

DÚN LAOGHAIRE HARBOUR COMPANY

ANNUAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2001

ANNUAL REPORT

for the year ended 31 December 2001

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COMPANY INFORMATION

DIRECTORS

Paddy McMahon – Chairman
Victor Boyhan
Elizabeth Coffey
Sean Costello
Jane Dillon Byrne
Tony Fox
Michael Hanahoe – Chief Executive
Donal Marren
Gerry Nagle
David Redmond
Eithne Scott Lennon
Tom Welby

SECRETARY

Michael Hanahoe

REGISTERED OFFICE

Harbour Lodge,
Crofton Road,
Dún Laoghaire,
Co. Dublin.

REGISTERED NUMBER OF INCORPORATION 262366

SOLICITORS

L. K. Shields and Company,
39/40 Upper Mount Street,
Dublin 2.

COMPANY INFORMATION (Continued)

BANKERS

Ulster Bank Limited,
Dún Laoghaire,
Co. Dublin.

Ulster Bank Capital Markets Limited,
Ulster Bank Group Centre,
Georges Quay,
Dublin 2.

European Investment Bank,
Luxembourg.

Lombard & Ulster Banking Limited,
Ulster Bank Group Centre,
Georges Quay,
Dublin 2.

Bank of Ireland
Dun Laoghaire,
Co. Dublin.

ACTUARIES

Mercer Limited,
Charlotte House,
Charlemont Street,
Dublin 2.

AUDITORS

Ernst & Young,
Chartered Accountants,
Ernst & Young Building,
Harcourt Centre,
Harcourt Street,
Dublin 2.

CHAIRMAN'S REPORT

for the year ended 31 December 2001

INTRODUCTION

As the recently appointed Chairman of the company, I am pleased that one of my first duties is to present the company's fifth annual report.

COMPANY OPERATIONS AND PROFITABILITY

Overall turnover for the year was €8,747,756 compared to €8,181,583 in 2000, an increase of 7%.

Shipping turnover has increased by 1.5% mainly as a result of the indexing of shipping revenues on foot of the operating agreement with Stena Line. Actual traffic volumes continued to decline in 2001 as shown below:

	2001	2000	Percentage change
Passenger numbers	1,064,181	1,187,558	(10%)
Car units	206,770	228,932	(10%)
Commercial units	35,820	39,080	(8%)

The overall decline in traffic volumes in the year reflects the impact of the foot and mouth crisis in the first half of the year and the continuing increased competition on the central corridor route. There was, however, a significant improvement in traffic numbers in the last quarter of 2001 and Stena Line expect this improvement to continue into 2002.

The main contribution to the increase in turnover is from non ferry income which increased from €787,546 in 2000 to €1,245,255 in 2001, an increase of 58%. This is mainly due to the income from the Marina operation which became fully operational from April 2001 and to the continued strong contribution of the Pay and Display parking system in place for the full year in 2001 (9 months in 2000).

Operating expenditure has increased from €199,183 in 2000 to €444,092 in 2001. This is mainly due to the level of expenditure on repair projects in 2001.

Administration and general expenditure has increased from €3,909,059 in 2000 to €4,530,910 in 2001, an increase of 16%. This was due to a number of different factors, such as commencing the depreciation of the marina, other one-off costs associated with the marina, Foot and Mouth Disease control measures and sharply rising insurance costs.

The accounts show exceptional costs in 2001 of €1,603,957 (2000: €610,458). This amount includes a provision for local authority rates of €1,089,713 (2000: €348,132). The total provision for local authority rates in the balance sheet now stands at €1,740,187 (2000: €650,474). This provision represents the liability as assessed by the Dun Laoghaire Rathdown County Council for the three years from 1 January 1999 to 31 December 2001. The Port of Cork, acting as a test case for all the other ports corporatised under the provisions of the 1996 Harbour Act has appealed the decision to levy rates retrospectively to 1 January 1999 to the High Court. The case is expected to be heard in the first half of 2002. The company is also appealing the decision by the Valuation Office to double the ratable value of Dun Laoghaire Harbour Company in March 2001.

CHAIRMAN'S REPORT

for the year ended 31 December 2001 (Continued)

The other exceptional item cost of €514,244 (2000: €nil) is a provision in relation to the expected costs of two legal cases which had been insured through the Independent Insurance Company. This insurance company went into liquidation during 2001 and it is now likely that the company will have to pay the full cost of these cases.

Profit before taxation has fallen from €2,839,014 in 2000 to €1,270,396 in 2001, a decrease of 55%. Profit after taxation has fallen from €2,370,573 in 2000 to €888,708 in 2001, a decrease of 63%.

