Galway Harbour Company

Directors’ Report and Financial Statements for the financial year ended 31 December 2019

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DIRECTORS AND OTHER INFORMATION

DIRECTORS	Maurice O'Gorman Frank Greene Cormac McCarthy Conor O'Dowd Robert McCabe
SECRETARY	Shane Garvey
REGISTERED OFFICE	Harbour Office New Docks Galway
AUDITOR	Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm Galway Financial Services Centre Moneenageisha Road Galway
BANKERS	Bank of Ireland 43 Eyre Square Galway KBC Sandwith Street Dublin 2 AIB Eyre Square Galway
PRINCIPAL SOLICITORS	A & L Goodbody International Financial Services Centre 25 -28 North Wall Quay Dublin 1 L K Shields Dock Road Galway Mac Sweeney & Company 22 Eyre Square Galway
COMPANY NUMBER	262364

Introduction

2019 was another successful year for the Galway Harbour Company. Our tonnage decreased from 596,196 tonnes in 2018 to 566,608 in 2019; this is due to a decrease in oil imports which is primarily due to a slowdown in throughput during the year to facilitate maintenance works. Our exports increased by 7% during the year. Notwithstanding the decrease in tonnage, our shipping revenues have increased by 4% in 2019. This is largely due to increased revenues associated with value added services such as the importation of wind turbines and revenue from our new crane which was purchased in September at a cost of €968k. The purchase of the crane has enabled us to provide a more efficient service to our customers and we continue to seek new opportunities to increase utilisation of this important asset. Our leasing and parking revenues also increased by 6% and 2% respectively during the year.

2018's results were positively impacted by a profit on the disposal of property of €1m and a revaluation surplus in respect of investment properties of €11.6m. Excluding the profit on disposal and revaluation surplus noted above, earnings before interest, tax, depreciation and amortization ("EBITDA") has increased from €1.4m in 2018 to €1.6m in 2019. Our depreciation charge has also significantly decreased from €1.6m in 2018 to €0.4m in 2019; this is due to adjustments recorded due to changes in the useful lives of certain assets and the write off of certain assets in 2018. Our net profit after tax for 2019 was €950,382 which represents a satisfactory outturn for the year.

Notwithstanding the limitations imposed on the port's growth due to its size and gate restrictions, the executive team are actively seeking to grow the company's core shipping business and revenues from its leasing and parking activities and will continue their efforts to attract profitable new business in 2020 and beyond.

As noted below, there has been much progress with the planning application process for the port extension. Work on the Inner Dock regeneration strategy remains ongoing; our masterplan is substantially complete and we continue to consider how the proposed development might be structured and phased. Work on the Masterplan is supported under the URDF fund; we are grateful for this support and are pleased to have been identified as a project under this programme.

Port of Galway Extension

The Planning Application for an extension to the port was lodged with An Bord Pleanala ("ABP") on 10 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 13 and 23 January 2015. Public, local business and political support for the project was strongly and convincingly expressed at the Oral Hearing.

On 29 September 2015, ABP issued correspondence requesting the company to submit proposed compensatory proposals in relation to the impact of the proposed development on the Galway Bay Special Area of Conservation. 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 initial compensatory proposals were submitted to ABP on 24 November 2015. Following the initial submission, ABP requested "tight co-operation" between the applicant, the Natura 2000 authorities ("NPWS") and ABP to address the issues identified. Following detailed negotiations with stakeholders, the final compensatory proposals were lodged in April 2019. In our view, these proposals satisfactorily address the issues identified and we remain confident of a positive outcome to our planning application.

Over six years have elapsed since the lodgement of the planning application under the Strategic Infrastructure Development ("SID") process. The time taken to issue a decision poses significant economic and financial disadvantages to the Port of Galway in terms of developing the 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 centered 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 are likely to need to handle new routes and extra cargo bypassing the British mainland and going direct to mainland Europe. The Port of Galway extension could be an important 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 and we continue to turn away business due to these restrictions.

Port of Galway Extension- Continued

An expanded Port of Galway will play an important role in helping Ireland to meet the targets as set out in the government's Climate Action Plan. In particular, an expanded and relocated Port of Galway could greatly facilitate the importation and servicing of wind turbines for both the onshore and offshore wind energy sectors.

Potential transfer of shareholding to Galway City Council

In accordance with the National Ports Policy (2013), Galway City Council has completed a due diligence process with the objective of transferring ownership of the Port of Galway from the DTTaS to Galway City Council. The approval process to complete the proposed transfer remains pending.

Services 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 169 sailings in 2019 (2018: 168). In line with EU strategy/policy, the port extension will help to ensure cost-effective connectivity between the city of Galway and one of the most peripheral areas within the EU.

