

Shannon Foynes PORT COMPANY

IRELANDS PREMIER DEEP WATER FACILITIES



2017 ANNUAL REPORT

and Consolidated Financial Statements
(a designated activity company) and its subsidiary undertakings

Shannon Foynes Port Company has various consumers of energy inherent to operation and management of port business such as public lighting, navigational aids, office building, marine craft, heavy plant and equipment and various road vehicles.

In 2017 SFPC consumed:

- 758.34 MWH of electricity
- 3881.01 MWH of mineral oil fuels

Actions undertaken in 2017:

- Continued roll out of low energy LED road lighting and high mast lights at Foynes and TRD.
- Established an Energy Policy and appointed an energy coordinator with overall for energy management within the organisation.
- Organised an energy awareness campaign to include formal training programmes for employees and promote energy awareness and an energy efficient culture amongst stakeholders.
- Where required, review Maximum Import Capacities (MIC) based on data collated to date to achieve opportunities where commercial rates are as low as possible.

Actions planned for 2018:

- Continuation of a 5-year plan to upgrade all port lighting (Internal & external) to low energy LED light fittings.
- Review company vehicle fleet to explore opportunities for hybrid or electric vehicles
- Conduct a review of SFPC office buildings with a view to developing more energy efficient heating/insulation systems.
- Conduct an Energy Awareness Week campaign at SFPC sites to raise energy conservation awareness amongst staff and port users.



SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS

Annual Report and Financial Statements 2017

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DIRECTORS AND OTHER INFORMATION

Board	
D. McGarry M. Finucane C. Henry E. Jennings P. Keating T. Treacy (Appointed 17 th January 2018)	
Secretary and Registered Office	
E. Stanley Harbour Office Foynes Co Limerick	
Registered Number: 332414	
Independent Auditors	
Grant Thornton Chartered Accountants & Statutory Audit Firm Mill House Henry Street Limerick	
Management	
P. Keating	Chief Executive Officer
J. Carlton	Port Services Manager
M. Morrissey	Commercial Manager
E. Stanley	Financial Controller & Secretary

Solicitors
Harrison O’Dowd 98 Henry Street Limerick
Philip Lee Solicitors 7-8 Wilton Terrace Dublin 2
Bankers
Allied Irish Bank Plc The Square Newcastlewest Co. Limerick
Allied Irish Bank Plc 106/108 O’Connell St Limerick
Bank of Ireland 125 O’Connell Street Limerick
Rabobank Ireland Plc Charlemont Place Dublin 2
Actuaries
Invesco Limited 4 South Bank Crosses Green Cork

SHANNON FOYNES PORT COMPANY DAC
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GOVERNANCE STATEMENT AND DIRECTORS’ REPORT

The Directors have pleasure in submitting their Annual Report to the Shareholders together with the Audited Consolidated Financial Statements for the financial year ended 31 December 2017.

Governance
The Board of Shannon Foynes Port Company was established under the Harbours Act 1996. The Board is accountable to the Minister for Transport, Tourism & Sport and is responsible for ensuring good governance and performs this task by setting strategic objectives and targets and taking strategic decisions on all key business issues. The regular day-to-day management, control and direction of Shannon Foynes Port Company are the responsibility of the Chief Executive Officer (CEO) and the senior management team. The CEO and the senior management team must follow the broad strategic direction set by the Board, and must ensure that all Board members have a clear understanding of the key activities and decisions related to the entity, and of any significant risks likely to arise. The CEO acts as a direct liaison between the Board and management of Shannon Foynes Port Company.

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.

Accounting Records
The directors believe that they have complied with the requirements of Sections 281 to 285 of the Companies Act, 2014 with regard to the keeping of accounting records by employing persons with appropriate expertise and by providing adequate resources to the financial function. The accounting records are held at the company's business address at Mill House, Foynes, Co Limerick.

Board Responsibilities
The work and responsibilities of the Board are set out in the Board Terms of Reference which also contain the matters specifically reserved for Board decision.
The purpose of the Board of Directors is:

- to act as custodians for, and to maximise the value of, the assets of Shannon Foynes Port Company (SFPC)
- to direct the strategy and operations of SFPC
- to act in the best interests of SFPC and its stakeholders at all times;
- to ensure that good corporate governance is always practiced within SFPC and to manage risk appropriately.

Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of SFPC, subject to the objectives set by Government and all statutory obligations. The Board of Shannon Foynes Port Company delegates authorities and responsibilities to management to ensure the orderly, efficient and effective running of Company affairs.

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GOVERNANCE STATEMENT AND DIRECTORS' REPORT

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.

Business Review

A detailed review of the group's operations is set out on pages 17 – 20.

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 32 shows the group's results for the year.

The company paid a dividend in the year 2017 in the amount of €250,000

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 €1.25 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.

Research and Development

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

Subsidiary

Details of the subsidiary of Shannon Foynes Port Company DAC is set out in note 11 to the financial statements.

Statement of Relevant Audit Information

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

The auditors, Grant Thornton, continue in office in accordance with section 383(2) of the Companies Act 2014.

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GOVERNANCE STATEMENT AND DIRECTORS' REPORT

Board Structure & Key Personnel Changes

In accordance with Section 326 and Section 329 of the Companies Act 2014, the director's that served at any time during the financial year and the directors' and secretary's interest in the shares of the company and the group undertakings and the movements therein during the financial year ended 31 December 2017 were as follows:

- D. McGarry Chairperson (Appointed for a 5 year term, 6th December 2017)
P. Keating, CEO
M. Finucane (Resigned 4th April 2017, Reappointed for a 3 year term, 4th April 2017)
C. Henry (Resigned 4th April 2017, Reappointed for a 3 year term, 4th April 2017)
E. Jennings
J. Treacy (Resigned 29th August 2017)

The directors and secretary have no beneficial interests, including family interests, in the share capital of the company or its subsidiary company at 31 December 2016 and 31 December 2017.

The Board has established two committees, as follows:

- Audit and Risk Committee (ARC): comprises three non-executive Board members. The Board of Shannon Foynes Port Company has established an Audit and Risk Committee to support them in their responsibilities for issues of risk, control and governance by reviewing the comprehensiveness of assurances in meeting the Board's assurance needs and reviewing the reliability and integrity of these assurances. The role of the Audit & Risk Committee is advisory in nature and does not release the Board of Directors from their responsibilities. The Audit & Risk Committee is independent from the financial management of the organisation. In particular the Committee ensures that the internal control systems including audit activities are monitored actively and independently. The ARC reports to the Board after each meeting, and formally in writing annually.

The members of the Audit and Risk Committee are: Conal Henry (Chairperson), Michael Finucane and Edmund Jennings. There were 3 meetings of the Audit & Risk Committee in 2017.

- Remuneration Committee: comprises four non-executive Board members. The members of this committee are: David McGarry (Chairperson), Michael Finucane, Conal Henry and Edmund Jennings. There were 5 meetings of the Remuneration Committee in 2017.

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GOVERNANCE STATEMENT AND DIRECTORS’ REPORT

Schedule of Attendance, Fees and Expenses

A schedule of attendance at the Board and Committee meetings for 2017 is set out below including the fees and expenses received by each member:

	Board	Audit & Risk Committee	Remuneration	Fees 2017 €	Expenses 2017 €
Number of meetings	8	3	5		
David McGarry	1		1	903	636
Michael Finucane	8	3	4	8,100	407
Conal Henry	7	3	5	8,100	
Ed Jennings	7	3	5	8,100	
Pat Keating	8			8,100	
Joe Treacy	5	1		5,400	
				38,703	1,043

Disclosures Required by Code of Practice for the Governance of State Bodies (2016)

The Board is responsible for ensuring that Shannon Foynes Port Company has complied with the requirements of the Code of Practice for the Governance of State Bodies (“the Code”), as published by the Department of Public Expenditure and Reform in August 2016. The following disclosures are required by the Code

Employee Short-Term Benefits Breakdown

Employees' short-term benefits in excess of €50,000 are categorised into the following bands:

Range	Number of Employees	
From To	2017	2016
€50,000 - €75,000	14	16
€75,001 - €100,000	5	5
€100,001 - €125,000	4	3
€125,001 - €150,000	3	3
€150,001 - €175,000	1	1

Note: For the purposes of this disclosure, short-term employee benefits in relation to services rendered during the reporting period include salary, overtime allowances and other payments made on behalf of the employee, but exclude employer’s PRSI.

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Consultancy Costs

Consultancy costs invoiced and received (excluding movements in accruals and prepayments) in the period include the cost of external advice to management and exclude certain outsourced ‘business-as-usual’ functions

	2017 €
Legal Advice	294,325
Financial, Internal Audit & Compliance Certification	80,076
PR & Marketing	15,760
HR, Recruitment & Pensions	54,297
Engineering & Design	1,280,198
Planning	167,446
Other	26,328
Total Consultancy Costs	1,918,430
Consultancy Costs Capitalised	1,466,557
Consultancy Costs invoiced and received to the Income & Expenditure and Retained Revenue Reserves	451,873
	1,918,430

Legal Costs and Settlements

The Table below provides a breakdown of amounts of invoiced and received (excluding movements on accruals and prepayments) in the reporting period in relation to legal costs, settlements and conciliation and arbitration proceedings relating to contracts with third parties. This does not include expenditure incurred in relation to general legal advice received by Shannon Foynes Port Company which is disclosed in Consultancy costs above.

