# DÚN LAOGHAIRE HARBOUR COMPANY

## ANNUAL REPORT

## FOR THE YEAR ENDED

## 31 DECEMBER 2003

**ANNUAL REPORT**
**for the year ended 31 December 2003**

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ERNST & YOUNG

## COMPANY INFORMATION

| | |
|---|---|
| DIRECTORS | Paddy McMahon – Chairman◆<br>Victor Boyhan<br>Elizabeth Coffey<br>Sean Costello*<br>Jane Dillon Byrne<br>Tony Fox*<br>Michael Hanahoe – Chief Executive<br>Donal Marren ◆<br>Gerry Nagle ◆<br>Thomas Quinn<br>Eithne Scott Lennon*<br>Don McManus |

* Member of Audit Committee
◆ Member of Remuneration Committee

| | |
|---|---|
| SECRETARY | Michael Hanahoe |
| REGISTERED OFFICE | Harbour Lodge,<br>Crofton Road,<br>Dún Laoghaire,<br>Co. Dublin. |
| REGISTERED NUMBER OF INCORPORATION | 262366 |
| SOLICITORS | L. K. Shields and Company,<br>39/40 Upper Mount Street,<br>Dublin 2. |

## COMPANY INFORMATION (Continued)

| | |
|---|---|
| BANKERS | Ulster Bank Limited,<br>Dún Laoghaire,<br>Co. Dublin. |
| | Bank of Ireland<br>Dún Laoghaire,<br>Co. Dublin. |
| AUDITORS | Ernst & Young,<br>Chartered Accountants,<br>Ernst & Young Building,<br>Harcourt Centre,<br>Harcourt Street,<br>Dublin 2. |

**CHAIRMAN'S REPORT**
**for the year ended 31 December 2003**

INTRODUCTION
As Chairman of the company, I am pleased to present the company's seventh Annual Report.

COMPANY OPERATIONS AND PROFITABILITY
Overall turnover for the year was €10,392,150 compared to €9,446,999 in 2002, an increase of 10%.

Shipping turnover has increased by 3% 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 2003 as shown below:

| | *2003* | *2002* | *Percentage change* |
|---|---|---|---|
| Passenger numbers | 967,318 | 1,015,465 | ( 5 %) |
| Car units | 193,482 | 206,817 | ( 6 %) |

The decline in traffic volumes reflects both declining ferry traffic and increased competition on the central corridor routes.

The main contribution to the increase in turnover is from non-ferry income, which increased from €1,712,185 in 2002 to €2,439,044 in 2003, an increase of 43%. Factors contributing to the increase include higher revenues from both the Marina and Pay and Display Parking and the licence fee income from the Harbour Yard Site.

Operating expenditure has increased from €840,761 in 2002 to €886,807 in 2003. This is mainly due to increased level of expenditure on repair projects in 2003.

Administration and general expenditure has increased from €4,750,228 in 2002 to €6,056,042 in 2003, an increase of 27.5%. The increase was due to a number of different factors including:

| | |
|---|---|
| Local Authority Rates | €676,046 |
| Wages and Salaries | €197,545 |
| Pension Costs | €211,300 |

The Company became liable for local authority rates for the first time in 2003. The increase in Wages and salary costs includes the impact of parallel benchmarking payments. The Company increased contributions to the staff pension scheme by 106% in 2003.

The accounts show exceptional write back in 2003 of €2,357,190 (2002: charge of €430,743). This figure includes an amount of €2,314,346 accrued, for the four years ending the 31st December 2002, for the payment of rates. Following a Supreme Court ruling in 2003 that the port companies were not liable for the payment of rates, for the years in question, this provision is no longer required.

CHAIRMAN'S REPORT
**for the year ended 31 December 2003**

COMPANY OPERATIONS AND PROFITABILITY (Continued)

Profit before taxation has risen from €2,470,256 in 2002 to €4,994,346 in 2003, an increase of 102%. Profit after taxation has risen from €1,886,304 in 2002 to €4,149,961 in 2003, an increase of 120%.

The company is subject to corporation tax on all of its income at the standard rate in 2003.

SIGNIFICANT DEVELOPMENTS DURING 2003

Negotiations with the preferred bidder for the Harbour Yard Site concluded in December 2002 and the contract was approved by the Board in January 2003. Under the terms of the contract the Company has agreed to sell the majority of the site to the preferred bidders the Earlsfort Development Group and Christopher Bennett & Sons Limited in return for a package which includes minimum licence payments of €2.5 million during the planning and construction phases of the development and ownership of an office building in the completed development. The rental income from the building is guaranteed by the developers for five years at a minimum of €940,000 per annum. The total financial consideration has been valued by the Company's property advisors Lisney at between €12.5 and €15 million. Licence fee income payments commenced on the 15 September 2002.

