

**PORT OF WATERFORD COMPANY AND SUBSIDIARIES**

**ANNUAL REPORT**

**for the year ended 31 December 2009**

## PORT OF WATERFORD COMPANY & SUBSIDIARIES

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### DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2009

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## PORT OF WATERFORD COMPANY & SUBSIDIARIES

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### CHAIRMAN'S STATEMENT

For the year ended 31 December 2009

#### INTRODUCTION:

The Port of Waterford Company is the statutory authority vested with the responsibility for the operation and development of the Port of Waterford under the Harbours' Act 1996. The State is the sole shareholder in the company.

#### PERFORMANCE:

2009 has been a difficult trading year for Port of Waterford. The impact of the recession, nationally and internationally has resulted in reduced port throughput. Gross tonnes for 2009 of 1.87M tonnes reflect a drop of 22% on 2008 (2.4M tonnes). Traffic suffered across both bulk and unitised trades.

The Port Company reacted swiftly to the changed economic circumstance and initiated a cost reduction programme. This has served to minimise the impact of reduced throughput on the financial performance of the company.

Rationalisation/re-organisation costs incurred amounted to €670,956. This action, which was achieved with the co-operation of the workforce and without business interruption, will result in a lower cost base with the introduction of more cost effective working practices. Excluding these costs operating profit for the year amounted to €0.154m.

2008 performance was improved by the receipt of a substantial dividend from the Bell Lines Ltd (in liquidation) and a contribution for historic cargo dues levied after discussions with a port customer. Excluding these items operating profit for 2008 was €2.1M. Operating profit on a like for like basis has fallen by €1.946m.

In the current trading circumstances, this performance is considered, by the directors, to have been satisfactory.

#### INTERNAL FINANCIAL CONTROLS:

I hereby acknowledge on behalf of the Directors, the responsibility for ensuring that the company has adequate internal control procedures. The implementation of a proper and practical system of internal financial control can provide reasonable but not absolute assurance against material error.

The internal control system encompasses the policies, processes, tasks, behaviours and other aspects of the Company that, taken together, will facilitate effective and efficient operations by enabling the Company to respond to risks, help ensure the quality of internal and external reporting and also help ensure compliance with applicable laws, regulations and internal policies.

Key procedures, which have been applied by the company, include the following: -

- Properly defined management structure and responsibilities.
- Preparation of budgets and their review by the Board.
- Preparation of monthly financial statements and control accounts to identify discrepancies (if they arise) in a timely manner. Comparison of actual performance against budget and prior year and reporting of same to Board on a monthly basis.
- Preparation of a monthly cash flow statement together with forecast of cash flows to year-end to determine in advance financing requirements.
- Defined limits of authorisation and restriction of authorisation to Heads of Function.
- Board approval required for all major projects.

I believe that the extent of monthly controls and reporting provide sufficient assurance as to the effectiveness of internal financial controls.

**PORT OF WATERFORD COMPANY & SUBSIDIARIES**

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**CHAIRMAN'S STATEMENT****For the year ended 31 December 2009 (continued)****INTERNAL FINANCIAL CONTROLS (continued):**

As part of the internal audit programme the internal financial controls of Port of Waterford Company were subject to 3<sup>rd</sup> party external review during 2009. The review concluded that the controls in place were adequate and effective.

**DONATIONS:**

The company is aware of the importance of social capital and community support and is committed to supporting, where appropriate, regional and national organisations. During 2009 the company supported the following organisations: -

- South East Cancer Foundation
- Little Sisters of the Poor
- Simon-South East
- Local Schools

**ACKNOWLEDGEMENTS:**

I would like to express my thanks to all our customers for their continued support during the year.

I wish to express my appreciation for the support of the Minister for Transport, Noel Dempsey TD and the staff of his department. The Board of Directors and management will continue to work closely with the Minister and his Department to ensure a prosperous future for Port of Waterford.

The contribution of management and staff in a very difficult economic climate was exceptional and I would like to express my appreciation for their support in addressing difficult trading issues.

It is with regret that I acknowledge the untimely passing during 2009 of Mr. Ben Gavin, former Chairman. Ben contributed enormously to the port in many different roles over the years. He is sadly missed.

In conclusion I would like to thank my fellow directors for their dedication and support in pursuing the group objectives during the year.

Michael Flynn

Chairman

29 March 2010

**PORT OF WATERFORD COMPANY & SUBSIDIARIES**


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**COMPANY INFORMATION**

**DIRECTORS**

Mr. Michael Flynn- Chairman~\*^(from 07/04/2009)  
 Mr. Bernard Gavin –Chairman - RIP (resigned 04/02/2009)\*^  
 Mr. Stan McIlvenny OBE (British) - CEO  
 Cllr. Tom Cunningham (resigned 30/06/2009)  
 Mr. Derek Donnelly~\*  
 Cllr. Dick Dowling (resigned 05/06/2009)  
 Mr. Maurice Lonergan~^  
 Mr. Derek Madigan\* (resigned 15/03/2010)  
 Ms. Noreen McDonnell^ (appointed 07/04/2009)  
 Mr. Patrick Murphy~  
 Mr. Pdraig O’Griofa\*^ (resigned 04/02/2009)  
 Cllr. Lola O’Sullivan (resigned 28/08/2009)  
 Ms. Fiona Ormond ~\*

*~Warrant expired 04/02/2009-re-appointed 07/04/2009*  
*\* Member of Audit Committee*  
*^ Member of Remuneration Committee*

**SECRETARY** Mr. Stan McIlvenny OBE

**REGISTERED OFFICE** 3<sup>rd</sup> Floor, Marine Point  
 Belview Port  
 Slieverue  
 Waterford

**REGISTERED NUMBER  
 OF INCORPORATION** 299445

**AUDITORS** Ernst & Young  
 Chartered Accountants  
 Annville House  
 Newtown  
 Waterford

**BANKERS** Allied Irish Banks plc.  
 Anglo Irish Bank Corporation plc.  
 Bank of Ireland plc.

**SOLICITORS** M.J. O’Connor  
 Confederation House  
 Waterford Business Park  
 Cork Road  
 Waterford

## PORT OF WATERFORD COMPANY & SUBSIDIARIES

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### DIRECTORS' REPORT

for the year ended 31 December 2009

The directors present their report and audited financial statements for the year ended 31 December 2009.

