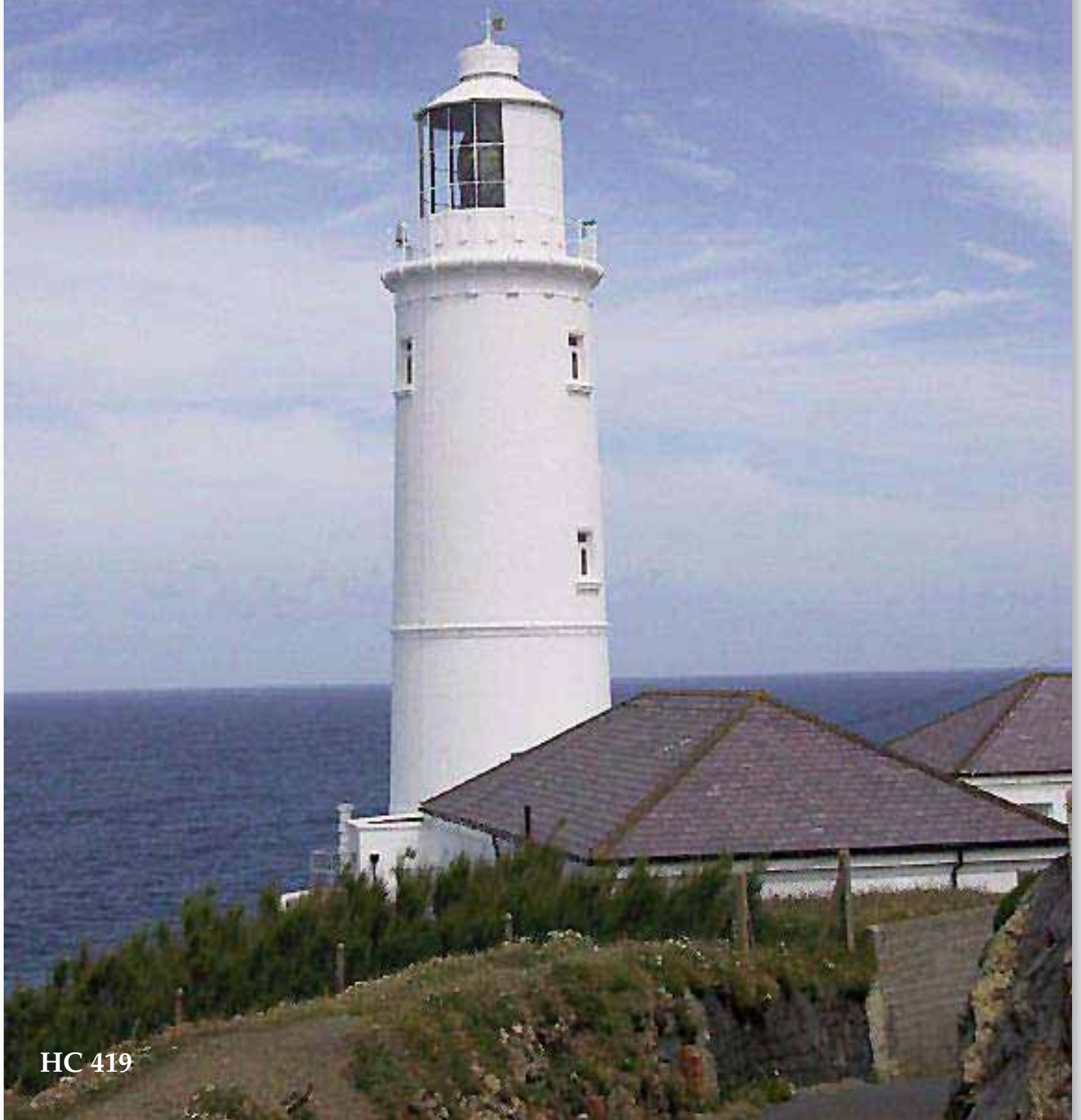


THE GENERAL LIGHTHOUSE FUND 2004-2005





THE GENERAL LIGHTHOUSE FUND

2004 - 2005

Report and Accounts for the year ended 31 March 2005
(in continuation of the House of Commons Paper No 311 of 2004/2005)

Presented by the Secretary of State for Transport pursuant to
Section 211(5) of the Merchant Shipping Act 1995

Ordered by the House of Commons to be printed 29 March 2007

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FOREWORD TO THE ACCOUNTS

for the year ended 31 March 2005

The report and accounts of the General Lighthouse Fund (the Fund) are prepared pursuant to Section 211(5) of the Merchant Shipping Act 1995.

Accounting for the Fund

The Companies Act 1985 does not apply to all public bodies but the principles that underlie the Act's accounting and disclosure requirements are of general application: their purpose is to give a true and fair view of the state of affairs of the body concerned. The Government therefore has decided that the accounts of public bodies should be prepared in a way that conforms as closely as possible with the Act's requirements and also complies with Accounting Standards where applicable. These accounts have been prepared in accordance with accounts directions issued by the Secretary of State for Transport and the disclosure requirements of the Treasury's executive NDPB annual reports and accounts guidance. The Fund's Accounts consolidate the General Lighthouse Authorities' (GLA) accounts and comply as appropriate with this policy. The notes to the accounts contain further information. Section 211(5) of the Merchant Shipping Act 1995 requires the Secretary of State to lay the Fund's accounts before Parliament.

Statutory Background

Section 195 of the Merchant Shipping Act 1995 and Section 634 of the Merchant Shipping Act 1894, in respect of the Republic of Ireland, state that:

Responsibility for the provision and management of lighthouses, buoys and beacons on the coasts and sea areas around the British Isles is vested in the three General Lighthouse Authorities (GLAs):

- . Corporation of Trinity House (TH);
- . Commissioners of Northern Lighthouses (known as Northern Lighthouse Board) (NLB);
- . Commissioners of Irish Lights (CIL).

The Authorities also have wreck removal powers under Section 253 of the 1995 Act and the Merchant Shipping (Salvage and Wrecks) Act 1995 in respect of the Republic of Ireland.

Trinity House is currently responsible under Section 193(5) of the Merchant Shipping Act 1995 for Europa Point Lighthouse in Gibraltar. In addition, as a purely administrative arrangement, the Corporation discharges the responsibilities of the Department for Transport at Sombrero (Anguilla) and Cape Pembroke (Falkland Islands). The Authority meets residual pension liabilities in respect of former employees of the Imperial Lighthouse Service in the West Indies and Sri Lanka.

The Merchant Shipping and Maritime Security Act 1997 gives the GLAs the powers to establish contracts to exploit spare capacity.

The General Lighthouse Authorities (Beacon: Maritime Differential Correction System) Order 1997 came into force on 12 January 1998 and states that the definition of "Beacon" in the Merchant Shipping Act includes equipment for a Differential Global Positioning System.

Code of Practice for Board Members

The GLAs have adopted codes of best practice for Commissioners and Board Members, which are based on the Model Code of Best Practice for Public Bodies issued by the HM Treasury. The Code is underpinned by the Seven Principles of Public Life set out in the Committee of Standards in Public Life.

Source of Finance

The GLAs are financed by advances made by the Department for Transport from the Fund, whose principal income is from light dues levied on shipping using ports in the United Kingdom and the Republic of Ireland. The Fund receives additional income from the Republic of Ireland Exchequer following an agreement entered into in 1985 (see note 4, page 24) and from sundry receipts generated by the GLAs, from buoy and property rental, workshop service and the sale of assets. The Fund also receives income from investments. All three GLAs contained their running cost expenditure within levels approved by Ministers. The level of light dues in the United Kingdom is determined by the Secretary of State for Transport under Section 205 of the Merchant Shipping Act 1995. The Minister for the Department of Communications, Marine and Natural Resources sets light dues in the Republic of Ireland. Light dues rates and regulations remained unchanged from 2003/2004.

Results

In 2004/2005 the income of the Fund was £ 76.5 m (2003/2004 £78.8m) including light dues of £ 71.1 m (2003/2004 £74.7m). Total operating expenditure of the Fund was £67.0 m (2003/2004 £63.1m) before interest charges.

The deficit in 2004/2005 was £13.3m (Surplus restated 2003/2004 £1.8m).

Investments

In April 2000 the investment fund was split between two investment houses, Morgan Stanley Quilter and HSBC Asset Management. In addition to the investment portfolio, Morgan Stanley Quilter also manages the Fund's Cash Reserve. All light dues income is paid into the Cash Reserve. The imprest transfers to the GLAs are paid out of the cash reserve.

Investments analysis by Investment House		Market Value 31/03/2005 £M	Cost 31/03/2005 £M
HSBC	Investments	34.9	35.2
	cash for investments	0.7	0.6
MSQ	Investments	27.0	25.7
	Cash for investments	0.2	0.2
Total		62.8	61.7
Cash reserve		17.3	17.3
Total Reserve*		18.5	18.5

*Includes euro cash reserve of £1.1 m, excludes £ 5.5m cash held by GLAs.

During the year light dues collected in Euros by the Republic of Ireland were held in a Euro account and used to partially meet the running costs for CIL.

From July 2006, new investment managers were appointed by the GLF; Baillie Gifford and Co. and Martin Currie Investment Management Ltd. replaced HSBC and Morgan Stanley Quilter.

Significant Developments in Year

The Marine Navigation Plan

The GLA's marine navigation plan, "2020 the Vision" was adopted formally by the Marine Minister in October 2004. This sets out the inter-GLA policy for the provision of aids to navigation and will form the basis for capital investment for the next 5 years. The plan acknowledges that satellite based navigation is the primary system for marine use, with traditional aids, lighthouses, buoys, beacons taking a secondary role. The plan does not envisage significant reductions in the number of traditional aids provided over the next 15 years or so. However it proposes that there could be a considerable reduction in the number of traditional aids if ground based back up to satellite navigation becomes available.

The GLAs carried out development on an experimental Loran C signal from the BT Rugby site, which works in conjunction with the Loran C signals operated by the North West Loran C System (NELS) organisation. The NELS organisation ceased to exist at the end of 2005 but the GLAs and the Department for Transport are in discussion with NELS operators to maintain the system in the longer term. The DfT is also promoting the wider adoption of an e-navigation plan for marine use. DfT envisages that this will make a major contribution to maritime safety whilst leading to cost reductions in the longer term.

Automatic Identity Systems (AIS)

The GLAs continue to work with the Maritime and Coastguard Agency to develop a unified UK AIS system to meet security and navigation requirements, until July 2006 AIS was working on a purely experimental basis. Legislation required to establish AIS as an aid to navigation under Section 223(3) of the Merchant Shipping Act 1995, was passed by both Houses of Parliament and became law in July 2006.

Operational Performance

The performance indicator used to measure operational performance is "Aids to Navigation Availability". This indicator is a measure of the quality of the primary service - the effectiveness of Aids to Navigation and their availability as a contribution to safe navigation at sea. Availability is measured by dividing total time available to the Mariner (i.e. the sum of the total number of hours in a year multiplied by the number of Aids to Navigation in each category) by the total number of hours that the Aids were available to the mariner. This calculation is then expressed as a percentage.

Methods of measurement and recommended standards are set for each category of Aid by the International Association of Aids to Navigation and Lighthouse Authorities (IALA) and included in its publication IALA Aids to Navigation Guide (Navguide - Edition 4: December 2001).

Ships

The 2002 review of the GLAs ship proposed fundamental changes to the vessels and their operation. The current fleet comprises:

- Trinity House Lighthouse Service (THLS)
2 Multi function tenders (MFT) THV Patricia and Mermaid, supported by the smaller THV Vectis and Ready.
- Northern Lighthouse Board (NLB)
MFT "Pharos" supported by a single medium aids to navigation tender "Pole Star".
- Commissioners of Irish Lights (CIL)
MFT, Granuaile.

In November 2004, THLS and the NLB placed orders for 3 replacement vessels with the Remontowa yard in Gdansk, Poland. The order encompasses:

- . A rapid intervention vessel (RIV) for THLS, to replace THV "Ready" and "Vectis". The RIV will operate mainly off the southeast coast of England providing rapid response to wreck marking requirements in the busy waters around the Dover Straits. The vessel entered service early in 2006. Vectis and Ready have been sold out of service.
- . A multi-function tender (MFT) for the NLB to replace NLB's "Pharos". "Pharos" was sold out of service on the 8th September 2006, with the replacement MFT entering service early in 2007.
- . A second MFT for Trinity House due to enter service in the spring 2007. The THV "Mermaid" will be sold out of service.

The CIL "Granuaile" and NLB "Pole Star" will remain in service. "Pole Star" has undergone alterations to permit the vessel to handle the heavier Class 1 buoys, with the addition of buoy tubes required to operate in support of Trinity House. A further ship review will be carried out when experience has been gained in the operation of the new fleet. It is expected that the THV Patricia will be sold out of service without replacement.

As a result of the decision to sell MV Pharos before the end of its lease period a creditor has been recognised for £394k in respect of Lease Termination Penalties.

Lighthouse Depots

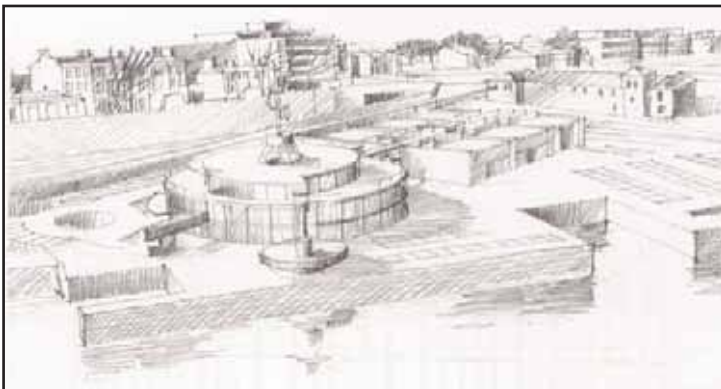
Work continues to revise the GLA depot structure.

The basic depot structure dates back to the era of manned lighthouses when the primary function was to support the keepers themselves. A number of depots have closed and functions have been rationalised but major investment was required.

The NLB Oban depot was rebuilt in 2002 and NLB closed their Granton and Stromness Depots, so their activities are now centred on the Edinburgh headquarters and the single base at Oban.

Trinity House has carried out a full review of their office and depot structure. Ministers accepted a recommendation that the Harwich depot should be redeveloped. A new buoy yard is being built on the site of the Harwich gas works, with an office block built on the old buoy yard site. The Harwich office was opened by the Master of Trinity House, HRH the Duke of Edinburgh, in July 2005. The new buoy yard complex at Harwich entered service in February 2006. The Yarmouth and Penzance Depots have already closed. East Cowes Depot was closed in December 2005. Trinity House operations will be centred on Harwich with a buoy yard at Swansea and a small headquarters function in London. As part of the process, a full business process review has been carried out and savings in staffing levels of the order of 30% have been achieved.

