

Galway Harbour Company
Directors' Report and Financial Statements
for the year ended 31 December 2015

DHKN Limited
Registered Auditors,
Galway Financial Services Centre,
Moneenageisha Road,
Galway.

Galway Harbour Company

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Galway Harbour Company COMPANY INFORMATION

Directors

Paul Carey
Eamon Bradshaw
John Mulholland
Frank Greene
Kevin Carey
Padraic Mc Cormack
Natasha Evers (Resigned 31 July 2015)

Company Secretary

Eamon Bradshaw

Company Number

262364

Registered Office and Business Address

Harbour Office,
New Docks,
Galway.

Auditors

DHKN Limited,
Galway Financial Services Centre,
Moneenageisha Road,
Galway.

Bankers

Bank of Ireland,
19 Eyre Square,
Galway.

KBC,
Sandwith Street,
Dublin 2.

Solicitors

Blake & Kenny Solicitors,
2 St Francis Street,
Galway.

Galway Harbour Company

CHAIRMAN'S STATEMENT

Galway Harbour Company handled 563,000 tonnes of cargo in 2015. This was consistent with the same tonnage as 2014.

The Company's PBT for the year amounted to €696,130 (2014: €409,880) representing an increase of 70%.

Revenue remained static in 2015 at €3.8M but operating costs reduced by €266k to €3.09M or 7.9%.

Port of Galway Extension

The Planning Application for an extension to the port was lodged with An Bord Pleanála ("ABP") on the 10th of January 2014 under the Strategic Infrastructure Act 2006. The planning application was by way of an Article 6(4) of the "Habitats Directive" 92/43/EEC otherwise known as IROPI i.e. Imperative Reasons of Over-riding Public Interest. The ABP Oral Hearing took place between the 13th and 23rd of January 2015. Public, local business and political support for the project was strongly and convincingly expressed at the Oral Hearing. On the 29th of September 2015 ABP issued correspondence requesting Galway Harbour Company to submit proposed compensatory proposals in relation to the impact of the proposed development on the Galway Bay SAC. This related to the loss of Fucoid-dominated reef habitat, mud & sand flat habitat and perennial vegetation of stony banks. In line with ABP requirements the compensatory proposals were submitted to ABP on the 24th of November 2015. ABP requested "tight co-operation" between the applicant, the Natura 2000 authorities ("NPWS") and ABP. As of the date of writing NPWS haven't engaged.

Over 2 years has elapsed since the date of lodgement of the planning application under the SID process and the delay in issuing a decision is unacceptable and poses significant economic and financial disadvantages to the Port of Galway in terms of developing its facilities which would allow it fulfil its' obligations under the National Ports Policy and in particular the requirements of both its' existing and potential customers based in the western region. The basis of the planning application was centred on the Port of Galway being a port of regional significance as charged under the National Ports Policy. Government approval was held to allow the company to plan & apply for planning permission. The age old issue of port access continued to be an impediment to significantly increasing the core business of the port. All of the increased demand centered on regional requirement for the export and import of goods. To transact this business through alternative ports would be both uneconomical and cost prohibitive. This point was a central argument of businesses customers of the port who presented at the Oral Hearing. As per last year's report the absolute need to complete the port extension is consistently evident.

Financials

a) Income:

Revenue was static at €3.79M. This reflects the tonnage throughput which is similar with 2014 and the consistent level of rental income and parking fees. The expectation is that core income will increase during 2016 while parking income may reduce due to a number of port based festivals and events this summer. Some of the parking areas will be used for the event facilities. Rental income may also drop as leased properties are returned to the port. The latter is in line with port strategy.

b) Costs:

Expenses have reduced from €3.36M in 2014 to €3.09M in 2015 reflecting a reduction of €266k or 7.9%. The reduction came mainly in the area of Legal & Professional Fees. Further reductions in costs are earmarked for 2016. Envisaged costs of circa €500,000 for repair/replacement of the port's gates will not arise in the medium term as a survey has reported that they are in good condition. Circa €60,000 spent annually on their maintenance is proving effective. €500,000 will be spent on dredging over the next 2/4 years if the port extension doesn't proceed. A further review of costs will be undertaken in 2016.

c) EBITDA:

EBITDA for 2015 was €1.35M which is in line with projections in terms of our borrowing capacity towards the funding of the construction costs of the proposed port extension. Together with the proceeds from the recently agreed sale of port real estate (net €5M) and further sales over the next number of years the port will be in a strong position to fund the port extension. Cash reserves currently stand at circa €1M.

Trade

2015 was a year of consolidation for the port. Throughput remained static. The ability to increase trade continues to be stymied by inadequate facilities and port restrictions due to its gated status. It also remains a significant impediment to export/import industries, located in the West of Ireland, from developing their businesses in addition to the cost of transporting their goods for export or raw materials imported to/from distant ports. It is expected that throughput will increase again in 2016 due to improved levels of imports in particular.

