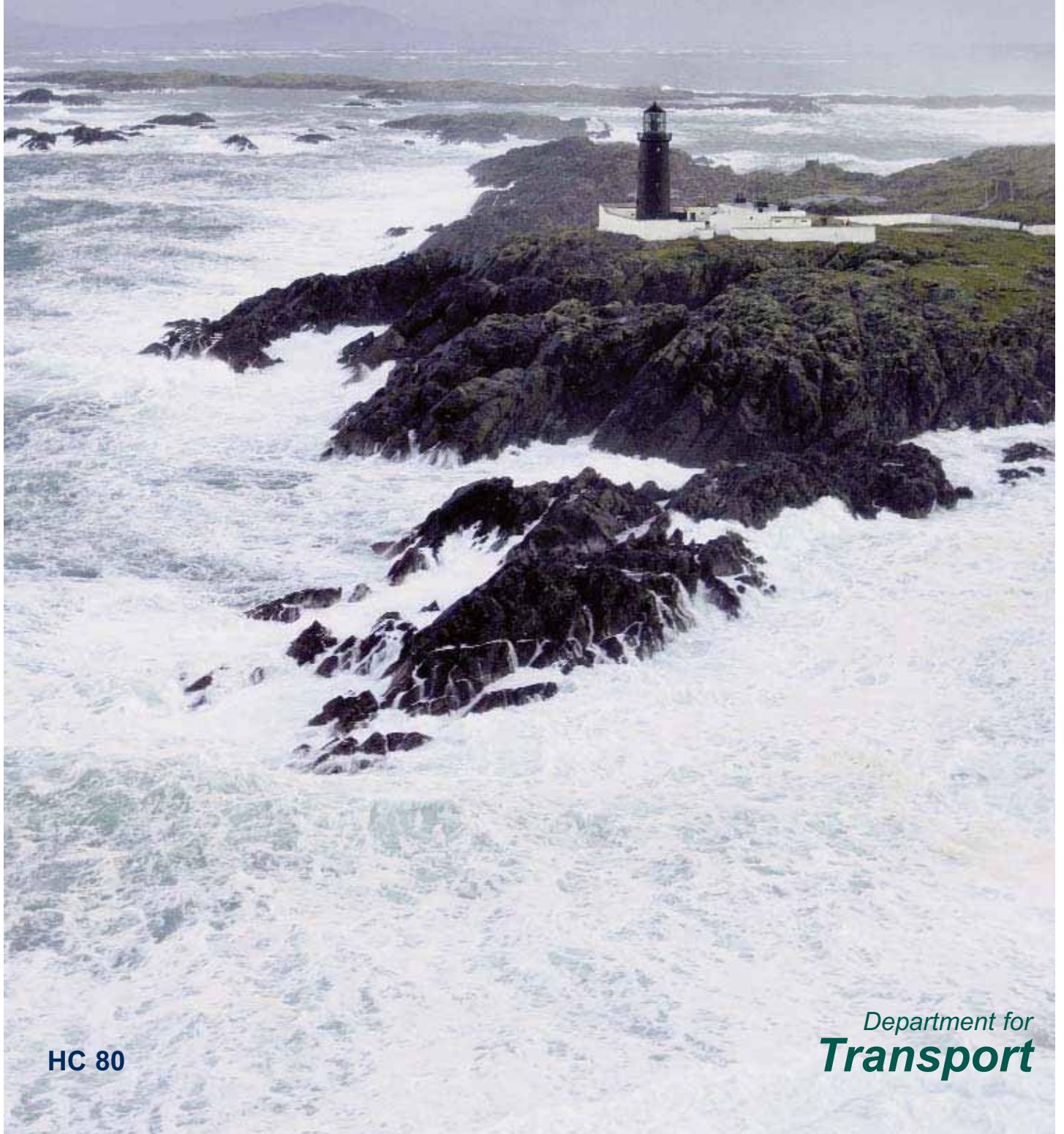


THE GENERAL LIGHTHOUSE FUND 2007 - 2008





THE GENERAL LIGHTHOUSE FUND

2007 - 2008

Report and Accounts for the year ended 31 March 2008
(in continuation of the House of Commons Paper No 161 of 2007/2008)

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 22 January 2009

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ISBN:978 010 295818 8



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Introduction to the Report and Accounts

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

Accounting for the Fund

These accounts have been prepared in accordance with the 2007/2008 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of the GLF for the purpose of giving a true and fair view has been selected. The GLF's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

The Fund's accounts consolidate the General Lighthouse Authorities (GLAs) accounts, the accounts maintained by the Department for Transport in combination with the two investment managers and the light dues collection accounts maintained by Trinity House. The accounts of the GLAs have been prepared in accordance with the accounts direction issued by the Secretary of State for Transport in March 2003.

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 seas around the British Isles is vested in the three General Lighthouse Authorities (GLAs):

- 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 1993 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, TH discharges the responsibilities of the Department for Transport at Sombrero (Anguilla) and Cape Pembroke (Falkland Islands). TH 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 (Beacons: 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.

The Merchant Shipping (Miscellaneous Provisions) Act 1998 (ROI) gives the Commissioners the power to raise or borrow money from time to time for current or capital expenditure with the consent of the Minister for Finance, in respect of the Republic of Ireland.

The General Lighthouse Authorities (Beacons: Automatic Identification System) Order 2006 came into effect on 20 July 2006 and states that the definition of 'Beacon' in the Merchant Shipping Act includes Automatic Identification System equipment.

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 HM Treasury. The Code is underpinned by the Seven Principles of Public Life set out by the Committee of Standards in Public Life.

Key Achievements During the Year

- The delivery of THV Galatea.
- The sale of the THV Mermaid.
- The completion of the new CIL Headquarters and Depot at Dun Laoghaire.
- The completion of the sale of the existing CIL Headquarters in Dublin.
- Conclusion of the Loran trial at Rugby and the launch of an eLoran trial to demonstrate viable GPS/Galileo back up from Anthorn in Cumbria.
- Exceeded the availability standards set by the International Association of Marine Aids to Navigation and Lighthouse Authorities, and within budget.
- Light Dues rate maintained at 35p per net registered tonne.

Management Commentary

Nature, Objectives and Strategy of The General Lighthouse Fund

The General Lighthouse Fund was created by statute in 1898 to provide funding for the three GLAs. The GLAs predate the establishment of the Fund by over 350 years. Trinity House can trace its origins back to 1514. An Act of 1566 gave the Corporation of Trinity House the powers to set up "so many beacons, marks and signs of the sea whereby dangers may be avoided and escaped and ships the better come unto ports without peril". The Northern Lighthouse Board and the Commissioners of Irish Lights can trace their origins to statutes passed in 1786.

Prior to 1836, aids to navigation were provided by a rather confusing mixture of the GLAs and private operators each levying a charge on passing ships. Private operators generally purchased the right from the Treasury or the Crown to provide the aid to navigation and to levy a charge. In 1836 Parliament decided that the GLAs should have compulsory powers to buy out private lighthouses. The current funding arrangements were established by the Merchant Shipping (Mercantile Marine Fund) Act of 1898, which separated the funding for aids to navigation from other marine items. It also passed responsibility to the fund for a number of colonial lighthouses, which had previously been funded by Treasury grants. As colonies have achieved independence these responsibilities have been passed on, leaving a small residual responsibility for Europa Point Lighthouse in Gibraltar and the Sombrero Light off Anguilla.

In recent years progress towards modernisation of the GLAs has been rapid. All lighthouses were automated by 1998 with controls centralised at each GLA headquarters. Floating aids to navigation have been solarised. A differential global positioning system to enhance the US Global Positioning System has been provided since 1998 permitting the GLAs to close the expensive Decca Navigation System in 2000. The GLAs have focused on reducing costs with major investment programmes on both depots and ships. All of this has been achieved while reducing costs to the light dues payers - 50% in real terms since 1996 and the actual rate charged to commercial vessels has fallen from a peak of 43p per net tonne in 1993 to 35p in 2006.

Today the GLAs are multi-skilled organisations providing a highly technical and specialised professional service. The primary aim of the GLAs is:

**To deliver a reliable, efficient and cost effective
'AIDS TO NAVIGATION SERVICE'
for the benefit and safety of all mariners.**

On 6th October 2004 the three GLAs announced a vision of the future of Aids to Navigation (AtoN) requirements around the United Kingdom and Republic of Ireland until the year 2020. The comprehensive strategy has been welcomed and accepted on behalf of the Government by the Transport Minister. This was the second time that the three GLAs conducted a total, simultaneous review of all their AtoN requirements. The results of the first review were published in 1997/98. It is the intention to conduct such a review every five years. After extensive consultation with users and the Nautical Institute, the GLAs published their strategy for the future of aids to navigation to ensure that an efficient, relevant and cost effective service is provided for all mariners.

The maritime world is developing rapidly, as craft get larger and faster and traffic in busy areas such as the Dover Strait increases year on year. This coupled with rapid advances in technology mean that there are ever-greater demands placed upon the GLAs resources. However, the GLAs are confident that, with a mix of visual and electronic aids, they are well placed to continue to provide a highly efficient service for the future.

2020 The Vision contains the following key findings:

The widespread reliance on Global Navigation Satellite Systems (GNSS) has encouraged mariners to navigate closer inshore and at night or in reduced visibility - conditions under which they are less used to navigating. The GLAs will need to provide additional AtoN within these areas to mitigate risk.

With increases in traffic, there is an ever-increasing risk of grounding or collision; AtoN will be used to minimise risk to the vessels and the damage to the marine environment through pollution.

The GLAs envisage that Automatic Identification System (AIS) technology will significantly enhance and complement existing AtoN. The GLAs will apply AIS technology to selected AtoN during the period of this strategy.

With concerns about the vulnerability of GNSS, the GLAs consider the provision of a terrestrial radionavigation backup is essential. Currently e-Loran has the potential to fulfil requirements but further investigation and analysis is needed.

Lighthouses will have a decreasing significance over time and some may be discontinued. Those that remain will have an enhanced role with value added services including: a platform for Differential Global Positioning System (DGPS); Racons and AIS; directional and sectored lights; and meteorological data.

Previously reviews have been almost wholly subjective based upon user consultation and localised traffic analysis by radar. The next review for the first time will utilise vessel AIS track analysis, to provide a more objective process (still balanced by consultation) for the whole of the coasts of the United Kingdom and Ireland.

Future Goals

To deliver the strategy contained in 2020 The Vision, the three GLAs will continue to co-operate with each other and consult with all users to continuously review all their AtoN. The GLAs will continue to participate in the International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA) to ensure continuous representation of national interests and to provide a seamless service for the mariner. Furthermore the GLAs will search for new cost effective technology that can deliver an ever more efficient service to ensure that the AtoN requirements of the next 15 years are met. Following the publication of the strategy document ("2020 The Vision") the GLAs have conducted a joint review of Aids to Navigation off the coasts of the United Kingdom and Ireland. The study has been carried out based solely on the minimum navigational requirements and does not at this stage take into account any other considerations. It does make recommendations for changes in the provision of Aids to Navigation. It is important to appreciate that the measures contained in the Review will not necessarily take place within the next 5 years, however they will shape the GLAs capital works and buoyage programme contained within individual corporate plans.

To complement the strategies and goals of the GLAs, the management of the General Lighthouse Fund intends to work with the GLAs to implement the aids to navigation strategy set out in the GLAs consultation document "2020 the Vision", notably the e navigation strategy. In the DfT's view this will lead to both a safer navigation environment and the lowest reasonable costs to users.

In addition it is hoped that parliamentary time can be found to bring forward the measures contained within the draft Marine Navigation Bill, which was published for consultation on 6 May 2008. This bill contains proposals designed to address issues such as the GLA pension commitments, the regularisation of the Territorial Waters issue and GLA commercial work. Also the bill introduces enforcement powers against local lighthouse authorities.

DfT will continue negotiations with the Republic of Ireland Department of Transport, to achieve a new funding formula for Aids to Navigation in the Republic of Ireland, following the publication of the Review of Funding for the Commissioners of Irish Lights, in February 2008. A conclusion to these negotiations is hoped for early in 2009.

DfT will also continue to work with the industry to develop long term and sustainable funding arrangements in order to deliver the GLA responsibilities efficiently and effectively, and provide the industry with better understanding of future funding requirements.

Performance Indicators

Aids to Navigation availability

Purpose

The key performance indicator used to measure, analyse and monitor the service actually provided to the mariner is 'Aids to Navigation Availability'. This indicator measures the actual availability of AtoNs (eg whether the light is flashing correctly or a buoy is on station) over a 3-year continuous period.

Definition, calculation and targets

The method of measurement and the recognised availability standards are set for each category by the International Association of Aids to Navigation and Lighthouse Authorities (IALA). They are published in the IALA Aids to Navigation Guide (NAVGUIDE – Fifth Edition February 2006).

Availability is measured by dividing total time (i.e. the sum of the total number of hours in a year multiplied by the number of Aids to Navigation in each category) into the difference between total time and the number of hours that the Aids were not available to the mariner. This calculation is then expressed as a percentage. Each of the physical Aids to Navigation operated is allocated a category and each category has an availability target:

Category 1 Availability Target 99.8%

An Aid to Navigation that is considered to be of primary navigational significance. It includes the lighted aids to navigation and racons that are considered essential for marking landfalls and primary routes.

Category 2 Availability Target 99.0%

An Aid to Navigation that is considered to be of navigational significance. It includes lighted aids to navigation and racons that mark secondary routes and those used to supplement the marking of primary routes.

Category 3 Availability Target 97.0%

An Aid to Navigation that is considered to be of less navigational significance than Category 1 and 2.

Source of data

The performance data is provided from software situated in each GLA monitoring centre.

Performance

See Pages 5-7

Changes to data or calculation

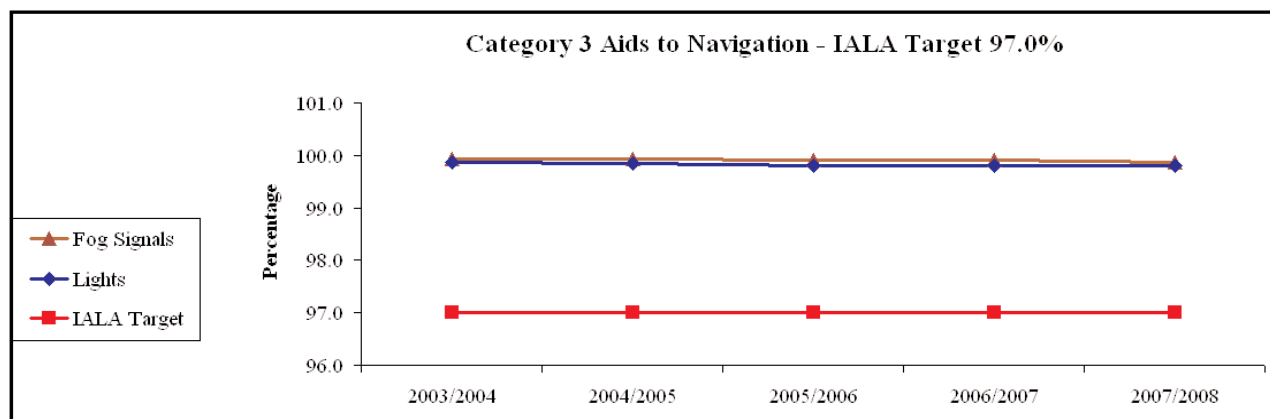
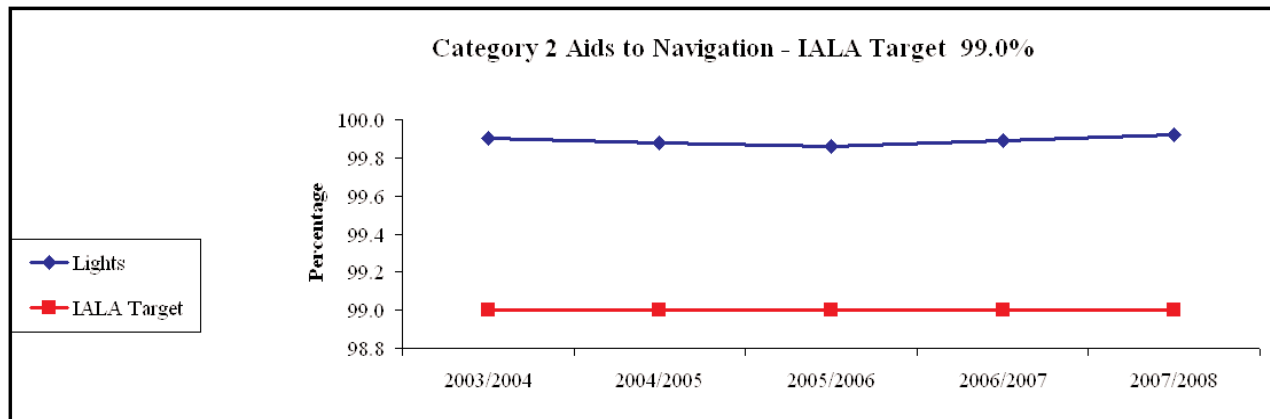
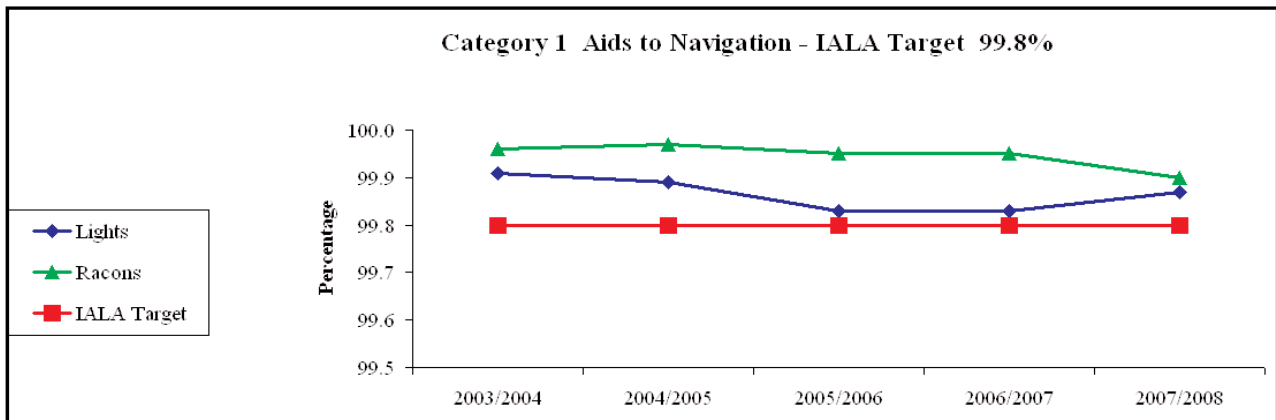
A review of these recommendations is due to be carried out by IALA over the next two years. However, the GLAs are confident that any new standards agreed will continue to be met or exceeded. The GLAs will also carry out a review of the categorisation of their own lights to ensure they meet the required definitions. In the past, the GLAs have reported availability statistics using headings not strictly in accordance with current accepted guidance. Since the three authorities have now adopted the guidance issued by IALA, these headings have been changed. In particular, they reflect the changes to availability targets being set for individual aids in accordance with each one's navigational importance. However, 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.