The company is subject to corporation tax on all of its income at the standard rate in 2001. In 2000 the company paid two thirds of the standard rate of corporation tax.

SIGNIFICANT DEVELOPMENTS DURING THE FINANCIAL YEAR

In April 2001, the new marina officially commenced operations. The first phase of the marina accommodates 350 boats and the marina operator has reported satisfaction with the level of berth rentals to date.

In December 2001, the company commenced construction of a new maintenance building.

During the year the company spent €1,265,614 purchasing the tenants' interests in four of the cottages on the Harbour Yard site. The tenancies were acquired with a view to obtaining vacant possession of all of the Harbour Yard site prior to its redevelopment.

SIGNIFICANT DEVELOPMENTS DURING THE 2002 FINANCIAL YEAR

The new maintenance building, which commenced construction in 2001, is expected to be completed and occupied by mid summer 2002 at a total cost of €920,000.

The tendering process for the Harbour Yard site at Crofton Road has been completed and a preferred bidder has been identified. The intention is to enter into a long lease with the preferred bidder in return for a share of the revenue from letting the future development. It is also intended that the company will have the option to convert its revenue entitlement to a capital interest in part of the finished development.

Discussions in relation to the Carlisle Pier site are ongoing. No decision is expected in the immediate future.

SYSTEM OF INTERNAL FINANCIAL CONTROL

The board of directors is responsible for the system of internal controls which operate in the company. Internal control procedures when properly established and operated can provide reasonable but not absolute assurance against material error.

CHAIRMAN'S REPORT

for the year ended 31 December 2001 (Continued)

SYSTEM OF INTERNAL FINANCIAL CONTROL (Continued)

The key procedures which have been put in place to provide effective internal financial control are:

- establishment of a clearly defined management structure
- establishment of authorisation limits for expenditure
- regular review of the financial results at board level
- assessment of results versus budgets previously approved by the board
- approval of major contracts at board level
- establishment of an audit committee to independently review the financial results of the company and to meet independently with the external auditors of the company.

In April 2001 the audit committee reported to the board that it had met with the external auditors and that there were no significant issues raised as a result of the audit of the 2000 financial statements.

CHAIRMAN'S & DIRECTORS' FEES

During the year fees of €15,237 were paid to the former chairman of the board, Philip Lynch, and fees of €107,154 were paid to the other members of the board.

PUBLIC PROCUREMENT

The company is fully committed to best practice in relation to the regulations governing public procurement procedures.

CODE OF PRACTICE

The company is in the process of implementing the new requirements included in the Code of Practice for the Governance of State Bodies issued by the Department of the Marine & Natural Resources in November 2001.

ACKNOWLEDGEMENT

I would like to thank the former Chairman of the Board, Mr Philip Lynch and the other members of the outgoing board for their dedication and hard work on behalf of the company while in office.

PADDY MCMAHON

Chairman

21 May 2002

DIRECTORS' REPORT

for the year ended 31 December 2001

The directors present herewith their report and audited financial statements for the year ended 31 December 2001.

LEGAL STATUS

Dún Laoghaire Harbour Company is a limited liability company established pursuant to the Harbours Act, 1996. On 3 March 1997, the company became the successor entity to the Department of the Marine and Natural Resources and to the Dún Laoghaire Harbour (Finance) Board, the statutory bodies previously responsible for Dún Laoghaire harbour.

On that date, the company took over the functions and acquired the assets and liabilities of the predecessor bodies at valuations agreed with the Minister for the Marine and Natural Resources. In consideration for the assets and liabilities, the company issued share capital in the amount of €10.9 million to the Minister for the Marine and Natural Resources.

REVIEW OF THE DEVELOPMENT OF THE BUSINESS AND ITS PRINCIPAL ACTIVITIES

The company is engaged in the management, control, operation and development of Dún Laoghaire harbour. The review of activities is contained in the Chairman's report.

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 31 DECEMBER 2001

The profit and loss account for the year ended 31 December 2001 and the balance sheet at that date are set out on pages 13 and 14.

DIVIDENDS

The directors of the company do not propose the payment of a dividend for the year.

DIRECTORS

The following changes in directorships took place during 2001 and to date:

Arthur Byrne resigned as a director and an employee of the company on 18 July 2001.

The five year term of office of Philip Lynch as chairman of the board and Elizabeth Coffey, Jane Dillon Byrne, Aine Elliott, Alice Hayes, Ann Joyce, Donal Marren, Eithne Scott Lennon and Timothy Wilson as directors of the board expired on 2 March 2002.

