

SHANNON FOYNES PORT COMPANY
(A company limited by shares)
and it's subsidiary undertakings

Annual Report and Consolidated
Financial Statements

Year Ended 31 December 2013

SHANNON FOYNES PORT COMPANY
(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS

Annual Report and Financial Statements 2013

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**SHANNON FOYNES PORT COMPANY
(A COMPANY LIMITED BY SHARES) AND IT'S SUBSIDIARY UNDERTAKINGS**

Directors and Other Information

Board

M. Collins (Chairperson)
P. Cleary
M. Finucane
C. Henry
E. Jennings
P. Keating
J. Treacy

Solicitors

Harrison O'Dowd
98 Henry Street
Limerick

Philip Lee Solicitors
7-8 Wilton Terrace
Dublin 2

Secretary and Registered Office

E. Stanley
Harbour Office
Foynes
Co Limerick

Matheson Ormsby Prentice
70 Sir John Rogersons Quay
Dublin 2

Connolly Sellors Geraghty
7 Glentworth Street,
Limerick

Registered Number: 332414

Bankers

Independent Auditors

Grant Thornton
Chartered Accountants & Registered Auditors
Mill House
Henry Street
Limerick

Allied Irish Bank Plc
Main Street
Foynes, Co. Limerick

Bank of Ireland
125 O'Connell Street
Limerick

Management

P. Keating	Chief Executive Officer
J. Carlton	Port Services Manager
M. Morrissey	Commercial Manager
E. Stanley	Financial Controller & Secretary

Rabobank Ireland Plc
Charlemont Place
Dublin 2

Actuaries

Invesco Limited
4 South Bank
Crosses Green
Cork

**SHANNON FOYNES PORT COMPANY
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DIRECTORS' REPORT

The Directors have pleasure in submitting their Annual Report to the Shareholders together with the Audited Consolidated Financial Statements for the year ended 31 December 2013.

Directors' Responsibilities for Financial Statements

Irish Company Law requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the company and the group for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the Irish Companies Acts, 1963-2013, and the European Communities (Companies: Group Accounts) Regulations, 1992. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Books of Account

The measures taken by the directors to secure compliance with the company's and the group's obligations to keep proper books of account are the use of appropriate systems and procedures and the employment of competent persons. The books of account are kept at Mill House, Foynes, Co Limerick.

Corporate Governance

The company is committed to the Code of Practice for the governance of state bodies. It has appointed internal auditors as part of this process. A separate report on corporate governance is set out in pages 9 - 10.

Prompt Payment of Accounts Act, 1997

It is the policy of the company and the group to comply in all material respects with the terms of the Prompt Payment of Accounts Act, 1997.

Principal Activities

The business purpose of the group is to facilitate the flow of goods and attendant tracking information throughout the Shannon Estuary. With this purpose in mind, the group provides the infrastructure, facilities, services and accommodation necessary to cater for the efficient transfer of goods between land and sea transport. Revenue in connection with the provision of these facilities is generated from vessel and goods dues, stevedoring, rent and the ancillary services provided.

Review of the Business

A detailed review of the group's operations is set out on pages 11 - 14.

SHANNON FOYNES PORT COMPANY
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DIRECTORS' REPORT (CONTINUED)

Future Developments

The strategy of the group is aimed at developing its activities in the Shannon Estuary and this will continue in the coming years.

Post Balance Sheet Events

There have been no significant events affecting the Group since the year end.

Results and Dividends

The consolidated profit and loss account on page 19 shows the group's results for the year.

As sufficient distributable reserves do not exist, the directors do not recommend the payment of a dividend.

Capital Injection

This represented the difference between the net book value of assets taken over on Vesting Day (17 September 2000) and the issued share capital at that time.

The shareholder subscribed €3,809,214 for ordinary shares of €1.269738 each during the year ended 2001. Shares were allotted in respect of this sum during the year ending 31 December 2002 as follows:

3,047,371 Ordinary Shares of €1.25 each

In addition 11,246,513 Ordinary Shares of €1.25 each were issued out of the capital injection as at 31 December 2001.

Directors

The names of the persons who were directors at any time during the year ended 31 December 2013 are set out below. Unless indicated otherwise they served as directors for the entire year.

M Collins – Chairperson
P Cleary
C Henry
M. Finucane
E Jennings
P. Keating
J Treacy

**SHANNON FOYNES PORT COMPANY
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DIRECTORS' REPORT (CONTINUED)

Directors and Secretary's Interests

The directors and secretary have no beneficial interests, including family interests, in the share capital of the company or its subsidiary companies at 31 December 2012 and 31 December 2013.

Research and Development

The group is committed to Research and Development to the benefit of the customer and the environment.

Subsidiaries

The information required by Section 158(4) of the Companies Act 1963 is provided in note 10 to the financial statements.

Auditors

Grant Thornton were re-appointed as auditors during the year in accordance with Section 160(2) of the Companies Act, 1963.

Approval of Financial Statements

The financial statements were approved by the directors on 3 April 2014

On behalf of the Board

Michael Collins

Director

Edmund Jennings

Director

Date: 3 April 2014

SHANNON FOYNES PORT COMPANY
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CHAIRPERSONS' STATEMENT

I am pleased to present the annual report for Shannon Foynes Port Company.

Activities

Shannon Foynes Port Company oversaw another very successful year and maintained its position as Ireland's largest bulk port company in terms of tonnage throughput in 2013. Cargo throughput of 10.5 million tonnes was up by 2.2% on the previous year. Although privately owned terminals show a small decline of 0.3% in tonnage throughput, this is more than offset by gains experienced in general cargo terminals. Tonnages at the general cargo terminals increased by 246k tons or 14.1%. Despite tonnage gains being experienced at our primary general cargo terminal of Foynes in 2012, this is the first year since 2010 where all general cargo terminals have shown an overall year on year increase. We also experienced the highest overall annual tonnage throughput at general cargo terminals since 2007. The operating profit before financing costs, profit on disposal of assets and taxation was €4.149 million which was a record operating performance for the Company and up by 35.5% on 2012. This performance which is the fourth successive year of posting record operating performance has been driven primarily and substantially by the exceptional performance of general cargo terminals with a non-recurring compensation payment also impacting results positively. After financing costs and a non cash deferred taxation charge, the Company had a profit attributable to the Shareholder of approximately €2.825 million.

Noteworthy achievements in 2013 included:

- An increased operating margin from 30.2% in 2012 to 35.0%.
- The Shannon Foynes Port Company Master Plan Vision 2041 was formally adopted by the Board and launched on February 22nd 2013.
- The company welcomed the publication of the Governments National Ports Policy and its formal designation of Shannon Foynes Port Company as a Tier 1 Port of National Significance.
- To begin to address the land bank shortage at Foynes Port as identified in Vision 2041, the Company completed the purchase of a 16.6 acre strategic site located within Port boundaries.
- The Company continued to forge close relationships with other state and related development agencies illustrated by its active role on the Steering Group of the Shannon Integrated Framework Plan which was formally launched on the 22nd November 2013.
- Significant progress was achieved towards realising the objectives of the Strategic Plan 2013 – 2017.
- The Company is on course to approve the 2014-2018 Strategic Plan and present it to the Departments of Transport and Finance by the due date.

Corporate Governance

Shannon Foynes Port Company saw no changes to the composition of its Board during 2013.