In April 2005, UK Ministers, with the support of the Irish Department of Communication Marine and Natural Resources (DCMNR), gave their approval for the redevelopment of the CIL's Dun Laoghaire depot complex. The existing office complex in the centre of Dublin will be sold and depot and offices co-located in a new complex to be built on the site of the existing depot. The proposal will cost £14 million, to be funded from the GLF, the sale of the existing office building and a grant from the DCMNR. At the same time a business process review has developed operational savings estimated for 2007/08 of £1.49m.



New Dun Laoghaire Depot -
Artist impression.



New Harwich Depot



New Harwich Buoy Yard
(Artist Impression)

Light Dues

Light dues rates were reduced in April 2002 when the rate was 40p per net ton with a new ceiling to the charge set at 40,000 tons or £16,000 per visit. These rates remained unchanged in 2004/2005. The Department had carried out a consultation exercise in 2002 to seek views on possible reforms to the charging structure. This produced a lively debate on the aids to navigation provided by the GLAs. There was little agreement on changes to the charging structure. In March 2003, the Department announced that it would undertake a review of the economic effect of light dues. This review was carried out by consultants, assisted by representatives from all users forming a steering committee

The Report was published in May 2004. It concluded that overall, if light dues were abolished the most likely impact would be a reduction in costs for shipping lines and fishing craft owners. If all the reduction in costs for shipping lines were passed onto UK businesses it would lead to a 0.003% reduction in their costs. It identified a number of areas for possible action including a flattening of the charging regime. The Department responded to the review during 2004/2005.

A further reduction in light dues was made on 1 April 2004 when a 35,000-ton ceiling was introduced combined with a rate of 39p per net ton. That makes a maximum charge of £13,650 per voyage.

Electronic Collection of Light Dues

A new e-collection system was developed during 2003/04 and became operational on 1 April 2004. It opens up the opportunity to increase the number of paid voyages which would flatten out the charging structure as recommended by the Economic Review (see above) without an unacceptable increase in collection costs. The system continued to be enhanced during 2004/2005 with replacement back office and accounting systems.

GLA pensions

The Secretary of State for Transport determines pension arrangements for staff in the GLAs. He has determined that the provisions of the Principal Civil Service Pension Scheme shall apply to the GLA's. As note 20 to the Accounts makes clear, these are unfunded pension schemes with pension costs met from income to the GLF. The actuarial deficit was estimated at £256.1m as at 31st March 2005. Pension expenditure was £12.2m (£11m in 2003/2004).

The GLAs' pension scheme is a statutory scheme in accordance with Section 214 of the Merchant Shipping Act 1995, which states:

"Pension rights of certain employees.

There shall be payable to or in respect of persons whose salaries are paid out of the General Lighthouse Fund such pensions, allowances and gratuities as may be determined in accordance with-

(a) in the case of such of those persons as are employed by the Secretary of State, arrangements made by him, and

(b) in the case of other such persons, arrangements made by a general lighthouse authority and approved by the Secretary of State;

and those benefits shall be charged on and payable out of that Fund".

As a statutory pension scheme, there is no requirement to fund the scheme as costs are met from the statutory levy of light dues. The Secretary of State for Transport has undertaken to take the requirement to meet pension expenditure into account when setting the level of light dues.

The DfT and the GLAs appointed actuaries in 1997 to advise on the operation and forecast costs of the 3 pension schemes. They have also supported work on alternative pension schemes. The actuarial deficit is fully re-assessed every 3 years. The work includes a projection of forecast costs for each GLA covering a 20-year period. This indicates that annual pension expenditure is forecast to remain in the order of 15% to 18% of total annual expenditure. At the last full actuarial valuation in 2005 there were 766 active members, 765 deferred pensioners, and 2132 pensioners in payment. Active members represent about 20.9% of the total, demonstrating the mature profile of the 3 schemes. This reflects the efficiency savings achieved over the last 20 years, notably the de-manning and automation of the lighthouses and the reduction in depots and ships.

DfT, in conjunction with the GLAs and the Lights Advisory Committee (the Secretary of State's advisors on marine aids to navigation and light dues) are considering the best approach to meet future pension expenditure. This will include the possibility of primary legislation changes to permit the establishment of a separate funded pension scheme.

Research and Development

The research programme is reviewed annually in consultation between the Authorities, the Lights Advisory Committee and the Department for Transport. The programme includes research into lighthouses, the automation of light vessels, buoy design, radio navigation and equipment standardisation and reliability. The GLAs have extended their activity to include work in support of EU research into the provision of Global Navigation Satellite Systems, the next generation of satellite navigation and the use of Automatic Identification Systems as an aid to navigation and as a system for monitoring the operation of aids. This is designed to ensure that the navigation requirements of the mariner are taken into account as systems are developed. The cost of the research programme for 2004/2005 was £1.3m (2003/2004 £0.8m) and was expensed in the year.

Significant events after 31 March 2005

Commissioners of Irish Lights, Dun Laoghaire project

Formal ministerial approval has been granted by the Secretary of State for Transport for the commencement of the Dun Laoghaire integration programme. Planning permission has also been received for the development from Dun Laoghaire/Rathdown County Council.

Commissioners of Irish Lights, Board Changes

Dr. Stuart Ruttle was appointed Chief Executive and Mr. Seamus Doyle was appointed Head of Engineering on 1st April 2005.

Trinity Lighthouse Service - Events

New offices at Harwich were occupied by staff in June 2005.

Farne Island Lighthouse was sold on 6th June 2005 to the National Trust for £132,000. The National Trust has leased back specific operational areas to THLS on a 15 years lease at a peppercorn rent.

In May 2005 it was agreed that the Research and Development (R & D) Management Committee would be disbanded, to be replaced by a new committee structure during 2005/06.

The GLAs introduced an experimental Loran C signal from the BT site at Rugby in June 2005.

In December 2005 the sale of East Cowes was completed.

THV Alert delivered Spring 2006

David Golden (Technical Director) retired 31 December 2005

From 1 April 2006, Trinity House took over the administration of Trinitas Services Ltd.(TSL). Commodore PJ Melson was appointed as chairman of TSL and Mr G Callen was appointed Company Secretary on 2 April 2006.

Northern Lighthouse Board, Board Changes

John McInnes QC retired on 31 October 2005

Brian Lockhart appointed 1 November 2005

James A Taylor appointed 1 November 2005

Cllr. Bill Smith retired 14 May 2005

Cllr. Alison Magee appointed 15 May 2005

James Taylor's (Chief Executive) contract of employment was terminated by mutual agreement on 30 April 2006. Compensation for loss of office of £20,000 was paid in May 2006.

Roger Lockwood was appointed Chief Executive on 1 May 2006.

MV Pharos

The lease for MV Pharos was terminated on 8 September 2006 and the vessel sold under terms of the Charterparty to Byron Marine Ltd of the Falkland Islands. Under the terms of the Charterparty a lease termination fee was payable due to early termination to Royal Bank Leasing Ltd.

	£'000
Sale Price	3,250
Less sale expenses	(130)
Net sale proceeds	3,120
Lease termination fee	7,181
2% of net sale proceeds	62
Payment to Royal Bank Leasing Ltd	7,243
Sale proceeds	(3,250)
Sale expenses	130
Cash outflow on termination of lease	4,123

In addition the buyers paid for marine fuel and oils on board at the handover date, this amounted to £51,000.

A provision of £7,671,000 for the estimated termination fee payable was originally recognised as at 31 March 2005. Following the sale of MV Pharos and confirmation of the termination fee after the balance sheet date, £7,244,000 has been transferred to creditors falling due after one year and the remaining £427,000 released to the Income & Expenditure Account.

General Lighthouse Fund

Light Dues Rates were reduced by 4p to 35p on 1 April 2006.

Other matters

Accounts Direction

Under Section 218(2) of the Merchant Shipping Act 1995 the Secretary of State has the power to direct the General Lighthouse Authorities in the format of their accounting records. The GLF accounts are a combination of the accounts of all 3 GLAs, the accounts maintained by the Department in combination with the two investment managers and the light dues collection accounts maintained by Trinity House. The accounts direction came into operation with effect from 1 April 2002.

Payment of creditors' policy

The Authorities seek to comply with the Better Payment Procedure Code and arrange payment to creditors by the due date in accordance with the contract or suppliers terms of credit. Suppliers are advised that complaints in respect of the settlement of accounts should be made in writing to the relevant Authority.

The proportion of the amount owed to trade creditors at 31 March 2005 compared to the amount invoiced by suppliers during the year equated to the following proportions of days:

- . Trinity House Lighthouse Service 5 days;
- . Northern Lighthouse Board 20 days;
- . Commissioners of Irish Lights 30 days.

Employees with disabilities

The policy of the Authorities towards the employment of disabled people is that, in general, disability is of itself no bar to recruitment or advancement; but the nature of the duties of some occupations, such as lighthouse maintenance staff, necessarily impose some limitations.

Employee involvement

The Authorities, using a long established mechanism of joint committees covering all grades, continue to inform their employees of matters of concern to them and to consult them regularly so that account can be taken of their interests, this also involves health and safety at work and welfare issues.

Environmental issues

The GLAs operate in full support of Government initiatives and broad public opinion on more proactive consideration of the environment. Thus, measures to protect the environment and sustainable development figure strongly in the GLAs consideration of modernisation, improvement and future technologies.

Auditors

The accounting records of the GLAs and the consolidated General Lighthouse Fund are examined by the Comptroller and Auditor General. This is under the terms of Section 211(4) of the Merchant Shipping Act 1995, and Section 679 of the Merchant Shipping Act 1894 in respect of the Republic of Ireland. The audit fee is disclosed in note 7a.

Extra Territorial Waters

It has been questioned whether the GLAs' existing statutory powers, as set out in Section 193 of the Merchant Shipping Act 1995, cover adequately expenditure in respect of certain activities outside territorial waters.

The expenditure in question is modest - accounting for less than 1% of GLAs' running costs in a typical year - but the activities are an important and valuable element of the GLAs' overall aids to navigation service. They include urgent action on safety grounds to mark wrecks, and more permanent installations, such as light vessels marking the Dover Straits Channel separation scheme, required to meet the UK's international obligations under the International Convention on the Safety of Life at Sea.

The Government has come to the view that it is not clear whether the GLAs' statutory powers extend outside the UK's territorial waters. There are respectable arguments either way. Unless or until a Court rules on the issue there is no definitive answer. It is the Governments' intention therefore to take an early opportunity to clarify the legislation, to put beyond doubt that the GLAs may operate outside territorial waters.

The Lights Advisory Committee, representing the payers of light dues, has made it clear it has no intention of challenging the legitimacy of this expenditure. Furthermore, the Government believe that the activities funded by this expenditure are essential to meet the objectives of the GLAs and to protect shipping, and have been widely accepted and valued over an extended period of time. The view has been taken that the risks arising from discontinuing or modifying these activities far outweigh the remote risks of a legal challenge to the regularity of this expenditure.

Sir David Rowlands
Accounting Officer
22 March 2007

PERFORMANCE INDICATORS

For the General Lighthouse Authorities

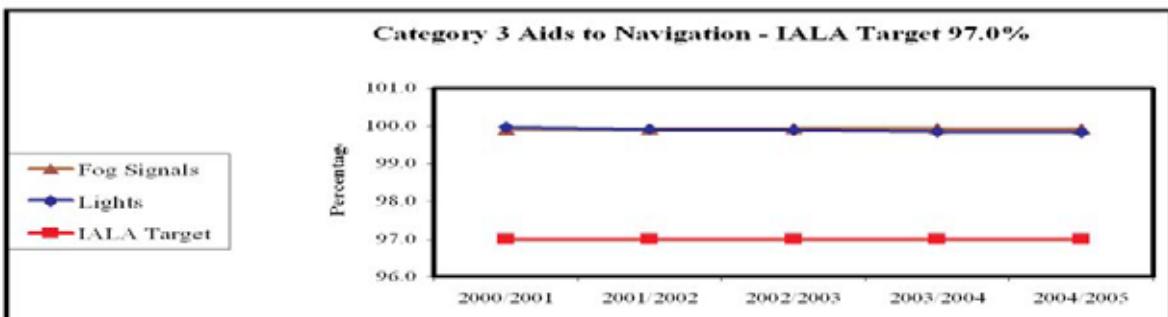
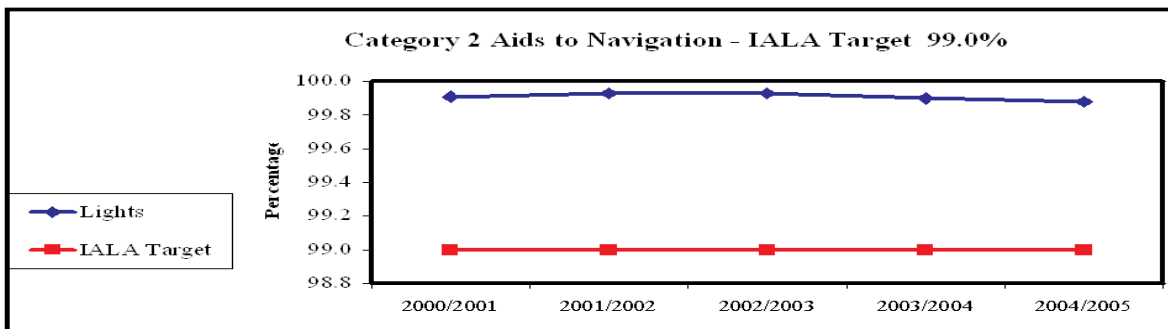
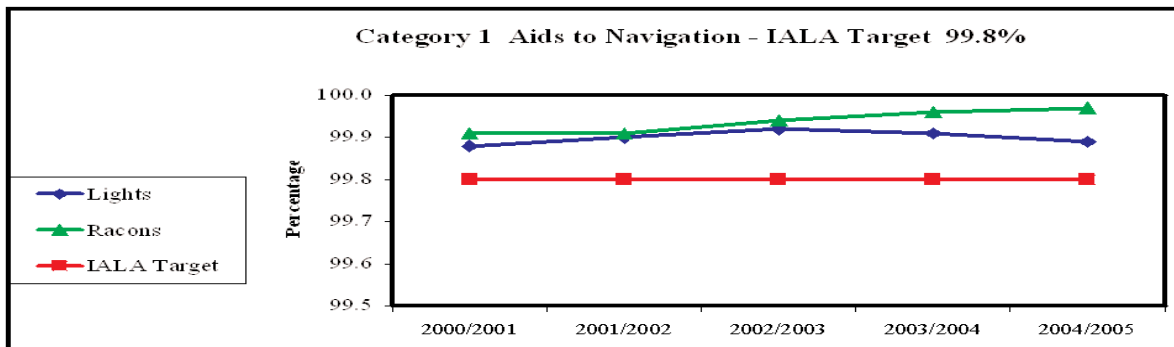
Trinity House Lighthouse Service

Actual Performance of aids to navigation against the International Association of Aids to Navigation and Lighthouse Authorities (IALA) minimum standard.