Performance Indicators For the General Lighthouse Authorities

Trinity House

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 %	2003/2004 Actual %	2004/2005 Actual %	2005/2006 Actual %	2006/2007 Actual %	2007/2008 Actual %
Lights (Major)	1	99.80	99.91	99.89	99.83	99.83	99.87
Racons	1	99.80	99.96	99.97	99.95	99.95	99.90
Lights (Other)	2	99.00	99.90	99.88	99.86	99.89	99.92
Fog Signals	3	97.00	99.94	99.93	99.90	99.91	99.87
Lights (Buoys)	3	97.00	99.86	99.84	99.80	99.81	99.81

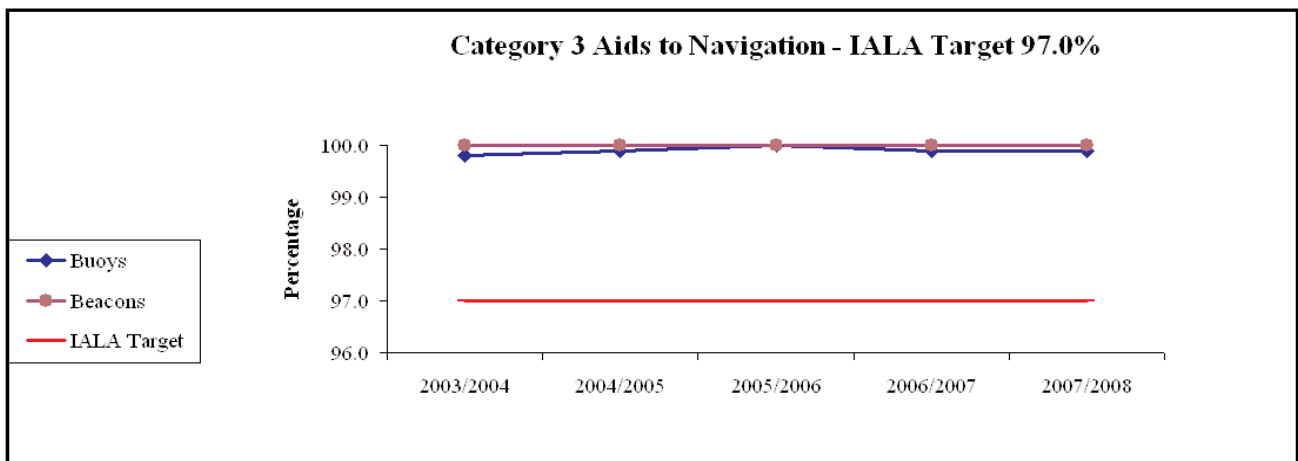
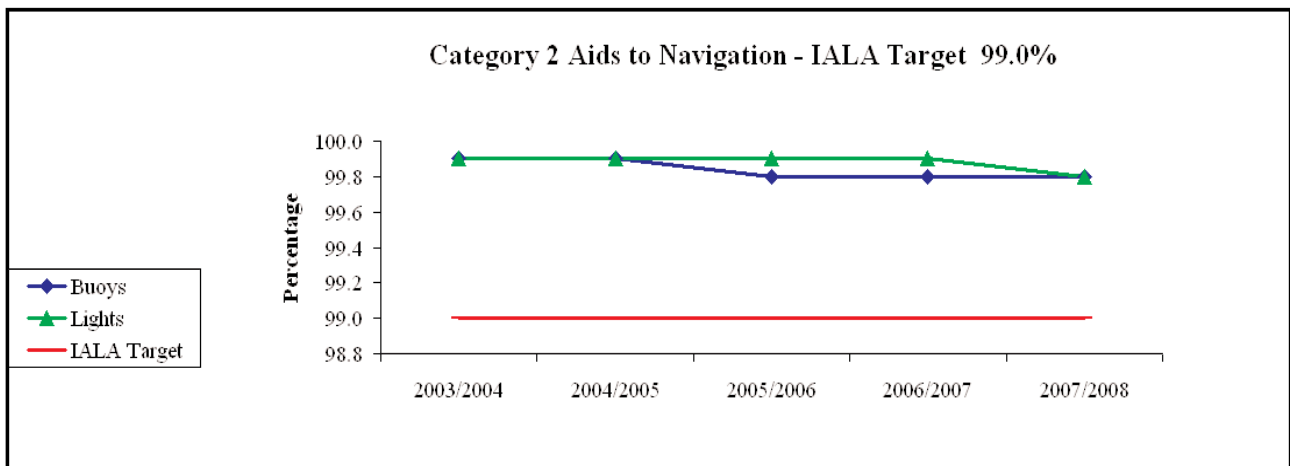
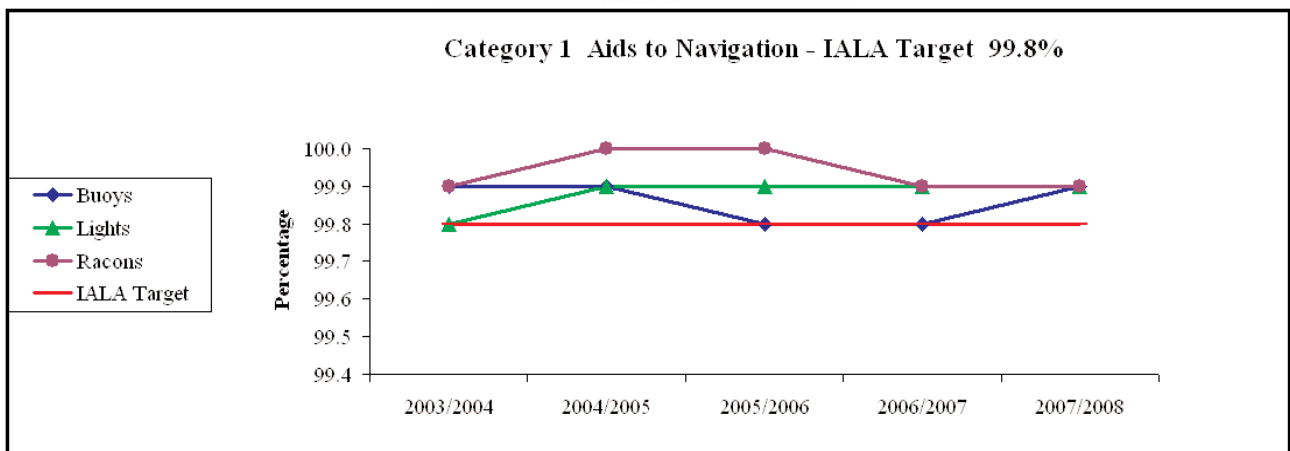


Northern Lighthouse Board

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

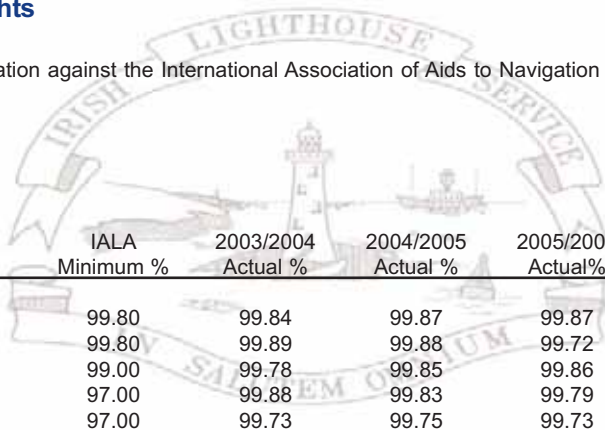
AtoN Type	Category	IALA Minimum %	2003/2004 Actual %	2004/2005 Actual %	2005/2006 Actual %	2006/2007 Actual %	2007/2008 Actual %
Buoys	1		99.90	99.90	99.80	99.80	99.90
Lights	1		99.80	99.90	99.90	99.90	99.90
Racons	1		99.90	100.00	100.00	99.90	99.90
Total	1	99.80	99.90	99.90	99.90	99.90	99.90
Buoys	2		99.90	99.90	99.80	99.80	99.80
Lights	2		99.90	99.90	99.90	99.90	99.98
Total	2	99.00	99.90	99.90	99.90	99.90	99.80
Buoys	3		99.80	99.90	100.00	99.90	99.90
Beacon	3		100.00	100.00	100.00	100.00	100.00
Total	3	97.00	99.90	99.90	99.90	99.90	99.90

Three Year Rolling Averages



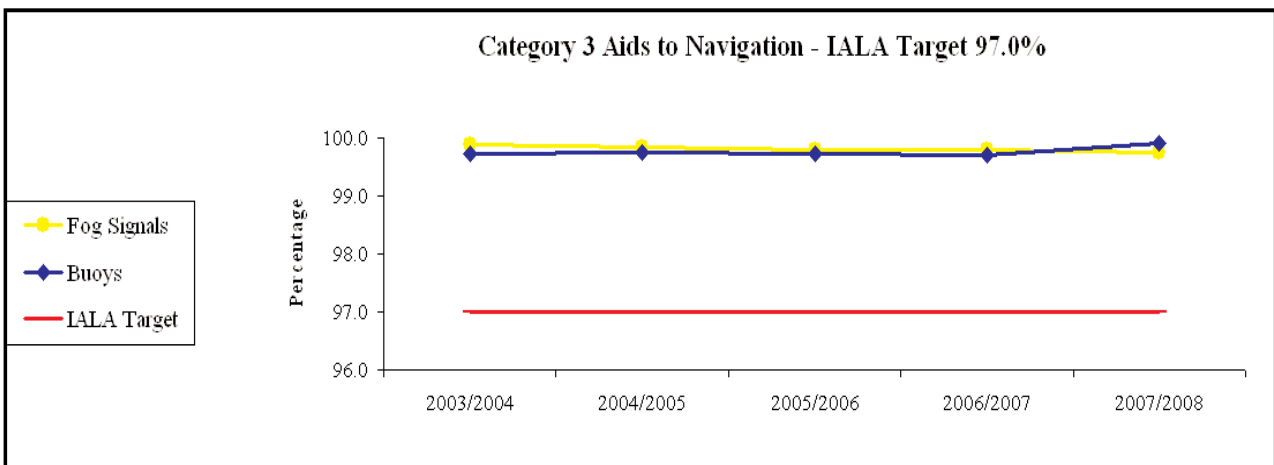
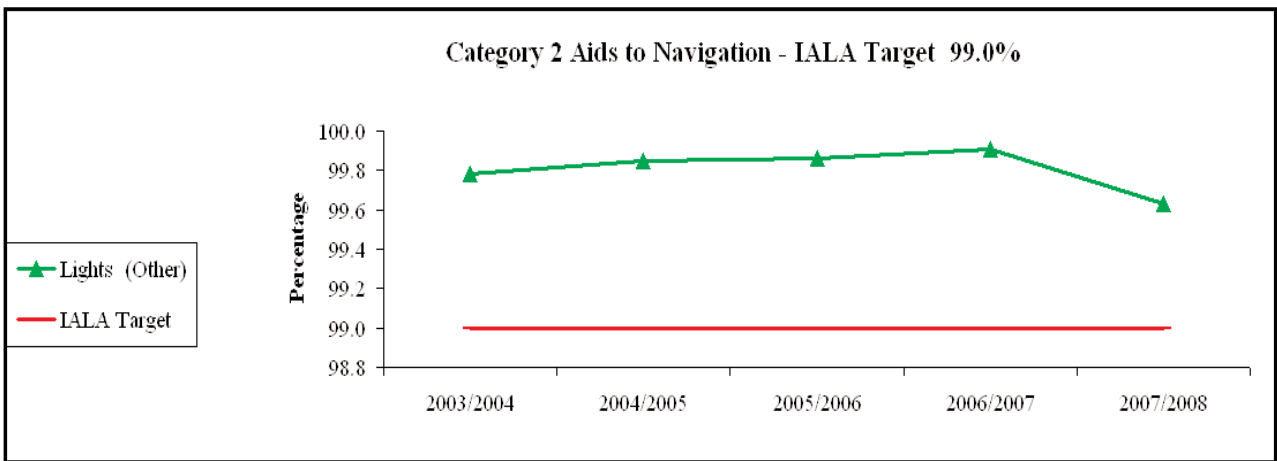
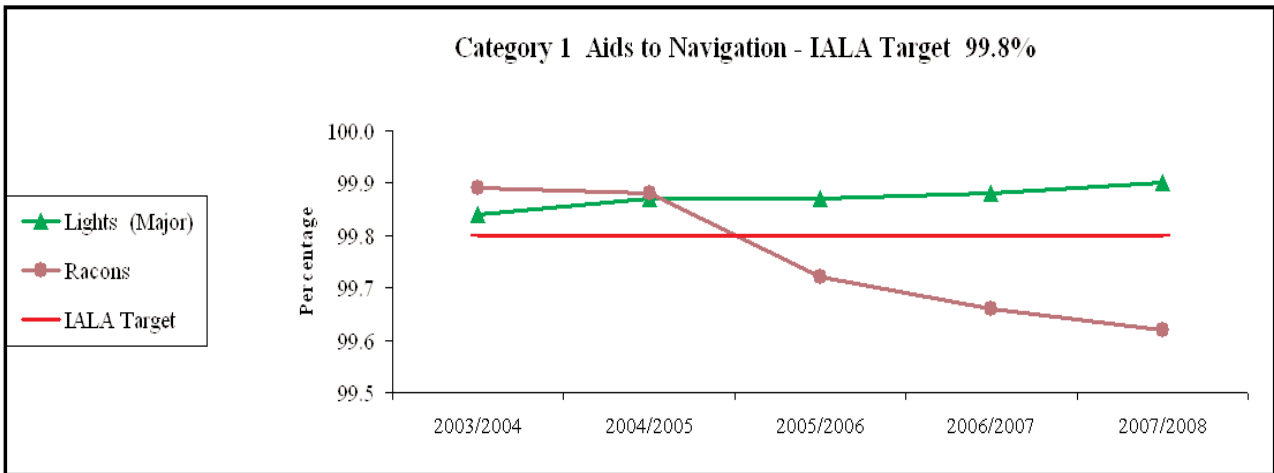
Commissioners of Irish Lights

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



AtoN Type	Category	IALA	2003/2004	2004/2005	2005/2006	2006/2007	2007/2008
		Minimum %	Actual %	Actual %	Actual%	Actual%	Actual %
Major Lights	1	99.80	99.84	99.87	99.87	99.88	99.90
Racons	1	99.80	99.89	99.88	99.72	99.66	99.62
Other Lights	2	99.00	99.78	99.85	99.86	99.91	99.63
Fog Signals	3	97.00	99.88	99.83	99.79	99.79	99.75
Buoys	3	97.00	99.73	99.75	99.73	99.71	99.91

Three Year Rolling Averages



Current and Future Developments

Ships

The delivery of THV Galatea on 17 July 2007 successfully concluded the contracts with the Remontowa Shipyard of Gdansk to build three new ships for the GLAs. These were initiated as a result of the Review of the GLA fleet, concluded in April 2003. THV Galatea, and the other two new vessels, THV Alert and NLV Pharos were all immediately put into service and it is to the enormous credit of all those who planned, built and then operated the new vessels that they have performed to a very high standard from the outset. The efficiency gains as a result of the investment are already clear to be seen and the GLAs are confident that the vessels will make a very positive contribution to revenue whilst ensuring the delivery of the GLAs' statutory responsibilities.

THV Galatea was formally named, by Her Majesty the Queen, at a ceremony on the River Thames adjacent to HMS Belfast on 17 October 2007. NLV Pharos was formally commissioned into service by the Patron of the NLB, Her Royal Highness The Princess Royal at a ceremony on 9 May 2007.