Elizabeth Coffey, Jane Dillon Byrne and Donal Marren were reappointed by the Minister for the Marine and Natural Resources as directors of the company from 3 March 2002 for a further five year term. Paddy McMahon was appointed by the minister for the Marine and Natural Resources as chairman of the company from 25 April 2002, for a five year term. Victor Boyhan, Sean Costello, Tony Fox, Gerry Nagle and Tom Welby were appointed by the Minister for the Marine and Natural Resources as directors of the company from 25 April 2002 for a five year term. Eithne Scott Lennon was reappointed as a director of the company for a further five year term from 25 April 2002.

Michael Hanahoe and David Redmond have served throughout the year.

DIRECTORS' REPORT

for the year ended 31 December 2001 (Continued)

DIRECTORS' INTERESTS IN SHARES

None of the directors or their immediate families hold shares in the company.

POST-BALANCE SHEET EVENTS

The tendering process for the Harbour Yard site at Crofton Road has been completed and a preferred bidder has been identified. The intention is to enter into a long lease with the preferred bidder in return for a share of the revenue from letting the future development. It is also intended that the company will have the option to convert its revenue entitlement to a capital interest in part of the finished development.

SHAREHOLDING

The Minister for the Marine and Natural Resources beneficially holds all the share capital of the company. The share capital of the company was redenominated to euro on 16 October 2001. On the same date the nominal share value was reduced from €1.27 to €1.25 and the decrease in share capital of €229,593 which resulted was transferred to a capital conversion reserve fund.

POLITICAL DONATIONS

The company did not make any political donations during the year.

PROMPT PAYMENTS OF ACCOUNTS ACT, 1997

The directors are satisfied that procedures are in place to ensure that the company is compliant with the Prompt Payment of Accounts Act, 1997 in all material respects.

TAXATION STATUS

The taxation status of the company is dealt with in the Chairman's report under "Company Operations and Profitability".

FUTURE DEVELOPMENTS OF THE BUSINESS

The directors are expecting continued improved profitability in the coming years. The significant development plans expected in the forthcoming years are set out in the chairman's report.

HEALTH AND SAFETY AT WORK

The well-being of the company's employees during the year was safeguarded through the strict adherence to health and safety standards in accordance with the requirements of the Safety, Health and Welfare at Work Act, 1989.

DIRECTORS' REPORT

for the year ended 31 December 2001 (Continued)

CORPORATE GOVERNANCE

The directors are committed to maintaining the highest standards of corporate governance as set out for port companies in the Corporate Governance Framework issued by the Department of Marine and Natural Resources in February 1998 and revised in November 2001. The main areas covered by this framework are as follows:

Directors' code of conduct

It is the company's aim to ensure that all directors are aware of, and in compliance with, the code of conduct for directors.

Reporting arrangements and requirements

It is the company's aim, at all times, to comply with the agreed reporting requirements of the Department of Marine and Natural Resources and other government departments as required on a timely and accurate basis.

Internal audit

In accordance with the code of conduct the company is in discussion with the Department of the Marine regarding the appointment of an appropriate internal audit function

Audit committee

The audit committee is a sub committee of the main board and comprises three members. The main function of the audit committee is to review and monitor the financial reporting process, including audit activities, so as to give additional assurance regarding the reliability of the company's financial information.

Procurement procedures, advertising and award of contracts

All material contracts entered into during the year comply with government guidelines regarding procurement procedures, advertising and award of contracts.

Chief Executive's remuneration

The Chief Executive's salary and benefits package is ratified by the board of directors.

Investment appraisal procedures

All investments of a material nature are ratified by the board of directors.

Procedure for the disposal of fixed assets

All asset disposals of a material nature are ratified by the board of directors.

EURO

The company has now completed its euro changeover plan. There were no significant issues causing concern to the directors, as a result of the changeover.

DIRECTORS' REPORT

for the year ended 31 December 2001 (Continued)

ENERGY EFFICIENCY

The company has engaged a firm of consultants to carry out a survey of the company's property with a view to establishing ways to improve energy efficiency.

BOOKS AND ACCOUNTING RECORDS

The directors are responsible for ensuring that proper books and accounting records, as outlined in Section 202 of the Companies Act, 1990, are kept by the company. To achieve this the directors have appointed appropriate accounting personnel including a professionally qualified accountant, in order to ensure compliance with these requirements.

The books and accounting records are maintained at Harbour Lodge, Crofton Road, Dun Laoghaire, Co. Dublin.

*STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF
THE FINANCIAL STATEMENTS*

Irish company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the provisions of the Companies Acts, 1963 to 2001 and the European Communities (Companies: Group Accounts) Regulations, 1992. 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.

AUDITORS

The auditors, Ernst & Young, Chartered Accountants, will continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the Directors

*PADDY MCMAHON
MICHAEL HANAHOE*
Directors

21 May 2002

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DUN LAOGHAIRE HARBOUR COMPANY**

We have audited the financial statements for the year ended 31 December 2001 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes 1 to 22. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable Irish law and accounting standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and Auditing Standards issued by the Auditing Practices Board for use in Ireland and the United Kingdom.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts. We also report to you our opinion as to: whether proper books of account have been kept by the company; whether at the balance sheet date there exists a financial situation which may require the convening of an extraordinary general meeting of the company; and whether the information given in the directors' report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and transactions with the company is not given and, where practicable, include such information in our report.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Continued /...

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DUN LAOGHAIRE HARBOUR COMPANY (Continued)**

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Acts, 1963 to 2001 and the European Communities (Companies: Group Accounts) Regulations, 1992.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

In our opinion the information given in the directors' report is consistent with the financial statements.

In our opinion the balance sheet on page 14 does not disclose a financial situation which, under the provisions of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the company.

Ernst & Young,
Registered Auditors

Dublin

21 May 2002

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2001

	Note	2001 €	2001 IR£	2000 €	2000 IR£
Turnover –					
continuing operations	3	8,747,756	6,889,418	8,181,583	6,443,520
Operating, maintenance, dredging and related costs		(444,092)	(349,751)	(199,183)	(156,869)
Administration and general expenditure		(4,530,910)	(3,568,382)	(3,909,059)	(3,078,634)
Exceptional items	4	(1,603,957)	(1,263,219)	(610,458)	(480,775)
Operating profit – continuing operations		2,168,797	1,708,066	3,462,883	2,727,242
Interest receivable and similar income	5	15,116	11,905	56,247	44,298
Interest payable and similar charges	6	(913,517)	(719,453)	(680,116)	(535,635)
Profit on ordinary activities before taxation	7	1,270,396	1,000,518	2,839,014	2,235,905
Tax on profit on ordinary activities	8	(381,688)	(300,604)	(468,441)	(368,927)
Retained profit for the financial year		888,708	699,914	2,370,573	1,866,978
Profit carried forward at beginning of year		9,099,149	7,166,162	6,728,576	5,299,184
Profit carried forward at end of year		9,987,857	7,866,076	9,099,149	7,166,162

There are no recognised gains or losses in either year other than the profit attributable to shareholders of the company.

Approved by the Board on 21 May 2002

PADDY MCMAHON
MICHAEL HANAHOE
Directors

BALANCE SHEET

at 31 December 2001

ASSETS EMPLOYED	<i>Note</i>	<i>2001</i> €	<i>2001</i> IR£	<i>2000</i> €	<i>2000</i> IR£
FIXED ASSETS					
Tangible assets	9	52,278,979	41,173,042	47,973,965	37,782,567
CURRENT ASSETS					
Debtors	10	1,665,606	1,311,772	1,564,717	1,232,316
Cash at bank and in hand		1,861,642	1,466,162	312,144	245,833
		3,527,248	2,777,934	1,876,861	1,478,149
CREDITORS (amounts falling due within one year)	11	(6,521,821)	(5,136,352)	(9,791,731)	(7,711,614)
NET CURRENT LIABILITIES		(2,994,573)	(2,358,418)	(7,914,870)	(6,233,465)
CREDITORS (amounts falling due after more than one year)	12	(12,986,542)	(10,227,733)	(4,978,706)	(3,921,050)
TOTAL ASSETS LESS CURRENT LIABILITIES		36,297,864	28,586,891	35,080,389	27,628,052
PROVISIONS FOR LIABILITIES AND CHARGES					
Government and EU grants	13	(11,540,404)	(9,088,807)	(11,211,637)	(8,829,882)
		24,757,460	19,498,084	23,868,752	18,798,170
FINANCED BY					
CAPITAL AND RESERVES					
Called up share capital	14	14,540,010	11,451,188	14,769,603	11,632,008
Capital conversion reserve fund	14	229,593	180,820	—	—
Profit and loss account		9,987,857	7,866,076	9,099,149	7,166,162
Shareholders' funds	15	24,757,460	19,498,084	23,868,752	18,798,170