AtoN Type	Category	IALA Minimum %	2000/2001 Actual %	2001/2002 Actual %	2002/2003 Actual %	2003/2004 Actual %	2004/2005 Actual %
Lights (Major)	1	99.80	99.88	99.90	99.92	99.91	99.89
Racons	1	99.80	99.91	99.91	99.94	99.96	99.97
Lights (Other)	2	99.00	99.91	99.93	99.93	99.90	99.88
Fog Signals	3	97.00	99.91	99.93	99.94	99.94	99.93
Lights (Buoys)	3	97.00	99.97	99.92	99.90	99.86	99.84

Three Year Rolling Averages

All aids were re-categorised from 2000/2001 in accordance with IALA policy. The previous designations are shown on brackets.



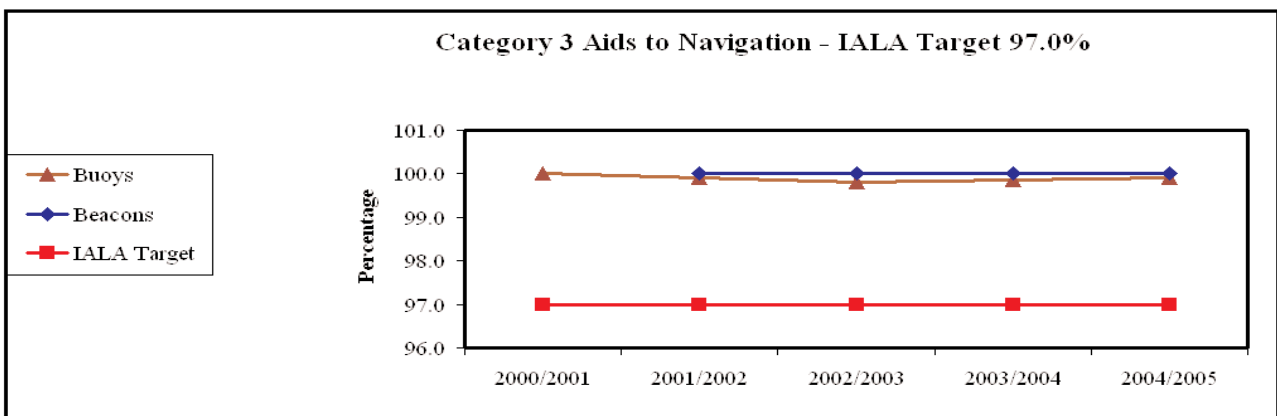
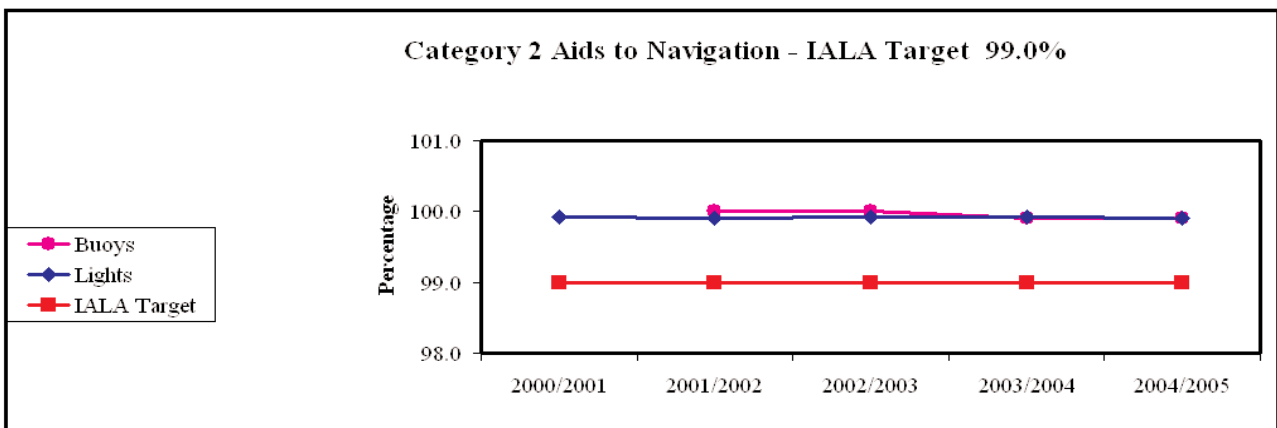
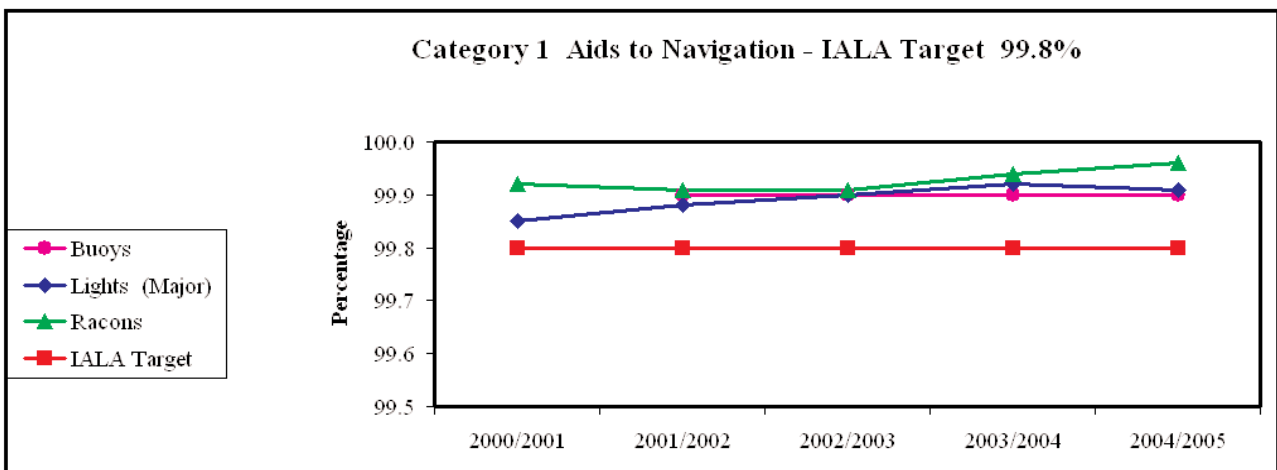
Northern Lighthouse Board

Actual Performance of aids to navigation against the International Association of Aids to Navigation and Lighthouse Authorities (IALA) minimum standard.

AtoN Type	Category	IALA Minimum %	2000/2001 Actual %	2001/2002 Actual %	2002/2003 Actual %	2003/2004 Actual %	2004/2005 Actual %
Buoys	1			99.90	99.90	99.90	99.90
Lights	1		99.80	99.80	99.90	99.80	99.90
Racon	1		99.20	99.50	99.70	99.90	100.00
Total	1	99.80	99.70	99.90	99.90	99.90	99.90
Buoys	2			100.00	100.00	99.90	99.90
Lights	2			99.90	100.00	99.90	99.90
Total	2	99.00	99.90	100.00	100.00	99.90	99.90
Buoys	3		100.00	99.90	99.80	99.80	99.90
Beacon	3			100.00	100.00	100.00	100.00
Total	3	97.00	100.00	99.90	99.90	99.90	99.90

Three Year Rolling Averages

In moving towards the internationally-agreed performance criteria, it has proved impossible to back-calculate statistics for previous years because of the necessary changes to the groupings of Aids to Navigation

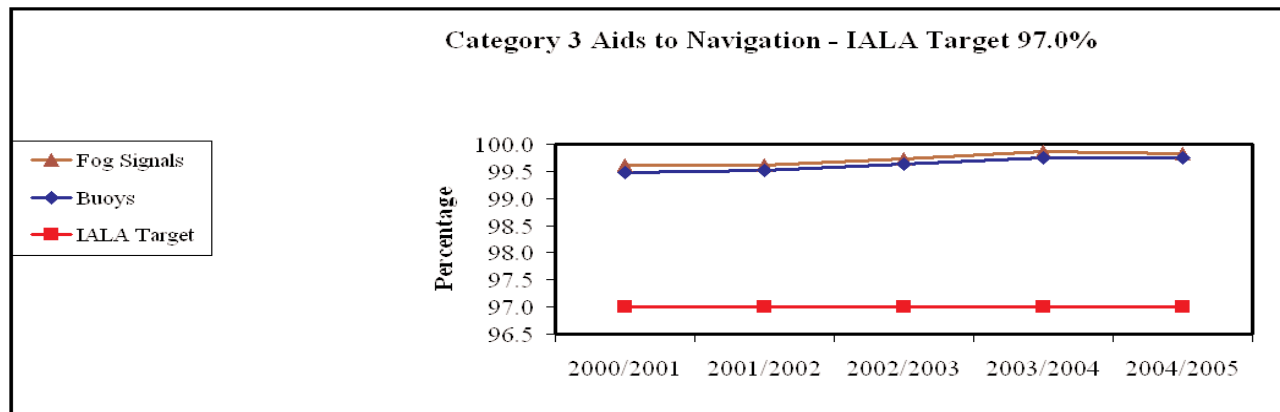
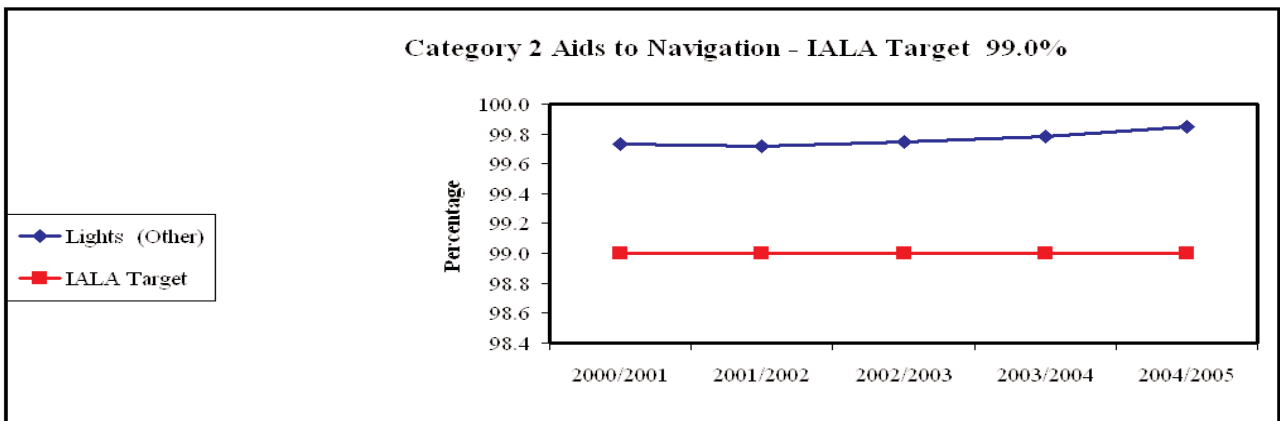
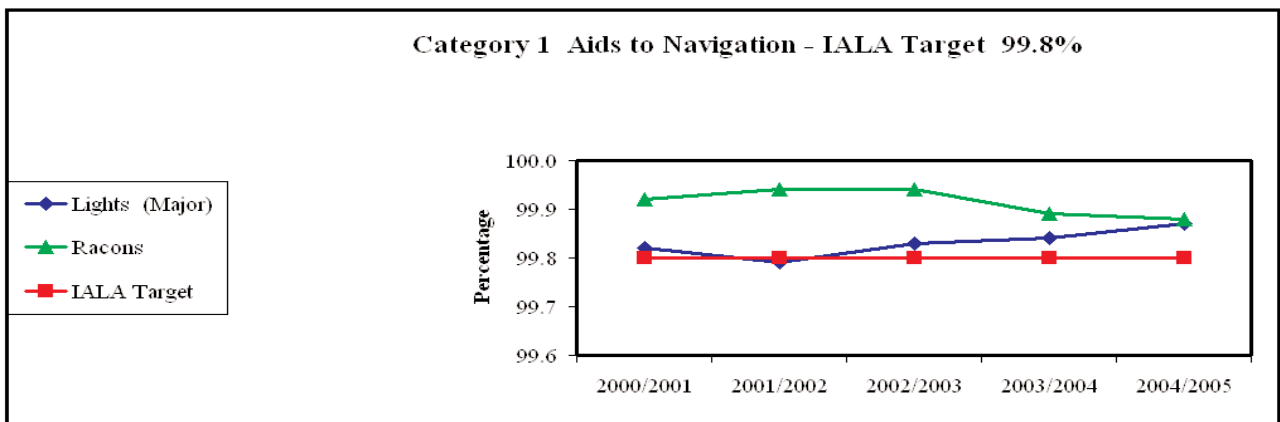


Commissioners of Irish Lights

Actual Performance of aids to navigation against the International Association of Aids to Navigation and Lighthouse Authorities (IALA) minimum standard.

AtoN Type	Category	IALA Minimum %	2000/2001 Actual %	2001/2002 Actual %	2002/2003 Actual %	2003/2004 Actual %	2004/2005 Actual %
Major Lights	1	99.80	99.82	99.79	99.83	99.84	99.87
Racons	1	99.80	99.92	99.94	99.94	99.89	99.88
Other Lights	2	99.00	99.73	99.72	99.75	99.78	99.85
Fog Signals	3	97.00	99.61	99.62	99.72	99.86	99.83
Buoys	3	97.00	99.48	99.51	99.64	99.74	99.75

Three Year Rolling Averages



Constitutions

of the General Lighthouse Authorities and their Board Members

Trinity House

Trinity House became a chartered corporation in 1514 and is managed by its active Elder Brethren under the chairmanship of the Deputy Master. Its statutory responsibilities as a General Lighthouse Authority are exercised by the Trinity House Lighthouse Board, which was established in its present form on 1 January 1985. The voting members of the Board currently include the Deputy Master, three Elder Brethren and three nominees of the Secretary of State for Transport. In addition currently two senior officials of Trinity House are non-voting members of the Board.

The membership of the Trinity House Lighthouse Board during 2004 - 2005 was as follows:

Elder Brethren

Rear Admiral J M De Halpert	Executive Chairman
Commodore P J Melson	Director of Operations & Asset Management
Captain D C Glass	Director of Navigational Requirements
D F Potter	Non- Executive (retired on 25 January 2005)
Captain N R Pryke	Non-Executive (appointed 25 January 2005)

Nominees of the Secretary of State for Transport (DfT)

W A C Thomson	Non-Executive
P R A Bainbridge	Non-Executive
D A Coltman	Non-Executive

Non Voting Directors

J S Wedge	Director of Finance & Support Services
D M Golden	Technical Director
D I Brewer	Director without portfolio (retired 31 July 2004)
J D Price	Secretary

Northern Lighthouse Board

The Commissioners were established as a corporate body in 1786. Their incorporation is set out in Section 193 and Schedule 8 of the Merchant Shipping Act 1995 and, is as follows:-

- (a) The Lord Advocate and the Solicitor-General for Scotland;
- (b) The Lords Provosts of Edinburgh, Glasgow and Aberdeen and the Conveners of Highland and of Argyll & Bute Councils;
- (c) The Sheriffs Principal of all the Sheriffdoms in Scotland;
- (d) A person nominated by the Lieutenant Governor of the Isle of Man and appointed by the Secretary of State;

In addition, the Commissioners may elect;

- (e) Up to five other persons elected by the Commissioners under, and subject to the proviso set forth in, Paragraphs 2 and 3 of Schedule 8 to the Act;
- (f) The convener of any council whose area includes any part of the coast of Scotland.

