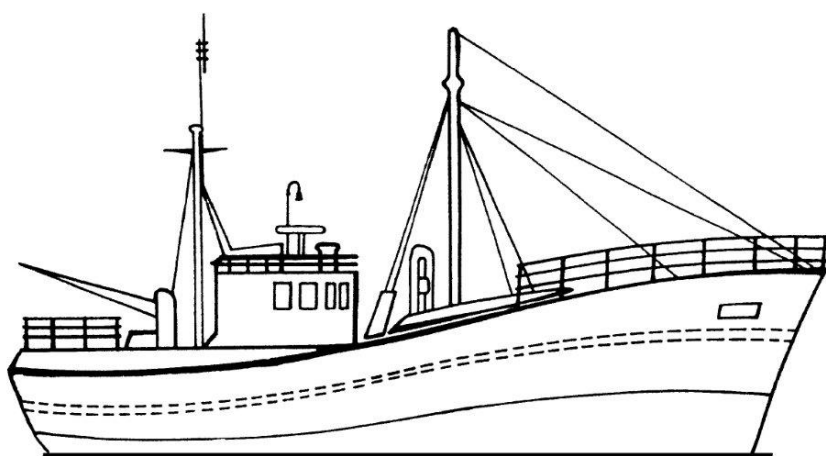


Northern Ireland Fishery Harbour Authority

Report and Accounts

Year ended 31 March 2011



REPORT AND ACCOUNTS

31 March 2011

CONTENTS

	PAGE
General Information	1
Report of the Authority	2 - 7
Foreword to the Accounts	8 - 9
Statement of Members' and Chief Executive's Responsibilities	9
Statement on Internal Control	10 - 11
Remuneration Report	12
Independent Auditors' Report	13 - 14
Net expenditure account	15
Statement of financial position	16
Statement of cash flows	17
Statement of changes in taxpayers' equity	18
Notes to the accounts	19 - 34

STATUTORY EQUALITY DUTY

In accordance with its Equality Scheme the Authority is committed to providing information in accessible formats.

Copies of this report can be made available in alternative formats by contacting the Authority at the address and telephone number given on page 1.

GENERAL INFORMATION

BOARD MEMBERS WHO SERVED DURING THE YEAR

M Andrews Chairman
H Henning
G R Irwin O.B.E.
T Jarvis
B McJury
I Morris M.B.E.
R Teggarty

CHIEF EXECUTIVE / SECRETARY

C M Warnock

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP

CONSULTING ENGINEERS

Doran Consulting

BANKERS

First Trust Bank

SOLICITORS

McGrigors Belfast LLP

ADDRESS

3 Saint Patrick's Avenue
Downpatrick
Co Down
BT30 6DW

Tel: 028 4461 3844
Fax: 028 4461 7128
E-mail: accounts@nifha.co.uk
Web Site: www.nifha.co.uk

REPORT OF THE AUTHORITY

CHAIRMAN'S WELCOME

I am pleased to support this Annual Report and Accounts for 2010-11 which outlines the way in which the Northern Ireland Fishery Harbour Authority has carried out its functions and details the progress that has been made in achieving the Authority's strategic objectives.

This has been another challenging year for the Authority. Whilst landing revenues increased by 15% on the previous year, an operating deficit of £40,510 for the period under review was recorded. The Board recognises the difficulties being faced by the local fishing community in relation to restricted fishing quota and increased operating costs. It is hoped that the firmer trend in the price of landed produce that was evident in the second half of the year will be sustained and will help to improve vessel profitability.

The final report from Deloitte on navigational safety at Kilkeel harbour entrance, which was commissioned by the Department of Agriculture and Rural Development (DARD), was issued in February 2011. This report recommended the installation of an upgraded Safety Management System (SMS) as the preferred option for mitigating the navigational risk which had been identified in previous technical studies. In the context of the current restrictions on public expenditure the Board has agreed to accept the recommendation for an upgraded SMS as an interim measure as it is the view of the Authority that a Safety Breakwater is the best option for addressing effectively the identified navigational risk at Kilkeel harbour entrance.

During the year the Authority decided to examine the low cost options for continuing to operate its ice plants on an economic basis for the next three to five year period. The ice plants had been offered for sale for over two years and this decision was taken due to the lack of interest from the private sector in purchasing the plants.

This year we have made good progress with the prioritised programme of capital works. Grant support from the Ports and Harbours Measure of the European Fisheries Fund enabled us to complete the following projects: Ardglass Rock Armour upgrade, Kilkeel Fishmarket refurbishment, Kilkeel Net Stores upgrade and various lighting and electrical upgrade works across all three harbours.

I am pleased to report that DARD has approved the provision of grant-in-aid funding to the Authority. This is conditional on an agreed Efficiency Savings Plan which targets a break-even position in 2013/14 and reflects the risk attached to the fact that the Authority's main revenue streams are controlled largely by factors outside the Authority's control.

In conclusion I would like to thank my fellow Board members for their support, expertise and assistance throughout the year.

I would particularly like to thank our sponsoring department, DARD, for their continued support and for the funding received during the year through the European Fisheries Fund.

Finally I would like to thank Mr Chris Warnock, Chief Executive, and all his staff, for their continued commitment to the efficient and effective operation of the Authority on a day-to-day basis.



MARGARET ANDREWS
CHAIRMAN

CHIEF EXECUTIVE'S REVIEW

Improved landing revenues in the second half of the year coupled with the ongoing approach of strictly controlling costs resulted in the Authority recording a significantly reduced operating deficit of £40,510 which compares to a previous deficit of £325,425 (restated). Landing revenues increased by 15% on the previous year as a result of a significant increase in prawn prices and due to good prices and volumes of pelagic landings into Ardglass i.e. landings of herring and mackerel.

The 2009-2010 accounts have been restated due to a change in government accounting policy relating to the cost of capital charge. Details are given in the Notes to the financial statements on page 19.

Despite this increase in landing revenues the Authority is acutely aware of the difficulties facing the local sea fishing industry in terms of restricted fishing quota and increased operating costs, most notably fuel. In the light of these trading difficulties it is understandable that the industry is seeking a vessel decommissioning scheme. The Department of Agriculture and Rural Development (DARD) are preparing a business case for such a scheme which, if approved, may be introduced in the second half of 2011-2012. The Authority believes that a reduced number of vessels will not necessarily lead to reduced landing revenues in that the available quota will be taken up by the remaining vessels in the fleet, hopefully operating on a more profitable basis.

Navigational safety at Kilkeel Harbour entrance continues to be a priority issue for the Authority. In February 2011 DARD announced that it was accepting the recommendation of the Deloitte report to install an enhanced safety management system as the preferred option for mitigating the identified navigational risk. Based on the risk assessment and consultation work which has been carried out the Authority believes that the only option which addresses effectively the root cause of the identified risk is the Safety Breakwater as proposed in the Technical Studies report of October 2008.

However, given the recommendation of the Deloitte report and the current restrictions on the availability of funding the Board has agreed that a reasonable course of action from the safety point of view is to install an upgraded Safety Management System (SMS) on the basis that such a system would provide a positive improvement in navigational safety at the harbour entrance, at least on an interim basis. Initial research has indicated that automated Aids to Navigation systems are now available whereby real time weather and tide data from a shore based station can either be broadcast to vessels using the Automatic Identification System (AIS) system or can be transmitted using an internet or mobile phone link. Consultation is therefore taking place with port users on the specification of a suitable system with a view to submitting an application for European Fisheries Funding (EFF) by the end of November 2011. DARD has confirmed that this application will be given priority consideration by the EFF Selection Panel.