Planning permission for the development of the Site was granted by An Bord Pleanala in December 2003. However the planning permission was unsatisfactory and a further application was submitted to Dún Laoghaire Rathdown County Council in April 2004.



SIGNIFICANT DEVELOPMENTS DURING THE 2004 FINANCIAL YEAR

In July 2003 the Company commenced a design and build competition for the redevelopment of the Carlisle Pier. A shortlist of four proposals was identified in October 2003 and in March 2004 a decision was made on a preferred bidder. Contract negotiations are underway and the developer expects to submit a planning application for redevelopment of the Carlisle Pier before the end of this year.

The Company will commence work on the resurfacing of the East Pier in 2004. The total cost of this work, which will be spread over a number of years, will be in the region of €3.0 million.

Following the completion of underwater surveys of both the East and West Pier essential repairs works estimated to cost €10.0 million have been identified. This work will commence in 2004 but significant costs will not be incurred until 2005 and subsequent years.

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 2003**

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
- business risks are identified as part of the business planning process. Where appropriate, based on the advise of the Chief Executive, independent professional advisors are employed to advise the Board on the management of the risks identified
- establishment of authorisation limits for expenditure
- annual business plan submitted to, and approved by, the Board
- regular review of the financial results at Board level
- assessment of results versus budgets previously approved by the Board on a quarterly basis
- 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.



CHAIRMAN'S & DIRECTORS' FEES
During the year fees of €15,237 were paid to the chairman and fees of €106,128 were paid to the other members of the Board. The fees were paid in accordance with Government Guidelines.

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

CODE OF PRACTICE FOR THE GOVERNANCE OF STATE COMPANIES
The company complies with the Code of Practice for the Governance of State Bodies issued by the Department of Communications, Marine & Natural Resources in November 2001.

*I would like to conclude by thanking my fellow Directors, management and staff for their commitment, hard work and dedication, which has delivered a strong set of financial results for the Company in 2003.*

*P. MC MAHON*
Chairman

7 April 2004

**DIRECTORS' REPORT**
**for the year ended 31 December 2003**

The Directors present herewith their report and audited financial statements for the year ended 31 December 2003.

*LEGAL STATUS*
Dún Laoghaire Harbour Company is a limited liability company established pursuant to the Harbour's Act, 1996. On 3 March 1997, the company became the successor entity to the Department of Communications, 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 Communications, 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 Communications, 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 2003*
The profit and loss account for the year ended 31 December 2003 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*
A list of the Directors is shown on Page 2. Apart from the following all of the Directors served throughout 2003. Mr. Tom Welby who was appointed as a director in April 2002 died suddenly in June 2003. He was replaced by Mr. Don McManus in February 2004.

The Directors would like to record their appreciation of Mr. Welby's contribution to the progress of the Company during his term of office.

**DIRECTORS' REPORT**
**for the year ended 31 December 2003 (Continued)**

*DIRECTORS' INTERESTS IN SHARES*
None of the Directors or their immediate families hold shares in the company.

*SHAREHOLDING*
The Minister for Communications, Marine and Natural Resources beneficially holds all the share capital of the company.

*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 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 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 2003 (Continued)**

*CORPORATE GOVERNANCE*
The Directors are committed to maintaining the highest standards of corporate governance as set out for in the Code of Practice for the Governance of State Bodies issued by the Department of Finance in October 2001. The main areas covered by this 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 Communications, Marine and Natural Resources and other government departments as required on a timely and accurate basis.

*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.

*Internal audit*
The Company has appointed Ryan Casey & Co. as internal auditors. The internal auditors report to the Audit Committee of the Board.

*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 and the Department of Communications, Marine and Natural Resources.

*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.

**DIRECTORS' REPORT**
**for the year ended 31 December 2003 (Continued)**

*ENERGY EFFICIENCY*
The company is continually examining 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

*P. MC MAHON*
*M. HANAHOE*
Directors

7 April 2004

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

We have audited the financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes 1 to 23. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

***Respective responsibilities of Directors and auditors***
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 review whether the Board's Corporate Governance Statement on internal financial control on pages 5 and 6 reflects the company's compliance with the Code of Practice for the Governance of State Bodies issued by the Department of Finance and we report if it does. We are not required to consider whether the board's statement on financial control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Directors' Report and Chairman's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

*Continued /...*

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

***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.

***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 2003 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 does not disclose a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the company.

