

**DÚN LAOGHAIRE HARBOUR COMPANY**

**ANNUAL REPORT**

**FOR THE YEAR ENDED**

**31 DECEMBER 2006**

**ANNUAL REPORT**  
**for the year ended 31 December 2006**

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COMPANY INFORMATION

DIRECTORS

Sean Costello\* - Interim Chairman  
Victor Boyhan  
Tony Fox\*  
Michael Hanahoe – Chief Executive  
Gerry Nagle v  
Thomas Quinn  
Eithne Scott Lennon  
Don McManus\*  
Patrick Hand

\* Member of Audit Committee  
v Member of Remuneration Committee

SECRETARY

Michael Hanahoe

REGISTERED OFFICE

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

REGISTERED NUMBER OF INCORPORATION    262366

SOLICITORS

Dillon Eustace Solicitors,  
33 Sir John Rogerson Quay,  
Dublin 2.

COMPANY INFORMATION (Continued)

BANKERS

Ulster Bank Limited,  
Dún Laoghaire,  
Co. Dublin.

Bank of Ireland  
Dún Laoghaire,  
Co. Dublin.

AUDITORS

Deloitte & Touche,  
Deloitte & Touche House,  
Earlsfort Terrace,  
Dublin 2.

**CHAIRMAN'S REPORT**

**for the year ended 31 December 2006**

**INTRODUCTION**

As Chairman of the company, I am pleased to present the company's tenth Annual Report to the Minister of Transport, Mr. Martin Cullen T.D.

**COMPANY OPERATIONS, PROFITABILITY AND STATE OF AFFAIRS**

Revenue, from sources other than shipping, increased by 24% during the year. Non-shipping revenue has grown by an average of 25% over the last five years. Shipping turnover fell by 11.6% as a consequence of the implementation of the terms of the new operating agreement with Stena Line. Under the terms of the agreement the Company agreed to reduce port entry charges by 26% in return for a five year extension of the terms of the carrier's current agreement with the port. The new agreement commits Stena Line to Dun Laoghaire Port until April 2011. Total revenue for the year was €10,317,502 a reduction of 1% on the previous year.

Operating expenditure decreased from €7,047,938 in 2005 to €7,010,187 in 2006.

Operating profit decreased by 2.4% in 2006.

Profit before taxation increased from €2,740,697 in 2005 to €2,784,013 in 2006. Profit after taxation decreased from €2,123,042 in 2005 to €2,102,617 in 2006 a decrease of 1%.

The profit for the year has been added to reserves and after adding the actuarial gain in respect of the pension fund (net of deferred taxation) of €307,125 the Company has reserves of €19,222,976 carried forward.

**SIGNIFICANT DEVELOPMENTS DURING 2006**

Work continued on the re-development of the Harbour Yard site during 2006. Under the terms of the development agreement for the site the company has agreed to sell the majority of the site to the Earlsford Development Group and Christopher Bennett & Sons Limited in return for financial consideration which includes minimum licence payments of €2.5 million during the planning and construction phases of the development and the 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. Licence fee income payments commenced on 15 September 2002. The office building is expected to be completed in July 2007.

In July the company granted permission to one of the shareholders in the Dun Laoghaire Harbour marina management company, Marina Marketing and Management Limited, to acquire all of the interests of the other shareholders. Under the terms of its agreement with Marina Marketing and Management Limited, the company had a pre-emption right but chose not to exercise it.

**CHAIRMAN'S REPORT**

**for the year ended 31 December 2006 (Continued)**

**SIGNIFICANT DEVELOPMENTS DURING 2006 (Continued)**

In November the company was granted planning permission by An Bord Pleanála for an amended version of an already approved scheme for the phase 2 of the marina in Dun Laoghaire Harbour. Work commenced on the amended scheme in February 2007 and is expected to be completed in time for the commencement of the 2007 sailing season. Phase 2, in its amended form, will increase the number of marina berths in the harbour to 850 approximately.

In December Fisher & Associates was commissioned by the company to assess the likely future demand for marina berths in Dun Laoghaire Harbour and identify possible locations for future marina development. The Fisher Report is expected to be available in April 2007.

Repair work to the concrete pile structure supporting the HSS terminal in Dun Laoghaire Harbour commenced in September and is expected to be completed by April 2007 at a cost of €1.6 million.

Patrick J McMahon, Chairman resigned in December 2006 following his appointment as District Court Judge.

