Report and Accounts

y.e. 31 March 2023

The Northern Ireland Fishery Harbour Authority
Annual Report and Accounts
For the year ended 31 March 2023

Compiled in the manner prescribed in
The Northern Ireland Fishery Harbour Authority (Accounts) Regulations
(Northern Ireland) 1998

on

05 October 2023

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NIFHA

Annual Report and Accounts
year ended 31 March 2023

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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 2.

GENERAL INFORMATION

Board Members

A. McKeown	Acting Chair from 1 September 2022
D. Hill	
D. Knott M.B.E.	
H. Wick	
K. Burns	
L. Gilmore	
R. McConnell (Chairman)	resigned 11 August 2022

Chief Executive / Secretary

K Quigley

Independent Auditors

M.B. McGrady
Rathmore House
52 St Patricks Avenue
Downpatrick
BT30 6DS

Solicitors

Carson McDowell LLP
Murray House
Murray Street
Belfast
BT1 6DN

Consulting Engineers

Doran Consulting
Norwood House
96-102 Great Victoria Street
Belfast
BT2 7BE

GENERAL INFORMATION (continued)

Bankers

First Trust Bank	Danske Bank	Santander Business Banking
42-44 Hill Street	P.O Box 183	Bridle Road
Newry	Donegal Square West	Bootle
Co Down	Belfast	Merseyside
BT34 1AU	BT1 6JS	LC0 4GB

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REPORT OF THE AUTHORITY

Chairman's Statement

I am pleased to support the Annual Report and Accounts for the Northern Ireland Fishery Harbour Authority (NIFHA) for the period 2022-23 as presented.

Despite a challenging year of inflationary pressures, I am delighted to report an improvement in NIFHA's operating performance as the organisation continues to chart a course back to financial self-sufficiency, with an operating deficit of (£71k) compared to (£309k) forecast for the year in the 2022-26 corporate plan and budget for the year.[1]

This performance has been driven by a strong start to the fishing season, which delivered landing volumes that were slightly ahead of long-term seasonal averages. The resulting landing fees, combined with improved revenues from the increased utilisation of our slipways generated an operating income for the year of £1,614k – a 21% improvement on the 2021/22 year.

In any other year this revenue performance would have returned NIFHA to a small operating surplus. However, 2022/23 was marked by severe inflationary pressures which impacted significantly on operating expenditure and resulting in cost inflation that was 12.3% ahead of budget[2], with electricity costs being the single largest factor. NIFHA's electricity prices were benchmarked and confirmed as competitive and the cost increases were unavoidable. An underspend in vessel dismantling costs has helped reduce NIFHA's net expenditure variance in the year to 4%.[3]

End of life vessels and their disposal remains a significant issue for the Authority. To facilitate a more practical dismantling of vessels the Authority gained planning approval for a dismantling facility in Portavogie. Whilst approvals came too late in the year to allow regulatory requirements to be met and dismantling to commence, the Authority now expects to dismantle vessels in Portavogie during 2023-24. NIFHA will continue to work with DAERA to develop a long-term solution to this critical issue.

During the year the Authority completed the last four of sixteen projects funded by the European Maritime and Fisheries Fund (EMFF). The Authority also completed two SEA FLAG funded projects, four projects funded through the MFF (the replacement fund for the EMFF), and a minor capital works and repair programme that included works across all three harbours. NIFHA also submitted two new applications to the Seafood fund and is preparing applications for the next round of MFF to support continued capital development across the harbour estate.

The NI Fishing and Seafood Development Programme (FSDP) report was published in 2021, and which outlined the need for significant investment in all three of the Authority's harbours. The NIFHA Board views this programme as the most significant strategic priority for the long-term success and prosperity of our harbours and their communities. It is disappointing that little progress has been made in 2022/23 and the Authority continues

[1] Excluding exceptional vessel dismantling costs and preliminary project expenditure

[2] Excluding vessel dismantling costs and preliminary project expenditure

[3] Excluding preliminary project expenditure

to work closely with DAERA to begin the process of implementing these recommendations and with an expectation to see more significant progress during 2023/24.

The Authority strives to fulfil its statutory duties by safely, efficiently and sustainably providing a range of facilities and services which meet the needs of its customers and stakeholders. I offer my sincere thanks and appreciation to our staff across all levels of the organisation who contribute to the delivery of our mission through the smooth and effective running of the organisation.

I also extend our thanks to our harbour customers for their business in the year, and on whom we are dependent on for our income. We acknowledge the cost inflation and labour issues that have faced the sector this year, who already operate in an incredibly challenging environment to land their catch and to whom we are very grateful.

Finally, I would like to thank our sponsoring department, the Department of Agriculture, Environment and Rural Affairs (DAERA) for their continuing support, and my Board member colleagues who work diligently to guide and support the ongoing work and development of the Authority in the best interests of all its stakeholders.

Alan McKeown
Acting Chairman

Chief Executive's Review

Like many organisations the authority is facing ever increasing demands on its resources, this in a time of significant pressure to restrain spending has made meeting the wide range of issues the Authority faces increasingly challenging. Despite this the Authority continued to deliver a high level of service delivery while maintaining sound governance practice.

The outlook going forward remains difficult to predict. New challenges have emerged particularly concerning the application of regulations related to foreign crew. Certainly, many fishermen view the opportunities that leaving the European Union will present as significant and remain optimistic about a longer-term recovery in demand and price for their product. However, the ongoing impact of Covid-19, especially on supply chains, combined the severe and numerous issues arising from the ongoing conflict in Ukraine mean that the future is extremely difficult to predict in both terms of revenue and expenditure.

The Authority is concerned that various issues particularly related to crewing may impact its revenue and has budgeted accordingly. Also while it expects inflation to ease increased costs around regulatory compliance are driving overall expenditure higher Therefore the Authority is again forecasting that in the coming financial year that it will require grant in aid support.

Income from landings which increased again by 34% rising from £578k to £775k returning close to normal level. When taking all income streams (excluding revenue grant) into account overall operational income rose by £292k to £1,546k an increase of 23%. The Authority has little control over its primary income streams as they are directly related to activity within the fishing industry which are difficult to predict even in normal times. The Authority is also not immune to external impacts and like all organisations it faced significant levels of inflation during the year. Services were particularly affected with electricity rising £124k or 70% from £176k to £300k. Total operational expenses excluding taxation, IAS 19 Pension costs and preliminary project expenditure rose by 7% to £1,751k. For the year the Authority reported a deficit after tax of £0.62m as opposed to a deficit after tax of £2.16 m for 2021-2022.

I would wish to join the Chairman in expressing appreciation to DAERA and to the EMFF /MFF Selection Panels for their continued financial support for projects promoted by the Authority which are aimed at enabling the local sea fishing industry to operate as competitively and sustainably as possible.

The Authority is made up of an excellent team of people serving all its stakeholders including port users and our many visitors. The safety and welfare of its staff, users and visitors are the key concern of the Authority and hence we continue to prioritise the key areas of health and safety, environmental performance, equality and good relations.

Health, Safety and Environmental Issues

The Authority operates two separate but integrated safety management systems – one for onshore safety and one for marine safety. These systems are based on a risk assessment approach.

On-shore accidents are recorded on a property damage basis or an 'over' and 'under 3 day' basis i.e. over or under '3 days off work'. The level of reported accidents remained low this year. There were no serious incidents (over 3 days). Whilst the total number remains below historical trends, any accident is unacceptable, and the Authority continues to work to enhance the safety of its harbours.

A total of 4 accidents involving some level of injury were reported in 2022-23 and the following table provides a breakdown of these;

	<3 Days	>3 Days
Staff	2	0
Port User	1	0
Visitor	1	0
Total	**4**	**0**

On the marine side there were four incidents recorded. There were no injuries in any of these incidents. However, one marine incident was serious in that it involved the sinking of a long abandoned vessel in Kilkeel Harbour. In due course this vessel was dismantled and removed from the harbour.

The Authority also records near misses and whilst this figure is low the Authority remains concerned that not all marine incidents are reported to it and would appeal to users to report all incidents.

Environmental Care

The Authority continues to work to maintain high levels of environmental care. The Environmental Officer has made a significant contribution. For the last two years the main work of the officer was to deliver a grant supported project. This completed this year and key targets were all met. Work undertaken has included a substantial beach cleaning programme, a renewal of the fishing for litter programme, research into various projects and the disposal of end-of-life fishing nets. Concerns about global warming has moved centre stage with the publication of the Climate Act. The Authority fully recognises it has a part to play in addressing this key issue. Indeed, addressing this and other environmental concerns now fully occupies one of just four planned outcomes in its draft corporate plan.