Galway Harbour Company

CHAIRMAN'S STATEMENT

Pensions

The defined benefit pension scheme shows a net positive valuation of + €994,000. The additional annual payments to the scheme for years 2014/2015 of €225,000 will not reoccur during the 3 year period 2016 to 2018. Following the triennial actuarial review to December 2015 the standard yearly contribution of 26.5% of relevant staff salaries, amounting to €107,000, will be supplemented by an additional annual payment of €8,000. Compared to the previous two years the benefit to the port will be in the order of €600,000 over the 3 year period to the end of 2018.

Internal Controls

The Directors have overall responsibility for the company's systems and internal control and for reviewing their effectiveness. These systems are designed to ensure that transactions are executed in accordance with management's authorisation that reasonable steps are taken to safeguard assets and to prevent fraud, and that proper financial records are maintained. These systems are designed to manage risk and can give reasonable, but not absolute, assurance against material error.

Galway Harbour Company is fully tax compliant.

To the best of my knowledge and belief with respect to the Company each of the following has been complied with or adhered to during the period:

1. The requirements of the Harbours Act 1996, subsequent amendments or any other relevant enactments;
2. Relevant guidelines issued by the Government or Minister for Finance;
3. The disclosure requirements in Section 32 of the Harbours Act, 1996 by Directors with respect to any interest that they may have in regard to any contract or other agreement with the Company;
4. The Code of Conduct issued by the Government;
5. The provisions of Section 15 of the Harbours Act 1996 with respect to the sale, leasing and acquisition of land;
6. E.U. Regulations and Government guidelines in relation to contracts for the provisions of goods or services;
7. The company is complying with the "Ethics in Public Office" Regulations.

I would like to express my thanks to my Board colleagues for their support and for their dedication and extended commitment during the year. On their behalf I would like to thank the C.E.O., Harbour Master, and staff, for their efforts in achieving continued success. I am also very pleased to state that the Board enjoyed working with the Minister for Transport, Tourism & Sport and with the Officials in the Department of Transport, Tourism & Sport during the year.

Paul Carey
Chairman

Date: 11th March 2016

Galway Harbour Company

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2015.

Principal Activity

The Company manages the activities of Galway Port and Harbour.

The Company, being exempt pursuant to section 8 (2) of the Harbours Act 1996 (as amended by the Harbours (Amendment) Act 2000), by virtue of that statute does not include the word "Limited" in its name and is thereby exempted from the requirement to include the company type at the end of its name in accordance with section 1446 of the Companies Act 2014.

Principal Risks and Uncertainties

Economic Environment

Economic activity in the port was consistent with 2014. Continued efforts were made by staff to attract new core business and this will be reflected in tonnage throughput in 2016. Trade however continues to be difficult and in the absence of proper port facilities the ability of the port to compete for new business, on an equal competitive basis with other ports, is very limited. The development of the new port extension and the facilities it will provide are deemed essential and critical to the future wellbeing of the port.

Port Extension

The development of the proposed port extension is essential if the port's economic future is to be sustained and grown. In the absence of the port extension a question mark will arise over the future economic viability of the port and its ability to grow its core business.

Dock Gates

In the unlikely event of the gates going unshipped or being damaged there would be a period when the port might not be able to function. We have insured against consequential loss.

Ship

In the event of a ship running aground in the channel the same disturbance as the dock gates would apply.

Results and Dividends

The profit for the year after providing for depreciation and taxation amounted to €502,696 (2014 - €582,986). PAT in 2014 reflected a substantial tax rebate.

The directors do not recommend payment of a dividend.

Directors

The directors who served throughout the year, except as noted, were as follows:

Paul Carey
Eamon Bradshaw
John Mulholland
Frank Greene
Kevin Carey
Padraic Mc Cormack
Natasha Evers (Resigned 31 July 2015)

There were no changes in shareholdings between 31 December 2015 and the date of signing the financial statements.

The Directors and the Secretary who held office at 31st December 2015 have no interests in the shares of the company.

Post Statement of Financial Position Events

There have been no significant events affecting the company since the year-end.

Auditors

The auditors, DHKN Limited, have indicated their willingness to continue in office in accordance with the provisions of Section 383(2) of the Companies Act, 2014.

Galway Harbour Company DIRECTORS' REPORT

Accounting Records

To ensure that proper books and accounting records are kept in accordance with Sections 281 to 285 of the Companies Act, 2014, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The books of account are located at the company's office at Harbour Office, New Docks, Galway.

Signed on behalf of the board

**Paul Carey
Director**

**Eamon Bradshaw
Director**

Date: 11th March 2016

Galway Harbour Company

STATEMENT OF DIRECTORS' RESPONSIBILITIES

for the year ended 31 December 2015

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Financial Reporting Council and promulgated by Chartered Accountants Ireland.

