

GENERAL LIGHTHOUSE FUND

Report and Accounts for the Year Ended 31 March 2011

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Presented to Parliament pursuant to
Section 211(5) of the Merchant Shipping Act 1995
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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 2010/11 Government Financial Reporting Manual (FReM) issued by HM Treasury, except for the departures specifically required by the accounts direction. The accounting policies contained in the FReM follow International Financial Reporting Standards (IFRS) 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 (DfT) 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 GLAs:

- Trinity House in its capacity as a lighthouse service (TH)
- Commissioners of Northern Lighthouses (known as Northern Lighthouse Board) (NLB)
- Commissioners of Irish Lights (CIL)

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 continuous maintenance of Aid to Navigation (AtoN) availability above the International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA) standards.
- Understanding between UK Shipping Minister and Irish Transport Minister that Aids to Navigation in the Republic of Ireland will be financed from Irish sources by 2015/16.
- Secured non GLF funding to continue the development of eloran
- Agreed the discontinuation Blacknore lighthouse.
- Generated income of £3.5m from commercial activities.
- Continued development of the GLA Joint Strategic Board for good administrative purpose.
- GLA Running costs agreed in principle for the next three years, achieving substantive reductions through even greater efficiencies.

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, the Northern Lighthouse Board and the Commissioners of Irish Lights can trace their origins to statutes passed in 1786.

Prior to 1836, AtoNs were provided by a 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 AtoNs 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 AtoNs 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 former colonies 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 AtoNs 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 and in the coming year's e-Navigation will play an ever increasing role as an aid to navigation (see page 9). The GLAs have focused on reducing costs with major investments in both depots and ships. 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

The GLAs vision of the future of AtoNs is contained in the document '2020 The Vision' which is a comprehensive strategy for marine navigation around the UK and the Republic of Ireland until 2020. It is currently the primary strategic document for the GLAs, together with the GLAs' Radio Navigation Plan and Visual Aids to Navigation Plan. Key points include the retention of a mix of visual and electronic aids; the realisation of the potential of AIS and the development of a terrestrial Radio Navigation back up, enhanced Loran (eLoran). During this year work has continued on the successor document to '2020 The Vision' entitled '2025 and Beyond' which will be published during 2011.

Future Goals

To continue to drive efficiencies in the provision of marine aids to navigation where it is safe, proportionate and appropriate to do so, in part from taking forward those recommendations in the Atkins assessment that provide benefit to the industry, leisure users and the GLAs themselves.

To deliver the strategy contained in '2020 The Vision' and its successor '2025 and Beyond', the three GLAs will continue to co-operate with each other, consult with all users and continuously review all their AtoNs. 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 understanding between UK and Irish Ministers that, Aids to Navigation in the Republic of Ireland will be funded from Irish sources from 2015/16, Officials from DfT will work with their Irish counterparts to deliver on this commitment.

Finally DfT will look for alternative ways to bring forward key proposals contained within the draft Marine Navigation Bill, that deal with issues such as the regularisation of the territorial extent of GLA operations, GLA commercial work and addressing in part the General Lighthouse Authorities pension liabilities.

Key Performance Indicators

Availability of Differential Global Positioning System (DGPS)

Assuming overlapping coverage, the GLA DGPS Service availability was equal to or better than 99.9% in all areas for the year 2010/11. IALA recommends presentation of DGPS Service, availability taken over a two year period. Again assuming overlapping coverage, the GLA DGPS Service availability was equal to or better than 99.93% in all areas for the two year period 2009/11. The availability of the GLA DGPS service is therefore 99.93% and within the target availability criteria of 99.8%.

Aids to Navigation (AtoN) Availability

Availability of AtoN is the prime factor in any measurement to demonstrate compliance with the GLAs statutory responsibilities. The standards against which the GLA measure themselves are those recommended as the minima by IALA. The figures shown below reproduced in accordance with those standards, show three year rolling averages under the various categories of aids and against the minimum availability required for each category. It can be seen that, except for Racons in two years, the GLAs service has exceeded those minima in all years covered by the review. The GLAs consider this to be a major achievement given the reductions in resources in recent years. This is a significant contribution towards the ongoing safety of all mariners.

Definition, calculation and targets

The method of measurement and the recognised availability standards are set for each category by the International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA). They are published in the IALA Aids to Navigation Guide (NAVGUIDE – Edition March 2010). 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 page 4.

Changes to data or calculation

There have been no changes to the data or method of calculation.

General Lighthouse Authorities Aids to Navigation Availability – Three Year Rolling Averages

Trinity House												
Aton Type	Cat.	IALA Min	2006/07		2007/08		2008/09		2009/10		2010/11	
			Act	Diff	Act	Diff	Act	Diff	Act	Diff	Act	Diff
Lights	1	99.8%	99.8%	0.0%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%
Racons	1	99.8%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%
Lights	2	99.0%	99.9%	0.9%	99.9%	0.9%	99.9%	0.9%	99.9%	0.9%	100.0%	1.0%
Fog Signals	3	97.0%	99.9%	2.9%	99.9%	2.9%	99.9%	2.9%	99.9%	2.9%	99.9%	2.9%
Lights	3	97.0%	99.8%	2.8%	99.8%	2.8%	99.8%	2.8%	99.8%	2.8%	99.8%	2.8%
Northern Lighthouse Board												
Aton Type	Cat.	IALA Min	2006/07		2007/08		2008/09		2009/10		2010/11	
			Act	Diff	Act	Diff	Act	Diff	Act	Diff	Act	Diff
Buoys	1	99.8%	99.8%	0.0%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%
Lights	1	99.8%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%	99.8%	0.0%	99.8%	0.0%
Racons	1	99.8%	99.9%	0.1%	99.9%	0.1%	99.8%	0.0%	99.9%	0.1%	99.8%	0.0%
Buoys	2	99.0%	99.8%	0.8%	99.8%	0.8%	99.9%	0.9%	99.9%	0.9%	100.0%	1.0%
Lights	2	99.0%	99.9%	0.9%	99.8%	0.8%	99.8%	0.8%	99.8%	0.8%	99.9%	0.9%
Buoys	3	97.0%	99.9%	2.9%	99.9%	2.9%	99.9%	2.9%	99.9%	2.9%	99.9%	2.9%
Beacons	3	97.0%	100.0%	3.0%	100.0%	3.0%	100.0%	3.0%	100.0%	3.0%	100.0%	3.0%
Commissioners of Irish Lights												
Aton Type	Cat.	IALA Min	2006/07		2007/08		2008/09		2009/10		2010/11	
			Act	Diff	Act	Diff	Act	Diff	Act	Diff	Act	Diff
Lights	1	99.8%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%
Racons	1	99.8%	99.7%	-0.1%	99.6%	-0.2%	99.8%	0.0%	99.9%	0.1%	100.0%	0.2%
Lights	2	99.0%	99.9%	0.9%	99.9%	0.9%	99.9%	0.9%	99.8%	0.8%	99.8%	0.8%
Fog Signals	3	97.0%	99.8%	2.8%	99.8%	2.8%	99.8%	2.8%	99.8%	2.8%	99.7%	2.7%
Lights	3	97.0%	99.7%	2.7%	99.8%	2.8%	99.8%	2.8%	99.9%	2.9%	99.9%	2.9%

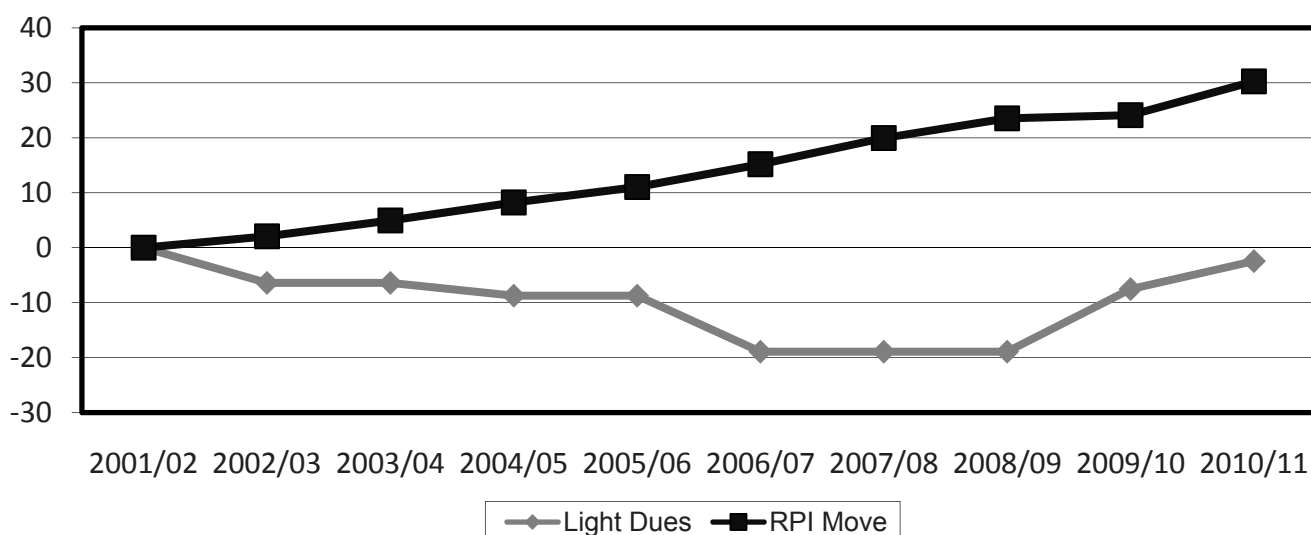
Current and Future Developments

Light Dues

The income to the 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 AtoNs at the minimum cost.