Capital Works Projects

Capital works projects are undertaken with the combined assistance of the last European assisted scheme the European and Maritime Fisheries Fund (EMFF), National funding and the replacement for EMFF the MFF. The Authority submitted nineteen applications to the scheme for a wide variety of schemes both in terms of cost and complexity and work has completed on all of these. The Authority also applied and gained approval for eight projects under the MFF scheme all of which are now completed. Delivering this high level of projects in these difficult times with limited human resource has proved challenging. Because the next round of funding has not yet opened the Authority currently finds itself in the unusual position of having no active capital projects. However the Authority continues to develop submissions and proposals for new grant applications under the various schemes open to it.

During the year the Authority also completed a small minor capital works programme.

Operational Review

Key operational issues relating to 2022-23 were as follows:-

Vessel Numbers

The number of over 10m vessels based in the 3 harbours fell again by a further eight vessels to a total of 70. During any year vessel numbers vary as owners buy and sell and at times move to other non-Authority ports. It is also the case that some vessels are being replaced by vessels with much larger fishing capacity. The Authority is however concerned that the overall number of larger vessels has fallen again – for the seventh year in a row. The fleet is primarily made up of previously used vessels. Over time we are also seeing a move to vessels with significantly deeper drafts.

Detailed figures on a port by port basis as at 31 March for the last 5 years are as follows:-

Vessel Numbers	2023	2022	2021	2020	2019
Ardglass	19	20	19	22	23
Kilkeel	34	39	45	47	48
Portavogie	17	19	22	21	24
	70	**78**	**86**	**90**	**95**

The number of 10m and under vessels in the three harbours at 31 March 2023 was 60 which compares with 61 the previous year. The number of these smaller vessels varies seasonally. The pontoon facilities in both Kilkeel and Portavogie were fully occupied throughout the year.

Maintenance Dredging

The Authority conducts dredging every year in Kilkeel. In total 22,469 tonnes of sediment was dredged from Kilkeel Harbour compared to 22,968 tonnes in the prior year. However, dredging was only undertaken at the harbour mouth. Dredging is also required to be undertaken in the inner harbour but due to issues with licencing the Authority was unable to deliver this part of its dredging campaign. The Authority is working with the relevant authorities and hopes to commence dredging the inner harbour in the summer of 2023. Dredging campaigns are undertaken on an as needs basis in the other two harbours generally every three to four years. A short dredging campaign took place in Ardglass Harbour which resulted in 4,884 tonnes of sediment being removed. A campaign was planned for Portavogie but again issues with licensing prevented this. The Authority is also working with relevant authorities to address this issue and hopes to undertake a partial dredge during 2023.

Fishmarket

NIFHA is the owner and operator of the fish markets at the three harbours and as such has the legal responsibility for ensuring compliance with food safety regulations. The fish markets are licenced food premises, and the Authority operates and maintains these to approved standards. During the year the Authority completed phase 1 of a refurbishment of the Kilkeel fishmarket and is currently working with stakeholders to finalise plans for phase two of the project.

Slipway Facilities

During the year 144 vessels were slipped; 114 in Kilkeel and 30 in Portavogie. This compares with a total of 158 vessels in the previous year of which 106 were slipped in Kilkeel and 52 in Portavogie. Portavogie slipway was closed for part of the year due to a project to renew the slipway rails.

Ice Supplies

The total tonnage of ice supplied in the three ports in 2022-23 was 2,437 tonnes which was 12% lower than the previous year's figure of 2,766 tonnes.

Estate Management

The Authority has one location in Portavogie available for rent. In Kilkeel some land has become available for rent following the surrender of a long-term lease. There is no other available space to rent in any of the three harbours which generally reflects the high level of demand for good property. A number of rent reviews were completed during the year.

Port User Consultation

Three stakeholder meetings were held during the year, one in each harbour. The Authority was pleased following the easement of Covid-19 restriction that it was able to hold each of these meetings in person. 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. Several further consultation meetings were held in each of the three harbours related to ongoing and potential projects. Good communication supported a robust informal network. To that end considerable effort continues to be made to meet regularly on an informal basis with a wide range of stakeholders. The Harbour Masters continue to play a key role in keeping the Authority fully informed about emerging issues in each of the three harbours.

Equality, Good Relations and Disability Duties

Throughout the year the Authority continued to implement its revised Equality Scheme, its Good Relations policy and the Disability Action Plan. As a matter of course disability issues are considered in all new capital works projects. The annual Equality Report, which details the progress made by the Authority in achieving its annual equality, good relations and disability targets, was submitted to the Equality Commission by the due date of 31 August 2022.

Personnel

I of course want to extend my thanks to all the staff for the hard work and dedication they again delivered during the year. Their commitment to the values of the organisation has enabled the Authority to maintain and improve the quality of the work it delivers on behalf of its many customers.

It remains the opinion of the Authority that one of the chief ways it can improve the quality of its service is through enhancing the skills of its workforce. The Authority has in place an enhanced training programme based on the development plans that have been put in place for all members of staff. During the year the Authority was able to clear the backlog of planned training which arose due to Covid-19 restrictions.

Financial Review

The Authority recorded a deficit before tax of £0.83m which compares with a previous year deficit of £.87m. Depreciation rose to £2,009k from £1,820k an increase of £189k. Expenditure excluding depreciation rose to £2,080k from £1,631k an increase of 27.5%.
Total income before capital and revenue grants was £1,546k which is a 23% increase on last year (£1,254k). Landing revenues increased by 34% to £775k. Ice sales fell by 10% to £163k. Slipway revenue rose by 16% to £173k. On a port by port basis the revenue rose in all three harbours, Ardglass (27%), Kilkeel (28%) and Portavogie (10%).

The Authority had a positive cash balance at year end of £381k which compares with an opening balance of £309k.

Sickness /Absence data

The average number of working days lost due to sickness per employee was 6.9 days for 2022-23. The equivalent figure for the previous year was 9.5 days. Included in this figure were 1.45 days lost per employee due to Covid-19. There was no cross infection on site.

Data Handling

NIFHA has not had any personal data related incidents during the current or previous years.

End of Life Vessels

There are a number of end-of-life fishing vessels within the Authority's harbours some of these have been abandoned and others are awaiting disposal by their owners. The risks arising from these vessels remains a key concern for the Authority. The Authority has received planning approval from Ards and North Down Council to open a dismantling facility in Portavogie harbour. Various legal and compliance issues prevented the facility opening during the year. The Authority expects to commence dismantling in 2023-24. As current funding available for the disposal of these vessels will not cover the disposal costs of all abandoned vessels these accounts recognise a contingent liability for the disposal of end-of-life vessels in the Authority's harbours.

Strategic Outcomes and Performance Targets

The Authority set four strategic outcomes for 2023-24. These are linked to the core values of the organisation as outlined in the Draft Corporate Plan and are designed to assist in the ongoing delivery of the said plan. Under each of these Outcomes a number of key activities with associated outputs were set. These objectives are outlined below, and information is provided on how the Authority performed. In summary not all targets were fully met. The Authority had a number of significant administrative issues last year and this impacted on its overall capacity to deliver some elements of its business plan. However, the plan was substantively delivered in that core planned activities were delivered.

- **Outcome 1: Thriving, safe, efficient and effective harbour facilities at Ardglass, Kilkeel and Portavogie working in tandem for the benefit of our stakeholders.**

  There were five activities with five associated outputs – two of these were not fully met. As reported elsewhere in the body of this report the Authority was unable to dredge the inner harbour at Kilkeel as a result the output related to well-maintained harbours was not met. In addition, due to increased workload and resource constraints not all Kpi's related to administrative delivery were met.

- **Outcome 2: World-class facilities supporting an evolving seafood industry in the Northern Irish fishery harbours of Ardglass, Kilkeel and Portavogie.**

  There were again five activities with five associated outputs – one of these was not fully met. The output relating to capital project delivery was not fully met because one project while fully delivered by the year end was completed significantly behind schedule.

- **Outcome 3: Sustainable Harbours, working in partnership to minimise environmental impact through a comprehensive sustainability strategy.**

  There were four activities with four associated outputs – one of these was not fully met. The output related to dismantling abandoned vessels was not fully met because as described above the Authority was unable to open its dismantling facility and as a consequence not all planned vessel dismantling could be delivered.

- **Outcome 4: An inspiring, agile and innovative organisation that supports our staff, delivers to stakeholders and our communities while enhancing equality and building capacity.**

  This outcome was not fully met. There were six activities with six associated outputs. Two outputs were not delivered. One objective which was to prepare a business plan to address longstanding pay and grading issues. A second was to prepare a business plan to address under resourcing within the Authority.

Foreword to the Accounts

Background Information

NIFHA is an executive Non-Departmental Public Body (NDPB) sponsored by DAERA. 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) Regulations (Northern Ireland) 1998 and in accordance with the Accounts Direction given by DAERA with the approval of the Department of Finance (DoF).

Business Review

A full review of the Authority is given on pages 3 to 10 of the Report and Accounts.