Since October 2008 the Authority has been trying to sell its three ice plants. However this has proved difficult as the private sector has been unwilling to invest in the supply of ice due to the economic difficulties facing the industry and uncertainties over future levels of fishing activity under the EU control systems. In effect there is a situation of 'market failure' for the supply of a commodity which is essential to the quality standards of landed fish products. In the circumstances the Authority has decided to examine the low cost options for continuing to operate the ageing Ardglass and Kilkeel plants on an economic basis for the next 3 to 5 year period. The Portavogie plant is 10 years old and has up to 10 years of useful life remaining. However, the Authority's position remains that the supply of ice is a commercial activity which should be provided by the private sector.

During the year the Authority updated and consulted on its Corporate Plan for the period 2010-2014. The Plan is available on the Authority's website – www.nifha.co.uk.

All financial support received by the Authority is dependant on compliance in the key areas of health and safety, environmental performance and equality and disability legislation. Management therefore continues to prioritise these issues on a day to day basis.

HEALTH, SAFETY AND ENVIRONMENTAL ISSUES

The Authority operates and actively manages two separate but integrated safety management systems – one for onshore safety and one for marine safety. With regard to the Onshore Safety Management system the focus was on completing the implementation plan for the recommendations of the 2009 independent safety audit. This included carrying out Fire Risk Assessments in accordance with new fire regulations and completing the 5 year round of statutory inspections of fixed electrical installations. With regard to the Marine Safety System the focus was on completing the Kilkeel dredging programme and on updating the management system to take account of the latest version of the Port Marine Safety Code which was issued in October 2009. Both these objectives were achieved. It should also be noted that a new navigation beacon was installed on the Ardtole rock at Ardglass Harbour in August 2010.

On-shore accidents are recorded on an 'over' and 'under 3 day' basis i.e. over or under '3 days off work'. In 2010-2011 there was one 'over 3 day' accident which involved a member of staff and one 'over 3 day' accident involving a port user.

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

This compares with one 'over 3 day accident' to a member of staff in the previous year. On the marine side there were two vessel collisions and one vessel contact incidents during the year within harbour limits (nil incidents in the previous year). There were no injuries in any of these marine incidents and only minor damage was sustained.

Key targets for 2011-2012 include the submission of an application for funding for an automated navigational safety information system for Kilkeel Harbour and the completion of a review by an external expert of the updated Marine Safety Management System.

Following completion of an environmental audit and recommendations report in June 2010 a prioritised plan for environmental improvement was drawn up and implemented during the year. This included the preparation of an Environmental Code of Practice for the Authority which has now been finalised following consultation with the industry. This Code of Practice covers all the main activities at the harbours e.g. vessel repair and maintenance activities both at the slipway and at the quayside and vessel fuelling activities as well as the segregation, storage and disposal of the various hazardous and non-hazardous waste streams which arise at the harbours. The full cooperation of port users will be required to fully embed the new procedures and to achieve the target of a sustainable improvement in environmental performance at all three harbours.

In May 2010 an unauthorised attempt was made to break-up an abandoned steel vessel in Kilkeel Harbour. The Northern Ireland Environment Agency (NIEA) intervened and stopped the break-up which was illegal under the waste management regulations. The Authority worked in cooperation with the NIEA and the Maritime and Coastguard Agency (MCA) to dispose of the vessel which had been left in an unsafe condition. Investigations on the matter are ongoing by the NIEA and the industry has been advised that the break-up of vessels in Authority harbours is not permitted without regulatory approval.

In April 2011 NI Water completed an extensive upgrade to their pumping station and underground network at the south quay in Kilkeel which is needed to avoid sewage overflows in to the harbour following periods of heavy rainfall. The sea outfall section of the works is due to be completed in the second half of 2011-2012.

In Portavogie agreement in principle has been reached with NI Water for the building of a new waste water pumphouse in the south car park. Again this will 'clean up' effluent discharges into the sea.

CAPITAL WORKS PROJECTS

With the assistance of EFF funding the following projects were completed during the year:-

- Ardglass Rock Armour Upgrade;
- Kilkeel Fishmarket Refurbishment;
- Kilkeel Net Stores Upgrade; and
- Lighting and Electrical Upgrades at all harbours.

During the year funding was approved for an extensive upgrade to the Authority's dredger, M D Kilmourne, which will include replacement of the propulsion system. It is planned to complete most of the upgrade work in 2011-2012.

Post year-end funding was approved for Phase 3 of the Kilkeel Quay Wall upgrade works. Subject to the tendering process it is planned to start this project in the second half of 2011-2012.

OPERATIONAL REVIEW

Key operational issues relating to 2010-2011 were as follows:-

Vessel Numbers

The number of over 10m vessels based in the 3 harbours decreased by 14 (12%) compared to the previous year. Detailed figures on a port by port basis as at 31 March for the last 5 years are as follows:-

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Ardglass	31	32	31	28	25
Kilkeel	40	54	60	53	49
Portavogie	<u>35</u>	<u>34</u>	<u>37</u>	<u>37</u>	<u>39</u>
Total	<u>106</u>	<u>120</u>	<u>128</u>	<u>118</u>	<u>113</u>

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

The number of 10m and under vessels in the 3 harbours at 31 March 2011 was 86 which compares with 74 last year. The number of these smaller vessels varies seasonally and has increased as a result of the new pontoon facility in Kilkeel.

Maintenance Dredging

19,423 tonnes of sediment was dredged from Kilkeel Harbour during the year which compares with 23,519 tonnes in 2009-10 and 18,630 tonnes in 2008-2009. This dredging work was carried out in three separate dredging campaigns using the Authority's dredger Kilmourne with a hired in long reach digger mounted on the deck.

Fishmarkets

Throughout the year the Authority continued to maintain hygiene in its fishmarkets to approved standards and to implement the recommendations of the local Environmental Health Officers (EHO) who monitor the markets on a regular basis. During the year the Kilkeel fishmarket and chill room was refurbished. This included the installation of new washroom and toilet facilities for both able-bodied and disabled persons.

An application has been submitted for EFF funding to upgrade the Ardglass Fishmarket which is reaching the end of its useful life. It is hoped that this application will be approved in the first half of 2011-2012.

Slipway Facilities

During the year 197 vessels were slipped; 112 in Kilkeel and 85 in Portavogie. This compares with a total of 209 vessels in the previous year of which 109 were slipped in Kilkeel and 100 in Portavogie.

The reduction in the number of vessels slipped in Portavogie was due to a serious mechanical failure of the winch on the large slipway on 28 January 2011. This failure is covered by insurance under a specific engineering policy which the Authority maintains. Subject to final negotiations with the insurers it is hoped that the winch will be repaired and recommissioned by the end of January 2012.

Ice Supplies

The total tonnage of ice supplied in the three ports in 2010-2011 was 3,965 tonnes which represented an increase of 451 tonnes or 12.8% on the previous year. On a port by port basis sales increased by 22% and 24% respectively in Ardglass and Kilkeel but decreased by 5% in Portavogie.

Estate Management

Development activity in the harbour estates was restricted during the year by the economic downturn and by the uncertainties facing the industry in general. On a positive note the old toilet block on the South Quay Roadway in Kilkeel was re-leased and successfully developed as a retail store. On the negative side Parkgate Foods in Portavogie announced in March 2011 that they would be closing down. The Authority has agreed to take a reasonably flexible approach with the owners of the business in trying to find an alternative use for the premises.

Fly tipping has become an increasing problem in all three harbour estates and is taking up significant amount of staff time. This issue is difficult to address due to the 'open access' of the harbours.