Shannon Foynes Port Company remains committed to full compliance to the *Code of Practice for the Governance of State Bodies*. Management continues to annually review compliance and the 2013 review found that the Company was again compliant in all areas.

The Board's Risk Management Committee met on two occasions during 2013 under the Chairmanship of Michael Finucane. The purpose of the Risk Management Committee is to ensure the development and implementation of the company's Risk Management Policy; to ensure that appropriate procedures are in place to identify, assess and manage risk; to monitor the management team's implementation of those procedures, and to report to the Board as necessary. Following a review of Committee memberships, Pdraig Cleary was appointed to the Committee from the 8th April 2013. Risk management continues to be an agenda item at all Board Meetings.

**SHANNON FOYNES PORT COMPANY
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CHAIRPERSONS' STATEMENT (CONTINUED)

The Board aims, through executive management, to operate a system of internal financial controls which mitigate against key financial and business risks and is also in compliance with the corporate governance guidelines. The system of controls was monitored on behalf of the Board by the Audit Committee, under the chairmanship of Mr. Edmund Jennings.

The Board's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the management within Shannon Foynes Port Company who develop and maintain the financial control framework, through its ISO9001 quality assurance standard; the Internal Auditor, the Audit Committee which oversees the work of Internal Audit and comments made by the External Auditor in their management letter.

Shannon Foynes Port Company has outsourced its Internal Audit function. The work of internal audit is agreed in consultation with management and the Audit Committee and is subsequently agreed by the Board. The Internal Audit Service provider operates in accordance with the Framework Codes of Best Practice set out in the *Code of Practice on the Governance of State Bodies* and reports directly to the Audit Committee. The Internal Auditor reports to and presents its work to the Audit Committee. The Internal Audit reports presented to the Audit Committee reflects the Internal Auditor's opinion on the adequacy of the controls that have been reviewed. PricewaterhouseCoopers the appointed Internal Auditors completed the agreed programme of work from the 2013 Internal Audit Plan as approved by the Audit Committee on the 4th April 2013.

Other key systems are also subject to audit. Based on these systems and procedures being in place, I confirm that the Company conforms to the Corporate Governance Guidelines and to the Codes of Conduct issued by the Department.

Capital Investment

Capital Additions were €2.339 million in the year. Of this €2.080 million relates to expenditure incurred on lands and buildings including the purchase of a 16.6 acre site at Foynes, significant rehabilitation works at Limerick including roof restoration of the Bannatyne Mills building and extensive rehabilitation and restoration works at Foynes.

I confirm compliance with the Guidelines for the Appraisal and Management of Capital Expenditure Proposals.

Remuneration

Shannon Foynes Port Company complies with the Government Guidelines on the payment of Directors' fees and on the Government policy on the pay of the Chief Executive and all State Body employees.

Statutory Compliance

To the best of my knowledge and belief all the statutory requirements of the Company have been complied with.

Developments since year-end

No significant developments are noted

**SHANNON FOYNES PORT COMPANY
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CHAIRPERSONS' STATEMENT (CONTINUED)

The future

The Company has identified through its Capital Development Program 2014-2023, which has recently been approved by the Board, capital expenditure totaling €48.5million. Of this, it has identified and detailed capital requirements of €10.2million for its 2014 Annual Budget including a sum of €8million for the East Jetty Infill. This project with a total cost of circa €12million commencing in 2014 is scheduled for completion during 2015. The project once completed will allow for additional quay set down facilities at Foynes which is required to attract new business and retain existing business, remedy lateral loading constraints for larger vessels at Berth 6 and remove some extreme congestion which can occur when vessels are simultaneously discharging at Berths 5 & 6. This project qualifies for Ten-T funding and accordingly we will be submitting an application under the upcoming 2014 call window.

The Board is fully committed to delivering on the strategic vision as outlined in the Shannon Foynes Master Plan Vision 2041 and to that end, will be actively pursuing the implementation of all key deliverables identified in the Plan.

I wish to thank my fellow Directors for their continuing work on behalf of the company throughout the year. On behalf of the Board I would like to thank the management and staff for their efforts and co-operation during 2013 in supporting the direction being provided by the Board.

Michael Collins
Chairperson
Shannon Foynes Port Company

**SHANNON FOYNES PORT COMPANY
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CORPORATE GOVERNANCE REPORT**

Responsibility for System of Internal Financial Control

On behalf of the Board of Directors of Shannon Foynes Port Company I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated.

The system can only provide reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

Key Control Procedures

During the year ended 31st December 2013, the Board has taken steps to ensure an appropriate control environment is in place by;

- Clearly defining management responsibilities with the services of qualified personnel having been secured and with duties properly allocated among them, segregating duties where practicable;
- Establishing formal procedures for monitoring the activities and safeguarding the assets of the organisation;
- Having a comprehensive budgeting system with an annual budget which is reviewed by the Audit Committee and approved by the Board. Providing monthly reports to the Board monitoring performance against Budget and identifying any material variances which occur;
- Providing training to new and existing members of the Board of Directors on their role and responsibilities;
- The Audit Committee undertaking their role and responsibilities during the period under review;
- Performance of a review of Corporate Governance within the Company;
- Developing and establishing a Risk Management Policy to identify and evaluate key business risks by:
 - Identifying the nature of the key business risks facing the organisation;
 - Evaluating the impact and likelihood of the gross risks materializing;
 - Identifying the controls in place to mitigate the gross risks;
 - Re-evaluating the risks taking into account the controls in place to identify if the inherent risk is at an acceptable/manageable level;
 - Identifying a risk owner for each Business Risk identified;
 - Identifying further strategies where required to manage the key risks;
 - Regular review and update of Business Risks process
 - Risk Management is a standing agenda item at all scheduled meetings of the Board
- Establishing procedures whereby employees of the Company may, in confidence, raise concern about possible irregularities in financial reporting or other matters, and for ensuring meaningful follow-up of matters raised in this way.

**SHANNON FOYNES PORT COMPANY
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CORPORATE GOVERNANCE REPORT (CONTINUED)**

- Shannon Foynes Port Company operates and maintains quality management systems to comply with internationally recognised standards OHSAS 18001 & ISO9001. Successful maintenance of international standards enables the organisation to maintain a level of control over, and knowledge of, relevant hazards resulting from normal operations and abnormal situations with an overall objective to improving performance and preventing accidents and/or incidents in the workplace.
- Shannon Foynes Port Company has outsourced its Internal Audit function. The work of internal audit is agreed in consultation with management and the Audit Committee. The Internal Audit Programme for 2013 was recommended to the Board by the Audit Committee and was subsequently carried out in full. The Internal Audit Service Provider operates in accordance with the Framework Codes of Best Practice set out in the Code of Practice on the Governance of State Bodies and reports directly to the Audit Committee. The Internal Auditor reports to and presents its work to the Audit Committee. The Internal Audit reports presented to the Audit Committee reflect the Internal Auditor's opinion on the adequacy of the controls that have been reviewed.

The Board's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the management within Shannon Foynes Port Company who develop and maintain the financial control framework, the Internal Auditor, the Audit Committee which oversees the work of Internal Audit and comments made by the External Auditor in their management letter.

In the year ended 31st December 2013, management have conducted a review of the effectiveness of the system of internal financial controls. This review was presented to the Audit Committee who in turn recommended it to the Board.