	2017 €
Legal Fees - Legal Proceedings	173,225
Conciliation and arbitration payments	171,249
	344,474

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Travel and Subsistence Expenditure

Travel and subsistence expenditure is categorised as follows:

	2017 €
Domestic	
Board	975
Employees	79,740
International	
Board	498
Employees	14,956
Total	96,169

Hospitality Expenditure

The Income and Expenditure Account includes the following hospitality expenditure:

	2017 €
Staff Hospitality	12,412
Client Hospitality	400
	12,812

Statement of Compliance

Shannon Foynes Port Company has complied with the requirements of the Code of Practice for the Governance of State Bodies, as published by the Department of Public Expenditure and Reform in August 2016, with the following exception. The Code requires a specific disclosure in relation to a State body’s compliance with procurement rules and guidelines. The Board has fully satisfied itself that the requirements for public procurement are adhered to and to be fully conversant with the current value thresholds for the application of EU and national procurement rules. The Board is fully satisfied that procurement policies and procedures have been developed and published to all staff and it is also satisfied that procedures are in place to detect non-compliance with these procurement procedures. However, a contracts database/listing for all contracts/payments in excess of €25,000 has not been fully established for full year 2017. This contracts database will however be in situ for 2018 reporting period.

Approval of Financial Statements

The financial statements were approved by the directors on 5 April 2018.

On behalf of the Board

Pat Keating
Director

David McGarry
Director

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DIRECTORS’ RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' report and the financial statements in accordance with Irish law and regulations.

Irish company law requires the directors to prepare financial statements for each financial year giving a true and fair view of the state of affairs of the Company for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with Irish Generally Accepted Accounting Practice in Ireland, including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland’ and promulgated by the Institute of Chartered Accountants in Ireland and Irish law.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company for the financial year end date of the profit or loss of the company for that financial year and otherwise comply with the Companies Act 2014 and the Companies (Accounting) Act 2017.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- 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 ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' report comply with the Companies Act 2014 and the Companies (Accounting) Act 2017 and enable the financial statements to be audited. 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.

This statement was approved by the board on 5 April 2018 and signed on its behalf by:

David McGarry
Director

Pat Keating
Director

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STATEMENT OF INTERNAL CONTROL

Acknowledgement

On behalf of Shannon Foynes Port Company (SFPC), I acknowledge the Board’s responsibility for ensuring that an effective system of internal control is maintained and operated. This responsibility takes account of the requirements of the Code of Practice for the Governance of State Bodies (2016).

Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a tolerable level rather than to eliminate it. The system can therefore 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 detected in a timely way.

The system of internal control, which accords with guidance issued by the Department of Public Expenditure and Reform has been in place in Shannon Foynes Port Company for the full year ended 31 December 2017 and up to the date of approval of the financial statements. A review and statement confirming the effectiveness of internal control was presented to the Audit & Risk Committee on the 27th March 2018.

Risk Management and the Control Environment

Shannon Foynes Port Company have developed a risk management policy which sets out its risk appetite, the risk management processes in place and details the roles and responsibilities of staff in relation to risk. This policy is communicated to all staff who work within Shannon Foynes Port Company. The Risk Management system is designed to alert management on emerging risks and control weaknesses and assume responsibility for risks and controls within their own area of work.

The Board of Shannon Foynes Port Company have overall responsibility for risk management including determining the nature and extent of significant risks that it is willing to accept in pursuit of its strategic and operational objectives

Shannon Foynes Port Company has established an Audit & Risk Committee comprising three non-executive Board members to support the Board in their responsibilities for issues of risk, control and corporate governance. This committee is advisory in nature and does not release the Board of Directors from their responsibilities. The Audit & Risk Committee met three times in 2017

During the year ended 31st December 2017, 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 & Risk 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

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- Establishing systems aimed at ensuring the security of the information and communication technology systems,
- The Audit Committee undertaking their role and responsibilities during the period under review;
- Performance of a review of Corporate Governance within the Company;
- 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 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 & Risk Committee. The Internal Audit Programme for 2017 was recommended to the Board by the Audit & Risk 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 & Risk 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.

SFPC have a Risk Management Framework which provides a consistent approach across the organisation to risk management and mitigation. It ensures risks are consistently identified, evaluated, measured, managed, monitored and reported. Risks are evaluated and prioritised based on the potential severity of impact and likelihood of occurrence. SFPC operate an in-house risk audit function which is resourced and conducts a programme of work agreed with the Executive.

In determining principal risks and uncertainties, factors such as the external environment, internal and external stakeholder engagement and the companies risk management approach are key considerations.

The risk register details the controls and actions needed to mitigate risks and responsibility for operation of controls assigned to specific staff 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

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Principal Risks and Uncertainties

Risks registered on the company risk register are divided into three risk tiers of principal, moderate and other. As part of assigned duties the SFPC Audit & Risk Committee have carried out a suitable assessment of principal risks facing the company and presented a report to the Board summarising findings and any significant changes.

Principal Risk: Description & Mitigation Measures
Corporate Risks: SFPC must retain the support of key stakeholders and interested parties to support the Company in external infrastructural requirements and regulation into the future. To achieve this SFPC will continue to build relationships and request the support of key stakeholders and interested parties through ongoing dialog to promote objectives of the Strategic Integrated Framework Plan (SIFP) for the Shannon estuary and Shannon Foynes Port Company Masterplan Vision 2041.
Commercial: SFPC recognise that a number of economic and/or sectorial changes could potentially lead to the loss of business. SFPC implement controls to include medium to long term marketing activities, assessing alternative business options and working with key stakeholders and other interested parties to support port development and promotion.
Health & Safety/Port Services: Due to the inherent nature of operations within the port environment the potential for incidents associated with activities such as heavy lift operations and working in the confined space of a ships hold remains a residual risk. SFPC are certified to meet the requirements of the international health & safety management standard OHSAS 18001:2007. Having such certification in place provides a level of assurance that systems in operation are reducing the risk of incident to a minimum and operations in so far as is reasonable are compliant with statutory obligations and/or best practice.
Environmental: Due to the inherent nature of maritime operations associated with the port environment the potential risk of oil pollution incidents remains a residual risk. In 2016 SFPC successfully retained certification with PERS (Port Environmental Registration Scheme). PERs is an independently certified system and the only port-sector specific EMS adapted to deliver effective port environmental management. Having PERs certification in place provides a level of assurance that in so far as is reasonable operations remain compliant with statutory obligations and/or best practice.

Ongoing Monitoring and Review

Formal procedures have been established for monitoring control processes and control deficiencies are communicated to those responsible for taking corrective action and to management and the Board, where relevant, in a timely way. I confirm that the following ongoing monitoring systems are in place:

- Maintenance of a comprehensive risk register where key risks and related controls have been identified and processes have been put in place to monitor the operation of those key controls and report any identified deficiencies.
- Maintenance a program of audits to include a risk audit program resourced by company employees, an internal audit program resourced by Board approved external provider and certification audit programs designed to meet the requirements of ISO 9001:2015 & OHSAS 18001:2007.
- In accordance with the Audit & Risk Terms of Reference Management present a program of documented information to the Audit & Risk Committee.
- Reporting arrangements have been established at all levels where responsibility for financial and operational management has been assigned, and
- There are regular reviews by Management of periodic and annual performance and financial reports which indicate performance against budgets/forecasts.

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Procurement

I confirm that Shannon Foynes Port Company has procedures in place to ensure compliance with current procurement rules and guidelines and that during 2017 Shannon Foynes Port Company complied with those procedures.

The Board has fully satisfied itself that the requirements for public procurement are adhered to and to be fully conversant with the current value thresholds for the application of EU and national procurement rules. The Board is fully satisfied that procurement policies and procedures have been developed and published to all staff and it is also satisfied that procedures are in place to detect non-compliance with these procurement procedures. The Code of Practice for the Governance of State Bodies 2016 notes however that a contracts database/listing for all contracts/payments in excess of €25,000 should be implemented. This database has not been fully established for full year 2017 although it will however be in situ for 2018 reporting period.

Review of Effectiveness

I confirm that Shannon Foynes Port Company has procedures to monitor the effectiveness of its risk management and control procedures. The Board’s monitoring and review of the effectiveness of the system of internal control including internal financial control is informed by the work of the management within Shannon Foynes Port Company who develop and maintain the 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.

I confirm that the Board conducted an annual review of the effectiveness of the internal controls for 2017.

Internal Control Issues

No weaknesses in internal control to include any material losses or frauds were identified in relation to 2017 that require disclosure in the financial statements.

David McGarry
Chairperson
Shannon Foynes Port Company
Date 5 April 2018

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CHAIRPERSON'S STATEMENT

I am pleased to present the annual report for Shannon Foynes Port Company. This is my first time to present the annual report following my recent appointment as Chairperson at December 2017.

