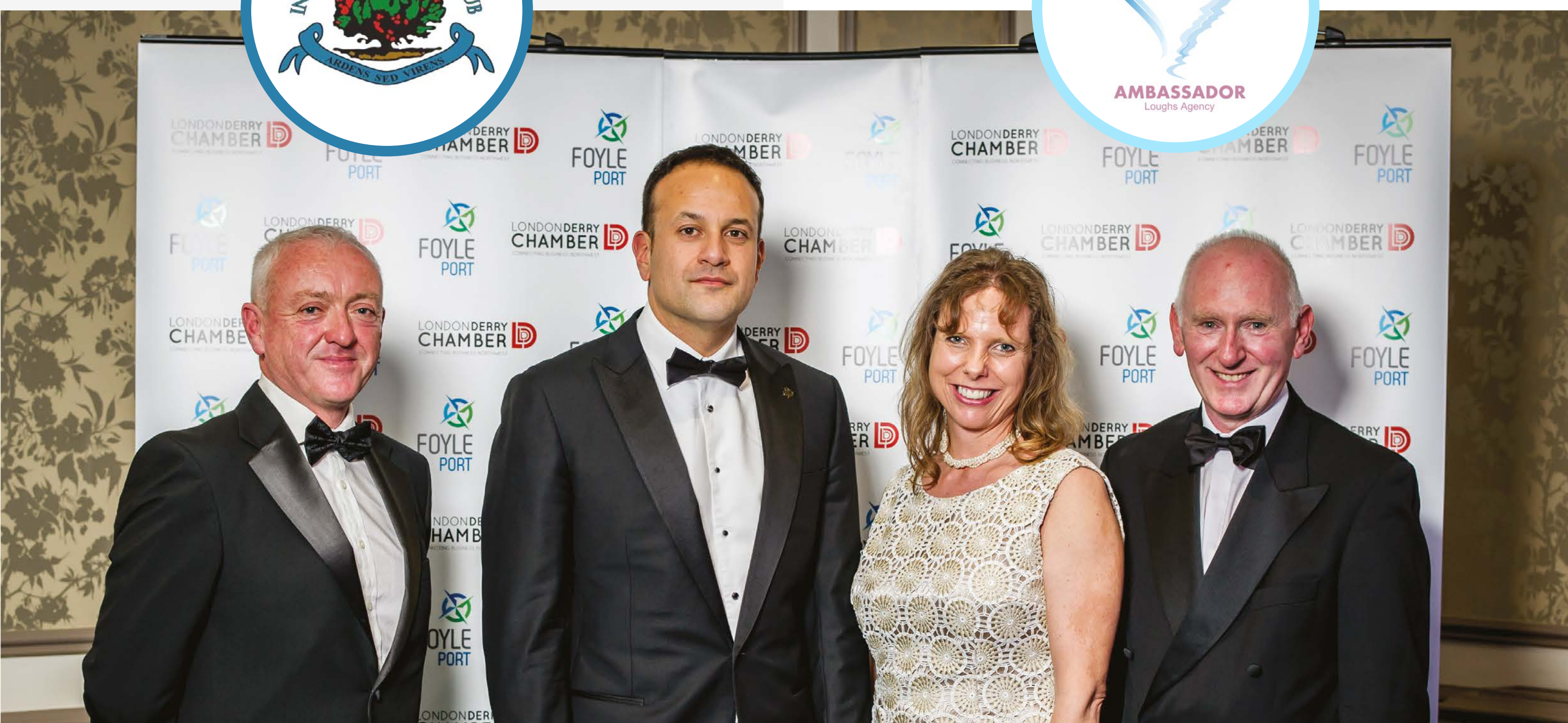
Foyle Down Syndrome Trust

FOYLE PORT IN THE COMMUNITY


LIBERTY
CONSORTIUM


FOYLE PORT
INSTITUTE FOOTBALL CLUB
ARDENS SED VIRENS


FOYLE
AMBASSADOR
Loughs Agency


LONDONDERRY CHAMBER
FOYLE PORT

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;
- 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 LPHC'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 the Commissioners are 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.