The Government remains committed to the present system of recovering costs through light dues but are determined to minimise the cost burden on the shipping industry. Over the fifteen years to 2008/09, the GLAs consistently delivered reductions in the real cost of light dues. The rate per ton fell from its historic peak of 43p in 1993 to 35p in 2006. The general economic and financial climate in 2008 and early 2009 together with the fact that the GLF had been operating at a budgeted annual deficit in recent years resulted in the GLF falling to levels close to agreed minimum levels. As a result the light dues rate was raised to 41p per ton in a two stage increase which took place on 1 July 2009 and 1 April 2010. In addition the voyage and tonnage cap was also increased to 9 voyages and 40,000 nrt respectively. Despite these increases, light dues remain 34% lower than they were 10 years ago. Light dues collection has held up well despite the forecasts from the payers of Light Dues, who believed income would fall when light dues were increased as ships would be deterred from calling at UK ports. In fact, more vessels have called at UK Ports with chargeable tonnage 5% up at the end of 2010/11 compared with a year ago. The Shipping Minister has indicated that stable light dues charges are important for the shipping industry and so has said that there should be no increase in the level of Light Dues for a further 2 years.

Light Dues Rates compared to RPI



Assessment of Provision and Financing of Aids to Navigation around the UK and Ireland

Following a Government Consultation in early 2009 into proposed increases in light dues, the Department for Transport (UK) and the Department of Transport (Republic of Ireland) jointly commissioned an Assessment of the Provision of Marine Aids to Navigation around the United Kingdom and Ireland. The engineering consultancy firm, W S Atkins, were appointed in September 2009 to conduct this assessment and, after consultation with the Departments, the General Lighthouse Authorities, the Chamber of Shipping and the shipping industry more generally, Atkins published their Report in March 2010. The Report made 52 separate recommendations concentrating on the running of the GLAs, the funding by the General Lighthouse Fund of the Commissioners of Irish Lights and the light dues charging regime.

Considerable progress has been made throughout the year to deliver on the recommendations under the leadership of the Joint Strategic Board which was set up following the Review. Most of the recommendations which are the responsibility of the GLAs have either been delivered or are close to being so; in particular it has been agreed to centralise out-of-hours monitoring in Harwich, to reduce spare capacity in the buoy yards and to establish an RPI-X Running Costs discipline into our financial planning.

Aids to Navigation Review

In May 2010, the GLAs published their latest 5 yearly comprehensive review of AtoN requirements for the waters around the United Kingdom and Ireland. In determining the ongoing requirements, modern technology has allowed the GLAs to make full use of data on vessel traffic analysis provided through the Automated Identification Systems (AIS). This data together with the use of Geographic Information systems (GIS) overlays including the consideration of leisure routes and a professional assessment of new or changing offshore developments has facilitated the formulation of decisions that will ensure the safety of navigation for the coming years.

In the review the following principles have been applied to ensure a consistent application around the coast. Generally, the lights system can be considered a complementary but secondary system to Global Navigation Satellite Systems such as GPS. Having one light in view is acceptable. A maximum range of 18 miles is considered sufficient for most lights. Rotating optics are no longer a requirement. If practical, there can be a reduction in the amount and diversity of flash characters of lighthouse lights. Leading and Sector lights remain important. Fog Signals are no longer considered to be an AtoN and will only be used as hazard warning signals. Major Floating AtoN, including light vessels, can have the same light character if not in close proximity.

The decisions were made following a wide scale consultation exercise with users and representative organisations across the whole spectrum of users from leisure sailors to large commercial operators. The results include decisions to discontinue 6 lighthouses, 18 buoys, 5 fog signals, 3 beacons and 1 radar beacon; decrease the range of light at 44 lighthouses; increase the range at 2 lighthouses; light 10 existing unlit minor AtoN; establish 4 minor AtoN and 1 radar beacon; negotiate with representative local lighthouse and port authorities for the transfer from the GLAs to them of 53 AtoN that are considered to be primarily for the benefit of local navigation. The changes will be implemented over the coming years.

Differential Global Positioning System (DGPS) Re-Engineering

A contractor has been appointed for the re-engineering of the tri-GLA DGPS System. This work will address existing system equipment obsolescence and technical upgrades that are now required to meet the ongoing service provision goals. It involves work on the 14 DGPS sites in the United Kingdom and Ireland. As the system is developed by the contractor, minor preparatory work will be ongoing at the sites to receive the new outstation equipment. However delays with the system development have been encountered and the in service date has been extended.

E-Navigation

The GLAs have continued to contribute to the development of e-Navigation through involvement with the UK e-Navigation steering group and IALA both of which feed into IMO. The key building blocks of Global Navigation Satellite Systems (GNSS) backup, secure and reliable communications, and secure and reliable charting and chart displays are developing, but universal carriage remains some way in the future. The GLAs continue to participate in a pan-European Loran network on a trial basis in the belief that eLoran, or a derivative, provides a reliable, accurate, secure and low cost enhancement of GNSS derived Positioning, Navigation and Timing (PNT) for multi modal uses and applications. ELoran, or an equivalent terrestrial backup to GNSS, is a key building block of e-Navigation.

The GLAs eLoran trials have been very successful to date. The potential eLoran system performance and the vulnerability of GNSS have been clearly demonstrated. A widely publicised report by the Royal Academy of Engineering on GNSS vulnerability pointed out that developing back-up systems to GNSS, such as eLoran, is vital.

The GLAs prototype eLoran service has been operational for the last three years. Central government funding to develop eLoran further was secured in the 2010/11 year, following DfT acceptance of a business case that estimated that eLoran could save £25million over its life, with most of the savings coming from a reduction in the number of traditional AtoNs.

Most of the work to develop e-Navigation is carried out by the GLAs' Research and Radio Navigation (R&RNAV) department based at the Trinity House depot in Harwich. This department was subjected to an independent, external review by Deloitte MCS Limited in 2010/11. This review made several recommendations designed to improve working practices including recommending a reduction in manpower of 21%, which has now been implemented.

Co-ordinated Fleet Management

Proposals were developed to adopt and implement co-ordinated GLA fleet management, following the recommendations of the C-MAR fleet review which reported during 2009. The GLAs' proposals will lead to greater operational efficiency and reduced running costs for the management of the GLA fleet. A new memorandum of understanding covering inter-GLA ship support came into effect on 1 January 2011. This will further strengthen the co-ordinated management of the GLA fleet.

Trinity House Helicopter Contract

A new helicopter contract was awarded to Police Aviation Services (PAS) starting in December 2010. This reduced the previous 365 days a year helicopter availability to just 140 flying days and 40 days spare time. This reduction in availability has required a fundamental change to the delivery of maintenance to the 'front line' Lighthouses as part of Trinity House's drive for greater efficiencies.

Triennial Risk Management Review

Trinity House led the GLAs' triennial risk management review, the recommendations of which were approved by the Lights Finance Committee on 26 November 2009 and are being implemented against an agreed programme. External consultant Willis Ltd, who was employed as part of the review to provide independent advice and to test the effectiveness and robustness of the GLAs' risk management arrangements, concluded that the GLAs had implemented structured approaches to managing risks and continue to apply robust internal controls.

Draft Marine Navigation Bill

In line with the Modernisation Committee recommendation for new legislation, the DfT published a draft Marine Navigation Bill in May 2008 for pre-legislative scrutiny. The Bill would introduce new powers and duties to improve the ability of harbour and lighthouse authorities to discharge their responsibilities for safety management in UK waters. This includes measures to confirm the powers of the GLAs to work outside the 12 nautical mile territorial limit, to improve their ability to tender for commercial work where this can allow the utilisation of surplus capacity and to update the GLA pension arrangements. The Bill has been unable to find Parliamentary time, and is currently being revised in line with the Coalition Government's Policy priorities while other avenues are explored to include the Bill's contents within the legislative programme.

Investment Portfolio

The GLF's Investment Portfolio, managed by Baillie Gifford & Co. and Martin Currie Investment Management Limited, experienced another very good year with the value of the investments increasing by £7.9m (9.5%). The gains are largely attributable to the continued improvement in global investment markets.

The DfT also commissioned a review of the GLF's investment performance over the last four years to consider what the future investment strategy should be. The review was undertaken by the Government Actuaries Department. It recommended that the element of the portfolio relating to employees pension contributions should be invested in a Diversified Growth Fund, in order to provide an acceptable return coupled with a more diversified risk profile. A European tender process is currently under way to identify and appoint a suitable investment manager. The GLF's cash management arrangements are handled by HSBC.

An investment committee consisting of representatives from the DfT and the GLAs meets quarterly to question the investment managers on recent performance and their future investment plans.

Investment Analysis by Investment House

		Market Value	Cost
		31 March 11	31 March 11
		£m	£m
Martin Currie	Investments	44.6	39.1
	Cash for Investment	3.8	3.8
Baillie Gifford	Investments	41.5	30.8
	Cash for Investment	0.9	0.9
Total		90.8	74.6
HSBC Sterling Liquidity Fund		19.3	19.3
HSBC Euro Liquidity Fund		8.3	8.3
Total HSBC Liquidity Fund		27.6	27.6

Resources

People

The most important resource that the GLAs have is people. 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 performance and development systems, whereby personal development plans are produced on an annual basis for every member of staff. In addition, skill gaps are identified through careful strategic analysis and organisation wide development initiatives introduced as a result.

TH take responsibility for three inter GLAs functions: Research and Radio Navigation (discussed on Page 6); the collection of light dues in the UK, and from June 2011 TH took on responsibility for out-of-hours AtoN monitoring. Light dues collection is achieved using an internet based collection system, operated by light dues collectors in each port, who are all members of the Institute of Chartered Shipbrokers. Other arrangements exist in the Republic of Ireland and the Isle of Man for the collection of light dues.