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 2017. Overall Company tonnage throughput for 2017 again exceeds 11 million tonnes, and at 11.34million tonnes is the highest estuarial throughput recorded since 2006 and is some 330k tonnes ahead of overall throughput of prior year, 2016. Directly managed terminals continue to perform exceptionally well and show a 4.0% annual growth for 2017. This is the fifth year in succession that general cargo terminals have increased year on year. As a result of the tonnage growth as noted above the company's overall revenue has increased by €759k or 5.7%. Cargo & Ship Dues at directly managed terminals are some 6.3% positive to prior year with increases occurring at all directly managed terminals of Foynes, Limerick and Shannon. Revenues from handling activities also witnessed strong positive growth arising from excellent throughput performance at Foynes and historic tonnage throughput at Limerick. This growth achieved in ship, cargo and handling activities was supplemented with a rise in revenues generated from rental and set down incomes and revenues from privately managed terminals. Whilst the company continues to focus on cost efficiencies and strong cost management, total operating and administration costs increase by circa 7.4% in the year. Significantly increased activity in recent years has led to an increased cost base most notably in a demand for dock, quays and preventative maintenance expenditures. Despite the increase in cost base noted in the year, the impact of the revenue growth in 2017 delivers a 2.8% increase in the company's Operating Profit which now stands at €4.8million representing a historic high for Shannon Foynes Port Company. The company maintained its competitive operating position by reporting an operating margin of 34.3% exceeding a 30% operating margin for the sixth consecutive year. After financing costs and taxation charge, the Company had a profit attributable to the Shareholder of approximately €3.906 million.

Capital Investment

Capital Additions were €4,739k in the year. Some of the principal capital investments incurred during 2017 are noted as follows, €2,707k for the purchase of a new mobile harbour crane at Foynes. €801k for the final fill and retention payments for the East Jetty Infill at Foynes which was substantially completed during 2015 and delivered within time and budget with a total cost of circa €11.7million. Environmental compliance drainage capital projects at both Foynes & Limerick totalling €460k together with a number of other smaller projects at both Limerick and Foynes.

Preliminaries are ongoing for Phases II to IV of the Foynes Port Development Program which involves the joining of the East and West Jetties, additional infill behind berths and the development of up 41 hectares for ancillary storage and port related development. Initial consultations, for these phases, with An Bord Pleanála (ABP) took place in 2016 and 2017 whereby ABP determined that these phases constituted strategic infrastructure. This project qualifies for Ten-T funding under the 2017 CEF Transport Blending Call and we are delighted to report that this application has been approved for funding by the EU for up to 20% of qualifying expenditures.

Following on from the completion of the rail scoping study and preliminary design for the reinstatement of the Foynes-Limerick Rail Line, SFPC commissioned site investigation works and detailed design during 2017. On the completion of Detailed Design, which is expected in 2018, the reinstatement of the Limerick to Foynes rail line will be "shovel ready" with four years of pre-planning completed.

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

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CHAIRPERSON'S STATEMENT

Corporate Governance

Shannon Foynes Port Company saw in 2017, a number of Directors retire, the subsequent reappointment of two Directors and the appointment of myself as Chairperson. Following Employee Director Elections an Employee Director has been appointed to the Board by the Minister on the 17th January 2018 and as a result, the Board currently comprises six members.

2017 saw significant progress achieved towards realising the objectives of the Strategic Plan 2017– 2021. The Company is on course to approve the 2018-2022 Strategic Plan and present it to the Departments of Transport and Finance by the due date.

Shannon Foynes Port Company remains committed to compliance to the *Code of Practice for the Governance of State Bodies*. The Statement of Internal Control on pages 10 to 13, acknowledges the Board's responsibility for ensuring that an effective system of internal control is maintained and operated whilst the Governance Statement and Directors' Report on pages 3 to 8 details the required Annual Report disclosures arising from the Code.

Dividend

The excellent performance of recent years ensures that SFPC continues to declare and pay dividends to the Exchequer. 2017 saw a payment to the Exchequer of €250,000 some 2.5 times higher than that of the company's first dividend payment 2 years previous. We are confident that the quantum of the dividend proposed to be paid in the current year will again exceed the prior year return.

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.

The future

The Company has identified through its 5 Year Strategic Plan 2018-2022, capital expenditures totalling €35.3million over the five year period. Of this, it has identified and detailed capital requirements of €7.4million for its 2018 Annual Budget. 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. 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 53% consistent with Vision 2041's mid to high average growth scenario.

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

CHAIRPERSON'S STATEMENT

We continue to make significant progress on many of the key deliverables of Vision 2041, some such as Phase I of the Foynes Development Program comprising the east jetty infill have been completed and I would also note the following progress on other key items:

- The Board welcomes the progress being made on the Limerick to Foynes Road Scheme but stresses that the delivery of this Scheme is becoming more and more urgent. Without the enhanced connectivity to the deep-water strategic development lands identified in the Shannon Integrated Framework Plan that this Scheme will deliver, it will be very difficult to attract the large-scale port related investment envisaged. After completing, during 2017, further refinements to the preferred route including revision of the junction alignments, we understand from the road design team that they intend to publish the planning application during Q2 2018. We welcome the inclusion of this Scheme in the draft National Planning Framework and the recently published National Investment Plan.
- Vision 2041 contains two clear objectives for the future of Ted Russell Docks and associated land at Limerick Port. The first was to promote and maintain the working port as long as it remained commercially viable and the second was to achieve a commercial return on its non-core assets. The working port has remained strongly viable over the intervening period with historic tonnage throughput noted during 2017. In order to meaningfully progress these interrelated objectives, we completed the Limerick Framework Development Strategy. We recently launched this Plan on the 23rd March 2018.
- SFPC compulsory acquired 38 hectares of land at Foynes on foot of an acquisition order, granted by ABP in March 2016. SFPC has entered into possession of the lands and is currently engaged in pre-planning and detailed design for the development of these lands.
- While there are obvious economic threats arising from Brexit, we believe it also presents opportunity. Brexit is a disruptor and has forced the freight sector, including its policy makers, to review current systems and traffic paths. To this end, we have been very active during 2017 and note that the European Commission, in its CEF mid-term review intend to extend the North Sea Mediterranean Corridor to include SFPC. This is a major change and one which should enhance our ability to access future Central European Funding.

I wish to thank my fellow Directors for their continuing work on behalf of the company throughout the year. I would like to pay tribute to Michael Collins former Chairperson and all other Directors whose periods expired during recent times for their contribution in moving the Company forward in such a positive manner. On behalf of the Board I would like to thank the Minister for Transport, Tourism & Sport, Mr Shane Ross, T.D and his departmental officials for their continued support to the Company during the past year. Finally, I would like to thank the management and staff for their efforts and co-operation during 2017 in supporting the direction being provided by the Board.

David McGarry
Chairperson
Shannon Foynes Port Company
Date 5 April 2018

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

BUSINESS AND OPERATING REVIEW

In keeping with the trend set in recent years I am delighted to report a record operating and trading performance for 2017. Profit before tax increased to €4.3m (2016: €4.1m), the highest level in the Company's history. This 2017 performance is noteworthy in that it comes immediately on the back of the previous historic highs set in 2015 and 2016. Year on year gains were also made on turnover and operating profit, increasing by 5.7% and 2.8% respectively.

We recorded just over 11.3m tons of cargo in 2017, an increase of 3% over those recorded in 2016. At these levels, tonnages have returned to the peak levels of the Celtic Tiger era. The year on year tonnage increase relates to a robust all-round performance at both our own general cargo terminals and the privately owned the single user terminals. Consequently, over the three-year period 2015 to 2017 turnover grew by 18%. Cargo volumes at the SFPC general cargo terminals of Limerick and Foynes were again particularly strong returning 4% year on year growth. This growth reflects the resurgence in the domestic and export economy where, for example, agricultural, petroleum and construction products were particularly strong. In addition, renewable and recyclable related cargoes also performed strongly. Notably, to date we have not experienced any Brexit related impacts on our trading performance.

For 2017, we are reporting a record operating profit of €4.8m (2016: €4.7m) and an operating margin of 34.3% (2016: 35.3%). While there was a slight slippage on margin, which related to more once off operating adjustments and expenditure, we are committed to cost management. This trading performance reflects the successful implementation of our objectives of increasing revenues and managing costs whereby, for example, margin at the height of the celtic tiger was a mere 5.5%.

While the business is now consistently generating healthy profits, there are many substantial demands on cash flow such as the extensive Investment Program underpinning Vision 2041, the onerous pension funding requirement and the existing debt funding requirement. Accordingly, it is vital that we continue to grow revenues and most importantly continue to stringently control costs so that we can build on recent success.

We are confident that by focusing on continual improvement, across 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 just over 53% and we expect that tonnage throughput will continue to trend upward in the coming years in line with the mid to high scenario projected in Vision 2041.

Capacity Planning & Funding

Due to the consistent delivery over the last number of years of strong operating and financial results our balance sheet continues to expand and strengthen. All our gearing and liquidity ratios are testament to this balance sheet transformation. This strength of performance has also enabled the Company implement its ambitious Investment Program underpinning Vision 2041. Due to the increased tonnage throughput of recent years and in order to facilitate the future tonnage projected in Vision 2041, additional capacity is required. In this regard, the ongoing roll-out of our Investment Program is essential. Accordingly, Phase 1 costing €12m was completed over the two-year period ending 2016. In addition, we are currently preparing a planning application, falling under the provisions of Strategic Infrastructure Development, for Phases II to IV consisting of a significant extension to berthing facilities at Foynes including the development of the recently acquired 38 hectares of land for port activity. The statutory and public consultations for this next phase have been completed and we expect to lodge a planning application for these works in Q2 2018. These investments will lead to marginal increases in gearing in the short term but to levels well within the capacity of the business to manage and service.