Results for the Year

The results of the Authority are set out in detail in the accounts on pages 32 to 60. The deficit for the year before tax was £828,933 which compares with a previous year deficit before tax of £874,310. This deficit has been taken to reserves. 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

Key Development goals for 2023-24 are as follows:-

- To operate, maintain and monitor the performance of the Navigational Safety Information System at Kilkeel Harbour.
- To implement the capital works plans as detailed in the Authority's 2023-24 Business Plan (subject to the availability of grant funding).
- To monitor the first year of the implementation of the 2022-2026 Corporate Plan.
- To submit a draft budget to DAERA by 28 February 2024.
- To continue to deal with the impacts of the Covid-19 pandemic putting the safety of our staff and stakeholders first in all the decisions we make.

Important events occurring after year end

No significant events.

Board Members

Membership of the Board is as noted on page 1.

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

M.B. McGrady & Co are the external auditors of NIFHA. Refer to Note 6 for the audit fee.

Payment to Suppliers

The Authority 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 2022-23 the Authority paid 93% (2021-22: 96%) of bills within this standard with 74% (2021-22 68%) being paid within 14 days.

STATEMENT OF MEMBERS' AND CHIEF EXECUTIVE'S RESPONSIBILITIES

Under the Northern Ireland Fishery Harbour Authority (Accounts) Regulations (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 DAERA with approval of DoF. 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, Statement of Financial Position and cash flow for the financial year.

In preparing the accounts the Members are required to comply with the requirements of the Government Financial Reporting Manual (FReM) and in particular to:

- observe the accounts direction issued by DAERA, 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 FReM have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on the going concern basis; and
- confirm that the Annual Report & Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

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 for which the Accounting Officer is answerable, for the keeping of proper records and for safeguarding the Authority's assets, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum, issued by DoF.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

By Order of the Members

K QUIGLEY
CHIEF EXECUTIVE / SECRETARY

GOVERNANCE STATEMENT

Introduction

NIFHA is an executive Non-Departmental Public Body sponsored by DAERA and constituted under the Harbours Act (Northern Ireland) 1970 and the Northern Ireland Fishery Harbour Authority Order (Northern Ireland) 1973. The Authority's relationship with DAERA is set out in the Management Statement and Financial Memorandum documents which are reviewed and agreed between the two parties on a regular basis.

The Authority remains committed to high standards of corporate governance. The Board directs the Authority's risk assessment, resource management, strategic planning, financial, project and operational management to ensure that the aims and objectives as set out in the Corporate Plan are met. The Board members scrutinise the performance of management in order to be satisfied as to the integrity and strength of financial information, controls, and risk management.

Governance Framework

The Authority is managed by a Board consisting of a Chairman and between four and eight other Members. The Chairman and Members are appointed by the DAERA minister and are non-executive.

The Board has four sub-committees – Risk and Assurance, Corporate Planning, Finance and General Purposes and Remuneration. The Risk and Assurance sub-committee provides objective advice to the Chief Executive and the Board on corporate governance, risk management and internal control issues.

The Authority is headed by a Chief Executive who is also the Accounting Officer. As of 31 March 2023, the Authority employed 13 operational and maintenance staff and 7 administrative staff. The Authority's Head Office is located in Downpatrick and there are offices at each of the three harbours namely Ardglass, Kilkeel and Portavogie.

The Chairman and Board members have overall responsibility for the corporate strategy and governance of the Authority and for setting aims and objectives. A Corporate Plan is in place and there are processes to ensure that there is continuous monitoring and review of performance to confirm that the objectives are achieved. Annual business plans are derived from, and are consistent with, the Corporate Plan. Attendance records of meetings are maintained.

The board is currently made up of six members Alan McKeown (Interim Chair), Davey Hill, David Knott, Harry Wick, Kate Burns, and Lynn Gilmore. During the year the Chair Robert McConnell resigned, and Alan McKeown accepted the position of interim Chair. A recruitment process is underway to appoint a permanent Chair.

The main Board met six times during the year, 4 normal scheduled meetings and two closed meetings. The closed meetings were held to address a letter of complaint against the CEO and a grievance lodged by the CEO. Both issues have been satisfactorily resolved and are now considered closed.

Board - Ordinary Meetings	No of Possible Meetings	No. of Meetings Attended
Robert McConnell - Outgoing Chair	1	1
Alan McKeown - Interim Chair	4	4
Davey Hill	4	3
David Knott	4	4
Harry Wick	4	4
Kate Burns	4	4
Lynn Gilmore	4	4

The Audit, Risk and Assurance Committee met four times during the year. Attendances for the committee were as follows:

Audit Risk and Assurance	No of Possible Meetings	No. of Meetings Attended
David Knott - Chair	4	4
Harry Wick	4	4
Kate Burns	4	4
Lynn Gilmore	4	4

The Finance and General Purposes committee met four times during the year and attendances were as follows.

Finance Committee	No of Possible Meetings	No. of Meetings Attended
Robert McConnell - Outgoing Chair	1	1
Alan McKeown - Interim Chair	4	4
Davey Hill	4	3
David Knott	4	3
Lynn Gilmore	1	1

The Remuneration committee did not meet during the year and the Corporate Planning committee met once. Attendance at these meetings were as follows.

Corporate Planning	No of Possible Meetings	No. of Meetings Attended
Alan McKeown - Interim Chair	1	1
Davey Hill	1	1
David Knott	1	1
Harry Wick	1	1
Kate Burns	1	1
Lynn Gilmore	1	1

There was one joint Board meeting held with DAERA during the year which was well attended by the Board.

The Chief Executive Mr Quigley attended all open meetings of the Board and its committees.

Board Performance

The chair and members believe that on the whole the Board operated effectively during the period of review. As part of good governance in June 2022 the Board undertook its annual review of its own effectiveness. The Board was content at that stage that overall, it delivers its duties well. All meetings of the Board and its committees were well attended.

The Board is content that good governance is in place and works to deliver an approach where meetings held are informative, challenging and constructive.

The Board has continued to maintain a good relationship with its sponsoring body through the timely sharing of information and a partnership approach. Members of the Authority's senior management team regularly attend the Board meetings and their contribution is valued by the Board.

The Authority operates under, and complies with, a Management Statement and Financial Memorandum. The Board is confident that it is compliant with the Corporate Governance Code.

Members of the Board meet regularly with its stakeholders. Normally Stakeholder meeting are held in each port spaced out during the year. The Board was pleased that all stakeholder meetings returned to in person meetings as the restrictions arising from the pandemic lifted.

During the year matters considered by the Board and its committees included

- Dealing with the impacts of Covid-19
- The Authority's strategy, business plan, budgets, and financing requirements
- Potential Harbour improvements
- Health and Safety both onshore and marine
- Risk Register
- Equality Report,
- Staff Management, Recruitment, Section 75
- Environmental issues
- Vessel Decommissioning
- Board Operating Framework

- Capital works and management of projects
- Annual and interim financial statements
- Estate Management and Development

The 2022-23 Business Plan had four key business outcomes. These outcomes, the 21 associated activities and outputs were designed to ensure both the ongoing safe and prudent management of the harbours and furthering the implementation of the current Draft Corporate Plan. The outcomes, the activities, and outputs and consequently the objectives were not all fully delivered. Because of the demanding nature and large number of the outputs set the Authority does not normally manage to deliver all the outputs associated with the objectives. Normally substantively the goals of the plan are met with only a minimal number of outputs not fully delivered. The last year was a particularly challenging year for the Authority workload has continued to increase while retaining and attracting staff proved difficult. This along with external factors meant that 6 of the 21 planned activities were not met. While key activities were delivered, concern remains that for regulatory reasons the Authority has not been able to dredge the inner harbour at Kilkeel.

Fishing Harbours are, by their nature, work environments where the risk of an accident is significant. The Authority continues to work hard to provide, as far as reasonably possible, a safe working environment within its harbour facilities. Yet every year the Authority has to deal with the consequences of accidents that occur within the harbours and so the Board continued to press the executive team to maintain its focus on improving health and safety and to take what learning they can from any incidents that do occur. Despite these setbacks the Board would wish to express its thanks to both the fishermen and contractors; through their efforts over time, they have helped to generate a significant improvement in the health and safety culture around the Authority's harbours.

During the year the Authority completed the last of sixteen projects that received funding through the now defunct European Maritime and Fisheries fund (EMFF) The replacement for the EMFF is the MFF. During the year the Authority completed four projects utilising funds made available through this fund.

The Board has continued its work with the management of the Authority to ensure financial and budgetary controls remain robust. While operational revenue was ahead of forecasts the severe inflation of the past year had a significant impact on the Authority's costs particularly for electricity. Overall, the Authority recorded and so required grant in aid funding during the year.