**SIGNIFICANT FUTURE DEVELOPMENTS**

The company expects to commence work in 2007 on the resurfacing of the upper level of the East Pier at a cost of €2 million.

The company will also commence work on the implementation of the findings of the Fisher Report.

It will continue to actively pursue its options for the construction of the competition winning Heneghan Peng design for the Carlisle Pier.

Operational planning and training for the implementation of environmental standard ISO 14001 in Dun Laoghaire Harbour is expected to be completed by the summer of 2007.

The Chief Executive Michael Hanahoe has indicated his intention to resign from the company at the end of 2007 when his current employment contract expires. Work will commence on the appointment of Mr. Hanahoe's successor in the second quarter of 2007.

**SYSTEM OF INTERNAL FINANCIAL CONTROL**

The board of directors is responsible for the system of internal controls, which operate in the company.

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 advice 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

## CHAIRMAN'S REPORT

for the year ended 31 December 2006 (Continued)

### SYSTEM OF INTERNAL FINANCIAL CONTROL (Continued)

- 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 €24,000 were paid to the chairman and fees of €154,000 were paid to the other members of the Board. The fees were paid in accordance with Government Guidelines.

A schedule of fees and aggregate expenses paid to each director is set out below:

	FEES	EXPENSES
P. McMahon	€24,000	€868
V. Boyhan	€14,000	€364
S. Costello	€14,000	-
J. Dillon Byrne	€14,000	€342
T. Fox	€14,000	€272
M. Hanahoe	€14,000	€9,675
D. Marren	€14,000	€371
G. Nagle	€14,000	-
T. Quinn	€14,000	€805
E. Scott Lennon	€14,000	-
P. Hand	€14,000	€398
D. McManus	€14,000	-

### PUBLIC PROCUREMENT

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

### FINANCIAL REPORTING

All appropriate procedures for financial reporting both to the Board and to the Shareholders are being carried out.

### INTERNAL AUDIT

Ryan Casey & Co. Chartered Accountants, act as internal auditors to the company. The purpose of the internal audit function is to evaluate whether internal controls are adequate and operating effectively.

Ryan Casey & Co. reports to the Audit Committee.

### CAPITAL EXPENDITURE

Government guidelines on capital expenditure are fully complied with.

**CHAIRMAN'S REPORT**

**for the year ended 31 December 2006 (Continued)**

**ASSET DISPOSAL**

All appropriate procedures in relation to asset disposals are being carried out.

**CHIEF EXECUTIVE AND EMPLOYEE REMUNERATION**

Government policy in relation to the remuneration of the Chief Executive and other employees is strictly adhered to. Two Directors are to be appointed to the remuneration committee in the near future.

**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.

Written codes of conduct have been put in place for Directors, Managers and employees. The codes have been published on the company's website.

*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 2006.*

Sean Costello

2 April 2007



**DIRECTORS' REPORT**

**for the year ended 31 December 2006**

The Directors present herewith their report and audited financial statements for the year ended 31 December 2006.

*LEGAL STATUS*

Dún Laoghaire Harbour Company is a limited liability company established pursuant to the Harbour's Act, 1996.

*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 2006*

The profit and loss account for the year ended 31 December 2006 and the balance sheet at that date are set out on pages 14 and 16. A commentary on the results for the year and state of affairs is included in the Chairman's Report.

*DIVIDENDS*

The Directors of the company do not propose the payment of a dividend for the year. The profit for the year of €2,102,617 has been carried forward to reserves.

*DIRECTORS*

A list of the current Directors is shown on Page 2. Patrick McMahon resigned as a director in December 2006, while Donal Marren and Jane Dillon Byrne both resigned as directors in March 2007.

*DIRECTORS' INTERESTS IN SHARES*

None of the Directors or their immediate families holds shares in the company.

*SHAREHOLDING*

The Minister for Transport beneficially holds all the share capital of the company.

*POLITICAL DONATIONS*

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

## DIRECTORS' REPORT

for the year ended 31 December 2006 (Continued)

### *PROMPT PAYMENTS OF ACCOUNTS ACT, 1997*

Whilst Dun Laoghaire Harbour Company endeavours to be fully compliant at all times with applicable laws and regulations, it was brought to the Board's attention during the year that an amendment had been made to the Prompt Payment of Accounts Act, 1997, which resulted in non compliance with a portion of the new legal provisions set out in S.I. 388/2002 EC (Late Payment in Commercial Transactions) Regulations 2002.