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

BUSINESS AND OPERATING REVIEW

Funding for the aforementioned is substantially in place and will be sourced from our own reserves, bank debt and the EU Ten-t program. As mentioned, we are satisfied that existing debt together with new debt will be well within the financial capacity of the business and indeed much of our existing debt will be fully repaid over the short to medium term. Importantly, our investment plans are supported by the EU's CEF/Ten-t program whereby we have already gained approval for up to €7.5m in EU grant funding. Importantly the EU Commission views SFPC as a core corridor port in the European context. I am delighted to announce that in its midterm review of the CEF facility, the EU has confirmed that the NSMED Corridor will be extended to incorporate SFPC.

Our pension deficit decreased during 2017 to €8.1m (2016: €9.6m) due to better than expected return on the scheme assets and lower liability valuation due to marginal increase in the discount rate reflecting upward movement in debt market yields. Nevertheless, the Board is on course to again propose an increased dividend out of accumulated distributable revenue reserves in accordance with its approved Dividend Policy.

Capital investment during 2017 is as outlined in the financial statements.

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. As in prior years we made significant investment in environmental infrastructure during 2017 and continue to budget further resources in 2017 to further sustain and enhance our EHS systems SFPC supports the environmental Working Group set up by the Steering Group of the Strategic Integrated Framework Plan (SIFP) for the Shannon Estuary. During 2017, the Working Group commenced a habitat mapping project, to include bird surveys, of the prioritised deep-water sites in the SIFP, this work is ongoing.

The Future

SFPC is one of the foremost economic drivers for the Mid-West Region. Its economic impact was quantified and published in the 2016 W2 economic impact assessment, the highlights of the economic assessment noted that;

- The economic impact of all SFPC port related activity was €1.9 billion.
- A total of 3,648 FTE's are supported generating €192.7 million in employment income among companies engaged with SFPC.
- The value of trade handled through SFPC for 2014 was €7.6 billion.
- The commercial activity of customers of SFPC resulted in €347.2 million of expenditure in the regional economy on non labour goods and services.
- Projected capital expenditure over the course of Vision 2041 is calculated at €1.8 billion that will support over 22,000 FTE's in the region and stimulate a further €1.09 billion between indirect and induced expenditure.

SFPC's harbour, the Shannon Estuary is a very unique natural resource as it is the only waterbody in Ireland and one of the few across Europe that can facilitate the largest ships. With new ship builds trending ever larger this advantage is now becoming much more relevant than heretofore. Accordingly, there exists real potential to develop the Estuary as a maritime deep-sea hub.

To capture this potential, we have taken a collaborative and holistic approach in developing our strategic plans as demonstrated in our own 30-year Masterplan Vision 2041 and our active participation in the SIFP. Since the launch of these Plans in 2013, many of their key objectives have commenced implementation.

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

BUSINESS AND OPERATING REVIEW

One of our key objectives in the Vision 2041 plan period is to double annual throughput from 10m tons to 20m tons. In order to achieve this goal new deep water berthage and upgraded hinterland connections are paramount along with substantial investment in large ancillary equipment and infrastructure.

Significant progress was made during 2017 on some of the more significant deliverables required for the implementation of our plans as follows;

- Urgent completion of the Limerick to Foynes road scheme: we understand that the road design team intends to publish a planning application for this Scheme during H1 2018. This project also received a major boost with its inclusion in the Government National Planning Framework (NPF) with funding committed to in the associated National Development Plan (NDP) published in February 2018.

- Reinstatement of the Limerick to Foynes rail line for freight use: SFPC commissioned the Detailed Design of this line during the year with completion expected in 2018.

- Recognition of SFPC as a port of international and national significance: Substantial progress made with Government's NPF and NDP fully endorsing SFPC as a key national strategic asset. In addition, the NPF referenced the SIFP as an exemplar on how land and marine planning can be achieved in a multi-agency environment such as the Shannon Estuary.

The EU also reaffirmed and upgraded its support for SFPC as a core European port with the publication of its draft midterm review of the CEF regulation. This review endorses SFPC's role within Europe by extending the NSMED Core Corridor to include SFPC.

- Provision by SFPC of new port capacity: During the year, SFPC updated its Capital Investment Program that underpins Vision 2041 consisting of a range of projects costing €64m. With our successful application to the CEF Blended Call during 2017, whereby we have received grant approval for €4.4m, for our next phase of investment, all funding sources for our short and medium-term projects are now successfully in place. These projects include the development of the recently acquired 38 hectares at Foynes into a port business park

- Promote the development of the deep water Strategic Development Locations identified in the Strategic Integrated Framework Plan for the Shannon Estuary: The SIFP designated SDL site at Ballylongford was formally brought to market during the year. This is the only site in the country with planning consent for an LNG import and regassification terminal together with consent for a CHP power generation station. We understand that there is significant market interest and support for developing this site for LNG related activities. SFPC fully supports and endorses the use of this site for LNG purposes and believes it also offers downstream opportunities, such as the provision of alternative fuel facilities for maritime and land transport.

- Limerick Framework Strategy: This is a very exciting framework that has the potential to deliver a significant new diversified revenue stream for the Port over the medium to long term. Essentially, Limerick Docks will continue to operate as a successful port within a 15-hectare footprint with the balance of our Limerick Docklands estate of 30 hectares promoted for port or non-port related commercial activity. The latter will be promoted as the Limerick Docklands Economic Park and could be developed over the short, medium and long-term with enabling works due to commence in 2018. The Framework Strategy is due to be launched on 23 March 2018 in the Bannatyne Mills building.

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

BUSINESS AND OPERATING REVIEW

Concerning Brexit, to date we have not experienced any material impact, either positive or negative, however, it is still too early to predict outcomes and we will be keeping close watch on how matters unravel. For SFPC, Brexit has potentially both positive and negative implications. The positives relate to the fact that Brexit is undoubtedly seen as a disruptor and therefore provides us an opportunity to reconsider our modality offering and it has also bolstered the case for an LNG terminal at Ballylongford, Co Kerry. The latter arises due to the possibility of the UK becoming a “third country” under EU energy policy depending on the outcome of Brexit negotiations. Concerning policy, now that the NSMED Corridor has been extended to include SFPC, this could assist in us providing contingency for trade flows to/from Ireland and the EU that doesn't include the UK land bridge.

In 2017, just over 6% of our trade was directly to/from the UK. There are also unquantified indirect impacts that could arise in the event of a hard Brexit. We are very conscious of these risks and accordingly, we have committed more resources to business development during 2017 in order to grow throughput and investment in the Port and mitigate against Brexit downside risk.

As we continue to surpass historical performance all key objectives identified in Vision 2041 are well underway toward implementation within their prescribed timelines. It is also very comforting to note that key relevant stakeholders, such as the Government in the NPF and the NDP and the EU in its CEF regulation, explicitly supports and endorse our future plans. Accordingly, we can look forward to developing a sustainable world class port facility that will contribute handsomely to the national and regional economies in terms of employment and economic wellbeing in the years ahead. The aforementioned is supported by the W2 economic assessment findings that €277m of investment is planned and underway by SFPC and its customers for the period 2014 to 2019 alone.

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 Chairman 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 and support during the year. I would like to acknowledge their role in supporting SFPC in achieving additional Ten-t funding this year and in the EU's decision to extend the NSMED Corridor.

Finally, I would like to thank our customers for their business during the year and we look forward to working with them in the years ahead.

Pat Keating
Chief Executive Officer
Shannon Foynes Port Company
Date 5 April 2018

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

We have audited the financial statements of Shannon Foynes Port Company, which comprise the Statement of Profit & Loss, the Statement of Comprehensive Income, the Balance sheet, the Statement of Cash Flows, the Statement of Changes in Equity for the financial year ended 31 December 2017, and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation of the financial statements is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. (Generally Accepted Accounting Practice in Ireland).

In our opinion, Shannon Foynes Port Company's financial statements:

- give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland of the assets, liabilities and financial position of the company as at 31 December 2017 and of its financial performance and cash flows for the financial year then ended; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014 and the Companies (Accounting) Act 2017.

We confirm that the Statement of Internal Control reflects the audited body's compliance with the requirements of paragraph 1.9(iv) of Business and Financial Reporting Requirements of the Code of Practice for the Governance of State Bodies 2016 and is also consistent with the information we received in the completion of our audit of the financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the 'responsibilities of the auditor for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, namely the Irish Auditing and Accounting Supervisory Authority (IAASA) Ethical Standard concerning the integrity, objectivity and independence of the auditor, and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the entity. We have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS
(CONTINUED)**

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by the Companies Act 2014 and the Companies (Accounting) Act 2017

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Directors' report is consistent with the financial statements. Based solely on the work undertaken in the course of our audit, in our opinion, the Directors' report has been prepared in accordance with the requirements of the Companies Act 2014 and the Companies (Accounting) Act 2017.