The combined GLA fleet now comprises the following vessels:

ILV Granuaile	CIL	Multi-Function Tender
NLV Pharos	NLB	Multi-Function Tender
NLV Pole Star	NLB	Medium Aid to Navigation Tender
THV Galatea	TH	Multi-Function Tender
THV Patricia	TH	Multi-Function Tender
THV Alert	TH	Rapid Intervention Vessel

During the year Trinity House sold the THV Mermaid to Gardline Ltd for £3.1m.

A further review of the GLA fleet requirements is due to commence in 2009.

GLA Depots

The major event during the year was the completion of the new CIL headquarters and depot building at Dun Laoghaire. With the successful culmination of this project, CIL now boasts state of the art engineering facilities combined with a landmark corporate headquarters that the Commissioners and staff are justifiably proud of. The new building was officially opened, by the President of Ireland, Mary McAleese, on 22 February 2008. As a result of this investment CIL is well placed to maximise the efficiency savings that arise from the consolidation of the organisation on one site.

The sale of the old CIL headquarters building in Dublin was completed on the 17 July 2008, this sale raised €26m (£18m) and financed the construction of the Dun Laoghaire complex.

Trinity House completed their own consolidation of depot structure in 2006, with the closure of the depots at Great Yarmouth, Penzance and East Cowes, and the redevelopment of the office and depot complex at Harwich, which is now the main operating base, supplemented by the west coast depot at Swansea and a small facility at St. Just in Cornwall.

In February 2007 NLB took the decision to retain its headquarters in its current location in George Street, Edinburgh. NLB received Department for Transport approval and Lights Advisory Committee support at the Bilateral Meeting in October 2007. Following this an advertisement was placed in the Official Journal of the European Union for a contract to carry out a feasibility study and to recommend how, with some limited refurbishment, the working environment might be improved and the building better utilised and at what cost. The contract includes further stages to provide professional support if the project proceeds. There was a huge response to the advertisement and a contractor has now been selected and contracts are due to be signed shortly.

The NLB's main depot is at Oban and has continued to prove itself as an efficient, flexible, and marketable resource. Providing support to both Engineering and Operations departments, the base houses an engineering stores and test facility, alongside buoy refurbishing facilities. Although a home port for NLB tenders, the base has successfully utilised its berth spare capacity for commercial cruise vessels with statutory work unhindered. Throughout the year the base supports operations for the routine and emergency maintenance of all types of AtoN as well as capital works. Two small facilities are being staffed and maintained in Orkney and Shetland.



Dun Laoghaire Headquarters and Depot

E-Navigation

The GLAs are actively involved in developing the concept of e(enhanced) Navigation in consort with DfT and other applicable agencies and bodies, to provide UK input to IMO on the matter as well as through membership of the IALA eNAV Committee.

E-Navigation is the harmonised collection, integration, exchange, presentation and analysis of marine information onboard and ashore by electronic means to enhance berth-to-berth navigation and related services for safety and security at sea and protection of the marine environment.

IMO NAV 53 agreed that the core objectives of the e-Navigation concept using electronic data capture, communication, processing and presentation should include: facilitation of safe and secure navigation of vessels having regard to hydrographic, meteorological and navigational information and risks.

The development of the e-Navigation strategy has followed a top-down, holistic approach through the IMO Correspondence Group and in close cooperation with the IALA e-Navigation Committee (e-NAV).

As part of e-Navigation strategy it is recognised that GNSS is the primary source of position, navigation and timing (PNT) in many applications, including maritime. However, the vulnerability of GNSS to accidental or deliberate interference is well known and the need for more than one PNT source is recognised.

The IMO Sub-Committee on Safety of Navigation at NAV53 agreed that there was a need to provide an internationally agreed alternative system for complementing the existing satellite navigation, positioning and timing services to support e-Navigation.

Loran/Chayka is the only wide area terrestrial radio-navigation system currently available that could serve as a complement or backup to GNSS. Enhanced Loran (eLoran) is the next generation of Loran; it could provide position and timing accuracy comparable with GNSS. eLoran is likely to become a component of the World Wide Radio Navigation Plan (WWRNP) being developed by IALA.

A number of countries with Loran/Chayka facilities have now decided to retain them as a back-up or complement to GNSS. In particular, the US has recently announced its intention to "undertake development of enhanced Long Range Navigation . . . as a backup for the Global Positioning System (GPS)as a first step toward providing back-up capability for critical infrastructure that depends on GPS for position, navigation and timing."

The GLAs of the UK and Ireland have worked hard in conjunction with the Government to establish the position of eLoran as a recognised supplement to GNSS.

The GLAs' own program of trials of eLoran at a BT Radio site near Rugby have culminated in the establishment of a permanent transmitter at VT Communications site at Anthorn in Cumbria. The GLAs' research department continues to progress the establishing of eLoran.

Automatic Identification System (AIS) is a VHF marine band based ship-to-ship and ship-to-shore system that can identify and track the movement of ships up to 30 miles out from the UK's coastline. Large ships, those of 300 gross tonnage or more, have been required by the International Maritime Organisation to have had an AIS system installed for tracking purposes since 2004.

However, the technology behind AIS has the potential to offer an even broader range of services: from a more responsive and lower-cost Aids to Navigation; to assisting Search and Rescue services and Counter Pollution activity; to building a comprehensive database of shipping movements along the coastline.

AIS technology will form a key building block in an 'e-navigation' system of the future.

AIS is now formally recognised as an AtoN; this is a major aspect of AIS's potential and one which Government is keen to maximise. Its use in AtoNs can be either real or virtual:

AtoN AIS Station: AIS station fitted to an existing physical Aid to Navigation (e.g. buoy or lighthouse) provides real-time status and positive identification of the AtoN. This equipment can also provide additional information to surrounding ships or back to a shore authority on e.g. actual tidal height and local weather. In the case of a floating aid an accurate position (corrected by DGNS) can be provided to check that it is on-station, and real-time 'health' information can be sent back for performance monitoring. A variant ('synthetic AtoN') entails using a communication link from the AtoN to an AIS-shore station, providing AIS broadcasts for the AtoN where it is impractical or uneconomic to fit the AIS unit to the AtoN itself.

Virtual AtoN: In other cases it may be appropriate to create an apparent ('virtual') AtoN on a display for a certain location, even though there is no physical AtoN there. The associated information would clearly identify this as a virtual AtoN and safeguards would be needed against false representations. There are some cases where virtual AtoN could be very useful, for example marking a new wreck until an actual buoy can be established, although the effectiveness of AIS as an AtoN reduces at sites close to the 30-mile limit.

The GLAs have carried out a number of equipment trials relating to AIS to establish best use and have now commenced establishment of AIS on AtoN's identified by navigational review as best suited for AIS.

Light Dues

The income to the General Lighthouse Fund (GLF) comes mostly from light dues, which are charged on commercial shipping calling at United Kingdom and Republic of Ireland ports. There is no provision for Exchequer funding except in the Republic of Ireland. The Secretary of State for Transport has a duty to ensure the effective management of the GLF and enable the adequate provision of aids to navigation at the minimum cost.

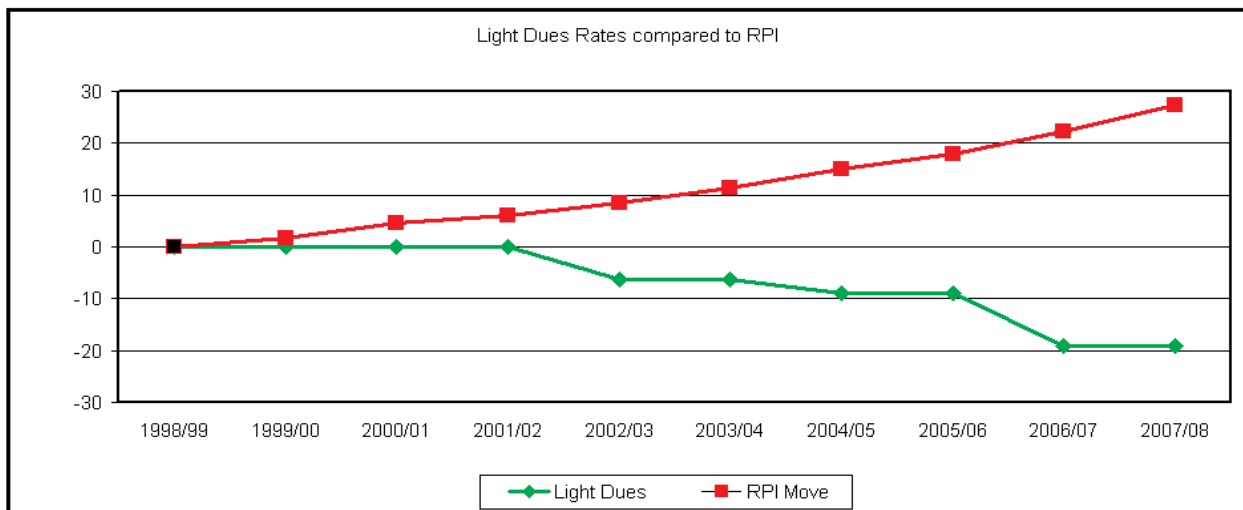
Belgium also levies charges on shipping for use of its navigational aids, but the sums involved are low by comparison with light dues, and presumably this is due to the length of Belgium's coastline. France, Germany and the Netherlands fund their navigational aids from general taxation. Given that UK commercial ports compete for traffic in some sectors with Continental ports in North West Europe and navigational aids outside port limits are generally funded out of general taxation on the Continent, there has been pressure from light dues payers to investigate the view that there could be some distortion of competition between UK and Continental ports as a result of the light dues system. A report by MDS Transmodal Limited in association with DTZ Pieda Consulting, commissioned by the (UK) Department for Transport, was published in March 2004 following a full review of the economic impact of light dues on shipping traffic in the UK.

The key findings of the report include:

- That abolition of light dues (in favour of funding aids to Headquarters navigation, etc, through general taxation) would have little impact on the routing of cargo/freight by sea (i.e. the UK would neither gain nor lose business in relation to continental competitor ports), and
- That if light dues were abolished and all the reduction in costs for shipping lines were passed on to UK businesses, it would lead to only a 0.003% reduction in their costs.

The Government remains committed to the present system of recovering costs through light dues but is determined to minimise the cost burden on the shipping industry.

Over the last fifteen years, the GLAs have consistently delivered reductions in the rate of light dues. The rate per tonne has fallen repeatedly since its 1993 peak of 43p and from 1st April 2006 to 35p. Pressure from Government and the light dues payer will continue to minimise costs. However, rising operational costs especially in fuel, and high priority projects, will put significant pressure on the GLF. Added to this, evidence that ships calling at UK and ROI ports are getting bigger but fewer, leading, through the tonnage cap, to a reduction in light dues income, make it unlikely that future reductions in light dues rates can be sustained.



Commercial Work

In 1997 the Merchant Shipping and Maritime Security Act gave the General Lighthouse Authorities power to exploit spare capacity and enter into commercial contracts. This has allowed the vessels, lighthouses, and bases to be utilised as income streams but prevents consultancy and the acquiring of equipment solely for commercial activity.

Careful consideration is made to ensure any activity does not interfere or conflict with statutory duties. The GLAs are also careful to ensure there is no unfair advantage in pricing regime or risk to the GLF. Activities undertaken have and continue to include contract buoy maintenance, survey work, oil wellhead marking, provision and monitoring AtoN of off-shore structures particularly during decommissioning phases, and utilisation of lighthouses for third party equipment. Other avenues continue to be sought.

Draft Marine Navigation Bill

The Queen's Speech on 6 November 2007 announced the Government's intention to introduce a Draft Marine Navigation Bill. The re-titled Draft Marine Navigation Bill was published for consultation on 6 May 2008. The consultation period ended on 25 July 2008. The House of Commons Transport Select Committee has scrutinised the draft Bill and reported on their findings on 16 July 2008. The report was generally favourable with only some relatively minor suggested amendments, which the Government will consider along with other responses from the consultation period.

Included in this draft Bill are extended powers over pension provision for the GLAs and commercial work, changes to the GLAs' area of jurisdiction and wreck powers and new enforcement powers against local lighthouse authorities. The Government did not include the draft Bill in the draft legislative programme announced on 14 May 2008 but commented that "this Bill will be brought forward as soon as parliamentary time allows". The GLAs remain hopeful that the Bill, that would also implement the Nairobi International Convention on the Removal of Wrecks 2007, will get the required parliamentary time.

Finance

The main income to the GLF derives from the power to charge light dues to vessels using UK and Irish ports. Other income is generated by income from the invested reserve, a grant from the Irish Exchequer, asset sales and income from the GLAs' commercial activities as detailed in the account. The main GLF income relies on the maritime trading pattern of both the UK and Ireland and Parliament's willingness to agree appropriate changes to both the light dues regulations and the rates charged.

Investment Contracts

In July 2006 the GLF investment contracts were awarded to Baillie Gifford & Co. and Martin Currie Investment Management Limited. In addition, the GLF cash reserve is now invested in HSBC Liquidity Funds. All light dues income is paid into the cash reserve and the imprest transfers to the GLAs are paid out of the cash reserve.

Investments analysis by Investment House		Market Value 31/03/2008 £M	Cost 31/03/2008 £M
Martin Currie	Investments	42.7	43.5
	Cash for investments	1.0	1.0
Baillie Gifford	Investments	32.1	29.9
	Cash for investments	0.4	0.4
Total		76.2	74.8
HSBC Sterling Liquidity Fund		16.2	16.2
HSBC Euro Liquidity Fund		7.6	7.6
Total HSBC Liquidity Fund		23.8	23.8

Resources

People

The most important resource that the GLF has at its disposal is people. The distribution of full time staff numbers between GLAs for this year and the forecast for the next two years, is shown in the table below.

GLA	2007/08	2008/09	2009/10
Commissioners of Irish Lights	187	182	182
Northern Lighthouse Board	202	201	201
Trinity House	296	284	284
Sub Total	685	667	667
Inter GLA			
Research & Radio Navigation	11	14	14
Light Dues Collections	6	5	5
Total	702	686	686

There is a comprehensive training plan throughout the GLAs that aims to give staff the skills and knowledge required to perform efficiently. Staff are encouraged to develop through the performance and development system.

Research and Development is conducted for all three GLAs by the Research and Radionavigation Directorate (R&RNAV) based at Harwich. The Director of R&RNAV is funded by Trinity House, but reports to all three Chief Executives. While R&RNAV continues to concentrate on a wide field of research and to provide advisory and technical services to the individual GLAs, much effort has been given to the promotion of enhanced Loran (eLoran). A contract was signed with VT Communications in May 2007 to provide an updated eLoran service (based at Anthorn in Cumbria) and this has been followed by a decision in the US Congress to fund eLoran in the USA. It is very encouraging to see the tide flowing so strongly in favour of eLoran, which the GLAs see as a vitally important terrestrial complement to GNSS and which, in 2020 The Vision, is seen as a significant enabler in reducing the number of traditional Aids to Navigation.

TH is also responsible for the collection of Light Dues on behalf of the three GLAs. A newly developed internet based collection system, operated by light dues collectors in each port, who are all members of the Institute of Chartered Shipbrokers, is used to collect light dues.

Physical Assets

In addition to staff, the GLF has a number of physical assets, which are essential to providing its service. These are detailed in note 31 to the accounts. The mariner is becoming increasingly more reliant on GNSS for position fixing. If the Loran System in Europe can be upgraded to e-Loran and adopted as the terrestrial radio navigation service as backup to GNSS for SOLAS Convention vessels, then the number of physical assets required for safe navigation is likely to reduce.

Environment

The GLAs seek to develop their Environment Management policies in a manner fully consistent with Government initiatives and broad public opinion. Thus, measures to protect the environment and ensure sustainable development figure very strongly in the GLAs consideration of modernisation, improvement and the use of appropriate future technologies at all of their establishments and facilities. The GLAs are seen as a leader in the provision and improvement of renewable energy sources for navigational aids, principally through the installation of solar-electric power systems occasionally supplemented by wind power while reducing our dependence on carbon based energy.

The GLAs are continually reviewing all issues affecting environmental considerations which take account of the sensitive coastline in which they operate and the occasionally hazardous nature of some of the operations they have to undertake.

The GLAs have placed high on the agenda the potential use of renewable energy sources such as solar power and they continue to research other sources such as wave and wind power and tidal flow.

Disabled Employees

The policy of the GLAs towards the employment of disabled people is that a disability is no bar to recruitment or advancement. The nature of the duties at lighthouses impose some limitations on the employment of disabled staff. A Genuine Occupational Qualification could cover these posts.

Equal Opportunities

The GLAs are equal opportunity employers and at every stage of recruitment, staff transfer and promotion, carefully ensure that the selection processes used in no way give any preference on the basis of gender, age, race, disability, sexual orientation or religion.

Employee Involvement

The GLAs are committed to effective communications, which they maintain through formal and informal briefings, internal magazines, newsletters and electronic media, including their own Intranet services.

Consultation with employees is effected using a long-established but continually developing mechanism including joint committees covering all staff. Employees are informed of matters of concern to them; they are consulted frequently and regularly so that account may be taken of their interests.