Once notified of the new legal provisions Dun Laoghaire Harbour Company immediately amended its procedures and systems to ensure that it is now and will going forward be fully compliant with the provisions of S.I. 388/2002 EC (Late Payment in Commercial Transactions) Regulations 2002.

### *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.

### *CORPORATE GOVERNANCE*

The Directors are committed to maintaining the highest standards of corporate governance as set out 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 Transport 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.

#### *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 Transport.

**DIRECTORS' REPORT**

**for the year ended 31 December 2006 (Continued)**

*CORPORATE GOVERNANCE (Continued)*

*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.

*Risk analysis*

The directors consider that the following are the principal risk factors that could materially and adversely affect the Company's future operating profits or financial position. The Company has controls in place to limit each of these potential exposures and management and the board regularly review, reassess and proactively limit the associated risks:

- Damage to, or loss of, the Company's fixed assets.
- Legal actions by third parties.
- Loss of contract revenues from ferry operator.
- Loss of other revenues.
- Overruns on capital projects.

*INFORMATION RELEVANT TO ENVIRONMENTAL MATTERS*

The Company is committed to protecting the environment. The Company have in place a Pollution Emergency Plan which is periodically tested and updated.

*INFORMATION RELEVANT TO EMPLOYEE MATTERS*

Employee numbers have remained the same as in the previous year. The Company complies with employment legislation. The Company also complies with health and safety legislation and has both accident investigation and staff safety training programmes in place.

*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 5 Adelaide Street, Dun Laoghaire, Co. Dublin.

**DIRECTORS' REPORT**

**for the year ended 31 December 2006 (Continued)**

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

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

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 for the Company Financial Statements and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts, 1963 to 2006. 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, Deloitte & Touche, Chartered Accountants, who were appointed during the period, continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the Directors

Sean Costello

Michael Hanahoe

2 April 2007

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

We have audited the financial statements of Dun Laoghaire Harbour Company for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 25. These financial statements have been prepared under 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 are responsible for preparing the Annual Report, including as set out in the Statement of Directors' Responsibilities, the preparation of the financial statements in accordance with applicable law and accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Our responsibility, as independent auditors, is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2006. We also report to you whether in our opinion: proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation requiring 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 information and explanations necessary for the purposes of our audit and whether the company's balance sheet and profit and loss account 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 directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements. The other information comprises only the Directors' Report, the Chairman's Statement. Our responsibilities do not extend to other information.

*Continued /...*

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

We review whether the Board's Corporate Governance Statement on internal financial control on pages 9 and 10 reflects the company's compliance with the Code of Practice for the Governance of State Bodies and we report if it does not. 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.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 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, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the affairs of the company as at 31 December 2006 and of the profit for the year then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2006.

We have obtained all the information and explanations we considered necessary for the purpose of our audit. In our opinion proper books of account have been kept by the company. The company's balance sheet and its profit and loss account are in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet are more than half the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2006 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.

Deloitte & Touche  
Chartered Accountants and Registered Auditors

2 April 2007

# DÚN LAOGHAIRE HARBOUR COMPANY

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2006

		2006	2005
	Note	€	€
Turnover –			
continuing operations	3	10,317,502	10,436,325
Operating costs			
– normal		(7,010,187)	(6,544,557)
– exceptional	4	–	(503,381)
		<u>          </u>	<u>          </u>
Operating profit – continuing operations		3,307,315	3,388,387
Interest receivable and similar income	5	51,484	15,382
Interest payable and similar charges	6	(535,786)	(561,072)
Other finance expense		(39,000)	(102,000)
		<u>          </u>	<u>          </u>
Profit on ordinary activities before taxation	7	2,784,013	2,740,697
Tax on profit on ordinary Activities	8	(681,396)	(617,655)
		<u>          </u>	<u>          </u>
Retained profit for the financial year		<u>2,102,617</u>	<u>2,123,042</u>

Approved by the Board on 2 April 2007.