Michael Collins
Chairperson
Shannon Foynes Port Company

SHANNON FOYNES PORT COMPANY
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BUSINESS AND OPERATING REVIEW

Operating Review

I am delighted to report that we delivered a very solid operating performance for 2013. Both Gross Profit and Operating Profit at just over €6.2m (2012: €4.9m) and €4.1m (2012: €3.1m), respectively, attained new heights. Consequently, operating margin has consistently and substantially increased from 5.5% in 2006 to 35% in 2013. Encouragingly, year on year revenues increased a healthy 17.1% in 2013 whilst related operating costs were kept well in control at a year on year increase of just 7.6%. It is noteworthy that this performance was achieved against the backdrop of GDP contraction (-0.3%) or modest GNP growth of 2.5%.

Profitability has risen significantly over the past several years with profit before tax increasing to €3.4m in 2013 (2012:€2m) and if the long awaited green shoots of economic recovery take hold, as expected by many commentators, then this will add further momentum to future operating performance. It is particularly welcoming to see the commencement of revenue growth as much effort is put into this area, with many short, mid and long term initiatives now being rolled out to grow tonnage throughput. It is essential that all of our services are efficient and competitively priced and the aforementioned initiatives will address and ensure that this is the case.

2013 tonnage throughput for all terminals on the Shannon Estuary again exceeded 10 million tonnes and at 10.5 million tons are 2.2% positive to 2012. Annual tonnages are now just over 92% of those recorded in the peak year of 2006. Tonnage throughput at our general cargo terminals of Limerick and Foynes underwent year on year increases of 14% with growth recorded in all trade categories, namely, bulk, break bulk and liquid bulk. Throughputs relating to some of the underlying sectors, particularly the agricultural and energy sectors, were enhanced by the long winter extending into April and even May with unseasonal low temperatures experienced. With regard to the single user terminals at Moneypoint, Aughinish and Shannon tonnage remained stable.

While the business is now consistently generating healthy profits there are many substantial demands on cash flow such as the very extensive Capital Program underpinning Vision 2041, the very onerous pension funding requirement and the existing debt funding requirement. Accordingly, it is vital that we grow revenues and most importantly continue to reduce and control costs so that we can build on recent success. We are confident that by continuing to focus on continual improvement, in all areas, the projections outlined in Vision 2041 will be attained and importantly the capacity requirements identified therein will be delivered on. Whilst it is early days in the Vision 2041 plan period we are very much on track to achieve its growth projections. Since 2011 (the base year of Vision 2041) tonnage at our general cargo terminals have increased by 14% consistent with Vision 2041's mid to high average growth scenario.

Our balance sheet continues to strengthen with sufficient liquidity and gearing continuing to improve. However, 2014 and 2015 will see the roll out of a major capex project at Foynes consistent with Vision 2041 and gearing will increase in the short term but to levels well within the capacity of the business to manage. Our pension deficit increased during 2013 due to a revision of the pension actuarial assumptions mainly due to the contraction of bond yields manifesting in the discount rate reducing to 3.3% from 4%. This revision reflects the return of the euro related bond markets to a tentative normality and is also reflective of low yields globally. The total effect of changes in actuarial pension assumptions is a €1.4m hit to reserves for 2013. Nevertheless we expect to accumulate distributable revenue reserves in 2014 and accordingly the Board is expected to propose a dividend out of 2014 reserves.

**SHANNON FOYNES PORT COMPANY
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BUSINESS AND OPERATING REVIEW (CONTINUED)

Capital Investment & Funding

As mentioned our Capital Program underpinning Vision 2041 will require addition debt funding over the short, medium and long term. The Capital Program consisting of a number of projects approved by the Board has been structured based on performance projections and cashflow generation and consistent with it, we will be rolling out a substantial project in 2014, namely, Phase 1 of the East Jetty Infill that will be funded in part by new debt finance. It is noted that existing debt together with this new debt will be well within the capacity of the business and indeed much of our existing debt will be fully repaid over the medium term. With regard to our defined benefit pension schemes their respective deficits increased last year. As stated this was substantially related to adjustments to the valuation assumptions and particularly the lowering of the discount rate. Finally, we have provided for deferred tax for the first time due to our reserves position undergoing positive movement. A reserve of €559k has been created which is a non cash movement and is fully consistent with the FRS accounting standards.

Environment

The Board and management is committed to the continual improvement of its environmental, health and safety management systems (EHS). Environmental management is now fully integrated into and forms significant part of our management system. During 2013 we made significant investment in this area and have budgeted considerable expenditure in 2014 to further enhance our EHS resources. Other notable events included participation in, in April 2013, the Irish Coast Guard exercise *Cathach* which was a large-scale training exercise created to simulate a real-to-life disaster. Other participants included the local authorities and the Defence Forces.

The Future

Considerable progress was made during 2013 in positioning the Company as Ireland's premier deepwater shipping resource. At a national level and consistent with our designation as a core port under the EU's Ten-t guidelines (the EU's future integrated transport network), the Minister for Transport Tourism & Sport published the 2013 National Ports Policy that classifies Shannon Foynes as a Tier 1 port of National Significance. Consequently, SFPC is one of only three Irish ports with Tier 1 status which the National Ports Policy states has "clear *potential to lead the development of future port capacity in the medium and long term*". This Tier 1 status is essentially a recognition that SFPC is a key national strategic resource and hence its plans as promulgated in Vision 2041 are supported at government policy level. In this regard we are already seeing some of the key objectives of Vision 2041 being put in place such as the appointment of consultants to upgrade the N69 or the prioritisation of the modernisation of foreshore legislation to assist maritime investment.

At a regional level the Strategic Integrated Framework Plan (SIFP) for the Shannon Estuary, a collaboration between SFPC and all the statutory agencies in the region was completed and launched in January 2014 by Minister Jan O'Sullivan. Essentially this plan has identified nine strategic deepwater sites on the Shannon Estuary, including the Port at Foynes, for the development of future marine related industry and recommends that adjoining lands are zoned accordingly.

**SHANNON FOYNES PORT COMPANY
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BUSINESS AND OPERATING REVIEW (CONTINUED)

With regard to Vision 2041, we have initiated the implementation of many of the other objectives therein and recognising that their delivery will take many years none the less meaningful progress is being made. The following is a high level update on progress;

- We intend to commence in 2014 phase 1, Berth 5 East Jetty Infill, of our port capacity expansion at Foynes. Detailed design for this project is underway and it is estimated it will cost in the region of €13m over an 18 month construction period and will go to tender later this year.
- SFPC and Irish Rail are completing all necessary preliminary works associated with the reopening of the Limerick to Foynes rail line for freight traffic. It is expected these phase 1 works will be completed in 2014.
- We will fully engage with the N69 road upgrade project and provide the results of our positive cost/benefit analysis justifying this investment by the State
- Considerable resources have been expended in 2013 on improving our public facing buildings. This program will continue over the coming years. We are also actively engaged with the Limerick 2030 project and are pursuing the Marine Energy Research Park designation for our non-core assets at Limerick.
- We completed the purchase of a 17 acre site in Foynes during 2013 and have entered commercial agreements with CPL Fuels to construct a biofuels manufacturing facility on this site. CPL have commenced the planning process and expect to begin manufacturing in 2015.
- We have recently entered into a research agreement with UL's Kemmy Business School to provide detailed market research for the deepwater sites on the Shannon Estuary.