The ex-officio appointments are for duration of the occupancy of the qualifying office.

Persons appointed under (d) and (e) above hold office for three years but may be re-appointed for further terms. The Commissioners have determined that they will not hold office beyond 70 years of age.

The Commissioners have also agreed with the Department for Transport that the Secretary of State will nominate one person for election under (e) above.

The membership of the Northern Lighthouse Board in 2004/2005 was as follows:-

Law Officers for Scotland

The Rt Hon Colin Boyd QC, The Lord Advocate
Elish Angiolini QC, Solicitor General for Scotland

Sheriffs Principals of the Sheriffdoms in Scotland

Sheriff Principal Edward F Bowen QC - Sheriff Principal of Lothian & Borders
Sheriff Principal Bruce A Kerr QC - Sheriff Principal of North Strathclyde
Sheriff Principal John McInnes QC - Sheriff Principal of South Strathclyde, Dumfries & Galloway
Sheriff Principal R Alastair Dunlop QC - Sheriff Principal of Tayside, Central & Fife
Sheriff Principal Sir Stephen Young Bt QC - Sheriff Principal of Grampian, Highland and Islands
Sheriff Principal Ian McPhail QC - Sheriff Principal of Lothian and Border (until 24 January 2005)

Nominated by the Lieutenant-Governor of the Isle of Man and appointed by the Secretary of State

Robert Quayle

Elected by the Commissioners

Captain Kenneth MacLeod, Chief Executive Northern Marine Management Ltd
Peter Mackay CB, Formerly Secretary and Chief Executive of the Scottish Office Industry Department
Captain George Sutherland, Formerly Director of Marine Operations, Shetland Islands Council
Alistair Whyte

Nominated by the Secretary of State and elected by the Commissioners

Dr Andrew Cubie CBE FRSE

Lord Provosts

The Rt Hon Lesley Hinds JP, Lord Provost of Edinburgh
The Rt Hon Liz Cameron JP, Lord Provost of Glasgow
John Reynolds JP, Lord Provost of Aberdeen

Convener of Highland Council

Bill Smith
Alison Magee

Convener of Argyll & Bute Council

William Petrie OBE JP DL.

Patron

Her Royal Highness The Princess Royal KG KT GCVO QSO continues to act as the Patron of the Northern Lighthouse Board.

Senior management

The Board has appointed a Chief Executive and three Directors to manage day-to-day activities:

James Taylor FRIN FCMI - Chief Executive
Moray Waddell B.Sc.(Hons) MSc MIEE MIMechE MCIBSE- Director of Engineering
Guy Platten AFRIN - Director of Operations and Navigational Requirements
Douglas Gorman ACMA MIIA FIIA - Director of Finance and Administration

Commissioners of Irish Lights

The Commissioners of Irish Lights are a statutory body of 21 members, with perpetual succession, to provide and maintain Aids to Navigation around the coast of Ireland.

The original number of Commissioners was 22, the constitution of the Board being the Lord Mayor and the High Sheriff of Dublin, 3 Aldermen elected by the Municipal Corporation of Dublin annually and 17 co-opted members vacancies filled by the Board as they occur. The office of High Sheriff of Dublin having been abolished, the maximum number of Commissioners is now 21. It was agreed by the Board on 1 January 1996 that the number of co-opted members be reduced from 17 to 12.

The membership of the Board in 2004/2005 was as follows:

Commissioners

- Mr Richie Ryan, B.A. (retired 16th July 2004)
- * Mr M. A. O'Neill
- Mr M. W. S. Maclaran, B.A.
- * Mr J. Gore-Grimes, B.A., LL.B.
The Lord Glentoran, C.B.E., D.L.
- * Mr T. C. Johnson (Chairman to January 2005)
Ms S. M. Tyrrell (Vice-Chairman re-elected)
- Mr F. J. Boland (Deputy Vice-Chairman to January 2005) (Chairman from January 2005)
Ms M. Gallagher
- * Commodore J. J. Kavanagh (Deputy Vice-Chairman from January 2005)
Ms E. Shanks
- * Mr J. Kidney, FCA
- * Mr D. W. Delamer (in office from 25th February 2005)

***Member of Audit Committee**

Mrs Alexandra Bedlow - Secretary to the Board

Ex-officio Commissioners (Representatives of Dublin City Council)

The Rt. Hon. The Lord Mayor Councillor M. Conaghan (in office July 2004 to date)
Councillor Eric Byrne (Took his seat on Board 29.10.2004)
Councillor Terence Flanagan (Took his seat on Board 29.10.2004)
Councillor Many Fitzpatrick (Yet to take seat on Board)

Executive Members

The Board endorses and complies with the principle of separation of the roles of Chairman and Chief Executive.

The Commissioners have appointed a Chief Executive and five Executive Heads of Departments to run the day to day activities of the Service:

Stuart Ruttle, M.A., B.A.I., PhD., C.Eng., M.I.E.I., F.R.I.N. -	Chief Executive
Eur Ing Seamus Doyle BE CEng FIEE MRIN-	Head of Engineering
Captain Shay Hickey, M.N.I. -	Head of Marine
Martin Dyas, F.C.M.A. -	Head of Finance
Tom Elliott -	Head of Human Resources
John Burke, MSc (IT), BAgrSc (Econ) -	Head of Information Systems

On 23 April 2004 the Commissioners appointed the Chief Executive and Heads of Departments as Executive Board members without voting rights.

Statement of the responsibilities of the General Lighthouse Authorities' Boards, the Secretary of State for Transport and The Accounting Officer

General Lighthouse Fund

Under Section 218 of the Merchant Shipping Act 1995 and Section 664 of Merchant Shipping Act 1894 (Republic of Ireland) the General Lighthouse Authorities are each required to prepare a statement of accounts in such form and at such times as instructed by the Secretary of State for Transport. The accounts of the General Lighthouse Fund, which consolidate the Authorities accounts, Investment activity and Light Dues income, are prepared annually on an accrual basis and must give a true and fair view of each Authority's affairs at the year end and of its income, expenditure and cash flows for the financial year. Section 211(5) of the Merchant Shipping Act 1995 requires the Secretary of State for Transport to lay the accounts of the General Lighthouse Fund (GLF) before Parliament. The Department for Transport prepares these accounts.

HM Treasury appointed the Permanent Secretary of the Department for Transport (DfT), David Rowlands as Principal Accounting Officer of the Department, with effect from 2 June 2003.

In preparing these accounts the Accounting Officer is required to comply with the requirements of the Executive NDPB Annual Report and Accounts Guidance and Government Financial Reporting Manual in particular to:

- Observe the accounts direction issued by the Secretary of State, including the relevant accounting and disclosure recommendations, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards have been followed, as set out by the Executive NDPB Annual Report and Accounts Guidance and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on a going concern basis.

The GLF has appointed the Accounting Officer for the Department for Transport as the Fund's Accounting Officer. The responsibilities of Accounting Officers, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, and for the keeping proper records and for safeguarding the GLF assets, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in "Government Accounting".

Sir David Rowlands
Accounting Officer
22 March 2007

STATEMENT ON INTERNAL CONTROL

Scope of responsibility

As Accounting Officer, I acknowledge my responsibility for ensuring that a sound system of internal control is maintained in:

- the bodies whose activities are financed by the General Lighthouse Fund (GLF).
- certain functions of the Department for Transport.

The bodies whose activities are financed by the GLF are:

- Trinity House Lighthouse Service.
- Northern Lighthouse Board.
- Commissioners of Irish Lights.

The system of internal control supports the achievement of policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting.

The purpose of the system of internal control

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the above objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

I carry out this responsibility in conjunction with the Boards of the individual General Lighthouse Authorities. Each of these Boards has vested their Chief Executive (Executive Chairman in the case of Trinity House) with the responsibility for ensuring that a sound system of internal control is maintained and operated. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of the funds policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. The processes detailed in the following paragraphs have been in place throughout the year ended 31 March 2005 and up to the date of approval of the annual report and accounts, and I consider that these accord with Treasury guidance.

Capacity to handle risk and risk control framework

A triennial risk review was undertaken in October 2003 by external risk management consultants on behalf of the three GLAs, which was submitted to the Lighthouse Finance Committee (LFC). An immediate review would be commissioned if there were any perceived significant changes in risk.

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- A Financial Memorandum setting out the financial authority delegated by the Department for Transport to the individual GLAs;
- Comprehensive budgeting systems with a Corporate Plan incorporating three years' budgets which are reviewed and endorsed by the Boards and LFC for submission to the Secretary of State;
- Budgets delegated to the individual GLAs, which are reviewed by the Boards;
- Setting targets and performance indicators to monitor performance;
- Guidelines on procedures for capital investment and the proper assessment of cost benefit analysis where appropriate;
- A system of formal project management disciplines, which are applied to each major capital projects; and
- Internal Audit.

Review of effectiveness

The GLAs use the independent audit services of the Audit and Risk Assurance Division (ARA) of the Department for Transport. This operates to the standards defined in Government Internal Audit Standards. The work of the ARA is informed by an analysis of the risk to which the body is exposed, and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the bodies' Audit Committees and approved by their Boards. At least annually, the Head of ARA provides me with a report on internal audit activity in the GLAs. The report includes the ARA's independent opinion on the adequacy and effectiveness of the GLAs systems of internal control.

The Secretary of State for Transport is responsible for the administration of the Fund under Section 211 of the Merchant Shipping Act 1995. The Department has established a number of procedures to monitor and forecast the operation of the Investment and Light dues activities of the Fund including:

- Monthly reports from the two investment managers on investment performance;
- Monthly reports from Trinity House on light dues income and trends;
- Monitoring of the GLAs' delegated budgets;
- Ten-year forecasts of income and expenditure revised annually;
- A triennial actuarial valuation of the pension schemes, including a 20-year forecast of trends in expenditure;
- An annual report to Ministers and the Lights Advisory Committee, the Minister's advisers on light dues and aids to navigation, on the Fund operation in support of the required level of light dues.

Key elements of the ongoing review of controls at the GLA's include :

- Regular meetings of strategic committees to decide policy review progress against plans;
- Audit committees which operate in line with the 'Audit Committee Handbook';
- Regular reports from managers on the steps they are taking to manage risks in their areas of responsibility and
- Annual reviews of key business risks and how they are managed.

As Accounting Officer, I have reviewed the effectiveness of the system of internal control informed by the work of the internal auditors, the Audit Committees which oversee the work of the internal auditors, the executive managers within the bodies who have responsibility for the development and maintenance of the control framework, and comments made by the external auditors in their management letter and other reports.

Extra Territorial Waters

In order to meet their responsibilities with regard to Aids to Navigation and Wreck Marking, the GLA's are required to operate outside of Territorial Waters. I have taken the view that no significant weaknesses in Internal Control were identified. The Government intends to take an early opportunity to clarify the statutory powers of the GLA's through new primary legislation.

Sir David Rowlands
Accounting Officer
22 March 2007

Certificate of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements on pages 19 to 40 under the Merchant Shipping Act 1995. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 22 and 23.

Respective responsibilities of the General Lighthouse Authorities' Boards, the Secretary of State for Transport and Accounting Officer, and Auditor.

As described on page 15, the Department for Transport and Accounting Officer are responsible for the preparation of the financial statements in accordance with the Merchant Shipping act 1995 and directions made thereunder and for ensuring the regularity of financial transactions .

The Department and Accounting Officer are also responsible for the preparation of the Foreword. My responsibilities, as independent auditor, are established by statute, and I have regard to the standards and guidance issued by the Auditing Practices Board and the ethical guidance applicable to the auditing profession.

I report my opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Merchant Shipping Act 1995 and directions made thereunder, and whether, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. I also report if, in my opinion, the Foreword is not consistent with the financial statements, if the General Lighthouse Fund, has not kept proper accounting records, or if I have not received all the information and explanations I require for my audit.

I review whether the statement on pages 16 and 17 reflects the Department's compliance with Treasury's guidance 'Corporate governance: statement on internal control'. I report if it does not meet the requirements specified by Treasury, or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered whether the Accounting Officer's Statement on Internal Control covers all risks and controls. I am also not required to form an opinion on the effectiveness of the Funds' corporate governance procedures or its risks and control procedures.

Basis of audit opinion

I conducted my audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Department for Transport and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are appropriate to the General Lighthouse Fund's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by error, or by fraud or other irregularity and that, in all material respects, the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion:

- The consolidated financial statements give a true and fair view of the state of affairs of the General Lighthouse Fund at 31 March 2005 and of the surplus, total recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Merchant Shipping Act 1995, and directions made thereunder by treasury; and
- In all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Sir John Bourn
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria, London SW1W 9SP
26 March 2007

INCOME AND EXPENDITURE ACCOUNT

	Notes	2004/2005 £'000	(Restated) 2003/2004 £'000
Income :			
Light Dues	2	71,123	74,663
Other operating income	3	1,497	1,275
Irish Government contribution	4	3,893	2,851
EEDA grant	1l	-	40
		<u>76,513</u>	<u>78,829</u>
Expenditure :			
Staff costs	5a	27,901	26,527
Pensions	5b	5,624	5,056
Depreciation	10	9,926	9,256
Other operating costs	7b	23,531	22,211
Total Operating costs	7a	<u>66,982</u>	<u>63,050</u>
Operating surplus		<u>9,531</u>	<u>15,779</u>
Exceptional Items - Costs of Restructuring THLS	8	<u>(7,902)</u>	<u>-</u>
Surplus on Operating Activities		<u>1,629</u>	<u>15,779</u>
Notional cost of capital	1j	3,349	3,287
Interest on Pension scheme liability	20	(15,666)	(13,627)
Loss on sale of fixed assets	10a	(215)	(343)
Income from listed investments		1,802	1,708
Loss on sale of listed investments		(550)	(1,030)
Other interest receivable		1,124	898
Interest payable	9	(1,460)	(1,580)
		<u>(11,616)</u>	<u>(10,687)</u>
Net operating deficit		<u>(9,987)</u>	<u>5,092</u>
Reversal of notional cost of capital	1j	<u>(3,349)</u>	<u>(3,287)</u>
(Deficit)/surplus for the financial year		<u><u>(13,336)</u></u>	<u><u>1,805</u></u>

All results are due to continuing activities

Statement of total recognised gains and losses

Deficit for financial year		(13,336)	1,805
Unrealised surplus on Investments		4,470	10,191
Unrealised Gain on Revaluation of Surplus Property		843	647
Actuarial loss	20	(4,763)	(6,147)
Net pension transfers		58	(83)
Total recognised loss for the year		<u>(12,728)</u>	<u>6,413</u>
Prior year adjustment	28	(647)	(232,621)
Total recognised loss in the year		<u>(13,375)</u>	<u>(226,208)</u>