A new ferry service from our Port to the Aran Islands is expected to commence in the Summer of 2020. We look forward to facilitating this service over the coming months and enabling growth in tourist numbers to the Aran Islands.

Financials

Revenue

Revenue in 2019 amounted to €4.6m. This represents an increase of €0.2m on 2018. This is largely explained by an increase in project cargo processed through the port, an increase in respect of leasing revenues and a modest increase in parking revenues.

Expenses

Administration expenses decreased from €4.7m in 2018 to €3.4m in 2019. This decrease is due to a significant decrease in our depreciation expense from €1.6m in 2018 to €0.4m in 2019; the 2018 charge was impacted by asset write offs and adjustments to the useful lives of certain assets. Other than depreciation, administration expenses have remained consistent year on year.

EBIDTA and cash generation

As noted above, EBITDA for 2019, amounted to €1.6m. This compares to EBITDA of €1.4m in 2018 (excluding the profit on disposal of property and revaluation of investment properties). The company's cash position has decreased slightly year on year as EBITDA has been utilised to fund corporation/CGT tax payments, fixed asset additions, planning costs, working capital and loan repayments. The directors continue to uphold their decision that dividends will not be paid in the foreseeable future given capital requirements associated with the proposed new port development.

Trade

It can be difficult to attract new business due to the Port's 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 from our region. While the Port's customer base is reasonably stable, it 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. As noted above, business development will continue to be a key strategic priority for the company in 2020 and beyond.

The cruise business continues to grow year on year with 10 cruise ships visiting the port in 2019. 14 cruise ships, with an estimated 10,000 passengers, are currently scheduled to visit in 2020.

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.

Inner dock
The inner dock area comprises 17 acres. As indicated above, our master planning exercise has been substantially completed. We look forward to engaging with the public in respect of our plans over the coming weeks and months. This plan, which will be enabled by the relocation of port operations, showcases the site's potential and what it will contribute to the economic and social fabric of the city. In the event of a successful relocation of the port, the inner dock area represents a real opportunity to contribute to the regeneration of Galway City Centre in a manner consistent with the government's policy objectives as detailed in the 2040 National Planning Framework.

As at the date of this report, the vast majority of land and property situated in the inner dock is owned by the company. Negotiations are ongoing with remaining leaseholders within the inner dock and further progress is expected in respect of this matter in 2020.

Pensions
The defined benefit pension scheme shows a net surplus of €2.2m compared to €1.8m in 2018. A triennial review will be commissioned shortly which will indicate the potential funding cost for the company over the next three years. This cost was €116k per annum for the past three years.

Board of Directors
The majority of the Board are non-executive and are appointed by the Minister. The board met 8 times during the year. 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 also 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.

An Audit & Risk Committee, comprising two non-executive directors and an external member with significant corporate governance experience, is in place. The committee's relationship with the company is governed by agreed terms of reference. The Committee considers the company's governance, internal controls and financial reporting on a regular basis. The members of the Audit & Risk Committee also engage with the external auditors during the external audit process and at other times when considered appropriate.

The Board has completed its self-assessment annual evaluation of its own performance for 2019.

Corporate Governance and Internal Control
A company wide risk management policy, including a strategic and project risk register, is in place and is regularly reviewed and updated in light of changes to our business and the external environment in which we operate. This policy and register have and will continue to evaluate key business risks by:

- Identifying the nature of the key business risks facing the organisation;
- Evaluating the impact and likelihood of the risks materialising;
- Identifying the controls in place to mitigate the 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.

The directors completed an extensive review of the board's policies and procedures during the year. These policies and procedures have been brought together in one document, reviewed in detail and approved by the board. Matters covered include directors' and officers' roles and responsibilities, policies (treasury, expenses etc.,), internal control, conduct/reporting and statutory and other requirements. Our compliance with these policies and procedures is regularly reviewed and updated in response to changes in our business, legislation and relevant external factors. In addition, the directors have recently engaged a third party to carry out an internal control questionnaire. Any findings from this review will be considered and implemented as appropriate. The directors will also outsource some internal audit procedures in 2020 and beyond whereby controls over certain parts of our business will be reviewed by that third party on an annual basis.

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 recent years, increased resources have been expended on expanding the finance team to enable an increased focus on financial reporting and internal controls. 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. Given the size of the company and the nature of its operation, we have been advised that a full internal audit function is not necessary but limited specific internal audit procedures will be undertaken as deemed necessary by the Audit & Risk Committee.

There were no material instances where a breach of control occurred in 2019. There have been no material losses, contingencies or uncertainties noted which require disclosure in the financial statements.

The Company has established 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 2019. In the opinion of the directors, appropriate controls are in place to provide reasonable assurance against material loss or fraud.