Considerable traffic disruption was caused on the South Quay Roadway in Kilkeel during the N.I. Water underground works. The Authority wishes to thank Port Users for their forbearance during these works.

PORT USER CONSULTATION

Three Port Users meetings were held during the year, one in each of the ports. In addition in January 2011 there was an inaugural meeting of the Kilkeel Port Users Advisory Group. These meetings continue to provide an invaluable forum for consulting with Port Users on operational issues (including safety and environmental issues), on capital works priorities and on equality, good relations and disability issues.

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

EQUALITY, GOOD RELATIONS AND DISABILITY DUTIES

In line with the commitment given in its Equality Scheme the Authority submitted its annual Equality Report to the Equality Commission by the due date of 31 August 2010. This report detailed the progress made by the Authority in achieving its annual equality, good relations and disability targets.

Following a consultation process an interim review of the Authority's Disability Action Plan was completed during the year.

PERSONNEL

Without the day to day commitment of its operational and administrative staff the Authority could not provide the high level of service which is required by the local industry. The Board of the Authority is therefore grateful to all members of staff for their dedicated efforts in managing, maintaining and administering the three harbours and harbour estates throughout the year.

FINANCIAL REVIEW

The Authority recorded a deficit of £40,510 which compares with a previous year deficit of £325,425 (restated). The deficit for the year benefited from a pension credit of £251,000 following the Chancellor's budget statement on 22 June 2010 which resulted in future pension increases being linked to the Consumer Price Index (CPI) and not the Retail Price Index (RPI). The effect of this change is recorded as a negative past service cost item in the net expenditure account.

Earnings before interest, tax, depreciation, amortization and pension fund costs and gains were positive at £131,346 which compares with a negative position of £55,941 in the previous year. Compared to the previous year, operating income, before deferred capital grant releases and revenue grant, increased by £137,983 or 13.6%; landing revenues were up 14.8%, slipway revenues were up 9.1% and rental income was up 14.6% due to the fact that the previous year's figure was reduced by an accrual adjustment. Ice sales were up 22.0% in revenue terms and up 12.8% in tonnage terms compared to the previous year. On a port by port basis landing revenues were up 25.5% and 15.7% in Ardglass and Kilkeel respectively but down 3.1% in Portavogie compared to the previous year. Operating expenditure decreased by £31,395 or 2.8% before depreciation and before service costs and gains on the value of the pension fund. In this respect it should be noted that electricity and water costs are not directly comparable with the previous year due to an exceptional credit from NI Water in 2009-2010 and that sundry expenses in 2010-2011 included the costs of breaking up and disposing of an abandoned fishing vessel in Kilkeel Harbour.

The Authority had a positive cash balance at year end of £542,187 which compares with an opening balance of £506,528.

SICKNESS ABSENCE DATA

The average number of working days lost due to sickness per employee was 5.0 days for 2010-2011. The equivalent figure for the previous year was 8.9 days which was increased by the prolonged absence of one employee.

DATA HANDLING

The Northern Ireland Fishery Harbour Authority has not had any personal data related incidents during the current or previous years.

KEY PERFORMANCE TARGETS

Outcomes for 2010-2011 key performance targets were as follows:-

- **To co-operate fully with the consultants appointed by DARD to prepare a business case for a new safety breakwater at Kilkeel Harbour. The target completion date for this business case was 30 September 2010.**

Target achieved.

- **To review and update the Marine Safety Management System by 31 October 2010.**

Target achieved.

CHIEF EXECUTIVE'S REVIEW (CONTINUED)

- **To implement the capital works plans as detailed in the Authority's 2010-2011 Business Plan.**

Target largely achieved. However funding was not allocated to the Kilkeel Harbour Quay Wall Repair Phase 3 project due to government cutbacks in capital expenditure and funding was not obtained for the Ardglass Fishmarket Refurbishment project due to queries on the scale of the project from the EFF Selection Panel.

- **To update the Authority's Corporate Plan by 30 November 2010.**

Target achieved.

- **To reach agreement with DARD by 31 December 2010 on the provision and amount of grant-in-aid or loan funding to meet the Authority's projected future deficits in running costs.**

Target achieved in that DARD approved a business case by 31 December 2010 for grant in aid funding for the Authority. This approval is conditional on the Authority achieving a break-even position in terms of operational costs and revenues by 31 March 2014. The payment of grant-in-aid to the Authority requires a change to the Harbours Act (Northern Ireland) 1970 which DARD plan to submit to the Assembly in the 2011-2012 legislative year.

- **To prepare a prioritised plan by 31 October 2010 for implementing the recommendations of the Environmental Audit report and to begin the implementation of this plan.**

Target Achieved.

- **To carry out an Inequalities Audit by 30 October 2010 which will inform the updated Corporate Plan as well as the review of the Authority's Equality Scheme as required by the new Equality Commission guidance.**

Target only partially achieved as the review of the Authority's Equality Scheme was not required before 31 March 2011. The Inequalities Audit was prepared and the consultation process was in process at year end.

FOREWORD TO THE ACCOUNTS

BACKGROUND INFORMATION

The Northern Ireland Fishery Harbour Authority (NIFHA) is an executive Non-Departmental Public Body (NDPB) sponsored by the Department of Agriculture and Rural Development for Northern Ireland (DARD). The Authority was established in 1973 under the Northern Ireland Fishery Harbour Authority Order (Northern Ireland) 1973. Its statutory functions are to manage, maintain and improve the fishing harbours and harbour estates of Ardglass, Kilkeel and Portavogie and to operate such facilities as may be provided at these harbours.

The following report and accounts have been prepared in accordance with the Northern Ireland Fishery Harbour Authority (Accounts) Regulation (Northern Ireland) 1998 and in accordance with the Accounts Direction given by the Department of Agriculture and Rural Development with the approval of the Department of Finance and Personnel.

BUSINESS REVIEW

A full review of the Northern Ireland Fishery Harbour Authority is given on pages 2 to 7 of the Report and Accounts.

RESULTS FOR THE YEAR

The results of the Northern Ireland Fishery Harbour Authority are set out in detail in the accounts on pages 15 to 34. The deficit for the year was £40,510 which compares with a previous year deficit of £325,425 (restated). This deficit has been taken to reserves along with an actuarial gain of £702,000 on retirement benefit obligations. Other transfers to and from reserves are detailed in the Statement of changes in taxpayers' equity.

FIXED ASSETS

Details of the movement of fixed assets are set out in note 11 to the accounts.

FUTURE DEVELOPMENTS

Development goals for 2011-2012 are as follows:-

- To research and develop a project for the installation of a real time Navigational Safety Information System at Kilkeel Harbour entrance and to apply for European Fisheries Funding for the project by 30th November 2011.
- To commission and complete an external 'health check' of the Authority's Marine Safety Management System by 31 December 2011.
- To implement the capital works plans as detailed in the Authority's 2011-2012 Business Plan (subject to the availability of grant funding).
- To repair the winch and re-commission the large slipway at Portavogie Harbour by 31 January 2012.
- To review and update the Authority's Efficiency Savings Plan by 31 December 2011 in line with the financial objectives set by DARD.
- Subject to the outcome of a controlled trial on one of the ice making lines at Ardglass Harbour to complete outline business cases for upgrading the Ardglass and Kilkeel ice plants by 29 February 2012.
- To finalise the Inequalities Audit and Action Plan by 31 January 2012 in preparation for the review of the Authority's Equality Scheme which is expected to be required by 30 September 2012.