INDEPENDENT AUDITOR'S REPORT

OPINION

We have audited the financial statements of Londonderry Port & Harbour Commissioners ('LPHC') for the year ended 31 March 2018 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 notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion, the financial statements:

- give a true and fair view of the state of LPHC's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Accounting Standards;
- have been prepared in accordance with the requirements of the Harbours Act (Northern Ireland) 1970.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Commissioners' use of the going concern basis of accounting in the 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 LPHC'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.

OTHER INFORMATION

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Commissioners are responsible for the other information. Our opinion on the financial statements does not cover the other information and 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 this regard.

MATTERS ON WHICH WE ARE ENGAGED TO REPORT BY EXCEPTION

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

We have nothing to report in respect of the following matters where LPHC have requested us 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
- certain disclosures of Commissioners' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF COMMISSIONERS

As explained more fully in the Commissioners' Responsibilities Statement set out on page 15, 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 either 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: ***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 LPHC's Commissioners, for their confidential use, in accordance with Harbours Act (Northern Ireland) 1970. Our audit work has been undertaken so that we might state to LPHC's Commissioners those matters we are engaged 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 LPHC and LPHC's Commissioners, for our audit work, for this report, or for the opinions we have formed.

RSM UK AUDIT LLP
CHARTERED ACCOUNTANTS
NUMBER ONE
LANYON QUAY
BELFAST
BT1 3LG

13th SEPTEMBER 2018

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

	NOTE	2018 £	2017 £
Turnover	3	9,147,343	8,649,904
Cost of Sales		(5,658,834)	(4,932,245)
Gross Profit		**3,488,509**	**3,717,659**
Administrative Expenses		(1,732,158)	(1,552,282)
Operating Profit	4	**1,756,351**	**2,165,377**
Profit on Disposal of Fixed Assets		23,193	1,437
Profit on Ordinary Activities before Interest		**1,779,544**	**2,166,814**
Interest Receivable and Similar Income	7	34,481	51,292
Foreign Exchange Gain/(Loss)		1,327	(3,320)
Interest Payable and Similar Charges	8	(186,251)	(202,238)
Profit on Ordinary Activities Before Taxation		**1,629,101**	**2,012,548**
Tax on Profit on Ordinary Activities	9	(448,609)	(321,210)
Profit for the Financial Year		**1,180,492**	**1,691,338**

The notes on pages 24 to 39 form part of these financial statements and should be read in accordance therewith.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	NOTE	2018 £	2017 £
Profit for the Financial Year		1,180,492	1,691,338
Total actuarial gains / (losses) from defined benefit pension liability	18	53,532	(150,348)
Movement on deferred tax relating to pension liability	19	(49,910)	9,200
Total Comprehensive Income for the Year		**1,184,114**	**1,550,190**

The notes on pages 24 to 39 form part of these financial statements and should be read in accordance therewith.

BALANCE SHEET
AS AT 31 MARCH 2018

	NOTE	2018 £	2018 £	2017 £	2017 £
FIXED ASSETS					
Intangible Assets	10		15,596		-
Tangible Assets	11		40,101,850		40,410,066
CURRENT ASSETS					
Stock	13	192,426		251,372	
Debtors	14	1,721,496		1,489,028	
Cash at Bank and on Hand		8,292,639		7,869,893	
		10,206,561		9,610,293	
CREDITORS					
Amounts falling due within one year	15	(1,859,305)		(1,892,840)	
Net Current Assets			8,347,256		7,717,453
Total Assets Less Current Liabilities			48,464,702		48,127,519
CREDITORS					
Amounts falling due after more than one year	16		(4,195,728)		(4,732,011)
Capital Grants	17		(12,666,853)		(13,040,472)
Pension Liability	18		(1,731,000)		(1,894,000)
Provisions for Liabilities and Charges	19		(567,100)		(341,129)
NET ASSETS			**29,304,021**		**28,119,907**
RESERVES					
Profit and Loss Account			29,304,021		28,119,907
TOTAL RESERVES			**29,304,021**		**28,119,907**

These financial statements were approved at a meeting of the Commissioners held on 27th June 2018 and were signed on their behalf by:

Bonnie Anley
Chair

Brian McGrath
Chief Executive

The notes on pages 24 to 39 form part of these financial statements and should be read in accordance therewith.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018

