

Galway Harbour Company
Directors' Report and Financial Statements
for the year ended 31 December 2017

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

Galway Harbour Company

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Galway Harbour Company

DIRECTORS AND OTHER INFORMATION

Directors	Maurice O' Gorman (Appointed 24 October 2017) Frank Greene Padraic Mc Cormack Edel McCormack (Appointed 24 October 2017) Andrew Murphy (Appointed 5 th March 2018) / (Resigned 17 th April 2018) Cormac McCarthy (Appointed 5 th March 2018) Paul Carey (Resigned 2 October 2017) Eamon Bradshaw (Resigned 28 th February 2018)
Company Secretary	Eamon Bradshaw
Company Number	262364
Registered Office and Business Address	Harbour Office, New Docks, Galway.
Auditors	DHKN Limited, Registered Auditors, Galway Financial Services Centre, Moneenageisha Road, Galway.
Bankers	Bank of Ireland, 19 Eyre Square, Galway. KBC, Sandwith Street, Dublin 2. Davy Group, Davy House, 49 Dawson Street, Dublin 2.
Solicitors	Blake & Kenny Solicitors, 2 St Francis Street, Galway. Matheson Solicitors, 70 Sir John Rogerson's Quay, Dublin 2. Sheehan & Co., Augustine Court, St Augustine Street, Galway. Philip Lee, 7/8 Wilton Terrace, Grand Canal Dock, Dublin 2.

Galway Harbour Company

CHAIRMAN'S STATEMENT

for the year ended 31 December 2017

Introduction

2017 was another successful year for the Galway Harbour Company. Tonnage continued to increase year on year. Despite the gate and size restrictions, the company continues to trade profitably. There has been little progress with the planning application process for the port extension. Work on the Inner Dock regeneration strategy commenced in 2017 with the goal of commencing work in 2018.

Galway Harbour Company handled 602,299 tonnes of cargo in 2017. This was an increase of 14,196 tonnes on the prior year (2.3% increase year on year). 2018 has continued this upward trend with a 5% increase in January 2018 compared to the same period last year. Despite the size and gate restrictions, the Port of Galway continues to grow year on year. EBITDA performance for the year remains strong despite the drop in rental income due to the return of a number of freehold properties to the ownership of the port, which is in line with the Port's strategy of consolidating its asset base ahead of future potential developments.

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 the Imperative Reasons of Over-riding Public Interest ("IROPI"). 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 Fucooid-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. This process has continued throughout 2017 and has yet to be finalised. Negotiations are ongoing with all stakeholders. The Harbour Company hopes to be in a position to finalise the compensatory proposals in early 2018.

Over 4 years has elapsed since the date of lodgement of the planning application under the SID process. The time taken to issue a decision poses significant economic and financial disadvantages to the Port of Galway in terms of developing its facilities which would allow the Port to fulfil its' obligations under the National Ports Policy and in particular the requirements of both 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.

Given the exit of the UK from the European Union, Irish ports will need to handle new routes and extra cargo bypassing the British mainland and going direct to mainland Europe. The Galway Port extension would be a key piece of infrastructure providing Ireland with increased capacity on the west coast post Brexit.

Port access and size restrictions continue to impede on the Port's ability to grow and continue to fully service the region. The Port continues to turn away business and tonnage due to these restrictions.

Commercial Service to the Aran Islands

The Port of Galway was, once again, the port of choice for the commercial services to the peripheral Aran Islands which are the most densely populated Islands off the Irish west coast. This freight services the population of the 3 Islands and resulted in 167 sailings in 2017. In line with EU strategy/policy, the port extension will ensure cost-effective connectivity between the city of Galway and one of the most peripheral areas within the EU.

Financials

Revenue

Revenue in 2017 amounted to €4,031k. This represents a decrease of €210k on 2016 revenue. The main driver of this decrease was due to the loss in rental income resulting from the consolidation of leased properties within the Inner Dock in the year. Docking fees were up by €42k which is in line with the increase in shipping numbers of 5% year on year. Parking revenues also increased by €82k due mainly to the addition of 120 extra spaces to the estate during the year.

Expenses

Premises and equipment costs for 2017 amounted to €1,098k compared to €1,371k in 2016. This decrease is mainly due to the one-off site clearing cost incurred in 2016. As with previous years, the maintenance cost incurred by the port estate remains high due to the aging port infrastructure. Employee expenses have increased by €166k due mainly to the increase in full year headcount noted in the year.