Sickness Absence

Sickness absence in the three GLAs during the year was:

	2010/11	2009/10
Trinity House		
Total number of days sickness	3,001	2,044
Average number of days lost per employee	9.5	6.5
Commissioner of Irish Lights		
Total number of days sickness	1,502	1,478
Average number of days lost per employee	9.4	8.5
Northern Lighthouse Board		
Total number of days sickness	1,429	2,030
Average number of days lost per employee	7.5	10.4

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 28 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 eLoran and adopted as the terrestrial radio navigation service as backup to GNSS for Safety of Life at Sea Convention vessels (SOLAS), 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 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 leaders in the use of renewable energy sources for navigational aids, principally through the installation of solar-electric power systems occasionally supplemented by wind power. This has reduced considerably their 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 of renewable energy 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 imposes some limitations on the employment of disabled staff. When dealing with employee absence, compliance with the Disability Discrimination Act is ensured by always seeking advice through Occupational Health Services utilised by the GLAs.

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.

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, 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 £361.5M as at 31 March 2011 on an accrued benefit valuation cash equivalent basis, comprising prospective benefits due to active members, deferred pensioners and pensioners. However, the GLAs had received a letter of comfort on behalf of the UK Secretary of State (See Appendix 1) 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 £50.4m, cannot however 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 safeguards for employee's pension contributions and is looking at legislative options 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 on Internal Control, following the requirements of the 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 conditions in global investment markets, impacting on the value of the GLF investment portfolio.
Adverse currency market fluctuations impacting on Euro exposure.

Operational Risks

AtoN Provision

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

Operational Staffing

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

Operational Environment

Reduction in light dues income due to fewer ship calls and/or use of larger ships as a result of changing global trading patterns and trends towards the use of larger vessels.

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 adequately implement changes in technology (also a strategic and hazard risk).

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), drawn up in March 2003 and last updated in August 2008.

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 representatives of payers of light dues. It includes ship-owners 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 AtoNs. The JUCG assists in advising the Secretary of State for Transport on the changing requirements for marine AtoN.

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 DfT 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 AtoN 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 in 2010/11. 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, under the Merchant Shipping (Light Dues) Act 1983.

Going Concern

These accounts have been prepared on a going concern basis, as the DfT are satisfied that the Fund's activities are sustainable for the foreseeable future. The Statement of Financial Position at 31 March 2011 reflects a pension liability of £361.5m (see below and Note 23). 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 GLF 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.

Accounting Policies, Changes in Accounting Estimates and Errors

The Accounting Policies are reviewed each year in accordance with IAS 8, Accounting Policies. This review is carried out at the tri-GLA Accounts Format Working Group

Pension Liability

There is a substantial deficit on the General Lighthouse Fund's pension scheme and this is reflected in the accounts. The total liability, which was recognised on the Statement of Financial Position for the first time in 2003/04, amounts to £361.5m as at 31 March 2011. 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 DfT has acknowledged the existence of the pension liability and, together with the three GLAs, is addressing 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 31 March 2011 the actuaries estimate that £50.4m 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 the pension liability over time from the General Lighthouse Fund to a separately managed pension fund.

4 - Reviewing areas for potential changes to primary legislation to meet the changing needs in the best interests of employees and the General Lighthouse Fund.

During the year the Government introduced changes to the way future pension increases are calculated. The Consumer Prices Index has replaced the Retail Prices Index as the basis for this calculation and as a result a one off reduction of £19.5m in the Combined Authorities Pension Liability has been reported in the Statement of Comprehensive Net Income and Note 23.

Operating Results

The operating results for the year are set out in the Statement of Consolidated Income and show an operating surplus of £41.7m for 2010/11 (£16.3m in 2009/10). The total surplus for the financial year of £21.6m was transferred to the General Reserve (2009/10 deficit £5.2m). For 2010/11 the GLAs' performance against the cash limits set by DfT can be summarised as follows:

Commissioners of Irish Lights	Actual Expenditure £'000	Cash Limits £'000	Variation £'000
Running Costs	15,640	16,919	(1,279)
Capital Expenditure	727	2,264	(1,537)
Pension & Ships Lease	9,219	9,138	82
Total	25,587	28,322	(2,735)

Northern Lighthouse Board	Actual Expenditure £'000	Cash Limits £'000	Variation £'000
Running Costs	13,888	15,386	(1,498)
Capital Expenditure	3,112	3,565	(453)
Expenditure on behalf of all GLAs	21	57	(36)
Pension & Ships Lease	5,616	5,554	62
Total	22,637	24,562	(1,925)

Trinity House	Actual Expenditure £'000	Cash Limits £'000	Variation £'000
Running Costs	24,464	24,588	(124)
Capital Expenditure	3,130	5,314	(2,184)
Expenditure on behalf of all GLAs	2,596	2,764	(168)
Expenditure on behalf of DfT	320	340	(20)
Pension & Ships Lease	8,741	8,960	(219)
Total	39,251	41,966	(2,715)

Expenditure on Non-Current Assets

During the year to 31 March 2011 the GLAs' expenditure on non-current assets was as follows:

Commissioners of Irish Lights	2010/11 £'000	2009/10 £'000
Assets in course of construction	279	267
Land	-	-
Buildings	-	-
Tenders Ancillary Craft & Floating Aids	54	716
Plant & Equipment	775	918
Total	1,108	1,901

Northern Lighthouse Board	2010/11 £'000	2009/10 £'000
Assets in course of construction	1,217	866
Land	4	-
Buildings	970	369
Tenders Ancillary Craft & Floating Aids	514	286
Plant & Equipment	377	581
Total	3,082	2,102

Trinity House	2010/11 £'000	2009/10 £'000
Assets in course of construction	1,304	382
Land	-	-
Buildings	505	1,707
Tenders Ancillary Craft & Floating Aids	526	1,167
Plant & Equipment	533	622
Total	2,868	3,878

The Accounts Direction provides that fixed assets shall be stated at historic cost less depreciation. During 2010/11 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 £'000	NBV £'000	Difference £'000
Harwich Depot	TH	4,275	9,535	(5,260)
Swansea Depot	TH	120	391	(271)
Edinburgh Headquarters	NLB	3,295	233	3,062
Oban Depot	NLB	890	3,374	(2,484)
Dun Laoghaire Headquarters	CIL	8,409	18,522	(10,112)

Trinity House London is owned by the Corporation of Trinity House and is not an asset of the GLF.

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.

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	£24.3m
Northern Lighthouse Board	£22.5m
Trinity House	<u>£36.2m</u>
Total	£83.0m

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

Light Dues	£87.1m
Irish Government Contribution	<u>£11.4m</u>
Total	£98.5m

Cash income to the fund exceeded cash drawn down by the GLAs by £15.5m in the year 2010/11, and reflects an improving financial situation as a result of increases to the Light Dues Tariff that came into effect from 1 July 2009 and 1 April 2010. However around £4.6m of the Irish Government contribution was an advance payment for 2011/12, and as a result the Irish Government contribution for 2011/12 will be reduced accordingly.

Data-Related Incidents

The GLAs are responding proportionately to the Cabinet Office's minimum mandatory measures, having regard to their relative small size, legal status and role as General Lighthouse Authorities.

The Data Protection Officers for each of the GLAs are unaware of any data related incidents during 2010/11.

Events after the Year End

These are covered in note 30 to the accounts.

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 2011 compared to the amount invoiced by the suppliers during the year equated to the following proportion of days.

Trinity House	12 days
Northern Lighthouse Board	23 days
Commissioners of Irish Lights	23 days

Audit

The accounting records of the GLAs and the consolidated General Lighthouse Fund are examined by the UK Comptroller and Auditor General. The GLAs accounts, except for the departures specifically required by the accounts direction, are prepared under the terms of the 2010/11 Government Financial Reporting Manual (FReM) issued by HM Treasury and the accounts direction. The accounting policies contained in the FReM follow International Financial Reporting Standards (IFRS) to the extent that it is meaningful and appropriate to the public sector. The audit fee for 2010/11 is £135,000.

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 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

The Government has come to the view that it is not clear whether the GLAs' existing powers under Section 193 of the Merchant Shipping Act 1995 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 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 Lights Advisory Committee, representing the payers of light dues, has made it clear that 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. International Financial Reporting Standard (IFRS) 10 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.

Lin Homer
Accounting Officer
18 November 2011

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 2010/11 was as follows:

Rear Admiral Sir J De Halpert	Executive Chairman
Captain R Barker	Director of Navigational Requirements
Commodore J Scorer	Director of Operations
J Wedge	Director of Finance & Support Services
Captain N Pryke	Non-Executive
J Price	Secretary

Nominees of the Secretary of State for Transport (DfT)

D Coltman	Non-Executive (Resigned 22 October 2010)
C Bourne	Non-Executive
M Gladwyn	Non Executive

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 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 2010/11 was as follows:-

Law Officers for Scotland

The Rt Hon E Angiolini QC WS,	(Resigned 5 May 2011)
F Mulholland QC	
L Thomson QC	(Appointed 25 May 2011)

Sheriffs Principals of the Sheriffdoms of Scotland

Sheriff Principal R Dunlop QC	Chairman
Sheriff Principal E Bowen CBE TD QC	(Resigned 6 May 2011)
Sheriff Principal M Stephen	(Appointed 7 May 2011)
Sheriff Principal B Kerr QC	
Sheriff Principal Sir S Young Bt QC	
Sheriff Principal B Lockhart	

Sheriff Principal J Taylor
Sheriff Principal C Scott

(Resigned 29 April 2011)
(Appointed 1 May 2011)

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

Elected by the Commissioners

A Mackenzie

A Whyte

Captain M Close

Vice Chairman

J Ross CBE

Nominated by the Secretary of State and elected by the Commissioners

Dr A Cubie CBE

Lord Provosts

Councillor R Winter

Councillor Reverend Dr G Grubb

Councillor P Stephen

Councillor S Park

Councillor W 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

R Lockwood CB

Chief Executive

M Waddell B.Sc. (Hons)

Director of Engineering

Captain P Day

Director of Marine Operations

D Gorman ACMA CFIIA

Director of Finance & Administration

Commissioners of Irish Lights

The Commissioners of Irish Lights are a statutory body of 21 members, with perpetual succession, to provide and maintain AtoNs 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 member's 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 currently reduced from 17 to 12.