### PRINCIPAL ACTIVITY AND REVIEW OF THE DEVELOPMENT OF THE BUSINESS

The principal activity of the company is the management, control and development of the Port of Waterford.

Comments on the operating performance of the group are set out in the Chairman's Statement.

Share Capital in the sum of €1,736,646 was received during 2009. This was in respect of qualifying expenditure under the NDP 2000-2006.

### RISKS AND UNCERTAINTIES

Under Irish Company law (Statutory Instrument 116.2005 – European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005) the group and the company are required to give a description of the principal risks and uncertainties faced, as well as listing the key performance indicators used to monitor performance.

The company is the holding company for the group, so the risks below apply to both the company and the group.

The principal risks and uncertainties that the business faces include:-

- National and International economic outlook
- Under funding of the company's 'defined benefit pension scheme'
- loss of a major customer
- damage to or loss of the company's fixed assets
- legal actions by third parties
- over –runs on capital projects

The key performance indicators focused upon by management are:-

- Analysis of volumes/revenues by category against prior year and budget
- Monthly review under each cost heading against budget
- Measurement of ROCE
- Monitoring of employee statistics
- Assessment of port throughput in context of national market trends annually.
- Monitoring of cash flows

### RESULTS FOR THE YEAR, DIVIDENDS AND STATE OF AFFAIRS

The profit and loss account, statement of total recognised gains and losses and balance sheet for the year ended 31 December 2009 are set out on pages 12-34.

The Company which, is a Company limited by shares, as a matter of policy, approves the declaration of a dividend when appropriate and in accordance the Memorandum and Articles of Association. Any dividend paid will have will have to take account of the overall financial circumstances of the company.

The directors of the company do not propose the payment of a dividend, therefore an amount of €897,731 is charged to reserves.

### PORT OPERATIONS

#### Human Resources:

The average numbers employed by the group in 2009 was 49. The number of employees in continuing employment following the rationalisation and redundancy programme is 37.

**DIRECTORS' REPORT**  
for the year ended 31 December 2009 (continued)**PORT OPERATIONS (continued)****Safety, Health & Welfare at Work Act:**

The Act is designed to assist in the prevention of workplace accidents, illnesses and dangerous occurrences.

The Health and Safety Committee meet on a regular basis and minutes of these meetings are presented to Directors at Board meetings.

There was one incident during the year which resulted in a non-employee injuring his hand which necessitated hospitalisation.

A comprehensive review of the Health & Safety manual commenced in December 2009 and is scheduled to be complete by March 2010.

**Pilotage**

One pilot undertook a 'Bridge Resource Management Course' and extensive training was provided through the National Maritime College of Ireland and BIM for marine operatives.

**Information Communications Technology (ICT)*****Software Licensing and Security Audit***

An internal audit of software licensing compliance and security on the group's computer networks was carried out, as part of the IT regime. The aim of the audit is to assess what software is installed, to determine if further licences are required to maintain compliance. The aim of the security audit element is to assess the risks and ensure that controls in place are adequate to maintain the integrity of the system.

The IT Auditors found that overall computer network security and licensing are in 'good order'. Minor improvements were carried out and it is considered that the controls in place are adequate.

**Security Equipment**

A reputable, qualified maintenance contractor continues to undertake routine maintenance on Intruder Alarms, Access Control and CCTV and the Fire Alarm system, ensuring the effectiveness of all systems.

**The Environment**

The Port Company continue to monitor, on a regular basis, noise levels and air quality emanating from operations at the Belview Terminal. Quay settling tanks and sewage systems are de-sludged in accordance with legislation.

Port reception facilities for ship-generated waste and cargo residues required under Statutory Instrument 117 (2003) are working exceptionally well and are monitored by surveillance camera to ensure third party compliance.

Re-cycling is an integral part of the company's environmental policy with large volumes of timber, metal, glass, aluminium and paper being recycled.

Ongoing contact with Kilkenny County Council assists with the promotion of a culture of continuous improvement. The Directors are satisfied that there is good compliance with legislative requirements and best practice.

**DIRECTORS' REPORT**  
for the year ended 31 December 2009 (continued)**PORT OPERATIONS (continued)****The Environment (continued)**

The Ports industry recognises the requirement to act responsibly and in a sustainable manner. Port of Waterford has joined the EcoPorts Foundation, which is a forum where an exchange of experiences occurs between ports regarding environmental problems and remedies are shared. EcoPorts have developed and validated an environmental management tool, which includes an environmental risk analysis system and port environmental review system. An initial review carried out in respect of Port of Waterford's facilities and operations will form the basis of an ongoing improvement approach to environmental matters. This voluntary system can usefully form the beginning to accreditation with ISO14001.

In September 2009 The Irish Coast Guard, who have statutory authority approved the Port Company's 'Oil Spill Pollution Plan'. To give effect to this plan the Assistant Harbour Master successfully completed an 'Oil Spill Shoreline Supervisors Course'.

**Corporate plan 2010-2014**

In accordance with requirements the 5 Year Corporate plan, which was adopted during the year will be updated during 2010. The current unprecedented economic environment and lack of visibility regarding trading, gives rise to considerable uncertainty with regard to formulating strategy.

**EVENTS SINCE THE BALANCE SHEET DATE**

There have been no events since the Balance Sheet Date that require comment.

**FUTURE DEVELOPMENTS**

There are no items requiring comment.

**POLITICAL DONATIONS**

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

**PROMPT PAYMENT OF ACCOUNTS**

In accordance with the Prompt Payments of Accounts Act 1997 and the European Communities (Late Payment in Commercial Transactions) Regulations, 2002 it is group policy to pay all creditors within the limits prescribed in legislation or limits agreed in advance with suppliers. Invoices are recorded on receipt and cheques are issued as required to ensure timely payment. The system of internal financial control incorporates such controls and procedures as are considered necessary to ensure compliance with the legislation.

## PORT OF WATERFORD COMPANY & SUBSIDIARIES

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### **DIRECTORS' REPORT for the year ended 31 December 2009 (continued)**

#### **CORPORATE GOVERNANCE**

The directors are committed to maintaining high standards of corporate governance including compliance with the guidelines set out for port companies in the Corporate Governance Framework issued by the Department of Communications, Marine and Natural Resources in February 1997 and the Code of Practice for Governance of State Bodies (as updated in May 2009).