BALANCE SHEET

as at 31 March 2005

	Notes	2004/2005 £'000	(Restated) 2003/2004 £'000
Fixed Assets :			
Tangible assets	10	100,440	96,390
Investment in related company	24	450	600
Current Assets :			
Stocks		2,140	1,839
Debtors	11	6,825	6,656
Investments	12	61,868	55,470
Cash at bank and in hand		24,895	29,385
		95,728	93,350
Creditors : amounts falling due within one year	13	(9,978)	(8,671)
Net current assets		85,750	84,679
Total assets less current liabilities		186,640	181,669
Creditors: amounts falling due after more than one year	14	(25,122)	(27,037)
Other Provisions	19	(6,963)	(1,787)
Net assets excluding pension liabilities		154,555	152,845
Pension Liabilities	20	(256,130)	(242,630)
Total assets less liabilities		(101,575)	(89,785)
Financed by			
Reserves			
Accumulated reserve	17	(106,316)	(88,217)
Revaluation reserve	17	2,441	(2,872)
Capital Grant Reserve	17	221	225
Deferred government grant reserve	10b,17	2,079	1,079
Total		(101,575)	(89,785)

Sir David Rowlands
Accounting Officer
22 March 2007

CASH FLOW STATEMENT

for the year ended 31 March 2005

		2004/2005 £'000	(Restated) 2003/2004 £'000
Net cash inflow from operating activities	1	9,505	17,957
Return on investments and servicing of finance	2	1,426	1,010
Capital Expenditure	3	(11,811)	(7,483)
Management of liquid resources	4	(2,477)	(943)
Financing	5	(1,133)	(2,379)
Decrease in cash	6	(4,490)	8,162
Reconciliation of net cash outflow to movement in net debt			
Decrease in cash		(4,490)	8,162
Cash outflow from lease financing		2,128	2,630
		(2,362)	10,792
Net debt at 1 April 2004		(33)	(10,825)
Net debt at 31 March 2005		(2,395)	(33)

Notes to the cash flow statement

Note 1

Reconciliation of operating surplus to net cash flow in from operating activities

Operating Surplus	1,629	15,779
Net pension expenditure	(11,998)	(11,005)
Current service cost	5,274	3,633
Depreciation	9,926	9,256
Increase in stocks	(301)	202
Decrease in debtors	(169)	(822)
Decrease in creditors	(32)	(97)
Increase in Provisions	5,176	1,011
Net cash in flow from operating activities	9,505	17,957

Note 2

Return on investments and servicing of finance

Interest received	2,915	2,615
Interest paid	(1,489)	(1,605)
	1,426	1,010

Note 3

Capital Expenditure

Payments to acquire tangible fixed assets	(12,127)	(7,793)
Receipts from sale of tangible fixed assets	166	470
Movements in Trinitas investments	150	(160)
	(11,811)	(7,483)

Note 4

Management of liquid resources

Purchase of investments	(12,090)	(9,159)
Sale proceeds from investments	9,613	8,216
	(2,477)	(943)

Note 5

Financing

Advances from DCMNR	-	(80)
Advances from EU	44	-
Capital element of finance lease rentals	(2,128)	(2,630)
EEDA Grant	955	106
Movement in Capital Grant Reserves	(4)	225
	(1,133)	(2,379)

Note 6

Analysis of the changes in net debt

	2003/2004 £'000	Other £'000	Cash Flow £'000	2004/2005 £'000
Cash at bank	29,385	-	(4,490)	24,895
Finance leases	(29,418)	-	2,128	(27,290)
Net debt at 31 March 2005	(33)	-	(2,362)	(2,395)

Note 7

Cash flows relating to exceptional items

Payments made as a result of restructuring	(4,022)	-
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NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

a) Accounting convention

The accounts have been prepared in accordance with the accounts direction issued by the Secretary of State for Transport in March 2003.

They meet the accounting and disclosure requirements of the Companies Act 1985, the Executive NDPB Annual Reports and Accounts Guidance and the Accounting Standards issued and adopted by the Accounting Standards Board so far as they are applicable. The accounts direction requires Fixed Assets to be shown at depreciated replacement cost. This does not comply with the disclosure requirements of the Treasury Guidance for executive NDPB's which requires the inclusion of fixed assets at their value to the business with reference to the current costs. As noted in note 1d below it is considered impractical to re-value such assets.

b) Going Concern

The balance sheet at 31 March 2005 shows net liabilities of £101,575,000. This reflects the inclusion of pension liabilities falling due in future years. The Secretary of State for Transport, with the agreement of the Treasury, issued a letter of comfort in December 2001 (see appendix 1). The letter states that in the unlikely event of insufficient money being available from the General Lighthouse Fund to pay pension liabilities, the Department will request funds from Parliament to make the necessary payments. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements

c) Pension Benefits

Pension benefits are accounted for in line with the requirements of FRS17: retirement benefits.

d) Fixed Assets and Depreciation

Fixed assets are shown at depreciated historic cost in line with accounts direction. Depreciation is calculated on a monthly basis and is commenced in the month after original purchase or when the asset is brought into use and is continued upto the end of the month prior to sale. Assets in the course of construction are not depreciated. Book values have been retained and revaluations have only been undertaken for assets that are surplus to requirements. Surplus assets have been restated in the accounts at open market value. Depreciation is charged on a straight line basis having regard to the estimated operating lives as follows:

Categories	Depreciation Lives
Land & Buildings	
Land	Not Depreciated
Lighthouses (Building structure)	50 years
Lighthouse improvements	25 years
Other buildings	50 years
Tenders and Ancillary Craft	
Tenders	25 years
Tenders (Dry Dock and Repair)	From 24 months until next dry docking
Launches	15 years
Workboats	10 years
Lightvessels	
Lightvessel (hulls)	50 years
Lightvessel (hull conversions)	15 years
Lightvessel (Dry dock and repair)	5 years
Lanbys	25 years
Buoys and Beacons	
Buoys	25 years
Beacons	25 years
Solarisation costs	10 years
Plant and Machinery	
Lighthouses and Lightvessels	15 years
Automation equipment	15 years
Racones & Radio beacons	15 years
Depots & Workshops	10 years
Office Equipment	10 years
Vehicles	5 years
Computers - Major systems	5 years
Computers - Other	3 years
Assets held under a Finance lease	25 years being the expected useful life. (The primary lease period is less than this but a secondary period sufficient to cover the balance is available.)

e) Stocks

Stocks of consumable stores at depots and fuel stocks in tenders are valued at weighted average cost in line with accounts direction.

f) Research and Development

Research and Development Expenditure is written off as incurred.

g) Leasing Commitments

Assets obtained under finance leases are capitalised in the Balance Sheet and depreciated as if owned. The interest element of the rental obligation is charged to the Income and Expenditure Account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding at the beginning of the year. The capital element of the future lease payments is stated separately under Creditors, both within one year and over one year (see notes 13 and 14).

Expenditure incurred in respect of operating leases is charged to the Income and Expenditure Account as incurred.

Rentals received under operating leases are credited to income.

h) Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at an average rate ruling during the period in which the transaction occurred. All differences are taken to the income and expenditure account.

i) Taxation

The fund is exempt from Corporation Tax under provisions of Section 221 of the Merchant Shipping Act 1995. The Authority is liable to account for VAT on charges rendered for its services and is able to reclaim VAT on all costs under the provisions of the Value Added Tax Act 1983.

j) Notional cost of capital

The Income and Expenditure Account includes a notional cost of capital at 3.5% of the average net liabilities during the year. This amount is reversed after the line showing surplus or deficit for the year.

k) Irish Government Grant - Loran C

During the year 2004-05 a grant of £6K was received from the Department of Communications Marine and Natural Resources in respect of the Loran-C Capital Project. The total advances were £969K at 31 March 2005.

l) Deferred Government Grant (EEDA)

The East of England Development Agency (EEDA) grant received in respect of eligible expenditure charged to the income and expenditure account during the year has been included in grant income.

The EEDA grant received in respect of eligible expenditure capitalised in the balance sheet has been included in as a deferred grant reserve. Once the redeveloped Harwich depot is brought into use this reserve will be released to the income and expenditure account by instalments over the depreciation life of related assets.

m) Capital Grants

Grants received in respect of eligible expenditure charged to the Income & Expenditure Account during the year have been included in Grant Income.

The grants received in respect of eligible expenditure capitalised in the Balance Sheet have been included in a Capital Grant Reserve. Once the project for which the grant(s) has been made is brought into use this reserve will be released to the Income and Expenditure Account by instalments over the depreciation life of the related assets.

n) Investment Properties

The Northern Lighthouse Board has nine former lightkeepers' cottages that are considered surplus to requirements and are currently operated as holiday cottages. It has been agreed that this alternative use is in the best interests of the Northern Lighthouse Board and the General Lighthouse Fund through the generation of rental income. These properties are treated in accordance with SSAP19: Accounting for Investment Properties and are accordingly revalued at open market value each year.

Open market valuations have been completed in January / February 2004 at each of these properties by Graham & Sibbald, Chartered Surveyors. These properties are included in the Balance Sheet at the open market valuation.

o) Investments

Investments are stated at market value at the balance sheet date.

2. INCOME FROM LIGHT DUES

This includes £3.1m (2003/2004 £3.5m) relates to light dues collected in the Republic of Ireland.

3. OTHER OPERATING INCOME

	2004/2005 £'000	2003/2004 £'000
Rentals		
Property	208	186
Buoys	250	253
Tenders	329	233
Sundry receipts	710	603
Total	1,497	1,275

4. IRISH GOVERNMENT CONTRIBUTION

The GLF income is supplemented by an annual contribution from the Irish Government under the terms of an agreement reached in 1985 for the sharing of certain costs incurred by CIL in the Republic of Ireland. The payment in respect of costs incurred in 2004/2005 falls due in January 2006. This sum represents, after taking account of light dues, the amount needed to meet 50% of the relevant expenditure in that year.

5. COSTS

a) Staff Costs

	2004/2005 £'000	2003/2004 £'000
Wages & Salaries	25,590	24,397
Social Security costs	1,982	1,745
Redundancy	721	789
Total staff costs	28,293	26,931
Costs capitalised in fixed assets	(392)	(404)
Charged to Income and Expenditure account	27,901	26,527

b) Pension Costs

	THLS £'000	NLB £'000	CIL £'000	Total 2004/2005	Total 2003/2004
Operating costs	2,695	1,050	1,122	4,867	3,996
Annual compensation payments	500	77	-	577	1,036
Employers contribution to other pension schemes	50	130	-	180	24
Total	3,245	1,257	1,122	5,624	5,056

c) The average monthly number of employees during the year

	THLS	NLB	CIL	Total 2004/2005	Total 2003/2004
Lighthouse attendants*	-	83	76	159	184
Light Floats	-	-	4	4	4
Tenders	111	78	31	220	218
Depots & Workshops	244	40	79	363	398
Head Office	34	91	61	186	182
Coast Tradesmen	-	-	24	24	24
Total	389	292	275	956	1,010
Part time staff included in above*	12	89	86		

* Lighthouse Attendants are part-time staff. They carry out basic maintenance, repairs and cleaning at automatic lighthouses, usually on one day per week or month depending on the type of installation. In some cases they also act as boatmen to provide access to the lighthouse. They may also be required to observe its performance and report any failures.

d) Senior Management Remuneration

Trinity House	Salary Inc Performance Pay £000	Benefits £
D.I.Brewer	** 425-430	255
J.M.de Halpert - Executive Chairman	95-100	
P.J.Melson	85-90	* 26,263
J.Wedge	80-85	3,255
D.C.Glass	75-80	255
D. M. Golden	65-70	* 11,773
W.A.C.Thomson	10-15	1,576
D.A. Coltman	10-15	1,789
P.R.A.Bainbridge	10-15	820
D.F.Potter	10-15	67
N. R. Pryke	5-10	47

The Executive Chairman's only emolument is a salary of £97,695 (2003/2004 - £87,007) which included a performance related element of £14,195 (2003/2004 - £8,000). He is a member of the Trinity House Lighthouse Service Pension Scheme and is entitled to compensation for permanent loss of office under the terms of the Trinity House compensation scheme which is analogous to the Civil Service compensation scheme. His contract is ongoing until the age of 65, subject to satisfactory performance.

Non-Executive Directors are employed on fixed term contracts for a period of 3 years.

Benefits represent travel and subsistence expenses (including tax), relocation expenses and reimbursement of subscriptions to professional bodies.

* The benefits included here are part of the operational costs required to run a two site operation, which involves travel to and the management of two separate locations.

**As a result of the restructuring Mr D Brewer left the service on 31st July 2004 and received £404,854.43 as compensation for loss of office.

Pensions

All Executive Board Members of Trinity House Lighthouse Service (including the Executive Chairman) are ordinary members of the Trinity House Pension scheme. They are entitled to compensation for permanent loss of office under the terms of the Trinity House compensation scheme which is analogous to the Civil Service compensation scheme. Their contracts are ongoing until the age of 65, subject to satisfactory performance.

	Real Increase in pension £'000	Real Increase in lump sum £'000	Accrued Pension £'000	Accrued Lump Sum £'000	Cash Equivalent Transfer Value at 31 March 2004 £'000	Cash Equivalent Transfer Value at 31 March 2005 £'000	Real increase in Cash Equivalent Transfer Value £'000
	1	2	3	4	5	6	7
J.de Halpert	0 - 2.5	-	0 - 5	-	33	55	18
J.Wedge	2.5 - 5.0	7.5 - 10	10 - 15	40 - 45	145	191	35
D.I.Brewer	0 - 2.5	0 - 2.5	25 - 30	75 - 80	353	360	6
P.J.Melson	0 - 2.5	-	5 - 10	-	84	113	23
D.C.Glass	0 - 2.5	-	5 - 10	-	69	94	18
D. Golden	0 - 2.5	2.5 - 5	0 - 5	5 - 10	27	42	12

Columns 5 and 6 of the above table show Cash Equivalent Transfer Value (CETV) of the director's pension benefits accrued at the beginning and end of the reporting period. A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total pensionable service in Trinity House Lighthouse Service pension scheme, not just their current appointment. CETV's are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Column 7 reflects the real increase in the value of CETV. It takes account of the increase in accrued pension due to inflation and contributions paid by the director and is calculated using common market valuation factors or the start and end of the period.