Irish company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with Irish Generally Accepted Accounting Practice (accounting standards issued by the Financial Reporting Council and promulgated by Chartered Accountants Ireland). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company as at the financial year end date and of the profit or loss of the company for that financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company financial statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the board

Paul Carey
Director

Eamon Bradshaw
Director

Date: 11th March 2016

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Galway Harbour Company

We have audited the financial statements of Galway Harbour Company for the year ended 31 December 2015 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and accounting standards issued by the Financial Reporting Council and promulgated by Chartered Accountants Ireland (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practice Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2015 and of its results for the year then ended; and
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland and in particular with the requirements of the Companies Act 2014.

Matters on which we are required to report by the Companies Act 2014.

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Directors' Report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by Sections 305 to 312 of the Act are not made.

Stephen Crowley F.C.A.,

for and on behalf of

DHKN LIMITED

Registered Auditors,
Galway Financial Services Centre,
Moneenageisha Road,
Galway.

Date: 11th March 2016

Galway Harbour Company

INCOME STATEMENT

for the year ended 31 December 2015

	Notes	2015 €	2014 €
Revenue	4	3,788,405	3,796,837
Gross profit		3,788,405	3,796,837
Administrative expenses		(3,091,250)	(3,357,695)
Other operating income		38,674	13,674
Operating profit	5	735,829	452,816
Finance income	6	8,364	11,273
Amount written off/back on investments	7	(3,320)	1,355
Finance costs	8	(44,743)	(55,564)
Profit on ordinary activities before taxation		696,130	409,880
Tax on profit on ordinary activities	11	(193,434)	173,106
Profit for the year		502,696	582,986

Approved by the board on Date: 11th March 2016 and signed on its behalf by

Paul Carey
Director

Eamon Bradshaw
Director

Galway Harbour Company
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2015

		2015 €	2014 €
Profit on ordinary activities after taxation		502,696	582,986
Remeasurement of defined benefit scheme assets and liabilities	19	<u>(15,750)</u>	<u>151,375</u>
Total recognised gains relating to the year		<u>486,946</u>	<u>734,361</u>

Galway Harbour Company
STATEMENT OF FINANCIAL POSITION

as at 31 December 2015

	Notes	2015 €	2014 €
Non-Current Assets			
Tangible assets	12	14,526,239	14,606,694
Investments	13	1,001,799	805,119
		<u>15,528,038</u>	<u>15,411,813</u>
Current Assets			
Receivables	14	550,662	513,700
Cash and cash equivalents		1,166,175	805,865
		<u>1,716,837</u>	<u>1,319,565</u>
Payables: Amounts falling due within one year	15	(942,395)	(652,392)
Net Current Assets		<u>774,442</u>	<u>667,173</u>
Total Assets less Current Liabilities		<u>16,302,480</u>	<u>16,078,986</u>
Payables			
Amounts falling due after more than one year	16	(1,754,589)	(1,996,507)
Provision for Liabilities and Charges	18	(61,759)	(62,619)
Government Grants Deferred	20	(70,324)	(90,998)
Net Assets		<u>14,415,808</u>	<u>13,928,862</u>
Equity			
Called up share capital	21	8,926,840	8,926,840
Other reserves		137,644	137,644
Income statement		5,351,324	4,864,378
Equity attributable to owners of the company		<u>14,415,808</u>	<u>13,928,862</u>

Approved by the board on Date: 11th March 2016 and signed on its behalf by

Paul Carey
Director

Eamon Bradshaw
Director

Galway Harbour Company
STATEMENT OF CHANGES IN EQUITY

as at 31 December 2015

	Share capital €	Retained earnings €	Capital redemption reserve €	Total €
At 1 January 2014	8,926,840	4,130,017	137,644	13,043,126
Profit for the year	-	582,986	-	582,986
Other gains and losses (Note 28)	-	151,375	-	151,375
Total comprehensive income	-	734,361	-	734,361
At 31 December 2014	8,926,840	4,864,378	137,644	13,928,862
Profit for the year	-	502,696	-	502,696
Other gains and losses (Note 28)	-	(15,750)	-	(15,750)
Total comprehensive income	-	486,946	-	486,946
At 31 December 2015	8,926,840	5,351,324	137,644	14,415,808