The main areas covered by the corporate governance framework are as follows:

##### *Directors' Code of Conduct:*

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

As a Company, the Directors are subject to the rigours of the 'Combined Code' and all Directors have undertaken Director training, delivered by a representative from the Institute of Directors

##### *Procurement procedures, advertising and awards of contracts:*

The Company has procedures in place to ensure compliance with Public Procurement Guidelines.

##### *Travel Policy:*

The Company has procedures in place to achieve economy and efficiency in expenditure on official travel.

##### *Chief Executive's Remuneration:*

The Chief Executive's salary and benefits package is subject to ratification by the Board of Directors by virtue of Section 35 (5) of the Harbours Act 1996.

A Remuneration Committee of the Board meets for this purpose. There are 3 non-executive directors nominated to this Committee:

- Ms Noreen McDonnell (Chairman)
- Mr. Maurice Lonergan
- Mr. Michael Flynn

##### *Investment appraisal procedures:*

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

##### *Procedure for the disposal of fixed assets:*

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

##### *Reporting arrangements and requirements:*

It is the company's aim, at all times, to comply with the agreed reporting requirements of the Department of Transport and other government departments, as required, in a timely and accurate fashion. In February 2002, the Department of Communications, Marine and Natural Resources issued guidelines on the composition of a 5-year 'rolling plan' and other reporting requirements. The Company has adopted these requirements.

**PORT OF WATERFORD COMPANY & SUBSIDIARIES**

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**DIRECTORS' REPORT  
for the year ended 31 December 2009 (continued)****CORPORATE GOVERNANCE (continued)***Audit Committee*

The Audit Committee met 4 times during 2009. The members of this committee are as indicated on page 3 of this report. This committee has written terms of reference and is composed entirely of non-executive directors.

*Internal Audit*

The establishment of an internal audit function is considered inappropriate in the context of the size of the organisation. In order to meet the requirements of the code in relation to internal audit, a three year rolling programme (as approved by the Audit Committee) covering various aspects of the business has now been put in place. During 2009 the programme as outlined was completed with the exception of three items deferred to 2010. All reviews were carried out by external advisors. All reports were reviewed by the Audit Committee who concluded, on the basis of the reports, that the controls operating and the level of compliance in these specific areas were satisfactory. The Audit Committee reported accordingly to the main Board. Those items deferred to 2010 will be dealt with in tandem with the 2010 programme.

**DIRECTORS**

The directors of the company in 2009 are listed on page 3 and, unless otherwise indicated, have served throughout the year.

**DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES**

None of the directors or secretary or their immediate families holds shares in the company or group at the balance sheet date.

**BOOKS OF ACCOUNT**

The directors are responsible for ensuring that proper books and accounting records, as outlined in Section 202 of the Companies Act 1990 are kept by the group. To achieve this, the directors have appointed a professionally qualified accountant who reports to the board and ensures that the requirements of Section 202 of the Companies Act 1990 are complied with.

The books and accounting records are maintained at the company's premises:

Port of Waterford Company  
3<sup>rd</sup> Floor, Marine Point  
Belview Port  
Slieverue  
Waterford.

**AUDITORS**

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

*On behalf of the Board:*

Michael Flynn  
Chairman

Stan McIlvenny  
Chief Executive

29 March 2010

**PORT OF WATERFORD COMPANY & SUBSIDIARIES**

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

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2009. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
PORT OF WATERFORD COMPANY.**

We have audited the consolidated and parent company financial statements of Port of Waterford Company for the year ended 31 December 2009 which comprise the consolidated profit and loss account, the consolidated statement of movements on profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and company balance sheets, the consolidated cash flow statement, and the related notes 1 to 29. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

***Respective responsibilities of directors and auditors***

The directors are responsible for the preparation of the financial statements in accordance with applicable Irish law and Accounting Standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) as set out in the Statement of Directors' Responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts, 1963 to 2009. We also report to you our opinion as to: whether proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation which may require the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the company balance sheet is in agreement with the books of account.

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

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

***Basis of audit opinion***

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

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

### ***Opinion***

In our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the group and of the Company as at 31 December 2009 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

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

In our opinion the information given in the Directors' Report is consistent with the financial statements. In our opinion, the company balance sheet does not disclose a financial situation which under section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

Ernst & Young  
Chartered Accountants & Registered Auditors,  
Annville House,  
Newtown,  
Waterford.

29 March 2010

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 December 2009**

	Note	2009 €	2008 €
Turnover - continuing operations	2	8,851,131	12,234,555
Other operating (costs)/ income	3	(1,843)	1,513,880
Operating and Maintenance costs - ordinary		(1,700,820)	(1,977,402)
- exceptional	4	(670,956)	-
Dredging costs		(1,085,718)	(810,024)
Staff costs	5	(3,309,664)	(3,645,972)
Depreciation		(2,001,194)	(2,003,320)
Grant amortisation		637,138	640,340
Other operating charges - ordinary		(1,235,054)	(1,642,805)
Operating (loss)/profit - continuing operations	6	(516,980)	4,309,252
Profit/(Loss) on disposal of fixed assets		740	(3,705)
Exceptional (Costs)/Income	7	(3,030)	43,982
		<u>(519,270)</u>	<u>4,349,529</u>
Interest receivable		125,366	192,046
Interest payable and similar charges	8	(54,440)	(82,125)
Other financing costs	18	(598,000)	(440,000)
(Loss)/Profit on ordinary activities before taxation		<u>(1,046,344)</u>	<u>4,019,450</u>
Tax on (loss)/profit on ordinary activities	9	148,613	(1,017,190)
(Loss)/Profit on ordinary activities after taxation		<u><u>(897,731)</u></u>	<u><u>3,002,260</u></u>

Approved by the Board on 29 March 2010

Michael Flynn  
Chairman

Stan McIlvenny  
Chief Executive

**PORT OF WATERFORD COMPANY AND SUBSIDIARIES**
**MOVEMENTS ON CONSOLIDATED PROFIT AND LOSS ACCOUNT  
for the year ended 31 December 2009**

		2009	2008
	Note	€	€
At 1 January 2009		12,456,366	11,324,895
(Loss)/Profit for the year		(897,731)	3,002,260
Pension Scheme actuarial (losses)/gains	18	(443,104)	(2,075,000)
Deferred tax (charge)/credit in relation to pension scheme		(53,566)	204,211
		<u>11,061,965</u>	<u>12,456,366</u>