IMPORTANT EVENTS OCCURRING AFTER YEAR END

There have been no significant events since the year end which would affect these accounts.

BOARD MEMBERS

Membership of the Board is as noted on page 1.

FOREWORD TO THE ACCOUNTS (CONTINUED)

DISABLED EMPLOYEES

The Authority gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitude and abilities and Health and Safety factors.

EMPLOYEE INVOLVEMENT

It is the policy of the Authority to promote the understanding and involvement of all its employees in its aims and performance and it is committed to the continuing development of effective employee communication and consultation.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP are the external auditors of the Northern Ireland Fishery Harbour Authority. Refer to Note 5 for the audit fee.

PAYMENT TO SUPPLIERS

The NIFHA is committed to the prompt payment of bills for goods and services received in accordance with the British Standard for Achieving Good Payment Performance in Commercial Transactions (BS 7890). Unless otherwise stated in the contract, payment is due within 30 days of the receipt of the goods or services, or presentation of a valid invoice or similar demand, whichever is later.

During 2010/2011 the Authority paid 96% of bills paid within this standard with 70% being paid within 14 days.

STATEMENT OF MEMBERS' AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under the Northern Ireland Harbour Authority (Accounts) Regulation (Northern Ireland) 1998, the Members are required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Department of Agriculture and Rural Development for Northern Ireland with approval of the Department of Finance and Personnel. The accounts are prepared on an accruals basis and must give a true and fair view of the Authority's state of affairs at the year end and of its income and expenditure, recognised gains and losses and cash flow for the financial year.

In preparing the accounts the Members are required to:

- observe the accounts direction issued by the Department of Agriculture and Rural Development for Northern Ireland including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual (FRM) have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on the going concern basis.

As the senior full time official of the Authority the Chief Executive carries the responsibilities of an Accounting Officer for the Authority. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum, issued by the Department of Finance and Personnel.

By Order of the Members



C M WARNOCK
CHIEF EXECUTIVE / SECRETARY

STATEMENT ON INTERNAL CONTROL

SCOPE OF RESPONSIBILITY

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Authority's policies, aims and objectives, whilst safeguarding the public funds and Authority assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting Northern Ireland.

I am accountable in this respect to both the Board of the Authority and to the Department of Agriculture and Rural Development (DARD), which is the sponsor Department.

THE PURPOSE OF THE SYSTEM OF INTERNAL CONTROL

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Authority policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Authority for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Department of Finance and Personnel guidance.

CAPACITY TO HANDLE RISK / THE RISK AND CONTROL FRAMEWORK

Through its Risk Management Policy the Board of the Authority ensures that procedures are in place for verifying that aspects of risk management and internal control are regularly reviewed and are effective. The key tool in the Authority's risk management process is the Risk Register which is updated and reviewed by the Board on a six monthly basis. These regular reviews of the Risk Register are informed by the proactive implementation of the On-shore and Marine Safety Management Systems and by the Authority's internal monitoring, control and reporting systems.

The key risks faced by the Authority are health and safety risks associated with harbour operations, the open access of the harbours to the general public and risks associated with project management e.g. capital works cost overruns. In addition a navigational risk assessment by an independent expert has determined that vessel entry and exit to and from Kilkeel Harbour entrance is unsafe in certain weather conditions. A detailed technical study, which was completed in October 2008, concluded that a new breakwater costing £15m would be an effective means of improving navigational safety and would be environmentally sustainable. In December 2010 DARD completed a business case on the options for improving navigational safety at Kilkeel Harbour entrance. This report recommended that an enhanced Safety Management System rather than a new breakwater should be installed. While the Authority believes that a new Breakwater is the only option which addresses effectively the root cause of the indentified risk it is accepted that a reasonable course of action in the current economic climate is to install an enhanced Safety Management System and to test its effectiveness over a three year period. A project is therefore being developed in consultation with port users and an application for grant funding will be made within the 2011-2012 financial year. DARD have confirmed that this application will be given priority consideration for funding from the European Fisheries Fund.

A significant risk for the Authority is a shortfall in running costs which is due to falling revenues from fish landings and increasing operational and compliance costs. This risk could result in the Authority not being able to fulfil its statutory duties effectively. Conditional approval for the provision of grant-in-aid funding for the Authority has been given by both DARD and the DFP. However an amendment to the Harbours Act (Northern Ireland) 1970 is required to give DARD the powers to pay grant-in-aid funding to the Authority. DARD plan to seek Assembly approval for these powers in the 2011-2012 legislative year.

With regard to the management of information, the risks have been assessed as being relatively low as the Authority handles a very limited amount of sensitive data. Procedures for handling sensitive data have been reviewed and updated.

Risk Management within the Authority is supported by a programme of relevant staff training and by regular contact with DARD and statutory agencies such as Health and Safety Executive Northern Ireland and MCA who can provide advice on best practice and on technical issues.

Proposals for a Pay Review, which are being considered by DARD, have recognised the importance of operational staff in the area of safety and risk management.

STATEMENT ON INTERNAL CONTROL (CONTINUED)

REVIEW OF EFFECTIVENESS

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers of the Authority who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

Both the internal and external auditors have confirmed that they are satisfied that the Authority's internal control framework and risk management and governance processes are effective and that they facilitate the achievement of the Authority's objectives.

I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee who are satisfied that a plan to address weaknesses and ensure continuous improvement of the system is in place.

SIGNIFICANT INTERNAL CONTROL ISSUES

An increasing risk is the abandonment and unauthorised break-up of redundant fishing vessels in Authority harbours. This is due to the cost of disposing of unwanted vessels and to the economic difficulties facing the industry. The level of this risk will be influenced by whether or not a Vessel Decommissioning Scheme is introduced by DARD in the second half of 2011. Vessels are closely monitored by the Harbour Master in each port and communication links have been established with both the Maritime and Coastguard Agency (MCA) and the Northern Ireland Environment Agency (NIEA) with a view to ensuring that end-of-life vessels are disposed of in an environmentally acceptable way and that owners are held fully accountable for the costs involved.

Due to the fact that the Authority's harbours are not monitored on a 24 hour basis there is a risk that the Authority may not receive payment of cargo dues for all fish landings. To establish the scale of this risk it has been agreed, in consultation with both the internal and the external auditors, to carry out a data matching exercise with DARD during 2011-2012 i.e. to cross-check the landings declared to the Authority with the landings declared to DARD.



C M WARNOCK
CHIEF EXECUTIVE / SECRETARY

REMUNERATION REPORT

The pay award for staff in the Northern Ireland Fishery Harbour Authority is guided by the NICS Pay Remit Process and is based on performance. Although the Authority is a public body salaries and wages are not based on any public sector scale comparator e.g. the NICS or Local Government pay scales. In March 2008 a Job Evaluation and Pay Review Report was prepared by an independent expert and submitted to DARD. This report recommended that staff remuneration arrangements should be aligned with Local Government pay scales. A determination on this issue is awaited from DARD.

Service Contracts

The Authority does not have any service contracts with members of its staff and staff appointments are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Authority's policy on its discretionary powers under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2007.

Salary and Pension Entitlements

The following sections provide details of the remuneration and pension interests of the Board Members and the Chief Executive of the Authority.