The membership of the Board during 2010/11 was as follows:

Commissioners

S Tyrrell

Chairman

D Delamer

Vice Chairman

J Coyle

Deputy Vice Chairman

M Gallagher

The Lord Glentoran, C.B.E., D.L

(Resigned 31 December 2010)

J Gore-Grimes, B.A., LLB.

T Johnson

Commodore J Kavanagh

(Resigned 31 December 2010)

J Kidney, FCA

M Maclaran, B.A M O'Neill

E Shanks

Ex-officio Commissioners (Representatives of Dublin City Council)

The Lord Mayor Councillor G Breen

(Appointed 24th September 2010)

Councillor D Lacy

Councillor E Wynn

Councillor P Bourke

Executive Members

S Ruttle, M.A., B.A.I., PhD. C.Eng. FRIN

Chief Executive

Eur Ing S Doyle BE CEng FIEE MRIN

Director of Engineering

K O'Higgins MNI

Director of Marine

M Dyas, F.C.M.A.

Director of Corporate Services

J Burke, MSc (IT), BAgrSc (Econ)

Director of Information & Communication Technology

Secretary to the Board
A Bedlow

Remuneration Reports

The officials who manage 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

Remuneration Strategy

Trinity House operates a remuneration strategy based on spot rate salaries informed by job evaluation and market testing. Trinity House 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 the organisation to benchmark with external comparators to ensure their salary rates remain competitive. The organisation aims 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. Trinity House market tests all positions against local and national pay markets as appropriate and undertakes an equal pay audit throughout the service every two years to ensure our pay rates remain competitive.

Trinity House 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 achievements are assessed in relation to objectives, behavioural and technical competencies. Bonus allocation is determined by individual performance and organisational level success against the year's corporate strategic objectives.

This approach to pay policy ensures TH complies with age discrimination policy and rewards performance and competence as opposed to long service.

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 staff of a high quality. It is considered essential that the remuneration structure should be competitive with those of comparable organisations. The remuneration strategy seeks to balance the fixed cost element with variable reward, providing the opportunity for variable remuneration in the form of the performance-based bonuses. The remuneration of the Directors and their pension entitlements are shown below:

Remuneration of Directors (Audited)

Name	Salary 2010/11 £'000	Bonus 2010/11 £'000	Benefits 2010/11 £	Salary 2009/10 £'000	Bonus 2009/10 £'000	Benefits 2009/10 £
J de Halpert	100-105	20-25	-	100-105	15-20	-
J Wedge	90-95	10-15	1,600	85-90	10-15	2,200
D Glass*	-	-	-	10-15	-	-
R Barker**	75-80	10-15	100	75-80	5-10	100
J Scorer	90-95	10-15	200	85-90	10-15	200
M Gladwyn	15-20	-	-	10-15	-	200
N Pryke***	20-25	-	1300	15-20	-	800
D Coltman****	5-10	-	2,100	10-15	-	5,000
C Bourne	15-20	-	600	10-15	-	300

*Retired 21 May 2009 Full Time Equivalent salary £75k-£80k

**Director with effect from 11 May 2009

***N Pryke receives remuneration as a Non Executive Director and an Examiner, his salary also includes payments of £1,205.35 made by Trinity House on behalf of the Corporation of Trinity House, which were subsequently recharged.

****Resigned 22 October 2010 Full Time Equivalent salary £15k-£20k

Benefits include any benefits provided by Trinity House and treated by HM Revenue and Customs as a taxable emolument. Included as benefits are; relocation expenses, gym memberships and reimbursement of subscriptions to professional bodies. These have been rounded to the nearest £100.

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2010-11 relate to performance in 2010-11 and the comparative bonuses reported for 2009-10 relate to performance in 2009-10.

Non-Executive Directors are employed on fixed term contracts for a period of 2 or 3 years, the term may be extended where appropriate.

Non-Executive Director	Contract Start	Expiry Date
Captain N R Pryke (Contract renewed in 2011 for further 1 year)	25 January 2005	31 January 2012
M Gladwyn (Contract renewed in 2010 for further 3 years)	1 September 2007	31 August 2013
D A Coltman (Term ended 22 October 2010)	23 October 2001	22 October 2010
F C Bourne (Contract renewed in 2010 for further 2 years)	20 July 2006	19 July 2012

Pensions (Audited)

All Executive Board Members of Trinity House (including the Executive Chairman) are ordinary members of the Trinity House Lighthouse Service Pension scheme. They are entitled to compensation for permanent loss of office under the terms of the Trinity House Lighthouse Service Compensation scheme which operates by analogy to the Civil Service compensation scheme. Their contracts are ongoing until the age of 65, subject to satisfactory performance and require a twelve month written notice period.

	(a) Real Increase in pension	(b) Real Increase in lump sum	(c) Accrued Pension	(d) Accrued lump sum	(e) CETV 31 March 10	(f) CETV 31 March 11	(g) Real Increase CETV	(h) Employer contribution Partnership Pension Acct.
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
J de Halpert	0-2.5	-	15-20	-	289	337	38	-
J Wedge	0-2.5	2.5-5.0	25-30	80-85	420	481	23	-
J Scorer	0-2.5	-	5-10	-	78	121	33	-
R Barker	0-2.5	-	5-10	-	86	119	22	-

The actuarial factors used to calculate CETVs were changed in 2010/11. The CETVs at 31/3/10 and 31/3/11 have been calculated using the new factors, for consistency. The CETV at 31/3/10 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

Columns e and f of the above 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 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 membership of the Trinity House pension scheme, not just their service in a senior capacity to which the disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Trinity House Lighthouse Service pension scheme. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETV's are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

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-directorships, 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 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. The current pay structure was implemented with effect from 1 April 2004 following a review by a firm of external consultants. The new structure was agreed by the Department for Transport.

General

The creation of long-term effectiveness depends on the talents, contribution and commitment of the Chief Executive and Directors (the "executive directors"); so the Board must be able to attract and retain people of high quality. It is essential that the remuneration structure should be competitive with those of comparable organisations.

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)

Name	Salary 2010/11 £'000	Bonus 2010/11 £'000	Benefits 2010/11 £	Salary 2009/10 £'000	Bonus 2009/10 £'000	Benefits 2009/10 £
R Lockwood	85-90	5-10	-	85-90	5-10	-
D Gorman	75-80	5-10	-	75-80	5-10	-
P Day	75-80	5-10	-	75-80	5-10	-
M Waddell	75-80	5-10	-	75-80	5-10	-

Executive Directors' Pensions (Audited)

The Executive Directors are members of the Northern Lighthouse Board Pension Scheme which is an unfunded defined benefit scheme. Notes e and f of the table show the cash equivalent transfer value (CETV) of the director's pension benefits accrued at the beginning and the end of the reporting period. A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time.

The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV 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.

	(a) Real Increase in pension	(b) Real Increase in lump sum	(c) Accrued Pension	(d) Accrued lump sum	(e) CETV 31 March 10	(f) CETV 31 March 11	(g) Real Increase CETV	(h) Employer contribution Partnership Pension Acct.
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
R Lockwood	5-10	-	0-5	-	117	145	23	-
D Gorman	15-20	50-55	0-5	0-5	349	372	13	-
P Day	15-20	-	0-5	-	156	150	8	-
M Waddell	25-30	50-55	0-5	0-5	396	378	5	-

The actuarial factors used to calculate CETVs were changed in 2010/2011. The CETVs at 31 March 2010 and 31 March 2011 have both been calculated using the new factors for consistency. The CETV at 31 March 2010 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

Service Agreements

Each of the Executive Directors has a Service Agreement 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;

Commissioners are paid a basic remuneration per annum and with the exception of the Chairman and Vice Chairman are eligible for an additional daily payment for each day exceeding 20 days in the year.

	£
Basic annual remuneration	9,804
Additional daily payment	490
Chairman's remuneration	19,608
Vice Chairman's remuneration	13,068
Total amount paid in 2010/11 including NI	73,025
Total amount paid in 2009/10 including NI	73,021

Co-opted Commissioners' remuneration is set by the Board as a whole on the advice of the Department for Transport Remuneration remained unchanged in 2010/11. 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 2010/2011 was a co-opted Commissioner and was therefore paid. However, the Vice-Chairman was an Ex-Officio Commissioner and was unpaid. 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 analysed as follows:

	2010/11 £	2009/10 £
M Close	9,804	9,804
J Ross	9,804	9,804
R Quayle	9,804	9,804
Captain G Sutherland (to 31 July 09)	-	3,268
A Whyte	9,804	9,804
Sir A Cubie	19,608	19,608
A Mackenzie (from 1 August 09)	9,804	6,536

Commissioners of Irish Lights

Remuneration Committee

The Remuneration Committee, which is made up of the Office Bearers, the Chief Executive and one other Commissioner to be nominated by the Chairman and elected annually, is responsible for determining the salaries of the Heads of Department all of which are Executive Members of the Board. The Remuneration Committee, without the Chief Executive in attendance, is responsible for determining the salary of the Chief Executive.