The Board believes that good communication with its sponsoring body DAERA is not only a requirement of good governance but essential to its goal of delivering a quality service to its customers. To this end copies of the papers and minutes of all meetings are forwarded to DAERA. The Board regularly welcomes representatives of DAERA to attend its board meetings and Internal Audit to attend Risk and Assurance committee meetings. The authority attended two Accountability meetings with DAERA. The Board was pleased to again attend a joint Board meeting with DAERA.

The Risk and Assurance committee's role is to provide independent assurance to the Board and Chief Executive as Accounting Officer on the effectiveness of the Authority's risk management and internal control systems. The four meetings held were well attended by Board members. In addition, the CEO and a representative from Internal Audit attended all meetings.

The Risk and Assurance Committee undertook regular reviews of the risk register and this year undertook a comprehensive update of the risk register. The committee oversaw the relaxing of procedures put in place to minimise risk to both its staff and stakeholders arising because of the pandemic. During the year the Committee considered a range of topics including the performance of both the Marine and Health & Safety Management Systems. The Committee also oversees the implementation of procedures to ensure compliance with the GDPR.

The Committee completed a formal self-assessment in June 2022 reviewing its performance for the 2021-22 financial year. The Committee reviewed the outcome of the self-assessment and is content that it continues to deliver well.

The Finance Committee met four times during the year. The committee considered both quarterly management accounts and the statutory accounts. It also considered the proposed budget for the 2022-23 Business Plan, Estate Management and Trade Debtors.

There were no ministerial directions given during the year.

The Board relies on financial and other reports prepared by the Authority's management team. These reports while well-established are regularly reviewed and updated as required. The Board is content, through its experience, that the quality of these reports is high. The Board further relies on the work of DAERA's internal Auditor and the external Auditor to provide independent assurance as to the quality of these reports.

Internal Audit Opinion

An internal audit is performed annually by the internal audit branch of our sponsor DAERA.; the overall opinion was stated as "Satisfactory". No major areas of concern were identified within the review.

Risk Management

With due consideration to its scale the Authority has a well embedded and robust risk management framework in place with the direct involvement of the Senior Management Team and oversight from the Board and its committees. At the end of the financial year the Authority was showing three risks which, even after mitigation, it rates as very high. All three of these risks are associated with the possible impact to the Authority arising from abandoned vessels. The Authority will continue to support outside agencies to deliver a solution which will reduce these risks.

The Authority's Risk Register is reviewed at all Board and Risk and Assurance Committee Meetings.

Information Risk

The Authority's approach to the management of information security risk is proportionate to the nature of the risks and the limited amount of personal or sensitive information handled by the Authority. The Authority is compliant with the General Data Protection Regulation. As the Authority's Information Risk Owner, I have received assurances from the Accounts Administrator that the information governance policy framework is both adequate and effective. There were no data breaches during the year.

Conflicts of Interest

On appointment Board members are required to provide a list of any interests which may give rise to a conflict of interest. At all Board meetings a standing item on declarations of interest is included and brought to the attention of the members by the Chair. This standing item is also included for all committee meetings. There were five conflicts of interest declared during the year. These were declared by a Board member with regard to separate issues the Board was considering and were appropriately dealt with by the Chair.

Conclusion

As Accounting Officer, based on the work of our Accounts Administrator, DAERA Internal Audit and our External Auditors I consider the overall system of risk management, internal control and governance provides satisfactory assurance to me in relation to the ability of the Authority to effectively discharge its governance responsibilities. I also confirm that this Governance Statement is compliant with the code of good practice.

Kevin Quigley
CHIEF EXECUTIVE

REMUNERATION AND STAFF REPORT

Remuneration policy

The pay award for staff in NIFHA 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 (LGPS).

Salary

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

Bonuses

No bonuses were paid in the year.

Benefits in Kind

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

Staff turnover

The Authority's employee turnover rate is set out in the table below.

	April 2022 to March 2023		April 2021 to March 2022	
	Number of staff	% of headcount	Number of staff	% of headcount
Starters	2	10%	3	13%
Leavers	4	20%	3	13%

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.

Staff Costs (Audited)

	Permanently employed staff £	Temporary staff £	Total 2023 £	Total 2022 £
Wages and salaries	587,785	-	587,785	632,624
Social security costs	52,294	-	52,294	56,417
Pension costs	105,970	-	105,970	111,628
	746,049	-	746,049	800,669

IAS 19 – Actuarial Valuation

Current service cost	271,000	-	271,000	226,000
Past service cost/(gain)	-	-	-	-
Contributions by the employer	(117,000)	-	(117,000)	(93,000)
	900,049	**-**	**900,049**	**933,669**

Note (a) – A related revenue grant of £67,405 (2022: £77,742) has been agreed and accrued in note 4.

The Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC) Pension Scheme is a funded defined benefit plan with benefits earned up to 31st March 2015 being linked to final salary. Benefits after 31st March 2015 are based on a career average revalued earnings scheme. Details of the benefits earned over the period covered by this disclosure are set out in "The Local Government Pension Scheme Regulations (Northern Ireland) 2014 and The Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014.

The funded nature of NILGOSC requires participating employers and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. The last actuarial valuation was at 31st March 2022 and the contributions to be paid until 31st March 2023 resulting from that valuation are set out in the Fund's Rates and Adjustment Certificate. For 2022-23, employers' contributions of £105,970 were payable to the NILGOSC pension schemes (2021-22 £111,628) at 19.5% (2021-22 19.5%) of pensionable pay. The contribution rates are set to meet the cost of the benefits accruing during 2022-23 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

	2023	**2022**
The average number of persons employed by the Authority during the year was:	**Number**	**Number**
Operation and Maintenance	14	15
Administration	8	8
	22	23

All staff employed by the Authority in 2022-23 and 2021-22 had permanent contracts of employment. The staff consists of 14 male and 8 female employees. The average number of working days lost due to sickness per employee was 6.9 days for 2022-23. The equivalent figure for the previous year was 9.5 days.

	2023	**2022**
Analysis of Remuneration was as follows:	**£**	**£**
Chief Executive's total remuneration	59,661	58,382
Members' salaries	29,007	31,827
Operating and Maintenance	307,879	301,255
Administration	191,238	241,160
	587,785	**632,624**

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

Compensation schemes-exit packages

The following section provides details of the exit packages paid by the Authority.

	Number of voluntary redundancies	Total number of exit packages by cost band 2023	Total number of exit packages by cost band 2022
< £10,000	Nil	Nil	Nil
£10,000 - £25,000	Nil	Nil	Nil
Total number of exit packages	Nil	Nil	Nil
Total resource cost	Nil	Nil	Nil

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)

	2022-23				2021-22			
	Number of people	**Salary**	**Benefits in Kind £ (to nearest £1,000)**	**Pension Benefits (to nearest £1,000)**	**Number of people**	**Salary**	**Benefits in Kind £ (to nearest £1,000)**	**Pension Benefits (to nearest £1,000)**
Chairman	1	£5,000 - £9,999	-	N/A	1	£5,000 - £9,999	-	N/A
Board Member	6	Nil - £4,999	-	N/A	6	Nil - £4,999	-	N/A
Chief Executive	1	£55,000-£60,000	£2,000	(£9,000)	1	£55,000-£60,000	£2,000	£15,000

The Board members and Chief Executive consisted of 6 male and 2 female members.

Pay Ratios

The banded remuneration of the highest-paid officer in NIFHA in the financial year 2022-23 was £55,000 - £60,000 (2021-22, £55,000-£60,000). The relationship between the mid-point of this band and the remuneration of the NIFHA workforce is disclosed below.

2022-23	**25th percentile**	**Median**	**75th percentile**
Total remuneration (£)	19,836	20,191	28,875
Pay ratio	2.92:1	2.87:1	2.:1
2021-22			
Total remuneration (£)	19,168	20,191	28,693
Pay ratio	3.02:1	2.87:1	2.02:1

Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. Remuneration ranged from £19,105 to £57,500 (2020-21, £18,537 to £57,500).

Percentage Change in Remuneration

The percentage changes in respect of the Authority are shown in the following table.

Percentage change for:	**2022-23 v 2021-22**	**2021-22 v 2020-21**
Average employee salary and allowances	0%	5%
Highest paid director's salary and allowances	0%	3%

No performance pay or bonuses were payable to the highest paid officer or employees in these years.

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 up to 31st March 2015 being linked to final salary. Benefits after 31st March 2015 are based on a career average revalued earnings scheme.

Name and Title	**Total Accrued Pension as at 31/03/23 and related Lump Sum** £'000	**Real (decrease)/ increase in Pension & related Lump Sum** £'000	**CETV at 31/03/23** £'000	**CETV at 31/03/22** £'000	**Real (decrease)/ increase in CETV** £'000
K J Quigley (CEO)	15-20	0 – (1)	288	259	(3)

The Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures and the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the NILGOSC pension arrangements and for which the NILGOSC has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period. However, the real increase calculation uses common actuarial factors at the start and the end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that is funded by the employer.