	Profit and loss reserves £	Total £
Balance at 1 April 2016	26,569,717	26,569,717
Year ended 31 March 2017		
Profit for the Financial Year	1,691,338	1,691,338
Total actuarial losses from defined benefit pension reclassification	(150,348)	(150,348)
Movement on deferred tax relating to pension liability	9,200	9,200
Balance at 31 March 2017	**28,119,907**	**28,119,907**
Year ended 31 March 2018		
Profit for the Financial Year	1,180,492	1,180,492
Total actuarial gains from defined benefit pension	53,532	53,532
Movement on deferred tax relating to pension liability	(49,910)	(49,910)
Balance at 31 March 2018	**29,304,021**	**29,304,021**

The notes on pages 24 to 39 form part of these financial statements and should be read in accordance therewith.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

	Note		2018		2017
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	1		2,865,918		3,646,899
Interest paid			(164,688)		(202,238)
Income taxes paid			(315,732)		(255,649)
Net cash inflow from operating activities			2,385,498		3,189,012
Investing activities					
Purchase of intangible fixed assets		(16,464)		-	
Purchase of tangible fixed assets		(1,469,872)		(3,612,612)	
Proceeds from disposal of tangible fixed assets		32,486		9,310	
Interest received		35,605		35,038	
Net cash used in investing activities			(1,418,245)		(3,568,264)
Financing activities					
Repayment of borrowings		(544,507)		(808,383)	
Net cash used in financing activities			(544,507)		(808,383)
Net increase / (decrease) in cash and cash equivalents			422,746		(1,187,635)
Cash and cash equivalents at beginning of the year			7,869,893		9,057,528
Cash and cash equivalents at end of the year			**8,292,639**		**7,869,893**
Relating to:					
Cash at bank and in hand			**8,292,639**		**7,869,893**

The notes on pages 24 to 39 form part of these financial statements and should be read in accordance therewith.

NOTES TO THE STATEMENT OF CASH FLOWS

1. Cash generated from operations

	2018	2017
	£	£
Profit for the year after tax	1,180,492	1,691,338
Adjustments for:		
Taxation charged	448,609	321,210
Finance costs	186,251	202,238
Investment income	(34,481)	(51,292)
Gain on disposal of tangible fixed assets	(23,193)	(1,437)
Amortisation of intangible fixed assets	868	-
Depreciation and impairment of tangible fixed assets	1,768,795	1,571,864
Amortisation of capital grants	(373,619)	(373,981)
Movements in working capital:		
Decrease/(Increase) in stock	58,946	(73,183)
(Increase)/Decrease in debtors	(233,592)	236,043
(Decrease)/Increase in creditors	(3,689)	228,446
Decrease in pension	(109,469)	(104,347)
	2,865,918	**3,646,899**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

1. ACCOUNTING POLICIES

(a) 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").

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 £.

The principal accounting policies adopted are set out below.

(b) Going Concern
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.

(c) 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.

(d) 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 are credited to the profit and loss account in the period to which they relate.

(e) 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

(f) 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

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

1. ACCOUNTING POLICIES – CONTINUED

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.

Impairment of fixed 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.

(g) Stock
Stocks are valued at the lower of cost and net realisable value.

(h) 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 three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

(i) 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 instruments are recognised in the organisation's balance sheet when the organisation becomes party to the contractual provisions of the instrument. 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 assets
Basic financial assets, which include trade and other debtors and cash and bank balances, which are receivable within one year and do not constitute a financing transaction, are initially measured at transaction price including transaction costs. Basic financial assets are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement constitutes a financing transaction, the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

1. ACCOUNTING POLICIES – CONTINUED

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.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Classification of financial liabilities
Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the organisation after deducting all of its liabilities.

Basic financial liabilities, including trade and other creditors, which are payable within one year and do not constitute a financing transaction, are initially measured at transaction price including transaction costs. Basic financial liabilities are subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement constitutes a financing transaction, the transaction is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

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.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

(j) 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.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

1. ACCOUNTING POLICIES – CONTINUED ACCOUNTING POLICIES - CONTINUED

(k) 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.

(l) 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 18.

(m) 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.