Approved by the Board on 21 May 2002

PADDY MCMAHON
MICHAEL HANAHOE
Directors

CASH FLOW STATEMENT

for the year ended 31 December 2001

	Note	2001 €	2001 IR£	2000 €	2000 IR£
Net cash inflow from operating activities	16	3,966,311	3,123,724	3,968,823	3,125,702
<i>Returns on investments and servicing of finance</i>					
Interest paid		(935,347)	(736,646)	(695,234)	(547,541)
Interest received		14,752	11,619	56,247	44,298
		(920,595)	(725,027)	(638,987)	(503,243)
Taxation		(498,006)	(392,212)	(260,207)	(204,930)
<i>Capital expenditure and financial investment</i>					
Purchase of tangible fixed assets		(5,509,242)	(4,338,881)	(12,963,777)	(10,209,804)
Government and EU grants received		608,086	478,907	509,283	401,093
		(4,901,156)	(3,859,974)	(12,454,494)	(9,808,711)
Net cash outflow before financing		(2,353,446)	(1,853,489)	(9,384,865)	(7,391,182)
<i>Financing</i>					
Long term loans repaid		(1,382,554)	(1,088,850)	(1,262,755)	(994,500)
Issue of share capital		—	—	3,809,214	3,000,000
Loan received		4,572,708	3,601,300	5,090,121	4,008,796
		3,190,154	2,512,450	7,636,580	6,014,296
Increase/(decrease) in cash	17, 18	836,708	658,961	(1,748,285)	(1,376,886)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2001

1. ACCOUNTING POLICIES

(a) *Accounting convention*

The financial statements are prepared under the historical cost convention.

(b) *Turnover*

Turnover represents the invoiced value of all services provided to third parties, exclusive of value added tax, but adjusted for ferry revenues deferred from one financial year to another as described below.

Ferry revenues are generated mainly from Stena Line Limited, the company's key trading partner. An operating agreement between the company and Stena Line Limited sets out a formula for calculation of a minimum level of revenue in each operating year. To the extent that revenues in any one operating year exceed this minimum level, the term of the agreement is shortened in accordance with an agreed formula. In addition, part of the excess is refundable to Stena Line Limited. The accounting treatment for income which exceeds the minimum level and which is not refundable to Stena Line Limited is to spread it over the remaining term of the operating agreement rather than recognising it in full in the year in which it arises.

(c) *Depreciation*

Depreciation is calculated to write off the cost of tangible fixed assets, excluding land which is not depreciated, over their expected useful lives as follows:

Marina Development Project	120 years
Buildings and harbour infrastructure	5 to 41 years
Dolphin moorings	23 years
Fixtures and fittings	8 years
Plant and equipment	6.66 years
Motor vehicles	5 years
Computer equipment	3 years

Expenditure of €190,400 capitalised on the new maintenance building under construction has not been depreciated as this building is not yet completed or in use.

(d) *Government and European Union grants*

Government and European Union grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the useful life of the asset to which they relate.

Revenue grants are released to the profit and loss account over the life of the projects to which they relate.

(e) *Pension costs*

Pension benefits are funded over the employee's years of service by way of contributions to an insured fund. The company's annual contributions are based on actuarial advice.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2001 (Continued)

1. ACCOUNTING POLICIES (Continued)

(e) *Pension costs (Continued)*

The regular cost of pensions is charged to the profit and loss account over the employees' service lives. Variations from regular costs, arising from periodic actuarial valuations, are charged to the profit and loss account over the expected remaining service lives of current employees.

(f) *Deferred taxation*

Deferred taxation is provided only where, in the opinion of the directors there is a reasonable probability that a liability in respect thereof will arise in the foreseeable future.

(g) *Foreign currencies*

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date and revenues, costs and non-monetary assets at the exchange rate ruling at the date of the transaction.

All exchange gains and losses are accounted for through the profit and loss account.

Monetary assets are money held and amounts to be received in money and all other assets are non-monetary assets.

(h) *Dredging*

The cost of routine or ongoing dredging projects is charged to the profit and loss account as incurred. Capital dredging which enhances port access or infrastructure is capitalised as part of the related fixed asset and depreciated over its estimated useful life.

(i) *Continuing operations*

The profit and loss account has been prepared on the basis that the company has only continuing operations.