Galway Harbour Company

CHAIRMAN'S STATEMENT

for the year ended 31 December 2017

EBITDA

EBITDA for 2017 amounted to €1.2m. This is compared to €1.4m in the prior year. The drop in rental income is the main driver of this negative variance, given that it is a direct hit to the EBITDA figure. While the mix varies slightly, the remaining expenses are in line with the prior year. This EBITDA performance is expected to continue on the back of continued prudent management. The company continues to be cash generative, with excess cash being ring-fenced on an ongoing basis to part fund the proposed port extension.

Trade

Despite restrictions due to its gated status, the throughput of the Port continues to grow year on year. The Port is finding it increasingly difficult to attract new business to the area due to its inability to handle ships over 7,500 tonnes. The requirement for west of Ireland enterprises to transport goods to Ports that can handle larger tonnage, adds to the cost of exporting and reduces the ability of Ireland to meet its climate change obligations.

The customer base of the Port is stable, but the port is reliant on a small number of key customers. To secure its future, the port needs to continue to increase its customer base year on year. Business development will be a main priority for the company in 2018.

The port continues to focus on the cruise liner industry with 6 cruise ships, including the Oriana, which held 1,880 passengers and 760 crew, anchoring in the harbour in 2017. A further 3 cruise ships were forecasted to stop in Galway in 2017 but had to cancel due to poor weather, again highlighting the lack of suitable infrastructure within the current port estate.

Despite the obvious popularity of Galway as a cruise destination within the cruise industry, the Port's ability to grow cruise ship numbers is restricted, as the ships have to berth in the Harbour and tender the passengers ashore. The Port Company continues to invest in a cruise strategy, which includes the attendance at a number of cruise events and intensive marketing campaigns. This investment is beginning to pay dividends with 16 cruise ships forecast in 2018. It is expected that 10,000 passengers will disembark in Galway in 2018.

Consolidation

The Port company has continued the policy of consolidating its assets in 2017. Negotiations have continued throughout the year resulting in the return of a site freehold to the company at a cost of €1.5m. Negotiations are ongoing with remaining leaseholders within the Inner Dock area.

The purchase of the indoor carpark was also finalised in 2017. This added a further 120 spaces to the Ports parking estate.

A masterplan exercise for the inner dock area comprising 30 acres was undertaken in 2017. This plan showcases the sites potential and what it will contribute to the economic and social fabric of the city. This masterplan is expected to be finalised in early 2018. A strategic issues paper was also commissioned in 2017 to create a development strategy for the inner dock area.

Pensions

The defined benefit pension scheme shows a net surplus of €1.49m compared to €1.29m in the prior year. Following on from the triennial actuarial review carried out to December 2015, the standard yearly contribution of 26.5% of relevant staff salaries, amounted to €107k with an additional payment of €9k bringing the total contribution to €116k which was the same as 2016.

Board of Directors

The majority of the Board are non-executive and are appointed by the Minister. The board meets formally on a monthly basis. The Board reviews the operational performance of the company at each meeting and has a formal schedule of matters specifically reserved to it for decision. The Board is responsible for exercising all the powers of the company, other than those reserved to the company's Shareholders. The Board has collective responsibility for all the operations of the company. The Board may delegate such of its powers as it sees fit, to either a Board Committee or the Chief Executive, subject to whatever restrictions or regulation it imposes with such delegation.

With the aim of strengthening our governance framework in 2018, the Board has reconstituted and created three Board committees: (i) the Audit & Risk Committee; (ii) the Remuneration and Superannuation Committee; and (iii) the Strategy Committee.

The appointments of two new directors in late 2017 and a further two directors in early 2018 has added to the skills and experience of the Board.

Due to the significant change in the Board of Galway Harbour Company in the year under review, the Board will ensure it completes its self-assessment annual evaluation of its own performance and that of its other committees in 2018.

Galway Harbour Company

CHAIRMAN'S STATEMENT

for the year ended 31 December 2017

Corporate Governance and Internal Control

A companywide risk management policy, including a risk register, is now being updated with a view to finalising in mid-2018. This policy and register will evaluate key business risks by:

- Identifying the nature of the key business risks facing the organisation;
- Evaluating the impact and likelihood of the gross risks materializing;
- Identifying the controls in place to mitigate the gross risks;
- Re-evaluating the risks taking into account the controls in place to identify if the inherent risk is at an acceptable/manageable level;
- Identifying a risk owner for each Business Risk identified;
- Identifying further strategies where required to manage the key risks;
- Regular review and update of Business Risks process; and
- Risk Management is a standing agenda item at all scheduled meetings of the Board.

Following completion of the aforementioned policy, the Board will ensure that an assessment of the principal risks is completed regularly.

The Directors have overall responsibility for the company's systems and internal controls 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.

Control procedures within the company are reviewed periodically by the management team. In 2017, a Finance and Development manager and a general accountant were hired to accommodate the increased work load within the company. Annual budgets and five year corporate plans are prepared by the company on an annual basis and are reported and reviewed accordingly by the board throughout the year.