Kevin Quigley
CHIEF EXECUTIVE

Assembly Accountability and Audit Report

Regularity of expenditure

There were no special payments or losses made by the Authority in the year. (2021-22 - £nil)

Fees and Charges

The Authority collects harbour and landing dues and various other fees from boat owners as detailed in note 4 and in return provides a range of services to the industry. The 2022-23 annual business plan which aimed to restrict the deficit to £488,844 after revenue grant but before capital charges, interest, IAS 19, tax and notional adjustments.

The Authority actually recorded a deficit of £305,172 on this basis.

Remote contingent liabilities

There were no contingent liabilities requiring disclosure under Assembly reporting requirements. The Authority had no significant remote contingent liabilities to report in 2022-23. (2021-22 £nil). Note 20 provides further details regarding the contingent liabilities that are included within the financial statements.

Kevin Quigley
CHIEF EXECUTIVE

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NIFHA

Opinion

We have audited the financial statements of NIFHA for the year ended 31 March 2023 under the Northern Ireland Fishery Harbour Authority (Accounts) Regulations (Northern Ireland) 1998. These comprise the statement of comprehensive 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 and staff report and the Assembly accountability and audit report that is described in those reports as having been audited.

In our opinion:

- the financial statements give a true and fair view, of the state of NIFHA's affairs as at 31 March 2023 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 Fishery Harbour Authority (Accounts) Regulations (Northern Ireland) 1998 and the Accounts Direction made by the DAERA with the approval of DoF.

Opinion on regularity

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

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Authority's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Authority's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

As described in the notes to the accounts, the Authority is predicting its revenue in the forthcoming year will remain significantly below long-term trend. The Authority is forecasting that in the coming financial year it will require grant in aid support. Anticipating this need it has sought and received assurances from its sponsorship body DAERA that when deficit funding is required it will be made available to the Authority.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NIFHA (continued)

From the assurances received from DAERA, its sponsorship body, we have concluded that the Authority's use of the going concern basis of accounting in the preparation of the financial statements remains appropriate.
Our opinion is not modified in respect of this matter. Our responsibilities and the responsibilities of the Authority with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters

In our opinion, based on the work undertaken in the course of the audit:

- in all material respects the parts of the Remuneration and Staff Report and the Assembly Accountability and Audit Report to be audited has been properly prepared in accordance with DoF directions made under the Government Resources and Accounts Act (Northern Ireland) 2001 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.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Authority and its environment obtained in the course of the audit, we have not identified material misstatements in the members report.

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 and Staff Report and Assembly Accountability and Audit Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of members' remuneration specified by law are not made; or
- We have not received all of the information and explanations we require for our audit; or
- the Governance Statement does not reflect compliance with DoF guidance.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NIFHA (continued)

Respective responsibilities of the Members and Chief Executive

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 and for such internal control as the members determine is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the members and Chief Executive are responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the Authority or to cease operations or have no realistic alternative but to do so.

Auditors responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations.

We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.
Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Authority through discussions with the CEO and other management, and from our knowledge and experience of the sector the Authority operates within;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Authority;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NIFHA (continued)

Auditors responsibilities for the audit of the Financial Statements (continued)

- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Authority's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we: performed analytical procedures to identify any unusual or unexpected relationships;

- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in the notes were indicative of potential bias;
- and investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the Health and Safety Executive, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NIFHA (continued)

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report. 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.

5th October 2023

M.B. McGrady & Co
Chartered Accountants and Registered Auditors
52 St. Patrick's Avenue
Downpatrick
Co. Down
BT30 6DS

Statement of comprehensive net expenditure account for the year ended 31 March 2023

	Notes	2023 £	2022 £
Income - continuing operations			
Income from activities	4	3,277,428	2,597,986
Expenditure			
Staff and related costs	5	900,049	933,669
Depreciation	11,19	2,009,249	1,819,521
Other operating charges	6	1,180,339	697,114
		4,089,637	**3,450,304**
Net Operating expenditure		(812,209)	(852,318)
Finance income	7	213	8
Other finance costs	8, 19	(16,937)	(22,000)
Net Finance expenditure		**(16,724)**	**(21,992)**
Net expenditure before income tax		(828,933)	(874,310)
Income tax credit/(debit)	10	205,544	(1,286,562)
Net expenditure for the year		**(623,389)**	**(2,160,872)**
Other comprehensive net income/(expenditure)			
Items that will not be reclassified to net operating expenditure:			
Actuarial gain/(loss) on retirement benefit obligations		824,000	632,000
Deferred tax credit/(debit) on actuarial gain/(loss) on retirement benefit obligations		(206,000)	(158,000)
Indexation uplift on property, plant and equipment		2,400,050	1,312,988
Deferred tax on indexation uplift on revaluation of property, plant and equipment		(600,013)	(328,247)
Backlog depreciation		(280,747)	(80,313)
		2,137,290	1,378,428
Total Comprehensive net expenditure for the year		**1,513,901**	**(782,444)**

All amounts above relate to continuing operations of NIFHA. The notes on pages 35 to 58 are an integral part of these financial statements.

Statement of financial position as at 31 March 2023

	Notes	2023 £	2022 £
Assets			
Non-current assets			
Property, plant and equipment	11	28,246,085	26,109,329
Right-of-use Assets	19	87,690	-
Deferred income tax assets	16	337,910	413,617
Pension assets	15	46,000	-
		28,717,685	**26,522,946**
Current assets			
Trade and other receivables	12	768,209	911,368
Cash and cash equivalents	13	380,884	309,399
		1,149,093	**1,220,767**
Total assets		**29,866,778**	**27,743,713**
Current liabilities			
Trade and other payables	14	426,914	581,878
Lease Liability	19	14,111	-
		441,025	**581,878**
Non-current assets plus net current assets		**29,425,753**	**27,161,835**
Non-current liabilities			
Deferred income tax liabilities	16	7,018,600	6,493,838
Pension liabilities	15	-	608,000
Lease Liability	19	74,203	-
		7,092,803	**7,101,838**
Assets less liabilities		**22,332,950**	**20,059,997**
Reserves			
Income and expenditure account		11,531,378	10,092,703
Revaluation reserve		10,360,581	9,526,303
Capital reserve		440,991	440,991
Total taxpayers' equity		**22,332,950**	**20,059,997**

The notes on pages 35 to 58 are an integral part of these financial statements.

The financial statements on pages 31 to 34 were authorised for issue by the Board Members of the Authority on **29 June 2023** and were signed on its behalf by:

A McKEOWN
Acting Chairman

K QUIGLEY
Chief Executive/Secretary

Statement of cash flows for the year ended 31 March 2023

	Notes	2023 £	2022 £
Cash flows from operating activities			
Operating deficit before income tax and finance costs		**(812,209)**	**(852,318)**
Adjustments for:			
Depreciation of property, plant and equipment		**2,009,249**	**1,819,521**
Movement in trade and other receivables		**143,159**	**(365,615)**
Movement in trade and other payables		**(154,964)**	**168,435**
Notional charges		**8,430**	**7,090**
Difference between pension charge and cash contributions		**154,000**	**133,000**
Net cash (used in)/generated from operating activities		**1,347,665**	**910,113**
Cash flows from investing activities			
Interest received		**213**	8
Purchases of property plant and equipment		**(2,007,403)**	**(1,993,265)**
Net cash used in investing activities		**(2,007,190)**	**(1,993,257)**
Cash flows from financing activities			
Cash outflows for leases	19	**(19,612)**	-
Capital Grants received from DAERA		**477,622**	615,576
Grant in aid received from DAERA		**273,000**	335,000
Net cash generated from financing activities		**731,010**	950,576
Movement in cash and cash equivalents		**71,485**	**(132,568)**
Cash and cash equivalents at the beginning of the year		**309,399**	441,967
Cash and cash equivalents at the end of the year	13	**380,884**	**309,399**

The notes on pages 35 to 58 are an integral part of these financial statements.