2. EMPLOYEES

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

	2001 Number	2000 Number
Administration	9	9
Operations and maintenance	39	44
	—	—
	48	53
	==	==

NOTES TO THE FINANCIAL STATEMENTS

31 December 2001 (Continued)

2.	EMPLOYEES (Continued)	2001	2000
		€	€
	The staff costs comprise:		
	Salaries	1,817,366	1,818,816
	Social welfare costs	211,819	202,218
	Other pension costs	165,556	166,996
		<u>2,194,741</u>	<u>2,188,030</u>

3.	TURNOVER	2001	2000
		€	€
	The turnover by activity is as follows:		
	Ferry revenue	7,502,501	7,394,037
	Other harbour related activities	1,245,255	787,546
		<u>8,747,756</u>	<u>8,181,583</u>

All turnover is in the Republic of Ireland.

4.	EXCEPTIONAL ITEMS	2001	2000
		€	€
	Rationalisation programme	—	(262,326)
	Local Authority rates	(1,089,713)	(348,132)
	Insurance	(514,244)	—
		<u>(1,603,957)</u>	<u>(610,458)</u>

The company has provided €1,089,713 for local authority rates charges in 2001. At 31 December 2001 the company has a total provision for local authority rates of €1,740,187. This amount is still subject to an appeal.

In 2001 the company has provided €514,244 in relation to the costs of two legal cases. These cases were insured with the Independent Insurance Company which went into liquidation during 2001.

In 2000 the company incurred rationalisation costs of €262,326. The rationalisation programme was fully completed in 2000.

5.	INTEREST RECEIVABLE AND SIMILAR INCOME	2001	2000
		€	€
	Bank interest	<u>15,116</u>	<u>56,247</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2001 (Continued)

6.	INTEREST PAYABLE AND SIMILAR CHARGES	2001	2000
		€	€
	Bank overdraft	3,990	18,565
	Bank loans repayable by instalments within five years	519,979	642,978
	Bank loans repayable otherwise than by Instalments within five years	389,548	18,573
		<u>913,517</u>	<u>680,116</u>

7.	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2001	2000
		€	€

The profit on ordinary activities before taxation is stated after charging (crediting):

Auditors' remuneration	7,618	6,984
Depreciation	1,204,228	1,048,825
EU and government grants	<u>(279,320)</u>	<u>(270,325)</u>

Directors' remuneration

	<i>Executive directors</i>			<i>Non-executive directors</i>	
	<i>Michael Hanahoe</i>	<i>Arthur Byrne</i>	<i>David Redmond</i>		<i>Total</i>
	€	€	€	€	€
Basic salary	108,422	14,848	26,422	—	149,692
Fees	10,158	5,575	10,158	96,500	122,391
Allowances	—	946	6,948	—	7,894
Benefits in kind	10,475	—	—	—	10,475
Performance related bonus	12,697	—	—	—	12,697
Total – 2001	<u>141,752</u>	<u>21,369</u>	<u>43,528</u>	<u>96,500</u>	<u>303,149</u>
Total – 2000					<u>232,643</u>

Pension entitlements

The company made a contribution of 12% of basic salary plus allowances in relation to each executive director in 2001 (2000: 12%).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2001 (Continued)

8.	TAX ON PROFIT ON ORDINARY ACTIVITIES	2001	2000
		€	€
	Current year corporation tax charge	336,262	468,441
	Corporation tax adjustment re previous years	45,426	—
		<u>381,688</u>	<u>468,441</u>

Prior to 1 January 1999, the company availed of an exemption from corporation tax on income arising from harbour activities. In 1999, this exemption was partially removed and one-third of income from harbour activities was subject to corporation tax at the standard rate. In 2000, two-thirds of all income from harbour activities was subject to corporation tax at the standard rate. In 2001, all income from harbour activities is subject to corporation tax at the standard rate.

DÚN LAOGHAIRE HARBOUR COMPANY

NOTES TO THE FINANCIAL STATEMENTS
31 December 2001 (Continued)

9. TANGIBLE FIXED ASSETS	Land and infrastructure		Buildings and harbour	Plant and equipment	Computer equipment	Fixtures and fittings	Motor vehicles	Dolphin moorings	Marina development	Total
	€	€	€	€	€	€	€	€	€	€
Cost										
At 1 January 2001	398,467	34,548,830		167,039	57,446	214,511	71,580	2,919,560	13,241,752	51,619,185
Additions	1,269,439	190,400		362,266	8,591	123,896	8,688	308,079	3,237,883	5,509,242
At 31 December 2001	1,667,906	34,739,230		529,305	66,037	338,407	80,268	3,227,639	16,479,635	57,128,427
Depreciation										
At 1 January 2001	—	3,201,020		41,997	28,818	40,514	30,516	302,355	—	3,645,220
Charge for year	—	835,556		52,235	20,579	34,558	15,185	143,158	102,957	1,204,228
At 31 December 2001	—	4,036,576		94,232	49,397	75,072	45,701	445,513	102,957	4,849,448
Net book amounts										
At 31 December 2001	1,667,906	30,702,654		435,073	16,640	263,335	34,567	2,782,126	16,376,678	52,278,979
At 31 December 2000	398,467	31,347,810		125,042	28,628	173,997	41,064	2,617,205	13,241,752	47,973,965