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

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

	2018	2017
An analysis of turnover is as follows:	**£**	**£**
Revenue from Port Customers	7,757,841	7,236,468
Rents Receivable	396,056	381,588
Storage Receipts	993,446	1,031,848
	9,147,373	8,649,904
Turnover analysed by geographical market		
United Kingdom and Ireland	9,147,343	8,649,904

4. OPERATING PROFIT

	2018	2017
Operating Profit is stated after charging:	**£**	**£**
Amortisation of intangible fixed assets	868	-
Depreciation of tangible fixed assets	1,768,795	1,571,864
Auditor's remuneration	7,500	7,700
and after crediting:		
Capital grant amortisation	373,619	373,981

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

5. PARTICULARS OF EMPLOYEES

The average number of persons employed by the Commissioners during the year was 100 (2017: 92).

	2018	2017
Their aggregate remuneration comprised:	**£**	**£**
Wages and salaries	3,164,025	2,808,537
Social security costs	318,310	278,748
Pension costs	146,295	132,402
	3,628,630	3,219,687

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 £876,667(2017: £818,852).

6. COMMISSIONERS' REMUNERATION

	2018	2017
	£	**£**
Remuneration for qualifying services	88,311	85,362

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018	2017
	£	**£**
Bank Interest	34,481	51,292

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2018	2017
	£	**£**
Interest on financial liabilities measured at amortised cost:		
Bank Interest & Charges	138,654	155,350
Interest on Pilots' National Pension Fund Liability	46,442	46,442
3 1/2% Consolidated Loan Stock	419	446
Other interest	736	-
	186,251	202,238