Remuneration (Audited)

	2010/2011			2009/2010		
	Number of people	Salary	Benefits in Kind £ (to nearest £100)	Number of people	Salary	Benefits in Kind £ (to nearest £100)
Chairman	1	£5,000 - £9,999	-	1	£5,000 - £9,999	-
Board Member	6	Nil - £4,999	-	6	Nil - £4,999	-
Chief Executive	1	£50,000 - £55,000	£1,300	1	£50,000 - £55,000	£1,300

Salary

'Salary' includes gross salary, performance pay or bonuses, overtime and any other allowance to the extent that it is subject to UK taxation and any gratia payments.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the Authority and treated by the Inland Revenue as a taxable emolument. The benefit in kind for the Chief Executive is a premium on a health insurance policy.

Pension Benefits (Audited)

Board Members have no pension entitlement from the Authority. The Chief Executive is a contributory member of the NILGOSC pension scheme. The NILGOSC scheme is a statutory scheme which provides benefits on a final salary basis at a normal retirement age of 65. Benefits accrue at the rate of 1/60th of pensionable salary for each year of service.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTHERN IRELAND FISHERY HARBOUR AUTHORITY

We have audited the financial statements of the Northern Ireland Fishery Harbour Authority for the year ended 31 March 2011 under the Northern Ireland Harbour Authority (Accounts) Regulation (Northern Ireland) 1998. These comprise the net expenditure account, the statement of financial position, the statement of cash flows, the statement of changes in taxpayers' equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. We have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Members' and Chief Executive and auditor

As explained more fully in the Statement of Members' and Chief Executive's Responsibilities, the Members and Chief Executive are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require we comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Northern Ireland Fishery Harbour Authority's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Northern Ireland Fishery Harbour Authority; and the overall presentation of the financial statements.

In addition, we are required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In our opinion, in all material respects the expenditure and income have been applied to the purposes intended by the Assembly and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view, of the state of the Northern Ireland Fishery Harbour Authority as at 31 March 2011 and of its net expenditure, changes in taxpayers' equity and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with Northern Ireland Harbour Authority (Accounts) Regulation (Northern Ireland) 1998 and the Accounts Direction made by the Department of Agriculture and Rural Development with the approval of the Department of Finance and Personnel.

Opinion on other matters

In our opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Northern Ireland Harbour Authority (Accounts) Regulation (Northern Ireland) 1998; and
- the information given in the Report of the Authority and the Foreword to the Accounts for the financial year which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NORTHERN IRELAND FISHERY HARBOUR AUTHORITY (CONTINUED)

Matters on which we report by exception

We have nothing to report in respect of the following matters which we will report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records; or
- We have not received all of the information and explanations we require for our audit; or
- the Statement on Internal Control does not reflect compliance with Department of Finance and Personnel's guidance.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Belfast
29 September 2011

Net expenditure account for the year ended 31 March 2011

	Notes	2011 £	(As restated) 2010 £
Income - continuing operations			
Income from activities	4	2,099,887	1,969,394
Expenditure			
Staff and related costs	6	310,697	556,554
Depreciation	11	1,319,369	1,284,077
Other operating charges	5	551,890	586,350
		2,181,956	2,426,981
Operating deficit		(82,069)	(457,587)
Finance income	7	398	401
Finance costs	7	-	(1)
Other finance costs	8	(30,000)	(46,000)
Finance costs - net		(29,602)	(45,600)
Deficit before income tax		(111,671)	(503,187)
Income tax credit	10	71,161	177,762
Deficit for the year		(40,510)	(325,425)

All amounts above relate to continuing operations of the Northern Ireland Fishery Harbour Authority.

The notes on pages on pages 19 to 34 are an integral part of these financial statements.

Statement of financial position as at 31 March 2011

	Notes	2011 £	2010 £
Assets			
Non-current assets			
Property, plant and equipment	11	22,244,729	24,330,246
Deferred income tax assets	17	200,169	402,990
		22,444,898	24,733,236
Current assets			
Trade and other receivables	12	221,837	179,166
Cash and cash equivalents	13	542,187	506,528
		764,024	685,694
Total assets		23,208,922	25,418,930
Current liabilities			
Trade and other payables	14	245,860	223,660
Government grants	16	780,719	762,297
		1,026,579	985,957
Non-current assets plus net current assets		22,182,343	24,432,973
Non-current liabilities			
Deferred income tax liabilities	17	1,336,718	1,760,193
Government grants	16	14,321,763	14,552,641
Pension liabilities	15	418,000	1,341,000
		16,076,481	17,653,834
Assets less liabilities		6,105,862	6,779,139
Reserves			
Income and expenditure account		354,935	(420,157)
Revaluation reserve		5,309,936	6,758,305
Capital reserve		440,991	440,991
Total taxpayers' equity		6,105,862	6,779,139

The notes on pages on pages 19 to 34 are an integral part of these financial statements.

The financial statements on pages 15 to 18 were authorised for issue by the Board Members of the Authority on 22 September 2011 and were signed on its behalf by:



MARGARET ANDREWS
Chairman



C.M. WARNOCK
Chief Executive/Secretary

Statement of cash flows for the year ended 31 March 2011

	Notes	2011 £	2010 £
Cash flows from operating activities			
Operating deficit before income tax and finance costs		(82,069)	(457,587)
Adjustments for:			
Depreciation of property, plant and equipment		1,319,369	1,284,077
Movement in trade and other receivables		(42,671)	(33,481)
Movement in trade and other payables		6,468	81,954
Notional charges		2,500	2,500
Difference between pension charge and cash contributions		(251,000)	5,000
Release of deferred capital grant		(854,954)	(887,431)
Net cash (used in)/generated from operating activities		97,643	(4,968)
Cash flows from investing activities			
Interest received		398	401
Interest paid		-	(1)
Purchases of property plant and equipment		(704,880)	(83,972)
Net cash used in investing activities		(704,482)	(83,572)
Cash flows from financing activities			
Capital Grants received from Department of Agriculture & Rural Development		642,498	34,473
Net cash generated from financing activities		642,498	34,473
Movement in cash and cash equivalents		35,659	(54,067)
Cash and cash equivalents at the beginning of the year		506,528	560,595
Cash and cash equivalents at the end of the year	13	542,187	506,528

The notes on pages on pages 19 to 34 are an integral part of these financial statements.

Statement of changes in taxpayers' equity for the year ended 31 March 2011

	Capital Reserves £	Revenue Reserves £	Revaluation Reserve £
At 1 April 2009	440,991	230,042	6,719,264
Deficit for the year	-	(325,425)	-
Actuarial loss on retirement benefit obligations	-	(704,000)	-
Deferred tax on actuarial loss on retirement benefit obligations	-	148,000	-
Other notional charges	-	2,500	-
Transfer from unrealised revaluation reserve to net expenditure account	-	289,526	(289,526)
Deferred taxation on transfer from unrealised revaluation reserves to net expenditure account	-	(60,800)	60,800
Net gain on revaluation of property, plant and equipment	-	-	338,946
Deferred tax on net gain on revaluation of property, plant and equipment	-	-	(71,179)
At 31 March 2010	440,991	(420,157)	6,758,305
Deficit for the year	-	(40,510)	-
Actuarial gain on retirement benefit obligations	-	702,000	-
Back log depreciation	-	-	(20,456)
Deferred tax on actuarial gain on retirement benefit obligations	-	(140,400)	-
Other notional charges	-	2,500	-
Transfer from unrealised revaluation reserve to net expenditure account	-	314,377	(314,377)
Deferred taxation on transfer from unrealised revaluation reserves to net expenditure account	-	(62,875)	62,875
Indexation uplift on property, plant and equipment	-	-	(1,450,572)
Deferred tax on indexation uplift on revaluation of property, plant and equipment	-	-	274,161
At 31 March 2011	440,991	354,935	5,309,936

The notes on pages on pages 19 to 34 are an integral part of these financial statements.