Significant progress has been made on positioning the Shannon Estuary as a unique deepwater resource for future maritime investment. The Eu Tent-t designation as a core port, the National Ports Policy designation as a Tier 1 port of National Significance, the publication of the SIFP for the Shannon Estuary and SFPC's masterplan Vision 2041 all ensure that there is now detailed plans in place that are consistent with both national and european policy to facilitate the economic maritime development of the Shannon Estuary. However some obstacles still remain such as;

- Foreshore legislation; while we acknowledge that draft legislation is progressing we would encourage all involved that the current momentum is maintained so that new legislation can be enacted without delay
- Shannon Estuary pSPA designation: The review process to hear objections has not commenced and is now entering its third year in abeyance. As reported previously we completed a report demonstrating that alternative approaches exist that are consistent with the Natura Directives but, importantly, allow future development take place. We again urge that the relevant Minister, the NPWS and the Department officials consider this report and note the methodology advocated therein has been widely adopted and accepted in other areas of Ireland, UK and Europe

**SHANNON FOYNES PORT COMPANY
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BUSINESS AND OPERATING REVIEW (CONTINUED)

- Energy regulation: The Shannon Estuary is particularly suited to large scale energy related projects. Indeed the SIFP recognises this fact under its energy development theme based on the deepwater potential of the Estuary and the shore side grid infrastructure already in place. However current regulation appears to be causing much investor uncertainty. This is evidenced by the ongoing uncertainty faced by the offshore oil and gas industry regarding Ireland's position on successful production and the last minute proposed structural change to the gas transmission tariff that is now jeopardising the €1bn Shannon LNG terminal on the Shannon Estuary.

Finally, despite some of the regulatory and legislative hurdles mentioned Shannon Foynes Port Company continues to surpass historical performance and we believe the future to be very promising. The return to growth in the economy, the focus of European and national strategic policy toward the future development of Tier 1 ports, the existing and potential deepwater terminals on offer in the Shannon Estuary together with the existing experience of facilitating vessels from capesize to coasters will ensure that we remain attractive to private sector investment and that we will continue to build on our reputation as one of the key economic drivers in the national and mid-west regional economy and hence deliver substantial value for our shareholders.

Acknowledgements

I would like to sincerely thank all our employees for their hard work and dedication during the year with their contribution being very much appreciated.

I wish to thank the Chairperson and Directors for their guidance and assistance to me and the management team during the year. I also extend my gratitude and appreciation to the staff in the Marine Transport Section of the Department of Transport, Tourism & Sport for their assistance during the year.

Finally I would like to thank our customers for their support during the year and look forward to their continued support ahead.

Pat Keating
Chief Executive Officer
Shannon Foynes Port Company

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SHANNON FOYNES PORT COMPANY
(A COMPANY LIMITED BY SHARES) AND IT'S SUBSIDIARY UNDERTAKINGS**

We have audited the financial statements of Shannon Foynes Port Company and it's subsidiary for the year ended 31 December 2013 which include Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 to 5 the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's [APB's] Ethical Standards for Auditors.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditor's 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the state of the group's and of the parent company's affairs as at 31 December 2013 and of the group's profit for the year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Acts 1963 to 2013.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SHANNON FOYNES PORT COMPANY
(A COMPANY LIMITED BY SHARES) AND IT'S SUBSIDIARY UNDERTAKINGS
(CONTINUED)**

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY THE COMPANIES ACTS 1963 TO 2013

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion proper books of account have been kept by the parent company.
- The parent company balance sheet is in agreement with the books of account.
- The financial statements are in agreement with the books of account.
- In our opinion the information given in the directors' report is consistent with the financial statements.
- The net assets of the parent company, as stated in the parent company balance sheet are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2013 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 parent company.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the provisions in the Companies Acts 1963 to 2013 which require us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.

Mill House
Henry Street
Limerick

DAMIAN GLEESON
For and on behalf of
GRANT THORNTON
Chartered Accountants
& Registered Auditor

3 April 2014

**SHANNON FOYNES PORT COMPANY
(A COMPANY LIMITED BY SHARES) AND IT'S SUBSIDIARY UNDERTAKINGS**

ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish Statute comprising the Companies Acts, 1963 to 2013 and the European Communities (Companies: Group Accounts) Regulations, 1992. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

The financial statements are presented in Euro.

- a) **Accounting Convention**
The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.
- b) **Basis of Consolidation**
The group financial statements consolidate the financial statements of the company and its subsidiary undertakings.
- c) **Goodwill**
Goodwill represents the excess of the fair value of the acquisition cost over the fair value of the net assets acquired and is being written off to the profit and loss account over 20 years.
- d) **Turnover**
Turnover represents the value of goods and services at invoiced value, exclusive of value added tax and trade discounts.
- e) **Tangible Fixed Assets**
The cost of tangible fixed assets includes directly attributable costs, including appropriate commissioning costs. Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates which are estimated to write off tangible fixed assets by the end of their expected useful lives. It the Company's policy not to revalue fixed assets.

	Annual Rate
Straight Line Basis	
Docks, Quays and Works	2-15%
Buildings	2-50%
Plant & Machinery	5-25%
Fixture & Fittings and Office Equipment	20-33.33%
Motor Vehicles	20%
River Lights	10%
Leased Plant & Equipment	14-25%
Leasehold Improvements	10%
Land is not depreciated	

**SHANNON FOYNES PORT COMPANY
(A COMPANY LIMITED BY SHARES) AND IT'S SUBSIDIARY UNDERTAKINGS**

ACCOUNTING POLICIES (CONTINUED)

f) Leases

Under transactions where the group is a lessee of assets, the accounting policy is dependent upon the classification of underlying leases as either finance leases or operating leases. Under finance leases the related assets are treated as fixed assets and depreciated in accordance with the group's depreciation policy. The total finance charge under finance leases is allocated to accounting periods over the lease term so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period. Charges under operating leases are charged to the profit and loss account on a straight line basis over the period of the respective leases.

g) Government and European Union Grants

Capital grants received are treated as deferred income and credited to the profit and loss account by instalments on a basis consistent with the relevant depreciation policy. Revenue grants are credited to the profit and loss account to offset the matching expenditure.

h) Research and Development

All expenditure on research and development is written off as incurred.

i) Dredging

The cost of routine or maintenance dredging projects is charged to the profit and loss account as incurred. Other dredging expenditure is capitalised and written off over its economic life.

j) Deferred Taxation

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

Timing differences are temporary differences between profits/ (losses) as computed for tax purposes and profits/ (losses) as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different years for tax purposes.

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred taxation is discounted as permitted by FRS19.

k) Pensions

The parent company operates three defined benefit pension schemes. All are legacy schemes and closed to new entrants. Although all of the schemes remain in deficit, the parent company is currently paying contributions to the Shannon Estuary Ports Company Superannuation Plan and the Foynes Port Company Pension Scheme at levels agreed with the Trustees of the schemes.

The company provides for the deficits in the schemes in accordance with FRS 17.

SHANNON FOYNES PORT COMPANY
(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS

CONSOLIDATED PROFIT & LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2013

	Note	2013 €	2012 €
Turnover	1(a)	11,854,465	10,124,862
Operational Costs	1(b)	(5,611,557)	(5,214,348)
Gross Profit		6,242,908	4,910,514
Administration Expenses	1(b)	(2,065,028)	(1,818,787)
Amortisation of Goodwill	11	(29,204)	(29,204)
Operating Profit		4,148,676	3,062,523
Interest Payable and Similar Charges	3	(432,793)	(525,542)
Interest Receivable and Similar Income		40,557	90,554
Other Financing Cost	23(b)	(376,000)	(606,000)
Profit on Sale of Fixed Assets		3,275	698
Profit on Ordinary Activities before Taxation	4	3,383,715	2,022,233
Taxation on Profit on Ordinary Activities	5	(558,718)	2,896
Profit Attributable to the Shareholder	20	2,824,997	2,025,129

All the figures relate to continuing operations.