NOTES TO THE FINANCIAL STATEMENTS

31 December 2001 (Continued)

10.	DEBTORS	2001	2000
		€	€
	<i>Amounts falling due within one year</i>		
	Trade debtors	1,363,718	992,852
	Value added tax	230,403	370,233
	Sundry debtors	71,485	201,632
		<u>1,665,606</u>	<u>1,564,717</u>
11.	CREDITORS (amounts falling due within one year)	2001	2000
		€	€
	Trade creditors	15,653	40,786
	Bank overdraft	743,155	30,365
	Bank term loan	1,654,930	6,472,612
	Corporation tax	335,267	451,572
	PAYE and PRSI	36,179	75,972
	Accruals and deferred income	3,736,637	2,720,424
		<u>6,521,821</u>	<u>9,791,731</u>
12.	CREDITORS (amounts falling due after more than one year)	2001	2000
		€	€
	Bank term loan	12,986,542	4,978,706
	Repayable within one year	1,654,930	6,472,612
	Repayable within one to two years	1,948,838	1,512,068
	Repayable within two to five years	2,792,638	3,466,638
	Repayable after five years	8,245,066	—
	Repayable after more than one year	12,986,542	4,978,706
	Bank term loan	14,641,472	11,451,318

NOTES TO THE FINANCIAL STATEMENTS

31 December 2001 (Continued)

12.	CREDITORS (amounts falling due after more than one year) (Continued)	2001 €	2000 €
	Loans repayable by instalment within five years	4,978,706	6,361,261
	Loans repayable by instalment some of which falls due after five years	9,662,766*	—
	Loans repayable other than by instalment	—	5,090,057
		<u>14,641,472</u>	<u>11,451,318</u>

*Installments falling due after five years = €8,245,066.

€4,978,706 of bank loans is guaranteed by the Minister for Finance, and will be fully repaid within three years.

13.	GOVERNMENT AND EU GRANTS	2001 €	2000 €
	<i>Cost</i>		
	At beginning of year	12,300,071	11,828,880
	Additional EU grant allocated during year	608,086	471,191
		<u>12,908,157</u>	<u>12,300,071</u>
	<i>Amortisation</i>		
	At beginning of year	1,088,433	818,109
	Charge for year	279,320	270,325
		<u>1,367,753</u>	<u>1,088,434</u>
	<i>Net book amounts</i>		
	At end of year	<u>11,540,404</u>	<u>11,211,637</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2001 (Continued)

14.	CALLED UP SHARE CAPITAL	2001	2000
		€	€
	<i>Authorised</i>		
	Ordinary shares of €1.25 each (2000: IR£1 each)	33,750,000	34,282,928
		<u> </u>	<u> </u>
	<i>Allotted, called up and fully paid</i>		
	Ordinary shares of IR£1 each		
	At beginning of year	14,769,603	10,960,389
	Issued during the year (3,000,000 shares)		3,809,214
	Transfer to capital conversion reserve fund	(229,593)	—
		<u> </u>	<u> </u>
	Ordinary shares at €1.25 each (2000: IR£1 each)		
	at end of year	14,540,010	14,769,603
		<u> </u>	<u> </u>

On 16 October 2001 an extraordinary general meeting was held where the members voted to do the following:

- (i) Redenominate the existing authorised share capital from IR£27,000,000 divided into 27,000,000 ordinary shares of IR£1 each to €34,282,928 divided into 27,000,000 ordinary shares of €1.269738 each.
- (ii) To redenominate the issued share capital from IR£11,632,008 divided into 11,632,008 ordinary shares of IR£1 each into €14,769,603 divided into 11,634,008 ordinary shares of €1.269738 each.
- (iii) To reduce the nominal value of the entire share capital to €1.25 per share in accordance with Section 26 of the EMU Act.
- (iv) To transfer the reduction of €229,593 in share capital resulting from the decrease in nominal share value to a capital conversion reserve fund.