Sean Costello

Michael Hanahoe

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**for the year ended 31 December 2006**

	2006	2005
	€	€
Profit for the financial year	2,102,617	2,123,042
Actuarial gain /(loss) recognised on retirement benefit schemes	351,000	(754,000)
Deferred tax effect of FRS 17	(43,875)	92,000
Recycled from profit and loss account	—	2,000
	<hr/>	<hr/>
Total recognised gains and losses for the year	2,409,742	1,463,042
	<hr/>	
Prior year adjustment		(3,290,940)
		<hr/>
Total gains and losses recognised since the last financial statements		(1,827,898)
		<hr/>



# DÚN LAOGHAIRE HARBOUR COMPANY

## BALANCE SHEET at 31 December 2006

		2006	2005
ASSETS EMPLOYED	Note	€	€
FIXED ASSETS			
Tangible assets	9	53,905,353	53,909,439
CURRENT ASSETS			
Debtors	10	2,092,108	2,140,302
Cash at bank and in hand		3,158,350	1,573,389
		5,250,458	3,713,691
CREDITORS (amounts falling due within one year)	11	(2,767,513)	(2,399,607)
NET CURRENT ASSETS		2,482,945	1,314,084
TOTAL ASSETS LESS CURRENT LIABILITIES		56,388,298	55,223,523
CREDITORS (amounts falling due after more than one year)	12	(8,718,320)	(9,240,339)
GOVERNMENT AND EU GRANTS	13	(10,143,799)	(10,423,120)
PROVISIONS FOR LIABILITIES AND CHARGES	14	(362,478)	(378,926)
NET ASSETS EXCLUDING PENSION LIABILITY		37,163,701	35,181,138
PENSION AND POST RETIREMENT LIABILITY	20	(3,171,122)	(3,598,301)
NET ASSETS		33,992,579	31,582,837
FINANCED BY			
CAPITAL AND RESERVES			
Called up share capital	15	14,540,010	14,540,010
Capital conversion reserve fund		229,593	229,593
Profit and loss account	22	19,222,976	16,813,234
Shareholders' funds – equity interests	16	33,992,579	31,582,837

Approved by the Board on 2 April 2007.

Sean Costello

Michael Hanahoe

**CASH FLOW STATEMENT**  
**for the year ended 31 December 2006**

		2006	2005
	Note	€	€
Net cash inflow from operating activities	17	4,585,682	3,839,121
<i>Returns on investments and servicing of finance</i>			
Interest paid		(535,458)	(566,883)
Interest received		40,030	18,873
		(495,428)	(548,010)
Taxation paid		(697,325)	(851,928)
<i>Capital expenditure and financial investment</i>			
Purchase of tangible fixed assets		(1,646,100)	(2,482,695)
Net cash inflow before financing		1,746,829	(43,512)
<i>Financing</i>			
Long term loans repaid		(510,190)	(484,389)
Increase/(decrease) in cash for the year	18, 19	1,236,639	(527,901)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006

1. ACCOUNTING POLICIES

(a) *Accounting convention*

The financial statements are prepared under the historical cost convention.

(b) *Turnover*

Turnover represents the value of all services provided to third parties, exclusive of value added tax.

(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:

Buildings and harbour infrastructure	3 to 120 years
Fixtures and fittings	8 years
Plant and equipment	6.66 years
Motor vehicles	5 years
Computer equipment	3 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with FRS 11 "Impairment of Fixed assets and Goodwill" and where deemed appropriate carrying values are written down.

(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 operates a contributory pension scheme, of the defined benefit type, for employees. The scheme is administered by trustees and is independent of the company's finances. Contributions are paid to the scheme in accordance with the recommendations of independent actuaries to enable the trustees to meet from the scheme the benefits accruing in respect of current and future service.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the company's defined pension scheme expected to arise from employee service in the period is charged to operating profit. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognized gains and losses.

The pension scheme's surplus, to the extent that it is considered recoverable, or deficit is recognised in full and presented on the face of the balance sheet net of the related deferred tax.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006 (Continued)

1. ACCOUNTING POLICIES (Continued)

(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 substantively 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006 (Continued)

2. EMPLOYEES

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

	2006 Number	2005 Number
Administration	10	10
Operations and maintenance	39	39
	<u>49</u>	<u>49</u>

	2006 €	2005 €
The staff costs comprise:		
Salaries	2,598,160	2,389,176
Social welfare costs	244,409	229,691
Other pension costs	365,000	316,999
	<u>3,207,569</u>	<u>2,935,866</u>

3. TURNOVER

The turnover by activity has not been disclosed as, in the opinion of the Directors, the disclosure of such information would be prejudicial to the interests of the company.

All turnover is in the Republic of Ireland.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2006 (Continued)

4.	EXCEPTIONAL ITEMS	2006 €	2005 €
	Carlisle Pier Project write off	<u>—</u>	<u>(503,381)</u>

Following the withdrawal of the licence to develop the Carlisle Pier, any expenditure on the project which had been previously capitalised was written off to the Profit and Loss in 2005.