There were no recognised gains or losses other than those dealt with in the profit and loss account.

Note on Historical Cost Profits

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year on an historical cost basis and the corresponding amounts stated above.

Approved by the Board of Directors on 3 April 2014 and signed on its behalf by;

Michael Collins
Director

Edmund Jennings
Director

The notes on pages 25 – 38 form part of these audited financial statements.

SHANNON FOYNES PORT COMPANY
(A COMPANY LIMITED BY SHARES) AND IT'S SUBSIDIARY UNDERTAKINGS
CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
31 DECEMBER 2013

	Note	2013 €	2012 €
Profit for the year		2,824,997	2,025,129
Actuarial return less expected return on Pension scheme assets	23(b)	78,000	660,000
Experience gains arising on the Pension Scheme's Liabilities	23(b)	253,000	604,000
Changes in assumptions underlying the present value of the schemes liabilities	23(b)	(1,812,000)	(948,000)
Deferred Tax related to Actuarial (Gain)/Loss		185,126	(39,500)
TOTAL RECOGNISED GAINS		<u>1,529,123</u>	<u>2,301,629</u>

The notes on pages 25 – 38 form part of these audited financial statements.

SHANNON FOYNES PORT COMPANY
(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2013

	Note	2013 €	2012 €
Fixed Assets			
Tangible Assets	7(a)	47,150,524	46,609,682
Financial Assets	8	2,539	2,539
Intangible Assets	11	196,814	226,018
		<u>47,349,877</u>	<u>46,838,239</u>
Current Assets			
Debtors	12	2,638,436	2,869,803
Cash and Bank Balances		4,834,062	4,191,317
		<u>7,472,498</u>	<u>7,061,120</u>
Creditors (Amounts falling due within one year)	13	(2,486,871)	(2,455,784)
Net Current Assets		<u>4,985,627</u>	<u>4,605,336</u>
Total Assets		52,335,504	51,443,575
Creditors (Amounts falling due after more than one year)	14	(10,658,500)	(12,089,237)
Provision for Liabilities and Charges	23(a)	(10,184,125)	(9,656,500)
Deferred Income	16	(5,005,634)	(5,298,434)
Deferred Tax	17	(558,718)	-
Net Assets		<u>25,928,527</u>	<u>24,399,404</u>
Capital and Reserves			
Called Up Share Capital	18	22,187,359	22,187,359
Capital Injection	19	4,916,921	4,916,921
(Loss) Carried Forward	20	(1,175,753)	(2,704,876)
Equity Shareholders Funds	21	<u>25,928,527</u>	<u>24,399,404</u>

Approved by the Board of Directors on 3 April 2014 and signed on its behalf by;

Michael Collins
Director

Edmund Jennings
Director

The notes on pages 25 – 38 form part of these audited financial statements.

SHANNON FOYNES PORT COMPANY
(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS

COMPANY BALANCE SHEET
31 DECEMBER 2013

	Note	2013 €	2012 €
Fixed Assets			
Tangible Assets	7(b)	47,140,054	46,597,456
Financial Assets	8	1,070,142	1,070,142
		<u>48,210,196</u>	<u>47,667,598</u>
Current Assets			
Debtors	12	2,856,234	2,909,236
Cash and Bank Balances		4,410,376	4,033,945
		<u>7,266,610</u>	<u>6,943,181</u>
Creditors (Amounts falling due within one year)	13	(2,462,141)	(2,419,554)
Net Current Assets		<u>4,804,469</u>	<u>4,523,627</u>
Total Assets		53,014,665	52,191,225
Creditors (Amounts falling due after more than one year)	14	(10,658,500)	(12,089,237)
Provision for Liabilities and Charges	23(b)	(10,184,125)	(9,656,500)
Deferred Income	16	(5,005,634)	(5,298,434)
Deferred Taxation	17	(558,718)	-
Net Assets		<u>26,607,688</u>	<u>25,147,054</u>
Capital and Reserves			
Called Up Share Capital	18	22,187,359	22,187,359
Capital Injection	19	5,457,046	5,457,046
(Loss) Carried Forward		(1,036,717)	(2,497,351)
Equity Shareholders Funds		<u>26,607,688</u>	<u>25,147,054</u>

Approved by the Board of Directors on 3 April 2014 and signed on its behalf by;

Michael Collins
Director

Edmund Jennings
Director

The notes on pages 25 – 38 form part of these audited financial statements.

SHANNON FOYNES PORT COMPANY
(A COMPANY LIMITED BY SHARES) AND IT'S SUBSIDIARY UNDERTAKINGS

CONSOLIDATED CASHFLOW STATEMENT
31 DECEMBER 2013

	Note	2013 €	2012 €
Net Cash Inflow from Operating Activities	A	5,142,120	2,560,296
Returns on Investments and Servicing of Finance	B	(393,783)	(436,861)
Taxation		(558,718)	2,896
Capital Expenditure and Financial Investment	C	(2,256,499)	(616,276)
Financing	D	(1,430,737)	(1,488,390)
Increase in Cash in the Period		<u>502,383</u>	<u>21,665</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)

	2013 €	2012 €
Increase in Cash in the period	502,383	21,665
Medium and Long Term Loans	1,430,737	1,488,390
	<u>1,933,120</u>	<u>1,510,055</u>

ANALYSIS OF CLOSING NET (DEBT) AT 31 DECEMBER

	Opening Net (Debt) at 1 January 2013 €	Cash Flow €	Closing Net (Debt) at 31 December 2013 €
Cash and bank balances	4,191,317	642,745	4,834,062
Overdrafts and loans	(1,256,452)	(140,362)	(1,396,814)
Debt falling due within one year	2,934,865	502,383	3,437,248
Debt falling due after one year	(12,089,237)	1,430,737	(10,658,500)
	<u>(9,154,372)</u>	<u>1,933,120</u>	<u>(7,221,252)</u>

The notes on pages 25 – 38 form part of these audited financial statements.

SHANNON FOYNES PORT COMPANY
(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS

CONSOLIDATED CASHFLOW STATEMENT (CONTINUED)
31 DECEMBER 2013

A	Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities	2013 €	2012 €
	Operating Profit	4,148,676	3,062,523
	Depreciation Charges	1,769,941	1,710,102
	Amortisation of Goodwill	29,204	29,204
	Grant Amortisation	(292,800)	(292,800)
	(Increase) /Decrease in Debtors	166,998	(494,026)
	(Decrease) in Creditors	(94,367)	214,418
	(Decrease) in provision for Liabilities and Charges	(585,532)	(1,669,125)
	Net Cash Inflow from Operating Activities	5,142,120	2,560,296
B	Returns on Investment and Service of Finance	2013 €	2012 €
	Interest Paid	(447,701)	(529,411)
	Interest Received	53,918	92,550
		(393,783)	(436,861)
C	Capital Expenditure and Financial Investment	2013 €	2012 €
	Payments to Acquire Tangible Fixed Assets	(2,288,296)	(626,376)
	Sale of Tangible Fixed Assets	31,797	10,100
		(2,256,499)	(616,276)
D	Financing	2013 €	2012 €
	Medium and Long Term Loans	(1,430,737)	(1,488,390)
		(1,430,737)	(1,488,390)

The notes on pages 25 – 38 form part of these audited financial statements.