Internal controls are currently being updated and modernised to reflect the requirements of the new code of practice. This involves new procedures and systems, both at an executive and management level, being put in place to ensure that the system of internal controls is fit for purpose. Due to the changes in the Board of Galway Harbour Company in the year, the Board intends to complete its annual review of the effectiveness of internal control systems by mid-2018.

There were no material instances where a breach of control occurred in 2017. There have been no material losses, contingencies or uncertainties noted which require disclosure in the financial statements.

The Company is in the process of establishing procedures whereby employees of the Company may, in confidence, raise concern about possible irregularities in financial reporting or other matters, and for ensuring meaningful follow-up of matters raised in this way. The company will ensure that it adheres with its requirement to publish the annual report required under section 22(1) of the Act.

No material losses or frauds were noted in 2017. Controls are in place to provide reasonable assurance against material losses or frauds.

The company has an audit and risk committee in place. This committee is made up of two independent non-executive Board members. The company is proactively working to ensure the Audit and Risk Committee and all other committees of Galway Harbour Company have written charters. Due to the changes on the audit committee of Galway Harbour Company in the year, the committee intends to complete its review of the statement on system of internal controls by mid-2018. Management accounts with budget and prior year comparisons are presented to the Audit and Risk committee on a quarterly basis.

Procurement

The Board is aware of its responsibility to satisfy itself that the requirements for public procurement are adhered to and are fully conversant with the current value thresholds for the application of EU and national procurement rules. The Board is in the process of reviewing and updating its procurement policy and will ensure current procurement procedures are documented which reflect procurement decisions within Galway Harbour Company.

The company strives to ensure that the appropriate requirements of the Department of Public Expenditure and Reform Public Spending Code are being complied with.

Galway Harbour Company

CHAIRMAN'S STATEMENT

for the year ended 31 December 2017

To the best of my knowledge and belief with respect to the Company:

1. I confirm that
 - interim unaudited accounts for the first half of 2017 were returned on the 31st August 2017 together with an interim report to the Minister on significant commercially sensitive developments in the preceding six months and likely developments for the rest of the year;
 - interim unaudited accounts were submitted on the 28th February 2018; and
 - audited annual report and financial statements will be submitted on 4th May 2018.
2. I confirm that the company is currently implementing Codes of Conduct for the Board and employees and will endeavour to ensure they are published and adhered to.
3. I confirm that Government policy on the pay of CEOs and all State body employees is being complied with.
4. I confirm that Government guidelines on the payment of Board members' fees are being complied with.
5. I confirm that there were no significant post balance sheet events other than those disclosed in the financial statements of the company.
6. I confirm that Government travel policy requirements are being complied with in all respects;
7. I confirm that the company has complied with its obligations under tax law;
8. I confirm that there was no legal disputes involving other State bodies which require disclosure.
9. I confirm that the company does not have any subsidiaries as at 31st December 2017.
10. I confirm that the company is proactively working to ensure that the Code of Practice for the Governance of State Bodies is adopted in full in 2018.

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 disclosure requirements of the salary paid to the CEO and fees paid to directors.
5. The Code of Conduct issued by the Government and that each board member and each person holding a designated position of employment in the company has complied with the statutory obligations.
6. The provisions of Section 15 of the Harbours Act 1996 with respect to the sale, leasing and acquisition of land.
7. The company is complying with the "Ethics in Public Office" Regulations.
8. That all appropriate procedures for financial reporting, travel and asset disposals are being carried out.
9. The company did not engage in any diversification during the year.

Given my recent appointment as Chairman of the Galway Harbour Company, I would like to thank the board members for their dedication and commitment throughout 2017. On their behalf, I would thank our outgoing CEO for his dedication and commitment over his tenure. He has achieved great success over the years and has ensured that the Port of Galway is now in a position to capitalise on the anticipated positive planning decision for the port extension. I would also like to thank the Harbour Master and staff for their continued dedication throughout the year. I look forward to a successful year ahead, working with the Minister for Transport, Tourism & Sport and with the Officials in the Department of Transport, Tourism & Sport to ensure that the Port of Galway continues to grow and implement its strategic plan for both the Inner Dock development and the proposed Port extension.

Maurice O' Gorman (Chairman)

Date: 4th May 2018

Galway Harbour Company DIRECTORS' REPORT

for the year ended 31 December 2017

The directors present their report and the audited financial statements for the year ended 31 December 2017.

Principal Activity and Review of the Business

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 2017.

The Directors note the company's trading performance and will make every effort to improve profitability in the coming year.