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	2009	2008
	€	€
(Loss)/Profit for the year	<u>(897,731)</u>	<u>3,002,260</u>
Pension Scheme actuarial (losses)/gains:		
Return on scheme assets greater /(less) than expected return	190,000	(2,163,000)
Experience losses	(953,104)	-
Effect of changes in assumptions	320,000	88,000
	<u>(443,104)</u>	<u>(2,075,000)</u>
Deferred tax (charge)/credit in relation to pension scheme	(53,566)	204,211
	<u>(1,394,401)</u>	<u>1,131,471</u>

**CONSOLIDATED BALANCE SHEET**  
**at 31 December 2009**

		2009	2008
ASSETS EMPLOYED	Note	€	€
FIXED ASSETS			
Tangible assets	10	<u>45,741,311</u>	<u>47,519,049</u>
CURRENT ASSETS			
Stock	12	2,754,511	2,754,071
Debtors	13	1,335,815	2,418,784
Cash at bank and in hand		5,282,072	3,430,628
		<u>9,372,398</u>	<u>8,603,483</u>
CREDITORS (amounts falling due within one year)	14	(2,144,055)	(2,233,497)
NET CURRENT ASSETS		<u>7,228,343</u>	<u>6,369,986</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>52,969,654</u>	<u>53,889,035</u>
CREDITORS (amounts falling due after one year)	15	(733,461)	(977,605)
CAPITAL GRANTS	16	(11,886,357)	(12,523,495)
DEFERRED TAXATION	17	(910,295)	(915,679)
DEFINED BENEFIT PENSION LIABILITY	18	(9,609,250)	(9,984,210)
		<u>(23,139,363)</u>	<u>(24,400,989)</u>
		<u>29,830,291</u>	<u>29,488,046</u>
CAPITAL AND RESERVES			
Called up share capital	19/20	18,675,803	16,939,157
Capital reserves	20	92,523	92,523
Profit and loss account	20	11,061,965	12,456,366
Shareholders' funds		<u>29,830,291</u>	<u>29,488,046</u>

Approved by the Board on 29 March 2010

Michael Flynn  
Chairman

Stan McIlvenny  
Chief Executive

**PORT OF WATERFORD COMPANY AND SUBSIDIARIES**
**COMPANY BALANCE SHEET**  
**at 31 December 2009**

		2009	2008
ASSETS EMPLOYED	Note	€	€
<b>FIXED ASSETS</b>			
Tangible assets	10	45,691,287	47,451,517
Financial assets	11	200	200
		<u>45,691,487</u>	<u>47,451,717</u>
<b>CURRENT ASSETS</b>			
Stock	12	2,754,511	2,754,071
Debtors	13	880,260	1,709,601
Cash at bank and in hand		4,655,073	3,080,098
		<u>8,289,844</u>	<u>7,543,770</u>
CREDITORS (amounts falling due within one year)	14	(1,369,501)	(1,869,344)
		<u>6,920,343</u>	<u>5,674,426</u>
<b>NET CURRENT ASSETS</b>			
		<u>52,611,830</u>	<u>53,126,143</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
CREDITORS (amounts falling due after one year)	15	(733,461)	(977,605)
CAPITAL GRANTS	16	(11,886,357)	(12,523,495)
PROVISION FOR LIABILITIES AND CHARGES	17	(910,295)	(915,679)
DEFINED BENEFIT PENSION LIABILITY	18	(9,609,250)	(9,984,210)
		<u>(23,139,363)</u>	<u>(24,400,989)</u>
		<u>29,472,467</u>	<u>28,725,154</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	18,675,803	16,939,157
Capital reserves	20	92,523	92,523
Profit and loss account	20	10,704,141	11,693,474
Shareholder's funds		<u>29,472,467</u>	<u>28,725,154</u>

Approved by the Board on 29 March 2010

*Michael Flynn*  
Chairman

*Stan McIlvenny*  
Chief Executive

**CONSOLIDATED CASH FLOW STATEMENT**  
**for the year ended 31 December 2009**

	Note	2009		2008	
		€	€	€	€
<b>Net cash inflow from operating activities</b>	23		2,509,002		5,500,140
<b>Returns on investments and servicing of finance</b>					
Interest paid		(55,977)		(83,234)	
Interest received		<u>106,787</u>	50,810	<u>424,832</u>	341,598
<b>Pension liabilities</b>					
Payments of past service pension liabilities and contributions			(1,711,320)		(1,125,896)
<b>Taxation</b>					
Corporation tax and Capital Gains tax refunded			40,137		1,840,942
<b>Capital expenditure and financial investment</b>					
Proceeds from sale of tangible fixed assets		755		14,079	
Exceptional Items		(61,880)		43,982	
Purchase of tangible fixed assets		<u>(384,040)</u>	<u>(445,165)</u>	<u>(7,656,494)</u>	<u>(7,598,433)</u>
<b>Net cash outflow before financing and land bank movements</b>			443,464		(1,041,649)
Land bank sales		-		-	
Land bank purchases and costs		<u>(103,843)</u>	<u>(103,843)</u>	<u>(193,296)</u>	<u>(193,296)</u>
<b>Net cash inflow/(outflow) before financing</b>			339,621		(1,234,945)
<b>Financing</b>					
Share Capital Issue		1,736,646		-	
Loans repaid		<u>(224,823)</u>	<u>1,511,823</u>	<u>(247,558)</u>	<u>(247,558)</u>
<b>Increase/(Decrease) in cash</b>	24 & 25		<u>1,851,444</u>		<u>(1,482,503)</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2009**

## 1. ACCOUNTING POLICIES

*(a) Basis of preparation of financial statements*

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles and comply with Financial Reporting Standards approved by the Accounting Standards Board for use in Ireland and the UK, and promulgated in Ireland by the Institute of Chartered Accountants in Ireland, and have been prepared under the Historical Cost Convention. The profit and loss account of the company departs from the formats prescribed under the Companies Act, 1986, in order to reflect the special nature of the company's business.

The fixed assets of the Waterford Harbour Commissioners were re-valued in consultation with the Minister for Communications, Marine and Natural Resources. The re-valued assets were transferred to the company on vesting day 11 January 1999, under the Harbours' Act, 1996.