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. Significant enhancements to the company's procurement practices have been implemented and the Board is continuing an ongoing process of reviewing and updating its procurement policy to ensure that current procurement procedures are in line with current best practice, bearing in mind the size of the company and the nature of its operations.

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

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 2019 were returned on 30 August 2019 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;
    - draft unaudited accounts were submitted on 28 February 2020; and
    - the audited annual report and financial statements will be submitted on 21 April 2020.

2. I confirm that the company has implemented the Codes of Conduct for the Board and employees and will endeavor 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 were no legal disputes involving other State bodies which require disclosure.

9. I confirm that the company does not have any subsidiaries as at 31 December 2019.

10. I confirm that the company is continuing to work to ensure that the Code of Practice for the Governance of State Bodies is adopted in full.

To the best of my knowledge and belief, each of the following have been complied with or adhered to during the year:

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 (as amended) 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 in section 32 of the Harbours Act, 1996 (as amended) by directors with respect to any interest that they may have in regard to any contract or other agreement with the Company.

5. The disclosure requirements of the salary paid to the CEO and fees paid to directors.

6. 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.

7. The provisions of Section 15 of the Harbours Act 1996 (as amended) with respect to the sale, leasing and acquisition of land.

8. The Company is complying with the "Ethics in Public Office" Regulations.

9. That all appropriate procedures for financial reporting, travel and asset disposals are being carried out.

10. The company did not engage in any diversification during the year.

I would like to thank the board members for their dedication and commitment throughout 2019. 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, Officials in the Department of Transport, Tourism & Sport and local government 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: 14 April, 2020

The directors present their annual report and the audited financial statements for the financial year ended 31 December 2019.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS
The company owns and operates the Port of Galway.

The company, being exempt pursuant to Section 8(2) of the Harbours Act 1996 (as amended by the Harbours (Amendment) Act 2015), by virtue of that statute does not include the word "DAC" 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.

PRINCIPAL RISKS AND UNCERTAINTIES
Economic Environment
Turnover improved during the year. In the absence of enhanced port facilities, the ability of the port to compete for new business, on an equal competitive basis with other ports, is 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. The recovery of capitalised port development costs of €2,152,434 is dependent on a successful planning application in respect of the proposed port extension.

Dock Gates
In the unlikely event of the gates being damaged, there would be a period when the port might not be able to function. We have insured against consequential loss. In the unlikely event of a ship running aground in the channel, the same disturbance as the dock gates would apply.

Competition
The directors note that a risk facing the company is competition between ports. We are satisfied that we will continue to attract new business to Galway Port.

Covid 19

The directors have assessed the impact of the above on the company's forecast results for 2020. Covid 19 will negatively impact on our parking and cruise revenues for 2020. As of the date of approval of the financial statements, there have been no indications that our core cargo shipping business will be impacted by the current crisis. Notwithstanding the negative impact on our business, particularly in respect of forecast parking revenues, the directors are satisfied that Covid 19 does not impact on the company's ability to continue operating as a going concern.

RESULTS AND DIVIDENDS
The profit for the year before taxation amounted to €1,161,012 (2018: €12,229,460). The 2018 results included a surplus revaluation of investment properties of €11,643,342 and a profit on the sale of a site of €1,000,000). The directors do not recommend the payment of a dividend. At the end of the year, the company had net assets of €30,362,578 (2018: €29,098,071).

DIRECTORS AND SECRETARY
The current directors are listed on page 2. There were no changes to the board of directors during the year.

The current secretary, who held office for the entire year, is listed on page 2.

The directors and secretary who held office at any time during the financial year had no interests in the shares of the company at the beginning or end of the financial year.

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 Harbour Office, New Docks, Galway.

POST STATEMENT OF FINANCIAL POSITION EVENTS
In the opinion of the directors, there have been no significant events affecting the financial statements since the year-end.

AUDITOR
The auditor, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit Firm, will continue in office in accordance with Section 383(2) of the Companies Act 2014.

BOARD MEETING ATTENDANCE

There were eight general Board meetings during the year. The attendance by each Board member during the year is set out below.

Board Member – Meeting Attended/Meetings obliged to attend:
Maurice O'Gorman - 8/8
Frank Greene - 6/8
Cormac McCarthy - 8/8
Robert McCabe - 8/8
Conor O'Dowd - 8/8

RELEVANT AUDIT INFORMATON
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.

Approved by the Board and signed on its behalf by:

Maurice O'Gorman
Director

Conor O'Dowd
Director

Date: 14 April, 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report, the Chairman's Statement and the financial statements in accordance with the Companies Act 2014.

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 FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* issued by the Financial Reporting Council ("relevant financial reporting framework"). 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, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALWAY HARBOUR COMPANY

Report on the audit of the Financial Statements

Opinion on the financial statements of Galway Harbour Company (the 'company')
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 2019 and of the profit for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity;
- the Cash Flow Statement; and
- the related notes 1 to 27, including a summary of significant accounting policies as set out in note 1.