Matters on which we are required to report by exception

Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of the Act have not been made. We have no exceptions to report arising from this responsibility.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS
(CONTINUED)**

Responsibilities of the management and those charged with governance for the financial statements

As explained more fully in the directors' responsibilities statement, management is responsible for the preparation of the financial statements which give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, including FRS102, and for such internal control as directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

The auditor's objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If they conclude that a material uncertainty exists, they are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify their opinion. Their conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

INDEPENDENT AUDITORS’ REPORT
TO THE MEMBERS OF SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS
(CONTINUED)

The Auditor shall communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that may identify during the audit.

DENISE O’CONNELL FCA
For and on behalf of
GRANT THORNTON
Chartered Accountants
Statutory Audit Firm
Limerick

Date: 5 April 2018

SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS
ACCOUNTING POLICIES

- 1) **General information**

These financial statements comprising the Consolidated Profit and Loss Account, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheet, the Consolidated and Company Statement of Changes in Equity, the Consolidated Cashflow Statement and related notes constitute the financial statements of Shannon Foynes Port Company DAC and its Subsidiary Undertakings for the financial year ended 31 December 2017.

Shannon Foynes Port Company DAC is a designated activity company, incorporated in the Republic of Ireland. The registered office and principal place of business of the company is Mill House, Foynes, Co. Limerick.

The nature of the company's operations and its principal activities are set out in the Governance Statement and Directors' Report on pages 3 to 8.
- 2) **Accounting Policies**

2.1 **Basis of preparation**

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 – “The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (‘FRS 102’), and with the Companies Acts, 2014 and the Companies (Accounting) Act 2017.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 1).

The group financial statements consolidate the financial statements of Shannon Foynes Port Company DAC and all its subsidiary undertakings drawn up to 31 December each year.

The parent company has taken advantage of section 304 of the Companies Act 2014 and has not included its own Profit and Loss Account in these financial statements. The parent company's profit before tax for the year was €4,050,820 (2016: €3,868,288).

The financial statements are presented in Euro (€).

The following principal accounting policies have been applied:

2.2 **Basis of Consolidation**

The group financial statements consolidate the financial statements of the company and its subsidiary undertaking.

2.3 **Statement of compliance**

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (FRS 102).

2.4 **Going concern**

After reviewing the company's projections and financial support provided, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS

ACCOUNTING POLICIES (CONTINUED)

2.5 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 is the Company's policy not to revalue fixed assets.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The depreciation rates applied are as follows:

	Rate (Years)
Straight Line Basis	
Docks, Quays and Works	7-50
Buildings	2-50
Plant & Machinery	4-20
Fixture & Fittings and Office Equipment	3-5
Motor Vehicles	5
River Lights	10
Leased Plant & Equipment	4-7
Leasehold Improvements	10

Land is not depreciated.

Construction in progress is not depreciated until the asset is available for use.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last balance sheet date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

2.6 Investments in subsidiary

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the group (its subsidiaries). Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS

ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible fixed assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Goodwill represents the excess of the fair value of the acquisition cost over the fair value of the net assets acquired.

Development costs are recognised as an intangible asset when all of the following criteria are demonstrated:

The technical feasibility of completing the development so that it will be available for use or sale.

The intention to complete the development work and use or sell it.

The ability to use the development work or sell it.

How the development work will generate probable future economic benefits.

The availability of adequate technical, financial and other resources to complete the work and use or sell it.

The ability to measure reliably the expenditure attributable to the development work.

Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight line method. Goodwill is amortised over 5 years. Development costs are not depreciated until the asset is available for use.

If there is an indication that there has been a significant change in amortisation rate of residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

If the net fair value of the identifiable assets and liabilities acquired exceeds the cost of a business combination, the excess up to the fair value of non-monetary assets

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value including transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the company's cash management.

2.10 Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value including transaction costs, and are measured subsequently at amortised cost using the effective interest method.

SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS

ACCOUNTING POLICIES (CONTINUED)

2.11 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.

2.12 Government and European Union Grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Profit and loss account in the same period as the related expenditure.

2.13 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance sheet date.

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS

ACCOUNTING POLICIES (CONTINUED)

2.15 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

2.16 Interest Income

Interest income is recognised in the Profit and loss account.

2.17 Borrowing Costs

All borrowing costs are recognised in the Profit and loss account in the year in which they are incurred.

2.18 Finance Costs

Finance costs are charged to the Profit and loss account over the term of the debt so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.19 Research and Development

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

2.20 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.

2.21 Current and Deferred Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS

ACCOUNTING POLICIES (CONTINUED)

2.21 Current and Deferred Taxation (Continued)

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.22 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.

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payments obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.23 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS

ACCOUNTING POLICIES (CONTINUED)

2.23 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.24 Dividends

Equity dividends are recognised when they become legally payable.

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

**CONSOLIDATED PROFIT & LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2017**

	Note	2017 €	2016 €
Turnover	2(a)	13,980,326	13,220,958
Operational costs	2(b)	(6,737,520)	(6,224,934)
Gross profit		7,242,806	6,996,024
Administration expenses	2(b)	(2,415,509)	(2,298,015)
Amortisation of goodwill	12	(33,522)	(33,522)
Operating profit		4,793,775	4,664,487
Interest payable and similar charges	4	(337,734)	(409,509)
Interest receivable and similar income		1,668	6,198
Other financing cost	26(b)	(167,000)	(231,000)
Profit on sale of fixed assets		-	68,044
Profit on ordinary activities before taxation	6	4,290,709	4,098,220
Taxation on profit on ordinary activities	7	(384,425)	(180,521)
Profit attributable to the shareholder		3,906,284	3,917,699

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
31 DECEMBER 2017**

	Note	2017 €	2016 €
Profit for the year		3,906,284	3,917,699
Actuarial return less expected return on pension schemes' assets	26(b)	384,000	687,000
Experience gains rising on the pension schemes' liabilities	26(b)	251,000	990,000
Changes in assumptions underlying the present value of the Schemes' liabilities	26(b)	290,000	(1,797,000)
Deferred tax related to actuarial (gain)/ loss		(115,625)	15,000
TOTAL RECOGNISED GAINS		4,715,659	3,812,699

The notes on pages 39 – 57 form part of these financial statements.

The notes on pages 39 – 57 form part of these financial statements.

SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS

CONSOLIDATED BALANCE SHEET
31 DECEMBER 2017

	Note	2017 €	2016 €
Fixed Assets			
Tangible Assets	10(a)	58,986,280	55,931,819
Financial Assets	11	2,539	2,539
Intangible Assets	12	1,136,408	491,022
		<u>60,125,227</u>	<u>56,425,380</u>
Current Assets			
Debtors	13	4,153,655	2,949,724
Cash and Bank Balances	14	3,760,465	7,410,174
		<u>7,914,120</u>	<u>10,359,898</u>
Creditors (Amounts falling due within one year)	15	(3,909,745)	(3,831,618)
Net Current Assets		<u>4,004,375</u>	<u>6,528,280</u>
Total Assets less current liabilities		64,129,602	62,953,660
Creditors (Amounts falling due after more than one year)	16	(10,766,011)	(12,242,853)
Provision for Liabilities and Charges	26(b)	(8,114,750)	(9,599,625)
Deferred Income	19	(5,851,689)	(6,179,689)
Deferred Tax	20	(1,830,421)	(1,830,421)
Net Assets		<u>37,566,731</u>	<u>33,101,072</u>
Capital and Reserves			
Called Up Share Capital	22	22,187,359	22,187,359
Capital Injection	23	4,916,921	4,916,921
Profit Carried Forward		10,462,451	5,996,792
Equity Shareholders Funds		<u>37,566,731</u>	<u>33,101,072</u>

The Financial Statements were approved by the Board of Directors on 5 April 2018 and signed on its behalf by;

David McGarry
Director

Pat Keating
Director

The notes on pages 39 – 57 form part of these financial statements.

SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS

COMPANY BALANCE SHEET
31 DECEMBER 2017

	Note	2017 €	2016 €
Fixed Assets			
Tangible assets	10(b)	58,788,261	55,731,855
Financial assets	11	1,070,142	1,070,142
Intangible assets	12	1,069,364	390,456
		<u>60,927,767</u>	<u>57,192,453</u>
Current Assets			
Debtors	13	3,765,508	2,621,160
Cash and Bank Balances	14	3,513,149	7,298,639
		<u>7,278,657</u>	<u>9,919,799</u>
Creditors (Amounts falling due within one year)	15	(3,867,670)	(3,743,880)
Net Current Assets		<u>3,410,987</u>	<u>6,175,919</u>
Total Assets less current liabilities		64,338,754	63,368,372
Creditors (Amounts falling due after more than one year)	16	(10,766,011)	(12,242,853)
Provision for Liabilities and Charges	26(b)	(8,114,750)	(9,599,625)
Deferred Income	19	(5,851,689)	(6,179,689)
Deferred Taxation	20	(1,830,421)	(1,830,421)
Net Assets		<u>37,775,883</u>	<u>33,515,784</u>
Capital and Reserves			
Called Up Share Capital	22	22,187,359	22,187,359
Capital Injection	23	5,457,046	5,457,046
Profit Carried Forward		10,131,478	5,871,379
Equity Shareholders Funds		<u>37,775,883</u>	<u>33,515,784</u>

The Financial Statements were approved by the Board of Directors on 5 April 2018 and signed on its behalf by;

David McGarry
Director

Pat Keating
Director

The notes on pages 39 – 57 form part of these financial statements.