Galway Harbour Company

STATEMENT OF CASH FLOWS

for the year ended 31 December 2015

	Notes	2015 €	2014 €
Cash flows from operating activities			
Profit for the year		502,696	582,986
Adjustments for:			
Finance income		(8,364)	(11,273)
Amount written off/back on investments		3,320	(1,355)
Finance costs		44,743	55,564
Tax on profit on ordinary activities		193,434	(173,106)
Depreciation		584,073	651,374
Movement on defined benefit pension scheme		(215,750)	(242,625)
Amortisation of government grants		(20,674)	(20,674)
		<u>1,083,478</u>	<u>840,891</u>
Movements in working capital:			
Movement in receivables		(83,174)	83,621
Movement in payables		249,280	64,322
		<u>1,249,584</u>	<u>988,834</u>
Cash generated from operations		1,249,584	988,834
Interest paid		(44,743)	(54,429)
Tax paid		(149,457)	(236,016)
Tax repaid		43,040	294,627
		<u>1,098,424</u>	<u>993,016</u>
Net cash generated from operating activities		1,098,424	993,016
Cash flows from investing activities			
Interest received		8,364	11,273
Interest element of finance lease rental payments		-	(1,135)
Payments to acquire property, plant and equipment		(503,618)	(806,985)
		<u>(495,254)</u>	<u>(796,847)</u>
Net cash generated from investment activities		(495,254)	(796,847)
Cash flows from financing activities			
Repayment of short term loan		(239,907)	(230,954)
Capital element of finance lease contracts		(2,953)	(17,345)
		<u>(242,860)</u>	<u>(248,299)</u>
Net cash generated from financing activities		(242,860)	(248,299)
Net increase/(decrease) in cash and cash equivalents		360,310	(52,130)
Cash and cash equivalents at 1 January 2015		805,865	857,995
Cash and cash equivalents at 31 December 2015	29	<u>1,166,175</u>	<u>805,865</u>

Galway Harbour Company

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

1. GENERAL INFORMATION

Galway Harbour Company is a company limited by shares incorporated in the Republic of Ireland.

2. ACCOUNTING POLICIES

Statement of Compliance

This is the first set of financial statements prepared by Galway Harbour Company in accordance with accounting standards issued by the Financial Reporting Council, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102"). The company transitioned from previously extant Irish and UK GAAP to FRS 102 as at 1st January 2014. The financial statements of the company for the year ended 31 December 2015 have been prepared on the going concern basis and in accordance with generally accepted accounting principles in Ireland and Irish statute comprising the Companies Act 2014 and in accordance with the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) issued by the Financial Reporting Council, as promulgated by Chartered Accountants Ireland.

Basis of Preparation

The financial statements have been prepared under the historical cost convention except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Accounting Convention

The financial statements are prepared under the historical cost convention.

Revenue

Turnover consists of the invoiced sales value of sales and is net of value added tax.

Interest income is recognised using the effective interest method.

Dredging

The cost of dredging is charged to the profit and loss as incurred.

Loans and Borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a finance transaction it is measured at present value.

Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or at valuation, less accumulated depreciation. The charge to depreciation is calculated to write off the original cost or valuation of property, plant and equipment, less their estimated residual value, over their expected useful lives as follows:

Land & Buildings Freehold	-	Land not depreciated / Buildings 2% - 10% Reducing Balance
Plant & Equipment	-	15% - 33.33% Reducing Balance
Office Equipment	-	30% Reducing Balance

The carrying values of tangible fixed assets are reviewed annually for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Leasing and Hire Purchases

Property, plant and equipment held under leasing and Hire Purchases arrangements which transfer substantially all the risks and rewards of ownership to the company are capitalised and included in the Statement of Financial Position at their cost or valuation, less depreciation. The corresponding commitments are recorded as liabilities. Payments in respect of these obligations are treated as consisting of capital and interest elements, with interest charged to the Income Statement.

Galway Harbour Company

NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2015

Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through profit or loss if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

Receivables and other receivables

Receivables with no stated interest rate and receivable within one year are recorded at transaction prices. Any losses arising from impairment are recognised in the income and expenditure account in operational expenditure.

Payables and other payables

Payables with no stated interest rate and payable within one year are recorded at transaction prices. Any losses arising from impairment are recognised in the income and expenditure account in operational expenditure.

Employee benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The company also operates a defined benefit pension scheme for its employees providing benefits based on final pensionable pay. The assets of this scheme are also held separately from those of the company, being invested with pension fund managers.

Taxation

Current tax represents the amount expected to be paid or recovered in respect of taxable profits for the year and is calculated using the tax rates and laws that have been enacted or substantially enacted at the Statement of Financial Position date.

The charge for taxation where applicable is based on the profit for the financial period.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax on revalued non-depreciable tangible fixed assets is measured using the rates and allowances that apply to the sale of the asset.

Government Grants Deferred

Capital grants received and receivable are treated as deferred income and amortised to the Income Statement annually over the useful economic life of the asset to which it relates. Revenue grants are credited to the Income Statement when received.