*(b) Basis of consolidation*

The consolidated accounts incorporate the accounts of the company and each of its subsidiaries for the year ended 31 December 2009. No profit and loss account is presented for Port of Waterford Company as is permitted by Section 148 (8) of the Companies, Act, 1963, and Section 7 (1A) of the Companies Amendment Act, 1986.

*(c) Turnover*

Turnover, which is stated net of value added tax, comprises charges to port users, rents and income from car parking.

*(d) Tangible fixed assets*

Freehold land is stated at cost. Other tangible fixed assets are stated at cost less accumulated depreciation. Fixed assets acquired from the company's predecessor entity, Waterford Harbour Commissioners, are stated at their vesting day transfer values.

Depreciation is calculated in order to write off the cost of tangible fixed assets other than freehold land over their estimated useful lives by equal annual instalments as follows:

Buildings	40 years
Dock structures	50 years
Floating craft	up to 30 years
Cranes	12 years
Plant, machinery and equipment	4-15 years
Capital dredging	5 years
Computer and office equipment	4-7 years

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2009 (continued)**

## 1. ACCOUNTING POLICIES (continued)

*(e) Development Land*

Development land comprises land which is not held for long-term business usage, but which is held for development or re-sale purposes. It is carried as Stock on the Balance Sheet and is stated at the lower of cost and net realisable value. Net realisable value is based on estimated market value.

*(f) Leases*

Operating lease rentals are charged to the profit and loss account as they fall due.

*(g) Deferred taxation*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred that will result in an obligation to pay more, or a right to pay less tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

*(h) Grants and contributions to tangible fixed asset costs*

Grants and contributions to the cost of tangible fixed assets are treated as deferred credits, which are amortised to the profit and loss account on the same basis as the related tangible fixed assets are depreciated.

Grants to subvent revenue expenditure are treated as deferred credits and released to the profit and loss account over the period that the grants are subventing.

*(i) Foreign currencies*

The financial statements are dominated in Euro (€).

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

Profits and losses arising from foreign currency translations and on settlement of amounts receivable and payable in foreign currency are dealt with in the profit and loss account.

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

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2009 (continued)

## 1. ACCOUNTING POLICIES (continued)

*(j) Pension costs –**Defined benefit schemes*

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the group's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet, net of the related deferred tax.

*Defined Contribution Scheme*

The group operates defined contribution pension schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2009 (continued)

2. TURNOVER	2009 €	2008 €
Turnover comprises the following:		
Port dues and other port related income	8,115,372	11,269,629
Car parking and other revenues	735,759	964,926
	<u>8,851,131</u>	<u>12,234,555</u>

3. OTHER OPERATING (COSTS)/ INCOME	2009 €	2008 €
Dividend – Bell Lines Liquidation	20,017	1,550,712
Dividend – Waterford Multiport	5,745	-
Loss on development land	(27,605)	(36,832)
	<u>(1,843)</u>	<u>1,513,880</u>

The dividend receivable from the Bell Lines Liquidation is an interim dividend. No provision has been made in respect of any further amounts which may fall to be received on declaration of any final dividend.

4. OPERATING AND MAINTENANCE COSTS - EXCEPTIONAL	2009 €	2008 €
Redundancy/rationalisation Costs	<u>670,956</u>	<u>-</u>

Rationalisation has taken place across all key areas of the Group. This action, which was achieved with the co-operation of the workforce and without business interruption, will result in a lower cost base going forward through a reduction of numbers employed and the application of improved working practices in specific operational areas of the business.

**PORT OF WATERFORD COMPANY AND SUBSIDIARIES**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 December 2009 (continued)**
**5. EMPLOYEES (INCLUDING PILOTS) AND REMUNERATION**

The average number of persons employed (including pilots) during the year was as follows:

	2009	2008
	<u>No.</u>	<u>No.</u>
Administration	11	14
Operations and Maintenance	<u>38</u>	<u>38</u>
	<u>49</u>	<u>52</u>

The payroll costs of these persons were as follows:

	€	€
Wages and salaries	2,666,191	2,976,106
Social welfare costs	281,962	313,540
Pension cost - defined benefit	214,000	212,000
Pension cost - defined contribution	147,511	144,326
	<u>3,309,664</u>	<u>3,645,972</u>

The number of employees post redundancy/rationalisation is 37. The average employee figure does not portray this as the majority of the redundancies/rationalisation took place in late 2009 and early 2010.

**6. OPERATING (LOSS)/PROFIT**

	2009		2008	
	€	€	€	€
<i>This is stated after charging/(crediting):</i>				
Directors' remuneration:				
- For management services :				
Basic Salary		127,928		127,928
Bonus		44,777		44,775
Additional Benefits		12,000		20,425
Pension contributions - regular		31,982		31,982
- For services as directors		76,463		113,000
- Pensions paid to past directors		124,309		121,783
Auditors' remuneration - Audit Fees		19,950		22,497
- Other		13,095		24,603
Depreciation	2,001,194		2,003,320	
Grant amortisation	<u>(637,138)</u>		<u>(640,340)</u>	
		<u>1,364,056</u>		<u>1,362,980</u>

**7. EXCEPTIONAL INCOME/ (COSTS)**

Costs incurred solely in relation to the rescinded contract for the sale of the North Quays property, which did not enhance the company's title were expensed.

	2009	2008
	€	€
<b>8. INTEREST PAYABLE AND SIMILAR CHARGES</b>		
Bank overdraft interest and bank charges	9,705	11,501
Bank loans repayable within five years by instalments	44,735	70,624
	<u>54,440</u>	<u>82,125</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2009 (continued)**