Ernst & Young,
Registered Auditors

Dublin

7 April 2004

**PROFIT AND LOSS ACCOUNT**
**for the year ended 31 December 2003**

| | Note | *2003* € | *2002* € |
|---|---|---|---|
| Turnover – continuing operations | 3 | 10,392,150 | 9,446,999 |
| Operating, maintenance, dredging and related costs | | (886,807) | (840,761) |
| Administration and general Expenditure – normal | | (6,056,042) | (4,750,228) |
| – exceptional | 4 | 2,357,190 | (430,743) |
| Operating profit – continuing operations | | 5,806,491 | 3,425,267 |
| Interest receivable and similar income | 5 | 48,122 | 41,684 |
| Interest payable and similar charges | 6 | (860,267) | (996,695) |
| Profit on ordinary activities before taxation | 7 | 4,994,346 | 2,470,256 |
| Tax on profit on ordinary Activities | 8 | (844,385) | (583,952) |
| Retained profit for the financial year | | 4,149,961 | 1,886,304 |
| Profit carried forward at beginning of year | | 11,753,770 | 9,867,466 |
| Profit carried forward at end of year | | 15,903,731 | 11,753,770 |

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 7 April 2004

*P. MC MAHON*
*M. HANAHOE*
Directors

## BALANCE SHEET
### at 31 December 2003

| | Note | *2003* | *2002* |
|---|---|---|---|
| **ASSETS EMPLOYED** | | € | € |
| FIXED ASSETS | | | |
| Tangible assets | 9 | 52,735,058 | 53,060,151 |
| CURRENT ASSETS | | | |
| Debtors | 10 | 1,837,617 | 1,979,729 |
| Cash at bank and in hand | | 2,809,732 | 2,381,093 |
| | | 4,647,349 | 4,360,822 |
| CREDITORS (amounts falling due within one year) | 11 | (5,260,293) | (6,988,248) |
| NET CURRENT LIABILITIES | | (612,944) | (2,627,426) |
| CREDITORS (amounts falling due after more than one year) | 12 | (10,205,466) | (12,479,510) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 41,916,648 | 37,953,215 |
| PROVISIONS FOR LIABILITIES AND CHARGES | 13 | (11,243,314) | (11,429,842) |
| | | 30,673,334 | 26,523,373 |

**FINANCED BY**

| | Note | 2003 | 2002 |
|---|---|---|---|
| CAPITAL AND RESERVES | | | |
| Called up share capital | 14 | 14,540,010 | 14,540,010 |
| Capital conversion reserve fund | 15 | 229,593 | 229,593 |
| Profit and loss account | 15 | 15,903,731 | 11,753,770 |
| Shareholders' funds – equity interests | 16 | 30,673,334 | 26,523,373 |

Approved by the Board on 7 April 2004

*P. MC MAHON*
*M. HANAHOE*
Directors

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## CASH FLOW STATEMENT
**for the year ended 31 December 2003**

| | Note | 2003 € | 2002 € |
|---|---|---|---|
| Net cash inflow from operating activities | 17 | 5,205,962 | 4,385,159 |
| *Returns on investments and servicing of finance* | | | |
| Interest paid | | (908,918) | (745,092) |
| Interest received | | 33,008 | 41,321 |
| | | (875,910) | (703,771) |
| Taxation | | (606,784) | (573,241) |
| *Capital expenditure and financial investment* | | | |
| Purchase of tangible fixed assets | | (1,055,790) | (2,088,337) |
| Net cash inflow/(outflow) before financing | | 2,667,478 | 1,019,810 |
| *Financing* | | | |
| Long term loans repaid | | (2,100,538) | (1,719,059) |
| Loan received | | – | 1,637,904 |
| | | (2,100,538) | (81,155) |
| Increase in cash | 18, 19 | 566,940 | 938,655 |

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**NOTES TO THE FINANCIAL STATEMENTS**
**31 December 2003**

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.

(c) *Depreciation*
Depreciation is calculated on a straight line basis 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 50 years |
| Dolphin moorings | 23 years |
| Fixtures and fittings | 8 years |
| Plant and equipment | 6.66 years |
| Motor vehicles | 5 years |
| Computer equipment | 3 years |

(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.

(e) *Pension costs*
The company provides benefits to employees through contributions to a separately administered defined benefit pension scheme. The company's annual contributions are based on actuarial advice.

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.

Any difference between amounts charged to the profit and loss account and contributions paid to the scheme is included in 'Debtors' or 'Creditors' in the balance sheet.

(f) *Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the balance sheet date that result in an obligation to pay more tax or a right to pay less tax in the future

Timing differences are differences between profit as computed for taxation purposes and profit as stated in the financial statements which arise because certain items of revenue and expenditure in the financial statements are dealt with in different periods for taxation purposes.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws enacted or substantially enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

(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.