Pensions

The company operates a defined benefit plan for the benefit of its employees. A liability for the company's obligations under the plan is recognised net of plan assets. The net change in the net defined benefit liability is recognised as the cost of the defined benefit plan during the period. Pension plan assets are measured at fair value and the defined benefit obligation is measured on an actuarial basis using the projected unit method. Actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

Galway Harbour Company
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of these financial statements requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements and estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will be, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Establishing useful economic lives for depreciation purposes of tangible fixed assets

Tangible fixed assets comprise a significant portion of the total assets of the company. The annual depreciation charge depends primarily on the estimated useful economic lives of each type of asset and estimates of residual values. The directors regularly review asset useful economic lives and change them as necessary to reflect current thinking on remaining lives in light of prospective economic utilisation and physical condition of the assets concerned. Changes in asset useful lives can have a significant impact on depreciation and amortisation charges for the period. Detail of the useful economic lives is included in the accounting policies.

(b) Providing for doubtful debts

The company makes an estimate of the recoverable value of trade and other receivables. The company uses estimates based on the historical experience in determining the level of debts, which the company believes will be collected. These estimates includes such factors as the current credit rating of the debtor, the aging profile of debtors and historical experience. Any significant reduction in the level of customers that default on payments or other significant improvements that resulted in reduction in the level of bad debt provision would have a positive impact on the operating results. The level of provision required is reviewed on an on-going basis.

4. REVENUE

The revenue for the year has been derived from:-

	2015	2014
	€	€
Docking Fees	1,311,565	1,396,902
Rental Income	1,138,339	1,143,920
Parking Income	849,714	849,146
Pilotage Income	119,188	121,772
Stevedoring Income	369,599	285,097
	<u>3,788,405</u>	<u>3,796,837</u>

The whole of the company's revenue is attributable to its market in the Republic of Ireland and is derived from the principal activity of managing the activities of Galway Port and Harbour

5. OPERATING PROFIT

	2015	2014
	€	€
Operating profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment	584,073	651,374
Amortisation of Government Grants Deferred	(20,674)	(20,674)
	<u>563,399</u>	<u>630,700</u>

6. FINANCE INCOME

	2015	2014
	€	€
Bank interest	8,364	11,273
	<u>8,364</u>	<u>11,273</u>

Galway Harbour Company
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2015

7. AMOUNTS WRITTEN OFF INVESTMENTS	2015	2014
	€	€
Amounts written off non-current assets investments: - temporary diminution in value	3,320	(1,355)
	<u><u>3,320</u></u>	<u><u>(1,355)</u></u>
8. FINANCE COSTS	2015	2014
	€	€
On bank loans and overdrafts	44,743	54,429
Finance lease charges	-	1,135
	<u><u>44,743</u></u>	<u><u>55,564</u></u>
9. EMPLOYEES AND REMUNERATION		
Number of employees		
The average number of persons employed (including executive directors) during the year was as follows:		
	2015	2014
	Number	Number
Employees	12	13
	<u><u>12</u></u>	<u><u>13</u></u>
The staff costs (inclusive of directors' salaries) comprise:	2015	2014
	€	€
Wages and salaries	872,845	904,181
Social welfare costs	89,395	91,213
Pension costs	203,116	168,083
	<u><u>1,165,356</u></u>	<u><u>1,163,477</u></u>
Key management remuneration in the year totalled €268,077 (2014: €271,454).		
10. CHIEF EXECUTIVE OFFICER	2015	2014
	€	€
Remuneration	127,870	129,908
Directors' fees	6,300	6,300
Pension contributions	25,937	25,937
	<u><u>160,107</u></u>	<u><u>162,145</u></u>

Galway Harbour Company
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

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11. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2015 €	2014 €
(a) Analysis of charge in the year		
Current tax:		
Corporation tax at 12.50% (2014 - 12.50%)	191,122	146,292
Under/over provision in prior year	3,172	(368,648)
Total current tax (Note 11 (b))	<u>194,294</u>	<u>(222,356)</u>
Deferred tax:		
Origination and reversal of timing differences	(860)	49,250
Total deferred tax (Note 18)	<u>(860)</u>	<u>49,250</u>
Tax on profit on ordinary activities	<u><u>193,434</u></u>	<u><u>(173,106)</u></u>

(b) Factors affecting tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the Republic of Ireland 12.50% (2014 - 12.50%) The differences are explained below:

	2015 €	2014 €
Profit on ordinary activities before tax	<u>696,130</u>	<u>409,880</u>
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the Republic of Ireland at 12.50% (2014 - 12.50%)	87,016	51,235
Effects of:		
Expenses not deductible for tax purposes	16,684	25,286
Depreciation in excess of capital allowances for period	40,974	49,124
Government grant adjustment	(2,584)	(2,584)
Finance lease repayments	-	(2,168)
Pension adjustment	(1,109)	(24,787)
Investments	1,461	1,240
Income taxable at 25%	48,680	48,946
Adjustment to tax charge in respect of previous periods	3,172	(368,648)
Current tax charge for the year (Note 11 (a))	<u><u>194,294</u></u>	<u><u>(222,356)</u></u>