The relevant 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 ("the relevant financial reporting framework").

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 described below 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 the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Accounting and Auditing Supervisory Authority, 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 director's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the director has 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 director's are responsible for the other information. The other information comprises the information included in the reports and financial statements, 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALWAY HARBOUR COMPANY

Responsibilities of directors
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 otherwise comply with the Companies Act 2014, and for such internal control as the director's 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 going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (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 director's 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 a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GALWAY HARBOUR COMPANY

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.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014
Based solely on the work undertaken in the course of the audit, we report that:

- 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 director's report is consistent with the financial statements and the director's report has been prepared in accordance with the Companies Act 2014.

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 material misstatements in the directors' report.

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 law are not made.

Under the Code of Practice for the Governance of State Bodies (August 2016) (the "Code of Practice"), we are required to report to you if the statement regarding the system of internal control required under the Code of Practice as included in the Chairman's Statement does not reflect the company's compliance with paragraph 1.9(iv) of the Code of Practice or if it is not consistent with the information of which we are aware from our audit work on the financial statements. We have nothing to report in this respect.

Gerard Casey
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Galway Financial Services Centre
Moneenageisha Road
Galway

Date: 14 April, 2020

GALWAY HARBOUR COMPANY

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Notes	2019 €	2018 €
REVENUE	*3*	**4,639,768**	4,460,690
Operating expenses		**(3,437,309)**	(4,650,715)
Other operating income			-
Profit on disposal of property		**-**	1,000,000
PROFIT BEFORE REVALUATION OF INVESTMENT PROPERTIES		**1,202,459**	809,975
Revaluation of investment properties	*12*	**-**	11,643,342
OPERATING PROFIT		**1,202,459**	12,453,317
Finance income	*4*	**2,213**	181
Finance costs	*5*	**(43,660)**	(224,038)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	*6*	**1,161,012**	12,229,460
Tax on profit on ordinary activities	*10*	**(210,630)**	(4,021,781)
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		**950,382**	8,207,679
Remeasurement of retirement benefit scheme assets	*19*	**359,000**	322,000
Deferred taxation in relation to retirement benefit scheme	*18*	**(44,875)**	(40,250)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY		**1,264,507**	8,489,429

The above all result from continuing operations.

GALWAY HARBOUR COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 €	2018 €
Fixed Assets			
Property, plant and equipment	*11*	**13,101,602**	12,255,390
Investment properties	*12*	**14,445,577**	14,430,000
Retirement benefit assets	*19*	**2,248,000**	1,839,000
		29,795,179	28,524,390
Current Assets			
Cash and cash equivalents	*13*	**5,886,189**	6,079,821
Debtors: Amounts falling due within one financial year	*14*	**1,103,286**	757,739
TOTAL CURRENT ASSETS		**6,989,475**	6,837,560
Creditors: Amounts falling due within one financial year	*15*	**(848,112)**	(1,282,467)
NET CURRENT ASSETS		**6,141,363**	5,555,093
TOTAL ASSETS LESS CURRENT LIABILITIES		**35,936,542**	34,079,483
Creditors			
Amounts falling due after more than one financial year	*16*	**(1,686,785)**	(1,145,358)
Provision for liabilities and charges	*18*	**(3,887,179)**	(3,836,054)
NET ASSETS		**30,362,578**	29,098,071
Equity			
Called up share capital	*20*	**8,926,840**	8,926,840
Other reserves		**137,644**	137,644
Retained earnings		**21,298,094**	20,033,587
Equity attributable to owners of the company		**30,362,578**	29,098,071

The financial statements were approved by the Board of Directors on 14 April, 2020 and signed on its behalf by:

Maurice O'Gorman
Director

Conor O'Dowd
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Called up Share Capital €	Retained earnings €	Other reserves €	Total €
At 1 January 2018	8,926,840	11,544,158	137,644	20,608,642
Profit for the financial year 2018	-	8,207,679	-	8,207,679
Total actuarial gain on retirement benefit assets	-	322,000	-	322,000
Deferred taxation in relation to Retirement benefit scheme	-	(40,250)	-	(40,250)
At 31 December 2018	**8,926,840**	**20,033,587**	**137,644**	**29,098,071**
Profit for the financial year 2019	-	950,382	-	950,382
Actuarial gain on retirement benefit assets	-	359,000	-	359,000
Deferred taxation in relation to retirement benefit scheme	-	(44,875)	-	(44,875)
At 31 December 2019	**8,926,840**	**21,298,094**	**137,644**	**30,362,578**

CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Notes	**2019**	2018
		€	€
Net cash flow from operating activities	*21*	**946,437**	1,231,157
Cash flows (used in)/from investing activities			
Interest received		**2,213**	181
Taxation paid		**(520,691)**	(164,378)
Payments to acquire property, plant and equipment		**(1,253,124)**	(667,661)
Receipt from the disposal of property		**-**	1,000,000
Receipts from sale of investments		**-**	7,769
Cash flows (used in)/from investing activities		**(1,771,602)**	175,911
Financing			
Finance charges		**(43,660)**	(224,038)
Loans received		**967,595**	-
Repayment of short term loan		**(292,402)**	(230,466)
Cash flows from financing activities		**631,533**	(454,504)
MOVEMENT IN CASH		**(193,632)**	952,564
RECONCILIATION TO CASH AT BANK AND IN HAND:			
Cash at bank and in hand at the beginning of the financial year	13	**6,079,821**	5,127,257
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**13**	**5,886,189**	6,079,821

1. ACCOUNTING POLICIES AND GENERAL INFORMATION

Galway Harbour Company (the "company"), with a registered number of 262364, is a company limited by shares incorporated in the Republic of Ireland. It has its registered office at Harbour Office, New Docks, Galway.

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

The financial statements have been prepared under the historical cost convention, modified to include the valuation of investment properties items at fair value, and in accordance with the Companies Act 2014 and Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

Revenue
Turnover consists of the sales value of goods and services and is net of value added tax.

Revenue is recognised on goods and services on delivery and/or performance.

Rental income is recognised on a straight line basis over the term of the relevant lease.

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 is stated at cost 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% Straight line
Plant & Equipment	-	12.5% - 20% Straight line
Office Equipment	-	33% Straight line
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 company's policy not to depreciate capital expenditure in relation to the Port development.

Investment Properties

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the income statement.

1. ACCOUNTING POLICIES AND GENERAL INFORMATION (CONTINUED)

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.

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
Defined contribution pension scheme
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.
Defined benefit pension scheme
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.

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 on return at the start of the year

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.

1. ACCOUNTING POLICIES AND GENERAL INFORMATION (CONTINUED)

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 year.

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 relating to property, plant and equipment is measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to 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.

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

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company’s accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company’s accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the company’s accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

There were no critical judgements made by the directors in the process of applying the company’s accounting policies.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key source of estimation uncertainty

(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.

The directors also review the development costs to ensure that they are being properly capitalised and are recoverable in line with the requirements under FRS 102.

(b) Fair value measurements

Some of the company’s assets are measured at fair value for financial reporting purposes. In determining the fair value of the investment properties, the directors determine appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of the investment properties the directors have engaged a third party qualified valuer to perform the valuation. Management work closely with the qualified external valuer to establish the appropriate valuation techniques and inputs into the model. In determining the fair value, which is regarded as the market value of the properties, the investment approach was adopted.

3. REVENUE

Revenue for the financial year has been derived from:	**2019**	2018
	€	€
Shipping income	**1,579,061**	1,557,406
Property and rental income	**1,152,313**	1,085,246
Parking income	**1,065,293**	1,048,135
Pilotage income	**251,644**	278,587
Stevedoring income	**552,726**	481,395
Other income	**38,731**	9,921
	4,639,768	4,460,690

All of the company's revenue is attributable to its market in the Republic of Ireland and is derived from the ownership and operation of the Port of Galway.

4. FINANCE INCOME

	2019	2018
	€	€
Bank interest	**2,213**	181

Finance income relates to interest on Bank of Ireland deposit accounts.

5. FINANCE COSTS

	2019	2018
	€	€
Bank charges	**12,115**	71,906
Bank interest	**22,809**	25,755
Finance lease interest	**8,736**	-
Loss on sale of investment	**-**	126,377
	43,660	224,038

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2019	2018
	€	€
Profit on ordinary activities before taxation is stated after charging / (crediting):		
Directors' remuneration:		
- Board fees (note 8)	**22,050**	28,072
- CEO's remuneration (note 9)	**111,971**	38,847
Depreciation	**391,334**	1,634,091
Amortisation of government grants	**-**	(28,976)
Domestic travel	**26,113**	17,799
Hospitality expenditure	**11,211**	12,737
Legal costs	**117,007**	17,611
Tax and financial advisory costs	**56,800**	20,631
Pension and HR costs	**60,340**	55,183
Other	**206,035**	160,167
International travel	**17,699**	7,238
Profit on disposal of property	**-**	(1,000,000)

7. EMPLOYEES AND REMUNERATION

The average number of persons employed by the company during the financial year was as follows:

	2019	2018
Average number of employees	**15**	16

The aggregate payroll costs of these persons were as follows:

	2019	2018
	€	€
Wages and salaries	**1,063,295**	1,080,436
Social welfare costs	**97,892**	97,892
Pension costs	**119,520**	179,021
	1,280,707	1,357,349

Key management remuneration in the financial year totalled €425,100 (2018: €361,701). Staff remuneration in salary bands of €25,000 using €50,000 as the starting value are as follows:

Salary Bands	Employee No.'s
€0 - €50,000	5
€50,001 - €75,000	5
€75,001 - €100,000	2
€100,001 - €125,000	2
€125,001 - €150,000	1

8. BOARD FEES

	2019	2018
	€	€
Eamon Bradshaw	**-**	1,575
Frank Greene	**6,300**	6,300
Padraic Mc Cormack	**-**	4,725
Maurice O'Gorman (Chairman)	**9,450**	9,450
Cormac McCarthy	**6,300**	6,022
	22,050	28,072

During the financial year, a termination payment of €185,000 was made to a former director.

9. CHIEF EXECUTIVE OFFICER

	2019	2018
	€	€
Remuneration	**91,577**	30,971
Directors fees	**-**	1,575
Pension contribution	**20,394**	6,301
	111,971	38,847

During the financial year ended 31 December 2019, the company reimbursed the CEO for travel costs amounting to €9,995 (2018: €1,002).

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2019	2018
	€	€
Corporation tax based on profit for the financial year	**204,380**	163,480
Capital gains tax arising on disposal of property	**-**	330,000
Adjustment in respect of prior financial years	**-**	(27,040)
Current tax charge for the financial year	**204,380**	466,440
Deferred tax (note 18)	**6,250**	3,555,341
Tax charge	**210,630**	4,021,781

Reconciliation of current taxation charge for the financial year:

	2019	2018
	€	€
Profit on ordinary activities before taxation	**1,161,012**	12,229,460
Profit multiplied by effective rate of corporation tax of 12.5% (2018: 12.5%)	**145,127**	1,528,683
Effect of:		
Disallowable expenses	**(137)**	4,825
Revaluation of investment properties not subject to corporation tax	**-**	(1,455,418)
Depreciation in excess of capital allowances	**3,380**	173,564
Amortisation of government grants	**-**	(3,622)
Other temporary differences	**(573)**	-
Pension adjustment	**(6,250)**	(2,500)
Income taxed at higher rates	**62,833**	247,948
Adjustment in respect of prior financial years	**-**	(27,040)
Current tax charge for the financial year	**204,380**	466,440

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land & buildings €	Port Development Costs €	Plant & Equipment €	Office Equipment €	Motor Vehicles €	Total €
Cost						
At 31 December 2018	12,629,517	1,932,869	6,397,766	236,868	35,992	21,233,012
Additions	-	219,565	1,015,729	2,252	-	1,237,546
At 31 December 2019	**12,629,517**	**2,152,434**	**7,413,495**	**239,120**	**35,992**	**22,470,558**
Accumulated Depreciation						
At 31 December 2018	3,724,257	-	5,018,644	225,723	8,998	8,977,622
Charge for the year	185,470	-	193,104	8,261	4,499	391,334
At 31 December 2019	**3,909,727**	**-**	**5,211,748**	**233,984**	**13,497**	**9,368,956**
Net Book Value						
At 31 December 2019	**8,719,790**	**2,152,434**	**2,201,747**	**5,136**	**22,495**	**13,101,602**
At 31 December 2018	8,905,260	1,932,869	1,379,122	11,145	26,994	12,255,390

12. INVESTMENT PROPERTIES

	2019	2018
	€	€
At the beginning of the financial year	**14,430,000**	-
Transfer from property, plant & equipment	**-**	2,786,658
Revaluation of investment properties (see below)	**-**	11,643,342
Additions	**15,577**	-
At the end of the financial year	**14,445,577**	14,430,000

In the prior financial year, assets held by the company for long term capital appreciation were transferred to investment properties. The investment properties were revalued to what the directors consider to be the fair value of the properties at the balance sheet date.

This revaluation was based on a valuation undertaken by Power Property in 2018. This resulted in a revaluation surplus of €11,643,342 in 2018. The directors have considered the carrying value at 31 December 2019 and consider that the assumptions included in the determination of the value of investment properties in the previous valuation report obtained to be appropriate at the balance sheet date, as, in their opinion there has been no significant movement in the market value or rental yields in the current financial year.