5.	INTEREST RECEIVABLE AND SIMILAR INCOME	2006 €	2005 €
	Bank interest	<u>51,484</u>	<u>15,382</u>

6.	INTEREST PAYABLE AND SIMILAR CHARGES	2006 €	2005 €
	Bank overdraft	1,056	1,821
	Bank loans repayable otherwise than by instalments within five years	534,730	559,251
		<u>535,786</u>	<u>561,072</u>

7.	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2006 €	2005 €
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The profit on ordinary activities before taxation is stated after charging/(crediting):

	Auditors' remuneration	25,000	26,500
	Depreciation	1,650,186	1,515,554
	Amortisation of EU and government grants	<u>(279,321)</u>	<u>(279,321)</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2006 (Continued)

7. PROFIT ON ORDINARY ACTIVITIES BEFORE  
TAXATION (Continued)*Directors' remuneration 2006*

	<i>Executive Directors</i>		<i>Non-executive Directors</i>	<i>Total</i>
	<i>Michael Hanahoe</i>	<i>Tom Quinn</i>		
	€	€	€	€
Basic salary	139,299	37,936	–	177,235
Fees	14,000	14,000	150,000	178,000
Benefits in kind	12,549	–	–	12,549
Performance related bonus	34,945	–	–	34,945
<b>Total – 2006</b>	<b>200,793</b>	<b>51,936</b>	<b>150,000</b>	<b>402,729</b>

*Directors' remuneration 2005*

	<i>Executive Directors</i>		<i>Non-executive Directors</i>	<i>Total</i>
	<i>Michael Hanahoe</i>	<i>Tom Quinn</i>		
	€	€	€	€
Basic salary	149,132	41,005	–	190,137
Fees	10,158	10,158	106,658	126,974
Benefits in kind	12,241	–	–	12,241
Performance related bonus	33,920	–	–	33,920
<b>Total – 2005</b>	<b>205,451</b>	<b>51,163</b>	<b>106,658</b>	<b>363,272</b>

*Pension entitlements*

The company made an aggregate contribution of 24.3% (€33,850) of basic salary plus allowances in relation to the executive Directors in 2006 (2005: 23.5%, €42,415).

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2006 (Continued)

8.	TAX ON PROFIT ON ORDINARY ACTIVITIES	2006 €	2005 €
(a)	Analysis of charge in year:		
	Current tax:		
	Corporation tax on profits		
	of the year at 12.5% (2005: 12.5%)	680,030	343,162
	Adjustments in respect of previous periods	689	—
		<u>680,719</u>	<u>343,162</u>
	Total current tax (see reconciliation below)		
	Deferred tax:		
	Origination and reversal of timing differences (note 14)	(16,448)	274,493
	Pension adjustment	17,125	—
		<u>677</u>	<u>274,493</u>
	Total deferred tax		
		<u>681,396</u>	<u>617,655</u>

(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% (2005: 12.5%). The differences are explained below:

	2006 €	2005 €
Profit on ordinary activities before tax	<u>2,784,013</u>	<u>2,740,697</u>
Profit on ordinary activities multiplied by standard rate of tax of 12.5% (2005: 12.5%)	348,002	342,587
Effects of:		
Expenses not deductible for tax purposes	10,204	63,102
Depreciation/(capital allowances) for year in excess of capital allowances/(depreciation)	81,232	(223,806)
Pension adjustments	(17,125)	(1,754)
Higher tax rates on rental and other income	257,717	163,033
Adjustments to tax charge in respect of prior years	689	—
	<u>680,719</u>	<u>343,162</u>
Current tax charge for period (note 8(a))		