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2017**

	Called up share capital €	Profit and loss account €	Total equity €
At 1 January 2017	27,104,280	5,996,792	33,101,072
Profit for the year	-	3,906,284	3,906,284
Dividends: Equity capital	-	(250,000)	(250,000)
Other recognised losses	-	925,000	925,000
Deferred tax related to actuarial loss	-	(115,625)	(115,625)
At 31 December 2017	<u>27,104,280</u>	<u>10,462,451</u>	<u>37,566,731</u>

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

**COMPANY STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2017**

	Called up share capital €	Profit and loss account €	Total equity €
At 1 January 2017	27,644,405	5,871,379	33,515,784
Profit for the year	-	3,700,724	3,700,724
Dividends: Equity capital	-	(250,000)	(250,000)
Other recognised losses	-	925,000	925,000
Deferred tax related to actuarial loss	-	(115,625)	(115,625)
At 31 December 2017	<u>27,644,405</u>	<u>10,131,478</u>	<u>37,775,883</u>

The notes on pages 39 – 57 form part of these financial statements.

The notes on pages 39 – 57 form part of these financial statements.

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

**CONSOLIDATED CASHFLOW STATEMENT
31 DECEMBER 2017**

	2017 €	2016 €
Cash flows from operating activities		
Profit for the financial year	3,906,284	3,917,699
Adjustments for:		
Depreciation	2,173,138	2,085,081
Taxation	384,425	180,521
Interest paid	337,739	409,509
Interest received	(1,668)	(6,198)
Financing cost	167,000	231,000
Profit on sale of fixed assets	-	(68,044)
Amortisation of goodwill	33,522	33,522
Grant amortisation	(328,000)	(311,839)
(Increase) in debtors	(513,717)	(106,413)
Increase/(Decrease) in creditors	354,601	(49,237)
(Decrease) in provision for liabilities and charges	(842,500)	(926,823)
Net cash generated from operating activities	5,670,824	5,388,781
Corporation tax paid	(670,359)	1,506
	5,000,465	5,390,287
Cash flows from investing activities		
Payments to acquire tangible fixed assets	(5,843,068)	(1,679,457)
Payments to acquire intangible asset	(678,908)	-
Sale of tangible fixed assets	-	93,935
Grant received	-	966,754
Dividend paid	(250,000)	(200,000)
	(6,771,976)	(818,768)
Cash flows financing activities		
Medium and Long Term Loans	(1,416,306)	(1,906,239)
Lease finance paid net of capital elements paid	(119,288)	(113,960)
Interest paid	(345,287)	(412,889)
Interest received	2,683	5,003
	(1,878,198)	(2,428,085)
Net (decrease)/increase in cash and cash equivalents	(3,649,709)	2,143,434
Cash and cash equivalents at beginning of year	7,410,174	5,266,740
Cash and cash equivalents at the end of year	<u>3,760,465</u>	<u>7,410,174</u>
Cash at bank and in hand	3,760,465	7,410,174

The notes on pages 39 – 57 form part of these financial statements.

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS

1 Judgements in applying accounting policies and key sources of estimation uncertainty

Going Concern

The directors have prepared budgets and cash flows for a period of at least twelve months from the date of approval of the financial statements which demonstrate that there is no material uncertainty regarding the company's ability to meet its liabilities as they fall due, and to continue as a going concern. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the company was unable to continue as a going concern.

Useful Lives of Tangible Assets

Long-lived assets comprising primarily of property, fixtures and fittings, and equipment represent a significant portion of total assets. The annual depreciation and amortisation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. The directors regularly review these useful lives and change them if necessary to reflect current conditions. In determining these useful lives management consider patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation and amortisation charge for the financial year. The net book value of Tangible Fixed Assets subject to depreciation at the financial year end was €58,452,970 (2016: €55,887,165).

Impairment of trade debtors' considerations

Adequate amount of allowance is made and provided for specific and groups of accounts where objective evidence of impairment exists. The Company evaluates these accounts based on available facts and circumstances affecting the collectability of the accounts, including, but not limited to, the length of the Company's relationship with its contracting parties, contracting parties' current credit status, average age of accounts, settlement experience and historical loss experience. The total amount of impairment against trade debtors is €NIL (2016: €10,447).

Development expenditure

The Company has incurred significant expenditure in respect of development works undertaken in the reinstatement of the freight rail line between Limerick and Foynes. Additional details are set out in note 12. These costs have been capitalised on the basis of the Company's strategy to reinstate the rail line, as supported by the Department of Transport, Tourism and Sport, the National Development Plan and relevant European funding agencies. Article 41 of the guidelines for the development of the trans-European transport network notes that Core Ports of which Shannon Foynes is recognised shall be connected with the railway and road infrastructure of the trans-European transport network by 31 December 2030. While the Company is confident that the rail line will be reinstated through a potential joint venture arrangement, there is an element of uncertainty until a commercial agreement with an appropriate partner can be put in place. In the unlikely event that a joint venture partner cannot be identified or a suitable agreement entered into, then this expenditure could be subject to impairment.

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2	Analysis of Turnover and Operational Administration Expenses	2017	2016
	(a) Turnover	€	€
	Ship and Cargo Dues	7,964,758	7,583,698
	Stevedoring	2,137,387	1,906,899
	Other Operating Income	3,878,181	3,730,361
		<u>13,980,326</u>	<u>13,220,958</u>
	All turnover arose in the Republic of Ireland.		
	(b) Operational and Administration Expenses	2017	2016
		€	€
	Operating and Maintenance	(4,718,669)	(4,285,790)
	Dredging	(222,208)	(215,904)
	Depreciation	(2,124,643)	(2,035,079)
	Grant Amortisation	328,000	311,839
	Total Operational Costs	<u>(6,737,520)</u>	<u>(6,224,934)</u>
	Administration and Other	<u>(2,415,509)</u>	<u>(2,298,015)</u>
3	Employment Information		
	The Group Costs incurred in respect of Employees were:		
	Aggregate Employee Benefits	2017	2016
		€	€
	Staff short-term benefits	2,752,771	2,738,709
	Post-Employment Benefits	498,828	458,799
	Employer's contribution to social welfare	318,841	306,730
		<u>3,570,440</u>	<u>3,504,238</u>
	Staff Short- Term Benefits	2017	2016
		€	€
	Salary	2,318,490	2,272,616
	Overtime	152,686	170,657
	Performance related payments	170,923	172,395
	Allowances and Non- monetary benefits	110,672	123,041
		<u>2,752,771</u>	<u>2,738,709</u>

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3	Employment Information (continued)		
	Key Management Personnel		
	Key management personnel in Shannon Foynes Port Company consists of the members of the Board, the Chief Executive Officer, and members of the Senior Management Team. The total value of employee benefits for key management personnel is set out below:		
		2017	2016
		€	€
	Salaries and Short term employee benefits	612,765	635,025
	Post-Employment Benefits	96,044	96,132
		<u>708,809</u>	<u>731,157</u>
	The key management personnel excluding non executive directors are members of the Company risk benefit scheme. Post employment benefits above do not include the value of risk benefits of death in service, resultant dependents pension and income continuance		
	The total number of staff employed (WTE) at year end was 40 (2016:37)		
	Capitalised employee costs during the financial year amounted to €Nil (2016: €Nil).		
	Remuneration in respect of Directors		
	Directors' emoluments for the year are disclosed separately in note 5 to the financial statements.		
4	Interest Payable and Similar Charges	2017	2016
		€	€
	On Bank Borrowings:		
	-interest payable on bank loans and overdrafts wholly repayable after five years	270,784	375,385
	-interest payable on bank loans wholly repayable within five years	54,298	16,145
	-interest payable on finance lease arrangement	12,652	17,979
		<u>337,734</u>	<u>409,509</u>

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Directors' Remuneration

	2017	2016	Board Meetings Attended/ Eligible
Directors Fees	€	€	
M Collins	-	12,295	-
P Cleary	-	7,534	-
C Henry	8,100	8,100	7/8
M. Finucane	8,100	8,100	8/8
E Jennings	8,100	8,100	7/8
P Keating	8,100	8,100	8/8
J Treacy	5,400	8,100	5/5
D McGarry	903	-	1/1
	<u>38,703</u>	<u>60,329</u>	
Expenses paid to members of the Board	€	€	
Travel Expenses	1,043	2,315	
	<u>1,043</u>	<u>2,315</u>	
Chief Executive Remuneration for Management Services	€	€	
Salary	117,500	117,500	
Employer's Pension Contribution and other emoluments	60,500	60,500	
	<u>178,000</u>	<u>178,000</u>	

Other than the amounts disclosed in the table above, any further required disclosures in Section 305 and 306 of the Companies Act 2014 are €nil for both the current financial year and the preceding financial year.