Notes to the financial statements for the year ended 31 March 2011

1 Accounting policies, financial risk management & critical accounting estimates/judgements

General information

The Authority's principal activity during the year was the improvement, management and maintenance of the three fishery harbours and harbour estates of Ardglass, Kilkeel and Portavogie. The Authority is registered and domiciled in Northern Ireland.

The financial statements are presented in Sterling. All of the Authority's assets and liabilities are denominated in Sterling.

Statement of accounting policies

These financial statements have been prepared in accordance with the 2010-2011 Government Financial Reporting Manual (FReM) issued by DFP Northern Ireland. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Authority for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Authority for its principal activity is described below. They have been applied consistently in dealing with items that are considered material to the accounts. These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment.

Accounting standards, interpretations and amendments to published standards adopted to the year ended 31 March 2011

The Authority has reviewed the standards, interpretations and amendments to published standards that became effective during 2010-2011 and which are relevant to its operations. The Authority anticipates that the adoption of these standards will have no material impact on the Authority's financial position or results of operations.

Accounting standards, interpretations and amendments to published standards not yet effective

Certain new standards, interpretations and amendments to existing standards have been published that are mandatory for the Authority's accounting periods beginning on or after 1 April 2011, but which the Authority has not adopted early. The Authority does not anticipate that the adoption of these standards will have a material impact on its accounts in the period of initial application.

Change in accounting policy – cost of capital charge

In the prior year the financial statements included a notional charge reflecting the cost of capital utilised by the Authority. In accordance with the 2010-2011 Government Financial Reporting Manual (FReM) the financial statements of the Authority no longer include this notional charge. This represents a change in accounting policy and the comparative figures have been restated accordingly. As the cost of capital is a notional cost debited to the net expenditure account and subsequently credited to the Statement of changes in taxpayers' equity, the deficit for the year has increased by £247,965 and there has been a corresponding movement in the statement of changes in taxpayers' equity to leave the balance as at 31 March 2010 unchanged.

Income

Income comprises the fair value of the consideration received or receivable in respect of berthing, landing and buyer dues, revenue from services and rental income. Income also includes release from deferred government capital grants received from DARD. Income is shown net of value-added tax. Income is recognised over the period for which services are provided, using a straight line basis over the term of the service provided. The Authority recognises income when the amount of income can be reliably measured and it is probable that future economic benefits will flow to the Authority.

Notes to the financial statements for the year ended 31 March 2011

1 Accounting policies, financial risk management & critical accounting estimates/judgements (continued)

Property, plant and equipment

Freehold property is shown at fair value, based on periodic, but at least quinquennial, valuations by Land and Property Services, less subsequent depreciation for buildings. In intervening years these valuations are subject to annual indexation using relative price indices. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment, with the exception of freehold property, is stated at cost less depreciation and accumulated impairment losses. The initial cost of an asset comprises cost plus any costs directly attributable to bringing the asset into operation and an estimate of any decommissioning costs.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The charge for depreciation is calculated so as to write off the depreciable amount of assets over their estimated useful economic lives on a straight line basis. The rates of each major class of depreciable asset are as follows:

Freehold property	-	Nil%
Harbour property and equipment	-	2 - 25%
General equipment	-	4 - 33 ¹ / ₃ %

The assets' residual values and useful economic lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An asset is derecognised upon disposal or when no future economic benefit is expected to arise from the asset.

Impairment of non-financial assets

The Authority assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Authority makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

Loans and receivables (financial instruments)

(a) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade and other receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'operating costs'. When a trade and other receivable is uncollectible, it is written off against the allowance account for trade and other receivables. Subsequent recoveries of amounts previously written off are credited against 'other operating costs' in the income and expenditure account.

Notes to the financial statements for the year ended 31 March 2011

1 Accounting policies, financial risk management & critical accounting estimates/judgements (continued)

Loans and receivables (financial instruments) (continued)

(b) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

Other financial liabilities at amortised costs (financial instruments)

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Income tax and deferred income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the net expenditure account. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither an accounting nor a taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the net expenditure account.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Authority will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the net expenditure account over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to property, plant and equipment are included in non current liabilities as deferred government grants and are credited to the net expenditure account on a straight line basis over the expected useful economic lives of the related assets.

Operating lease commitments

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the net expenditure account on a straight-line basis over the period of the lease.

Notes to the financial statements for the year ended 31 March 2011

1 Accounting policies, financial risk management & critical accounting estimates/judgements (continued)

Pension liabilities

The Authority provides a defined benefit pension scheme for employees through NILGOSC. The assets of the scheme are held separately from those of the Authority. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to reserves in the statement of changes in taxpayers' equity in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive with the Members of the Board making strategic decisions.

Financial risk factors

(a) *Market risk*

The Authority has no interest rate risk as it has no borrowings and it has a minimal exchange rate risk as almost all of its transactions are denominated in Sterling.

(b) *Credit risk*

The Authority's main exposure to credit risk is the non payment of landing dues and other service charges by port users. Where the Authority's trade and other receivables are deemed to be impaired or past due, management has made a reasonable provision for non-performance by its customers.

(c) *Liquidity risk*

The Authority is financed primarily by levy and commercial income. The extent to which levies may be raised and retained for use in operations is set out in statute. The Authority is not exposed to significant liquidity risks.

Capital risk management

The Authority has no obligation to increase reserves as it is a public sector organisation.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Authority makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are discussed below:

Notes to the financial statements for the year ended 31 March 2011

1 Accounting policies, financial risk management & critical accounting estimates/judgements (continued)

Estimate of useful economic life of assets

The entity assesses the useful economic life of fixed assets on an annual basis. If the remaining useful economic life had been increased by one year, depreciation would have decreased by £132,210 and if the remaining useful economic life had been decreased by one year depreciation would have increased by £145,547.

2 Method of financing capital works

Capital works have been financed by grants mainly from the Department of Agriculture and Rural Development at varying rates with the balance funded internally.

3 Segment Reporting

The Authority's sole activity is the improvement, management and maintenance of fishery and harbours and harbour estates. As such, in the opinion of the Members, the Authority has only one operating segment, and all income, expenditure, assets and liabilities relate to the Authority's sole activity.

4 Income

	2011	2010
	£	£
Berthing dues	80,268	56,852
Landing and market dues	555,660	484,091
Revenue from services:		
Ice Sales	223,489	183,154
Slipways	130,171	119,266
Sundry, telephone and power	33,477	45,545
Water	28,914	31,477
Rental income	105,742	92,275
Release of deferred Government Grant	854,954	887,431
Building Sustainable Prosperity/European Fisheries Fund – note 6(a)	87,212	69,303
	2,099,887	1,969,394

Notes to the financial statements for the year ended 31 March 2011

5 Other operating charges

	2011	2010
	£	£
Repairs and general upkeep	185,278	246,998
Training	3,725	11,014
Insurance	61,708	66,311
Rent and rates	19,452	19,171
Electricity and water	146,387	119,109
Lease payments for equipment	11,330	11,857
Audit and accountancy	7,500	7,000
Telephone, printing stationery and postage	9,143	8,747
Travelling and subsistence	7,852	7,649
Sundries	28,826	18,969
Legal and professional fees	52,268	45,523
Health and safety	14,132	8,011
Advertising	81	200
Bad debt	1,708	13,291
Internal audit fee (Notional cost)	2,500	2,500
	551,890	586,350

6 Employee benefit expense

	2011	2010
	£	£
Wages and salaries	461,977	455,252
Social security costs	28,636	28,780
Pension costs	71,084	67,522
	561,697	551,554
IAS 19 – Actuarial Valuation		
Current service cost	93,000	47,000
Past service cost/(gain)	(272,000)	21,000
Contributions by the employer	(72,000)	(63,000)
	310,697	556,554

Note (a) – A related revenue grant of £87,212 (2010: £69,303) has been agreed and accrued in note 4.