NOTES TO THE FINANCIAL STATEMENTS

31 December 2006 (Continued)

9. TANGIBLE FIXED ASSETS

	Land	Buildings and harbour infrastructure	Plant and equipment	Computer equipment	Fixtures and fittings	Motor vehicles	Total
	€	€	€	€	€	€	€
<i>Cost</i>							
At 1 January 2006	2,645,251	59,435,646	1,061,226	132,678	969,573	136,707	64,381,081
Additions	54,290	1,218,564	153,741	50,121	133,556	66,176	1,676,448
Disposals/write offs	-	-	(4,300)	-	(1,827)	(52,602)	(58,729)
At 31 December 2006	2,699,541	60,654,210	1,210,667	182,799	1,101,302	150,821	65,998,800
<i>Depreciation</i>							
At 1 January 2006	-	9,283,703	552,566	114,483	433,347	87,543	10,471,642
Charge for the year	-	1,334,482	154,590	18,736	126,271	16,107	1,650,186
Depreciation on disposals	-	-	(323)	-	(304)	(27,754)	(28,381)
At 31 December 2006	-	10,618,185	706,833	133,219	559,314	75,896	12,093,447
<i>Net book amounts</i>							
At 31 December 2006	2,699,541	50,036,025	503,834	49,580	541,988	74,385	53,905,353
At 31 December 2005	2,645,251	50,151,943	508,660	18,195	536,226	49,164	53,909,439

10. DEBTORS

	2006 €	2005 €
<i>Amounts falling due within one year</i>		
Trade debtors	1,372,423	1,515,690
Value added tax	95,568	2,850
Other debtors	624,117	621,762
	<u>2,092,108</u>	<u>2,140,302</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2006 (Continued)

11.	CREDITORS (amounts falling due within one year)	2006 €	2005 €
	Trade creditors	43,371	49,185
	Bank overdraft	366,056	17,734
	Bank term loan ( <i>note 21</i> )	264,301	252,472
	Corporation tax	13,865	30,471
	PAYE and PRSI	75,365	92,451
	Accruals and deferred income	2,004,555	1,957,294
		<u>2,767,513</u>	<u>2,399,607</u>
12.	CREDITORS (amounts falling due after more than one year)	2006 €	2005 €
	Bank term loan ( <i>note 21</i> )	<u>8,718,320</u>	<u>9,240,339</u>
13.	GOVERNMENT AND EU GRANTS	2006 €	2005 €
	<i>Received</i>		
	At beginning and end of year	<u>12,908,157</u>	<u>12,908,157</u>
	<i>Amortisation</i>		
	At beginning of year	2,485,037	2,205,716
	Amortisation for year	279,321	279,321
	At end of year	<u>2,764,358</u>	<u>2,485,037</u>
	<i>Net book amounts</i>		
	At end of year	<u>10,143,799</u>	<u>10,423,120</u>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2006 (Continued)

## 14. PROVISION FOR LIABILITIES AND CHARGES

Provision for deferred tax	2006 €	2005 €
Accelerated capital allowances	656,877	628,094
Other timing differences	(294,399)	(249,168)
	<u>362,478</u>	<u>378,926</u>
	=====	=====
<i>Movement for the year</i>		
Provision at beginning of year	378,926	399,085
Deferred tax (credit)/charge in profit and loss account (note 8)	(16,448)	274,493
Transferred to statement of total recognised gains and losses	—	(2,000)
Deferred Capital Gains Tax	—	(292,652)
	<u>362,478</u>	<u>378,926</u>
	=====	=====
Provision at end of year	<u>362,478</u>	<u>378,926</u>

## 15. CALLED UP SHARE CAPITAL

	2006 €	2005 €
<i>Authorised</i>		
27,000,000 Ordinary shares of €1.25 each (2005: €1.25 each)	<u>33,750,000</u>	<u>33,750,000</u>
	=====	=====
<i>Allotted, called up and fully paid</i>		
11,632,008 Ordinary shares of €1.25 each (2005: €1.25 each)	<u>14,540,010</u>	<u>14,540,010</u>
	=====	=====

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2006 (Continued)

16.	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2006 €	2005 €
	Shareholders' funds at beginning of year		
	As previously reported	31,582,837	33,410,735
	Prior year adjustment	—	(3,290,940)
	As restated	31,582,837	30,119,795
	Profit attributable to shareholders	2,102,617	2,123,042
	Actuarial gain/(loss) recognised on retirement		
	Benefits schemes	351,000	(754,000)
	Deferred tax effect of FRS 17 adjustments	(43,875)	92,000
	Deferred tax recycled from profit and loss account	—	2,000
	Shareholders' funds at end of year	33,992,579	31,582,837
17.	RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2006 €	2005 €
	Operating profit	3,268,315	3,286,387
	Depreciation	1,650,186	1,515,554
	Grants amortised	(279,321)	(279,321)
	Decrease/(increase) in debtors	59,648	(910,693)
	Increase in creditors	24,033	248,190
	Non cash movement on pensions	(137,179)	(20,996)
	Net cash inflow from operating activities	4,585,682	3,839,121
18.	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT	2006 €	2005 €
	Increase /(decrease) in cash for year	1,236,639	(527,901)
	Decrease in debt for the year	510,190	484,389
	Movement in net debt for year	1,746,829	(43,512)
	Net debt at beginning of year	(7,937,156)	(7,893,644)
	Net debt at end of year	(6,190,327)	(7,937,156)