Galway Harbour Company
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

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12. PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings Freehold	Plant & Equipment	Office Equipment	Total
	€	€	€	€
Cost				
At 1 January 2015	19,514,802	2,693,028	205,667	22,413,497
Additions	496,214	7,030	374	503,618
At 31 December 2015	<u>20,011,016</u>	<u>2,700,058</u>	<u>206,041</u>	<u>22,917,115</u>
Depreciation				
At 1 January 2015	5,517,035	2,110,438	179,330	7,806,803
Charge for the year	458,953	117,106	8,014	584,073
At 31 December 2015	<u>5,975,988</u>	<u>2,227,544</u>	<u>187,344</u>	<u>8,390,876</u>
Carrying amount				
At 31 December 2015	<u>14,035,028</u>	<u>472,514</u>	<u>18,697</u>	<u>14,526,239</u>
At 31 December 2014	<u>13,997,767</u>	<u>582,590</u>	<u>26,337</u>	<u>14,606,694</u>

12.1. PROPERTY, PLANT AND EQUIPMENT PRIOR YEAR

	Land & Buildings Freehold	Plant & Equipment	Office Equipment	Total
	€	€	€	€
Cost				
At 1 January 2014	18,754,070	2,677,421	175,021	21,606,512
Additions	760,732	15,607	30,646	806,985
At 31 December 2014	<u>19,514,802</u>	<u>2,693,028</u>	<u>205,667</u>	<u>22,413,497</u>
Depreciation				
At 1 January 2014	5,022,772	1,964,614	168,043	7,155,429
Charge for the year	494,263	145,824	11,287	651,374
At 31 December 2014	<u>5,517,035</u>	<u>2,110,438</u>	<u>179,330</u>	<u>7,806,803</u>
Carrying amount				
At 31 December 2014	<u>13,997,767</u>	<u>582,590</u>	<u>26,337</u>	<u>14,606,694</u>
At 31 December 2013	<u>13,731,298</u>	<u>712,807</u>	<u>6,978</u>	<u>14,451,083</u>

12.2. PROPERTY, PLANT AND EQUIPMENT CONTINUED

Included above are assets held under finance leases or hire purchase contracts as follows:

	2015 Carrying amount €	2014 Carrying amount €
Plant & Equipment	<u>-</u>	<u>32,256</u>

Galway Harbour Company
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

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13. INVESTMENTS

	Listed Investments	Pension Asset	Total
	€	€	€
Investments			
Cost			
At 1 January 2015	541,501	794,000	1,335,501
Additions / Movement	-	200,000	200,000
At 31 December 2015	<u>541,501</u>	<u>994,000</u>	<u>1,535,501</u>
Provisions for diminution in value:			
At 1 January 2015	530,382	-	530,382
Charge	3,320	-	3,320
At 31 December 2015	<u>533,702</u>	<u>-</u>	<u>533,702</u>
Carrying amount			
At 31 December 2015	<u>7,799</u>	<u>994,000</u>	<u>1,001,799</u>
At 31 December 2014	<u>11,119</u>	<u>794,000</u>	<u>805,119</u>

13.1. INVESTMENTS PRIOR YEAR

	Listed Investments	Pension Asset	Total
	€	€	€
Investments			
Cost			
At 1 January 2014	541,501	400,000	941,501
Additions / Movement	-	394,000	394,000
At 31 December 2014	<u>541,501</u>	<u>794,000</u>	<u>1,335,501</u>
Provisions for diminution in value:			
At 1 January 2014	531,737	-	531,737
Charge	(1,355)	-	(1,355)
At 31 December 2014	<u>530,382</u>	<u>-</u>	<u>530,382</u>
Carrying amount			
At 31 December 2014	<u>11,119</u>	<u>794,000</u>	<u>805,119</u>
At 31 December 2013	<u>9,764</u>	<u>400,000</u>	<u>409,764</u>

The market value of listed investments at 31st December 2015 was €7,799 (2014: €11,119).

In the opinion of the directors, the shares of the company's unlisted investments are worth at least the amount at which they are stated in the Statement of Financial Position.

14. RECEIVABLES

	2015 €	2014 €
Trade receivables	358,730	313,526
Taxation (Note 17)	36,839	86,648
Prepayments and accrued income	155,093	113,526
	<u>550,662</u>	<u>513,700</u>

All balances are deemed recoverable within one year.