The Directors acknowledge that the main risk facing the company is competition between ports. We are satisfied that we will continue to attract new business to Galway Port.

Principal Risks and Uncertainties

Economic Environment

Economic activity in the port improved in the year due to a determined effort by staff to attract new core business. 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 €281,700 (2016 - €5454,384).

The directors do not recommend payment of a dividend.

At the end of the year, the company has assets of €23,144,060 (2016 - €22,731,705) and liabilities of €2,535,418 (2016 - €2,607,763). The net assets of the company have increased by €484,700.

Directors and Secretary

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

Maurice O' Gorman (Appointed 24 October 2017)

Frank Greene

Padraic Mc Cormack

Edel McCormack (Appointed 24 October 2017)

Andrew Murphy (Appointed 5th March 2018) / (Resigned 17th April 2018)

Cormac McCarthy (Appointed 5th March 2018)

Paul Carey (Resigned 2 October 2017)

Eamon Bradshaw (Resigned 28th February 2018)

The secretary who served throughout the year was Eamon Bradshaw.

There were no changes in shareholdings between 31 December 2017 and the date of signing the financial statements.

The Directors and the Secretary who held office at 31st December 2017 have no interests in the shares of the company.

Galway Harbour Company DIRECTORS' REPORT

for the year ended 31 December 2017

Post Statement of Financial Position Events

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

Auditors

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

Board Meeting Attendance

There were fifteen general Board meetings during the year ended 31st December 2017. The attendance by each Board member during the year is set out below.

Board Member - Meetings Attended / Meetings Obligated to Attend

Maurice O' Gorman Appointed 24th October 2017 2/3

Frank Greene 14/15

Padraic Mc Cormack 15/15

Edel McCormack Appointed 24th October 2017 0/3

Paul Carey Resigned 2nd October 2017 12/12

Eamon Bradshaw Resigned 28th February 2018 13/15

Andrew Murphy – Appointed / Resigned post year end

Cormac McCarthy – Appointed post year end

Statement on Relevant Audit Information

There is no relevant audit information of which the statutory auditors are unaware. The directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and they have established that the statutory auditors are aware of that information.

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

Maurice O' Gorman
Director

Frank Greene
Director

Date: 4th May 2018

Galway Harbour Company

DIRECTORS' RESPONSIBILITIES STATEMENT

for the year ended 31 December 2017

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable Irish law and regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law the directors have elected to prepare the financial statements in accordance with the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" 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 the 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 and 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

Maurice O' Gorman
Director

Frank Greene
Director

Date: 4th May 2018

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Galway Harbour Company

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Galway Harbour Company ('the company') for the year ended 31 December 2017 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 and the related notes to the financial statements, including a summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish Law and 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 assets, liabilities and financial position of the company as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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 ISAs (Ireland) require us to report to you where:

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

Other Information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- in our opinion, the Directors' Report has been prepared in accordance with 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.

INDEPENDENT AUDITOR'S REPORT

to the Shareholders of Galway Harbour Company

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report. The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

Other matters

We confirm that we have reviewed the Chairman's Statement regarding the statement of internal financial control of Galway Harbour Company. We confirm that it is in compliance with the requirements of paragraph 1.9(iv) of the Code of Practice for the Governance of State Bodies and is consistent with the information of which we are aware of from the audit of the financial statements.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors 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 they 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 directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operation, or has 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 (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 IAASA's website at: <[www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description of auditor's responsibilities for audit.pdf](http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditor's_responsibilities_for_audit.pdf)> The description forms part of our Auditor's Report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the company's shareholders, 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 shareholders 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 any responsibility to anyone other than the company and the company's shareholders, as a body, for our audit work, for this report, or for the opinions we have formed.

Stephen Crowley F.C.A.,
for and on behalf of
DHKN LIMITED,
Registered Auditors,
Galway Financial Services Centre,
Moneenageisha Road,
Galway.

Date: 4th May 2018

Galway Harbour Company

APPENDIX TO THE INDEPENDENT AUDITOR'S REPORT

Further information regarding the scope of our responsibilities as auditor

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

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

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

Galway Harbour Company
INCOME STATEMENT

for the year ended 31 December 2017

	Notes	2017 €	2016 €
Revenue	4	4,031,010	4,241,160
Gross profit		4,031,010	4,241,160
Administrative expenses		(3,485,584)	(3,421,431)
Other operating income		41,674	7,265,163
Operating profit	5	587,100	8,084,892
Finance income	6	18,956	5,313
Value adjustments in respect of investments	7	112	(142)
Finance costs	8	(36,679)	(40,266)
Profit before taxation		569,489	8,049,797
Tax on profit	12	(287,789)	(2,595,413)
Profit for the year		281,700	5,454,384