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

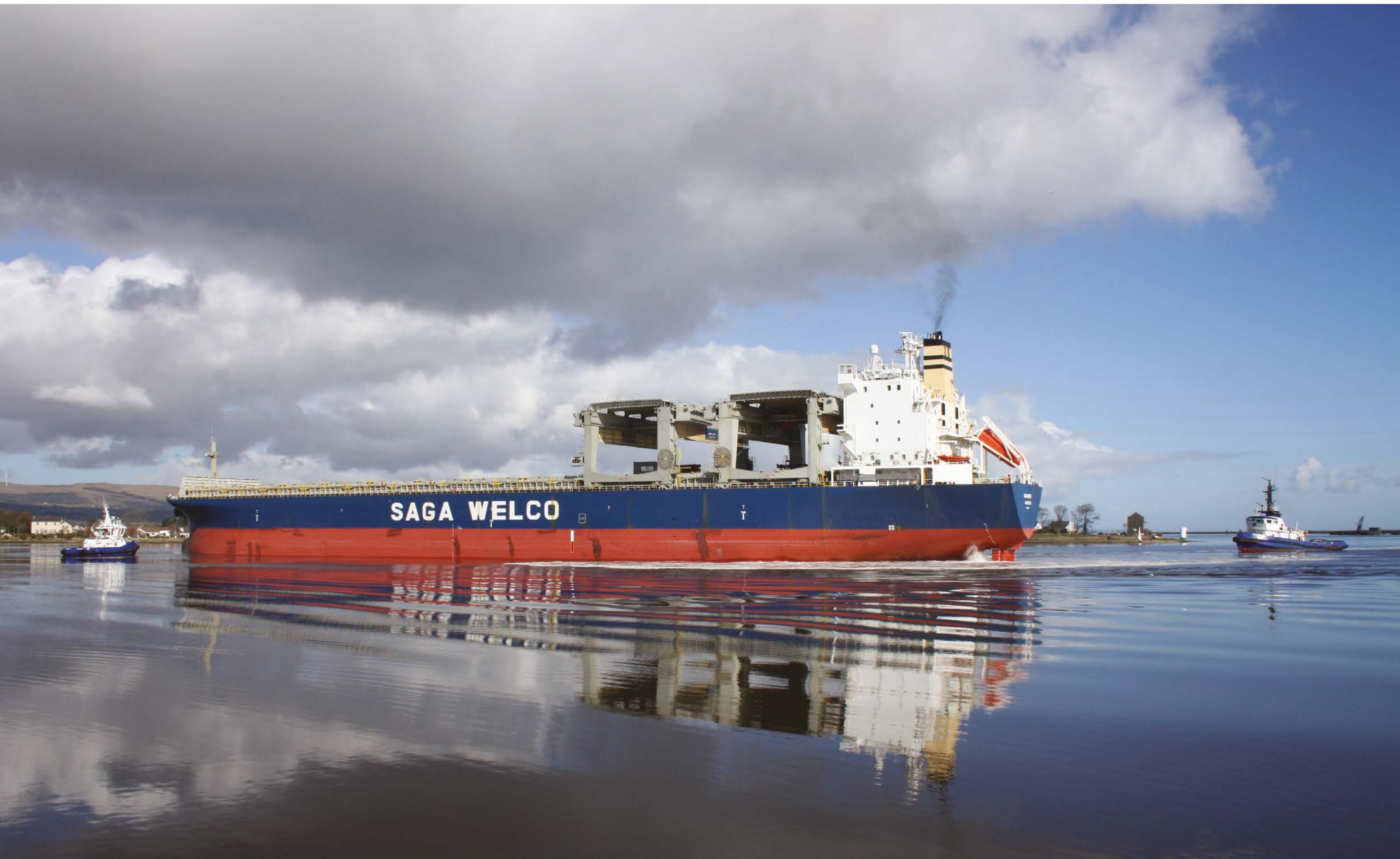
9. TAXATION

	2018	2017
	£	£
Current year tax		
UK Corporation Tax on profits for the current period	292,335	364,381
UK Corporation Tax on profits for prior period	(19,787)	-
Deferred tax		
Origination and reversal of timing differences	176,061	(43,171)
Total tax charge	448,609	321,210
The charge for the year can be reconciled to the profit per the profit and loss account as follows:		
Profit before taxation	1,629,101	2,012,548
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2017: 20%)	309,529	402,510
Effects of :		
Non Deductible Expenses-		
PNPF	(20,799)	(20,870)
Other	(715)	(2,487)
Depreciation in excess of capital grant amortisation	240,260	239,577
Capital Allowances	(235,940)	(254,349)
Deferred tax charge	22,690	(43,171)
Deferred tax adjustment in respect of prior year	153,371	-
Adjustment in respect of prior periods	(19,787)	-
Tax expense for the year	448,609	321,210

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

10. INTANGIBLE FIXED ASSETS

	CE Marking
	£
Cost or Valuation	
At 1 April 2017	
Cost	-
Additions	16,464
Disposals	-
At 31 March 2018	16,464
Depreciation	
At 1 April 2017	
Accumulated Depreciation	-
Charge for Year	868
Release on disposal	-
At 31 March 2018	868
Net Book Value	
31 March 2018	**15,596**
31 March 2017	-



NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

11. 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 or Valuation										
At 1 April 2017										
Cost	42,420,103	2,173,458	8,117,184	3,828,347	5,622,804	644,111	174,213	2,551,185	562,283	66,093,688
Additions	654,317	3,422	55,578	27,965	256,071	1,130	79,558	247,299	144,532	1,469,872
Disposals	-	-	(27,879)	-	-	-	(56,708)	(76,866)	-	(161,453)
At 31 March 2018	43,074,420	2,176,880	8,144,883	3,856,312	5,878,875	645,241	197,063	2,721,618	706,815	67,402,107
Depreciation										
At 1 April 2017										
Accumulated Depreciation	14,094,277	745,076	5,893,797	1,680,437	933,485	371,292	90,829	1,670,158	204,271	25,683,622
Charge for Year	727,143	140,329	227,174	113,556	193,190	36,210	40,963	158,714	131,516	1,768,795
Release on disposal	-	-	(27,879)	-	-	-	(47,454)	(76,827)	-	(152,160)
At 31 March 2018	14,821,420	885,405	6,093,092	1,793,993	1,126,675	407,502	84,338	1,752,045	335,787	27,300,257
Net Book Value										
31 March 2018	**28,253,000**	**1,291,475**	**2,051,791**	**2,062,319**	**4,752,200**	**237,739**	**112,725**	**969,573**	**371,028**	**40,101,850**
31 March 2017	28,325,826	1,428,382	2,223,387	2,147,910	4,689,319	272,819	83,384	881,027	358,012	40,410,066

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

12. FINANCIAL INSTRUMENTS

	2018	2017
Carrying amount of financial assets	£	£
Debt instruments measured at amortised cost:		
Trade Debtors	1,531,124	1,299,384
Other Debtors	12,567	12,326
	1,543,691	1,311,710