SHANNON FOYNES PORT COMPANY
(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

1	Analysis of Turnover and Operational Administration Expenses	2013	2012
	(a) Turnover	€	€
	Ship and Cargo Dues	7,309,268	6,530,100
	Stevedoring	1,308,796	829,131
	Other Operating Income	3,236,401	2,765,631
		<u>11,854,465</u>	<u>10,124,862</u>
	(b) Operational and Administration Expenses	2013	2012
		€	€
	Operating and Maintenance	(3,985,303)	(3,632,392)
	Dredging	(175,741)	(192,448)
	Depreciation	(1,743,313)	(1,682,308)
	Grant Amortisation	292,800	292,800
		<u>(5,611,557)</u>	<u>(5,214,348)</u>
	Total Operational Costs	<u>(5,611,557)</u>	<u>(5,214,348)</u>
	Administration and Other	<u>(2,065,028)</u>	<u>(1,818,787)</u>
2	Employment Information	2013	2012
	The Group Costs incurred in respect of Employees were:	€	€
	Wages and Salaries	2,476,966	2,455,028
	Social Welfare Costs	258,024	249,973
	Pension Costs	335,545	323,347
		<u>3,070,535</u>	<u>3,028,348</u>
	The average number of staff employed by the company during the financial year amounted to:		
		2013	2012
		Number	Number
	Operational	29	29
	Administration	11	11
		<u>40</u>	<u>40</u>

SHANNON FOYNES PORT COMPANY
(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Interest Payable and Similar Charges

	2013	2012
	€	€
On Bank Borrowings:		
- interest payable on bank loans and overdrafts wholly repayable after five years	430,317	518,449
- interest payable on other loans wholly repayable within one year	2,476	7,093
	432,793	525,542
	432,793	525,542

4 Profit on Ordinary Activities Before Taxation

	2013	2012
	€	€
Profit on Ordinary Activities is stated after charging:		

Directors Fees

M Collins – Chairperson	12,600	12,600
P Cleary	8,100	675
C Henry	8,100	6,075
M. Finucane	8,100	-
E Jennings	8,100	7,763
P Keane – Resigned 26 th March 2012	-	2,025
P. Keating	8,100	8,100
D Naughton – Resigned 26 th March 2012	-	2,025
K O'Hanlon – Resigned 26 th March 2012	-	2,025
G Reidy – Resigned 28 th August 2012	-	5,400
J Treacy	10,800	5,400
	63,900	52,088
	63,900	52,088

	2013	2012
	€	€
Expenses paid to members of the Board		
Travel Expenses	4,154	3,789
Subsistence	107	67
	4,261	3,856
	4,261	3,856

SHANNON FOYNES PORT COMPANY
(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Profit on Ordinary Activities Before Taxation (<i>continued</i>)	2013	2012
	€	€
Chief Executive Remuneration for Management Services		
Salary	117,500	117,500
Employer's Pension Contribution and other emoluments	60,500	60,500
	<hr/>	<hr/>
	178,000	178,000
	<hr/> <hr/>	<hr/> <hr/>
	2013	2012
	€	€
Auditors Remuneration	19,000	19,000
Depreciation	1,769,941	1,710,102
Amortisation of Intangible Fixed Assets	29,204	29,204
Amortisation of Capital Grants	(292,800)	(292,800)
	<hr/> <hr/>	<hr/> <hr/>
5 Tax on Profit on Ordinary Activities	2013	2012
	€	€
Current Tax:		
Irish Corporation Tax on Profit for the year	-	-
Adjustments in respect of prior years	-	(2,896)
	<hr/>	<hr/>
Current tax credit for the year	-	-
Deferred Tax:		
Origination and Reversal of Timing Difference	558,718	-
	<hr/>	<hr/>
	558,718	(2,896)
	<hr/> <hr/>	<hr/> <hr/>

SHANNON FOYNES PORT COMPANY
(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5	Tax on Profit on Ordinary Activities (<i>continued</i>)	2013	2012
		€	€
	Profit on Ordinary Activities before Tax	3,383,715	2,022,233
		<hr/>	<hr/>
	Profit on Ordinary Activities multiplied by the average rate of Irish Corporation Tax for the year of 12.5% (2012: 12.5%)	422,964	252,779
	Effects of:		
	Expense adjustments by the rate of tax	(79,817)	(274,752)
	Excess depreciation over capital allowances by the rate of tax	(158,309)	100,274
	Interest income by rate of tax	(5,070)	(11,319)
	Overprovision in prior period	-	(2,896)
	Losses forward by the rate of tax	(179,768)	(66,982)
		<hr/>	<hr/>
	Current Tax Credit for the year	-	(2,896)
		<hr/>	<hr/>

6 Profit Attributable to Shannon Foynes Port Company

A profit of €2,756,509 (2012: €2,150,083) attributable to the shareholders of Shannon Foynes Port Company (a company limited by shares) has been recorded in the financial statements of that company.

A separate profit and loss account has not been prepared for the parent company because the conditions laid down in Section 3(2) of the Companies (Amendment) Act 1986 have been complied with.

SHANNON FOYNES PORT COMPANY (A COMPANY LIMITED BY SHARES) AND IT'S SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7(a) Tangible Fixed Assets – Group	Docks, Quays And Works €	River Lights €	Plant & Machinery €	Motor Vehicles €	Fixtures, Fittings and Office Equipment €	Land & Buildings €	Total €
Cost							
At 31 December 2012	35,785,183	1,647,649	12,974,258	196,463	464,480	14,746,100	65,814,133
Additions	69,944	73,995	41,443	65,844	8,268	2,079,811	2,339,305
Disposals	-	-	(6,755)	(82,745)	(4,735)	-	(94,235)
At 31 December 2013	<u>35,855,127</u>	<u>1,721,644</u>	<u>13,008,946</u>	<u>179,562</u>	<u>468,013</u>	<u>16,825,911</u>	<u>68,059,203</u>
Depreciation							
At 31 December 2012	7,953,379	1,191,400	7,018,375	123,890	403,004	2,514,403	19,204,451
Charge for year	756,843	82,363	546,259	27,183	27,053	330,240	1,769,941
Disposals	-	-	(3,289)	(57,689)	(4,735)	-	(65,713)
At 31 December 2013	<u>8,710,222</u>	<u>1,273,763</u>	<u>7,561,345</u>	<u>93,384</u>	<u>425,322</u>	<u>2,844,643</u>	<u>20,908,679</u>
Net Book Value							
At 31 December 2013	<u>27,144,905</u>	<u>447,881</u>	<u>5,447,601</u>	<u>86,178</u>	<u>42,691</u>	<u>13,981,268</u>	<u>47,150,524</u>
At 31 December 2012	<u>27,831,804</u>	<u>456,249</u>	<u>5,955,883</u>	<u>72,573</u>	<u>61,476</u>	<u>12,231,697</u>	<u>46,609,682</u>

SHANNON FOYNES PORT COMPANY (A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