Approved by the board on 4th May 2018 and signed on its behalf by:

Maurice O' Gorman
Director

Frank Greene
Director

Galway Harbour Company
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2017

		2017 €	2016 €
Profit after taxation		281,700	5,454,384
Remeasurement of defined benefit scheme assets and liabilities	20	203,000	253,750
Total comprehensive income relating to the year		<u>484,700</u>	<u>5,708,134</u>

Galway Harbour Company
STATEMENT OF FINANCIAL POSITION

as at 31 December 2017

	Notes	2017 €	2016 €
Non-Current Assets			
Property, plant and equipment	13	16,008,478	14,133,512
Investments	14	1,504,769	5,304,179
		<u>17,513,247</u>	<u>19,437,691</u>
Current Assets			
Receivables	15	503,556	628,153
Cash and cash equivalents		5,127,257	2,665,861
		<u>5,630,813</u>	<u>3,294,014</u>
Payables: Amounts falling due within one year	16	(1,002,205)	(917,381)
Net Current Assets		4,628,608	2,376,633
Total Assets less Current Liabilities		22,141,855	21,814,324
Payables			
Amounts falling due after more than one year	17	(1,263,774)	(1,516,238)
Provisions for liabilities	19	(240,463)	(124,494)
Government Grants Deferred	21	(28,976)	(49,650)
Net Assets		20,608,642	20,123,942
Equity			
Called up share capital presented as equity	22	8,926,840	8,926,840
Other reserves		137,644	137,644
Income statement		11,544,158	11,059,458
Equity attributable to owners of the company		20,608,642	20,123,942

Approved by the board on 4th May 2018 and signed on its behalf by:

Maurice O' Gorman
Director

Frank Greene
Director

Galway Harbour Company
STATEMENT OF CHANGES IN EQUITY

as at 31 December 2017

	Share capital	Retained earnings	Capital redemption reserve	Total
	€	€	€	€
At 1 January 2016	8,926,840	5,351,324	137,644	14,415,808
Profit for the year	-	5,454,384	-	5,454,384
Other gains and losses	-	253,750	-	253,750
Total comprehensive income	-	5,708,134	-	5,708,134
At 31 December 2016	8,926,840	11,059,458	137,644	20,123,942
Profit for the year	-	281,700	-	281,700
Other gains and losses	-	203,000	-	203,000
Total comprehensive income	-	484,700	-	484,700
At 31 December 2017	8,926,840	11,544,158	137,644	20,608,642

Galway Harbour Company

STATEMENT OF CASH FLOWS

for the year ended 31 December 2017

	Notes	2017 €	2016 €
Cash flows from operating activities			
Profit for the year		281,700	5,454,384
Adjustments for:			
Finance income		(18,956)	(5,313)
Amount written back on/off investments		(112)	142
Finance costs		36,679	40,266
Tax on profit on ordinary activities		287,789	2,595,413
Depreciation		613,277	539,961
Movement on defined benefit pension scheme		(5,000)	(41,250)
Amortisation of government grants		(20,674)	(20,674)
		<u>1,174,703</u>	<u>8,562,929</u>
Movements in working capital:			
Movement in receivables		120,169	(64,821)
Movement in payables		83,317	23,946
		<u>1,378,189</u>	<u>8,522,054</u>
Cash generated from operations		1,378,189	8,522,054
Interest paid		(36,679)	(40,266)
Tax paid		(167,392)	(2,587,013)
		<u>1,174,118</u>	<u>5,894,775</u>
Net cash generated from operating activities		<u>1,174,118</u>	<u>5,894,775</u>
Cash flows from investing activities			
Interest received		18,956	5,313
Payments to acquire property, plant and equipment		(2,488,243)	(160,725)
Payments to acquire investments		-	(4,007,522)
Receipts from sales of property, plant and equipment		-	13,491
Receipts from sales of investments		4,007,522	-
		<u>1,538,235</u>	<u>(4,149,443)</u>
Net cash generated from/(used in) investment activities		<u>1,538,235</u>	<u>(4,149,443)</u>
Cash flows from financing activities			
Repayment of short term loan		(250,957)	(245,646)
		<u>(250,957)</u>	<u>(245,646)</u>
Net increase in cash and cash equivalents		<u>2,461,396</u>	<u>1,499,686</u>
Cash and cash equivalents at beginning of financial year		<u>2,665,861</u>	<u>1,166,175</u>
Cash and cash equivalents at end of financial year	29	<u><u>5,127,257</u></u>	<u><u>2,665,861</u></u>

Galway Harbour Company

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2017

1. GENERAL INFORMATION

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

2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Statement of compliance

The financial statements of the company for the year ended 31 December 2017 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 on the going concern basis and in accordance with 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 financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" issued by the Financial Reporting Council and promulgated by Chartered Accountants Ireland.