The Needles Lighthouse (Trinity House)

Principal Risks and Uncertainties

As part of the joint GLA risk management review each of the individual GLA risk registers has been analysed having regard to current best practice to produce twelve risks, which are considered to pose the greatest threat to the GLAs and their stakeholders including the GLF. In this context their stakeholders are seen as:

- The mariner and ship owner
- Their staff
- Suppliers and customers
- Government
- Society as a whole
- The environment

In compiling the document it was noted that certain other risks would have a significant impact on the GLAs but posed a lesser threat to the GLF - for example a change in Government policy regarding responsibility for the operation of the three Lighthouse Services. It was considered that the GLAs had a duty to challenge any such action, if it were not in the short or long term interest of the mariner. It was also noted that, in the event that the GLF were wound up, there would be a pension liability estimated by independent actuarial valuation to be £338M as at 31st March 2008 on an accrued benefit valuation cash equivalent basis, comprising prospective benefits due to active members, deferred pensioners and pensioners. However, since the last review the GLAs had received a letter of comfort on behalf of the UK Secretary of State to the effect that, in the event of there being insufficient money available in the GLF to meet the GLAs' pension liabilities, the UK Parliament would be asked to meet any shortfall. Pension contributions, which total £44M, however cannot be formally ring-fenced from operating costs and as such there is a danger that they could be used to meet any large unforeseen expenditure. Although not fully satisfactory, a declaration of contingent pension liabilities is made to Parliament each year by the DfT and a note acknowledging the liabilities added to the GLF Accounts. On this basis it was considered that pension liabilities whilst substantial did not at present represent a significant risk. The matter should be kept under review, particularly as new GLA employees were now required to pay a pension contribution of 3.5% of their salary.

DfT is aware of the need to regularise the position regarding the lack of safe guards for employee's pension contributions and has brought forward measures in the Draft Marine Navigation Bill aimed at addressing this issue.

The risks were grouped in accordance with the UK Risk Management Standard under the four headings of 'Strategic', 'Financial', 'Operational' and 'Hazard' and are shown below. Control measures in place to mitigate their effects are disclosed within the Statement of Internal Control, following also HM Treasury document 'Management of Risk - A Strategic Overview known as the 'Orange Book'.

Strategic Risks

Pension Funding

Long term funding of "pay as you go" pension arrangements.

Financial Risks

Resourcing

Reduction in resources for running lighthouse services (through pressure on Government from ship owners, review of funding arrangements, change in public spending policy, dock strike or similar).

Market Risk

Adverse global market conditions impacting on the value of the GLF investment portfolio.

Operational Risks

AtoN Provision

Failure to provide or adequately maintain an aid to navigation with the appropriate characteristics, and/or in the correct location. Failure of monitoring staff to react appropriately. Failure to inspect inoperative or incorrectly operating aids to navigation, whether maintained by the GLAs, local ports or offshore industry.

Operational Staffing

Inability to recruit / retain suitable staff; industrial action taken by staff.

Information Technology

Major IT System failure. Unavailability of data. Loss of data/corruption of data.

Legislation

Non-compliance with legislation or public policy.

Exploitation of spare capacity

Non-compliance with contractual obligations including those arising from commercial activities (also a hazard risk).

Technological Change

Failure to review and adapt or inadequately to implement changes in technology.

Hazard Risks

Natural Events

Natural events leading to wide scale disruption.

Health Safety and the Environment

Failure to secure the health and safety of employees and third parties.

Accidental damage to the environment, lighthouses or contract helicopter (temporarily or permanently).

Wreck Marking

Requirement to disperse a wreck where the costs cannot be recovered from the owner at the time of sinking (also an operational risk).

Relationships

Department for Transport

The General Lighthouse Fund is administered by the DfT, who sponsor the three General Lighthouse Authorities. The relationship between the GLAs and the DfT is set out in a Framework Document (Incorporating Financial Memorandum and Management Statement).

Lights Advisory Committee

The Lights Advisory Committee acts as an advisor to the Secretary of State on light dues matters. It is convened by the UK Chamber of Shipping, and comprises payers of light dues. It includes shipowners from all parts of the British Isles and most sectors of the shipping industry, plus representatives of the fishing industry. Port operators and cargo interests who are affected by light dues are also represented.

User Consultation

The Joint User Consultative Group (JUCG) was formed in 1988 comprising representatives of the GLF, the three GLAs and the users of their services to enable a mutual exchange of information on major policy matters of concern within the field of aids to navigation. The JUCG assists in advising the Secretary of State for Transport on the changing requirements of marine aids to navigation.

Investment Managers

The General Lighthouse Fund employs two investment managers Baillie Gifford & Co. and Martin Currie Investments Limited to manage the Fund's investment portfolio and a third, HSBC Investments Limited to handle the Fund's cash arrangements that service the operational cash requirements of the GLAs.

Scottish Government

The work of the NLB is a reserved matter under Section 30 of, and Schedule 5 to, the Scotland Act 1998. However, the NLB maintains a close relationship with the Scottish Government, as does the Department for Transport under the terms of a concordat. Responsibility for matters relating to Section 34 of the Coast Protection Act 1949 has been devolved to the Scottish Government and the NLB are consulted and advise the Scottish Government on these applications.

Department of Transport (Republic of Ireland)

Relationships with the Irish Department of Transport are managed through formal and informal meetings. There are a number of committees such as the Maritime Safety Committee which are used as the forum to share knowledge and to discuss policy issues in relation to maritime safety. The Irish Department of Transport are also responsible for approval and payment of the Irish Government Supplement on an annual basis.

Isle of Man Government

The work of the NLB also covers the Isle of Man and as a result NLB has a relationship on aids to navigation matters with the Department of Transport of the Isle of Man Government.

Revenue Commissioners (Republic of Ireland)

Light Dues in the Republic of Ireland are collected by the Revenue Commissioners, and transferred to the General Lighthouse Fund on a monthly basis. The Revenue Commissioners are paid a fee for this service.

Financial Position

Source of Finance

The GLAs are financed by advances made by the DfT 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 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 sanctioned 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 Transport sets light dues in the Republic of Ireland.

Going Concern

These accounts have been prepared on a going concern basis as the management of the GLF are satisfied that the Fund's activities are sustainable for the foreseeable future.

Accounting Policies

The Accounting Policies are reviewed each year in accordance with FRS18, Accounting Policies. This review is carried out at the tri-GLA Accounts Format Working Group. No Accounting Policies have altered since last year.

Operating Results

The operating results for the year are set out in the Income and Expenditure account and show an operating surplus of £24.4m for 2007/08 (£10.5m in 2006/07). The total operating surplus of £11.3m was transferred to the Accumulated Reserve (2006/07 deficit £127,000).

For 2007/08 the GLAs' performance against the Cash Limits set by the DfT can be summarised as follows:

Commissioners for Irish Lights	Actual Expenditure £'000	Cash Limits £'000	Variation £'000
Running Costs	17,254	17,533	(279)
Capital Expenditure	1,964	3,753	(1,789)
Capital Dun Laoghaire	10,169	7,664	2,505
Pension & Ships Lease	7,613	7,957	(344)
Total	37,000	36,907	93
Less Dun Laoghaire	(10,169)	(7,664)	(2,505)
Total Ex Dun Laoghaire	26,831	29,243	(2,412)
Northern Lighthouse Board	Actual Expenditure £'000	Cash Limits £'000	Variation £'000
Running Costs	13,746	14,620	(874)
Capital Expenditure	2,164	4,436	(2,272)
Expenditure on behalf of all GLA's	35	65	(30)
Pension & Ships Lease	5,658	5,424	234
Total	21,603	24,545	(2,942)
Trinity House	Actual Expenditure £'000	Cash Limits £'000	Variation £'000
Running Costs	21,232	22,306	(1,074)
Capital Expenditure	3,428	5,895	(2,467)
Expenditure on behalf of all GLAs	2,092	2,656	(564)
Expenditure on behalf of DfT	251	330	(79)
Pension & Ships Lease	8,356	9,100	(744)
Wreck Removal	444	442	2
Total	35,803	40,729	(4,926)

Pension Liability

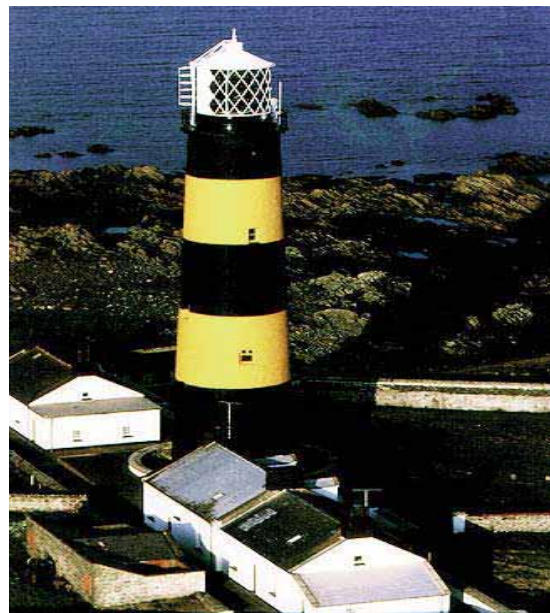
There is a substantial, and rising, deficit on the General Lighthouse Fund's pension scheme and this is reflected in the accounts. The total liability, which was recognised on the Balance Sheet for the first time in 2003/2004, amounts to £338m as at 31 March 2008. As noted in the accounts the DfT will seek to ensure that annual revenue into the General Lighthouse Fund will be sufficient to meet pension liabilities as they fall due. The liability is also covered by a letter of comfort from the DfT. This letter of comfort is very valuable and could reasonably be considered to provide the security to the members of the scheme that assets held separately to specifically meet pension benefits would give. In fact it goes further than this as it effectively also underwrites the investment and life expectancy risks associated with funded pension schemes. However this guarantee is only a fallback position and there is a clear expectation that the liability will be discharged from the General Lighthouse Fund.

The management of the General Lighthouse Fund is very concerned with the pension liability and during the year it has, together with the three GLAs and the DfT, addressed a number of issues-

1. Legal advice has confirmed that part of the General Lighthouse Fund, including any contributions paid by members, cannot be protected from general liabilities to provide pension benefits. At 31st March 2008 the actuaries estimate that £44m of members contributions are held within the General Lighthouse Fund and are therefore unprotected. This is an undesirable situation for the Pension Fund but options are restricted due to primary legislation.
2. The actuaries were commissioned to complete a long-term cash flow projection of pension costs. The result of this study has been used to inform the long-term cash forecasts for the General Lighthouse Fund.
3. A study is underway to consider the establishment of a new funded pension scheme that would be open to new entrants. This would have the benefit of transferring to the pension liability over time from the General Lighthouse Fund to a separately managed pension fund.



**Bell Rock Lighthouse
(Northern Lighthouse Board)**



**St John's Point Lighthouse
(Commissioners Of Irish Lights)**



**Bardsey Lighthouse
(Trinity House)**

Expenditure on Tangible Fixed Assets

During the year to 31 March 2008 the GLAs expenditure on tangible fixed assets was as follows:

Commissioners for Irish Lights	2007/08	2006/07
	£'000	£'000
Assets in course of construction	523	1,154
Tenders, Ancilliary Craft & Floating Aids	187	266
Dun Laoghaire Redevelopment	10,169	6,043
Plant & Equipment	1,732	524
Total	12,611	7,987
Northern Lighthouse Board	2007/08	2006/07
	£'000	£'000
Assets in course of construction	1,141	904
Land & Buildings	174	278
Tenders, Ancilliary Craft & Floating Aids	125	18,100
Plant & Equipment	683	618
Total	2,123	19,900
Trinity House	2007/08	2006/07
	£'000	£'000
Assets in course of construction	(284)	157
Land & Buildings	863	1,098
Tenders, Ancilliary Craft & Floating Aids	18,239	5,354
Plant & Equipment	1,682	1,038
Total	20,500	7,647

The Accounts Direction provides that fixed assets shall be stated at historic cost less depreciation. During 2007/08 the GLAs obtained independent valuations of various Headquarters and Depot Buildings. The difference between the open market value and the net book value are as follows:

Assets	GLA	Market Value	NBV	Difference
		£'000	£'000	£'000
Old Harwich Depot	TH	1,895	1,895	-
New Harwich Depot	TH	4,210	10,351	(6,141)
Great Yarmouth Depot	TH	360	360	-
Penzance Depot	TH	750	750	-
Swansea Depot	TH	210	404	(194)
Edinburgh Headquarters	NLB	4,020	285	3,735
Oban Depot	NLB	1,015	3,424	(2,409)

Trinity House London is owned by the Corporation of Trinity House and is not an asset of the GLF.
The Dun Laoghaire HQ and Depot was not revalued during the year.

Finance Leasing Arrangements

There is exposure on the finance leases for the ships to a change in the main rate of Corporation Tax. During the setting up of the ships finance leases the GLAs evaluated the option of eliminating this exposure. However, it was found that the financial risks were not significant.

The financing arrangements under the lease agreement for THV Galatea means that TH have exposure to interest rate risk, as a result of the Director's decision not to fix the interest rate applicable to the lease, at the present time. A decision was taken to fix the interest rate applicable to the finance lease on THV Alert at 5.13% over the remaining 13 years of a 15-year lease. The Commissioners of NLB have decided to fix the interest rate applicable to the lease for NLV Pharos at 5.44% for the fifteen-year duration of the lease.

Cash Draw Downs and Liquidity

The three GLAs rely primarily on advances from the General Lighthouse Fund for their cash requirements. As a result of this Liquidity Risk is controlled within the GLF bank accounts. The GLAs withdrew during the year the following:

Commissioners of Irish Lights	£ 9.4m
Northern Lighthouse Board	£20.0m
Trinity House	£32.9m
	£62.3m

The principal source of cash for the GLF during the year was:

Light Dues	£67.5m
Irish Government Contribution	£ 3.7m
	£71.2m

During 2007/08 the Commissioners of Irish Lights were funded partly from the proceeds from the sale of the Lower Pembroke Street building. These funds were invested in a deposit account held with the Anglo Irish Bank in Dublin and controlled by the management of the GLF. These funds were fully utilised by 31 March 2008.

Payment of Creditors Policy

The GLAs seek to adopt the conventions within the British Standards BS 7890, "Methods for achieving good payment performance in commercial transactions" which are reflected within the GLAs' internal practices. Payment of all creditors' accounts is arranged by the date stipulated within the contract or other agreed terms of credit. Exceptions to this are as follows:

1. Payment within a shorter timescale where a discount may be available; and
2. Where there is a genuine dispute in respect of the invoice concerned. In all cases the supplier is immediately informed of the details of the query and that the payment will be withheld pending resolution.

Suppliers are informed of our policy via a supplementary notice within contracts and are asked to provide any comments on this issue to the Directors of Finance. The proportion of the amount owed to trade creditors at 31 March 2008 compared to the amount invoiced by the suppliers during the year equated to the following proportion of days.

Trinity House	6 days
Northern Lighthouse Board	19 days
Commissioners of Irish Lights	33 days

Audit

The accounting records of the GLAs and the consolidated General Lighthouse Fund are examined by the UK Comptroller and Auditor General. The accounts are prepared under the terms of the 2007/2008 Government Financial Reporting Manual (FRM) issued by HM Treasury and the accounts direction. The accounting policies contained in the FRM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

So far as the Accounting Officer is aware, there is no relevant audit information of which the General Lighthouse Fund's auditors are unaware, and the Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the General Lighthouse Fund's auditors are aware of that information.

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 Government's intention therefore to take an early opportunity to clarify the legislation, to put beyond doubt that the GLAs may operate outside territorial waters. Provisions contained within the draft Marine Navigation Bill will remove these doubts.

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 believes 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.

Authorised For Issue

These Financial Statements are laid before the Houses of Parliament by the Secretary of State for Transport. Financial Reporting Standard (FRS) 21 requires the Department to disclose the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

Robert Devereux
Accounting Officer
19 December 2008

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 2007 – 2008 was as follows:

Elder Brethren of the Corporation

Rear Admiral J M De Halpert	Executive Chairman
Captain D C Glass	Deputy Chairman, Director of Navigational Requirements
Commodore P J Melson	Director of Operations & Asset Management (Retired 25 May 2007)
Captain N R Pryke	Non-Executive
Commodore S J Scorer	Director of Operations (Appointed 26 May 2007)

Nominees of the Secretary of State for Transport (DfT)

P R C Bainbridge	Non-Executive (Retired 31 August 2007)
D A Coltman	Non-Executive
F C Bourne	Non-Executive
M Gladwyn	Non Executive (Appointed 1 September 2007)

Associate Member of the Corporation

J S Wedge	Director of Finance & Support Services
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The Trinity House Executive Chairman combines the role of Chairman and Chief Executive. The Board considers this provides the most efficient and effective use of resources without compromising the basic principles of good governance. Although the Combined Code advocates separation of these two roles, there are further checks and balances not available to listed companies provided by the trustee actions of the Secretary of State for Transport as exercised by Ports Division of DfT.

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; and
- (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; and
- (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 also agreed with the DfT that the Secretary of State will nominate one person for election under (e) above.