7(b) Tangible Fixed Assets Company	Docks, Quays And Works €	River Lights €	Plant & Machinery €	Motor Vehicles €	Fixtures, Fittings and Office Equipment €	Land & Buildings €	Total €
Cost							
At 31 December 2012	35,785,183	1,647,649	12,480,022	196,463	412,910	14,732,106	65,254,333
Additions	69,944	73,994	41,443	65,844	8,268	2,079,812	2,339,305
Disposals	-	-	(6,755)	(82,745)	(4,735)	-	(94,235)
At 31 December 2013	<u>35,855,127</u>	<u>1,721,643</u>	<u>12,514,710</u>	<u>179,562</u>	<u>416,443</u>	<u>16,811,918</u>	<u>67,499,403</u>
Depreciation							
At 31 December 2012	7,953,379	1,191,400	6,527,780	123,890	357,932	2,502,496	18,656,877
Charge for year	756,843	82,363	544,937	27,183	26,628	330,231	1,768,185
Disposals	-	-	(3,289)	(57,689)	(4,735)	-	(65,713)
At 31 December 2013	<u>8,710,222</u>	<u>1,273,763</u>	<u>7,069,428</u>	<u>93,384</u>	<u>379,825</u>	<u>2,832,727</u>	<u>20,359,349</u>
Net Book Value							
At 31 December 2013	<u>27,144,905</u>	<u>447,880</u>	<u>5,445,282</u>	<u>86,178</u>	<u>36,618</u>	<u>13,979,191</u>	<u>47,140,054</u>
At 31 December 2012	<u>27,831,804</u>	<u>456,249</u>	<u>5,952,242</u>	<u>72,573</u>	<u>54,978</u>	<u>12,229,610</u>	<u>46,597,456</u>

SHANNON FOYNES PORT COMPANY
(A COMPANY LIMITED BY SHARES) AND IT'S SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8	Financial Fixed Assets	Group 2013 €	Company 2013 €	Group 2012 €	Company 2012 €
	Investment in subsidiary undertakings at cost (note 9)	-	343,852	-	343,852
	Other investment at cost (note 10)	2,539	2,539	2,539	2,539
	Long term loan due from subsidiary company	-	723,751	-	723,751
		<u>2,539</u>	<u>1,070,142</u>	<u>2,539</u>	<u>1,070,142</u>

9 Subsidiary Undertakings

Details of the subsidiaries, which are incorporated and carry on their business in the Republic of Ireland, are as follows:

Name of Subsidiary	Nature of Business	Group Holding %	Number and Class of Shares held	Address of Registered Office
Limerick Cargo Handling Limited	Stevedoring	100%	13 Ordinary Shares of €1.269738	Mill House, Foynes, Co. Limerick.

10	Other Investments at Cost	Group 2013 & 2012	Company 2013 & 2012
	Prize Bonds	<u>2,539</u>	<u>2,539</u>

SHANNON FOYNES PORT COMPANY
(A COMPANY LIMITED BY SHARES) AND IT'S SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11	Intangible Fixed Assets – Group			Goodwill	
				€	
	Cost				
	At 31 December 2012			586,789	
	At 31 December 2013			<u>586,789</u>	
	Amortisation				
	At 31 December 2012			360,771	
	Charge for year			29,204	
	At 31 December 2013			<u>389,975</u>	
	Net Book Value				
	At 31 December 2013			196,814	
	At 31 December 2012			<u>226,018</u>	
12	Debtors	Group	Company	Group	Company
		2013	2013	2012	2012
		€	€	€	€
	Trade Debtors	1,983,258	1,650,866	2,028,351	1,812,951
	Value Added Tax Receivable	10,097	5,417	5,713	506
	Other Debtors and Prepayments	635,455	635,455	815,027	815,027
	Amounts owed by Subsidiary Companies	-	554,870	-	260,040
	Corporation Tax Receivable	9,626	9,626	20,712	20,712
		<u>2,638,436</u>	<u>2,856,234</u>	<u>2,869,803</u>	<u>2,909,236</u>

The amount due from Subsidiary Companies is unsecured, interest free and has no fixed repayment schedule.

13	Creditors	Group	Company	Group	Company
		2013	2013	2012	2012
		€	€	€	€
	Government Loans (Note 15)	7,314	7,314	27,631	27,631
	Bank Loans (Note 15)	1,367,205	1,367,205	1,228,821	1,228,821
	Bank Overdraft (Note 15)	22,295	22,295	-	-
	Trade Creditors	298,240	284,866	295,025	271,296
	Other Taxes and PRSI	135,634	128,011	117,078	109,796
	Other Creditors and Accruals	656,183	652,450	787,229	782,010
		<u>2,486,871</u>	<u>2,462,141</u>	<u>2,455,784</u>	<u>2,419,554</u>

SHANNON FOYNES PORT COMPANY
(A COMPANY LIMITED BY SHARES) AND IT'S SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14	Creditors (amounts falling due after more than one year)	Group 2013 €	Company 2013 €	Group 2012 €	Company 2012 €
	Bank Borrowings (Note 15)	10,658,500	10,658,500	12,081,533	12,081,533
	Government Loans (Note 15)	-	-	7,704	7,704
		<u>10,658,500</u>	<u>10,658,500</u>	<u>12,089,237</u>	<u>12,089,237</u>
15	Bank Borrowings, Overdrafts and Government Loans	Group 2013 €	Company 2013 €	Group 2012 €	Company 2012 €
	Analysis of bank borrowings, overdrafts and Government loans payable:				
	- within one year	1,396,814	1,396,814	1,256,452	1,256,452
	- between one and two years	1,401,500	1,401,500	1,283,274	1,283,274
	- between two and five years	4,006,740	4,006,740	3,998,337	3,998,337
	- over five years	5,250,260	5,250,260	6,807,626	6,807,626
		<u>12,055,314</u>	<u>12,055,314</u>	<u>13,345,689</u>	<u>13,345,689</u>
16	Deferred Income – Group and Company				€
	Capital Grants				
	At 31 December 2012				5,298,434
	Amortised during the year				(292,800)
	At 31 December 2013				<u>5,005,634</u>
	Total Deferred Income at 31 December 2013				<u>5,005,634</u>
	Total Deferred Income at 31 December 2012				<u>5,298,434</u>
17	Deferred Tax				
	The movement in the deferred tax provision during the year was:				
				2013 €	2012 €
	Profit and loss account movement arising during the year			558,718	-
				<u>558,718</u>	<u>-</u>

**SHANNON FOYNES PORT COMPANY
(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17 Deferred Tax (continued)

The provision for deferred tax consists of the tax effect of timing differences in respect of:

	2013 €	2012 €
Excess of taxation allowances over depreciation on fixed assets	558,718	-
	558,718	-

**18 Share Capital – Company
Authorised**

	2013 €	2012 €
31,500,000 Ordinary Shares of €1.25 each	39,375,000	39,375,000
Allotted, Called Up and Fully Paid		
17,749,900 Ordinary Shares of €1.25 each	22,187,359	22,187,359

19 Capital Injection

	Group 2013 €	Company 2013 €	Group 2012 €	Company 2012 €
At 1 January	4,916,921	5,457,046	4,916,921	5,457,046
At 31 December	4,916,921	5,457,046	4,916,921	5,457,046

The shareholder subscribed €3,809,214 in cash for Ordinary Shares of €1.25 each during the year ended 2001. Shares were allotted in respect of this sum during year ending 31 December 2002 as follows:

3,047,371 Ordinary Shares of €1.25 each

In addition 11,246,513 Ordinary Shares of €1.25 each were issued out of the capital injection as at 31 December 2001.