Background

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 UK Department for Transport in consultation with the Irish Department of Transport. The Chief Executive and 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 of Chief Executive and Heads of Departments (Audited)

Name	Salary 2010/11 £'000	Bonus 2010/11 £'000	Benefits 2010/11 £	Salary 2009/10 £'000	Bonus 2009/10 £'000	Benefits 2009/10 £
S Ruttle	155-160	-	-	170-175	-	-
S Doyle	115-120	-	-	130-135	-	-
K O'Higgins	110-115	-	-	120-125	-	-
M Dyas*	80-85	-	-	115-120	-	-
J Burke	100-105	-	-	115-120	-	-

*Full Time Equivalent salary £100k-£105k

Pension Entitlements of Chief Executive and Heads of Departments (Audited)

The UK Civil Service Disclosure Calculator (PC 327: Departmental Resource Accounts: Disclosure of Salary, Pension and Compensation Scheme) was used to calculate this year's information. The figures for M Dyas reflect the fact that he commenced Partial Retirement on 3 December 2009 and also that he opted to commute part of his annual pension in return for an additional lump sum. From the above date he was employed on a part-time basis.

	(a) Real Increase in pension £'000	(b) Real Increase in lump sum £'000	(c) Accrued Pension £'000	(d) Accrued lump sum £'000	(e) CETV 31 March 10 £'000	(f) CETV 31 March 11 £'000	(g) Real Increase CETV £'000	(h) Employer contribution Partnership Pension Acct. £'000
S Ruttle	0-2.5	5-7.5	85-90	260-265	1,949	1,992	52	-
S Doyle	0-2.5	2.5-5	45-50	140-145	997	1,081	37	-
K O'Higgins	2.5-5	7.5-10	50-55	160-165	1,146	1,235	66	-
M Dyas	0-2.5	2.5-5	0-5	10-15	85	111	25	-
J Burke	0-2.5	-	20-25	-	228	267	16	-

The actuarial factors used to calculate the Cash Equivalent Transfer Values (CETVs) were changed in 2010/11. The CETVs at 31/3/10 and 31/3/11 have both been calculated using the new factors, for consistency. The CETV at 31/3/10 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

Following recommendations contained within the WS Atkins report (see page 6) a thorough review of CIL management structures and remuneration levels is currently being undertaken. Any proposals resulting from this review, if approved by the CIL Board, will be implemented from early 2012.

Lin Homer
Accounting Officer
18 November 2011

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 GLF, which consolidates 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 the GLFs 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 GLF before Parliament. The DfT prepares these accounts.

HM Treasury appointed the Permanent Secretary of the Department for Transport, Lin Homer, as Principal Accounting Officer of the Department with effect from 10 January 2011. 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 requirements of the Merchant Shipping Act 1995, 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 Accounting Officer for DfT is also the Accounting Officer for the GLF. 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".

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 (DfT).

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. I carry out this responsibility in conjunction with the Boards of the individual GLAs. Each of the GLA 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. These responsibilities were set out in a letter from me to each Chief Executive/Executive Chairman on 4 February 2010.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate risk of failure to achieve GLF policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. 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 2011 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 Management Review was undertaken in October 2009 by external risk management consultants on behalf of the three GLAs. This contains the risk management policy and strategy for the GLAs. It was approved by the Lights Finance Committee in November 2009. This review includes the analysis of all main risks facing the GLAs supported by third party assurance from a firm of independent risk consultants and draws on best practice guidance from the UK Risk Management Standard, prepared by the Institute of Risk Management, Association of Insurance and Risk by the Institute of Risk Management, Association of Insurance and Risk Managers and the National Forum for Risk Management in the Public Sector. A further triennial review will be carried out in 2012 or earlier if there is a significant change in the risk profile of the GLAs. 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 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 five years' budgets which are reviewed and endorsed by the Boards and LFC for submission to the Secretary of State;
- Budgets delegated to the individual GLAs, which are reviewed by the respective Boards and the DfT;
- The setting of 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
- An annual Internal Audit programme.

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;
- Daily Fund Valuation reports to monitor the fund level;
- Monthly Summary Financial Reports;
- Monthly reports from Trinity House on light dues income and trends;
- Weekly 12-week cash projection reports;

- Monitoring of the GLAs' delegated budgets;
- Five-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 industry representative 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 Internal Audit for the GLAs' 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 GLA Head of Internal Audit stated:

Internal Audit Conclusion

"The Annual Internal Audit Opinions for each of the GLAs' were 'Acceptable'* and have been presented to, and discussed at the individual GLA Audit Committee, and agreed with the respective Chief Executives". As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the bodies who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control and a plan to address weaknesses and ensure continuous improvement of the system is in place.

*Note - Acceptable is defined as a sound system of corporate governance, risk management and internal control established and found to be operating effectively with some minor weakness.

Extra Territorial Waters

In order to meet their responsibilities with regard to AtoNs 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 legislation.

Lin Homer
Accounting Officer
18 November 2011

The Certificate and Report 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 2011 under the Merchant Shipping Act 1995. These comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Equity 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 Boards, Secretary of State, Accounting Officer and Auditor

As explained more fully in the Statement of General Lighthouse Authorities' Boards, Secretary of State and Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with the Merchant Shipping Act 1995. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the General Lighthouse Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Department for Transport in respect of the General Lighthouse Fund; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Report and Accounts to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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.

Opinion on Financial Statements

In my opinion:

- The financial statements give a true and fair view of the state of the General Lighthouse Fund's affairs as at 31 March 2011 and of its net surplus for the year then ended; and
- The financial statements have been properly prepared in accordance with the Merchant Shipping Act 1995.

Opinion on Other Matters

In my opinion:

- The part of the Remuneration Report to be audited has been properly prepared in accordance with the Merchant Shipping Act 1995; and
- The information given in the Management Commentary and Constitutions of the General Lighthouse Authorities and their Boards Members for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on Which I Report by Exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- Adequate accounting records have not been kept; or
- The financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or

- I have not received all of the information and explanations I require for my audit; or
- The Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
1 December 2011

General Lighthouse Fund
Statement of Comprehensive Net Income
For the Year Ended 31 March 2011

			2010/11	Restated
	<i>Notes</i>		£'000	2009/10
				£'000
Income :				
Light Dues	3		87,077	76,223
Other income	4		13,166	14,545
			100,243	90,768
Expenditure :				
Staff costs	5		(33,914)	(29,959)
Amortisation	6		(335)	(504)
Depreciation	6		(10,779)	(10,670)
Loss on Revaluation			-	(115)
Pension Cost - Current Service	6		(7,298)	(5,319)
Pension Cost - Past Service	6		19,557	
Other Expenditure	6a		(25,733)	(27,857)
			<u>(58,502)</u>	<u>(74,424)</u>
Net Income/Expenditure			41,741	16,344
Interest receivable	7		102	51
Interest payable	8		(2,151)	(2,345)
Interest on Pension Scheme Liability	8		(18,035)	(19,288)
Revaluation of Investment Property	11		(18)	-
Surplus / (deficit) for the financial year			<u>21,639</u>	<u>(5,238)</u>

Statement of Other Comprehensive Income
For the Year Ended 31 March 2011

			2010/11	Restated
			£'000	2009/10
				£'000
Net gain/(loss) on revaluation of Property, Plant and Equipment	10		(80)	190
Net gain/(loss) on revaluation of available for sale financial assets	17		6,465	22,097
Total Other Comprehensive Income			<u>6,385</u>	<u>22,287</u>

Statement of Financial Position
As at 31 March 2011

	Notes	2010/11 £'000	Restated 2009/10 £'000	Restated 2008/09 £'000
Assets				
Non-Current assets				
Property, Plant and Equipment	10	146,490	152,515	157,711
Investment Property	11	1,619	1,032	952
Intangible Assets	12	750	787	1,040
Trade and Other Receivables	13	2	100	100
		<u>148,861</u>	<u>154,434</u>	<u>159,803</u>
Current Assets :				
Assets Classified as Held for Sale	14	409	-	1
Inventories	15	3,250	3,329	3,004
Trade and Other Receivables	16	6,195	10,630	9,243
Investments	17	86,118	79,209	57,099
Cash & Cash Equivalents	18	36,577	19,367	21,030
		<u>132,549</u>	<u>112,535</u>	<u>90,377</u>
Total Assets		<u>281,410</u>	<u>266,969</u>	<u>250,180</u>
Liabilities				
Current Liabilities				
Trade and Other Payables	19	(12,261)	(12,661)	(14,543)
Other Liabilities	20	(1,974)	(697)	(447)
		<u>(14,235)</u>	<u>(13,358)</u>	<u>(14,990)</u>
Non-Current Liabilities				
Provisions	20	(4,572)	(2,685)	(2,761)
Pension Liabilities	23	(361,513)	(408,465)	(330,558)
Financial Liabilities	19	(39,009)	(42,897)	(46,836)
		<u>(405,094)</u>	<u>(454,047)</u>	<u>(380,155)</u>
Total Assets less Total Liabilities		<u>(137,919)</u>	<u>(200,436)</u>	<u>(144,965)</u>
Reserves				
General Reserve		(159,758)	(216,267)	(138,643)
Government Grant Reserve		4,524	4,771	4,905
Revaluation Reserve		17,315	11,060	(11,227)
Total Reserves		<u>(137,919)</u>	<u>(200,436)</u>	<u>(144,965)</u>