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 income statement 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
Motor vehicles	-	12.5% Straight Line

The carrying values of property, plant and equipment are reviewed annually for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable. The company continues to capitalise all capital and consultancy costs associated with the Port development. It is the companies' policy not to depreciate capital expenditure in relation to the Port development.

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 income statement if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

Trade 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 statement in operational expenditure.

Galway Harbour Company

NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2017

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the Statement of Financial Position bank overdrafts are shown within Payables.

Trade 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 statement 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 and deferred 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 statement of financial position 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 pension costs in respect of a defined benefit scheme are charged to the Income Statement on a systematic basis, based on the actuary's calculations. Amounts charged are calculated using the following rates:

Current service costs	-	Discount rate at the start of the year
Interest cost	-	Discount rate at the start of the year
Expected return on assets	-	Expected rate of return at the start of the year

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 Statement of Financial Position date.

Share capital of the company

Ordinary share capital

The ordinary share capital of the company is presented as equity.

Galway Harbour Company
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2017

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 property, plant and equipment

Property, plant and equipment 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 receivable, the aging profile of receivables 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:-

	2017	2016
	€	€
Docking Fees	1,440,683	1,398,423
Rental Income	1,008,877	1,198,069
Parking Income	1,021,443	939,738
Pilotage Income	134,070	126,771
Stevedoring Income	420,917	578,159
Other Income	5,020	-
	<u>4,031,010</u>	<u>4,241,160</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

	2017	2016
	€	€
Operating profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment	613,277	539,961
Amortisation of Government Grants Deferred	(20,674)	(20,674)
International Travel	10,502	25,911
Domestic Travel	24,882	13,008
Hospitality Expenditure	11,220	14,199
Legal Costs	207,681	169,178
Tax and Financial Advisory Costs	49,790	14,935
Pension and HR Costs	67,706	31,341
Other	29,266	40,448
	<u>613,277</u>	<u>539,961</u>

Galway Harbour Company
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2017

6. FINANCE INCOME	2017	2016
	€	€
Bank interest	<u>18,956</u>	<u>5,313</u>
7. VALUE ADJUSTMENTS IN RESPECT OF INVESTMENTS	2017	2016
	€	€
Value adjustments in respect of fixed asset investments - temporary diminution in value	<u>(112)</u>	<u>142</u>
8. FINANCE COSTS	2017	2016
	€	€
On bank loans and overdrafts	<u>36,679</u>	<u>40,266</u>

9. EMPLOYEES AND REMUNERATION

Number of employees

The average number of persons employed (including executive directors) during the year was as follows:

	2017	2016
	Number	Number
Employees	<u>15</u>	<u>12</u>

The staff costs (inclusive of directors' salaries) comprise:

	2017	2016
	€	€
Wages and salaries	971,028	875,027
Social welfare costs	100,548	89,818
Pension costs	193,972	153,558
	<u>1,265,548</u>	<u>1,118,403</u>

Key management remuneration in the year totalled €323,678 (2016: €268,412).

Staff remuneration in salary bands of €25,000 using €50,000 as the starting value are as follows:

Salary Bands	Employee No's
€50,000 - €75,000	6
€75,001 - €100,000	2
€100,001 - €125,000	0
€125,001 - €150,000	2

10. BOARD FEES	2017	2016
	€	€
Paul Carey	8,663	9,450
Eamon Bradshaw (CEO)	6,300	6,300
Frank Greene	6,300	4,200
Padraic Mc Cormack	6,300	6,300
John Mulholland	-	3,675
Kevin Carey	-	6,300
Maurice O' Gorman (Chairman)	1,050	-
Edel McCormack	-	-
	<u>28,613</u>	<u>36,225</u>

During the year ended 31st December 2017, the company reimbursed the Board for travel costs amounting to €1,120.

Galway Harbour Company
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2017

11. CHIEF EXECUTIVE OFFICER	2017	2016
	€	€
Remuneration	128,535	127,873
Directors' fees (See Note 10)	6,300	6,300
Pension contributions	25,937	25,937
	<u>160,772</u>	<u>160,110</u>

During the year ended 31st December 2017, the company reimbursed the CEO for travel costs amounting to €4,467.