The membership of the Northern Lighthouse Board during 2007/2008 was as follows:-

Law Officers for Scotland

The Rt Hon Elish Angiolini QC WS, John Beckett QC, Frank Mulholland QC	The Lord Advocate Solicitor General for Scotland (Resigned 17 May 2007) Solicitor General for Scotland (Appointed 30 May 2007)
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Sheriffs Principals of the Sheriffdoms in Scotland

Sheriff Principal Edward F Bowen TD QC	Sheriff Principal of Lothian & Borders
Sheriff Principal Bruce A Kerr QC	Sheriff Principal of North Strathclyde
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 Brian Lockhart	Sheriff Principal of South Strathclyde, Dumfries and Galloway
Sheriff Principal James A Taylor	Sheriff Principal of Glasgow and Strathkelvin

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

Elected by the Commissioners

Captain George Sutherland	Chairman
Captain Kenneth MacLeod	
Peter Mackay CB	
Alistair Whyte	

Nominated by the Secretary of State and elected by the Commissioners

Dr Andrew Cubie CBE FRSE

Lord Provosts

Councillor Liz Cameron JP	The Rt Hon Lord Provost of Glasgow (Resigned 3 May 2007)
Councillor Robert Winter	The Rt Hon Lord Provost of Glasgow (Appointed 17 May 2007)
Councillor Lesley Hinds JP	The Rt Hon Lord Provost of Edinburgh (Resigned 3 May 2007)
Councillor Reverend Dr George Grubb	The Rt Hon Lord Provost of Edinburgh (Appointed 17 May 2007)
Councillor John Reynolds JP	Lord Provost of Aberdeen (Resigned 3 May 2007)
Councillor Peter Stephen	Lord Provost of Aberdeen (Appointed 16 May 2007)

Convener of Highland Council

Councillor Alison Magee	(Resigned 3 May 2007)
Councillor Sandy Park	(Appointed 17 May 2007)

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

Roger Lockwood CB	Chief Executive
Moray Waddell B.Sc.(Hons)	Director of Engineering
Guy Platten AFRIN	Director of Marine Operations (Resigned 31 July 2007)
Captain Phillip Day	Director of Marine Operations (Appointed 1 December 2007)
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 during 2007/2008 was as follows:

Commissioners

Mr J Kidney, FCA	(Chairman)
Ms S M Tyrrell	(Vice Chairman)
Mr D W Delamer	(Deputy Vice Chairman)
Mr F Boland	(Resigned 31 March 2008)
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	
Ms M Gallagher	
Commodore J J Kavanagh	
Ms E Shanks	

Ex-officio Commissioners (Representatives of Dublin City Council)

The Lord Mayor Councillor Vincent Jackson
 Councillor Eric Byrne
 Councillor Terence Flanagan

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., 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 (Resigned 31 May 2007)
Kieran O'Higgins	Head of Marine (Appointed 1 June 2007)
Martin Dyas, F.C.M.A.	Head of Corporate Services
John Burke, MSc (IT), BAgSc (Econ)	Head of Information & Communication Technology

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

Remuneration Reports

The management of the General Lighthouse Fund are appointed by the Secretary of State for Transport, and are remunerated in accordance with the relevant Civil Service pay scale. The costs incurred by DfT are charged to the GLF on an annual basis. The Directors of the three General Lighthouse Authorities are remunerated as set out below.

Trinity House

TH has two remuneration committees:

Remuneration Committee

This Committee assesses Directors' pay and comprises three non-executive Directors, who have no personal financial interest other than as non-executives, in the matters to be decided, no potential conflicts of interest arising from cross-directorships and no day-to-day involvement in the running of the Service. The Committee operates under Terms of Reference drawn from the Code of Best Practice prepared by the Study Group on Directors' Remuneration (The Greenbury Code). The Committee consults the Executive Chairman about its proposals, other than in relation to the Chairman's own remuneration, and has access to professional advice from inside and outside sources. The Committee consults the DfT in relation to the performance of the Executive Chairman as regards his responsibilities acting as equivalent to the Accounting Officer.

Membership of the Remuneration Committee is:-

D A Coltman	(Chairman with effect from 31 August 2007)
P Bainbridge	(Retired as Chairman and from the Committee from 31 August 2007)
F C Bourne	
M Gladwyn	(Appointed 1 September 2007)

Executive Remuneration Committee

In February 2004 the Board established an Executive Remuneration Committee to determine fair remuneration for staff below Director level and ensure that staff of the right quality are attracted, retained and motivated, within budgetary constraints and public sector policy. The Committee operates under Terms of Reference that directly support the Remuneration Committee. The Committee consults the Executive Chairman, the DfT and other GLAs as and when appropriate and beneficial to ensure decisions are consistent and reflective of best practice.

Membership of the Executive Remuneration Committee is:

J S Wedge	(Chairman)
Commodore P J Melson	(Retired 25 May 2007)
Captain D C Glass	
Commodore SJ Scorer	(Appointed 26 May 2007)

TH Remuneration Committees are responsible for developing, reviewing and implementing the following:

Remuneration Strategy

TH operates a remuneration strategy based on spot rate salaries informed by job evaluation and market testing. TH uses the Hay job evaluation methodology which provides a sound, tried and tested approach to job evaluation that ensures consistency and fairness across job groups and directorates. It also enables us to benchmark with external comparators to ensure our salary rates remain competitive. We aim to pay within the mid to upper quartile of the market in order to attract and retain quality staff in often highly specialist, technical roles.

Competency frameworks have been developed for all administrative positions and the lower level technical posts. These frameworks allow employees to develop their skills and progress internally, thus facilitating succession planning. Reward based purely on length of service is avoided, as progression within the competency frameworks is dependent upon the achievement of various qualifications and skill levels.

TH market tests all positions throughout the service every 2 years to ensure our pay rates remain competitive.

Pay Policy

TH pay policy has been informed by professional research conducted in-house plus independent advice from external pay consultants. The policy states that all positions below management level are evaluated using the job evaluation methodology and are market tested against the local market. Management positions are tested against the national market. This is a best practice approach and allows the organisation to attract highly skilled individuals into senior posts from other areas of the UK or overseas whilst contributing towards the local employment market by encouraging a good level of applicants from within the region for technical and administrative positions.

Performance Related Pay System

TH operates a performance related pay system to incentivise staff. The current system is designed to increase staff awareness and understanding of corporate level objectives and ensure that personal objectives link to departmental and strategic objectives. An annual staff bonus is linked to the appraisal cycle. Every individual's performance and achievement is assessed in relation to objectives and behavioural and technical competencies. Bonus allocation is determined by individual performance and organisational level success against the year's corporate level objectives.

Directors' Pay

The creation of long-term effectiveness depends on the talents, contribution and commitment of the Executive Chairman and Directors. Their success depends on the Board's ability to attract and retain people of high quality. It is essential that the remuneration structure should be competitive with those of comparable organisations. The remuneration policy seeks to balance the fixed cost element with variable reward, providing the opportunity for variable remuneration in the form of performance-based bonuses.

The Remuneration Committee has assessed the remuneration of Executive Directors against the following criteria:

- Job weight
- Market pay comparisons
- Performance

In order to recognise performance against objectives, the Committee has approved an annual performance-based bonus system. Payments are determined by achievement of demanding objectives as part of a performance appraisal process.

Remuneration of Directors (Audited)

Name	Salary	Benefits	Salary	Benefits
	2007/2008	2007/2008	2006/2007	2006/2007
	£'000	£'000	£'000	£'000
J M de Halpert	110-115	*3,019	100-105	-
P J Melson	**95-100	-	95-100	20,799
J S Wedge	95-100	5,008	90-95	2,198
D C Glass	80-85	225	80-85	235
S J Scorer	80-85	6,341	-	-
D A Coltman	05-10	895	5-10	1,481
P R A Bainbridge	0-05	335	5-10	1,069
N R Pryke	***15-20	376	15-20	701
F C Bourne	05-10	275	5-10	239
M Gladwyn	05-10	-	-	-

Salary figures include performance related pay.

The emoluments of Board Members (excluding the Executive Chairman) comprise:

	2007/2008	2006/2007
	£'000	£'000
Fees	44	44
Salaries	320	229
Performance Pay	35	41
Benefits in kind	17	27

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.

** Commodore PJ Melson retired on 25 May 2007 and received a termination payment of £83,202.96 at the end of his contract.

*** N.R Pryke receives remuneration as a Non Executive Director and as an Examiner. His salary also includes payments of £2,312 made by TH on behalf of The Corporation of Trinity House, which were subsequently re-charged.

The Executive Chairman's only emolument is a salary of £111,424 (2006/2007 - £104,475) which included a performance related element of £16,125 (2006/2007 - £15,700).

Non-Executive Directors are employed on fixed term contracts usually for a period of three years. The term may be extended where appropriate.

Non-Executive Director	Contract Start	Expiry Date	
Captain N R Pryke	25 January 2005	24 January 2008	(Contract renewed in 2008 for further 3 years)
P R A Bainbridge	22 July 1997	31 August 2007	(Now retired)
D A Coltman	23 October 2001	22 October 2010	(Contract renewed in 2007 for further 3 years)
F C Bourne	20 July 2006	19 July 2010	
M Gladwyn	01 September 2007	31 August 2010	

Pensions (Audited)

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 analagous to the Civil Service compensation scheme. Their contracts are ongoing until the age of 65, subject to satisfactory performance.

	a	b	c	d	e	f	g
	Real Increase in pension	Real Increase in lump sum	Accrued Pension	Accrued Lump Sum	Cash Equivalent Transfer Value at 31 March 2007	Cash Equivalent Transfer Value at 31 March 2008	Real increase in Cash Equivalent Transfer Value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
J M de Halpert	0-2.5	-	10-12.5	-	167	234	43
J S Wedge	0-2.5	2.5-5	20-22.5	60-62.5	309	384	27
S J Scorer	0-2.5	-	0-2.5	-	-	21	18
P J Melson	0-2.5	-	12.25-15	-	248	241	4
D C Glass	0-2.5	-	10-12.5	-	213	263	34

Columns e and f of the above table show the Cash Equivalent Transfer Value (CETV) of the directors' pension benefits accrued at the beginning and end of the reporting period. A CETV is the actuarially assessed capitalised value of the pension 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 the 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 g reflects the real increase in the value of the 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 for the start and end of the period.

Northern Lighthouse Board

Composition

The Board's Remuneration Committee is made up of four Commissioners who have no personal financial interest, other than as Commissioners, in the matters to be decided, no potential conflicts of interest arising from cross-relationships, and no day-to-day involvement in running the Northern Lighthouse Board other than as members of the Board of Commissioners and the Managing Board.

The Committee consults the Chief Executive about its proposals, other than in relation to his own remuneration, and has access to professional advice from inside and outside of the Board.

Arrangements are in place for the Remuneration Committee to ask for and receive legal advice from the Board's solicitor. The Committee has used external advice to provide comparison pay information and to recommend new structures.

Background

The remuneration of the Chief Executive and Directors is determined by the Remuneration Committee now consisting of the Chairman and Vice Chairman of the Board and two other Commissioners, under powers delegated by the Board of Commissioners.

Following a review by a firm of external consultants, new pay arrangements were put in place during the year which took effect retrospectively from 1 April 2004. These were agreed by the DfT.

Membership of the Remuneration Committee is:

Captain George Sutherland (Chairman)
 Dr Andrew Cubie CBE FRSE
 Peter Mackay CB
 Sheriff Principal Sir Stephen Young

Pay Approach

The remuneration of executive directors was recalibrated in 2004 in the light of consultant advice against the following criteria:

- Job Weight
- Market pay comparisons
- Performance

All directors have a base pensionable salary which is annually reviewed and in addition can earn a non-pensionable and non-consolidated performance bonus paid retrospectively in the light of performance in the previous year, as measured against objectives set by the Remuneration Committee.

These objectives reflect both the corporate objectives agreed by the Board for NLB as a whole and the personal contribution which can be made by each director.

Remuneration of Executive Directors (Audited)

	Salary 2007/2008 £'000	Benefits 2007/2008 £	Salary 2006/2007 £'000	Benefits 2006/2007 £
R Lockwood	90-95	-	65-70	-
D Gorman	80-85	-	75-80	-
G Platten	25-30	-	75-80	-
M Waddell	75-80	-	70-75	-
P Day	20-25	-	-	-

Salary figures include performance related pay.

Executive Directors' Pensions

The executive directors are members of the Northern Lighthouse Board Pension scheme, which is an unfunded defined benefit scheme. Columns e and f of the below table show the 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 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 the Northern Lighthouse Board pension scheme, not just their current appointment. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries. Column g reflects the real increase in the value of the 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 for the start and end of the period.

Pensions (Audited)

	a	b	c	d	e	f	g
	Real Increase in pension	Real Increase in lump sum	Total Accrued Pension	Total Accrued lump sum	Cash Equivalent Transfer Value at 31 March 2007	Cash Equivalent Transfer Value at 31 March 2008	Real increase in Cash Equivalent Transfer Value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
R Lockwood	-	-	-	-	21	54	30
D Gorman	0-2.5	2.5-5	10-15	35-40	216	272	25
G Platten	0-2.5	-	20-25	-	237	278	8
M Waddell	0-2.5	0-2.5	20-25	45-50	283	346	13
P Day	-	-	-	-	-	23	N/A

Service contracts (Audited)

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

Remuneration of Commissioners (Audited)**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.

Each were paid total fees of £9,468 per annum and were eligible for an additional payment of £474 pro rata for each day exceeding 20 days in the year unless he/she is Chairman or Vice Chairman when a total fee of £18,936 and £12,624 respectively per annum is payable. The total amount paid in the year, including social security costs, was £76,392 (2006/2007 - £67,870).

Co-opted Commissioners' remuneration is set by the Board as a whole on the advice of the DfT who approved an increase of 2.5% with effect from 1 April 2007.

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 Chairman of the Northern Lighthouse Board in 2007/08 was a co-opted Commissioner and was therefore 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.

The remuneration of the Commissioners is as follows:

Name	2007/08 £	2006/07 £
Captain G Sutherland	15 - 20	25 - 30
Dr A Cubie	10 - 15	5 - 10
Captain K Macleod	5 - 10	5 - 10
P Mackay CB	5 - 10	15 - 20
R Quayle	5 - 10	5 - 10
A Whyte	5 - 10	5 - 10

Commissioners of Irish Lights

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 DfT in consultation with the Irish Department of Transport.

The Chief Executive is a member of the Commissioners of Irish Lights Pension Scheme.
All Heads of Departments are members of the Commissioners of Irish Lights Pension Scheme.

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

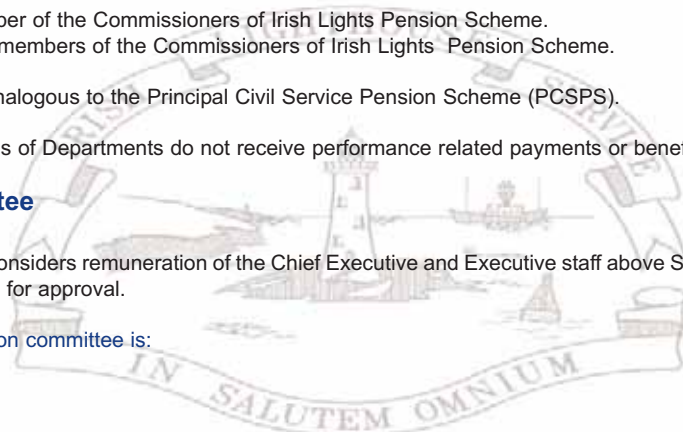
The Chief Executive and Heads of Departments do not receive performance related payments or benefits.

Remuneration Committee

The remuneration committee considers remuneration of the Chief Executive and Executive staff above SEO level. The committee makes recommendations to the board for approval.

Membership of the remuneration committee is:

J Kidney FCA
D Delamer
S Ruttle
M O'Neill



Service Contracts

Executive Directors are employed under the same terms and conditions as all other CIL staff.

Remuneration of Executive Directors (Audited)

Name	Salary 2007/2008 £'000	Salary 2006/2007 £'000
S G R Ruttle	135-140	125-130
S Doyle	100-105	90-95
J J Hickey	15-20	90-95
K O'Higgins	90-95	-
M A Dyas	100-105	80-85
J M Burke	85-90	75-80

Pensions (Audited)

	a Real Increase in pension £'000	b Real Increase in lump sum £'000	c Total Accrued Pension £'000	d Total Accrued Lump Sum £'000	e Cash Equivalent Transfer Value at 31 March 2007 £'000	f Cash Equivalent Transfer Value at 31 March 2008 £'000	g Real increase in Cash Equivalent Transfer Value £'000
S G R Ruttle	2.5-5	12.5-15	50-55	160-165	1,118	1,336	218
S Doyle	0-2.5	5-7.5	30-35	90-95	591	698	107
J J Hickey	2.5-5	10-12.5	35-40	110-115	744	891	147
K O'Higgins	5-7.5	15-17.5	30-35	95-100	577	746	169
M A Dyas	5-7.5	15.17.5	25-30	85-90	523	694	171
J M Burke	0-2.5	-	10.15	-	109	154	45

Robert Devereux
Accounting Officer
19 December 2008

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 accruals 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 DfT prepares these accounts.

HM Treasury appointed the Permanent Secretary of the Department for Transport, Robert Devereux, as Principal Accounting Officer of the Department with effect from 1 May 2007.

In preparing these accounts the Accounting Officer is required to comply with the requirements of the 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 Government Financial Reporting Manual 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 DfT 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 keeping proper records and for safeguarding the GLF assets, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in "Managing Public Money".

Robert Devereux
Accounting Officer
19 December 2008

Statement on Internal Control

Scope of responsibility

As Accounting Officer, I have 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); and
- certain functions of the Department for Transport.