	2009	2008
	€	€
9. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES		
(a) Analysis of charge for the year:		
Current Tax:		
Corporation tax	-	277,332
Tax (over)/under provided in previous year	(143,229)	(13,551)
	<u>(143,229)</u>	<u>263,781</u>
Current tax (Note 8 (b))	(143,229)	263,781
Deferred tax charge (Note 16)	(5,384)	753,409
	<u>(148,613)</u>	<u>1,017,190</u>
Tax on profit on ordinary activities	<u>(148,613)</u>	<u>1,017,190</u>
(b) Factors affecting tax charge for the year:		
The tax assessed for the year is higher/lower than the standard rate of corporation tax in the Republic of Ireland (12.5%) the differences are explained below:		
(Loss)/Profit on ordinary activities before taxation	<u>(1,046,344)</u>	<u>4,019,450</u>
(Loss)/Profit on ordinary activities before taxation multiplied by the standard rate of corporation tax in the Republic of Ireland	(130,793)	502,431
Expenses not allowable for tax purposes	6,917	(11,230)
Depreciation in excess of capital allowances	30,015	29,557
Loss/(Profit) on Disposal of Fixed Assets not liable to Corporation Tax	(93)	463
Estate and investment income at 25%	34,109	105,066
Other timing differences	(114,534)	(72,683)
Losses carried back to prior period	142,759	-
Losses Carried Forward	31,620	4,604
Losses from prior period - utilised	-	(296,490)
Capital Gains Tax	-	15,614
Under provided in previous years	(143,229)	(13,551)
	<u>(143,229)</u>	<u>263,781</u>
Current tax charge for the year	<u>(143,229)</u>	<u>263,781</u>

## PORT OF WATERFORD COMPANY AND SUBSIDIARIES

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
 for the year ended 31 December 2009 (continued)

10. TANGIBLE FIXED ASSETS Group	Land Wharves and Buildings €	Cranes and Plant €	Capital Dredging €	Office Equipment €	Total €
Cost:					
At 1 January 2009	49,703,610	13,001,757	1,362,333	130,262	64,197,962
Additions during year	27,853	20,429	167,199	7,990	223,471
Disposals during year	-	(1,704)	-	-	(1,704)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2009	49,731,463	13,020,482	1,529,532	138,252	64,419,729
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated Depreciation:					
At 1 January 2009	6,938,683	9,104,186	509,009	127,035	16,678,913
Charge for year	1,057,459	890,989	49,787	2,959	2,001,194
On disposals	-	(1,689)	-	-	(1,689)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2009	7,996,142	9,993,486	558,796	129,994	18,678,418
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value:					
At 31 December 2009	<u>41,735,321</u>	<u>3,026,996</u>	<u>970,736</u>	<u>8,258</u>	<u>45,741,311</u>
At 31 December 2008	<u>42,764,927</u>	<u>3,897,571</u>	<u>853,324</u>	<u>3,227</u>	<u>47,519,049</u>

Land, Wharves, and Buildings includes land in the amount of €1,823,846 on which no depreciation is charged.

## PORT OF WATERFORD COMPANY AND SUBSIDIARIES

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2009 (continued)**

10. TANGIBLE FIXED ASSETS Company	Land Wharves and Buildings €	Cranes And Plant €	Capital Dredging €	Total €
Cost:				
At 1 January 2009	49,703,610	11,978,593	1,362,333	63,044,536
Additions during year	27,853	11,778	167,199	206,830
Disposals during year	-	(1,704)	-	(1,704)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2009	49,731,463	11,988,667	1,529,532	63,249,662
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated Depreciation:				
At 1 January 2009	6,938,683	8,145,327	509,009	15,593,019
Charge for year	1,057,459	859,799	49,787	1,967,045
On disposals	-	(1,689)	-	(1,689)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2009	7,996,142	9,003,437	558,796	17,558,375
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value:				
At 31 December 2009	<u>41,735,321</u>	<u>2,985,230</u>	<u>970,736</u>	<u>45,691,287</u>
At 31 December 2008	<u>42,764,927</u>	<u>3,833,266</u>	<u>853,324</u>	<u>47,451,517</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
 for the year ended 31 December 2009 (continued)

	<b>Company</b>	
	2009	2008
	€	€
11. FINANCIAL FIXED ASSETS		

**Company**

Group undertakings – unlisted

Shares at cost	<u>200</u>	<u>200</u>
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Details of investments in group undertakings are as follows:

-100% of the Share Capital of Waterford Container Terminal Limited, whose registered office is 3<sup>rd</sup> Floor, Marine Point, Belview Port, Slieverue, Waterford. Waterford Container Terminal Limited is engaged in the provision of stevedoring services. The investment comprises 100 ordinary shares of €1 each.

-100% of the Share Capital of Waterford Marine Utilities Limited, whose registered office is 3<sup>rd</sup> Floor, Marine Point, Belview Port, Slieverue, Waterford. Waterford Marine Utilities Limited is engaged in the provision of checkpoint services. The investment comprises of 100 ordinary shares of €1 each.

In the opinion of the Directors, the value to the company of the unlisted investments is not less than the book amount shown above.

	<b>Group &amp; Company</b>	
	2009	2008
	€	€
12. STOCK		
Development Land		
Land bank	<u>2,754,511</u>	<u>2,754,071</u>

The company is engaged in the development of land adjacent to the port for industrial purposes. The amount stated above includes the company's portion of the cost of this land and subsequent development costs, in addition to the cost and subsequent development costs of the company's own land.

	<b>Group</b>		<b>Company</b>	
	2009	2008	2009	2008
	€	€	€	€
13. DEBTORS (amounts falling due within one year)				
Trade debtors and prepayments	1,164,044	2,353,518	638,708	1,578,000
Amounts due by subsidiary undertaking - trade	-	-	133,855	106,239
Value added tax	29,126	25,713	2,058	-
Corporation Tax/Capital Gains Tax	142,645	39,553	105,639	25,362
	<u>1,335,815</u>	<u>2,418,784</u>	<u>880,260</u>	<u>1,709,601</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
for the year ended 31 December 2009 (continued)

	<b>Group</b>		<b>Company</b>	
	2009	2008	2009	2008
14. CREDITORS	€	€	€	€
(amounts falling due within one year)				
Trade Creditors & Accruals	1,770,938	1,846,388	1,061,884	1,547,798
Amount due to subsidiary undertaking-trade	-	-	1,848	2,877
Bank Loans	239,564	220,243	239,564	220,243
PAYE	71,927	95,064	47,166	60,365
PRSI	47,331	47,760	19,039	23,914
VAT	<u>14,295</u>	<u>24,042</u>	-	14,147
	<u>2,144,055</u>	<u>2,233,497</u>	<u>1,369,501</u>	<u>1,869,344</u>

Provisions:

Included in Trade Creditors & Accruals is a provision for redundancies announced during the year. The movements on this provision during the year were as follows:-

	€
At 1 January 2009	-
Provision during year	670,956
Used During the Year	<u>(305,658)</u>
At 31 December 2009	<u>365,298</u>