Northern Lighthouse Board

Remuneration of Executive Directors	Salary inc Performance Pay £'000	Benefits £
J. Taylor - Chief Executive	80-85	-
G. Platten	60-65	-
D. Gorman	65-70	-
M. Waddell	60-65	-

The Chief Executive's only emolument is a salary of £83,500 (2003/2004 - £78,142) which included a performance-related and non pensionable element of £5,000 (2003/2004 - £5,142). He is a member of the Northern Lighthouse Pension Scheme, operated by direct analogy with the Principal Civil Service Pension Scheme and is entitled to compensation for premature loss of office in accordance with the provisions of the Northern Lighthouse Compensation Scheme operated by direct analogy with the Civil Service Compensation Scheme 1994. His contract was terminated by mutual agreement on 30 April 2006, and compensation for loss of office of £20,000 was paid in May 2006.

Pensions	Real increase in pension since 31/03/04 column 1 £'000	Real increase in lump sum since 31/03/04 column 2 £'000	Accrued pension to 31/03/05 column 3 £'000	Accrued lump sum as at 31/03/05 column 4 £'000	Cash equivalent transfer value as at 31/03/04 column 5 £'000	Cash equivalent transfer value as at 31/03/05 column 6 £'000	Real increase in cash equivalent transfer value column 7 £'000
J. Taylor	0 - 2.5	2.5 - 5.0	10-15	35 - 40	192	227	26
G. Platten	0 - 2.5		15-20		132	155	14
D. Gorman	0 - 2.5	2.5 - 5.0	5-10	25 - 30	101	132	25
M. Waddell	0 - 2.5	2.5 - 5.0	15-20	40 - 45	168	193	14

Service contracts

Each of the Executive Directors has a Service Contract which can be terminated by either the Board serving twelve months' notice or the Executive Director serving six months' notice.

Commissioners:

1. elected by the Board under, and subject to the proviso set forth in, Paragraphs 2 and 3 of schedule 8 to the Merchant Shipping Act 1995 (the "Co-opted Commissioners");
or
2. nominated by the Lieutenant-Governor of the Isle of Man and appointed by the Secretary of State.

were each paid total fees of £8,784 per annum and were eligible for an additional payment of £440 pro rata for each day exceeding 20 days in the year unless he/she is Chairman when a total fee of £16,608 per annum is payable. The total amount paid in the year, including social security costs, was £54,472 (2003/2004 - £50,758).

Co-opted Commissioners' remuneration is set by Board as whole on the advice of the Department for Transport and who approved an increase of 2.5% with effect from 1 April 2004. Co-opted Commissioners are appointed for three years but may be re-appointed for further terms up to a normal limit of 10 years. Ex-Officio Commissioners hold office for the duration of their qualifying office. The board has determined that co-opted commissioners will not serve beyond 70 years of age. The Chairman of The Northern Lighthouse Board in 2004/2005 was an ex-officio Commissioner and therefore not paid. Commissioners are not members of the Northern Lighthouse pension scheme and are not entitled to receive compensation for loss of office. Commissioners are entitled to reclaim travel and subsistence costs at the same rates and under the same regulations that apply to employees.

Remuneration of Commissioners

	Salary Inc Performance Pay £	Benefits £
Lord Maclay retired on 31 July 2003	-	2,856
Admiral Sir Michael Livesay KCB died on 6 October 2003	-	4,422
Captain David Cowell retired on 31 March 2004	-	8,568
Captain George Sutherland re-appointed on 1 August 2003	8,784	5,712
Captain Kenneth Macleod	8,784	8,568
Peter Mackay CB	8,784	8,568
Dr Andrew Cubie co-option commenced on 14 January 2003	8,784	8,568
Robert Quayle co-option commenced on 24 May 2004	7,509	-
Alistair Whyte co-option commenced on 28 February 2004	8,784	886

The Commissioners of Irish Lights

Remuneration of Chief Executive and Heads of Departments

2004/2005

Salary
£'000

T. M. Boyd - Chief Executive	110-115
S. G. R. Ruttle	85 - 90
J. J. Hickey	80 - 85
M. A. Dyas	75 - 80
T. A. Elliot	75 - 80
J. M. Burke	60 - 65

The Commissioners including the Chairman receive no remuneration.

The remuneration of senior management is based on conditions pertaining in the Republic of Ireland. These can differ from those in the United Kingdom in terms of inflationary trends, income tax and social security rates, national Pay Agreements and general employment market forces.

CIL Senior Management pay and conditions are based on those in the Irish Civil Service. Pay determination is reserved to the Department for Transport in consultation with the Department of Communications, Marine and Natural Resources.

The Chief Executive is a member of the Commissioners of Irish Lights Pension Scheme.

All Heads of Departments are members of the CIL Pension Scheme.

The CIL Pension Scheme is analogous to the Principal Civil Service Pension Scheme (PCPS).

The Chief Executive and Heads of Departments do not receive performance related payments or benefits.

	Real increase in pension since 31/03/04 Column 1 £'000	Real Increase in Lump sum since 31/03/04 Column 2 £'000	Accrued pension to 31/03/05 Column 3 £'000	Accrued lump sum as at 31/03/05 Column 4 £'000	Cash equivalent transfer value as at 31/03/04 Column 5 £'000	Cash equivalent transfer value as at 31/03/05 Column 6 £'000	Real increase in cash equivalent transfer value Column 7 £'000
Pensions							
T. M. Boyd	2.5 - 5	5 - 7.5	45 - 50	130 - 135	-	-	-
S. G. R. Ruttle	2.5 - 5	10 - 12.5	25 - 30	85 - 90	446	522	76
J. J. Hickey	2.5 - 5	7.5 - 10.0	25 - 30	80 - 85	438	467	29
M. A. Dyas	2.5 - 5	7.5 - 10.0	15 - 20	50 - 55	259	311	52
T. A. Elliot	2.5 - 5	10 - 12.5	35 - 40	105 - 110	589	671	82
J. M. Burke	2.5 - 5	-	5 - 10	-	29	46	17

6. OPERATING SURPLUS

The operating surplus is stated after charging amounts under operating leases, which are:

	2004/2005 £'000	2003/2004 £'000
Plant	14	4
Other	1,484	1,619

7a). TOTAL OPERATING COSTS

	THLS £'000	NLB £'000	CIL £'000	Total 2004/2005 £'000	Total 2003/2004 £'000
Lighthouses	2,825	2,037	3,675	8,537	9,677
Lightvessels	310	-	126	436	698
Buoys and Beacons	1,050	204	476	1,730	1,597
Heliports	34	-	-	34	20
Lanbys	-	-	149	149	197
Tenders	5,759	3,815	1,702	11,276	10,373
Depots	10,312	340	2,626	13,278	12,280
Workshop	-	1,412	-	1,412	1,376
Head Office	2,267	4,566	3,706	10,539	9,529
Stores write off	11	-	-	11	3
Salary Costs capitalised (CIL)	-	-	319	319	227
Redundancy	-	273	(114)	159	678
Running Costs	22,568	12,647	12,665	47,880	46,655
Depreciation	4,021	3,972	1,933	9,926	9,256
Pension costs	3,245	1,257	1,122	5,624	5,056
NLB - Penalty for Early Termination MV Pharos Lease	-	394	-	394	-
NLB - Provision for liability and charges	-	562	-	562	111
CIL - Capital pay exc. From op costs	-	-	(319)	(319)	(227)
NLB - Other	-	24	-	24	21
Total	29,834	18,856	15,401	64,091	60,872
GLF Costs					
Fund management				133	49
Light dues collection costs				918	908
Lighthouses abroad (Pension costs)				15	15
Research & development				563	684
AIS Study				89	118
Galileo project				725	114
Wreck removal				-	3
Sombrero				6	2
Administration expenses of the Secretary of State				125	167
Actuarial valuation				34	42
Provision for bad debts				10	9
Audit fee				144	141
(Profit) / Loss on foreign exchange				129	(74)
Total				66,982	63,050

7b). OTHER OPERATING COSTS

	THLS £'000	NLB £'000	CIL £'000	GLF Costs £'000	Total 2004/2005 £'000	Total 2003/2004 £'000
Communications	484	305	256	-	1,045	969
Services & Energy	2,165	1,665	2,012	-	5,842	6,079
Travel & Subsistence	878	979	948	-	2,805	2,986
Others	8,802	3,061	1,684	292	13,839	12,177
Total	12,329	6,010	4,900	292	23,531	22,211

8. EXCEPTIONAL ITEMS	2004/2005		2003/2004	
	£'000	£'000	£'000	£'000
	Continuing	Discontinuing	Continuing	Discontinuing
Redundancy Cost	7,902	-	-	-

The above figure represents the cost of redundancies within Trinity House, identified as part of the restructuring which have been incurred in the financial year 2004/2005, together with a provision (Note 19) for future costs expected to be incurred for those outstanding. Relocation costs are included within Other Operating Costs, and do not form part of these restructuring costs.

9. INTEREST PAYABLE ON FINANCE LEASES FOR:

	THV Mermaid £'000	MV Pharos £'000	MV Pole Star £'000	ILV Granuaile £'000	2004/2005 £'000	2003/2004 £'000
	100	502	386	472	1,460	1,580

10a). TANGIBLE FIXED ASSETS

	Land & Buildings Ongoing £'000	Land & Buildings Surplus £'000	Holiday Cottages £'000	Light vessels / Lanbys £'000	Tenders Ancillary & Craft £'000	Buoys & Beacons £'000	Plant & Equipment £'000	Computer Equipment £'000	Assets in the Course of construction £'000	Total £'000
Costs										
Balance at 01/04/04	35,250	-	652	9,531	63,427	7,501	60,819	3,309	6,020	186,509
Additions	812	-	-	186	813	534	813	115	10,043	13,316
Disposals	(115)	138	-	(333)	(37)	(128)	(1,040)	(66)	-	(1,581)
Revaluation	-	745	94	-	-	-	-	-	-	839
Reclassification	(146)	-	-	-	-	-	-	274	(69)	59
Transfers	195	-	-	341	35	147	1,042	47	(1,807)	-
Balance at 31/03/05	35,996	883	746	9,725	64,238	8,054	61,634	3,679	14,187	199,142
Depreciation										
Balance at 01/04/04	13,080	-	-	6,981	29,405	3,873	34,680	2,100	-	90,119
Provided during the year	1,099	-	-	700	3,933	406	3,214	574	-	9,926
Reclassifications	(129)	129	-	-	-	-	-	-	-	-
Revaluation	-	(4)	-	-	-	-	-	-	-	(4)
Disposals	(79)	-	-	(282)	(27)	(98)	(787)	(66)	-	(1,339)
Balance at 31/03/05	13,971	125	-	7,399	33,311	4,181	37,107	2,608	-	98,702
Net book value										
at 01/04/04	21,170	-	652	2,550	34,022	3,628	26,139	1,209	6,020	96,390
at 31/03/05	22,025	758	746	2,326	30,927	3,873	24,527	1,071	14,187	100,440

The Net Book value of Land and Buildings is entirely in respect of Freehold Assets.

Leased Assets included in above

	Tenders & Craft £'000
Net book value at 1st April 2004	21,053
Depreciation for the year	(2,960)
Net book value at 31st March 2005	18,093

Leased Assets shown under Tenders and Craft represent THV Patricia, THV Mermaid and MV Pharos and MV Pole Star which are subject to finance leases. Following the sale of MV Pharos the useful economic life and residual value of MV Pharos have been updated to reflect the decision. Had this adjustment not been made the Net Book of Values at 31 March 2005 would be £672,000 greater than stated.

Northern Lighthouse Board Commissioners own antiques that have been revalued at £603,000 at 14th December 2003. Further information is given in Note 28 - Third Party Assets.

Holiday cottages are shown at open market value. (see note 1(n))

Revalued Assets

The Penzance Depot which became surplus during the year has been revalued at an Open Market Value of £750,000. The valuation was carried out by external consultants Dunlop Haywards Limited, consultant surveyors as at 1st April 2005, in accordance with the Practice Statements and Guidance Notes set out in the RICS Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors. The valuation assumes vacant possession and does not take account of any selling costs.

The Penzance Depot included at a valuation would have been included on a historical cost basis at:

	2004/2005 £'000	2003/2004 £'000
Cost	5	5
Depreciation	(4)	(4)
Net book value	1	1

Lighthouse Cottages

Trinity House Lighthouse Services (THLS) own 32 cottages of which 30 are currently leased to Trinitas Services Ltd. With the automation of the lighthouses, THLS disposed of all stand alone cottages, but retained cottages which were attached to or formed part of a lighthouse complex. It is considered that these cottages which have been retained are 'day marks' or are necessary to retain for future operational requirements of the site i.e. to guarantee future access, and as such are considered to continue to be an operational requirement of the service and have therefore been valued at historic cost less depreciation in line with all other assets and included within land and buildings. The Northern Lighthouse Board own 9 cottages which are not required to fulfil a 'day marker' role and are retained solely for holiday rentals. These holiday cottages have therefore been treated in accordance with SSAP 19: Accounting for Treatment for Investment Properties and are accordingly revalued to open market value.

Loss on Sale of Fixed Assets

A loss on sale of Fixed Assets of £215,000 was incurred during the year. This relates mainly to the disposal of two Trinity House Light Vessels.

b)

Assets in the course of construction have been funded as follows :

- £969K (2003/2004 - £963k) in respect of Loran C station in the Republic of Ireland funded wholly from a grant received from the Irish Government.
- £9k Received in respect of the Differential Global Positioning System and
- £39k Received in respect of AIS Equipment
- a grant of £955k Received from the EEDA to develop the THLS depot in Harwich. A total grant £1,062k Has been made for this purpose.

Unrealised deferred credit (included in grant reserve)	31/03/2005 £'000	31/03/2004 £'000
CIL Loran C	969	963
CIL DGPS	9	10
EU Interreg Grant - AIS equipment	39	-
THLS EEDA	1,062	106
Total	2,079	1,079

11. DEBTORS

	31/03/2005 £'000	31/03/2004 £'000
Trade debtors	5,692	5,432
Prepayments and accrued Income	476	743
VAT Recoverable	657	481
Total	6,825	6,656

Amounts that fall within the Whole of Government Accounts Boundary are :

	31/03/2005 £'000	31/03/2004 £'000
Central Government	226	189
Local Authorities	16	202
Public Corporations	2	4
Total	244	395

12. INVESTMENTS

	MSQ £'000	HSBCAM £'000	Total £'000
Cost			
01/04/2004	25,094	33,895	58,989
Additions	5,605	6,485	12,090
Disposals	(5,004)	(5,159)	(10,163)
Balance at 31/03/2005	25,695	35,221	60,916

All Investments are listed and managed by Morgan Stanley Quilter (MSQ) and HSBC Asset Management Limited (HSBCAM).

In addition cash is held by Morgan Stanley Quilter of £0.2m Capital Account, £17.3m cash reserve, £1.1m, Euro reserve and HSBCAM of £0.7m totalling £19.3m (31/03/04 £27.49m). The capital accounts are included as cash in the balance sheet and are used as capital reserves for investments.