The bodies whose activities are financed by the GLF are the following three General Lighthouse Authorities (GLAs):

- Trinity House;
- Northern Lighthouse Board; and
- Commissioners of Irish Lights.

The system of internal control supports the achievement of GLF 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 Managing Public Money.

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 GLF policies, aims and 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 and prioritise the risks to the achievement of the Fund's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised 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 2008 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk and the risk control framework

A triennial risk review was undertaken in October 2006 by external risk management consultants on behalf of the three GLAs, which was submitted to the Lighthouse Finance Committee. An immediate review would be commissioned if there were any perceived significant changes in risk. Furthermore, each GLA has systems in place to monitor and manage their significant business risks cascaded from the triennial risk review.

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 Framework Document incorporating (1) a Management Statement that sets out the relationships between the Secretary of State for Transport and the GLAs in matters of business; and (2) a Financial Memorandum that describes the financial regime that the Boards of the GLAs and DfT are to operate;
- Comprehensive budgeting systems with a Corporate Plan incorporating three years' budgets which are reviewed and endorsed by the Boards and Lights Finance Committee (LFC) for submission to the Secretary of State;
- Budgets delegated to the individual GLAs, which are reviewed by the respective Boards and the DfT;
- 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 project; and
- Internal Audit.

Review of effectiveness

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;
- Investment Committee meetings, to review the performance of the investment portfolio;
- Monthly Fund Valuation reports to monitor the fund level;
- Monthly reports from Trinity House on light dues income and trends;
- Weekly 12-week cash projection reports;
- 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; and
- 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 GLAs include :

- Regular meetings of strategic committees to decide policy and 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.

The GLAs use the independent internal audit services of Audit and Risk Assurance (ARA) of the DfT. 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.

In his annual report to the Department for Transport Group Audit Committee, the head of internal audit stated:

Information & Data Handling

The GLAs reviewed their information and data handling processes and procedures in the final quarter of 2007-08 as part of a DfT wide exercise. No major weaknesses were found.

Internal Audit Conclusion

The GLAs' established risk management, control and governance arrangements are generally working effectively, although control weaknesses in some areas and opportunities to improve working practices were identified during 2007-08.

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 GLAs 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 GLAs through the draft Marine Navigation Bill.

Robert Devereux
Accounting Officer
19 December 2008

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

I certify that I have audited the financial statements of The General Lighthouse Fund for the year ended 31 March 2008 under the Merchant Shipping Act 1995. These comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement and Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

The Department for Transport and Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Merchant Shipping Act 1995 and Department for Transport directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the General Lighthouse Authorities' Boards, the Secretary of State for Transport and the Accounting Officer's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Merchant Shipping Act 1995 and Department for Transport directions made thereunder. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the Management Commentary, the Constitutions of the General Lighthouse Authorities and their board members and the Remuneration Report, is consistent with the financial statements. I also report 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.

In addition, I report to you if the General Lighthouse Fund has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the General Lighthouse Fund's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the General Lighthouse Fund's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the General Lighthouse Fund and General Lighthouse Authorities' Boards, the Secretary of State for Transport and Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most 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 and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, 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 also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Merchant Shipping Act 1995 and Department for Transport directions made thereunder, of the state of the General Lighthouse Fund's affairs as at 31 March 2008 and of its surplus for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Merchant Shipping Act 1995 and Department for Transport directions made thereunder; and
- information given within the Annual Report, which comprises the Management Commentary, the Constitutions of the General Lighthouse Authorities and their board members and the Remuneration Report, is consistent with the financial statements.

Audit Opinion on Regularity

In my opinion, 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.

Tim Burr
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria, London, SW1W 9SS
15 January 2009

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2008

	Notes	2007/2008 £'000	2006/2007 £'000
Income :			
Light Dues	2	67,452	70,062
Other operating income	3	3,719	2,434
Irish Government contribution	4	4,555	3,937
Grant income	1n	253	180
		<u>75,979</u>	<u>76,613</u>
Expenditure :			
Staff costs	5a	27,789	27,000
Pensions	5b	7,135	5,399
Amortisation	11	579	230
Depreciation	12	9,156	10,096
Other operating costs	7b	25,275	23,362
Total Operating costs	7a	<u>69,934</u>	<u>66,087</u>
Operating surplus		6,045	10,526
Exceptional Item - Profit on disposal of CIL Head Office	8	<u>18,382</u>	<u>-</u>
Surplus on Operating Activities		24,427	10,526
Notional credit on capital	1k	5,235	5,051
Interest on pension scheme liability	24	(17,430)	(18,195)
Gain on sale of fixed assets	12	829	80
Income from listed investments		2,253	1,888
Gain on sale of listed investments		1,831	5,843
Other interest receivable	9	1,370	1,087
Interest payable	10	(1,965)	(1,102)
		<u>(7,877)</u>	<u>(5,348)</u>
Net operating surplus		<u>16,550</u>	<u>5,178</u>
Reversal of notional credit on capital	1k	(5,235)	(5,051)
Surplus for the financial year		<u>11,315</u>	<u>127</u>

All results are due to continuing activities

Statement of total recognised gains and losses

	2007/2008 £'000	2006/2007 £'000
Surplus / (deficit) for financial year	11,315	127
Unrealised surplus on Investments	(6,453)	(4,181)
Unrealised gain on revaluation of surplus property	(35)	466
Actuarial gain/ (loss)	24	(31,969)
Net pension transfers	24	54
	<u>(57)</u>	<u>54</u>
Total recognised gain/ (loss) for the year	<u>24,520</u>	<u>(35,503)</u>

BALANCE SHEET

as at 31 March 2008

	Notes	2007/2008 £'000	2006/2007 £'000
Fixed Assets :			
Intangible assets	11	1,088	549
Tangible assets	12	147,606	125,739
Investments assets	13	1,065	970
Current Assets :			
Stocks	14	2,904	2,059
Debtors	15	9,370	7,870
Investments	16	74,837	77,093
Cash at bank and in hand	17	29,750	19,906
		116,561	106,628
Creditors : amounts falling due within one year	18	(13,468)	(10,101)
Net current assets		103,093	96,527
Total assets less current liabilities		253,152	224,085
Creditors: amounts falling due after more than one year	19	(49,196)	(34,768)
Provisions for liabilities and charges	23	(3,386)	(3,499)
Net assets excluding pension liabilities		200,570	185,818
Pension liabilities	24	(337,665)	(347,838)
Net liabilities		(137,095)	(162,020)
Financed by			
Reserves			
Accumulated Reserve	25	(146,476)	(177,541)
Revaluation Reserve	25	4,931	11,412
Capital Grant Reserve	25	175	190
Government Grant Reserve	25	4,275	3,919
Total		(137,095)	(162,020)

Robert Devereux
Accounting Officer
19 December 2008

CASH FLOW STATEMENT for the year ended 31 March 2008

	Notes	2007/2008 £'000	2006/2007 £'000		
Net cash inflow from operating activities	a	24,062	11,767		
Return on investments and servicing of finance	b	2,297	1,664		
Capital Expenditure	c	(28,935)	(32,171)		
Management of liquid resources	d	(2,366)	(1,384)		
Financing	e	(3,648)	(9,155)		
New Finance Lease		17,104	21,789		
Exchange Difference		1,330	(169)		
(Decrease) / Increase in cash		9,844	(7,659)		
Reconciliation of net cash (out) / in flow to movement in net funds / (debt)					
(Decrease) / increase in cash		9,844	(7,659)		
Cash outflow from lease financing		3,989	9,322		
		13,833	1,663		
New Finance Lease		(17,104)	(21,789)		
Translation of Euro denominated lease		(1,330)	169		
Net cash at 1 April 2007		(17,917)	2,040		
Net debt at 31 March 2008		(22,518)	(17,917)		
Notes to the cash flow statement					
Note a					
Reconciliation of operating surplus to net cash flow in from operating activities					
Operating Surplus		24,427	10,526		
Net pension expenditure		(14,256)	(13,113)		
Current service cost		6,403	5,357		
Amortisation		380	230		
Depreciation		9,156	10,096		
(Increase) / Decrease in stock		(845)	(10)		
Increase in debtors		(1,502)	(66)		
Increase / (Decrease) in creditors		412	(424)		
Decrease in provisions		(113)	(829)		
Net cash in flow from operating activities		24,062	11,767		
Note b					
Return on investments and servicing of finance					
Interest received		3,625	2,976		
Interest paid		(1,328)	(1,312)		
		2,297	1,664		
Note c					
Capital Expenditure					
Payments to acquire intangible fixed assets		(113)	(209)		
Payments to acquire tangible fixed assets		(32,079)	(35,454)		
Receipts from sale of tangible fixed assets		3,257	3,472		
Movements in Trinitas investments		-	20		
		(28,935)	(32,171)		
Note d					
Management of liquid resources					
Purchase of investments		(16,744)	(64,692)		
Sale proceeds from investments		14,378	63,308		
		(2,366)	(1,384)		
Note e					
Financing					
Capital element of finance lease rentals		(3,989)	(9,322)		
Movement in Government Grant Reserves		356	183		
Movement in Capital Grant Reserves		(15)	(16)		
		(3,648)	(9,155)		
Note f					
Analysis of the changes in net debt					
	2006/2007 £'000	Forex £'000	Non Cash £000	Cash Flow £000	2007/2008 £000
Cash at bank	19,906	-	-	9,844	29,750
Finance leases	(37,823)	(1,330)	(17,104)	3,989	(52,268)
Net debt at 31 March 2008	(17,917)	(1,330)	(17,104)	13,833	(22,518)

Notes to the accounts for the year ended 31 March 2008

1. Accounting Policies

a) Accounting Convention

These accounts have been prepared in accordance with the 2007/2008 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of the GLF for the purpose of giving a true and fair view has been selected. The GLF's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

In addition, the GLAs' accounts have been prepared in accordance with the accounts direction issued by the Secretary of State for Transport in March 2003.

b) Going Concern

The balance sheet at 31 March 2008 shows net liabilities of £137,095,000. 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) Intangible Assets

Computer Software has been capitalised and is amortised on a straight-line basis over the estimated useful economic life of between 3 to 5 years dependent on the expected operating life of the asset. Intangible Assets are shown at cost less amortisation. Amortisation 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 up to the end of the month prior to disposal.

d) Pension Benefits

Pension benefits are accounted for in line with the requirements of FRS 17 : Retirement benefits.

e) Tangible Fixed Assets and Depreciation

Fixed assets are shown at depreciated historic cost in line with the Accounts Direction.

Book values have been retained and revaluations have only been undertaken on assets that are surplus to requirements, restating them to open market value.

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 up to the end of the month prior to sale. Assets in the course of construction are not depreciated.

Depreciation is charged on a straight line basis having regard to the estimated operating lives as follows:

Categories	Depreciation Lives	Categories	Depreciation Lives
Land & Buildings		Plant and Machinery	
Land	Not Depreciated	Lighthouses and Lightvessels	15 years
Lighthouses (Building structure)	50 years	Automation equipment	15 years
Lighthouse improvements	25 years	Racones & Radio beacons	15 years
Other buildings	50 years	Depots & Workshops	10 years
Tenders and Ancillary Craft		Office Equipment	10 years
Tenders	25 years	Vehicles	5 years
Tenders (Dry Dock and Repair)	From 24 months until next dry docking	Computers - Major systems	5 years
Launches	15 years	Computers - Other	3 years
Workboats	10 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).
Lightvessels			
Lightvessel (Hulls)	50 years		
Lightvessel (Hull conversions)	15 years		
Lightvessel (Dry dock and repair)	5 years		
Lanbys	25 years		
Buoys and Beacons			
Buoys and Beacons	25 years		
Solarisation costs	10 years		

f) Stocks

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

g) Research and Development

Research and Development work is co-ordinated by the Radio Navigation Committee for Major Research and Development. Direct expenditure incurred via this channel or any other research and development activity is charged to the Income and Expenditure Account as incurred.

h) 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.

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.

i) Foreign Currency Transactions

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date (€/\$ 1.2543). 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.

j) 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.

k) Notional Credit on Capital

The Income and Expenditure Account includes a notional credit on 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.

l) Irish Government Grant - Loran C

During the year 2007-08 a grant of €5,000 (£3,986) was received from the Irish Department of Transport in respect of the Loran-C Capital Project. The total advances were €1,265,344 (£1,008,805) at 31 March 2008.

m) Provisions

Provisions are made for liabilities and charges in accordance with FRS12 Provisions, Contingent Liabilities and Contingent Assets where, at the balance sheet date, a legal constructive liability (i.e. a present obligation from a past event) exists, the transfer of economic benefits is probable and a reasonable estimate can be made.

n) Government Grants

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

Grants received in respect of capital expenditure on assets that are depreciated are credited to either the Government Grant Reserve or the Capital Grant Reserve as appropriate and released to the Income and Expenditure Account by instalments over the useful economic life of the relevant assets.

o) 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 to open market value each year.

Open market valuations have been completed in March 2008 at each of these properties by Graham & Sibbald, Chartered Surveyors. These properties are included in Balance Sheet at the open market valuation.

p) Investments

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

2. Income from Light Dues

This includes £3.4m (2006/2007 £3.1m) light dues collected in the Republic of Ireland.

3. Other Operating Income

	TH	NLB	CIL	GLF	2007/2008	2006/2007
	£'000	£'000	£'000	£'000	£'000	£'000
Rentals						
Property	150	134	173	-	457	349
Buoys	281	62	114	-	457	421
Other Commercial Income	-	137	-	-	137	495
Tenders	462	344	640	-	1,446	327
Tri GLA Research & Radio Navigation income	21	-	-	-	21	141
Sundry receipts	748	36	416	1	1,201	701
	1,662	713	1,343	1	3,719	2,434

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 2007/2008 falls due in January 2009. 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

	TH	NLB	CIL	2007/2008	2006/2007
	£'000	£'000	£'000	£'000	£'000
Wages & Salaries	10,745	6,532	8,852	26,129	24,763
Social Security costs	881	505	607	1,993	2,002
Redundancy	(229)	237	130	138	1,100
Annual Compensation Payments	(170)	83	35	(52)	(257)
Total staff costs	11,227	7,357	9,624	28,208	27,608
Costs capitalised in fixed assets	(71)	-	(348)	(419)	(608)
Charged to Income and Expenditure account	11,156	7,357	9,276	27,789	27,000

b) Pension Costs

	TH	NLB	CIL	2007/2008	2006/2007
	£'000	£'000	£'000	£'000	£'000
Operating costs	2,405	1,702	2,296	6,403	5,263
Employers contribution to other pension schemes	14	706	12	732	136
Total	2,419	2,408	2,308	7,135	5,399

Employers contributions to other pension schemes relate predominantly to the Merchant Navy Officers Pension Scheme.

c) The Average Monthly Number Of Employees During The Year

	TH	NLB	CIL	2007/2008	2006/2007
				£'000	£'000
Lighthouse Attendants*	-	65	72	137	140
Light Floats	-	-	4	4	4
Tenders	108	64	32	204	213
Depots & Workshops	188	37	71	296	307
Head Office	25	95	70	190	194
Coast Tradesmen	-	-	23	23	23
Total	321	261	272	854	881
Part time staff included in above*	11	76	83	170	175

* 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.

The average monthly number of employees stated above does not include temporary staff. The number of temporary staff employed, expressed as Full-Time Equivalents, was as follows:

	<i>TH</i>	<i>NLB</i>	<i>CIL</i>	<i>2007/2008</i> <i>£'000</i>	<i>2006/2007</i> <i>£'000</i>
Temporary Staff	3.4	4.0	8.0	15.4	23.8

6. Operating Surplus

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

	<i>TH</i> <i>£'000</i>	<i>NLB</i> <i>£'000</i>	<i>CIL</i> <i>£'000</i>	<i>2007/2008</i> <i>£'000</i>	<i>2006/2007</i> <i>£'000</i>
Vehicles	-	26	15	41	78
Helicopters	388	501	335	1,224	1,281
Land & Buildings	80	-	22	102	112
Boat Hire	372	-	-	372	339
	840	527	372	1,739	1,810

7a). Total Operating Costs

	<i>TH</i> <i>£'000</i>	<i>NLB</i> <i>£'000</i>	<i>CIL</i> <i>£'000</i>	<i>2007/2008</i> <i>£'000</i>	<i>2006/2007</i> <i>£'000</i>
Lighthouses	2,263	2,049	4,349	8,661	8,302
Lightvessels	168	-	105	273	313
Buoys and Beacons	1,680	195	445	2,320	1,981
Heliports	5	-	-	5	6
Lanbys	-	-	76	76	143
Tenders	7,004	4,427	1,940	13,371	12,091
Depots & Workshops	8,630	2,040	7,802	18,472	13,216
Head Office	1,891	4,974	51	6,916	10,831
Salary Costs capitalised	-	-	348	348	434
Redundancy	(239)	61	130	(48)	1,099
Running Costs	21,402	13,746	15,246	50,394	48,416
Depreciation	3,795	3,578	1,773	9,146	10,096
Amortisation	267	95	18	380	230
Pension costs	2,249	1,908	2,308	6,465	5,153
Penalty for early termination MV Pharos lease	-	-	-	-	190
Capitalised pay excluded from operating costs	-	-	(348)	(348)	(608)
Impairment	209	-	-	209	-
Provisions for liabilities and charges	-	783	-	783	-
Other project costs	-	-	-	-	14
Total	27,922	20,110	18,997	67,029	63,491
GLF Costs					
Fund management				345	328
Light dues collection costs				678	628
Lighthouses abroad (Pension costs)				43	14
Research & development				812	555
Special Sanctioned R&D ie Galileo & eloran				613	802
Sombrero				2	2
Administration expenses of the Secretary of State				118	178
Actuarial valuation				25	29
Provision for bad debts				29	85
Audit fee				131	127
Loss on foreign exchange translation				(335)	(225)
Wreck Removal				444	-
Other costs				-	73
Total				69,934	66,087

7b). Other Operating Costs

	<i>TH</i> £'000	<i>NLB</i> £'000	<i>CIL</i> £'000	<i>GLF</i> £'000	2007/2008 £'000	2006/2007 £'000
Communications	463	336	249	-	1,048	1,068
Services & Energy	2,820	1,377	1,768	-	5,965	4,599
Travel & Subsistence	642	953	1,002	-	2,597	2,840
Helicopter Costs	697	788	793	-	2,278	2,163
Premises, Repairs & Maintenance	1,421	1,756	1,137	-	4,314	3,589
Ship & Boat Costs	2,451	718	673	-	3,842	4,253
Others	2,322	744	-	2,165	5,231	4,849
Total	10,816	6,672	5,622	2,165	25,275	23,362

8. Exceptional Item - Profit on Disposal of CIL Headquarters

In July 2007, The Commissioners of Irish Lights completed the sale of their Dublin headquarters at 16 Lower Pembroke Street, for the sum of €26m (£18m). The proceeds were invested in a deposit facility at the Anglo Irish Bank, and were utilised in the funding of the construction of the new headquarters and depot complex at Dun Laoghaire.