	<b>Group &amp; Company</b>	
	2009	2008
15. CREDITORS (amounts falling due After more than one year)	€	€
Bank loans	<u>733,461</u>	<u>977,605</u>

The above are repayable as follows:

- Repayable by instalments in more than one year but not more than two years	245,789	227,411
- Repayable by instalments in more than two years but not more than five years	487,672	750,194
	<u>733,461</u>	<u>977,605</u>

**PORT OF WATERFORD COMPANY AND SUBSIDIARIES**


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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 December 2009 (continued)**

		<b>Group &amp; Company</b>	
		<b>€</b>	
16.	CAPITAL GRANTS		
	Government and EU Grants		
	<i>Receivable:</i>		
	At 1 January 2009 & At 31 December 2009		<u>19,461,785</u>
	<i>Amortisation:</i>		
	At 1 January 2009		6,938,290
	Credited in year		<u>637,138</u>
	At 31 December 2009		<u>7,575,428</u>
	Net book amounts:		
	At 31 December 2009		<u>11,886,357</u>
	At 31 December 2008		<u>12,523,495</u>

Prior to vesting day Waterford Harbour Commissioners had received capital grants amounting to €24,319,608.

		<b>Group &amp; Company</b>	
		2009	2008
		€	€
17.	DEFERRED TAXATION		
	Principally on accelerated capital allowances and unutilised tax losses		
	At 1 January	915,679	162,270
	(Credit)/Charge for the year	(5,384)	753,409
	At 31 December	<u>910,295</u>	<u>915,679</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2009 (continued)**
**18. PENSION COMMITMENTS****Group:****Defined contribution schemes:**

The group operates defined contribution pension schemes for certain employees. The assets of the schemes are held separately from those of the group in independently administered funds. The advice of a professionally qualified actuary was taken in the setting up and maintenance of the schemes. Total pension costs of the defined contribution schemes for the year ended 31 December 2009 amounted to €147,511 (2008 - €144,326).

**Defined benefit scheme:**

The company operates defined benefit schemes for certain of its permanent employees, including employees and former employees of the company's predecessor entity Waterford Harbour Commissioners. Contributions to the scheme are based on the advice of an independent qualified actuary. The scheme is funded by the payment of contributions to a separately administered fund.

The company has made a proposal to the Pensions Board for the funding of the scheme over a period which is longer than the maximum normally allowed. To facilitate this extended funding period the company has granted a charge over certain non-core assets in favour of the Trustees of the Pension Scheme. This charge is granted as security for any deficit of funds as certified by the scheme actuary in relation to the Pension Scheme until such time as the Trustees are satisfied that the deficit is unconditionally and irrevocably paid in full.

The overall expected rate of return on plan assets of 4.6% has been derived from the weighted expected return of each of the major categories of assets. In particular:

- The expected annual return on real estate has been taken to be 6.5% which is an assumed rate of 1.00% pa less than equities.
- The expected annual return on corporate bonds has been taken to be 4.5%. This has been derived from the average yield on long term Eurozone Government Debt.
- The expected annual return on equities has been taken to be 7.50%. This has been derived based on the application of a 3% p.a. "equity risk premium" to the bond yield.
- The expected return on cash has been taken to be 0.75% which is equal to the ECB base rate less 0.25%.

The amounts recognised in the balance sheet are as follows:

	2009	2008
	€'000	€'000
Present value of funded obligations	14,971	14,466
Fair value of plan assets	(3,989)	(3,056)
Deficit	<u>10,982</u>	<u>11,410</u>
Related deferred tax asset	(1,373)	(1,426)
Net liability	<u><u>9,609</u></u>	<u><u>9,984</u></u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2009 (continued)**

## 18. PENSION COMMITMENTS (continued)

The amounts recognised in the profit and loss account are as follows:

	2009 €'000	2008 €'000
<i>In Staff Costs:</i>		
Current Service cost	214	212
<i>In other Financing costs:</i>		
Interest on obligation	805	780
Expected return on plan assets	(207)	(340)
Total	<u>812</u>	<u>652</u>
Actual return on plan assets	<u>397</u>	<u>(1,823)</u>

Changes in the present value of the defined benefit obligation are as follows:

	2009 €'000	2008 €'000
Opening defined benefit obligation	14,467	14,368
Current service cost	214	212
Employees' contribution	28	33
Interest cost	805	780
Actuarial losses/(gains)	633	(84)
Benefits paid	(1,176)	(842)
Closing defined benefit obligation	<u>14,971</u>	<u>14,467</u>

Changes in the fair value of plan assets are as follows:

	2009 €'000	2008 €'000
Opening fair value of plan assets	3,056	4,591
Expected return	207	340
Employers contributions	1,684	1,094
Employees' contributions	28	33
Actuarial experience losses	190	(2,163)
Benefits paid	(1,176)	(839)
Closing fair value of plan assets	<u>3,989</u>	<u>3,056</u>

**PORT OF WATERFORD COMPANY AND SUBSIDIARIES**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 December 2009 (continued)**
**18. PENSION COMMITMENTS (continued)**

The group expects to contribute € 0.5M as regular contributions to the defined benefit plan and a further €1.1M payments to pensioners in 2010.

The major categories of plan assets as a percentage of total plan assets are as follows:

	2009	2008
Equities	0%	66%
Bonds	95%	22%
Property	5%	9%
Other	0%	3%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

	2009	2008
Discount rate at 31 December	5.75%	5.75%
Inflation	2.00%	2.00%
Salary increases	3.00%	4.00%
Pension increases in payment	3.00%	3.00%
Pension increase in deferment	3.00%	3.00%
Expected return on assets	4.6%	7.18%
Base mortality table:		
Active members	85% PA92	85% PA92
Current Pensioners	85% PA92	85% PA92
Mortality Basis:		
Active members (projected to calendar year)	2033	2030
Current pensioners (projected to calendar year)	2023	2015

Amounts for the current and previous four periods are as follows:

	2009	2008	2007	2006	2005
	€'000	€'000	€'000	€'000	€'000
Fair value of assets	3,989	3,056	4,591	4,418	3,693
Defined benefit of obligation	(14,971)	(14,466)	(14,368)	(16,265)	(16,139)
Deficit	(10,982)	(11,410)	(9,777)	(11,847)	(12,446)
Experience adjustment in assets	190	(2,163)	(454)	255	332
Experience adjustments in liability	(953)	(4)	123	(156)	(55)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2009 (continued)**

	2009 €	2008 €
19. CALLED UP SHARE CAPITAL		
<i>Authorised</i>		
32,000,000 Ordinary Shares of €1.25 each	<u>40,000,000</u>	<u>40,000,000</u>
<i>Allotted, called up and fully paid</i>		
14,940,642 Ordinary Shares of €1.25 each (2008 - 13,551,326 Ordinary Shares of €1.25 each)	<u>18,675,803</u>	<u>16,939,157</u>

During the year the company issued 1,389,316 ordinary shares of €1.25 each at par for cash of €1,736,646. This reflected the receipt of Assistance under the NDP 2000-2006.