Lin Homer
Accounting Officer
18 November 2011

Statement of Cash Flows
For the Year Ended 31 March 2011

	2010/11	Restated
	£'000	2009/10
		£'000
Cash flows from operating activities		
Net Deficit after Interest	21,639	(5,238)
Loss on Sale of Investments	432	1,102
Loss on revaluation of buildings	-	115
Loss/(Profit) on Disposal of Property Plant and Equipment	139	147
Loss on Disposal of Intangible Assets	-	18
Pension Benefits Outflow	(17,299)	(17,110)
Current Service Cost	7,298	4,834
Past Service Cost	(19,557)	-
Depreciation	10,779	10,671
Amortisation	335	504
Impairments	535	-
Reclassification of Capitalised Asset	-	-
(Increase)/Decrease in Trade and Other Receivables	4,433	(1,387)
(Increase)/Decrease in Inventories	79	(325)
Increase/(Decrease) in Trade Payables	(608)	(108)
Use of Provisions	3,164	174
Revaluation of Investment Properties	18	-
Foreign Exchange Translation	(13)	233
Net cash outflow from operating activities	11,374	(6,370)
Cash flow from investing activities		
Purchase of Property, Plant and Equipment	(7,079)	(9,699)
Purchase of Intangible assets	(291)	(240)
Purchase of Investments	(14,213)	(12,628)
Proceeds of Disposal of Property, Plant and Equipment	63	140
Proceeds of Investments	13,337	11,513
Loans to Other Bodies	100	-
Net cash outflow from investing activities	(8,083)	(10,914)
Cash flows from financing activities		
Movement in Government Grant Reserve	(226)	(134)
Pension Financing Cost	18,035	19,292
Inflow from New Finance Lease	-	-
Capital element of Payments in Respect of Finance Leases	(3,890)	(3,537)
Net cash flow from financing activities	13,919	15,621
Net cash flow from all activities	17,210	(1,663)
Net decrease in cash and cash equivalents in the period	17,210	(1,663)
Cash and cash equivalents at the beginning of the period	19,367	21,030
Cash and cash equivalents at the end of the period	36,577	19,367

**Statement of Changes in Equity
For the Year Ended 31 March 2011**

	General Reserve £'000	Revaluation Reserve £'000	Government Grant Reserve £'000	Total Reserves £'000
Balance at 31 March 2009	(138,643)	(11,227)	4,905	(144,965)
Comprehensive Net Income	(5,238)	-	-	(5,238)
Net Gain on Revaluation of Investments	-	22,097	-	22,097
Net Gain on Revaluation of Property Plant and Equipment	-	190	-	190
Release of Reserves to the Statement of Comprehensive Income	-	-	(141)	(141)
Foreign Translation of Euro Reserves	(1,494)	-	(86)	(1,580)
Actuarial Loss	(70,892)	-	-	(70,892)
Grant Receipt	-	-	93	93
Balance at 31 March 2010	(216,267)	11,060	4,771	(200,436)

	General Reserve £'000	Revaluation Reserve £'000	Government Grant Reserve £'000	Total Reserves £'000
Balance at 31 March 2010	(216,267)	11,060	4,771	(200,436)
Comprehensive Net Income	21,639	-	-	21,639
Net Gain on Revaluation of Investments	-	6,465	-	6,465
Net Gain on Revaluation of Property Plant and Equipment	-	(80)	-	(80)
Release of Reserves to the Statement of Comprehensive Income	130	(130)	(229)	(229)
Foreign Translation of Euro Reserves	(689)	-	(21)	(710)
Actuarial Gain	35,429	-	-	35,429
Grant Receipt	-	-	3	3
Balance at 31 March 2011	(159,758)	17,315	4,524	(137,919)

Notes to the Accounts for the Year Ended 31 March 2011

1. Accounting Policies

a) Accounting Convention

These accounts have been prepared in accordance with the 2010/2011 Government Financial Reporting Manual (FReM) issued by HM Treasury, except for the departures specifically required by the accounts direction. The accounting policies contained in the FReM follow International Accounting Standards as adopted or interpreted for 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 GLFs' 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.

b) Going Concern

The Statement of Financial Position at 31 March 2011 shows net liabilities of £137,919,000. 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 GLF 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 IAS 26: Accounting and Reporting by Retirement Benefit Plans.

e) Property, Plant and Equipment

Property, Plant and Equipment 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 and Buildings		Buoys and Beacons	
Land	Not Depreciated	Steel Buoys and Beacons	25 years
Lighthouses (Building Structure)	50 years	Plastic Buoys	10 years
Lighthouse Improvements	25 years		
Other Buildings	50 years	Plant and Machinery	
Tenders and Ancillary Craft		Lighthouses and	
Tenders*	25 years	Lightvessels	15 years
Tenders (Dry Dock and Repair)	2.5 years (30 months)	Automation equipment	15 years
Launches	15 years	Racons & Radio Beacons	15 years
Workboats	10 years	Depots and Workshops	10 years
Lightvessels		Office Equipment	10 years
Lightvessel (hulls)	50 years	Vehicles	5 years
Lightvessel (hull conversions)	15 years	Computers - Major systems	5 years
Lightvessel (Dry Dock and Repair)	7 years	Computers - Other	3 years

*Tenders held under finance leases are depreciated over 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.

f) Inventories

As per the Accounts Direction, Inventories should be valued by using the Average Cost method. Due to the implementation of a new Stock and Procurement system, Trinity House now value their Inventories on a First in-First Out basis. This change does not have a material effect on the Inventory Values reported.

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 Statement of Consolidated Income as incurred.

h) Leasing Commitments

Assets obtained under finance leases are capitalised in the Statement of Financial Position and depreciated as if owned. The interest element of the rental obligation is charged to the Statement of Consolidated Income 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 Payables, both within one year and over one year. Expenditure incurred in respect of operating leases is charged to the Statement of Consolidated Income 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 reporting date (€1/£1.1297). 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 Statement of Consolidated Income.

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

In 2009/2010 the Net Expenditure Account included a notional cost of capital at 3.5% of the average net assets during the year (2008/09 3.5%). This amount was reversed after the line showing the surplus or deficit for the year. This notional cost of capital is not included in 2010/2011 and 2009/2010 has been restated; this is a change in Accounting Policy as per the Government Financial Reporting Manual (FReM).

l) Irish Government Grant - Loran C

During the year 2010-11 a grant of €4,000 (£3,541) was received from the Irish Department of Transport in respect of the Loran-C Capital Project. The total advances were €1,277,000 (£1,130,389) at 31 March 2011.

m) Provisions

Provisions are made for liabilities and charges in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets where, at the reporting 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 Statement of Consolidated Income during the year have been included in the General Reserve. Grants received in respect of capital expenditure on assets that are depreciated are credited to the Government Grant Reserve and released to the Statement of Consolidated Income by instalments over the useful economic life of the relevant assets.

o) Investment Properties

The Northern Lighthouse Board has nine former light keepers' 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 IAS 40: Accounting for Investment Properties and are accordingly revalued to open market value each year. Open market valuations have been completed in March 2011 at each of these properties by Graham & Sibbald, Chartered Surveyors. These properties are included in the Statement of Financial Position at the open market valuation.

Trinity House holds three non-operational properties that are available to let until such time as they are disposed of. It is considered that these properties fall within the definition of "Investment Properties" under IAS40 in that they could be disposed of without affecting the operation of the Lighthouse service and they are not retained to fulfil the Board's statutory responsibilities. Open market valuations have been completed in March 2011 at each of these properties by Whybrow Chartered surveyors. These properties are included in the Statement of Financial Position at the open market valuation.

p) Investments

Investments are stated at market value at the reporting date.

q) Financial Assets and Liabilities

Financial instruments are contractual arrangements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets are typically cash or rights to receive cash or equity instruments in another entity. Financial liabilities are typically obligations to transfer cash. A contractual right to exchange financial assets or liabilities with other entities will also be a financial asset or liability, depending on whether the conditions are potentially favourable or adverse to the reporting entity.

Financial Assets

The GLF classifies its financial assets as loans and receivables. Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available-for sale. Such assets are initially recognised at fair value. Where material, they are subsequently measured at amortised cost using the effective interest method. The financial assets contained within the investment portfolio are classified as “Available for Sale Financial Assets”, as such they are carried at fair value subsequent to initial recognition, unrealised gains and losses are deferred in reserves until they are realised or impairment occurs.

Financial Liabilities

Financial liabilities are recognised initially at fair value and are subsequently measured at amortised cost. Financial liabilities are derecognised when extinguished.

Embedded Derivatives

Some hybrid contracts contain both a derivative and a non-derivative component. In such cases, the derivative component is termed an embedded derivative. Where the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract, and the host contract itself is not carried at fair value through profit or loss, the embedded derivative is split out and reported at fair value with gains and losses being recognised in the Income and Expenditure Account. A review of all GLA contracts has determined that, as at 31 March 2011, no contracts contained embedded derivatives.

Determining Fair Value

Fair value is defined as the amount for which an asset is settled or a liability extinguished, between knowledgeable parties, in an arm's length transaction. This is generally taken to be the transaction value, unless, where material, the fair value needs to reflect the time value of money, in which case the fair value would be calculated from discounted cash flows.

r) New Standards and Interpretations Adopted Early

The GLF has chosen not to adopt early any new standards or interpretations.

s) New Standards and Interpretations not yet Adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 March 2011, and have not been applied in preparing these financial statements.

IFRS 7 Financial Instruments Disclosures explains the reason for providing qualitative and quantitative disclosures on risks and the benefits to users of financial statements of being able to link the two. Application of this standard is required for reporting periods beginning on or after 1 January 2011. It is planned that IFRS 7 will be applied initially in 2011-2012. The impact of initial application of IFRS 7 is not expected to be significant.

IFRS 9 Financial Instruments, which will replace IAS 39. IFRS 9 is expected to improve and simplify the reporting of financial instruments. Application of this standard is required for reporting periods beginning on or after 1 January 2013. Earlier application is permitted. It is planned that IFRS 9 will be applied initially in 2013-2014. The impact of initial application of IFRS 9 is not expected to be significant.

t) Income

In accordance with the Merchant Shipping Act 1995, the GLAs are permitted to sell surplus capacity. Income from these activities is recognised in the period to which it relates. Income received in advance of provision of services in respect of contracts is deferred to match the related expenditure.