**NOTES TO THE FINANCIAL STATEMENTS**
**31 December 2003 (Continued)**

1. ACCOUNTING POLICIES (Continued)

(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:

| | *2003* *Number* | *2002* *Number* |
|---|---|---|
| Administration | 8 | 9 |
| Operations and maintenance | 39 | 39 |
| | 47 | 48 |

| | *2003* € | *2002* € |
|---|---|---|
| The staff costs comprise: | | |
| Salaries | 2,214,360 | 2,019,160 |
| Social welfare costs | 201,933 | 199,588 |
| Other pension costs | 410,630 | 199,330 |
| | 2,826,923 | 2,418,078 |

3. TURNOVER

| | *2003* € | *2002* € |
|---|---|---|
| The turnover by activity is as follows: | | |
| Ferry revenue | 7,953,106 | 7,734,814 |
| Other Harbour related activities | 2,439,044 | 1,712,185 |
| | 10,392,150 | 9,446,999 |

All turnover is in the Republic of Ireland.

## NOTES TO THE FINANCIAL STATEMENTS
**31 December 2003 (Continued)**

### 4. EXCEPTIONAL ITEMS

| | 2003 € | 2002 € |
|---|---|---|
| Local Authority rates | 2,314,346 | (676,279) |
| Insurance | 42,844 | 245,536 |
| | 2,357,190 | (430,743) |

Following a Supreme Court ruling in 2003 that the port companies were not liable for the payment of rates prior to 2003 the provision for rates for the four years ending 31 December 2002 was written back to the profit and loss account. The insurance write backs relate to the settlement of legal cases.

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2003 € | 2002 € |
|---|---|---|
| Bank interest | 48,122 | 41,684 |

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2003 € | 2002 € |
|---|---|---|
| Bank overdraft | 2,048 | 4,221 |
| Bank loans repayable by instalments within five years | 237,637 | 384,610 |
| Bank loans repayable otherwise than by instalments within five years | 620,582 | 607,864 |
| | 860,267 | 996,695 |

### 7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

| | 2003 € | 2002 € |
|---|---|---|
| The profit on ordinary activities before taxation is stated after charging (crediting): | | |
| Auditors' remuneration | 15,000 | 10,000 |
| Depreciation | 1,412,310 | 1,307,165 |
| EU and government grants | (279,321) | (279,321) |

## NOTES TO THE FINANCIAL STATEMENTS
**31 December 2003 (Continued)**

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Continued)

*Directors' remuneration 2003*

| | *Executive Directors* | | | *Non-executive Directors* | *Total* |
|---|---|---|---|---|---|
| | *Michael Hanahoe* | *Tom Quinn* | *David Redmond* | | |
| | € | € | € | € | € |
| Basic salary | 120,175 | 35,435 | – | – | 155,610 |
| Fees | 10,158 | 10,158 | – | 101,049 | 121,365 |
| Allowances | – | – | – | – | – |
| Benefits in kind | 12,241 | – | – | – | 12,241 |
| Performance related bonus | 29,792 | – | – | – | 29,792 |
| Total – 2003 | 172,366 | 45,593 | – | 101,049 | 319,008 |

*Directors' remuneration 2002*

| | *Executive directors* | | | *Non-executive directors* | *Total* |
|---|---|---|---|---|---|
| | *Michael Hanahoe* | *Tom Quinn* | *David Redmond* | | |
| | € | € | € | € | € |
| Basic salary | 126,516 | 34,778 | 29,564 | – | 190,858 |
| Fees | 10,158 | 745 | 10,986 | 84,310 | 106,199 |
| Allowances | – | – | 5,891 | – | 5,891 |
| Benefits in kind | 10,475 | – | – | – | 10,475 |
| Performance related bonus | 22,550 | – | – | – | 22,550 |
| Total – 2002 | 169,699 | 35,523 | 46,441 | 84,310 | 335,973 |

*Pension entitlements*
The company made an aggregate contribution of 23.5% (€36,568) of basic salary plus allowances in relation to the executive Directors in 2003 (2002: 12%, €15,389).