If investment properties had not been revalued, they would have been included at the following amounts:

	2019	2018
	€	€
Investment Properties at cost	**2,802,235**	2,786,658

13. CASH AND CASH EQUIVALENTS

	2019	2018
	€	€
Cash and bank balances	**5,886,189**	6,079,821

14. DEBTORS: Amounts falling due within one financial year

	2019	2018
	€	€
Trade receivables	**806,232**	627,102
Taxation (note 17)	**26,318**	12,838
Prepayments	**270,736**	117,799
	1,103,286	757,739

15. CREDITORS: Amounts falling due within one financial year

	2019	2018
	€	€
Amounts due to credit institutions (note 16)	**294,920**	161,154
Trade payables	**269,392**	362,742
Taxation and social welfare (note 17)	**65,406**	351,202
Accruals	**174,362**	376,529
Deferred income	**44,032**	30,840
	848,112	1,282,467

16. CREDITORS: Amounts falling due after more than one financial year

	2019	2018
	€	€
Bank loan (see below)	**875,333**	1,090,672
Other loans	**811,452**	54,686
	1,686,785	1,145,358

Bank and other loans

Repayable in one year or less or on demand	**294,920**	161,154
Repayable between one and two years	**513,276**	289,493
Repayable between two and five years	**732,344**	343,741
Repayable in five years or more	**441,166**	512,124
	1,981,706	1,306,512

Bank borrowings are secured by a first fixed and floating charge over a crane owned by the company.

The company has a loan for €1.25m in respect of the purchase of a building in 2012. This is to be repaid by 2027. The balance outstanding at 31 December 2019 is €638k (2018: €721k). The interest rate on the loan is 2.5%.
The company also has a loan for €1.25m in respect of a new pipeline taken out in 2008 and repayable by 2023.The amount outstanding at 31 December 2019 is €345K (2018: €463k). The interest rate on the loan is 0.65% per annum.
There is a new hire purchase agreement in 2019 for the purchase of a crane for €968K, repayable over 7 years. The interest rate is EURIBOR + 2.75%.

17. TAXATION AND SOCIAL WELFARE

	2019	2018
	€	€
Receivables:		
VAT receivable	**3,826**	12,838
Corporation Tax	**22,492**	-
	26,318	12,838
Payables:		
Corporation tax payable	**-**	293,819
PAYE/PRSI/USC	**46,026**	50,553
Withholding tax	**17,374**	4,722
RCT	**2,006**	2,108
	65,406	351,202

18. PROVISIONS FOR LIABILITIES AND CHARGES

The amounts provided for deferred taxation are analysed below:

	Retirement Benefit Scheme	**Capital Allowances**	**Revaluation of Investment Properties**	**Total 2019**	Total 2018
	€	**€**	**€**	**€**	€
At the beginning of the financial year	229,875	(177,797)	3,783,976	3,836,054	240,463
Charge to the profit and loss account	6,250	-	-	6,250	3,555,341
Charge to other comprehensive income	44,875	-	-	44,875	40,250
At the end of the financial year	**281,000**	**(177,797)**	**3,783,976**	**3,887,179**	**3,836,054**

19. PENSION COSTS – DEFINED BENEFIT SCHEME

Galway Harbour Company operates a defined benefit scheme for some of its employees and some of its former 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. Actuarial valuations for funding purposes were carried out on the plans at 31 December 2019.

The valuation used for FRS 102, Section 28: Employee Benefits has been based on a full assessment of the assets of the plan as at 31 December 2019. 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 2019 of €116,000 per annum.

The principal assumptions used by the independent qualified actuaries to calculate the liabilities under FRS 102, Section 28: Employee Benefits are set out below:

	2019	2018
	% p.a.	% p.a.
Discount rate	**1.10**	1.75
Future pensionable salary increases	**2.00**	2.00
Future pension increases	**3.00**	3.00
Future increase in inflation	**1.20**	1.50
Future revaluation	**1.20**	1.50

Mortality assumptions
Investigations have been carried out within the past three years into the mortality experience of the Company's defined benefit plans. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectations on retirement at age 65 are:	**2019**	2018
	Years	Years
Retiring today:		
Males	**22.9**	22.9
Females	**23.8**	23.8
Retiring in 20 years:		
Males	**25.5**	25.5
Females	**26.0**	26.0

19. PENSION COSTS – DEFINED BENEFIT SCHEME (CONTINUED)

Assets in the scheme and expected rate of return were:

	2019 Long term Expected Rate of return	**2019 Value €**	2018 Long term expected rate of return	2018 Value €
Equities	34.1 %	**2,834,654**	33.33%	2,464,683
Bonds	65.8 %	**5,467,804**	66.53%	4,944,856
Other	0.1 %	**12,542**	0.10%	7,568
Total market value of assets		**8,315,000**		7,417,107
Present value of scheme liabilities		**(6,067,000)**		(5,578,107)
Net pension asset		**2,248,000**		1,839,000
Related deferred tax liability (note 16)		**(281,000)**		(229,875)
Net pension asset		**1,967,000**		1,609,125