2 Analysis of Net Income by Segment

	TH £'000	NLB £'000	CIL £'000	GLF £'000	2010/11 £'000	2009/10 £'000
Light Dues Income	-	-	-	87,077	87,077	76,223
GLA Drawdowns	36,200	22,545	24,327	(83,072)	-	-
Other Income	2,830	550	866	8,920	13,166	14,545
Total Income	39,030	23,095	25,193	12,925	100,243	90,768
Gross Expenditure	(18,118)	(12,830)	(24,202)	(3,352)	(58,502)	(74,424)
Net Income	20,912	10,265	991	9,573	41,741	16,344
Total Assets	54,793	54,342	47,453	124,822	281,410	266,969

3 Light Dues

	2010/11 £'000	2009/10 £'000
Light Dues collected in United Kingdom	83,289	73,014
Light Dues collected in Republic of Ireland	3,788	3,209
	87,077	76,223

4 Other Income

	Tri GLA £'000	TH £'000	NLB £'000	CIL £'000	GLF £'000	2010/11 £'000	2009/10 £'000
Buoy Rental	-	580	196	180	-	956	918
Property Rental	-	346	90	224	-	660	599
Other Commercial Income	-	-	121	-	-	121	121
Tender Hire	509	631	115	316	-	1,571	1,351
Republic of Ireland Contribution	-	-	-	-	6,627	6,627	8,181
Income from listed Investments	-	-	-	-	2,275	2,275	2,306
Grant Income	-	231	15	123	-	369	454
Sundry Receipts	20	513	13	23	18	587	615
	529	2,301	550	866	8,920	13,166	14,545

5 Staff Numbers and Related Costs

Staff Costs comprise

	Permanent £'000	Others £'000	Total 2010/11 £'000	Total 2009/10 £'000
Wages & Salaries	27,254	522	27,776	28,423
Social Security Costs	2,230	12	2,242	2,210
	29,484	534	30,018	30,633
Other Pension Costs	-	-	-	-
Redundancy Costs	2,186	-	2,186	(6)
Annual Compensation Pay*	2,227	1	2,228	(24)
Sub Total	33,897	535	34,432	30,603
Capitalised Costs	(518)	-	(518)	(644)
Total Net Costs	33,379	535	33,914	29,959

*Annual Compensation Pay are actuarial assessed payments to staff who have left employment on the grounds of redundancy or early retirement, between the age of 50 and 60, when normal pension benefits become payable.

Average number of Persons Employed

The average number of whole-time equivalent persons employed during the year was:

	2010/11 Permanent	2010/11 Others	2010/11 Total	2009/10 Permanent	2009/10 Others	2009/10 Total
Directly Employed	681	3	684	706	4	710
Other	-	14	14	-	11	11
Staff engaged on Capital Projects	12	-	12	13	-	13
	693	17	710	719	15	734

Reporting of Compensation Scheme Exit Packages

	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages	
	2010/11	2009/10	2010/11	2009/10	2010/11	2009/10
Exit Package Cost Band						
Less than £10,000	40	1	2	-	42	1
£10,000-£25,000	-	-	5	-	5	-
£25,000-£50,000	1	-	3	1	4	1
£50,000-£100,000*	1	1	-	-	1	1
£100,000-£150,000	-	-	3	1	3	1
£150,000-£200,000	-	-	3	-	3	-
Greater than £200,000	1	0	3	-	4	-
Total Number of Exit Packages	43	2	19	2	62	4
Total Cost (£)	499,011	65,712	1,688,340	182,055	2,187,351	247,767

*An Ex-Gratia payment of £18,827.55 was made, as approved by HM Treasury, and is included in the figures shown.

6 Total Expenditure

	TH £'000	NLB £'000	CIL £'000	GLF £'000	2010/11 £'000	Restated 2009/10 £'000
Running Costs	11,012	5,672	4,044	471	21,199	22,150
Rentals under Operating Leases	899	462	1,154	-	2,515	2,484
Pension Costs	(10,554)	(4,911)	3,206	-	(12,259)	5,319
Finance Lease Interest	795	1,070	286	-	2,151	2,345
Pension Interest	6,581	3,914	7,540	-	18,035	19,288
Auditors Remuneration	-	-	-	135	135	135
Research and Development	-	-	-	1,167	1,167	1,274
Depreciation	4,037	3,675	3,067	-	10,779	10,670
Amortisation	171	111	53	-	335	504
Impairments	146	-	-	-	146	115
Loss/(Profit) on Disposal of Assets	-	6	-	-	6	(68)
Loss on Disposal of Property, Plant & Equipment	24	35	74	-	133	216
Loss on Disposal of Investments	-	-	-	432	432	1,102
Revaluation of Investment Property	18	-	-	-	18	-
Provision Provided in the Year	-	-	-	-	-	564
	13,129	10,034	19,424	2,205	44,792	66,098

During the year the Government introduced changes to the way future pension increases are calculated. The Consumer Prices Index has replaced the Retail Prices Index as the basis for this calculation and as a result a one off reduction of £19.5m in the Combined Authorities Pension Liability has been reported in the Statement of Comprehensive Income and Note 23. This is reflected within the Pension Cost line of the above table.

6a Other Expenditure

	TH £'000	NLB £'000	CIL £'000	GLF £'000	2010/11 £'000	Restated 2009/10 £'000
Running Costs	11,012	5,672	4,044	471	21,199	22,150
Rentals under Operating Leases	899	462	1,154	-	2,515	2,484
Auditors Remuneration	-	-	-	135	135	135
Research and Development	-	-	-	1,167	1,167	1,274
Non Cash Items						
Impairments	146	-	-	-	146	-
Loss /(Profit) on Disposal of Assets	-	6	-	-	6	(68)
Loss on Disposal of Property, Plant & Equipment	24	35	74	-	133	216
Loss on Disposal of Investments	-	-	-	432	432	1,102
Provision Provided in the Year	-	-	-	-	-	564
	12,081	6,175	5,272	2,205	25,733	27,857

7 Interest Receivable

	TH £'000	NLB £'000	CIL £'000	GLF £'000	2010/11 £'000	2009/10 £'000
Bank Interest Receivable	3	4	-	95	102	51

8 Interest Payable

	TH £'000	NLB £'000	CIL £'000	GLF £'000	2010/11 £'000	2009/10 £'000
Interest on Finance Leases	795	1,070	286	-	2,151	2,345
Interest on Pension Liability	6,581	3,914	7,540	-	18,035	19,288
	7,376	4,984	7,826	-	20,186	21,633

9 Impairments

Impairments totalling £145,861 relate to:

- The failure of the AIS units to meet the Factory Acceptance Testing of £54,836 which represents the value of impairment that is not covered by liquidated damages, compensation and refund of contract payments.
- The diminution in value of the Old Penzance Depot of £11,300.
- The diminution in value of Blacknore Lighthouse of £1,049, which is no longer an AtoN and has been decommissioned.
- Diminution in value of Beachy Head Lighthouse of £78,676, the light range of which has been downgraded.

10 Property Plant and Equipment

Current Year

	Land £'000	Buildings £'000	Surplus Land £'000	Surplus Buildings £'000	Vessels £'000	Light- Vessels £'000	Buoys £'000	IT Equip. £'000	Plant & Mach. £'000	AUC* £'000	Total £'000
Cost or Valuation											
At 1 April 2010	1,398	72,161	325	779	84,514	5,434	14,787	3,231	78,887	6,193	267,709
Additions	4	1,475	-	-	500	321	276	147	1,571	2,813	7,107
Donations	-	-	-	-	-	-	-	-	-	-	-
Disposals	(4)	(255)	-	-	(415)	(1,346)	(27)	-	(1,622)	-	(3,669)
Impairments	-	(2)	-	-	-	-	-	-	(305)	(444)	(751)
Reclassifications	10	313	(314)	(711)	51	-	5	6	729	(1,131)	(1,042)
Revaluations	-	-	(12)	(68)	-	-	-	-	-	-	(80)
Transfers	-	-	1	-	8	-	608	35	359	(1,011)	-
Foreign Exchange	(2)	(189)	-	-	(158)	-	(41)	(7)	(190)	(12)	(599)
At 31 March 2011	1,406	73,503	-	-	84,500	4,409	15,608	3,412	79,429	6,408	268,675
Depreciation											
At 1 April 2010	67	20,378	-	-	29,741	4,568	7,748	2,358	50,334	-	115,194
Charged in Year	11	1,908	-	-	3,477	131	885	471	3,896	-	10,779
Disposals	(2)	(247)	-	-	(408)	(1,346)	(20)	-	(1,451)	-	(3,474)
Impairments	-	-	-	-	-	-	-	-	(227)	-	(227)
Reclassifications	-	-	-	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-	-	-	-
Foreign Exchange	-	(4)	-	-	(19)	-	(14)	(1)	(49)	-	(87)
At 31 March 2011	76	22,035	-	-	32,791	3,353	8,599	2,828	52,503	-	122,185
NBV at 31/3/10	1,331	51,783	325	779	54,773	866	7,039	873	28,553	6,193	152,515
NBV at 31/3/11	1,330	51,468	-	-	51,709	1,056	7,009	584	26,926	6,408	146,490
Asset Financing											
Owned	1,330	51,468	-	-	3,137	1,056	7,009	584	26,926	6,408	97,918
Finance Leased	-	-	-	-	48,572	-	-	-	-	-	48,572
On Balance Sheet PFI	-	-	-	-	-	-	-	-	-	-	-
	1,330	51,468	-	-	51,709	1,056	7,009	584	26,926	6,408	146,490

*Assets under Construction and Payments on Account

The Impairment of Assets under Construction of £444,000 relates to a project to deploy Automatic Identification System (AIS) units on Aids to Navigation. Unfortunately the contract ran into difficulties and was subsequently cancelled. As a result the GLA's are due payments from the contractor for the refund of the value of contract payments made, liquidated damages, and compensation.