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | *2003* | *2002* |
|---|---|---|
| | € | € |
| *(a)* Analysis of charge in year: | | |
| Current tax: | | |
| Republic of Ireland corporation tax on profits of the year at 12.5% (2002: 16%) | 762,000 | 535,584 |
| Adjustments in respect of previous periods | (10,408) | – |
| Total current tax (see reconciliation below) | 751,592 | 535,584 |

## NOTES TO THE FINANCIAL STATEMENTS
**31 December 2003 (Continued)**

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (Continued)

| | | |
|---|---|---|
| Deferred tax: | | |
| Origination and reversal of timing differences | 92,793 | 48,368 |
| Total deferred tax (*note 13*) | 92,793 | 48,368 |
| Tax on profit on ordinary activities | 844,385 | 583,952 |

(b) *Reconciliation of the expected tax charge at the standard tax rate to the actual tax charge at the effective rate.*

The tax assessed for the period is higher than the standard rate of corporation tax in the Republic of Ireland of 12.5% (2002: 16%). The differences are explained below:

| | *2003* € | *2002* € |
|---|---|---|
| Profit on ordinary activities before tax | 4,994,346 | 2,470,256 |
| Profit on ordinary activities multiplied by standard rate of tax of 12.5% (2002: 16%) | 624,293 | 395,241 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 6,999 | 16 |
| Depreciation for year in excess of capital allowances | 41,645 | 86,408 |
| Pension prepayments | (44,913) | – |
| Higher tax rates on rental and other income | 133,976 | 53,919 |
| Adjustments to tax charge in respect of previous years | (10,408) | – |
| Current tax charge for period (*note 8(a)*) | 751,592 | 535,584 |

The tax charge in future periods will be affected by any changes to the corporation tax rate and whether future capital expenditure programmes are allowable as a deduction against taxable profits.

## NOTES TO THE FINANCIAL STATEMENTS
**31 December 2003 (Continued)**

9. TANGIBLE FIXED ASSETS

| | Land | Buildings and harbour infrastructure | Dredging | Plant and equipment | Computer equipment | Fixtures and fittings | Motor vehicles | Dolphin moorings | Marina development | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | € | € | € | € | € | € | € | € | € | € |
| *Cost* | | | | | | | | | | |
| At 1 January 2003 | 2,512,722 | 35,286,430 | | 659,660 | 90,527 | 547,606 | 111,934 | 3,227,639 | 16,780,246 | 59,216,764 |
| Additions | 227,948 | 165,486 | 266,136 | 64,953 | 18,346 | 285,922 | 47,406 | – | 14,512 | 1,090,709 |
| Disposals | – | – | | – | – | – | (34,918) | – | – | (34,918) |
| At 31 December 2003 | 2,740,670 | 35,451,916 | 266,136 | 724,613 | 108,873 | 833,528 | 124,422 | 3,227,639 | 16,794,758 | 60,272,555 |
| *Depreciation* | | | | | | | | | | |
| At 1 January 2003 | – | 4,872,197 | – | 183,404 | 75,488 | 130,448 | 64,921 | 588,671 | 241,484 | 6,156,613 |
| Charge for year | – | 852,200 | 26,614 | 103,820 | 33,230 | 86,321 | 27,127 | 143,158 | 139,840 | 1,412,310 |
| Less depreciation on disposals | – | – | – | – | – | – | (31,426) | – | – | (31,426) |
| At 31 December 2003 | – | 5,724,397 | 26,614 | 287,224 | 108,718 | 216,769 | 60,622 | 731,829 | 381,324 | 7,537,497 |
| *Net book amounts* | | | | | | | | | | |
| At 31 December 2003 | 2,740,670 | 29,727,519 | 239,522 | 437,389 | 155 | 616,759 | 63,800 | 2,495,810 | 16,413,434 | 52,735,058 |
| At 31 December 2002 | 2,512,722 | 30,414,233 | – | 476,256 | 15,039 | 417,158 | 47,013 | 2,638,968 | 16,538,762 | 53,060,151 |

## NOTES TO THE FINANCIAL STATEMENTS
**31 December 2003 (Continued)**

| 10. DEBTORS | *2003* | *2002* |
|---|---|---|
| | € | € |
| *Amounts falling due within one year* | | |
| Trade debtors | 1,336,853 | 1,573,619 |
| Value added tax | 47,347 | 42,955 |
| Other debtors | 453,417 | 363,155 |
| | 1,837,617 | 1,979,729 |

Included in other debtors is €359,303 (2002 : €nil) in respect of pension contribution payments made in advance of their recognition in the profit and loss account. €333,639 of this amount falls due after more than one year.

| 11. CREDITORS (amounts falling due within one year) | *2003* | *2002* |
|---|---|---|
| | € | € |
| Trade creditors | 43,475 | 74,827 |
| Bank overdraft | 185,650 | 323,951 |
| Bank term loan | 2,254,313 | 2,080,807 |
| Corporation tax | 442,417 | 297,610 |
| PAYE and PRSI | 71,171 | 70,189 |
| Accruals and deferred income | 2,263,267 | 4,140,864 |
| | 5,260,293 | 6,988,248 |

| 12. CREDITORS (amounts falling due after more than one year) | *2003* | *2002* |
|---|---|---|
| | € | € |
| Bank term loan | 10,205,466 | 12,479,510 |
| Repayable within one year (*note 11*) | 2,254,313 | 2,080,807 |
| Repayable within one to two years | 467,232 | 2,258,535 |
| Repayable within two to five years | 1,565,500 | 1,314,615 |
| Repayable after five years | 8,172,734 | 8,906,360 |
| Repayable after more than one year | 10,205,466 | 12,479,510 |
| Bank term loan | 12,459,779 | 14,560,317 |