9. Interest Receivable

	<i>TH</i> £'000	<i>NLB</i> £'000	<i>CIL</i> £'000	<i>GLF</i> £'000	2007/2008 £'000	2006/2007 £'000
	48	23	335	964	1,370	1,087

10. Interest Payable on Finance Leases for:

<i>THV Galatea</i> £'000	<i>THV Mermaid</i> £'000	<i>THV Alert</i> £'000	<i>NLV Pharos</i> £'000	<i>MV Pole Star</i> £'000	<i>ILV Granuaile</i> £'000	2007/2008 £'000	2006/2007 £'000
221	(51)	175	870	378	372	1,965	1,102

11. Intangible Fixed Assets

	<i>Intangible Software</i> £'000	<i>Intangible Licences</i> £'000	<i>Assets in the Course of Construction</i> £'000	<i>Total</i> £'000
Costs				
Balance at 01/04/07	1,156	150	-	1,306
Additions	72	-	41	113
Transfers	1,005	-	-	1,005
Disposals	(262)	-	-	(262)
Balance at 31/03/08	1,971	150	41	2,162
Amortisation				
Balance at 01/04/07	752	5	-	757
Provided during the year	372	8	-	380
Disposals	(63)	-	-	(63)
Balance at 31/03/08	1,061	13	-	1,074
Net book value				
at 01/04/07	404	145	-	549
at 31/03/08	910	137	41	1,088

Impairment losses recognised in the Income and Expenditure Account for the year ended 2007/08 were £198,749 (2006/07 Nil) and are included within amortisation. The loss relates to the development of the link between Trinity House's finance system and its Maintenance Management System which proved to be incompatible and was subsequently curtailed.

	2007/2008 £'000
Amortisation	380
Impairment	199
Total	579

12. Tangible Fixed Assets

	Land & Buildings Ongoing	Land & Buildings Surplus	Light Vessels / Lanbys	Tenders Ancillary & Craft	Buoys & Beacons	Plant & Equipment	IT Equipment	Assets in the Course of construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Costs									
Balance at 01/04/07	47,875	2,637	9,301	72,578	10,750	67,299	3,000	15,026	228,466
Additions	9,701	-	197	667	641	1,812	626	20,736	34,380
Revaluation	-	(140)	-	-	-	-	-	0	(140)
Disposals	(654)	-	(957)	(10,712)	(84)	(1,645)	(394)	0	(14,446)
Transfers	9,132	-	-	17,661	1,033	2,440	102	(31,373)	(1,005)
Balance at 31/03/08	66,054	2,497	8,541	80,194	12,340	69,906	3,334	4,389	247,255
Depreciation									
Balance at 01/04/07	15,591	59	8,073	30,255	5,080	41,467	2,202	-	102,727
Provided during the year	1,455	-	361	3,032	597	3,336	365	-	9,146
Revaluation	-	-	-	-	-	-	-	-	-
Disposals	(441)	-	(903)	(8,984)	(55)	(1,493)	(341)	-	(12,217)
Reclassification	(7)	-	-	-	-	-	-	-	(7)
Balance at 31/03/08	16,598	59	7,531	24,303	5,622	43,310	2,226	-	99,649
Net book value at 01/04/07	32,284	2,578	1,228	42,323	5,670	25,832	798	15,026	125,739
Net book value at 31/03/08	49,456	2,438	1,010	55,891	6,718	26,596	1,108	4,389	147,606

The Net Book value of land and buildings is entirely in respect of freehold assets.

Tenders & Craft

Leased Assets included in above

	TH £'000	NLB £'000	CIL £'000	Total £'000
Depreciation charged for the year	1,040	1,055	665	2,760
Net book value at 31st March 2008	21,337	23,000	10,157	54,494

Leased Assets shown under Tenders and Craft represent THV Patricia, THV Galatea, NLV Pharos, NLV Pole Star and ILV Granuaile which are subject to finance leases.

Northern Lighthouse Board Commissioners also own antiques that have been revalued at £603,000 at 14th December 2003. Further information is given in Note 24 - Third Party Assets.

Revalued Assets

The Miranda Building, 35/36 West Street and 7 Church Street, which all formed part of the old Harwich offices became surplus in 2005/06 and were revalued at Open Market Value in that year. These values have been reviewed as at March 2008 resulting in revaluations of the Miranda Building to £550,000 (2006/07 £600,000), and West Street to £270,000 (2006/07 £250,000) and Church Street to £325,000 (2006/07 £300,000).

The Mermaid Building which also formed part of the old Harwich offices, became surplus during 2006/07 and was revalued at Open Market Value in that year. This value has been reviewed as at 31st March 2008 resulting in decrease in valuation to £750,000 (2006/07 £800,000).

The Penzance Depot became surplus in 2004/05 and was revalued in that year at Open Market Value. The valuation has been reviewed as at 31st March 2008 resulting in a revaluation to £750,000 (2006/07 £800,000).

The Gt Yarmouth Depot became surplus in 2004/05. Major repairs to the Sea Wall were completed during 2006/07 and the property was revalued at Open Market Value in that year. The valuation has been reviewed as at 31st March 2008 resulting in a revaluation to £360,000 (2006/07 £395,000).

The valuations for all properties were carried out externally by Mr P. Lidgley BSc (Hons) MRICS on behalf of Lambeth Smith Hampton consultant surveyors as at 31st March 2008, 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. All valuations are based on reviews of earlier reports completed by Mr P Lidgley on behalf of Erinaceous Property Services Ltd, dated 3rd May 2002, 28th June 2005 and 16th May 2006, which provide full valuations for each site as at the following dates:

Property	Date of Last Full Valuation
The Miranda Building and Mermaid Building	1st February 2006
35/36 West Street and 7 Church Street	12th July 2005
The Penzance Depot	1st April 2005

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

	2007/2008 Penzance £'000	2007/2008 Miranda £'000	2007/2008 West Street £'000	2007/2008 Church Street £'000	2007/2008 Mermaid £'000	2007/2008 Gt Yarmouth £'000
Cost	5	75	37	1	501	99
Depreciation	(4)	(57)	(36)	-	(226)	(87)
Net book value	1	18	1	1	275	12

	2006/2007 Penzance £'000	2006/2007 Miranda £'000	2006/2007 West Street £'000	2006/2007 Church Street £'000	2006/2007 Mermaid £'000	2006/2007 Gt Yarmouth £'000
Cost	5	75	37	1	501	99
Depreciation	(4)	(55)	(36)	-	(216)	(85)
Net book value	1	20	1	1	285	14

Lighthouse Cottages

Trinity House own 39 cottages of which 37 are currently leased to Trinitas Services Ltd. With the automation of the lighthouses, TH 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 markers' or are necessary to retain for future operational requirements of the site ie 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.

The Northern Lighthouse Board own 9 cottages which are retained solely for holiday rentals. These holiday cottages have therefore been treated in accordance with SSAP 19: Accounting for Investment properties and are accordingly revalued to open market value.

Gain On Sale Of Fixed Assets

A gain on the sale of fixed assets of £829,000 was incurred during the year. This relates mainly to the sale of THV Mermaid.

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

	31/03/2008 £'000	31/03/2007 £'000
Irish Government - Loran C Project	1,008	855
European Union - DGPS	7	7
European Union - Interreg AIS equipment	945	677
UK Government - Harwich Depot	2,315	2,380
	4,275	3,919

Loss on Revaluation

A loss on revaluation of £10,000 has been recognised in the Income and Expenditure Account for the year ended 2007/08 (2006/07 Nil) and is included within depreciation. The loss relates to the revaluation of the Gt Yarmouth site which cannot be offset against previous revaluation gains.

	£'000
Depreciation	9,146
Loss on revaluation	10
Total	9,156

13. Investment Assets

	31/03/08 £'000	31/03/07 £'000
Holiday Cottages		
As at 1 April 2007	970	1,095
Additions	-	186
Depreciation	(7)	(6)
Revaluations	102	-
Write Downs	-	(305)
Total as at 31 March 2008	1,065	970

Holiday cottages are shown at open market valuation (see note 1(o))

14. Stocks

	TH £'000	NLB £'000	CIL £'000	31/03/2008 £'000	31/03/2007 £'000
Total	1,798	567	539	2,904	2,059

15. Debtors

	<i>TH</i>	<i>NLB</i>	<i>CIL</i>	<i>GLF</i>	<i>31/03/08</i>	<i>31/03/07</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Trade debtors	543	10	140	6,168	6,861	4,891
Long term debtors	300	-	-	-	300	300
Other debtors	343	-	155	-	498	799
Prepayments and accrued income	305	339	273	241	1,158	1,261
VAT recoverable	167	124	262	-	553	619
	<u>1,638</u>	<u>473</u>	<u>830</u>	<u>6,409</u>	<u>9,370</u>	<u>7,870</u>

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

	<i>TH</i>	<i>NLB</i>	<i>CIL</i>	<i>GLF</i>	<i>31/03/07</i>	<i>31/03/07</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Central Government	167	130	-	-	297	270
NHS Trusts	-	-	-	-	-	-
Local Authorities	-	-	-	-	-	2
Public Corporations	-	-	-	-	-	-
	<u>6</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>7</u>	<u>17</u>

16. Investments

	<i>BG</i>	<i>MC</i>	<i>Total</i>
	£'000	£'000	£'000
Cost			
01/04/2007	28,550	40,660	69,210
Additions	6,188	10,556	16,744
Disposals	(4,875)	(7,670)	(12,545)
	<u>29,863</u>	<u>43,546</u>	<u>73,409</u>

31/03/2008

All Investments are listed and managed by Baillie Gifford & Co. (BG) and Martin Currie Assets Management Ltd. (MC).

In addition cash is held by HSBC Liquidity Funds of £16.2m Sterling cash reserve, £7.7m Euro cash reserve, Baillie Gifford of £0.4m and Martin Currie of £1.0m, totalling £25.3m (2006/07 £15.7m). 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:

	<i>BG</i>	<i>MC</i>	<i>31/03/2008</i>	<i>31/03/2007</i>
	£'000	£'000	£'000	£'000
Government securities	7,069	3,191	10,260	9,310
Equities	25,013	39,564	64,577	67,783
	<u>32,082</u>	<u>42,755</u>	<u>74,837</u>	<u>77,093</u>

The movement in revaluation reserve is reflected in note 25.

17. Cash at Bank and in Hand

	<i>31/03/2008</i>	<i>31/03/2007</i>
	£'000	£'000
Balance at 1 April 2007	19,906	27,565
Net Changes in Cash Balances	9,844	(7,659)
Balance at 31 March 2008	<u>29,750</u>	<u>19,906</u>
Represented by cash held by the following:		
Commissioners for Irish Lights	138	371
General Lighthouse Fund	25,324	15,656
Northern Lighthouse Board	270	1,025
Trinity House	868	266
Trinity House Light Dues	3,150	2,588
Balance at 31 March 2008	<u>29,750</u>	<u>19,906</u>

18. Creditors: Amounts falling due within one year

	<i>TH</i>	<i>NLB</i>	<i>CIL</i>	<i>GLF</i>	<i>31/03/08</i>	<i>31/03/07</i>
	£'000	£'000	£'000	£'000	£'000	£'000
Trade creditors	1,284	739	1,520	-	3,543	3,776
Other creditors	56	16	49	-	121	151
Taxes and social security costs	360	195	249	-	804	752
Accruals	1,280	607	3,920	94	5,901	2,328
Obligations under finance leases	929	1,075	1,081	-	3,085	3,080
Bank Overdraft	-	-	-	14	14	14
	<u>3,909</u>	<u>2,632</u>	<u>6,819</u>	<u>108</u>	<u>13,468</u>	<u>10,101</u>

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

	<i>TH</i>	<i>NLB</i>	<i>CIL</i>	<i>31/03/08</i>	<i>31/03/07</i>
	£'000	£'000	£'000	£'000	£'000
Central Government	360	213	10	583	599
NHS Trusts	-	-	-	-	-
Local Authorities	-	1	-	1	-
Public Corporations	-	1	-	1	69
Total	360	215	10	585	668

19. Creditors: Amounts falling due after more than one year

	<i>TH</i>	<i>NLB</i>	<i>CIL</i>	<i>31/03/08</i>	<i>31/03/07</i>
	£'000	£'000	£'000	£'000	£'000
Obligations under finance leases (note 20)	19,160	22,398	7,625	49,183	34,745
Other creditors	-	-	13	13	23
	19,160	22,398	7,638	49,196	34,768

20. Obligations under Finance Leases

Amounts payable:	<i>TH</i>	<i>NLB</i>	<i>CIL</i>	<i>31/03/08</i>	<i>31/03/07</i>
	£'000	£'000	£'000	£'000	£'000
Within one year	929	1,075	1,081	3,085	3,080
In one to two years	986	1,134	1,131	3,251	2,220
In two to five years	3,329	3,784	3,719	10,832	7,351
Over five years	14,845	17,480	2,775	35,100	25,172
	20,089	23,473	8,706	52,268	37,823

All these obligations are for finance leases for the five GLA ships. The main details of these leases are as follows:

Trinity House vessels:

THV Galatea

RIV Alert

Length of lease	15 years	15 years
Year commenced	2007	2006
Outstanding lease period	14 years	13 years
Frequency of payments	1/2 yearly	1/2 yearly
Interest is based on LIBOR rate.		
Average rate charged 2007/2008	5.99%	5.13%
Average rate charged 2006/2007	N/A	4.83%

The Northern Lighthouse Board vessels:

NLV Pharos

NLV Pole Star

Length of lease	15 years	25 years
Year commenced	2007	2000
Outstanding lease period	14 years	18 years
Frequency of payments	1/2 yearly	1/2 yearly
Interest is based on LIBOR rate.		
Average rate charged 2007/2008	5.44%	5.14%
Average rate charged 2006/2007	5.44%	5.14%

The Commissioners of Irish Lights vessel:

ILV Granuaile

Length of lease	15 years
Year commenced	1999
Outstanding lease period	7 years
Frequency of payments	1/2 yearly
Interest is based on LIBOR rate.	
Average rate charged 2007/2008	4.59%
Average rate charged 2006/2007	4.59%

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

21. Obligations under Operating Leases

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

	<i>TH</i>	<i>NLB</i>	<i>CIL</i>	<i>31/03/08</i>	<i>31/03/07</i>
	£'000	£'000	£'000	£'000	£'000
Leases expiring					
<i>Within one year</i>					
Land & Buildings	-	12	-	12	5
Other	-	49	402	451	101
	-	61	402	463	106

	TH £'000	NLB £'000	CIL £'000	31/03/08 £'000	31/03/07 £'000
<i>Within two to five years</i>					
Land & Buildings	-	20	-	20	19
Other	700	584	57	1,341	1,347
	700	604	57	1,361	1,366
<i>After five years</i>					
Land & Buildings	77	1	2,880	2,958	2,556
Other	-	-	7,336	7,336	-
	77	1	10,216	10,294	2,556

22. Capital Commitments

	TH £'000	NLB £'000	CIL £'000	31/03/08 £'000	31/03/07 £'000
Amounts contracted for but not provided in the accounts	134	1,065	1,019	2,218	7,310

23. Movement in Provisions for Liabilities and Charges

	ACP £'000	Restructuring Provision £'000	MNOPF £'000	Republic of Ireland Contribution £'000	Redundancies £'000	Total £'000
	(i)	(ii)	(iii)	(iv)	(v)	
Opening balance as at 1 April 2007	978	702	162	915	743	3,499
Charged in I & E on ordinary activities	177	201	561	-	207	1,146
Provisions utilised during the year	(258)	-	(112)	-	(223)	(593)
Provisions not utilised and written back	-	(497)	-	-	(339)	(836)
Foreign exchange translation	8	-	2	160	-	170
Provision at 31 March 2008	905	406	613	1,075	388	3,386

The General Lighthouse Fund has provided for

- i) 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.
- ii) Restructuring costs - the estimated redundancy costs as a result of restructuring the organisation. It is expected that 49% of these costs will be incurred during 2008/2009 with the remaining 51% incurred in the three years 2009/2010 to 2011/2012
- iii) Additional Contributions to the Merchant Navy Officer's Pension Fund - provision for actuarially calculated estimate of additional contributions due to help meet the deficit in the fund.
- iv) Provision to repay the Republic of Ireland Government contribution to the Dun Laoghaire redevelopment.
- v) Redundancies - the estimated redundancy costs as a result of changing from the THV Mermaid to the the THV Galatea and redundancies as a result of a re-organisation within operations, planning and asset management of Trinity House. It is expected that 75% of the provision will be incurred in 2007/08 and 25% in 2009/10.