20 (Loss) Carried Forward

	Group €
At 31 December 2012	(2,704,876)
Profit for the year	2,824,997
Other recognised gains	(1,481,000)
Deferred Tax related to actuarial loss	185,126
At 31 December 2013	(1,175,753)

SHANNON FOYNES PORT COMPANY
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21	Reconciliation of Movements in Equity Shareholders' Funds	Group €
	At 31 December 2012	24,399,404
	Profit for the year	2,824,997
	Other recognised gains	(1,481,000)
	Deferred Tax related to actuarial loss	185,126
		25,928,527
	At 31 December 2013	25,928,527

22	Financial Commitments	Group 2013 €	Company 2013 €	Group 2012 €	Company 2012 €
	Financial Commitments				
	- commitments approved but not contracted for	10,182,300	10,182,300	2,839,900	2,839,900
	- committed	40,000	40,000	17,050	17,050
		10,222,300	10,222,300	2,856,950	2,856,950

23 Retirement Benefits

- (a)** The group operates three defined benefit schemes which are funded through separate trustee administered funds. There were deficits totalling €11,639,000 on these schemes at 31 December 2013. The total deficit has been fully provided for net of the related deferred tax asset in the financial statements and is therefore reflected in the group net assets in the amount of €25,537,245 and the group loss carried forward in the amount of €1,567,035.

The most recent valuations were at 31 December 2013 and are available for inspection by the scheme members but not for public inspection.

The intention of the group is that, over time, the schemes should be fully funded and that they should meet the funding requirement set by Section 41(3) of the Harbours Act, 1996 by the appropriate date as determined by the Minister for Transport following consultation with the parent company.

SHANNON FOYNES PORT COMPANY
(A COMPANY LIMITED BY SHARES) AND IT'S SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 Retirement Benefits Continued

(b) Financial Reporting Standard 17 'Retirement Benefits' Disclosures

The company operates three defined benefit schemes. Full actuarial valuations were carried out at 31 December 2013 for Financial Reporting Standard 17 disclosure purposes by a qualified independent actuary. The main financial assumptions used in the valuations were:

	2013	2012	2011	2010
Rate of increase in salaries	2.0%	2.0%	2.0%	2.0%
Rates of increase in pension payments	0.0%/3.0%	0.0%/3.0%	1.0%/3.0%	1.5%/3.0%
Discount rate	3.3%	4.0%	5.0%	5.4%
Inflation assumption	2.0%	2.0%	2.0%	2.0%

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

	Long-Term Rate of return Expected at 31 December 2013	Market Value 31 December 2013 €'000	Long-Term Rate of return Expected at 31 December 2012	Market Value 31 December 2012 €'000	Long-Term Rate of return Expected at 31 December 2011	Market Value 31 December 2011 €'000	Long-Term Rate of return Expected at 31 December 2010	Market Value 31 December 2010 €'000
Equities	6.75%	3,627	7.3%	4,436	7.3%	3,867	7.0%	4,528
Fixed interest	3.0%	3,106	3.0%	3,036	3.9%	2,539	3.9%	2,403
Property	5.75%	234	6.3%	150	6.3%	217	6.0%	245
Alternatives	4.75%	1,426	-	-	-	-	-	-
Cash	1%	1,098	1.5%	1,179	1.5%	1,142	1.5%	1,286
		<u>9,491</u>		<u>8,801</u>		<u>7,765</u>		<u>8,462</u>

The following amounts at 31 December 2013 were measured in accordance with the requirements of Financial Reporting Standard 17:

	2013 €'000	2012 €'000	2011 €'000	2010 €'000
Total market value of assets	9,491	8,801	7,765	8,462
Present value of the (liabilities) of the schemes	(21,130)	(19,837)	(20,332)	(21,327)
(Deficit) in the schemes	<u>(11,639)</u>	<u>(11,036)</u>	<u>(12,567)</u>	<u>(12,865)</u>
Related deferred tax asset	1,455	1,379	1,571	1,608
Net Pension (Liability)	<u>(10,184)</u>	<u>(9,657)</u>	<u>(10,996)</u>	<u>(11,257)</u>

SHANNON FOYNES PORT COMPANY
(A COMPANY LIMITED BY SHARES) AND IT'S SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 Retirement Benefits Continued

(b) Financial Reporting Standard 17 'Retirement Benefits' Disclosures Continued

The following amounts would have been recognised in the performance statements for the years ended 31 December 2013 and 31 December 2012 under the requirements of FRS 17.

	2013	2012
	€'000	€'000
Operating Profit		
Current Service Cost	159	190
Settlement Gain	-	(167)
	159	23
	159	23
Expected rate of return on pension schemes' assets	394	365
Interest on pension schemes' liabilities	(770)	(971)
	(376)	(606)
	(376)	(606)
Statement of total recognised gains and losses:		
Actual return less expected return on pension schemes' assets	78	660
Experience losses arising on the schemes' liabilities	253	604
Changes in assumptions underlying the present value of the schemes' liabilities	(1,812)	(948)
	(1,481)	316
Actuarial (loss)/gain recognised in the statement of total recognised gains and losses	(1,481)	316

	2013	2012
	€'000	€'000
Movement in (deficit) during the year:		
(Deficit) in schemes at 31 December		
Movement in year	(11,036)	(12,567)
Current service cost	(159)	(190)
Contributions paid	1,413	1,844
Settlement gain	-	167
Other finance cost	(376)	(606)
Actuarial gain	(1,481)	316
	(11,639)	(11,036)
(Deficit) in schemes at 31 December	(11,639)	(11,036)

**SHANNON FOYNES PORT COMPANY
(A COMPANY LIMITED BY SHARES) AND IT'S SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23 Retirement Benefits Continued
(b) Financial Reporting Standard 17 'Retirement Benefits' Disclosures Continued

	2013	2012
	€'000	€'000
Experience gains and losses for the year ended 31 December		
Difference between the expected and actual return on schemes' assets	78	660
Percentage of schemes' assets	0.8%	7.5%
Experience gains on schemes' liabilities	253	604
Percentage of schemes' liabilities	1.2%	3.0%
Total recognised in statement of total recognised gains and losses	(1,481)	316
Percentage of the present value of the schemes' liabilities	(7.0%)	1.6%

24 Ultimate controlling party

The ultimate controlling party of the company is the Minister for Transport, Tourism and Sport.

25 Related Party Transactions

- (i) The company in the normal course of its business trades with certain government and semi-state bodies. The company also has loans of €7,314 from certain government and semi-state bodies. Interest of €2,475 has been charged on these loans during the year.
- (ii) There are no other contracts or arrangements of significance in relation to the business of the company in which any director had an interest in, as defined within the Companies Act 1990 at any time during the year ended 31 December 2013.

The company has availed of the exemption in FRS No. 8 "Related Party Transactions" which permit a qualifying subsidiary of any undertakings not to disclose details of transactions between group entities that are eliminated on consolidation.

26 Contingent Liabilities

Group and Company

The parent company has given a guarantee in the sum of €19,046 (2012: €19,046) in respect of borrowings of the subsidiary company.

Company

Foynes Port Company Pension Scheme and Shannon Estuary Ports Company Superannuation Plan hold a charge each of €900,000 on lands owned by Shannon Foynes Port Company at Corcanree, County Limerick. These charges were created on 22 September 2013.

27 Approval of Financial Statements

The financial statements were approved by the Board of Directors on 3 April 2014.