The market value of the investments are as follows:

	MSQ £'000	HSBCAM £'000	31/03/2005 £'000	31/03/2004 £'000
Government securities	5,795	-	5,795	5,222
Equities	21,164	34,909	56,073	50,248
Total	26,959	34,909	61,868	55,470

The movement in revaluation reserve is reflected in note 17

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/03/2005 £'000	(restated) 31/03/2004 £'000
Trade and other creditors	2,901	3,668
Taxes and social security costs	742	756
Accruals	3,725	1,805
Obligations under finance leases (note 15)	2,610	2,442
Total	9,978	8,671

Amounts that fall within the Whole of Government Accounts Boundary are :

	31/03/2005 £'000	31/03/2004 £'000
Central Government	537	588
Local Authorities	10	48
Public Corporations	-	1
Total	547	637

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31/03/2005 £'000	(restated) 31/03/2004 £'000
Obligations under finance leases (note 15)	17,829	26,977
Trade and other creditors	49	60
Lease termination payment of MV Pharos	7,244	-
Total	25,122	27,037

15. OBLIGATIONS UNDER FINANCE LEASES

Amounts payable:	31/03/2005 £'000	31/03/2004 £'000
Within one year	2,610	2,442
In one to two years	2,158	2,586
In two to five years	4,087	7,369
Over five years	11,584	17,022
Total	20,439	29,419

The Trinity House vessels:

Mermaid - The interest is charged on a variable rate based upon the London Interbank Offer Rate (LIBOR).

Patricia - Primary lease period in respect of THV Patricia expired in June 1997. A fifteen year secondary period was entered into at that time giving secondary period rentals of £24,846.30 per annum for the first five years and £9,938 per annum thereafter.

The Northern Lighthouse Board vessels:

MV Pharos - interest rate was fixed at time of entering the agreement build date. A new fixed rate was set from May 2003 to May 2006.

MV Pole Star - interest rate was fixed at the time of entering the agreement.

The Commissioners of Irish Lights vessel:

ILV Granuaile - interest rate was fixed at the time of entering the agreement.

The average rates of interest charged are as follows:

	2004/2005	2003/2004
Trinity House Vessel Mermaid	4.73%	4.22%
Commissioners of Irish Light Vessel Granuaile	4.59%	4.59%
Northern Lighthouse Board Vessel Pharos	6.21%	6.21%
Northern Lighthouse Board Vessel Pole Star	5.31%	5.31%

The amounts due under finance leases are secured on the individual vessels.

The decision has been made to replace MV Pharos with a new Multi Function Tender that is currently under construction. MV Pharos has been decommissioned, the lease terminated and the vessel sold on the 8th September 2006.

16. OBLIGATIONS UNDER OPERATING LEASES

Annual commitments under non-cancellable operating leases are as follows:

	2004/2005 £'000	2003/2004 £'000
Leases expiring		
Within one year	1,156	785
Within two to five years	24	681
After five years	2,655	23
Total	3,835	1,489

17. RESERVE MOVEMENTS

	Accumulated Reserve £'000	Revaluation £'000	Deferred Grant £'000	Capital Grant £'000	Total £'000
Opening Balance	(88,217)	(2,872)	1,079	225	(89,785)
Added during the year	-	5,313	1,000	10	6,323
Actuarial Loss	(4,763)	-	-	-	(4,763)
Transfer from / to Income Expenditure Account	(13,336)	-	-	(14)	(13,350)
Closing Balance	(106,316)	2,441	2,079	221	(101,575)

The balance on the Accumulated Reserve is analysed as follows:

	2004/05 £'000	2003/04 £'000
Accumulated Reserve excluding pension liability	149,814	154,413
Pension Liability	(256,130)	(242,630)
Accumulated Reserve	(106,316)	(88,217)

18. CAPITAL COMMITMENTS

	31/03/2005 £'000	31/03/2004 £'000
Amounts contracted for but not provided in the accounts	7,827	859

19. MOVEMENT IN PROVISIONS FOR LIABILITIES AND CHARGES

	Provision for Yarmouth depot repairs	ACP	Restructuring Provision	Relocation	MNOFP	Gas Cylinders	Total
	£'000 (i)	£'000 (ii)	£'000 (iii)	£'000 (iv)	£'000 (v)	£'000 (vi)	£'000
The General Lighthouse Fund has provided for							
Opening Balance as at 1 April 2004	-	1,534	188	55	-	10	1,787
Charged in income and expenditure on ordinary activities	545	379	562	-	158	-	1,644
Charged in income and expenditure on exceptional activities	-	661	2,936	-	-	-	3,597
Provisions not utilised and written back	-	-		(55)		(10)	(65)
Provision at 31 March 2005	545	2,574	3,686	-	158	-	6,963

- i) Yarmouth Depot - Repairs required to the sea wall of the Yarmouth Depot site.
- ii) Annual Compensation payments - the actuarially calculated estimate for the future liabilities for ACP's that are compensation payments until Age 60 and receipt of normal pension benefits.
- iii) Restructuring costs - the estimated redundancy costs as a result of restructuring the organisation. It is expected that 88% of these costs will be incurred during 2005/2006 with the remaining 12% incurred in 2006/2007.
- iv) Relocation costs - the estimated costs for fulfilling obligations following the expiry of lease for a helicopter landing facility.
- v) Additional Contributions to the Merchant Navy Officer Pension Fund - provision for actuarially calculated estimates of additional contributions due to help meet the deficit in the fund.
- vi) Gas cylinders - the estimated cost for scrapping gas cylinders as the result of a change in health and safety legislation.

20. PENSION COMMITMENTS

These are internally financed defined benefit schemes operated by each of the Authorities. The pension benefits are determined by the Secretary of State under section 214 of the Merchant Shipping Act 1995. The Secretary of State has determined that the rules of the Principal Civil Service Pension Scheme shall apply.

The schemes fall within the definitions of a "Public Service Pension Scheme" in section 66 of the Social Security Act 1975 and are not required to be separately funded. The schemes are operated on a non-contributory basis. There is a facility for employees to make additional contributions in respect of benefits for widows and children and added years; these are also defined benefits and unfunded.

The pension liabilities of the three General Lighthouse Authorities are charged to the General Lighthouse Fund as they fall due on the following basis:

- i) Payments to pensioners / spouses / children for the financial year under review;
- ii) Lump sums paid to new pensioners and preserved lump sums coming into effect during the year;
- iii) Annual compensation payments (ACP) paid to those members who are made redundant in advance of normal retirement age (60); and
- iv) Accrued benefits due to employees who leave and who opt to have such benefits transferred to another scheme;
- v) Injury benefits;
- vi) Refunds of spouses' pension contributions at leaving and/or age 60/65.

Reduced By:

- a) Contributions made by employees during the year in respect of spouses and dependant relatives and added years;
- b) Accrued benefits transferred from other pension schemes in respect of new employees.

No specific provision for early retirement has been made but the GLA's have been made provision for these costs in their overall bid to DfT.

The GLA's obtain professional actuarial valuations at 3 yearly intervals which are updated each year for FRS 17 purposes. The last valuation was completed in August 2005, valued as at 31 March 2005.

The only differences between the full valuation and the FRS 17 valuations are:

- 1 the FRS 17 valuation excludes the liabilities for Annual Compensation payments (ACPs)
- 2 the FRS 17 valuation prescribes the discount rate as the yield on the "AA" rated long term corporate bonds. For the best-estimate funding basis, the discount rate represents the actuary's expectation of the future investment returns from the assets notionally held by the scheme. As the Fund does not operate a funded arrangement there are no assets on which to base an estimate of future returns. Therefore for the purpose of deriving a suitable discount rate, the actuary has assumed a notional portfolio that would reflect a common composition of assets in a defined benefit pension scheme.

The accumulated liability for the General Lighthouse Fund in respect of all current employees was in the order of £77.9m. The estimated liability for pensions in payment and deferred pensions of former employees of the General Lighthouse Fund was £211.6m. The actuary used Projected Unit Credit Method and a best estimate approach of future experience ie one that includes no margin for caution. The valuation assumed the following return / investment rates.

	NLB	THLS	CIL
Price Inflation	3%	3%	3%
Salary Increase Assumption	5% pa 3 years 4.75% thereafter	4.75%	4.75%
Pre-retirement Investment return	7.50%	7.50%	7.50%
Post-retirement return	5%	5%	5%
Rate of Increase to pensions in payment	3%	3%	4.25%
Rate of Increase to pensions in deferment	3%	3%	4.25%

The actuary's updated estimate of the liability of ACPs at 31 March 2005 is £1.6m.

The following has been provided in accordance with the Financial Reporting Standard 17 - Retirement Benefits (FRS17):

	31/03/2005	31/03/2004
Active members	72,125	63,647
Deferred pensioners	30,391	27,582
Pensioners	153,614	151,401
Total liability at projected unit method	£256,130,000	£242,630,000
Inflation rate	3.0%	3.0%
Discount rate	6.5%	6.5%
Salary increase assumption	4.75%	4.5%
Rate of increase for pensions in payment	3.0%	3.0%
Rate of increase for pensions in deferment	3.0%	3.0%

	£'000	£'000	£'000
Scheme liability at 31 March 2004			242,630
Current service cost		3,878	
Curtailement losses		1,396	
Interest on pension scheme liability		15,666	
		<hr/>	
Benefits payable			20,940
Pensions or annuities to retired employees and dependants	(11,496)		
Commutations and lump sum benefits:			
On retirement	(1,570)		
On death	(58)		
Injury benefits	-		
		(13,124)	
Pension payments to and on account of leavers			
Refunds to members leaving service	(4)		
Group transfers to other schemes	-		
Individual transfers to other schemes	(3)		
Club transfers	(150)		
		<hr/>	
		(157)	
			(13,281)
Income received in respect of enhancements			
Employees:			
Purchase of added years	192		
WPS contributions	461		
Employers:			
Bringing forward the payment of accrued lump sums	-		
Enhancement to pensions on departure	-		
Enhancement to pensions on retirement	-		
		<hr/>	
		653	
Pensions transfers in:			
Group transfers in from other schemes	-		
Individual transfers in from other schemes	333		
Club transfers	92		
		<hr/>	
		425	
			1,078
Actuarial gains and losses			
Experience arising on scheme liabilities	(4,087)		
Changes in assumptions underlying the present value of Scheme liabilities	6,317		
Impact of change in exchange rate	2,533		
		<hr/>	
		4,763	
			4,763
Scheme liability at 31 March 2005			256,130
			<hr/>
Opening balance			242,630
Closing balance			256,130
			<hr/>
			13,500
			<hr/>
Operating cost			5,274
Financing cost			15,666
Pension payments			(12,203)
Statement of recognised gains and losses			4,763
			<hr/>
			13,500
			<hr/>
	31/03/2005	31/03/2004	31/03/2003
Experience Gains and Losses on Scheme Liabilities	(4,087)	4,441	(238)
Amount	2%	2%	0%
Percentage of the present value of Scheme Liabilities			
Total Amount Recognised in statement of total recognised gains and losses	(4,763)	(6,147)	974
Amount	2%	3%	0%
Percentage of the present value of Scheme Liabilities			

The Department for Transport has reported a contingent liability of £305m within their 2005/2006 resource accounts for the General Lighthouse Authorities Pensions.

On 17 December 2001 the then Department of Transport, Local Government and the Regions, gave the General Lighthouse Authorities a "Letter of Comfort" (see appendix 1) in respect of contingent pension liabilities. The letter states that in the unlikely event of insufficient money being available from the General Lighthouse Fund to pay pension liabilities, the Department will request funds from Parliament to make the necessary payments. In November 1998 it was agreed together with the GLA's and the Lights Advisory Committee that a full actuarial valuation would be completed at three yearly intervals. AoN Consulting Limited have been engaged to provide actuarial support and have completed three full valuations.

The principal revenues of the Fund are light dues, which are fixed by the Secretary of State by orders under Section 205(5) of the Merchant Shipping Act 1995 (which are subject to negative resolution by Parliament). Subject to Parliament's approval of such orders, the Secretary of State will seek to ensure that annual revenues are maintained at a sufficient level to meet the pensions' liabilities.

Merchant Navy Officers' Pension Fund

The Board is a Participating Employer of the Merchant Navy Officers' Pension Fund (MNOF) which is a defined benefit scheme providing benefits based on final pensionable salary. The MNOF has a deficit of £194,000,000 identified in an actuarial valuation as at 31 March 2003. The rules of the MNOF state that Participating Employers may be called to make lump sum payments to make up deficits. With effect from 8 June 2000 the rules were amended to state that an employer will not be regarded as ceasing to be a Participating Employer as a result of ceasing to employ Active Members or other eligible employees. The MNOF has made an application to the Court to obtain confirmation that the position that applies from 8 June 2000 also applied before. As a Participating Employer, the Board can be required to contribute to the deficit. The hearing of this matter took place between 8th and 11th March 2005 and the judgement was handed down by Mr Justice Patten on 22nd March 2005. In general terms the judgement stated that the Trustees of the MNOF are entitled to demand a contribution to meet the deficit in the Post 1978 section from all employers who ever participated in the Fund. This means that the burden will be spread over a large number of companies. It also means that the Trustees have the option of demanding contributions from employers who have only ever participated in the Pre 1978 Section to meet the deficit in the Post 1978 Section. Although the Trustees have yet to make a decision, our legal advice is that the Trustees are unlikely to demand a contribution from this group of employers. The Trustees have also not decided whether these additional contributions will be payable as a single payment or spread over several years.

As a result we have made a provision in these Accounts on the assumption that the Trustees will decide that the liability for the deficit will be spread over employers who have contributed at some time to the Post 1978 Section and the contributions will be payable over the next ten years. This provision amounts to £157,780 and the estimate was based on liability estimates provided by the MNOF.

21. POST RETIREMENT BENEFITS

In common with many employers the General Lighthouse Authorities have paid for career counselling and advice for staff made redundant under restructuring. Normally this advice is provided prior to retirement.

22. CONTINGENT LIABILITIES

Protection and Indemnity

The Authority's marine protection and indemnity risks are insured through The Standard Steamship Owners' Protection and Indemnity Association (London) Limited which is a member of the International Group of Protection and Indemnity Clubs.

The Club has adopted a conservative underwriting policy and concentrates on insuring vessels operating in European inland waterways, harbours and coastal trades.

The mutual method of insuring these risks includes a re-insurance programme and the pooling arrangements of the International Group. However, in common with all members of International Group Clubs, the Authority could be liable for additional premium payments (Supplementary Calls) to cover any claims which cannot be met from funds available. The Standard Club has closed the years up to and including 2001/2002 and there will be no Supplementary Calls for these years. The Club have advised the Board that it does not anticipate Supplementary Calls for the years 2002/2003, 2003/2004 and 2004/2005. As a result the Board has made no provision in the Accounts.

Litigation

The Northern Lighthouse Board has one outstanding dispute arising out of its normal activities. The legal opinion obtained by the Board indicates that in the event of litigation the Board is likely to succeed. Therefore no provision has been made in the accounts.