Galway Harbour Company
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

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15. PAYABLES	2015	2014
Amounts falling due within one year	€	€
Bank Loan	235,242	233,231
Other Creditors	43,750	43,750
Net obligations under finance leases and hire purchase contracts	-	2,953
Trade payables	224,187	178,856
Taxation (Note 17)	82,288	39,057
Accruals	302,896	97,063
Deferred Income	54,032	57,482
	<u>942,395</u>	<u>652,392</u>
	<u><u>942,395</u></u>	<u><u>652,392</u></u>
16. PAYABLES	2015	2014
Amounts falling due after more than one year	€	€
Bank Loan	1,568,653	1,766,821
Other Loans	185,936	229,686
	<u>1,754,589</u>	<u>1,996,507</u>
	<u><u>1,754,589</u></u>	<u><u>1,996,507</u></u>
Loans		
Repayable in one year or less, or on demand (Note 15)	278,992	276,981
Repayable between one and two years	557,984	553,960
Repayable between two and five years	836,976	785,676
Repayable in five years or more	359,629	656,871
	<u>2,033,581</u>	<u>2,273,488</u>
	<u><u>2,033,581</u></u>	<u><u>2,273,488</u></u>
KBC bank borrowings are secured by a first fixed and floating charge over the Sennebogen Crane (Fixed Asset) owned by the company.		
17. TAXATION	2015	2014
	€	€
Receivables:		
VAT	36,839	40,436
Corporation tax	-	46,212
	<u>36,839</u>	<u>86,648</u>
	<u><u>36,839</u></u>	<u><u>86,648</u></u>
Payables:		
Corporation tax	41,665	-
PAYE	28,436	28,915
PRSI	12,187	10,142
	<u>82,288</u>	<u>39,057</u>
	<u><u>82,288</u></u>	<u><u>39,057</u></u>

Galway Harbour Company
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

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18. PROVISIONS FOR LIABILITIES AND CHARGES

The amounts provided for deferred taxation are analysed below:

	Capital allowances	Pension	Total
	€	€	€
At 1 January 2015	(36,631)	99,250	62,619
Charged to profit and loss	-	(860)	(860)
	<u>(36,631)</u>	<u>98,390</u>	<u>61,759</u>
At 31 December 2015	<u>(36,631)</u>	<u>98,390</u>	<u>61,759</u>

19. PENSION COSTS - DEFINED BENEFIT

Galway Harbour Company operates a defined benefit scheme and a defined contribution scheme for its employees. The schemes are funded and the assets are held separately from those of Galway Harbour Company.

Contributions are made to the defined benefit scheme, which is closed to new membership, at rates recommended by independent qualified actuaries. The latest full actuarial valuation prepared using an attained age method of funding was at 31st December 2015 and recommended a funding rate for three years from 1st January 2016 – 31st December 2018 of €115,000 per annum.

An actuarial valuation under FRS102 was carried out at 31 December 2015 by an independent qualified actuary. The major assumptions used by the actuary are as follows:

	2015	2014
Discount rate	2.20%	2.20%

Assets in the scheme were:

		Value		Value
		€		€
Equities	35.00%	2,348,000	34.00%	2,190,000
Bonds	63.00%	4,259,000	61.00%	3,944,000
Other	2.00%	158,000	5.00%	363,000
		<u>6,765,000</u>		<u>6,497,000</u>
Total Market Value of assets		<u>6,765,000</u>		<u>6,497,000</u>
Present value of scheme liabilities		<u>(5,771,000)</u>		<u>(5,703,000)</u>
		<u>994,000</u>		<u>794,000</u>
Surplus in the scheme		<u>994,000</u>		<u>794,000</u>
Net pension asset		<u>994,000</u>		<u>794,000</u>

Galway Harbour Company
NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2015

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19.1. PENSION COSTS - DEFINED BENEFIT CONTINUED	2015	2014
	€	€
Analysis of the amount charged to operating profit		
Current service cost	<u>132,000</u>	<u>104,000</u>
Analysis of amount credited to other income		
Interest on pension scheme assets	<u>145,000</u>	165,000
Interest cost	<u>(127,000)</u>	<u>(172,000)</u>
	<u>18,000</u>	<u>(7,000)</u>
Analysis of movement in scheme during the year		
Surplus as at 31 December 2014	794,000	400,000
Movement in year :		
Current service costs	(132,000)	(104,000)
Contributions to the scheme	332,000	332,000
Net interest on net fund assets/liabilities	18,000	(7,000)
Remeasurement of fund assets and liabilities	(18,000)	173,000
Surplus as at 31 December 2015	994,000	<u>794,000</u>