	Number	Number
The average number of persons employed by the Authority during the year was:		
Operation and Maintenance	13	14
Administration	8	8
	21	22

All staff employed by the Authority in 2010 and 2011 had permanent contracts of employment.

Notes to the financial statements for the year ended 31 March 2011

6 Employee benefit expense (continued)

	2011	2010
	£	£
Analysis of Remuneration was as follows:		
Chief Executive's total remuneration	50,223	51,033
Members' salaries	28,990	27,729
Operating and Maintenance	269,377	265,825
Administration	113,387	110,665
	461,977	455,252

	Number	Number
Chief Executive to whom retirement benefit is accruing under defined benefit scheme	1	1

	2011	2010
	Number	Number
Number of board members whose emoluments fell within the following bands:		
Nil - £4,999	6	6
£5,000 - £9,999	1	1
	7	7

7 Finance income and costs

	2011	(As restated) 2010
	£	£
Interest income:		
Short-term bank deposits	398	401
Interest expense:		
Bank borrowings	-	(1)
Finance costs - net	398	400

Notes to the financial statements for the year ended 31 March 2011

8 Other finance cost

	2011 £	2010 £
Expected return on pension scheme assets	142,000	90,000
Interest on pension scheme liabilities	(172,000)	(136,000)
Net cost	(30,000)	(46,000)

9 Performance against key financial targets

The following key financial target was agreed with the Department of Agriculture and Rural Development for 2010/2011:

- not to exceed a deficit of £148,654 after revenue grant but before capital charges, interest, IAS 19, tax and notional adjustments.

The Authority actually recorded a surplus of £133,847 on this basis (2009/2010 deficit was £53,441).

10 Income tax credit

	2011 £	2010 £
Current income tax:		
Current income tax charge at 21% (2010:21%)	15,732	-
Total current income tax	15,732	-
Deferred income tax:		
Origination and reversal of temporary differences	(86,893)	(177,762)
Total deferred income tax	(86,893)	(177,762)
Income tax credit	(71,161)	(177,762)

The income tax charge in the net expenditure account for the year differs from the standard rate of corporation tax in the UK for small companies of 21% (2009: 21%). The differences are reconciled below:

	2011 £	2010 £
Deficit before income tax	(111,671)	(503,187)
Tax calculated at the UK standard rate of corporation tax for small companies of 21% (2010: 21%)	(23,451)	(105,669)
Effects of:		
Expenses not deductible for tax purposes/(income not taxable)	5,954	(56,834)
Change in tax rates for deferred taxation	(63,516)	-
Other amounts	9,852	(15,259)
Income tax credit	(71,161)	(177,762)

Notes to the financial statements for the year ended 31 March 2011

11 Property, plant and equipment

Harbour Property and Equipment

	Kilkeel £	Ardglass £	Portavogie £	General equipment £	Total £
Cost or valuation					
At 1 April 2009	17,387,376	3,427,559	5,540,495	37,261	26,392,691
Additions	54,558	28,489	-	925	83,972
Revaluation/indexation	223,017	43,805	72,124	-	338,946
At 31 March 2010	17,664,951	3,499,853	5,612,619	38,186	26,815,609
Additions	205,865	442,326	49,664	7,025	704,880
Revaluation/indexation	(955,626)	(185,535)	(308,066)	(1,345)	(1,450,572)
At 31 March 2011	16,915,190	3,756,644	5,354,217	43,866	26,069,917
Depreciation					
At 1 April 2009	663,962	178,878	352,101	6,345	1,201,286
Provided during the year	698,466	206,436	373,608	5,567	1,284,077
At 31 March 2010	1,362,428	385,314	725,709	11,912	2,485,363
Provided during the year	699,710	210,761	401,981	6,917	1,319,369
Back log depreciation	5,978	3,303	11,175	-	20,456
At 31 March 2011	2,068,116	599,378	1,138,865	18,829	3,825,188
Net book amount					
At 31 March 2011	14,847,074	3,157,266	4,215,352	25,037	22,244,729
At 31 March 2010	16,302,523	3,114,539	4,886,910	26,274	24,330,246

Depreciation expense of £1,319,369 (2010: £1,284,077) has been fully charged to expenditure.

The entity's freehold property was last revalued on the 1 April 2008 by Land and Property Services. Valuations were made on the basis of depreciated replacement cost for operational assets, on an existing use basis for other operational assets and on open market value basis for non operational assets. The valuation includes amounts in respect of the three inherited fishing harbours of Ardglass, Kilkeel and Portavogie which were vested in the Authority when it was established in 1973. Indexation has been charged at a rate of (6.73)% according to the BCIS index. The Accounting Officer is not aware of any material change in the value of fixed assets other than that which has been fully reflected above and therefore the valuation has not been updated.

Notes to the financial statements for the year ended 31 March 2011

11 Property, plant and equipment (continued)

If land and buildings were stated on the historical cost basis, the amounts would be as follows

	2011 £	2010 £
Cost	33,293,981	32,589,101
Accumulated depreciation	(21,830,601)	(20,511,232)
Net book amount	11,463,380	12,077,869

12 Trade and other receivables

	2011 £	2010 £
Trade receivables	115,477	84,716
Grant receivables	66,982	52,505
Other receivables – VAT	32,169	13,964
Prepayments and accrued income	7,209	27,981
	221,837	179,166

None of the Authority's trade and other receivables are impaired or past due. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The fair value of the Authority's trade and other receivables is not materially different to their carrying values.

13 Cash and cash equivalents

	2011 £	2010 £
Cash at bank and on hand	542,186	506,528

14 Trade and other payables

	2011 £	2010 £
Trade payables	77,622	98,013
Other tax and social security	10,877	10,034
Other payables	27,050	27,303
Corporation tax	15,732	-
Accruals	114,579	88,310
	245,860	223,660

Notes to the financial statements for the year ended 31 March 2011

15 Pension liabilities

The Authority operates a funded scheme of the defined benefit type with assets held in separate trustee administered funds.

An actuarial valuation of the scheme using the projected unit basis was carried out at 31 March 2011. The valuation was carried out by Hymans Robertson, professionally qualified actuaries.