12. TAX ON PROFIT	2017	2016
	€	€
(a) Analysis of charge in the year		
Current tax:		
Corporation tax at 12.50% (2016 - 12.50%)	171,820	178,461
Capital Gains Tax	-	2,354,217
Total current tax	<u>171,820</u>	<u>2,532,678</u>
Deferred tax:		
Origination and reversal of timing differences	115,969	62,735
Total deferred tax	<u>115,969</u>	<u>62,735</u>
Tax on profit (Note 12 (b))	<u>287,789</u>	<u>2,595,413</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% (2016 - 12.50%). The differences are explained below:

	2017	2016
	€	€
Profit before tax	<u>569,489</u>	<u>8,049,797</u>
Profit before tax multiplied by the standard rate of corporation tax in the Republic of Ireland at 12.50% (2016 - 12.50%)	71,186	1,006,225
Effects of:		
Expenses not deductible for tax purposes	4,423	21,631
Depreciation in excess of capital allowances for period	56,866	38,894
Deferred tax	115,969	62,735
Government grant adjustment	(2,584)	(2,584)
Capital Gains Tax	-	1,451,281
Pension adjustment	(625)	(31,018)
Investments	(14)	18
Income taxable at 25%	<u>42,568</u>	<u>48,231</u>
Total tax charge for the year (Note 12 (a))	<u>287,789</u>	<u>2,595,413</u>

Galway Harbour Company
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2017

13. PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings Freehold	Plant & Equipment	Office Equipment	Motor vehicles	Total
	€	€	€	€	€
Cost					
At 1 January 2017	20,089,025	2,761,500	213,824	-	23,064,349
Additions	2,366,957	71,739	13,555	35,992	2,488,243
At 31 December 2017	22,455,982	2,833,239	227,379	35,992	25,552,592
Depreciation					
At 1 January 2017	6,402,536	2,333,012	195,289	-	8,930,837
Charge for the year	500,650	98,500	9,628	4,499	613,277
At 31 December 2017	6,903,186	2,431,512	204,917	4,499	9,544,114
Carrying amount					
At 31 December 2017	15,552,796	401,727	22,462	31,493	16,008,478
At 31 December 2016	13,686,489	428,488	18,535	-	14,133,512

In the opinion of the directors, the property, plant and equipment of the company is worth at least the amount at which they are stated in the Statement of Financial Position.

14. INVESTMENTS

	Listed investments	Other unlisted investments	Total
	€	€	€
Investments			
Cost			
At 1 January 2017	541,501	5,296,522	5,838,023
Additions	-	208,000	208,000
Disposals	-	(4,007,522)	(4,007,522)
At 31 December 2017	541,501	1,497,000	2,038,501
Provision for diminution in value:			
At 1 January 2017	533,844	-	533,844
Charge	(112)	-	(112)
At 31 December 2017	533,732	-	533,732
Carrying amount			
At 31 December 2017	7,769	1,497,000	1,504,769
At 31 December 2016	7,657	5,296,522	5,304,179

15. RECEIVABLES

	2017	2016
	€	€
Trade receivables	323,174	420,209
Taxation and social welfare (Note 18)	8,242	12,670
Prepayments	121,714	123,611
Accrued income	50,426	71,663
	503,556	628,153

All balances are deemed recoverable within one year.

Galway Harbour Company
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2017

16. PAYABLES	2017	2016
Amounts falling due within one year	€	€
Amounts owed to credit institutions	273,204	271,697
Trade payables	115,703	202,427
Taxation and social welfare (Note 18)	67,143	41,385
Accruals	521,016	389,897
Deferred Income	25,139	11,975
	<u>1,002,205</u>	<u>917,381</u>

17. PAYABLES	2017	2016
Amounts falling due after more than one year	€	€
Bank Loan	1,165,338	1,374,052
Other Loans	98,436	142,186
	<u>1,263,774</u>	<u>1,516,238</u>

Loans

Repayable in one year or less, or on demand (Note 16)	273,204	271,697
Repayable between one and two years	507,756	531,856
Repayable between two and five years	557,100	626,595
Repayable in five years or more	198,918	357,787
	<u>1,536,978</u>	<u>1,787,935</u>

KBC bank borrowings are secured by a first fixed and floating charge over the Sennebogen Crane (Fixed Asset) owned by the company.

18. TAXATION AND SOCIAL WELFARE	2017	2016
	€	€
Receivables:		
Corporation tax	8,242	12,670
Payables:		
VAT	24,336	62
PAYE	29,759	29,175
PRSI	13,048	12,148
	<u>67,143</u>	<u>41,385</u>

19. PROVISIONS FOR LIABILITIES

The amounts provided for deferred taxation are analysed below:

	Capital allowances	Other differences	Total	Total
	€	€	€	€
At year start	(36,631)	161,125	124,494	61,759
Charged to profit and loss	89,969	26,000	115,969	62,735
At year end	<u>53,338</u>	<u>187,125</u>	<u>240,463</u>	<u>124,494</u>

Galway Harbour Company
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2017

20. PENSION COSTS - DEFINED BENEFIT

Galway Harbour Company operates a defined benefit scheme for its employees. The scheme is 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 €116,000 per annum.