	2018	2017
Carrying amount of financial liabilities	£	£
Measured at amortised cost:		
Government Loans	4,716,952	5,261,459
Trade Creditors	292,504	317,053
Other Creditors	-	234
	5,009,456	5,578,746

13. STOCK

	2018	2017
	£	£
Consumables	118,795	181,956
Materials	73,631	66,409
Finished Goods	-	3,007
	192,426	251,372

14. DEBTORS (Amounts falling due within one year)

	2018	2017
	£	£
Trade Debtors	1,531,124	1,299,384
Other Debtors	12,567	12,326
Prepayments & Accrued Income	170,675	177,318
VAT	7,130	-
	1,721,496	1,489,028

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

15. CREDITORS (Amounts falling due within one year)

	2018	2017
	£	£
Trade Creditors	292,504	317,053
Other Creditors	-	234
Corporation Tax	139,370	182,554
Accruals & Deferred Income	811,867	766,046
Government Loan	536,281	544,507
VAT	-	12,572
Other Tax & Social Security	79,283	69,874
	1,859,305	1,892,840

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

	2018	2017
	£	£
3 ½% Consolidated Loan Stock (Undated)	15,057	15,057
Government Loan	4,180,671	4,716,954
	4,195,728	4,732,011

Analysis of Loans	2018	2017
Not wholly repayable within five years other than by instalments:	£	£
Other Loans	4,716,952	5,261,461
	4,716,952	5,261,461
Included in current liabilities	(536,281)	(544,507)
	4,180,671	4,716,954

	2018	2017
Loan Maturity Analysis	£	£
In more than one year but not more than two years	432,855	536,281
In more than two years but not more than five years	996,429	756,308
In more than five years	2,751,387	3,424,365
	4,180,671	4,716,954

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

17. CAPITAL GRANTS

	Works & Improvements	Pontoon	Cranes	Plough Boat & Dredging Plant	Tug Boat & Launch	Pilot Boat & Station	Plant, Machinery & Equipment	TOTAL
	£	£	£	£	£	£	£	£
Cost or Valuation								
At 1 April 2017								
Cost	18,705,421	2,009,663	2,620,034	337,500	15,395	134,240	367,117	24,189,370
Disposals	-	-	-	-	-	-	(2,846)	(2,846)
At 31 March 2018	18,705,421	2,009,663	2,620,034	337,500	15,395	134,240	364,271	24,186,524
Amortisation								
At 1 April 2017								
Accumulated Amortised Grants	7,090,232	700,911	2,620,034	337,500	6,374	102,045	291,802	11,148,898
Amortised for year	236,134	125,785	-	-	513	5,675	5,512	373,619
Release on disposal	-	-	-	-	-	-	(2,846)	(2,846)
At 31 March 2018	7,326,366	826,696	2,620,034	337,500	6,887	107,720	294,468	11,519,671
Net Book Value								
At 31 March 2018	**11,379,055**	**1,182,967**	**-**	**-**	**8,508**	**26,520**	**69,803**	**12,666,853**
At 31 March 2017	11,615,189	1,308,752	-	-	9,021	32,195	75,315	13,040,472

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

18. 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 £146,295 (2017: £132,402).

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 2016. The results of these calculations have been updated to 31 March 2018 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	2018	2017
Discount rate (% p.a.)	2.6%	2.6%
Rate of salary increases (% p.a.)	3.1%	3.1%
Rate of increase to pensions in deferment where not subject to a minimum (% p.a.)	2.1%	2.1%
RPI inflation (% p.a.)	3.1%	3.1%
CPI inflation (% p.a.)	2.1%	2.1%
Pension increases: maximum 5% p.a., minimum 0% p.a.	3.0%	3.0%
Pension increases: maximum 5% p.a., minimum 3% p.a.	3.6%	3.5%

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

18. EMPLOYEE BENEFITS – CONTINUED

KEY DEMOGRAPHIC ASSUMPTIONS AS AT 31 MARCH

	2018	2017
Mortality base table (% of S2PxA Standard Tables)	105%	100%
Mortality future improvements (core projections)	CMI_2017	CMI_2016
Mortality future improvements (% p.a. long term improvement)	1.25%	1.25%
Male life expectancy		
- Retiring at age 65 now	21.6 years	22.1 years
- Retiring at age 65 in 20 years	22.9 years	23.5 years
Female life expectancy		
- Retiring at age 65 now	23.5 years	23.9 years
- Retiring at age 65 in 20 years	25.0 years	25.4 years

CONTRIBUTIONS TO MEET PNPF LIABILITY

LPHC made contributions of £155,910 in respect of the PNPF recovery plan during the year ended 31 March 2018 (2017: £150,789).