15.	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2001	2000
		€	€
	Shareholders' funds at beginning of year	23,868,752	17,688,965
	Additional paid in share capital	—	3,809,214
	Reduction in issued share capital due to renominalisation to euro	(229,593)	—
	Capital conversion reserve fund	229,593	—
	Profit for the financial year	888,708	2,370,573
		<u> </u>	<u> </u>
	Shareholders' funds at end of year	24,757,460	23,868,752
		<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2001 (Continued)

16.	RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2001 €	2000 €		
	Operating profit	2,168,797	3,462,883		
	Depreciation	1,204,228	1,048,825		
	Grants amortised	(279,320)	(270,325)		
	Increase in debtors	(100,526)	(446,122)		
	Increase in creditors	973,132	173,562		
		<u>3,966,311</u>	<u>3,968,823</u>		
	Net cash inflow from operating activities	<u>3,966,311</u>	<u>3,968,823</u>		
17.	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT	2001 €	2000 €		
	Increase/(decrease) in cash for year	836,708	(1,748,284)		
	Increase in debt for the year	(3,190,154)	(3,827,303)		
		<u>(2,353,446)</u>	<u>(5,575,587)</u>		
	Movement in net debt for year	(2,353,446)	(5,575,587)		
	Net debt at beginning of year	(11,169,539)	(5,593,952)		
		<u>(13,522,985)</u>	<u>(11,169,539)</u>		
	Net debt at end of year	<u>(13,522,985)</u>	<u>(11,169,539)</u>		
18.	ANALYSIS OF CHANGE IN NET DEBT	At 1/1/2001 €	Cash flows €	Other changes €	At 31/12/2001 €
	Cash at bank and in hand	312,144	1,549,498	—	1,861,642
	Overdraft	(30,365)	(712,790)	—	(743,155)
		<u>281,779</u>	<u>836,708</u>	<u>—</u>	<u>1,118,487</u>
	Debt due:				
	Within one year	(6,472,612)	1,382,554	3,435,128	(1,654,930)
	After one year	(4,978,706)	(4,572,708)	(3,435,128)	(12,986,542)
		<u>(11,169,539)</u>	<u>(2,353,446)</u>	<u>—</u>	<u>(13,522,985)</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2001 (Continued)

19. PENSION COMMITMENTS

The company operates a defined benefit scheme for its employees which is funded by the payment of contributions to a separately administered fund.

The contributions to the scheme are determined with the advice of independent actuaries.

An actuarial valuation by a professionally qualified actuary was carried out as at 1 January 2000 and updated to 31 December 2001. According to the report issued, the scheme satisfied the minimum funding standard provided for in the Pensions Act, 1990. The next full valuation is due to be carried out as at 1 January 2003.

According to the actuarial valuation as at 1 January 2000 there was a shortfall in current market value terms of €730,607. Due to funding received during 2001 from the Department of Marine and Natural Resources this shortfall no longer exists.

Up to 2 March 1997 the company's employees were employed by the Department of the Marine and Natural Resources and their pensions were funded by the national exchequer. The pension commitment at that date, which was agreed would be fully funded by the State, has now been transferred to the company's pension fund. The Minister for the Marine and Natural Resources has paid €2,647,404 into the fund up to 31 December 2001 (€1,885,561 to 31 December 2000).

The major assumptions used by the actuary at 31 December 2001 were:

Rate of increase in salaries	4.00%
Rate of increase of pensions in payment	3.50%
Rate of increase to deferred pensions	3.50%
Discount rate	8.00%
Price inflation	2.25%

The fair value of the assets in the scheme at 31 December 2001 and the expected rate of return on these assets were:	2001 €'000	Rate of return
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Equities	2,531	7.50%
Bonds	736	5.00%
Property	219	6.50%
Cash	99	3.50%

Total market value of assets	3,585
Actuarial value of liability	(3,836)

Deficit in the scheme	(251)
Related deferred tax asset	-

Net pension liability	(251)
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NOTES TO THE FINANCIAL STATEMENTS

31 December 2001 (Continued)

19. PENSION COMMITMENTS (Continued)

The agreed contribution rate for 2002 and for future years until the next actuarial review is 12.6%.

At the year-end, an amount of €nil (2000: €nil) was accrued as payable to the pension scheme.

20. CAPITAL COMMITMENTS

The company has authorised and contracted capital commitments of €1,428,455 as of March 2002 (March 2001: €3,989,517).

21. RELATED PARTY TRANSACTIONS

There were no transactions in the year between the company and its directors other than fees for services as directors.

22. APPROVAL OF FINANCIAL STATEMENTS

The directors approved the financial statements on 21 May 2002.