Statement of changes in taxpayers' equity for the year ended 31 March 2023

	Capital Reserves	Revenue Reserves	Revaluation Reserve	Total taxpayers' equity
	£	£	£	£
At 31 March 2021	**440,991**	**10,409,751**	**9,034,033**	**19,884,775**
Net income/(expenditure) for the year	-	(2,160,872)		(2,160,872)
Other comprehensive net income/(expenditure)		393,687	984,741	1,378,428
Capital funding		615,576		615,576
Grant in Aid		335,000		335,000
Other notional charges		7,090		7,090
Transfer from net expenditure account to unrealised revaluation reserve		656,628	(656,628)	-
Deferred taxation on transfer from unrealised revaluation reserves to net expenditure account		(164,157)	164,157	-
At 31 March 2022	**440,991**	**10,092,703**	**9,526,303**	**20,059,997**
Net income/(expenditure) for the year	-	(623,389)		(623,389)
Other comprehensive net income/(expenditure)		698,313	1,438,977	2,137,290
Capital funding		477,622		477,622
Grant in Aid		273,000		273,000
Other notional charges		8,430		8,430
Transfer from net expenditure account to unrealised revaluation reserve		806,266	(806,266)	-
Deferred taxation on transfer from unrealised revaluation reserves to net expenditure account		(201,567)	201,567	-
At 31 March 2023	**440,991**	**11,531,378**	**10,360,581**	**22,332,950**

The notes on pages 35 to 58 are an integral part of these financial statements.

Notes to the financial statements for the year ended 31 March 2023

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 2022-23 FReM issued by DoF 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.

New and amended standards adopted by the Authority

The Authority has adopted IFRS16 "Leases" from 01/04/2022, which has resulted in changes in the accounting policies and adjustments to the amounts recognised in the financial statements.

Effective date and transitional provisions

"In accordance with the transitional provisions of IFRS16 as adapted and interpreted by the FReM, the Authority has adopted the new guidance, applying a retrospective approach to recognise the cumulative effects of initially applying IFRS16 recognised at the date of initial application as an adjustment to the opening balances of taxpayers' equity."

Summary of the main changes introduced by the standard

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee recognising the right to use an asset at the commencement date of the lease, and if lease payments are made over time, also recognising financing. Accordingly, IFRS16 eliminates the classification of leases as either operating leases or finance leases as required by IAS17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a lease term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of right- of- use assets separately from interest on lease liabilities in profit or loss. IFRS16 substantially carries forward the lessor accounting requirements from IAS17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases and to account for those two types of leases differently. For sub leases, intermediate lessors should classify subleases based on the right-of-use as set from the headlease, rather than the underlying lease as set as it was under IAS17, thus there is increased likelihood that a sublease previously classified as operating lease will be classified as a finance lease under IFRS16.

Notes to the financial statements for the year ended 31 March 2023

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

The effect from adoption of IFRS16 on the Authority's financial statements

The Authority has implemented the new standard retrospectively with the cumulative effect of initial application recognised as at the date of initial application of IFRS16, i.e. 1 April 2022 with the corresponding adjustment to the opening balances of taxpayers' equity as per IFRS16(C5(b)).

As required by the standard, this election has been consistently applied to all leases in which the Authority is a lessee. For all leases, except for short-term leases and leases of low-value assets other than those which are subleased, previously classified as operating leases:

• as at 1/4/2022 the Authority has recognised a lease liability measured at the present value of the remaining lease payments, discounted using the Authority's incremental borrowing rate at 1/4/2022.

• for all leases the Authority has elected to recognise a right-of-use asset at an amount equal to the lease liability, adjusted by the amount of prepaid or accrued lease payments relating to those leases recognised in the statement of financial position immediately before the date of initial application.

Where entities cannot readily determine the interest rate implicit in the lease, they are instead required to use the HM Treasury discount rate promulgated in PES papers as their incremental borrowing rate. The incremental borrowing rate applied to measure lease liabilities on 1/4/2022 was 0.95% as confirmed in the PES (2021) papers published by HM Treasury.

The explanation of the difference between operating lease commitments disclosed as at 31/03/2022 when applying IAS17 to the lease liabilities recognised as at 1/04/2022 is presented below:

Operating lease commitments as at 31/03/2022 under IAS17	111,284
Excluded low value assets (other than those which are subleased)	(125)
The effect of discounting using the incremental borrowing rate at 1/4/2022	(4,170)
Lease liability as at 1/4/2022	106,989
Short-term portion	18,675
Long-term portion	88,314

The initial value of the right-of-use assets was measured at an amount equal to the lease liability at 1/4/2022 in accordance with IFRS 16(C8(b(ii)))

Going concern

The Authority is predicting its revenue in the forthcoming year will remain significantly below long trend. During the financial year just ended the Authority was unable to fund its deficit from its own reserves. The Authority is forecasting that in the coming financial year that it will again require grant in aid support. Anticipating this need it has sought and received assurances from its sponsorship body DAERA that when deficit funding is required it will be made available to the Authority. On this basis the Authority considers it appropriate to adopt the going concern basis of accounting. However, should the deficit funding mentioned above not be forthcoming, the going concern basis used in preparing the Authority's financial statements may not be appropriate and adjustments would have to be made to reduce the value of assets to their realisable amount and to provide for any further liabilities which might arise.

Notes to the financial statements for the year ended 31 March 2023

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

Income

Revenue from contracts with customers 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 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. Income in relation to the sale of ice & utilities is recognised when the Authority sells the goods or utilities to the customer on a cost per tonne or cost per unit basis. Revenue from berthing dues is recognised over the period for which the berths are utilised by the customer in accordance with the type and length of boat. Revenue from landing and market dues are recognised when the landings are brought ashore or sold through the fish market on a percentage of sales price. 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.
Other operating income relates to Capital Grants received.

Property, plant and equipment

Freehold property is shown at fair value, based on regular valuations by Land and Property Services, and specialist consulting engineers, 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.

Notes to the financial statements for the year ended 31 March 2023

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

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 assets 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 expected credit loss. 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 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.

(b) Cash and cash equivalents

Cash and cash equivalents include 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.

Notes to the financial statements for the year ended 31 March 2023

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

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.

Income tax and deferred income tax (continued)

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.

Grants for revenue purposes that are received to finance the purchase of specific goods or services are shown as income in the statement of comprehensive net expenditure. In these cases income is set to match with the related expenditure incurred during the year.

Government grants relating to property, plant, and equipment from DAERA are treated as contributions from controlling parties giving rise to a financial interest in the residual interest of the Authority and are credited to the Revenue Reserve.
Capital grants received from the EU and others are shown as income in the statement of comprehensive net expenditure.

Operating leases

Accounting policies applied from 1 April 2022

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Authority.

The right-of-use assets are presented separately in the statement of financial position.

Notes to the financial statements for the year ended 31 March 2023

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

Operating leases (continued)

At the commencement date, lease liabilities are measured at an amount equal to the present value of the following lease payments for the underlying right-of-use assets during the lease term:

- fixed payments, less any lease incentives receivable;
- variable lease payments that are based on an index or rate;
- amounts expected to be payable by the Authority under residual value guarantees;
- the exercise price of a purchase option if the Authority is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the Authority exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If not they are instead required to use the HM Treasury discount rate promulgated in PES papers as their incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. Lease liabilities are subsequently measured using the effective interest method. The carrying amount of the liability is remeasured to reflect any reassessment, lease modification or revised in-substance fixed payments. The lease term is a non-cancellable period of a lease; periods covered by options to extend and terminate the lease are only included in the lease term if it is reasonably certain that the lease will be extended or not terminated.

Right-of-use assets are measured initially at cost comprising the following:
• the amount of the initial measurement of the lease liability;
• any lease payments made at or before the commencement date less any lease incentives received ; • any initial direct costs ;
• restoration costs.
Subsequently, the right-of-use assets, are measured at cost less accumulated depreciation and any accumulated impairment losses , and adjusted for remeasurement of the lease liability due to reassessment or lease modifications. The right-of-use assets are depreciated over the shorter of the assets useful life and the lease term on a straight line basis.

Payments associated with all short-term leases and certain leases of all low-value assets are recognised on a straight-line basis as an expenses in the Statement of comprehensive net expenditure. The Authority applies the exemption for low-value assets on a lease by lease basis. Short-term leases are leases with a lease term of less than 12 months or less. Low-value assets comprise computers, tablets, mobile phones and small items of office furniture.

When the Authority acts as a lessor, it determines at lease commencement whether each lease is a finance lease or operating lease. To classify each lease the Authority makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. As part of this assessment, the Authority considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Notes to the financial statements for the year ended 31 March 2023

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

Accounting policy applied until 31st March 2022

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.

Lease activities

The Authority leases its head office property on a 15 year lease until November 2030. It also has seven year leases on two items of plant & machinery expiring in October 2023. Furthermore it has a short term lease on a further item of machinery and a low-value lease on an item of office equipment. The Authority also leases out some of its property at its harbours. The Authority has classified these leases as operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

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.

Pension assets

Where the fair value of pension plan assets are higher than the fair value of plan obligations a surplus will arise. The surplus recognised in the statement of financial position in this instance will be the lower of the surplus and the asset ceiling as defined by IAS 19 & IFRIC 14. If there is a legal obligation under a funding plan to pay contributions towards repairing a deficit then an additional liability may be created on the balance sheet.

A revised version of IAS 19 came into effect for accounting periods commencing on or after 1 January 2013. Disclosures within note 15 have been calculated under the revised IAS 19.