CHANGES IN THE VALUE OF ASSETS

	2018	2017
	£	£
Opening fair value of assets	3,418,000	3,176,000
Interest income on assets	86,000	123,000
Member contributions	3,000	3,000
LPHC Contributions	156,000	151,000
Actuarial gain on assets	42,000	323,000
Benefits paid	(323,000)	(346,000)
Expenses paid	(19,000)	(12,000)
Closing fair value of assets	3,363,000	3,418,000

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

	2018	2017
	%	%
'Growth' Assets		
- Global Equities	16.8	16.9
- Fund of Hedge Funds	17.3	16.6
- Diversified Growth Funds	16.0	15.6
'Matching' Assets		
- Corporate Bonds	32.0	31.7
- Gilts	17.0	17.4
- Cash	0.9	1.8
	100.0	100.0

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

18. EMPLOYEE BENEFITS – CONTINUED

ACTUAL RETURN ON ASSETS

	2018	2017
	£	£
Expected return on assets	86,000	123,000
Actuarial gains on assets	42,000	323,000
Actual return	128,000	446,000

CHANGES IN THE DEFINED BENEFIT LIABILITIES

	2018	2017
	£	£
Opening defined benefit liability	5,312,000	5,024,000
Service cost	3,000	1,000
Interest cost	134,000	194,000
Member contributions	3,000	3,000
Actuarial (gain)/loss on liability	(35,000)	438,000
Benefits paid	(323,000)	(346,000)
Past service costs	-	(2,000)
Closing defined benefit liability	5,094,000	5,312,000

ANALYSIS OF AMOUNTS RECOGNISED IN INCOME STATEMENT

	2018	2017
	£	£
Financing cost		
- Net interest on the net liability	46,442	46,442
Total Expense	46,442	46,442

ANALYSIS OF AMOUNTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME

	2018	2017
	£	£
Total actuarial (gains) / losses	(53,532)	150,348
Total (Gains) Losses in Statement of Comprehensive Income	(53,532)	150,348

RECONCILIATION OF FUNDED STATUS TO BALANCE SHEET

	2018	2017
	£	£
Present value of funded defined benefit obligation	(5,094,000)	(5,312,000)
Fair value of assets	3,363,000	3,418,000
(Deficit)	(1,731,000)	(1,894,000)

	2018	2017
	£	£
Liability recognised on the balance sheet	(1,731,000)	(1,894,000)
Related deferred tax asset	328,890	378,800
Net Liability recognised on the Balance Sheet	(1,402,110)	(1,515,200)

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

19. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Taxation
	£
Opening balance 1 April 2017	341,129
Debit to profit and loss account	176,061
Debit to statement of comprehensive income	49,910
Closing balance 31 March 2018	567,100

The amount debited to the statement of comprehensive income of £49,910 represents the portion of the deferred tax asset, being the difference between the defined benefit liability as at 31 March 2018 and the defined benefit liability as at 31 March 2017, 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:

	2018	2017
Balances:	£	£
Accelerated capital allowances	895,990	719,929
Pension deficit	(328,890)	(378,800)
	567,100	341,129

The net deferred tax liability expected to reverse in the next 12 months is £42,700. This primarily relates to the reversal of timing differences.

20. CAPITAL COMMITMENTS

	2018	2017
	£	£
Capital Expenditure contracted for or authorised by the Commissioners but not provided in the financial statements	445,000	757,000

TRADE AND STATISTICS FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
GROSS TONNAGE OF VESSELS	2,166,058	2,168,788

GROSS TONNAGE OF CARGO	2018	2017
Imports	1,722,986	1,777,477
Exports	102,449	83,913
Total Trade	1,825,435	1,861,390

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