6 Profit on Ordinary Activities Before Taxation

	2017 €	2016 €
Depreciation	2,173,138	2,085,081
Amortisation of Intangible Fixed Assets	33,522	33,522
Amortisation of Capital Grants	<u>(328,000)</u>	<u>(311,839)</u>

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Tax on Profit on Ordinary Activities

	2017 €	2016 €
Current Tax:		
Irish Corporation Tax on Profit for the year	384,425	248,969
Current tax credit for the year	-	-
Deferred Tax:		
Origination and Reversal of Timing Difference	-	(68,448)
	<u>384,425</u>	<u>180,521</u>
Profit on Ordinary Activities before Tax	4,290,709	4,098,220
	<u>4,290,709</u>	<u>4,098,220</u>
The tax assessed for the financial year is lower than (2016 - lower than) the standard rate of corporation tax in Ireland of 12.5% (2016 - 12.5%). The differences are explained below:		
Profit on Ordinary Activities multiplied by the average rate of Irish Corporation Tax for the year of 12.5% (2016: 12.5%)	536,339	512,278
Effects of:		
Expense adjustments by the rate of tax	(215,804)	(174,493)
Excess depreciation over capital allowances by the rate of tax	(28,725)	2,186
Interest income by rate of tax	(209)	(775)
Income by the higher rate of tax	92,824	64,932
Losses forward by the rate of tax	-	(155,159)
Current Tax Charge for the year	<u>384,425</u>	<u>248,969</u>

8 Dividends

	2017 €	2016 €
Paid during the year	250,000	200,000
Declared post year end	<u>-</u>	<u>-</u>

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9. Profit Attributable to Shannon Foynes Port Company DAC

A profit before tax of €4,050,820 (2016: €3,868,288) attributable to the shareholders of Shannon Foynes Port Company DAC (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 304 of the Companies Act 2014 have been complied with.

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**10(a) Tangible Fixed Assets –
Group**

	Construction in Progress	Docks, Quays and Works	River Lights	Plant & Machinery	Motor Vehicles	Fixtures, Fittings & Office Equipment	Land & Buildings	Total
	€	€	€	€	€	€	€	€
Cost								
At 1 January 2017	44,654	48,569,937	1,955,529	12,895,732	209,856	544,773	17,189,717	81,410,198
Additions	488,656	1,474,369	60,788	2,886,575	-	98,708	218,503	5,227,599
At 31 December 2017	533,310	50,044,306	2,016,317	15,782,307	209,856	643,481	17,408,220	86,637,797
Depreciation								
At 1 January 2017	-	11,184,974	1,562,813	8,287,653	87,915	454,123	3,900,901	25,478,379
Charge for year	-	1,018,903	111,739	606,030	38,616	50,291	347,559	2,173,138
At 31 December 2017	-	12,203,877	1,674,552	8,893,683	126,531	504,414	4,248,460	27,651,517
Net Book Value								
At 31 December 2017	533,310	37,840,429	341,765	6,888,624	83,325	139,067	13,159,760	58,986,280
At 31 December 2016	44,654	37,384,963	392,716	4,608,079	121,941	90,650	13,288,816	55,931,819

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11	Financial Fixed Assets	Group 2017 €	Company 2017 €	Group 2016 €	Company 2016 €
	Investment in subsidiary undertakings at cost (note 11)	-	1,067,603	-	1,067,603
	Other investment at cost (note 12)	2,539	2,539	2,539	2,539
		<u>2,539</u>	<u>1,070,142</u>	<u>2,539</u>	<u>1,070,142</u>

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 DAC	Stevedoring	100%	13 Ordinary Shares of €1.269738	Mill House, Foynes, Co. Limerick.
Other Investments at Cost			Group 2017 & 2016 €	Company 2017 & 2016 €
Prize Bonds			<u>2,539</u>	<u>2,539</u>

In the opinion of the directors the value of the investments stated above are not less than their carrying value.

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10(b) Tangible Fixed Assets - Company	Construction in Progress	Docks, Quays and Works €	River Lights €	Plant & Machinery €	Motor Vehicles €	Fixtures, Fittings & Office Equipment €	Land & Buildings €	Total €
Cost								
At 1 January 2017	44,654	48,569,937	1,955,529	12,539,517	209,856	489,652	16,980,881	80,790,026
Additions	<u>488,656</u>	<u>1,474,369</u>	<u>60,788</u>	<u>2,886,575</u>	-	<u>98,708</u>	<u>218,503</u>	<u>5,227,599</u>
At 31 December 2017	533,310	50,044,306	2,016,317	15,426,092	209,856	588,360	17,199,385	86,017,625
Depreciation								
At 1 January 2017	-	11,184,974	1,562,813	7,932,103	87,915	403,409	3,886,958	25,058,172
Charge for year	-	1,018,903	111,739	605,882	38,616	48,499	347,553	2,171,192
At 31 December 2017	-	12,203,877	1,674,552	8,537,985	126,531	451,908	4,234,511	27,229,364
Net Book Value								
At 31 December 2017	533,310	37,840,428	341,765	6,888,107	83,325	136,452	12,964,874	58,788,261
At 31 December 2016	<u>44,654</u>	<u>37,384,963</u>	<u>392,716</u>	<u>4,607,414</u>	<u>121,941</u>	<u>86,243</u>	<u>13,093,924</u>	<u>55,731,855</u>

SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12	Intangible Fixed Assets – Group	Development €	Goodwill €	Total €
	Cost			
	At 1 January 2017	390,456	586,789	977,245
	Additions	678,908	-	678,908
	At 31 December 2017	<u>1,069,364</u>	<u>586,789</u>	<u>1,656,153</u>
	Amortisation			
	At 1 January 2017	-	486,223	486,223
	Charge for year	-	33,522	33,522
	At 31 December 2017	<u>-</u>	<u>519,745</u>	<u>519,745</u>
	Net Book Value			
	At 31 December 2017	<u>1,069,364</u>	<u>67,044</u>	<u>1,136,408</u>
	At 31 December 2016	<u>390,456</u>	<u>100,566</u>	<u>491,022</u>

Development expenditure relates to detailed design survey and site investigation works and associated costs in respect of the reinstatement of the freight rail line between Limerick and Foynes.

Amortisation of intangible fixed assets is included in administrative expenses.

Intangible Fixed Assets – Company	Development €	Total €
Cost		
At 1 January 2017	390,456	390,456
Additions	678,908	679,908
At 31 December 2017	<u>1,069,364</u>	<u>1,069,364</u>
Amortisation		
At 1 January 2017 and 31 December 2017	<u>-</u>	<u>-</u>
Net Book Value		
At 31 December 2017	<u>1,069,364</u>	<u>1,069,364</u>
At 31 December 2016	<u>390,456</u>	<u>390,456</u>

Development expenditure relates to detailed design survey and site investigation works and associated costs in respect of the reinstatement of the freight rail line between Limerick and Foynes.

Amortisation of intangible fixed assets is included in administrative expenses.

SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13	Debtors	Group 2017 €	Company 2017 €	Group 2016 €	Company 2016 €
	Trade Debtors	2,489,683	1,907,412	2,437,255	1,922,823
	Value Added Tax Receivable	302,266	288,694	12,519	-
	Other Debtors and Prepayments	1,285,942	1,285,942	499,950	499,950
	Amounts owed by Subsidiary Companies	-	194,775	-	198,387
	Corporation Tax Recoverable	75,764	88,685	-	-
		<u>4,153,655</u>	<u>3,765,508</u>	<u>2,949,724</u>	<u>2,621,160</u>
	An impairment loss of €NIL (2016: €10,447) was recognised against trade debtors.				
14	Cash and cash equivalents	Group 2017 €	Company 2017 €	Group 2016 €	Company 2016 €
	Cash and bank balances	3,760,465	3,513,149	7,410,174	7,298,639
		<u>3,760,465</u>	<u>3,513,149</u>	<u>7,410,174</u>	<u>7,298,639</u>

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15	Creditors	Group 2017 €	Company 2017 €	Group 2016 €	Company 2016 €
	Bank Loans (Note 17)	1,531,443	1,531,443	1,916,145	1,916,145
	Bank overdraft (Note 17)	320,625	320,625	-	-
	Trade Creditors	651,064	650,785	247,877	231,159
	VAT Payable	-	-	40,310	40,310
	Corporation tax	-	-	210,169	188,760
	Other Taxes and PRSI	186,563	170,208	259,093	232,298
	Net Obligations under Finance Lease	124,615	124,615	119,288	119,288
	Other Creditors and Accruals	1,095,435	1,069,994	1,038,736	1,015,920
		<u>3,909,745</u>	<u>3,867,670</u>	<u>3,831,618</u>	<u>3,743,880</u>

The repayment terms of trade creditors vary between on demand to pre agreed credit days. Trade creditors do not attract interest.

Corporation tax and other taxes including social insurance are subject to the terms of the relevant legislation.

The terms of the accruals are based on the underlying contracts.

Other amounts included within creditors not covered by specific note disclosures are unsecured, interest free and repayable on demand.

Amounts owed to subsidiary undertakings are unsecured, interest free and are repayable on demand.

The company has various borrowing facilities with Allied Irish Bank and Bank of Ireland and its total bank borrowings at 31 December 2017 were €12,510,162 (2016: €13,926,467). The loans are subject to a range of fixed and variable interest rates based on EURIBOR and the applicable margin as negotiated with lenders. The loans have various maturity dates ranging from Quarter 3, 2018 to Quarter 4, 2023 and are repayable in annual instalments, with the exception of one loan, with a balance at 31 December 2017 of €6,123,026, (2016 €6,317,952), which has a final lump sum payment on maturity.