## NOTES TO THE FINANCIAL STATEMENTS
**31 December 2003 (Continued)**

| 12. | CREDITORS (amounts falling due after more than one year) (Continued) | *2003* € | *2002* € |
|---|---|---|---|
| | Loans repayable by instalment within five years | 3,741,458 | 5,312,601 |
| | Loans repayable by instalment some of which falls due after five years | 8,718,321* | 9,247,716 |
| | | 12,459,779 | 14,560,317 |

*Installments falling due after five years = €8,172,734.

€1,811,027 of bank loans is guaranteed by the Minister for Finance, and will be fully repaid within one year.

| 13. | PROVISION FOR LIABILITIES AND CHARGES | *2003* € | *2002* € |
|---|---|---|---|
| | Government and EU Grants (a) | 10,981,762 | 11,261,083 |
| | Deferred tax (b) | 261,552 | 168,759 |
| | | 11,243,314 | 11,429,842 |

| *(a)* | Government and EU Grants | | |
|---|---|---|---|
| | *Cost* | | |
| | At beginning and end of year | 12,908,157 | 12,908,157 |
| | *Amortisation* | | |
| | At beginning of year | 1,647,074 | 1,367,753 |
| | Charge for year | 279,321 | 279,321 |
| | At end of year | 1,926,395 | 1,647,074 |
| | *Net book amounts* | | |
| | At end of year | 10,981,762 | 11,261,083 |

| *(b)* | Provision for deferred tax | *2003* € | *2002* € |
|---|---|---|---|
| | Accelerated capital allowances | 216,639 | 168,759 |
| | Pension prepayments | 44,913 | – |
| | | 261,552 | 168,759 |

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**NOTES TO THE FINANCIAL STATEMENTS**
**31 December 2003 (Continued)**

13. PROVISION FOR LIABILITIES AND CHARGES (Continued)

| | *2003* € | *2002* € |
|---|---|---|
| Provision at beginning of year | 168,759 | 120,391 |
| Deferred tax charge in profit and loss account (note 8) | 92,793 | 48,368 |
| Provision at end of year | 261,552 | 168,759 |

14. CALLED UP SHARE CAPITAL

| | *2003* € | *2002* € |
|---|---|---|
| *Authorised* | | |
| Ordinary shares of €1.25 each (2002: €1.25 each) | 33,750,000 | 33,750,000 |
| *Allotted, called up and fully paid* | | |
| Ordinary shares at €1.25 each (2002: €1.25 each) | 14,540,010 | 14,540,010 |

15. MOVEMENT ON RESERVES

| | *Capital conversion reserve fund* € | *Profit and loss* € | *Total* € |
|---|---|---|---|
| At 1 January 2003 | 229,593 | 11,753,770 | 11,983,363 |
| Profit retained for the year | – | 4,149,961 | 4,149,961 |
| At 31 December 2003 | 229,593 | 15,903,731 | 16,133,324 |

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

| | *2003* € | *2002* € |
|---|---|---|
| Shareholders' funds at beginning of year | 26,523,373 | 24,637,069 |
| Profit for the financial year | 4,149,961 | 1,886,304 |
| Shareholders' funds at end of year | 30,673,334 | 26,523,373 |

**NOTES TO THE FINANCIAL STATEMENTS**
**31 December 2003 (Continued)**

17. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

| | *2003* € | *2002* € |
|---|---|---|
| Operating profit | 5,806,491 | 3,425,267 |
| Depreciation | 1,412,310 | 1,307,165 |
| Grants amortised | (279,321) | (279,321) |
| Decrease/(increase) in debtors | 149,771 | (314,123) |
| (Decrease)/increase in creditors | (1,883,289) | 246,171 |
| Net cash inflow from operating activities | 5,205,962 | 4,385,159 |

18. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

| | *2003* € | *2002* € |
|---|---|---|
| Increase in cash for year | 566,939 | 938,655 |
| Decrease in debt for the year | 2,100,538 | 81,155 |
| Movement in net debt for year | 2,667,477 | 1,019,810 |
| Net debt at beginning of year | (12,503,174) | (13,522,985) |
| Net debt at end of year | (9,835,697) | (12,503,175) |