New Vessels

On 11th November 2004 the Boards of THLS and NLB signed a lease agreement with Williams and Glyn's Leasing Company Limited ("WGLCL") in respect of two Multi-Function Tenders (MFT) and a Rapid Intervention Vessel (RIV) to be constructed at Gdańska Stocznia "Remontowa" im. J. Piłsudskiego S.A. ("Remontowa"). At the same time WGLCL and Remontowa signed a contract for the construction of the ship and the Board also signed a Supervision Agreement with WGLCL to supervise the build on their behalf. Finally, a Novation Agreement was signed between all parties that allows, under certain extreme conditions, WGLCL to transfer its responsibilities under the build contract to the Boards of THLS and NLB. In the normal course of events the first payment by the Board to WGLCL will be the first lease rental payment due on the delivery date, 10th April 2006 for the RIV, and currently March 2007 for MFT(1) and June 2007 for the MFT(2).

Although these extreme conditions, known as Novation Events, are considered highly unlikely to occur if they did it is estimated that the Boards of THLS and NLB would have a liability to WGLCL of £4,551,331 at 31st March 2005. Due to the improbability of these Novation Events occurring no provision has been made in these Accounts.

Activity outside of Territorial Waters

In order to carry out their duties in relation to providing Aids to Navigation and wreck marking around the coast of the United Kingdom and the Republic of Ireland, the GLA's operate in extra territorial waters. To the best of their knowledge they have no contingent liabilities in respect of these activities.

23. Inter GLA Transactions

Ships Agreement

NLB provided the services of MV Pharos to THLS for a period of 19 days during the year, under the terms of the Inter GLA Ship Agreement dated 12 December 2000. THLS provided the services of MV Mermaid to NLB for a period of 20 days during the year. While there was no transfer of funds between the GLAs in respect of these services, the transactions would give rise to notional income of £121,000 (2003/2004 - Nil) and notional expenditure of £115,000 (2003/2004 -£46,472).

In accordance with the Inter-GLA Agreement dated 1 April 2003 the Commissioners of Irish Lights provided the services of the ILV Granuaile to Trinity House for a period of three days in January 2005. While there was no transfer of funds between the GLAs in respect of these services, this transaction gave rise to notional income of £24,116.

Buoy Refurbishment

During the previous year (2003/2004) an arrangement was made for the refurbishment of buoys to be carried out by Trinity House on behalf of the Commissioners of Irish Lights (CIL). There are no transfers of funds between the two GLAs in respect of this service, and no refurbishments were undertaken in the current year. The refurbishments carried out in 2003/2004 would have given rise to a notional income of £7,571.

24. RELATED PARTIES

The Fund is administered by the Department for Transport who sponsor the three Authorities. For this purpose each is considered to be a Non-departmental Public Body (NDPB).

The Authorities and Department for Transport are regarded to be related parties.

Neither the Secretary of State for Transport and any key officials with responsibilities for the Fund or any of the Authorities' Board members, key managerial staff or other related parties has undertaken any material transactions with the Fund during the year.

Trinitas Services Ltd

THLS has entered into an agreement to lease lighthouse cottages to Trinitas Services Limited, a wholly owned subsidiary of the Corporation. The agreement provides for some 34 lighthouse cottages at 14 locations to be leased to Trinitas for 25 years. Trinitas is refurbishing the cottages and entering a contract with Rural Retreats to let them as holiday cottages. At present 30 cottages are let under this agreement.

The investment in bringing the cottages to material state together with the legal costs of this agreement are in the order of £490,000.

The freehold interest in the properties remains with THLS. The potential uplift in value at the end of the lease period arising from the refurbishments is uncertain. A ground rent is payable during the currency of each lease but there is no premium.

In order to finance the refurbishments THLS has made a loan facility available to Trinitas Services Ltd up to £1,000,000. The maximum amount which had been drawn down was £600,000. At the Balance Sheet date £450,000 remained outstanding. The loan has a fixed interest rate of 5% payable after three years.

Mr P.R. Bainbridge a Non-Executive Director has been appointed to the Board of Trinitas Services Ltd as nominee of THLS.

Corporation of Trinity House

The Corporation of Trinity House owns Trinity House Tower Hill and provides rent free accommodation for the use of the Trinity House Lighthouse Service. The Lighthouse Service reimburses the Corporation for service charges in proportion to the floor area occupied. During 2004/05 THLS paid £186,827 to The Corporation of Trinity House in respect of service charges incurred in using office space and facilities at Trinity House, London (£247,515 in 2003/04).

Conversely, the Corporation of Trinity House reimburses The Trinity House Lighthouse Service for the provision of services during the year. The Corporation paid £9,299 to THLS in respect of these services during the year (£32,866 in 2003/04).

East of England Development Agency

The East of England Development Agency (EEDA) is deemed to be a related party of THLS since both organisations are sponsored by government departments.

The redevelopment of the Harwich depot is part funded by a grant from the East of England Development Agency. In the grant offer letter of 5 March 2003 EEDA agreed to fund 29% of the eligible costs of redevelopment up to a maximum of £2.5 million. Certain conditions are attached to the grant such that it may be repayable if THLS closes operations in Harwich before 2013 or if the expected increase in employment at the Harwich depot is not achieved.

During 2004/05 THLS received grant funding of £955,470 from EEDA (£146,023 in 2003/04).

The North Ronaldsay Trust

The North Ronaldsay Trust is a company limited by guarantee and registered in Scotland. The trust has been established to promote the island and in particular, the built and natural heritage. The Trust has six nominated members including the Northern Lighthouse Board. The Director of Finance and Administration has been appointed as a Director of the Company. The Board's liability to the Trust is limited to £1 and there have been no transactions in the year.

Scotland's Lighthouse Museum Ltd

Scotland's Lighthouse Museum (SLM) Ltd is a registered charity whose primary purpose is to advance and promote the education of the general public, to establish and preserve a Museum of the history and operation of the lighthouses in Scotland and to aid their physical preservation. The Chief Executive and Director of Engineering are SLM Board Members. To date the only transactions between the museum and the board have been the gifting or loan of artefacts. However, it is hoped in the future to explore synergies between the museum and the Board's policy for extended public access to lighthouses and general public relations activities.

Department of Communications, Marine and Natural Resources (DCMNR)

The Republic of Ireland's Department of Communications, Marine and Natural Resources (DCMNR) is considered to be a related party of the Commissioners of Irish Lights. During the year no material transactions took place between the Commissioners of Irish Lights and the DCMNR, except as disclosed by note 1k to the accounts.

25. POST BALANCE SHEET EVENTS

The post balance sheet events are covered in the foreword to the accounts (page 6)

26. FINANCIAL INSTRUMENTS

Financial Reporting Standard 13 - Derivatives and other financial instruments (FRS 13) requires disclosure of the role which Financial Instruments have had during the year in creating or changing the risks the GLA's face in undertaking their activities. Because of the largely non trading nature of their activities and the method of funding from the General Lighthouse Fund, they are not exposed to the degree of financial risk faced by other business entities. The GLA's have borrowing powers under the Merchant Shipping Act 1995 but very limited powers to invest in surplus assets / funds.

As permitted by FRS 13, debtors and creditors which mature or become payable within 12 months of the Balance Sheet date have been omitted from the profile.

Liquidity Risk

The GLA's rely primarily on advances from the General Lighthouse Fund for their cash requirements and are therefore not exposed to significant liquidity risks, although they are of course dependant indirectly on the liquidity of the General Lighthouse Fund.

Interest Rate Risk

Trinity House Lighthouse Service

The Authority holds working funds in money market accounts and is therefore exposed to interest rate fluctuations, although here again these balances are very small and so the risk is insignificant.

There are two finance leases for the two ships which have a potential exposure to risk. The lease in regard to THV Patricia has expired its primary term and is now on a fixed peppercorn rent. The lease on THV Mermaid has an interest rate which is variable in accordance with the London Inter Bank Offered Rate (LIBOR). Whilst the initial rate and lease repayments were set in 1988, the current interest rates are at a much lower level and repayments are being obtained against each payment. In addition, the lease is also subject to change as a result of a change in the main rate of corporation tax. However, both these adjustments are not considered significant and do not therefore pose any material risk.

The rate of interest on the loan that has been made to Trinitas Services Ltd is also fixed and therefore presents no risk against interest fluctuations.

Northern Lighthouse Board

There is an exposure on the leases to a change in the main rate of Corporation tax. During the set up of the finance lease for MV Pole Star, the board evaluated the option of eliminating this exposure. However it was found that the financial risks were not significant.

Commissioners of Irish Lights

The finance lease for the ship is at a fixed interest rate and there is no exposure to interest rate risk.

The Service holds monies in interest earning deposit accounts which are exposed to interest rate fluctuations. However, these accounts are managed so that monies retained are held at minimum levels.

Currency Risks

The introduction of the Euro account in London where Euro income is retained for CIL General Lighthouse Fund advances has reduced the level of currency exposure. The balance held as at 31 March 2005 £1.1m.

Fair Values

Set out below is a comparison by category of the book values and fair values of the Fund's financial assets and liabilities as at 31 March 2005.

	Book value £'000	Market Value £'000
Financial Assets		
Investments	60,916	61,868
Cash at bank and in hand	24,895	24,895
Bank Guarantees	325	325
Loan to Trinitas Services Ltd	450	450
Financial Liabilities		
Finance lease obligations	20,439	21,125

27. LOSSES

During the year £18,132 was paid to a contractor in respect of lost and damaged equipment from the site of Ve Skerries Lighthouse in extreme weather conditions.

The Grocis Beacon was damaged by a passing ship. As the beacon was due to be replaced by a navigational buoy it was decided not to pursue a claim.

28. PRIOR YEAR ADJUSTMENTS

The following prior year adjustments have been made and the comparative figures for 2003/2004 restated.

Investment properties - Following a change in accounting policy it has been agreed that former lighthouse keeper's houses that are surplus to requirements and are currently retained as holiday homes meet the definition and therefore should be treated as investment properties under Statement of Standard Accounting Practice 19. These properties are now included in the Accounts at Open Market Value. They were previously included at Net Book Value.

Annual Compensation Payments - to comply with Financial Reporting Standard 17 the liabilities for Annual Compensation Payments are no longer included in the pension liability but are treated as a separate provision under Financial Reporting Standard 12.

Capital Grants - capital grants are now shown as a Capital Grant Reserve and an amount equivalent to the depreciation charge is released each year is charged to the income and expenditure account.

29. THIRD PARTY ASSETS

The Commissioners of the Northern Lighthouse Board operate two Charitable Trusts. Individual Commissioners and Directors are appointed to act as Trustees but neither the Commissioners of Northern Lighthouses (as a corporate body) nor the General Lighthouse Fund has a direct beneficial interest. The Trusts were established from donations and are used to provide support to former lightkeepers and their dependants and for assisting young people starting careers as Merchant Navy Officer Cadets. At 31st March 2005 the cash and investment balances were £56,297.

In addition assets are held by the Northern Lighthouse Board on behalf of the Charitable Trusts Commissioners. These assets are a collection of furniture, books, maps, paintings and silver and do not form part of the General Lighthouse Fund. They were last valued for insurance purposes on 14th December 2003 at £602,980.

30. FURTHER INFORMATION

a) Number of fixed assets:

	THLS	NLB	CIL	31/03/2005	31/03/2004
Lighthouses	71	217	81	369	352
Lightvessels	14	-	3	17	14
Lightfloats	2	-	-	2	5
Lanby Buoys	-	-	3	3	3
Buoys & Beacons	577	265	292	1134	1174
Tenders & Ancillary Craft	16	2	2	20	20
Lighthouses abroad	1	-	-	1	1
	681	484	381	1,546	1,569

b) Number of Fixed Assets deployed:

	THLS	NLB	CIL	31/03/2005	31/03/2004
Lighthouses	70	215	80	365	351
Lightvessels	11	-	2	13	13
Lightfloats	2	-	-	2	2
Lanby Buoys	-	-	2	2	2
Buoys & Beacons	447	205	194	846	804
Tenders & Ancillary Craft	7	2	2	11	11
Lighthouses abroad	2	-	-	2	2
	539	422	280	1,241	1,185

FIVE YEAR SUMMARY

	2005	Restated 2004	Restated 2003	Restated 2002	2001
Light dues and Irish income	71,123	74,663	74,096	77,196	73,035
Other operating income	5,390	4,166	829	967	634
	76,513	78,829	74,925	78,163	73,669
Staff costs	(27,901)	(26,527)	(24,053)	(24,025)	(22,242)
Pensions	(5,624)	(5,056)	(3,175)	(10,585)	(10,264)
Depreciation	(9,926)	(9,256)	(8,704)	(8,123)	(7,426)
Other operating costs	(23,531)	(22,211)	(28,021)	(20,117)	(20,451)
	9,531	15,779	10,972	15,313	13,286
Exceptional items - costs of restructuring THLS	(7,902)				
Interest on pension scheme liability	(15,666)	(13,627)	(13,872)	-	-
Gain/(Loss) on sale of fixed assets	(215)	(343)	(173)	623	177
Income from Investments	1,802	1,708	1,563	1,493	2,105
(Loss)/profit on sale of investments	(550)	(1,030)	(3,989)	(1,529)	86
Other interest receivable	1,124	898	677	788	480
Interest payable	(1,460)	(1,580)	(1,814)	(2,035)	(1,989)
(Deficit)/Surplus for the financial year	(13,336)	1,805	(6,636)	14,653	14,145
Fixed assets	100,890	96,990	98,137	99,207	95,661
Net current assets	85,750	84,679	66,372	74,412	65,471
Long term creditors, capital & reserves	(126,697)	(116,822)	(127,778)	(173,619)	(195,237)
Pension liability & other provisions	(263,093)	(244,417)	(232,621)	-	-
Purchase of tangible fixed assets	13,317	8,116	7,701	11,469	12,539
Average number of employees (inc part time)	956	1,010	1,042	1,087	1,116

APPENDIX 1

The Department for Transport, Local Government and the Regions

Letter of Comfort in respect of General Lighthouse Fund Pensions, contingent liabilities, given to the General Lighthouse Authorities

The pensions in respect of the beneficiaries of the Pension Schemes of the General Lighthouse Authorities (GLAs) are safe. This is recognised by the fact that the pensions liability of the General Lighthouse Fund (GLF) is reported to Parliament annually as a contingent liability of the Department of Transport, Local Government and the Regions (DTLR). This is a form of early warning to Parliament that it may be asked to authorise expenditure on this item. Any liability which a GLA might not be able to meet from its own resources (which in the GLA's case is the GLF) would fall to DTLR as the sponsor department.

DTLR has therefore already given the strongest public assurance that the pensions of the beneficiaries of the Pension Schemes of the GLAs will be paid by the inclusion of the liabilities of the GLF in their departmental contingent liability return to Parliament. Therefore in the unlikely event of insufficient money being available, DTLR will request funds from Parliament to ensure that the pensions are paid to the beneficiaries of the Pensions Schemes of the GLAs. The pensions of the GLAs are therefore assured by this Letter of Comfort.

Signed By:

DAVID JAMIESON
On behalf of the Secretary of State
For Transport, Local Government and the Regions
Date 17.12.2001

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