Notes to the financial statements for the year ended 31 March 2023

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

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 provision for based on its expected credit loss model.

(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:

Estimate of useful economic life of assets

The entity assesses the useful economic life of fixed assets on an annual basis. If the useful economic life had been increased by one year, depreciation would have decreased by £111k and if the useful economic life had been decreased by one year depreciation would have increased by £126k.

2. Method of financing capital works

Capital works have been financed by grants mainly from the MFF, EMFF and DAERA at varying rates with the balance funded internally.

Notes to the financial statements for the year ended 31 March 2023

3. 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. 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

	2023	2022
	£	£
Revenue from contracts with customers		
Berthing dues	166,742	153,443
Landing and market dues	774,787	577,985
Revenue from services:		
- Ice Sales	163,301	182,405
- Slipways	172,600	148,787
- Sundry, telephone, and power	86,219	51,996
- Water	13,435	13,137
Rental income	169,021	126,701
	1,546,105	1,254,454
Other operating income		
EMFF & MFF capital grant	1,663,918	1,265,790
Seafish (Environmental Project)	-	-
Building Sustainable Prosperity/EMFF – note 5(a)	67,405	77,742
	1,731,323	1,343,532
Total income	**3,277,428**	**2,597,986**

Notes to the financial statements for the year ended 31 March 2023

5. Staff Costs

	2023	2022
	£	£
Wages and Salaries	587,785	632,624
Social Security Costs	52,294	56,417
Pension Costs	105,970	111,628
	746,049	800,669
IAS 19 – Actuarial Valuation		
Current Service Cost	271,000	226,000
Past service cost (inc curtailments)	-	-
Contributions by the employers	(117,000)	(93,000)
	900,049	**933,669**

Note (a) – A related revenue grant of £67,405 (2022: £77,742) has been agreed and accrued in note 4.
Further analysis of staff costs is located in the Staff Report on pages 20 and 21.

6. Other operating charges

	2023	2022
	£	£
Repairs and general upkeep	318,063	232,392
Preliminary project expenditure	175,568	-
Training	13,201	17,905
Insurance	97,918	90,915
Rent and rates	14,192	7,426
Electricity and water	346,407	213,230
Lease payments for equipment	3,744	11,992
Audit and accountancy	9,650	8,300
Telephone, printing stationery and postage	5,894	10,356
Travelling and subsistence	7,102	9,079
Sundries	47,752	31,177
Vessel Decommissioning	67,484	-
Legal and professional fees	45,720	23,705
Health and safety	7,908	12,716
Advertising	1,164	972
Bad debt	10,142	19,859
Internal Audit fee (Notional cost)	8,430	7,090
	1,180,339	**697,114**

Notes to the financial statements for the year ended 31 March 2023

7. Finance income

	2023	2022
	£	£
Interest income:		
Short-term bank deposits	213	8
Interest expense:		
Bank borrowings	-	-
Finance costs - net	213	8

8. Other finance cost

	2023	2022
	£	£
Interest on pension scheme liabilities	16,000	22,000
Interest expense on lease liabilities	937	-
Total Interest	16,937	22,000

9. Performance against key financial targets

The following key financial target was agreed with the DAERA for 2022-23:

- Due to the impacts of Covid 19 pandemic to restrict the operating deficit to £488,844 after revenue grant but before capital charges, interest, IAS 19, tax, and notional adjustments.

The Authority actually recorded a deficit of £305,172 on this basis (2021-22 deficit was £158,497).

Notes to the financial statements for the year ended 31 March 2023

10. Income tax

	2023 £	2022 £
Current income tax:		
Current income tax charge at 25%	**-**	-
Total current income tax	**-**	-
Deferred income tax:		
Origination and reversal of temporary differences	**(205,544)**	(74,672)
Change in corporation tax rate	**-**	1,361,234
Total deferred income tax	**(205,544)**	1,286,562
Income tax debit/(credit)	**(205,544)**	1,286,562

Factors affecting the corporation tax charge for the year:

	2023 £	2022 £
Deficit before income tax	**(828,933)**	(874,310)
Tax calculated at the UK standard rate of corporation tax for small companies of 25%	**(207,233)**	(166,119)
Effects of:		
Expenses not deductible for tax purposes/(income not taxable)	**(371,372)**	(209,703)
Timing differences	**502,312**	345,709
Tax losses carried forward	**76,293**	30,113
Total current income tax	**-**	-

Notes to the financial statements for the year ended 31 March 2023

11. Property, plant and equipment

	Harbour Property and Equipment			General	
	Kilkeel	Ardglass	Portavogie	Equipment	Total
	£	£	£	£	£
Cost or valuation					
At 31 March 2022	18,329,912	3,718,532	7,509,933	114,083	29,672,460
Indexation	1,481,470	279,828	638,752	-	2,400,050
Additions	905,321	61,026	982,300	58,756	2,007,403
At 31 March 2023	**20,716,703**	**4,059,386**	**9,130,985**	**172,839**	**34,079,913**
Depreciation					
At 31 March 2022	2,025,027	594,215	870,588	73,301	3,563,131
Backlog	163,331	45,741	71,675	-	280,747
Provided during the year	1,122,452	317,848	532,985	16,665	1,989,950
At 31 March 2023	**3,310,810**	**957,804**	**1,475,248**	**89,966**	**5,833,828**
Net book amount					
At 31 March 2023	**17,405,893**	**3,101,582**	**7,655,737**	**82,873**	**28,246,085**
At 31 March 2022	16,304,885	3,124,317	6,639,345	40,782	26,109,329

Depreciation expense of £2,009,249 (2022: £1,819,521) has been fully charged to expenditure.

The Authority's freehold was revalued on 1st April 2020 by Land and Property Services. The harbour assets were valued by Doran Consulting as of the same date. 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. Indexation has been charged at a rate of 8.29% 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 2023

11. Property, plant and equipment (continued)

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

	2023	2022
	£	£
Cost	45,135,921	43,128,520
Accumulated depreciation	(35,163,706)	(33,978,210)
Net book amount	9,972,215	9,150,310

12. Trade and other receivables

	2023	2022
	£	£
Trade receivables	185,194	128,902
Grant receivables	369,812	556,335
Other receivables – VAT & Tax	148,599	196,739
Prepayments and accrued income	64,604	29,392
	768,209	**911,368**

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

	2023	2022
	£	£
Cash at bank and on hand	**380,884**	309,399

Notes to the financial statements for the year ended 31 March 2023

14. Trade and other payables

	2023	2022
	£	£
Trade payables	194,088	339,117
Other tax and social security	11,117	19,922
Other payables	55,376	54,468
Accruals and Deferred Income	166,333	168,371
	426,914	**581,878**

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 2022. The valuation was carried out by Laura Caudwell FIA and Alison Murray FFA of Aon Hewitt Limited.

The financial assumptions used by the actuary were:

	2023	2022
Rate of increase in salaries	**4.2%**	4.6%
Rate of increase in pensions in payment	**2.7%**	3.1%
Pension accounts revaluation rate	**2.7%**	3.1%
Discount rate	**4.7%**	2.8%
Inflation assumption (CPI)	**2.7%**	3.1%

The mortality assumptions used were as follows:	2023	2022
Longevity at age 65 for current pensioners (in years):		
Male currently aged 65	**22.2**	21.8
Female currently aged 65	**25.0**	25.0
Longevity at age 45 for future pensioners (in years)		
Male currently aged 45	**23.2**	23.2
Female currently aged 45	**26.0**	26.4

Notes to the financial statements for the year ended 31 March 2023

15 Pension liabilities (continued)

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

	Value at 2023 £	Value at 2022 £
Equities	**1,818,400**	2,168,166
Government bonds	**936,476**	1,248,338
Corporate bonds	**136,380**	111,188
Multi asset credit	**604,618**	662,074
Property	**509,152**	505,400
Cash	**295,490**	202,160
Other	**245,484**	156,674
Total market value of assets	**4,546,000**	5,054,000
Present value of scheme obligations	**(4,495,000)**	(5,657,000)
Present value of unfunded obligations	**(5,000)**	(5,000)
(Deficit)/Surplus in scheme	**46,000**	(608,000)

Reconciliation of present value of scheme liabilities	**2023** £	**2022** £
At 1 April 2022	**5,662,000**	5,831,000
Current service cost	**271,000**	226,000
Past service (gain)/cost	**-**	-
Interest cost	**157,000**	121,000
Contributions by members	**38,000**	31,000
Benefits paid	**(159,000)**	(185,000)
Actuarial losses/(gains)	**(1,469,000)**	(362,000)
At 31 March 2023	**4,500,000**	5,662,000

Reconciliation of fair value of scheme assets	**2023** £	**2022** £
At 1 April 2022	**5,054,000**	4,746,000
Interest income on assets	**141,000**	99,000
Re-measurement gains/(losses) on assets	**(645,000)**	270,000
Benefits paid	**(159,000)**	(185,000)
Contributions paid by members	**38,000**	31,000
Contributions paid by the employer	**117,000**	93,000
At 31 March 2023	**4,546,000**	5,054,000

Notes to the financial statements for the year ended 31 March 2023

15. Pension liabilities (continued)

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

	2023	2022
	£	£
Current service cost (excluding administration expense)	268,000	224,000
Administration expense	3,000	2,000
Past service cost/(gain)	-	-
Interest on pension scheme liabilities	16,000	22,000
Total operating charge	287,000	248,000

The total current service cost of £271,000 (2022: £226,000) is included within staff costs. The total expense estimated to be charged to the income and expenditure account in the year to 31st March 2024 are current service costs of £150,000 and interest charges of £5,000.