The financial assumptions used by the actuary were:

	2011	2010	2009
Rate of increase in salaries	5.1%	5.3%	4.6%
Rate of increase in pensions in payment	2.8%	3.8%	3.1%
Discount rate	5.5%	5.5%	6.9%
Inflation assumption	2.8%	3.8%	3.1%

The mortality assumptions used were as follows:	2011	2010	2009
Longevity at age 65 for current pensioners (in years):			
- Men	22.9	20.8	19.6
- Women	25.7	24.1	22.5
Longevity at age 65 for future pensioners (in years):			
- Men	24.9	22.3	20.7
- Women	27.7	25.7	23.6

The assets in the scheme and the expected rate of return were:

	Long term rate of return expected at 2011 %	Value at 2011 £	Long term rate of return expected at 2010 %	Value at 2010 £	Long term rate of return expected at 2009 %	Value at 2009 £
Equities	7.5	1,723,000	7.8	1,519,000	7.0	1,002,000
Bonds	4.9	313,000	5.0	276,000	5.4	192,000
Property	5.5	134,000	5.8	118,000	4.9	96,000
Cash	4.6	67,000	4.8	59,000	4.0	82,000
Total market value of assets		2,237,000		1,972,000		1,372,000
Present value of scheme obligations		(2,649,000)		(3,306,000)		(1,952,000)
Present value of unfunded obligations		(6,000)		(7,000)		(6,000)
Deficit in scheme		(418,000)		(1,341,000)		(586,000)

Notes to the financial statements for the year ended 31 March 2011

15 Pension commitments (continued)

Reconciliation of present value of scheme liabilities

	2011 £	2010 £
At 1 April 2010	3,313,000	1,958,000
Current service cost	93,000	47,000
Past service (gain)/cost	(272,000)	21,000
Interest cost	172,000	136,000
Contributions by members	26,000	24,000
Benefits paid	(82,000)	(64,000)
Actuarial (gains)/losses	(595,000)	1,191,000
At 31 March 2011	2,655,000	3,313,000

Reconciliation of fair value of scheme assets

	2011 £	2010 £
At 1 April 2010	1,972,000	1,372,000
Expected return on scheme assets	142,000	90,000
Actuarial gains/(losses)	107,000	487,000
Benefits paid	(82,000)	(64,000)
Contributions paid by members	26,000	24,000
Contributions paid by the employer	72,000	63,000
At 31 March 2011	2,237,000	1,972,000

Analysis of the amount charged to net expenditure account are as follows:

	2011 £	2010 £
Current service cost	93,000	47,000
Past service (gain)/cost	(272,000)	21,000
Expected return on pension scheme assets	(142,000)	(90,000)
Interest on pension scheme liabilities	172,000	136,000
Total operating charge	(149,000)	114,000

The total current service gain of £179,000 (2010: cost £68,000) is included within staff costs. The total contributions expected to be made to the scheme by Northern Ireland Fishery Harbour Authority in the year to 31 March 2012 is £71,000.

Actuarial gains and losses

The cumulative amount of actuarial losses recognised in the statement of changes in taxpayers' equity is (£358,000).

Notes to the financial statements for the year ended 31 March 2011

15 Pension commitments (continued)

Sensitivity analysis

IAS1 requires the disclosure of the sensitivity of the results to the methods and assumptions used.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Changes in assumptions at year ended 31 March 2011	Approximate % increase to employer liability	Approximate monetary amount (£'000)
0.5% decrease in Real Discount Rate	9%	237
1 year increase in member life expectancy	2%	53
0.5% increase in the Salary Increase Rate	3%	70
0.5% increase in the Pension Increase Rate	6%	166

Amounts for current and previous four years:

	2011 £	2010 £	2009 £	2008 £	2007 £
Fair value of scheme assets	2,237,000	1,972,000	1,372,000	1,760,000	1,782,000
Present value of defined benefit obligation	(2,655,000)	(3,313,000)	(1,958,000)	(1,992,000)	(2,219,000)
Deficit	(418,000)	(1,341,000)	(586,000)	(232,000)	(437,000)
Experience gains/(losses)	107,000	487,000	(542,000)	(164,000)	(20,000)
Experience gains/ (losses) on liabilities	(595,000)	1,191,000	(187,000)	(393,000)	5,000

16 Government grants

	£
At 1 April 2009	16,167,896
Grant received and receivable	34,473
Amortised during the year	(887,431)
At 31 March 2010	15,314,938
Grant received and receivable	642,498
Amortised during the year	(854,954)
At 31 March 2011	15,102,482

The grants were provided to the Authority for the purpose of its expenditure on its property, plant and equipment. The current portion of the government grants is £780,719 (2010: £762,297) and the non-current portion is £14,321,763 (2010: £14,552,641).

Notes to the financial statements for the year ended 31 March 2011

17 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2011 £	2010 £
Deferred income tax assets to be recovered after more than 12 months	(83,600)	(281,610)
Deferred income tax assets to be recovered within 12 months	(116,569)	(121,380)
	(200,169)	(402,990)
Deferred income tax liabilities to be recovered after more than 12 months	1,220,149	1,638,813
Deferred income tax liabilities to be recovered within 12 months	116,569	121,380
	1,336,718	1,760,193
Deferred income tax liabilities - net	1,136,549	1,357,203

The gross movement on the deferred income tax account is as follows:

	£
At 1 April 2009	1,611,786
Credited to the net expenditure account	(177,762)
Charged directly to the statement of changes in taxpayers' equity	(76,821)
At 31 March 2010	1,357,203
Credited to the net expenditure account	(86,893)
Charged directly to the statement of changes in taxpayers' equity	(133,761)
At 31 March 2011	1,136,549

The movement in deferred tax assets and liabilities during the year is as follows:

	Valuation of property, plant & equipment £	Tax losses £	Pension provision £	Total £
At 1 April 2009	1,786,176	(51,330)	(123,060)	1,611,786
Credited to the net expenditure account	(97,162)	(70,050)	(10,550)	(177,762)
Credited/(charged) directly to the statement of changes in taxpayers' equity	71,179	-	(148,000)	(76,821)
At 31 March 2010	1,760,193	(121,380)	(281,610)	1,357,203
Credited to the net expenditure account	(149,314)	4,811	57,610	(86,893)
(Charged)/Credited directly to the statement of changes in taxpayers' equity	(274,161)	-	140,400	(133,761)
At 31 March 2011	1,336,718	(116,569)	(83,600)	1,136,549

Notes to the financial statements for the year ended 31 March 2011

18 Borrowing Powers

The Department of Agriculture and Rural Development has confirmed that under Article 26(2) of the Northern Ireland Fishery Harbour Authority Order (Northern Ireland) 1973, the Authority's conditional borrowing limit to 31 December 2012 is £1,000,000.

19 Capital commitments

Operating lease commitments

The Authority leases various tangible assets under non-cancellable operating lease arrangements.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Land and buildings		Plant and equipment	
	2011	2010	2011	2010
	£	£	£	£
No later than one year	7,750	7,750	10,556	10,556
Later than one year and no later than five years	31,000	31,000	9,677	20,549
Later than five years	27,125	34,875	-	-
	65,875	73,625	20,233	31,105

20 Contingent liabilities

The Northern Ireland Fishery Harbour Authority has a contingent liability to repay grants received, if certain conditions are not fulfilled.

21 Related party transactions

Northern Ireland Fishery Harbour Authority is a Non-Departmental Public Body sponsored by the Department of Agriculture and Rural Development for Northern Ireland.

The Department of Agriculture and Rural Development for Northern Ireland is regarded as a related party. During the year, the Authority had various material transactions with the Department.

Apart from this no other members, the Chief Executive, key management staff or other related parties has undertaken any material transactions with the Authority during the year.

Notes to the financial statements for the year ended 31 March 2011

21 Related party transactions (continued)

As at 31 March the entity had the following balances with the Department of Rural Development for Northern Ireland: -

The Authority's related party transactions during the year with the Department of Rural Development for Northern Ireland were as follows:

	2011	2010
	£	£
Grants received and receivable	729,710	103,776
Rents received and receivable	13,743	12,948
	743,453	116,724

At 31 March the entity had the following trade and other receivables balances with government entities, all falling due within one year.

	2011	2010
	£	£
Grants receivable from related parties	66,982	52,506

22 Financial instruments

The entity's financial instruments are classified as follows:

Assets and liabilities	Category of financial instrument
Trade and other receivables	Loans and other receivables
Cash and cash equivalents	Loans and other receivables
Borrowings	Other financial liabilities at amortised cost
Trade and other payables	Other financial liabilities at amortised cost