19.2. PENSION COSTS - DEFINED BENEFIT CONTINUED					
History of pension scheme experience gains and losses	2015	2014	2013	2012	2011
Difference between expected and actual return scheme assets					
Amount	(66,000)	1,118,000	14,000	198,000	(451,000)
Percentage of scheme assets	(1.00%)	17.20%	0.030%	4.10%	(10.10%)
Experience gains and losses arising on scheme liabilities					
Amount	48,000	55,000	71,000	104,000	40,000
Percentage of present value of the scheme liabilities	0.080%	1.00%	1.5%	2.20%	1.10%
Changes in assumptions					
Percentage of the scheme liabilities	0.0%	(1,000,000) (17.5%)	110,000 2.4%	(1,072,000) (22.9%)	(48,000) (1.3%)
Amount	(18,000)	173,000	195,000	(770,000)	(459,000)
Percentage of the present value of the scheme liabilities	(0.030%)	3.00%	4.20%	(16.50%)	(12.90%)

19.3. PENSION COSTS - DEFINED BENEFIT CONTINUED

Sensitivity analysis of the principal assumptions used to measure scheme liabilities

The sensitivities regarding the principal assumptions uses to measure the scheme liabilities are set out below:

Assumptions	Discount Rate	Rate of inflation	Rate of increase in salaries	Rate of mortality
Change in assumption Increase/(decrease) by	0.00%	0.00%	2.50%	-
Impact on scheme liabilities Increase/(decrease) by	0.00%	0.00%	0.00%	0.00%

Galway Harbour Company
NOTES TO THE FINANCIAL STATEMENTS

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for the year ended 31 December 2015

20. GOVERNMENT GRANTS DEFERRED			2015	2014
			€	€
Capital grants received and receivable				
At 1 January 2015			<u>215,042</u>	215,042
Amortisation				
At 1 January 2015			<u>(124,044)</u>	(103,370)
Amortised in year			<u>(20,674)</u>	(20,674)
At 31 December 2015			<u>(144,718)</u>	(124,044)
Carrying amount				
At 31 December 2015			<u>70,324</u>	90,998
At 1 January 2015			<u>90,998</u>	111,672
21. SHARE CAPITAL			2015	2014
			€	€
Description	No of shares	Value of units		
Authorised				
Ordinary Shares	8,000,000	€1.25 each	<u>10,000,000</u>	<u>10,000,000</u>
Allotted, called up and fully paid				
Ordinary Shares	7,141,472	€1.25 each	<u>8,926,840</u>	<u>8,926,840</u>
No director or the secretary had an interest in the share capital of the company at any time during the period.				
22. CONTINGENT LIABILITIES				
There are contingent liabilities to repay in certain circumstances in whole or in part government grants of €413,471 received by the company. The Directors believe that it is unlikely that these liabilities will materialise and therefore have not provided for such contingent liabilities in the financial statements.				
At the year end the company and a previous service provider were involved in a litigation process. The information usually required by Financial Reporting Standard 102, Section 21 Provisions and Contingencies, is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the litigation. As the Directors are of the opinion that the claim can be successfully defended by the company, no liability is reflected in the financial statements for the year ended 31 December 2015.				
23. DIRECTORS' REMUNERATION			2015	2014
			€	€
Remuneration			<u>44,625</u>	<u>54,600</u>
24. BOARD FEES			2015	2014
			€	€
Paul Carey (Chairman)			9,450	9,450
Eamon Bradshaw (CEO)			6,300	6,300
Ollie Crowe			-	5,775
John Mulholland			6,300	6,300
Frank Greene			6,300	6,300
Kevin Carey			6,300	6,300
Natasha Evers			3,675	6,300
Padraic Mc Cormack			6,300	7,875
			<u>44,625</u>	<u>54,600</u>

Galway Harbour Company
NOTES TO THE FINANCIAL STATEMENTS

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for the year ended 31 December 2015

25. RELATED PARTY TRANSACTIONS

Galway Harbour Company is connected to Bruscar Bhearna Teoranta due to a common director Mr. Eamon Bradshaw. The company invoiced Bruscar Bhearna Teoranta €78,126 for services provided during the year. As at 31st December 2015, Bruscar Bhearna Teoranta owes the company €8,292.

The directors confirm that all transactions between related parties are on an arm's length basis

26. CONTROLLING INTEREST

The company was controlled during the year by the Minister for Transport, Tourism and Sport through the appointment of the Directors to the company with the exception of the Chief Executive Officer who is an ex officio officer of the board.

The company provides to and receives services from various Government Departments and other State Bodies, in the normal course of business.

27. EVENTS AFTER END OF REPORTING PERIOD

There have been no significant events affecting the company since the year end.

28. CHANGES IN EQUITY

Other Comprehensive Income	2015	2014
	€	€
Retained earnings staff defined benefit pension remeasurement	(15,750)	151,375

29. CASH AND CASH EQUIVALENTS

	2015	2014
	€	€
Cash and bank balances	222,286	70,340
Cash equivalents	943,889	735,525
	1,166,175	805,865

30. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 11th March 2016.