	2019 €	2018 €
Analysis of the amount charged to operating profit		
Current service cost	**97,000**	121,000
Analysis of amount credited to other income		
Net interest on net fund assets/liabilities	**31,000**	25,000
Analysis of movement in scheme during the year		
Surplus at the beginning of the financial year	**1,839,000**	1,497,000
Movement in year:		
Current service costs	**(97,000)**	(121,000)
Contributions to the scheme	**116,000**	116,000
Net interest on net fund assets/liabilities	**31,000**	25,000
Remeasurement of fund assets and liabilities	**359,000**	322,000
Surplus as at the end of the financial year	**2,248,000**	1,839,000

19. PENSION COSTS – DEFINED BENEFIT SCHEME (CONTINUED)

	2019	2018
	€	€
Analysis of amounts recognised in statement of comprehensive income (SOCI)		
Total actuarial gains	**359,000**	322,000
Cumulative amount of gains recognised in SOCI*	**164,000**	(195,000)

*Cumulative gains/(losses) from financial year ending 2005 inclusive.

	2019	2018
	€	€
Changes in the present value of the pension plan liabilities:		
Opening present value of liabilities	**5,578,000**	6,046,000
Current service cost (including risk premiums)	**97,000**	121,000
Interest cost	**98,000**	106,000
Benefits paid	**(195,000)**	(261,000)
Actuarial losses/(gains) on liabilities	**489,000**	(434,000)
Closing present value of liabilities	**6,067,000**	5,578,000

	2019	2018
	€	€
Changes in the fair value of the pension plan assets:		
Opening fair value of assets	**7,417,000**	7,543,000
Expected return on assets	**129,000**	131,000
Actuarial gains/(losses) on assets	**848,000**	(112,000)
Contributions by the employer	**116,000**	116,000
Benefits paid out	**(195,000)**	(261,000)
Closing fair value of assets	**8,315,000**	7,417,000
Actual return on plan assets	**441,000**	19,000

19. PENSION COSTS – DEFINED BENEFIT SCHEME (CONTINUED)

History of pension scheme experience gains and losses	2019	2018	2017	2016	2015
Difference between expected and actual return scheme assets					
Amount	**312,000**	(112,000)	85,000	579,000	(66,000)
Percentage of scheme assets	**3.75%**	(1.5%)	1.1%	7.8%	(1.0%)
Experience on gains and losses arising on scheme liabilities					
Amount	**47,000**	434,000	118,000	110,000	48,000
Percentage of present value of the scheme liabilities	**0.8%**	7.8%	2.0%	1.8%	0.8%
Total amount recognised in other comprehensive income					
Amount	**359,000**	322,000	203,000	290,000	(18,000)
Percentage of present value of the scheme liabilities	**5.9%**	5.8%	3.4%	4.6%	0.3%

20. CALLED UP SHARE CAPITAL PRESENTED AS EQUITY

	2019 €	2018 €
Authorised		
8,000,000 ordinary shares of €1.25 each	**10,000,000**	10,000,000
Allotted, called up and fully paid		
7,141,472 ordinary shares of €1.25 each	**8,926,840**	8,926,840

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

21. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOWS FROM OPERATING ACTIVITIES

	2019 €	2018 €
Operating profit	**1,202,459**	12,453,317
Depreciation	**391,334**	1,634,091
Amortisation of government grants	**-**	(28,976)
Pension charge	**(50,000)**	(20,000)
Reversal of revaluation surplus	**-**	(11,643,342)
Profit on the sale of property, plant and equipment	**-**	(1,000,000)
Movements in working capital		
Increase in debtors	**(323,055)**	(262,425)
(Decrease)/increase in creditors	**(274,301)**	98,492
Net cash flow from operating activities	**946,437**	1,231,157

22. CONTINGENT LIABILITIES

There are contingent liabilities to repay in certain circumstances in whole or in part government grants of €Nil (2018: €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.

23. CAPITAL COMMITMENTS

The company had commitments for capital expenditure at the balance sheet date as follows:

	2019 €	2018 €
Authorised but not committed	**-**	967,595

24. RELATED PARTY TRANSACTIONS

In the financial year under review, there are no related party transactions with directors that require disclosure in the financial statements.

25. CONTROLLING INTEREST

The company was controlled during the financial year by the Minister for Transport, Tourism and Sport.

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

26. EVENTS AFTER END OF REPORTING PERIOD

The directors have assessed the likely impact of Covid-19 on the company's forecast results for 2020. Covid-19 will negatively impact on our parking and cruise revenues for 2020. As of the date of approval of the financial statements, there have been no indications that our core cargo shipping business will be impacted by the current crisis and the directors consider that while Covid-19 will negatively impact on the company's overall financial performance, the company is well positioned to manage the impact.

27. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 April 2020.