24. 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, for employees who joined the scheme before 1 October 2002, 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. Employees who joined the scheme after 1 October 2002 contribute 3.5% of pensionable elements of pay and may also make voluntary contributions for the purchase of added years service.

Employees joining after 1 October 2002 could opt instead to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions of £7,466 were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay.

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 GLAs have 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 nationally 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 £74.4m. The estimated liability for pensions in payment and deferred pensions of former employees of the General Lighthouse Fund was £200.9m. 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	TH	CIL
Price Inflation	3.70%	3.70%	3.70%
Salary Growth	4.70%	4.70%	4.70%
Pre-retirement Investment return	6.20%	6.20%	6.20%
Rate of Increase to pensions in deferment	3.70%	3.70%	4.20%

The actuary's updated estimate of the liability of ACPs at 31 March 2008 is £904,000.

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

	31/03/2008 £'000	31/03/2007 £'000
Active members	91,775	102,899
Deferred pensioners	48,548	55,802
Pensioners	197,342	189,137
Total liability at projected unit method	337,665	347,838
	£'000	£'000
Scheme liability at 31 March 2007		£'000 347,838
Current service cost	6,403	
Curtailment Losses	-	
Interest on pension scheme liability	17,430	
Benefits payable		23,833
Pensions or annuities to retired employees and dependants	(13,502)	
Commutations and lump sum benefits:		
On retirement	(1,218)	
On early retirement	(201)	
On death	(79)	
Injury benefits	(11)	
		(15,011)
Pension payments to and on account of leavers		
Refunds to members leaving service	(4)	
Group transfers to other schemes	-	
Individual transfers to other schemes	(495)	
Club Transfers	(120)	
		(619)
		(15,630)
Income received in respect of enhancements		
Employees:	326	
Purchase of added years	492	
WPS contributions		
Employers:		
Bringing forward the payment of accrued lump sums	-	
Enhancement to pensions on departure	-	
Enhancement to pensions on retirement	-	
		818
Pensions transfers in		
Group transfers in from other schemes	-	
Individual transfers in from other schemes	379	
Club Transfers	177	
		556
		1,374
Actuarial gains and losses		
Experience arising on scheme liabilities	(1,115)	
Changes in assumptions underlying the present value of Scheme liabilities	(38,402)	
Impact of change in exchange rate	19,767	
		(19,750)
		(19,750)
Scheme liability at 31 March 2008		337,665
Opening balance		347,838
Closing balance		337,665
		(10,173)
Operating cost		6,403
Financing cost		17,430
Net benefit outgo		(14,256)
Statement of recognised gains and losses		(19,750)
		(10,173)

	31/03/2008	31/03/2007	31/03/2006
Experience Gains and Losses on Scheme Liabilities			
Amount	1,115	(1,206)	2,223
Percentage of the present value of Scheme Liabilities	0.3%	0.3%	(0.7%)
Total Amount Recognised in statement of total recognised gains and losses			
Amount	19,750	(31,969)	(40,391)
Percentage of the present value of Scheme Liabilities	5.8%	(9.2%)	(13.2%)

The DfT has reported the contingent liability for the General Lighthouse Authorities' pensions for inclusion in the Consolidated Fund and National Loans Fund accounts for 2007/2008 and a liability of £337.7m has been disclosed.

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 GLAs 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 GLAs are Participating Employers of the Merchant Navy Officers' Pension Fund (MNOFF) which is a defined benefit scheme providing benefits based on final pensionable salary. The MNOFF has a deficit of £151,000,000 identified in an actuarial valuation as at 31 March 2006. The rules of the MNOFF 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 MNOFF 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 MNOFF 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.

During 2007/2008 the GLAs paid £146,000 in employers' contributions; of this £135,000 was in respect of additional contributions to fund the deficit identified by MNOFF. NLB has made a provision of £600,000 for the liability arising under Section 75 of the Pensions Act 1995 when the last active members cease employment with the Board.

25. Reserve Movements

a) Accumulated Reserve	Accumulated Reserve £'000	Revaluation £'000	Govt. Grant £'000	Capital Grant £'000	Total £'000
Opening balance as at 1 April 2007	(177,541)	11,412	3,919	190	(162,020)
Added during the year	-	(6,481)	356	-	(6,125)
Actuarial gain	19,750	-	-	-	19,750
Transfer from / to income & expenditure account	11,315	-	-	(15)	11,300
Closing Balance as at 31 March 2008	(146,476)	4,931	4,275	175	(137,095)

The balance on the Accumulated Reserve is analysed as follows:

	31/03/2008 £'000	31/03/2007 £'000
Accumulated Reserve excluding pension liability	191,189	170,295
Pension Liability	(337,665)	(347,836)
Accumulated Reserve	(146,476)	(177,541)

The balance on the Government Grant Reserve is analysed as follows:

	31/03/2008	31/03/2007
UK Government Grants	2,315	2,380
Republic of Ireland Government Grants	1,008	1,024
European Union Grants	952	515
Government Reserve	4,275	3,919

26. 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.

27. Contingent Assets

CIL have taken a legal action against ABN Amro Bank NV over its failure to pay out a €912,000 bond arising from one of the main sub-contractors on the Dun Laoghaire re-development project i.e. Metallbau Hirsch AG failing to honour its contractual obligations as a result of it going into liquidation in August 2007. CIL are very confident of being successful with this action however have not taken any of the €912,000 to the income during the period ended 31 March 2008.

28. Contingent Liabilities

Protection and Indemnity

The GLA'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 GLAs 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 2005/2006 and there will be no Supplementary Calls for these years. The Club have advised the GLAs that it does not anticipate Supplementary Calls for the years 2006/2007 and 2007/2008. As a result the GLAs have 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.

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 GLAs operate in extra territorial waters. To the best of their knowledge they have no contingent liabilities in respect of these activities.

eLoran VT Contract

On 31st May 2007, a contract was signed for the provision of a UK and Irish Enhanced LORAN Signal-In-Space as part of a European Enhanced LORAN service. Broadcasting from Anthorn in Cumbria, the quarterly cost to the GLAs of this service is £93,783 increasing to £158,041 per quarter from 1st October 2007 onwards. The contract covers two phases, totally a period from 31st May 2007 to 1st October 2010. The GLAs have reserved the right to terminate the contract, at their sole discretion at the end of the first phase, on or about 1st October 2010. If this option is pursued, the GLAs will be liable for a cost of £1,139,130. If they do not exercise this option, the repayment liability will diminish, on a quarterly basis from £3,173,264 if terminated during October-December 2010 to zero at the end of the contract. At present, the GLAs do not envisage terminating the contract and have made no provision in the Accounts.

Merchant Navy Officers Pension Fund

As a Participating Employer in the Merchant Navy Officers Pension Fund the GLAs may be required to make a further contribution to fund the deficit from the valuation as at 31 March 2006. This additional payment would be a share of the deficit that remains after the first call for payments from Participating Employers in September 2007. The GLAs cannot make a reliable estimate of the amount and is therefore not able to make a provision in the Accounts.

29. Related Parties

The Fund is administered by the DfT who sponsor the three Authorities. For this purpose each is considered to be a Non-Departmental Public Body.

The Authorities and DfT are regarded to be related parties.

Neither the Secretary of State for Transport, nor any key officials with responsibilities for the Fund or any of the Authorities' Board members, key managerial staff or other related parties have undertaken any material transactions with the Fund during the year.

Trinitas Services Ltd

TH has entered into an agreement to lease lighthouse cottages to Trinitas Services Limited (TSL), a wholly owned subsidiary of the Corporation. The agreement provides for some 34 lighthouse cottages at 14 locations to be leased to TSL for 25 years. TSL 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.

During the year TH refurbished a further 6 lighthouse cottages at the Lizard, and entered into an agreement to lease them to TSL for 20 years commencing February 2002, with an effective possession date of 14th December 2006. TSL has entered into a contract with Mullion Cottages to let them as holiday cottages.

The investment in bringing the original cottages and the Lizard cottages to material state together with the legal costs of the agreement is in the order of £990,000.

The freehold interest in the properties remains with TH. 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 TH has made a loan facility available to TSL up to £1,000,000. The maximum amount which had been drawn down was £600,000. At the Balance Sheet date £300,000 remained outstanding. The loan has a fixed interest rate of 5% payable after three years.

In the event of a default on the loan TH would have a claim against the assets of Trinitas Services Ltd. The loan was to refurbish and provide soft furnishings to property owned by TH, and as the value is retained within the properties, the risk is considered low.

Commodore J S Scorer, Director, F C Bourne, Non-Executive Director, Captain N R Pryke, Non-Executive Director are all appointed to the Board of Trinitas Services Ltd as nominees of TH, and Rear Admiral J M de Halpert, Executive Chairman, TH, became shareholder of Trinitas Services Ltd on 28 March 2006.

Corporation of Trinity House

The Corporation of Trinity House owns Trinity House Tower Hill and provides rent free accommodation for the use of TH. TH reimburses the Corporation for service charges in proportion to the floor area occupied. During 2007/08 TH paid £256,722 to The Corporation of Trinity House in respect of service charges incurred in using office space and facilities at Trinity House, London (£240,588 in 2006/07).

Conversely, the Corporation of Trinity House reimburses TH for the provision of services during the year. The Corporation paid £75,989 to TH in respect of these services during the year (£38,107 in 2006/07).

East of England Development Agency

In accordance with the accounts direction the East of England Development Agency (EEDA) is deemed to be a related party of TH 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 TH closes operations in Harwich before 2013 or if the expected increase in employment at the Harwich depot is not achieved.

During 2006/07 the project was deemed complete for EEDA purposes and TH received the final grant funding of £250,000 from EEDA (£1,148,507 in 2005/06). No further funding has been received during the year.

Heritage Lottery Fund

In accordance with the accounts direction the Heritage Lottery Fund (HLF) is deemed to be a related party of Trinity House since both organisations are sponsored by government departments.

Trinity House was awarded two project planning grants for feasibility studies as follows:

Blackwall Museum: A 70% grant up to a maximum of £50,000 eligible costs has been awarded against a feasibility study to determine the viability of developing a Trinity House Collection Museum at Blackwall. £25,000 has been received with the balance due on completion of the study. The study concluded at an early stage that it was not viable, therefore £1,857.80, being a proportion of the £25,000 received, was refunded to HLF during the year.

Lizard Heritage Centre: A 70% grant was awarded to determine the viability of developing a Heritage Centre at the existing Trinity House Lighthouse facility at the Lizard. This has been completed and a grant of £38,000 was received in full during 2006/2007.

Following the successful feasibility study, a further 61% grant of £394,000 has been awarded to develop the Lizard Heritage Centre. As at 31st March 2008, no funds had been received in relation to this grant.

As at 31st March 2008 Trinity House had received grant funding of £61,148 from the Heritage Lottery Fund.

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 former Chief Executive and the current Director of Engineering of NLB 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 Transport (Republic of Ireland)

The Republic of Ireland's Department of Transport (DoT) 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 DoT except as disclosed by note 11 to the accounts.

30. Post Balance Sheet Events

In July 2008 the wreck of the UB 38, a World War One German Submarine located on the Varne Bank in the Dover Strait, whose clearance depth was causing concern, was removed into deeper water, thus increasing the clearance depth above it. The costs incurred in carrying out this work was £1.51m (2007/08 £0.44m)

A contract to the value of £4.71m was awarded to VT Communications Limited in July 2008, to refresh the DGPS equipment across the three GLAs, together with a ten year maintenance contract.

As detailed in Note 16 to these accounts, the GLF has investments, managed by two investment managers. As a result of the difficult market conditions, caused by the "credit crunch" and the economic slow down of most world economies, the value of these investments have fallen by £14m to £61m as at 1 November 2008.

As at 31 March 2008 the combined GLA pension liability was £338m, as a result of the recent falls in global investment markets it is probable that the pension deficit will have increased, however it is not practicable to quantify this outside of the annual reporting regime.

31. 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 GLAs 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 GLAs 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 GLAs 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 dependent indirectly on the liquidity of the General Lighthouse Fund.

Interest Rate Risk

Trinity House

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 interest rate for the finance lease for the RIV Alert was fixed on 9th August 2006 and therefore exposes no risk.

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.

The rate of interest on the loan that has been made to Trinitas Services Limited 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 setting up of the finance lease for NLV Pole Star, the Board evaluated the option of eliminating the exposure. However it was found that the financial risks were not significant.

The Board holds working funds in a money market account and is therefore exposed to interest rate fluctuations. However, the balance is managed to ensure that it is maintained at a minimum to meet forecast short term cash requirements.

Commissioners of Irish Lights

The finance lease for the ILV Granuaile 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 2008 is £7.7m.

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 2008.

	<i>Book value</i> £'000	<i>Fair Value</i> £'000
Financial Assets		
Investments	73,409	74,837
Cash at bank and in hand	29,750	29,749
Bank Guarantees	225	225
Loan to Trinitas Services Ltd	300	300
Financial Liabilities		
Finance lease obligations	52,268	52,698

32. 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 2008 the cash and investment balances were £59,000.

In addition, assets are held by the Northern Lighthouse Board on behalf of the 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.

33. Losses

Obsolete stock amounting to £9,000 was written off during the year. An impairment loss of £198,749 was recognised as a result of the curtailment of a project to develop a link between the Trinity House finance system and its Maintenance Management System which proved to be incompatible.

34. Further Information

a)	Number of fixed assets:	<i>TH</i>	<i>NLB</i>	<i>CIL</i>	<i>31/03/2008</i>	<i>31/03/2007</i>
	Lighthouses	70	213	80	363	367
	Lightvessels	12	-	1	13	15
	Lightfloats	2	-	-	2	2
	Lanby Buoys	-	-	2	2	3
	Buoys & Beacons	694	242	196	1,132	1,172
	Tenders & Ancillary Craft	11	2	2	15	17
	Lighthouses abroad	1	-	-	1	1
		790	457	281	1,528	1,577
b)	Number of fixed assets deployed:	<i>TH</i>	<i>NLB</i>	<i>CIL</i>	<i>31/03/2008</i>	<i>31/03/2007</i>
	Lighthouses	69	209	80	358	365
	Lightvessels	7	-	1	8	10
	Lightfloats	1	-	-	1	2
	Lanby Buoys	-	-	2	2	2
	Buoys & Beacons	683	201	196	1,080	950
	Tenders & Ancillary Craft	11	2	2	15	16
	Lighthouses abroad	2	-	-	2	2
		773	412	281	1,466	1,347

Trinity House operates the Lighthouse at Sombrero (Anguilla) on behalf of the Department for Transport, and has full responsibility for the Lighthouse at Europa Point (Gibraltar).

Five Year Summary

	2008	2007	2006	2005	Restated 2004
Light Dues and Irish Income	67,452	70,062	74,602	71,123	74,663
Other Income	8,527	6,551	5,460	5,390	4,166
	75,979	76,613	80,062	76,513	78,829
Staff Costs	(27,789)	(27,000)	(26,240)	(28,401)	(26,527)
Pensions	(7,135)	(5,399)	(4,240)	(5,124)	(5,056)
Amortisation of Intangible Assets	(579)	(230)	(124)	-	-
Depreciation of Tangible Assets	(9,156)	(10,096)	(11,455)	(9,926)	(9,256)
Other Operating Costs	(25,275)	(23,362)	(25,059)	(23,531)	(22,211)
	6045	10,526	12,944	9,531	15,779
Exceptional Items	18,382	-	-	(7,902)	-
Interest on Pension Scheme Liability	(17,430)	(18,195)	(15,490)	(15,666)	(13,627)
Gain/(Loss) on Sale of Fixed Assets	829	80	207	(215)	(343)
Income from Investments	2,253	1,888	2,105	1,802	1,708
(Loss)/Profit on Sale of Investments	1,831	5,843	998	(550)	(1,030)
Other Interest Receivable	1,370	1,087	914	1,124	898
Interest Payable	(1,965)	(1,102)	(1,351)	(1,460)	(1,580)
Surplus for the Financial Year	11,315	127	(673)	(13,336)	1,805
Fixed Assets	150,059	127,558	105,577	100,890	96,990
Net Current Assets	103,093	96,527	94,517	85,750	84,679
Long Term Creditors, Capital & Reserves	(186,291)	(196,788)	(143,108)	(126,697)	(116,822)
Pension Liability & Other Provisions	(341,051)	(351,337)	(310,248)	(263,093)	(244,417)
Purchase of Tangible Fixed Assets	34,380	35,534	16,028	13,317	8,116
Average Number of Employees (inc part time)	854	881	909	956	1,010

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 (GLA's) 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 GLA's 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 GLA's. The pensions of the GLA's 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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ISBN 978-0-10-295818-8