A full actuarial valuation was carried out at 31 December 2017 and updated to 31 December 2017 by an independent qualified actuary. The major assumptions used by the actuary are as follows:

	2017	2016
Discount rate	1.75%	1.75%

Assets in the scheme and expected rate of return were:

	Long term expected rate of return	Value €	Long term expected rate of return	Value €
Equities	37.00%	2,789,000	34.60%	2,585,000
Bonds	62.70%	4,734,000	64.80%	4,836,000
Other	0.30%	20,000	0.60%	43,000
Total Market Value of assets		7,543,000		7,464,000
Present value of scheme liabilities		(6,046,000)		(6,175,000)
Surplus in the scheme		1,497,000		1,289,000
Net pension asset		1,497,000		1,289,000

20.1. PENSION COSTS - DEFINED BENEFIT CONTINUED

	2017	2016
	€	€
Analysis of the amount charged to operating profit		
Current service cost	132,000	132,000
Analysis of amount credited to other income		
Net interest on net fund assets/liabilities	21,000	21,000
Analysis of movement in scheme during the year		
Surplus as at 31 December 2016	1,289,000	994,000
Movement in year :		
Current service costs	(132,000)	(132,000)
Contributions to the scheme	116,000	116,000
Net interest on net fund assets/liabilities	21,000	21,000
Remeasurement of fund assets and liabilities	203,000	290,000
Surplus as at 31 December 2017	1,497,000	1,289,000
Analysis of movement recognised in other comprehensive income		
Actual return on pension scheme assets less expected return	203,000	253,750

Galway Harbour Company
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2017

20.2. PENSION COSTS - DEFINED BENEFIT CONTINUED

History of pension scheme experience gains and losses	2017	2016	2015	2014	2013
Difference between expected and actual return scheme assets					
Amount	85,000	579,000	(66,000)	1,118,000	14,000
Percentage of scheme assets	1.10%	7.80%	-1.00%	17.20%	0.30%
Experience gains and losses arising on scheme liabilities					
Amount	118,000	110,000	48,000	55,000	71,000
Percentage of present value of the scheme liabilities	2.00%	1.80%	0.80%	1.00%	1.50%
Total amount recognised in other comprehensive income					
Amount	203,000	290,000	(18,000)	173,000	195,000
Percentage of the present value of the scheme liabilities	3.40%	4.70%	-0.30%	3.00%	4.20%

21. GOVERNMENT GRANTS DEFERRED

	2017	2016
	€	€
Capital grants received and receivable		
At 1 January 2017	215,042	215,042
Amortisation		
At 1 January 2017	(165,392)	(144,718)
Amortised in year	(20,674)	(20,674)
At 31 December 2017	(186,066)	(165,392)
Carrying amount		
At 31 December 2017	28,976	49,650
At 1 January 2017	49,650	70,324

22. SHARE CAPITAL

			2017	2016
			€	€
Description	Number of shares	Value of units		
Authorised				
Ordinary Shares	8,000,000	€1.25 each	10,000,000	10,000,000
Allotted, called up and fully paid				
Ordinary Shares	7,141,472	€1.25 each	8,926,840	8,926,840

No director or the secretary had an interest in the share capital of the company at any time during the year.

23. 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.

24. LEGAL SETTLEMENT

In the year under review, the company settled a litigation process with a previous service provider. The information required by the Code of Practice for the Governance of State Bodies is not disclosed due to the existence of a confidentiality agreement.

Galway Harbour Company
NOTES TO THE FINANCIAL STATEMENTS

continued

for the year ended 31 December 2017

25. RELATED PARTY TRANSACTIONS

During the year ended 31st December 2017, the company was connected to Cope Galway CLG due to a common director, Mr. Eamon Bradshaw. In the year under review, the company made a donation of €1,000 to Cope Galway CLG.

During the year ended 31st December 2017, the company was connected to Bruscar Bhearna Teoranta due to a company director, Mr. Eamon Bradshaw, having an indirect shareholding in Bruscar Bhearna Teoranta. The company invoiced Bruscar Bhearna Teoranta €71,738 for services provided during the year. As at 31st December 2017, Bruscar Bhearna Teoranta owes the company €6,801.

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	2017	2016
	€	€
Retained earnings staff defined benefit pension remeasurement	203,000	253,750

29. CASH AND CASH EQUIVALENTS

	2017	2016
	€	€
Cash and bank balances	296,235	727,041
Cash equivalents	4,831,022	1,938,820
	5,127,257	2,665,861

30. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 4th May 2018.