19. ANALYSIS OF CHANGE IN NET DEBT

| | *At 1/1/2003* € | *Cash flows* € | *Other changes* € | *At 31/12/2003* € |
|---|---|---|---|---|
| Cash at bank and in hand | 2,381,093 | 428,639 | – | 2,809,732 |
| Overdraft | (323,951) | 138,301 | – | (185,650) |
| | 2,057,142 | 566,940 | – | 2,624,082 |
| Debt due: | | | | |
| Within one year | (2,080,807) | 2,076,518 | (2,250,024) | (2,254,313) |
| After one year | (12,479,510) | 24,020 | 2,250,024 | (10,205,466) |
| | (12,503,175) | 2,667,478 | – | (9,835,697) |

20. PENSION COMMITMENTS

The company operates a defined benefit pension 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.

Regular actuarial valuations are carried out, normally every three years, in respect of the scheme. The last actuarial report, based on a valuation as at 1 January 2003, was completed by the actuaries, Mercer Limited, who are neither officers nor employees of the company. The actuarial method used was the Attained Age Method, which is designed to produce a total contribution rate which, in respect of current membership, is expected to remain stable in the future.

The major assumptions used in this valuation were future expected investment return of 5.25%, pensionable salary inflation of 4% and rate of pension increases of 3.5%.

According to the report issued, the scheme did not satisfy the minimum funding standard provided for in the Pensions Act, 1990. On an ongoing basis the actuarial value of the assets at the valuation date represented €3,058,000 (60.7%) of the scheme's accrued liabilities at that date based on projected final pensionable pay.

A funding proposal has been submitted to the Pensions Board which is proposed to satisfy the funding standard as at 30 June 2006.

Actuarial reports are not available for public inspection. The company pension contributions charged for the year in respect of the defined benefit scheme was €410,630 (2002 : €199,330) which included €25,664 charged to the profit and loss account in relation to a special once off payment to the scheme of €384,967. The balance of €359,303 is included in other debtors.

*Transitional disclosures under FRS 17*

Additional disclosures regarding the company's defined benefit pension scheme are required under the transitional provisions of FRS 17 "Retirement benefits" and these are set out below.

An actuarial valuation under the provisions of FRS 17 has been prepared as at 31 December 2003 by a qualified actuary using assumptions that are consistent with the requirements of FRS 17. Investments have been valued, for this purpose, at fair value. The major assumptions used for the actuarial valuation were:

| | *2003* | *2002* | *2001* |
|---|---|---|---|
| Rate of increase in salaries | 4.0% | 4.0% | 4.0% |
| Rate of increase in pensions | 3.5% | 3.5% | 3.5% |
| Discount rate | 5.25% | 5.5% | 8.0% |
| Inflation assumption | 2.25% | 2.25% | 2.25% |

**NOTES TO THE FINANCIAL STATEMENTS**
**31 December 2003 (Continued)**

20. PENSION COMMITMENTS (Continued)

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at the balance sheet date were:

| | *Long-term rate of return expected at 31 December 2003* | *Value at 31 December 2003* | *Long-term rate of return expected at 31 December 2002* | *Value at 31 December 2002* | *Long-term rate of return expected at 31 December 2001* | *Value at 31 December 2001* |
|---|---|---|---|---|---|---|
| | *%* | *€'000* | *%* | *€'000* | *%* | *€'000* |
| Equities | 7.75% | 2,428 | 8.0% | 1,959 | 7.5% | 2,531 |
| Bonds | 4.75% | 584 | 4.75% | 685 | 5.0% | 736 |
| Property | 5.75% | 220 | 5.75% | 245 | 6.5% | 219 |
| Cash | 3.75% | 868 | 3.75% | 182 | 3.5% | 99 |
| Total fair value of assets | | 4,100 | | 3,071 | | 3,585 |
| Present value of scheme liabilities | | (6,090) | | (4,647) | | (3,836) |
| Deficit in the scheme | | (1,990) | | (1,576) | | (251) |
| Related deferred tax asset | | 249 | | 197 | | – |
| Net pension liability | | (1,741) | | (1,379) | | (251) |

The net assets and reserves of the Company incorporating the pension liability are as follows:

| | *2003* | *2002* |
|---|---|---|
| | *€'000* | *€'000* |
| Net assets: | | |
| Net assets excluding pension prepayment/liability | 30,314 | 26,523 |
| Pension liability | (1,741) | (1,379) |
| Net assets including pension liability | 28,573 | 25,144 |
| *Reserves*: | | |
| Profit and loss reserve excluding pension prepayment/liability | 15,544 | 11,754 |
| Pension liability | (1,741) | (1,379) |
| Profit and loss reserve including pension liability | 13,803 | 10,375 |