Actuarial gains and losses
The cumulative amount of actuarial gains recognised in the statement of changes in taxpayers' equity is £1,144,000.

Sensitivity analysis
IAS19R 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.
On materiality grounds the sensitivity of unfunded benefits has not been included.

Changes in assumptions at year ended 31 March 2023	Approximate % increase to employer liability	Approximate monetary amount (£'000)
0.1% decrease in Real Discount Rate	1.4%	63
1 year decrease in member life expectancy	2.7%	121
0.1% increase in the Salary Increase Rate	0.1%	4
0.1% increase in the Pension Increase Rate	1.3%	58

Notes to the financial statements for the year ended 31 March 2023

15. Pension liabilities (continued)

Amounts for current and previous four years:

	2023	2022	2021	2020	2019
	£	£	£	£	£
Fair value of scheme assets	4,546,000	5,054,000	4,746,000	3,950,000	4,680,000
Present value of defined benefit obligation	(4,500,000)	(5,662,000)	(5,831,000)	(4,988,000)	(5,400,000)
(Deficit)/Surplus	46,000	(608,000)	(1,085,000)	(1,038,000)	(720,000)
Experience gains/(losses) on assets	(645,000)	270,000	771,000	(789,000)	202,000
Experience gains/ (losses) on liabilities	1,469,000	362,000	(712,000)	591,000	(53,000)

16. 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.

	2023	**2022**
	£	**£**
Deferred income tax assets to be recovered after more than 12 months	**-**	(152,000)
Deferred income tax assets to be recovered within 12 months	**(337,910)**	(261,617)
	(337,910)	(413,617)
Deferred income tax liabilities to be recovered after more than 12 months	**6,680,690**	6,232,221
Deferred income tax liabilities to be recovered within 12 months	**337,910**	261,617
	7,018,600	6,493,838
Deferred income tax liabilities - net	**6,680,690**	6,080,221

Notes to the financial statements for the year ended 31 March 2023

16. Deferred income tax (continued)

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

	£
At 1 April 2021	4,307,412
(Credited)/Charged to the net expenditure account	1,286,562
(Credited)/Charged directly to the statement of other comprehensive income	486,247
At 31 March 2022	6,080,221
(Credited)/Charged to the net expenditure account	(205,544)
(Credited)/Charged directly to the statement of other comprehensive income	806,013
At 31 March 2023	**6,680,690**

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 2021	4,682,335	(168,773)	(206,150)	4,307,412
(Credited)/charged to the net expenditure account	1,483,256	(92,844)	(103,850)	1,286,562
(Credited)/charged directly to the statement of other comprehensive income	328,247	-	158,000	486,247
At 31 March 2022	6,493,838	(261,617)	(152,000)	6,080,221
(Credited)/charged to the net expenditure account	(86,751)	(76,293)	(42,500)	(205,544)
(Credited)/charged directly to the statement of other comprehensive income	600,013	-	206,000	806,013
At 31 March 2023	7,007,100	(337,910)	11,500	6,680,690

Notes to the financial statements for the year ended 31 March 2023

17. Government grants

	2023	2022
	£	£
DAERA capital grant	477,622	615,576
DAERA grant in aid	273,000	335,000
EMFF & MFF capital grant	1,663,918	1,265,790
Building Sustainable Prosperity/EMFF revenue grant	67,405	77,742
Total government grants	2,481,945	2,294,108

18. Borrowing powers

DAERA 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 2023 is £1,000,000.

19. Leases

The Authority leases various tangible assets under non-cancellable operating lease arrangements. Information about leases for which the Authority is a lessee is presented below:

Right-of-Use Assets

The statement of financial position shows the separate line item for the right-of-use assets, which comprises the following:

	Buildings	Plant & Machinery	Total
	£	£	£
At 1 April 2022	95,579	11,410	106,989
Additions	-	-	-
Depreciation expense	(11,245)	(8,054)	(19,299)
At 31 March 2023	**84,334**	**3,356**	**87,690**

Notes to the financial statements for the year ended 31 March 2023

19. Leases (continued)

Lease Liabilities

	Land and buildings		Plant and equipment	
	2023	2022	**2023**	2022
	£	£	**£**	£
No later than one year	**11,500**	11,500	**3,380**	8,112
Later than one year and no later than five years	**46,000**	46,000	**-**	3,380
Later than five years	**30,667**	42,167	**-**	-
	88,167	99,667	**3,380**	11,492
Less Interest element	**(3,225)**	(4,088)	**(8)**	(82)
Present value of obligations	**84,942**	95,579	**3,372**	11,410
Current portion	**10,739**	10,637	**3,372**	8,038
Non-current portion	**74,203**	84,942	**-**	3,372

The following amounts are recognised in the Statement of comprehensive net expenditure account:

	2023	**2022**
	£	**£**
Depreciation charge for the right-of-use assets		
Buildings	**11,245**	**-**
Plant & Machinery	**8,054**	**-**
Total Depreciation charge	**19,299**	
Interest expense on lease liabilities (included in finance cost)	**937**	
Expenses relating to short term leases	**3,380**	
Expenses relating to low-value assets	**364**	**-**
Operating lease expense (IAS17) included in other operating charges		**23,492**
Total expenses related to leases	**23,980**	**23,492**

Notes to the financial statements for the year ended 31 March 2023

19. Leases (continued)

The following amounts are recognised in the Statement of cash flows:

	2023	2022
	£	£
Cash outflow for leases (IFRS16) – finance activity		
Principal	**18,675**	-
Interest	**937**	-
	19,612	
Cash outflow for leases (IFRS16) – operating activity	**3,744**	**23,492**
Total cash outflows	**23,356**	**23,492**

The Authority leases out some of its property at its harbours. The Authority has classified these leases as operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.
The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

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

	2023	2022
	£	£
Within one year	**85,229**	85,229
One to two years	**85,229**	85,229
Two to three years	**85,229**	85,229
Three to four years	**85,229**	85,229
Four to five years	**82,806**	85,229
Later than five years	**4,959,958**	5,042,765
	5,383,680	5,468,910

Notes to the financial statements for the year ended 31 March 2023

20. Contingent liabilities

The NIFHA has a contingent liability to repay grants received, if certain conditions are not fulfilled.

There are a number of end of life fishing vessels within the Authority's harbours, some of these have been abandoned and others are awaiting disposal by their owners. As there is currently no external funding available for the disposal of these vessels the Authority recognises that there could be a possible obligation in the future for the Statutory Bodies, the Authority and Boat Owners to safely decommission these abandoned vessels. The costs for the decommissioning of these vessels cannot be reliably measured at this time and as such the Authority recognises a contingent liability for the disposal of end of life vessels in the Authority's harbours.

21. Related party transactions

NIFHA is a Non-Departmental Public Body sponsored by DAERA.

DAERA is regarded as a related party. During the year, the Authority had various material transactions with DAERA.

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

As at 31 March the entity had the following balances with DAERA:-

The Authority's related party transactions during the year with DAERA were as follows:

	2023	**2022**
	£	£
Grants received and receivable	**2,481,945**	2,294,108
Rents received and receivable	**13,055**	13,055
	2,495,000	2,307,163

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

	2023	2022
	£	£
Grants receivable from related parties	**369,812**	556,335

Notes to the financial statements for the year ended 31 March 2023

22. Financial instruments

IFRS 7, Financial Instruments: Disclosures, requires disclosure that enables evaluation of the significance of financial instruments for the Authority's financial position and the nature and extent of risks arising from financial instruments to which the organization is exposed during the period and at the reporting date, and how the organization manages those risks.

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

As the cash requirements of the Authority are met through commercial income received and capital grants provided by DAERA and EMFF, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the Authority's expected purchase and usage requirements and the Authority is therefore exposed to little credit, liquidity or market risk.

The Authority has not identified any financial instruments which are complex or play a significant medium to long term role in its financial risk profile.

23. Ultimate controlling party

NIFHA has no ultimate controlling party.