16	Creditors (amounts falling due after more than one year)	Group 2017 €	Company 2017 €	Group 2016 €	Company 2016 €
	Bank Borrowings (Note 17)	10,658,094	10,658,094	12,010,322	12,010,322
	Net Obligations under Finance Leases (Note 18)	107,917	107,917	232,531	232,531
		<u>10,766,011</u>	<u>10,766,011</u>	<u>12,242,853</u>	<u>12,242,853</u>

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

17	Bank Borrowings	Group 2017 €	Company 2017 €	Group 2016 €	Company 2016 €
	Analysis of bank borrowings payable:				
	- within one year	1,852,068	1,852,068	1,916,145	1,916,145
	- between one and two years	1,577,239	1,577,239	1,544,208	1,544,208
	- between two and five years	8,490,532	8,490,532	8,874,351	8,874,351
	- over five years	590,322	590,322	1,591,763	1,591,763
		<u>12,510,162</u>	<u>12,510,162</u>	<u>13,926,467</u>	<u>13,926,467</u>

18	Finance Leases	Group 2017 €	Company 2017 €	Group 2016 €	Company 2016 €
	Net obligations under finance leases are analysed as follows				
	- within one year	124,615	124,615	119,288	119,288
	- between one and two years	107,917	107,917	124,615	124,615
	- between two and five years	-	-	107,916	107,916
		<u>232,532</u>	<u>232,532</u>	<u>351,819</u>	<u>351,819</u>

19	Deferred Income – Group and Company	€
	Capital Grants	
	At 1 January 2017	6,179,689
	Amortised during the year	(328,000)
	At 31 December 2017	<u>5,851,689</u>
	Total Deferred Income at 31 December 2017	<u>5,851,689</u>
	Total Deferred Income at 31 December 2016	<u>6,179,689</u>

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

20 Deferred Tax

The movement in the deferred tax provided for at 12.5% (2016: 12.5%) during the year was:

	2017 €	2016 €
At the beginning of the year	1,830,421	1,898,869
Charge during the year	-	(68,448)
	<u>1,830,421</u>	<u>1,830,421</u>

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

	2017 €	2016 €
Excess of taxation allowances over depreciation on fixed assets	1,830,421	1,830,421
	<u>1,830,421</u>	<u>1,830,421</u>

21 Financial instruments

	Group 2017 €	Company 2017 €	Group 2016 €	Company 2016 €
Financial assets				
Financial assets that are debt instruments measured at amortised cost	6,252,687	6,688,017	9,849,968	10,489,991
	<u>6,252,687</u>	<u>6,688,017</u>	<u>9,849,968</u>	<u>10,489,991</u>
Financial liabilities				
Financial liabilities measured at amortised cost	14,256,661	14,230,941	15,445,611	15,406,077
	<u>14,256,661</u>	<u>14,230,941</u>	<u>15,445,611</u>	<u>15,406,077</u>

Financial assets measured at amortised cost comprise of financial fixed assets, cash and bank balances, trade debtors and amounts owed by subsidiary companies.

Financial liabilities measured at amortised cost comprise of bank loans and overdrafts, trade creditors, other creditors and accruals.

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22	Share Capital – Company Authorised	2017 €	2016 €
	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	<u>22,187,359</u>	<u>22,187,359</u>

23	Capital Injection	Group 2017 €	Company 2017 €	Group 2016 €	Company 2016 €
	At 1 January	4,916,921	5,457,046	4,916,921	5,457,046
	At 31 December	<u>4,916,921</u>	<u>5,457,046</u>	<u>4,916,921</u>	<u>5,457,046</u>

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.

24 Reserves

Called up share capital – represents the nominal value of shares that have been issued.
Capital injection – represents the allotment of shares issued in 2001.
Profit and loss account – includes all current and prior period retained profits and losses.

25	Financial Commitments	Group 2017 €	Company 2017 €	Group 2016 €	Company 2016 €
	Financial Commitments				
	- commitments approved but not contracted for	3,666,250	3,666,250	7,046,500	7,046,500
	- committed	3,734,793	3,734,793	2,998,302	2,998,302
		<u>7,401,043</u>	<u>7,401,043</u>	<u>10,044,802</u>	<u>10,044,802</u>

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26 Retirement Benefits

- (a)** The group operates three defined benefit schemes which are funded through separate trustee administered funds. There were deficits totalling €9,274,000 on these schemes at 31 December 2017.

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 €37,566,731 and the group profit carried forward in the amount of €3,906,284.

The most recent valuations were at 31 December 2017 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.

(b) Financial Reporting Standard 102 'Employee Benefits' Disclosures

The company operates three defined benefit schemes. Full actuarial valuations were carried out at 31 December 2017 for disclosure purposes by a qualified independent actuary. The main financial assumptions used in the valuations were:

	2017	2016	2015	2014
Rate of increase in salaries	2.00%	2.0%	2.0%	2.0%
Rates of increase in pension payments	0.0%/3.0%	0.0%/3.0%	0.0%/3.0%	0.0%/3.0%
Discount rate	1.7%	1.6%	2.1%	1.95%
Inflation assumption	1.7%	1.7%	1.7%	1.75%

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

	Market Value 31 December 2017 €'000	Market Value 31 December 2016 €'000	Market Value 31 December 2015 €'000	Market Value 31 December 2014 €'000
Equities	6,203	5,736	5,730	4,340
Fixed interest	4,518	4,457	4,001	3,909
Property	-	-	84	308
Alternatives	351	374	-	267
Cash	811	784	660	1,437
	<u>11,883</u>	<u>11,351</u>	<u>10,475</u>	<u>10,261</u>

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26 Retirement Benefits (continued)

(b) Financial Reporting Standard 102 'Employee Benefits' Disclosures Continued

The following amounts at 31 December 2017 were measured in accordance with the requirements of FRS 102:

	2017 €'000	2016 €'000	2015 €'000	2014 €'000
Total market value of assets	11,883	11,351	10,475	10,261
Present value of the (liabilities) of the schemes	(21,157)	(22,322)	(22,043)	(22,368)
(Deficit) in the schemes	(9,274)	(10,971)	(11,568)	(12,107)
Related deferred tax asset	1,159	1,371	1,446	1,513
Net Pension (Liability)	<u>(8,115)</u>	<u>(9,600)</u>	<u>(10,122)</u>	<u>(10,594)</u>

The following amounts would have been recognised in the performance statements for the years ended 31 December 2017 and 31 December 2016 under the requirements of FRS 102.

	2017 €'000	2016 €'000
Operating Profit		
Current Service Cost	<u>204</u>	<u>184</u>
	<u>204</u>	<u>184</u>
Expected rate of return on pension schemes' assets	181	220
Interest on pension schemes' liabilities	(348)	(451)
	<u>(167)</u>	<u>(231)</u>
Statement of total recognised gains and losses:		
Actual return less expected return on pension schemes' assets	384	687
Experience losses arising on the schemes' liabilities	251	990
Changes in assumptions underlying the present value of the schemes' liabilities	290	(1,797)
Actuarial (loss) recognised in the statement of total recognised gains and losses	<u>925</u>	<u>(120)</u>

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26 Retirement Benefits (continued)

(b) Financial Reporting Standard 102 'Employee Benefits' Disclosures Continued

	2017 €'000	2016 €'000
Movement in (deficit) during the year:		
(Deficit) in schemes at 31 December		
Movement in year	(10,971)	(11,568)
Current service cost	(204)	(184)
Contributions paid	1,143	1,132
Settlement gain	-	-
Other finance cost	(167)	(231)
Actuarial gain	925	(120)
(Deficit) in schemes at 31 December	(9,274)	(10,971)
	2017 €'000	2016 €'000
Experience gains and losses for the year ended 31 December		
Difference between the expected and actual return on schemes' assets	384	687
Percentage of schemes' assets	3.2%	6.1%
Experience gains on schemes' liabilities	241	990
Percentage of schemes' liabilities	2.2%	4.4%
Total recognised in statement of total recognised gains and losses	925	(120)
Percentage of the present value of the schemes' liabilities	9.9%	(0.5%)

**SHANNON FOYNES PORT COMPANY DAC
(A DESIGNATED ACTIVITY COMPANY) AND ITS SUBSIDIARY UNDERTAKINGS**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27 Ultimate controlling party

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

28 Related Party Transactions

- (i) The company in the normal course of its business trades with certain government and semi-state bodies. The company has no loans from certain government and semi-state bodies.
- (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 2014 at any time during the year ended 31 December 2017.

The company has availed of the exemption under FRS 102, Section 33 which permit a qualifying subsidiary of any undertakings not to disclose details of transactions between group entities that are eliminated on consolidation.

29 Capital Commitments

The company has signed a compulsory purchase order for the acquisition of lands at Durnish, Foynes, Co. Limerick. The compensation value which is subject to an ongoing arbitration case has not been determined at the date of signing of the financial statements.

30 Contingent Liabilities

Group and Company

The parent company has given a guarantee in the sum of €19,046 (2016: €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 DAC at Corcanree, County Limerick. These charges were created on 22 September 2011.

The company is party to an ongoing legal case with an employee, the outcome of which has not yet been determined at the date of signing the financial statements.

The company is party to an ongoing arbitration case, the outcome of which has not yet been determined at the date of signing the financial statements.

31 Comparative information

Comparative information has been reanalysed where necessary to conform to current year presentation.

32 Approval of Financial Statements

The financial statements were approved by the Board of Directors on 5 April 2018.





For further information:

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Shannon Foynes
PORT COMPANY