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2006 (Continued)

19.	ANALYSIS OF CHANGE IN NET DEBT	At 1/1/2006 €	Cash flows €	Other changes €	At 31/12/2006 €
	Cash at bank and in hand	1,573,389	1,584,961	—	3,158,350
	Overdraft	(17,734)	(348,322)	—	(366,056)
		<u>1,555,655</u>	<u>1,236,639</u>	<u>—</u>	<u>2,792,294</u>
	Debt due:				
	Within one year	(252,472)	510,190	(522,019)	(264,301)
	After one year	(9,240,339)	—	522,019	(8,718,320)
		<u>(7,937,156)</u>	<u>1,746,829</u>	<u>—</u>	<u>(6,190,327)</u>

## 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.

The most recent actuarial valuation was as at 31 December 2006. The valuation used the projected unit method and was carried out by Coyle Hamilton Willis, professionally qualified actuaries. The last full actuarial report, based on a valuation as at 1 January 2006, was issued by the actuaries, Coyle Hamilton Willis, professionally qualified actuaries. The actuarial reports are not available for public inspection.

The major assumptions used in this valuation were future expected investment return of 4.75%, pensionable salary inflation of 4% and rate of pension increases of 4%.

According to the report issued as at 1 January 2006, the scheme did not satisfy the minimum funding standard provided for in the Pensions Act, 1990. The funding requirement as recommended by Coyle Hamilton Willis has been adopted by the company.

The company implemented FRS 17 in the preparation of its account for the year ended 31 December 2006 and comparative figures are restated.

The major assumptions used by the actuaries in determining the present value of scheme liabilities at 31 December were:

	2006	2005	2004
Rate of increase in salaries	4%	3.5%	4.0%
Rate of increase in pensions	4%	3.5%	3.5%
Discount rate	4.75%	4.25%	4.8%
Inflation assumption	2.25%	2.0%	2.25%

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2006 (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:

	<i>Long-term rate of return expected at 31 December 2006 %</i>	<i>Value at 31 December 2006 €'000</i>	<i>Long-term rate of return expected at 31 December 2005 %</i>	<i>Value at 31 December 2005 €'000</i>	<i>Long-term rate of return expected at 31 December 2004 %</i>	<i>Value at 31 December 2004 €'000</i>
Equities	7.25%	5,846	7.00%	4,968	6.8%	3,636
Bonds	3.75%	1,190	3.50%	878	3.8%	693
Property	6.25%	402	6%	380	4.8%	330
Cash		-		-	2.25%	196
		<u>          </u>		<u>          </u>		<u>          </u>
Total market value of assets		7,438		6,226		4,855
Present value of scheme liabilities		(11,062)		(10,338)		(8,234)
		<u>          </u>		<u>          </u>		<u>          </u>
Deficit in the scheme		(3,624)		(4,112)		(3,379)
Related deferred tax asset		453		514		422
		<u>          </u>		<u>          </u>		<u>          </u>
Net pension liability		<u><u>(3,171)</u></u>		<u><u>(3,598)</u></u>		<u><u>(2,957)</u></u>

An analysis of the defined benefit cost for the year ended 31 December 2006, is as follows:

	<i>2006 €'000</i>	<i>2005 €'000</i>
<i>Charged to operating profit:</i>		
Current service cost	(365)	(313)
Past service cost	-	(4)
	<u><u>(365)</u></u>	<u><u>(317)</u></u>
<i>Charged to other finance income:</i>		
Interest on scheme liabilities	(453)	(406)
Expected return on scheme assets	414	304
	<u><u>(39)</u></u>	<u><u>(102)</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2006 (Continued)

## 20. PENSION COMMITMENTS (Continued)

The following amounts have been recognised in the Statement of Total Recognised Gains and Losses:

	2006 €'000	2005 €'000	
Actual return less expected return on scheme assets	448	836	
Experience gains and losses on scheme liabilities	(85)	(132)	
Changes in assumptions underlying the present value of scheme liabilities	(12)	(1,458)	
	<u>351</u>	<u>(754)</u>	
Deferred tax credit	(44)	94	
	<u>307</u>	<u>(660)</u>	
Actuarial gain/(loss) recognised in the STRGL			
<i>Movement in deficit during the year</i>	2006 €'000	2005 €'000	
Deficit in scheme at beginning of year	(4,112)	(3,379)	
Movement in year:			
Current service cost	(365)	(313)	
Contributions paid	541	440	
Past Service Costs	—	(4)	
Other finance income	(39)	(102)	
Actuarial loss	351	(754)	
	<u>(3,624)</u>	<u>(4,112)</u>	
Deficit in scheme at end of year			
History of experience gains and losses:	2006 €	2005 €	2004 €
Difference between expected and actual return on assets			
Amount (€'000)	448	836	150
% of scheme assets	6%	13%	3%
Experience gains and losses on scheme liabilities			
Amount (€'000)	(85)	(132)	(1,023)
% of scheme liabilities	(0.8)%	(1)%	(12)%
Changes in assumptions underlying the present value of scheme liabilities			
Amount (€'000)	(12)	(1,458)	(617)
% of scheme liabilities	(0.1)%	(14)%	(7)%
Total actuarial gain/(loss)			
Amount (€'000)	351	(754)	(1,490)
% of scheme liabilities	3.2%	(7)%	(18)%

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2006 (Continued)

## 21. BANK LOANS

*Loan maturity analysis*

	2006 €	2005 €
Bank and other loans comprise amounts repayable:		
In one year or less, or on demand	264,301	252,472
Between one and two years	545,587	522,019
Between two and five years	1,834,520	1,735,215
After more than five years	6,338,213	6,983,105
	<u>8,982,621</u>	<u>9,492,811</u>

## 22. RECONCILIATION OF MOVEMENT IN PROFIT AND LOSS ACCOUNT

	2006 €	2005 €
Profit for the financial year	2,102,617	2,123,042
Actuarial gain/(loss) recognised on pension schemes	351,000	(754,000)
Deferred tax effect of FRS 17	(43,875)	92,000
Recycled from profit and loss account	–	2,000
Total recognised gains and losses for the year	<u>2,409,742</u>	<u>1,463,042</u>
Profit and loss at beginning of year		
As previously reported	16,813,234	18,641,132
Prior year adjustment	–	(3,290,940)
As restated	<u>16,813,234</u>	<u>15,350,192</u>
Profit and loss at end of year	<u>19,222,976</u>	<u>16,813,234</u>



NOTES TO THE FINANCIAL STATEMENTS

31 December 2006 (Continued)

23. CAPITAL COMMITMENTS

At the balance sheet date the company had entered into contracts for future capital expenditure amounting to:

	2006	2005
	€	€
Contracted	1,883,671	-
Authorised but not contracted	3,404,329	-
	<u>5,288,000</u>	<u>-</u>

24. CONTINGENT LIABILITIES

There are contingent liabilities, arising in the ordinary course of business, in respect of litigation, for which the directors believe adequate provisions have been made in the accounts. The company are disputing the final contract price in relation to the resurfacing of the East Pier.

25. 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 Transport.

**THE FOLLOWING INFORMATION  
DOES NOT FORM PART OF THE  
STATUTORY FINANCIAL STATEMENTS**

**SUPPLEMENTARY ANALYSIS OF OPERATING COSTS**  
**for the year ended 31 December 2006**

	2006 €	2005 €
<i>Operating, maintenance, dredging and related costs</i>		
Repairs and maintenance	330,885	275,015
Repairs and maintenance projects	33,966	68,998
Office administration	126,166	122,186
Motor and travel	74,590	67,106
Cleaning/waste disposal	94,209	128,418
Postage, stationery and telephone	69,685	70,434
Advertising and promotion	45,014	83,524
Audit and accounting fees	33,682	55,211
Consultancy fees	266,003	158,523
Directors' fees (including employer's PRSI)	178,000	126,974
Insurance	186,417	284,391
Light and heat	220,729	178,538
Staff costs	3,207,569	2,935,866
Security Costs	36,916	66,145
Water rates	23,812	16,570
Depreciation	1,650,186	1,515,554
Grants amortised	(279,321)	(279,321)
Corporate Governance	2,589	—
Bad debts	8,329	(9,479)
Rates	700,761	679,904
Carlisle Pier write off	—	503,381
	<u>7,010,187</u>	<u>7,047,938</u>