**NOTES TO THE FINANCIAL STATEMENTS**
**31 December 2003 (Continued)**

20. PENSION COMMITMENTS (Continued)

If FRS 17 had been fully adopted, the following amounts would have been recognised in the profit and loss account in respect of the defined benefit scheme:

| | 2003 €'000 | 2002 €'000 |
|---|---|---|
| *Charged to operating profit:* | | |
| Current service cost | (191) | (178) |
| Past service cost | – | – |
| | (191) | (178) |

| | 2003 €'000 | 2002 €'000 |
|---|---|---|
| *(Charged)/credited) to other finance income:* | | |
| Interest on scheme liabilities | (261) | (235) |
| Expected return on scheme assets | 236 | 254 |
| | (25) | 19 |

If FRS 17 had been adopted, the following amounts would have been recognised in the Statement of Total Recognised Gains and Losses:

| | 2003 €'000 | 2003 €'000 |
|---|---|---|
| Actual return less expected return on scheme assets | 91 | (963) |
| Experience gains and losses on scheme liabilities | (764) | (4) |
| Changes in assumptions underlying the present value of scheme liabilities | (265) | (415) |
| Actuarial loss | (968) | (1,382) |
| Deferred tax credit | 121 | 173 |
| Actuarial loss recognised in the STRGL | (847) | (1,209) |

| *Movement in surplus /(deficit) during the year* | 2003 €'000 | 2002 €'000 |
|---|---|---|
| Deficit in scheme at beginning of year | (1,576) | (251) |
| Movement in year: | | |
| Current service cost | (191) | (178) |
| Contributions paid | 770 | 216 |
| Other finance income | (25) | 19 |
| Actuarial loss | (968) | (1,382) |
| Deficit in scheme at end of year | (1,990) | (1,576) |

**NOTES TO THE FINANCIAL STATEMENTS**
**31 December 2003 (Continued)**

20. PENSION COMMITMENTS (Continued)

| History of experience gains and losses: | *2003* | *2002* |
|---|---|---|
| Difference between expected and actual return on assets | 91 | (963) |
| Amount (€'000) | | |
| % of scheme assets | 2.2% | (31.4%) |
| Experience gains and losses on scheme liabilities | | |
| Amount (€'000) | (794) | (4) |
| % of scheme liabilities | (13%) | (0.1%) |
| Changes in assumptions underlying the present value scheme liabilities | | |
| Amount (€'000) | (265) | (415) |
| % of scheme liabilities | (4.4%) | (8.9%) |
| Total actuarial gain/(loss) | | |
| Amount (€'000) | (968) | (1,382) |
| % of scheme liabilities | (16%) | (29.7%) |

21. CAPITAL COMMITMENTS

The Board of Directors has authorised capital expenditure of €nil (2003: €500,000) for the year ended 31 December 2004.

22. RELATED PARTY TRANSACTIONS

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

The immediate and ultimate controlling party of the company is the Department of Communications, Marine and Natural Resources.

23. APPROVAL OF FINANCIAL STATEMENTS

The Directors approved the financial statements on 6 April 2004.

**THE FOLLOWING INFORMATION**

**DOES NOT FORM PART OF THE**

**STATUTORY FINANCIAL STATEMENTS**

## SUPPLEMENTARY ANALYSIS OF EXPENSES
**for the year ended 31 December 2003**

| | *2003* | *2002* |
|---|---|---|
| | € | € |
| *Operating, maintenance, dredging and related costs* | | |
| Repairs and maintenance | 250,097 | 231,570 |
| Repairs and maintenance projects | 636,710 | 609,191 |
| | 886,807 | 840,761 |

| | *2003* | *2002* |
|---|---|---|
| | € | € |
| *Administration and general expenditure* | | |
| Office administration | 132,299 | 79,001 |
| Motor and travel | 59,054 | 34,038 |
| Cleaning/waste disposal | 93,228 | 78,523 |
| Postage, stationery and telephone | 67,044 | 66,419 |
| Advertising and promotion | 65,174 | 59,336 |
| Audit and accounting fees | 39,085 | 30,255 |
| Consultancy fees | 288,110 | 294,565 |
| Directors' fees (including employer's PRSI) | 123,550 | 106,688 |
| Insurance | 405,076 | 345,251 |
| Light and heat | 164,086 | 160,439 |
| Staff costs | 2,826,923 | 2,418,078 |
| Water rates | 16,914 | 10,311 |
| Depreciation | 1,412,310 | 1,307,165 |
| Grants amortised | (279,321) | (279,321) |
| Bad debts | (33,536) | 39,480 |
| Rates | 676,046 | – |
| | 6,056,042 | 4,750,228 |

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