**20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<i>Issued Share Capital</i> €	<i>Capital Conversion Reserve Fund</i> €	<i>Profit and Loss Account</i> €	<i>Total Shareholders Funds</i> €
<b>Group:</b>				
At 01 January 2009	16,939,157	92,523	12,456,366	29,488,046
Issue of Shares	1,736,646	-	-	1,736,646
Profit for the year	-	-	(897,731)	(897,731)
Other recognised gains and losses	-	-	(496,670)	(496,670)
At 31 December 2009	<u>18,675,803</u>	<u>92,523</u>	<u>11,061,965</u>	<u>29,830,291</u>
<b>Company:</b>				
At 01 January 2009	16,939,157	92,523	11,693,474	28,725,154
Issue of Shares	1,736,646	-	-	1,736,646
Profit for the year	-	-	(492,663)	(492,663)
Other recognised gains and losses	-	-	(496,670)	(496,670)
At 31 December 2009	<u>18,675,803</u>	<u>92,523</u>	<u>10,704,141</u>	<u>29,472,467</u>

**PORT OF WATERFORD COMPANY AND SUBSIDIARIES**


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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
for the year ended 31 December 2009 (continued)**

## 21. COMMITMENTS

**Group & Company:**

## (a) Capital Expenditure

	2009 €	2008 €
Authorised and contracted for	<u>-</u>	<u>-</u>

## 22. CONTINGENCIES

**Company:**

## (i) Contingent liabilities

Section 17, Companies (Amendment) Act, 1896:

The company has guaranteed the liabilities (as defined in Section 5 (c) (ii) of the Companies Amendment Act, 1986) of its subsidiaries set out at Note 10, and consequently, the subsidiary undertakings do not file their financial statements.

**Group & Company:**

## (ii) Contingent assets

Liquidation

The company has agreed the amount to rank for dividend in the liquidation of Bell Lines Limited. An interim dividend of 10cent/ € on this amount has been reflected in the 2008 financial statements. Any further amount which may become due on the declaration of the final dividend has not been provided for.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2009 (continued)**

23.	RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2009 €	2008 €		
	Operating (loss)/ profit	(516,980)	4,309,252		
	Depreciation	2,001,194	2,003,320		
	Grants amortised	(637,138)	(640,340)		
	Decrease/(Increase) in debtors	1,204,640	(619,334)		
	Increase in creditors	187,992	165,827		
	Pension Cost	214,000	212,000		
	Pension – regular employee contributions	27,689	32,583		
	Loss on development land	27,605	36,832		
	Net cash inflow from operating activities	<u>2,509,002</u>	<u>5,500,140</u>		
24.	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	2009 €	2008 €		
	Increase/(Decrease) in cash for year	1,851,444	(1,482,503)		
	Cash outflow from term loan repayments	<u>224,823</u>	<u>247,558</u>		
	Increase/(Decrease) in net funds for the year	2,076,267	(1,234,945)		
	Net funds at 1 January	2,232,780	3,467,725		
	Net funds at 31 December	<u>4,309,047</u>	<u>2,232,780</u>		
25.	ANALYSIS OF CHANGES IN NET FUNDS	At 1 Jan 2009 €	Cash Flows €	Other Movements €	At 31 Dec 2009 €
	Cash at bank and in hand	3,430,628	1,851,444	-	5,282,072
	Term Loans:				
	Within one year	(220,243)	220,243	(239,564)	(239,564)
	After one year	(977,605)	4,580	239,564	(733,461)
		<u>(1,197,848)</u>	<u>224,823</u>	<u>-</u>	<u>(973,025)</u>
		<u>2,232,780</u>	<u>2,076,267</u>	<u>-</u>	<u>4,309,047</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**for the year ended 31 December 2009 (continued)**

## 26. PROFIT AND LOSS ACCOUNT

As provided under Section 148 (8) of the Companies Act, 1963 and Section 7 (1A) of the Companies Amendment Act, 1986, a separate profit and loss account of the holding company is not presented.

The amount of the loss dealt with in the accounts of the holding company for the year ended 31 December 2009 was €603,800.

## 27. RELATED PARTY TRANSACTIONS

Mr. Derek Donnelly, a director of the company, is also a director of Passage East Car Ferries Limited, a port user, with which the company had transactions on normal commercial terms.

Mr Derek Madigan, a director of the company, is a full time employee of Waterford Container Terminal Ltd a 100% owned subsidiary. Mr Madigan's terms of employment were the same as those applying to other employees in a similar position. His employment terminated in January 2010.

The only other transactions between the company and its directors were the payment for services as executive, director or chairman.

## 28. CONTROLLING PARTY

The company's immediate and ultimate controlling party is the Minister for Transport.

Director	Meetings* Attended	Fees €
Michael Flynn (Chairman)	7/7	10,234
S McIlvenny (CEO)	7/7	8,400
D Donnelly	5/7	6,887
M Lonergan	6/7	6,887
P Murphy	6/7	6,887
Fiona Ormond	6/7	6,887
D Madigan	7/7	8,390
N McDonnell	5/5	6,025
B Gavin (RIP)	1/2	1,411
Cllr T Cunningham	3/4	4,310
Cllr D Dowling	4/4	3,755
P O Griofa	1/2	862
Cllr L O Sullivan	3/4	5,618

\* Meetings attended/meetings eligible

The total of expenses paid to Directors (excl the CEO) was €6,152 broken down as follows:-

	€
Travel	1,897
Subsistence & Accommodation	2,448
Conference Fees	<u>1,807</u>
	<u>6,152</u>

## 29. FINANCIAL STATEMENTS APPROVAL

The board of directors approved the financial statements and authorised their issue on 29 March 2010.