Prior Year

	Land £'000	Buildings £'000	Surplus Land £'000	Surplus Buildings £'000	Vessels £'000	Light- Vessels £'000	Buoys £'000	IT Equip. £'000	Plant & Mach. £'000	AUC* £'000	Total £'000
Cost or Valuation											
At 1 April 2009	1,318	70,347	803	616	86,266	9,086	14,022	3,835	78,332	7,025	271,650
Additions	-	2,076	-	-	1,497	145	532	280	1,757	1,517	7,804
Donations	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	(45)	-	-	(2,590)	(3,785)	(24)	(850)	(1,457)	-	(8,751)
Impairments	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	90	220	(290)	(20)	-	-	-	-	-	-	-
Revaluations	-	-	(188)	183	-	-	-	-	-	-	(5)
Transfers	-	477	-	-	97	-	455	-	1,150	(2,211)	(32)
Foreign Exchange	(10)	(914)	-	-	(756)	(12)	(198)	(34)	(895)	(138)	(2,957)
At 31 March 2010	1,398	72,161	325	779	84,514	5,434	14,787	3,231	78,887	6,193	267,709
Depreciation											
At 1 April 2009	56	18,622	-	-	29,308	8,123	7,006	2,760	48,064	-	113,939
Charged in Year	11	1,867	-	-	3,265	223	858	455	3,992	-	10,671
Disposals	-	(18)	-	-	(2,559)	(3,766)	(6)	(838)	(1,277)	-	(8,464)
Impairments	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-	-	-	-
Foreign Exchange	-	(93)	-	-	(273)	(12)	(110)	(19)	(445)	-	(952)
At 31 March 2010	67	20,378	-	-	29,741	4,568	7,748	2,358	50,334	-	115,194
NBV at 31/3/09	1,262	51,725	803	616	56,958	963	7,016	1,075	30,268	7,025	157,711
NBV at 31/3/10	1,331	51,783	325	779	54,773	866	7,039	873	28,553	6,193	152,515
Asset Financing											
Owned	1,331	51,783	325	779	2,561	866	7,039	873	28,553	6,193	100,303
Finance Leased	-	-	-	-	52,212	-	-	-	-	-	52,212
On Balance Sheet PFI	-	-	-	-	-	-	-	-	-	-	-
	1,331	51,783	325	779	54,773	866	7,039	873	28,553	6,193	152,515

*Assets under Construction and Payments on Account

11 Investment Assets

	2010/11 £'000	2009/10 £'000
At 1 April	1,032	952
Additions	-	-
Transfers	605	-
Depreciation	-	-
Revaluations	(18)	80
Impairments	-	-
At 31 March	1,619	1,032

Investment Assets brought forward from 2009/10 relate to the Northern Lighthouse Board's Holiday Cottages and Interpretation Centre. The Assets transferred in 2010/11 are from Property Plant and Equipments reclassifications regarding Trinity House's Miranda Building, 35/36 West Street and 7 Church Street, all in Harwich.

12 Intangible Assets

Current Year

	Software £'000	Licences £'000	Assets in Progress £'000	Total £'000
Cost or Valuation				
At 1 April 2010	2,487	150	-	2,637
Additions	291	-	-	291
Donations	-	-	-	-
Disposals	-	-	-	-
Impairments	-	-	-	-
Revaluations	-	-	-	-
Transfers	10	-	-	10
Foreign Exchange	(3)	-	-	(3)
At 31 March 2011	2,785	150	-	2,935
Amortisation				
At 1 April 2010	1,822	28	-	1,850
Charged in Year	328	7	-	335
Disposals	-	-	-	-
Impairments	-	-	-	-
Revaluations	-	-	-	-
Foreign Exchange	-	-	-	-
At 31 March 2011	2,150	35	-	2,185
Net Book Value at 31/3/10	665	122	-	787
Net Book Value at 31/3/11	635	115	-	750

Prior Year

	Software £'000	Licences £'000	Assets in Progress £'000	Total £'000
Cost or Valuation				
At 1 April 2009	2,394	150	-	2,544
Additions	240	-	-	240
Donations	-	-	-	-
Disposals	(168)	-	-	(168)
Impairments	34	-	-	34
Revaluations	-	-	-	-
Transfers	-	-	-	-
Foreign Exchange	(13)	-	-	(13)
At 31 March 2010	2,487	150	-	2,637
Amortisation				
At 1 April 2009	1,484	20	-	1,504
Charged in Year	496	8	-	504
Disposals	(150)	-	-	(150)
Impairments	-	-	-	-
Revaluations	-	-	-	-
Foreign Exchange	(8)	-	-	(8)
At 31 March 2010	1,822	28	-	1,850
Net Book Value at 31/3/09	910	130	-	1,040
Net Book Value at 31/3/10	665	122	-	787

13 Non Current Trade and Other Receivables

	TH £'000	NLB £'000	CIL £'000	GLF £'000	2010/11 £'000	2009/10 £'000
Amounts falling due after one year:						
Trade Receivables	-	-	-	-	-	-
Deposits and Advances	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	100
Prepayments and Accrued Income	-	2	-	-	2	-
VAT Recoverable	-	-	-	-	-	-
	-	2	-	-	2	100

Amounts falling due after one year are all outside the Whole of Government Boundary

Central Government	-	-	-	-	-	-
Local Authorities	-	-	-	-	-	-
NHS Trusts	-	-	-	-	-	-
Public Corporations	-	-	-	-	-	-
Intra Government Balance	-	-	-	-	-	-
Bodies External to Government	-	2	-	-	2	100
	-	2	-	-	2	100

14 Assets Classified as Held for Sale

	2010/11 £'000	2009/10 £'000
At 1 April	-	-
Additions	-	-
Transfers	420	-
Depreciation	-	-
Revaluations	-	-
Impairment	(11)	-
At 31 March	409	-

Transfers into assets classified as held for sale are from property, plant and equipment reclassifications.

Assets held for sale are:

- The old Penzance Depot valued at £408,700, previously reported as non-operational. See note 8 for further information.
- Blacknore Lighthouse valued at £1. The light at Blacknore ceased to be an AtoN with effect from 27th September 2010. It was decommissioned with the equipment removed by 20th February 2011 and made available for sale.
- Beachy Head Lighthouse valued at £1. The light at Beachy Head has been downgraded and surplus equipment removed from the site. This work was completed on 19th February 2011 and the Lighthouse is to be sold with reserved rights to continue exhibiting an 8nm LED solar powered beacon from the gallery.

These properties are all expected to be disposed of within 2011/12 and are considered to fall within the IFRS5 definition of an Asset Held for Sale.

15 Inventories

	TH £'000	NLB £'000	CIL £'000	GLF £'000	2010/11 £'000	2009/10 £'000
Inventories	2,208	614	428	-	3,250	3,329

16 Trade Receivables and Other Current Assets

	TH £'000	NLB £'000	CIL £'000	GLF £'000	2010/11 £'000	2009/10 £'000
Amounts falling due within one year:						
Trade Receivables	552	33	124	658	1,367	1,220
Deposits and Advances	-	23	-	-	23	29
Other Receivables	336	-	458	2,261	3,055	7,805
Prepayments and Accrued Income	497	184	251	185	1,117	959
VAT Recoverable	335	204	94	-	633	617
	1,720	444	927	3,104	6,195	10,630

Amounts included above that fall within the Whole of Government Boundary are:

Central Government	231	211	-	-	442	426
Local Authorities	16	-	-	-	16	15
NHS Trusts	-	-	-	-	-	-
Public Corporations	-	13	-	-	13	34
Intra Government Balance	247	224	-	-	471	475
Bodies External to Government	1,473	220	927	3,104	5,724	10,155
	1,720	444	927	3,104	6,195	10,630

17 Investments

	Baillie Gifford £'000	Martin Currie £'000	Total £'000
Brought Forward 1 April 2010	36,867	42,342	79,209
Additions	3,363	10,850	14,213
Disposals	(2,227)	(11,542)	(13,769)
Gain/(Loss) on revaluation	3,570	2,895	6,465
Carried Forward 31 March 2011	41,573	44,545	86,118

18 Cash and Cash Equivalents

	2010/11 £'000	2009/10 £'000
Balance at 1 April	19,367	21,030
Net Changes in Cash and Cash Equivalent Balances	17,210	(1,663)
Balance at 31 March	36,577	19,367
The following Balances were held at:		
Commercial Banks and Cash in Hand	36,577	19,367
Short Term Investments	-	-
Balance at 31 March	36,577	19,367

19 Trade Payables and Other Current Liabilities

	TH £'000	NLB £'000	CIL £'000	GLF £'000	2010/11 £'000	2009/10 £'000
Amounts falling due within one year:						
VAT Payable	-	-	-	-	-	-
Other Taxation and Social Security	397	221	350	-	968	906
Trade Payables	602	817	777	-	2,196	2,757
Other Payables	104	17	55	199	375	439
Accrued and Deferred Income	2,889	655	1,217	107	4,868	4,885
Current Part of Finance Leases	1,196	1,269	1,375	-	3,840	3,660
Prepayments and Accrued Income	-	-	-	-	-	-
Bank Overdraft	-	-	-	14	14	14
	5,188	2,979	3,774	320	12,261	12,661

Amounts included above that fall within the Whole of Government Boundary are:

Central Government	397	234	-	-	631	624
Local Authorities	-	-	-	-	-	1
NHS Trusts	-	-	-	-	-	-
Public Corporations	-	-	-	-	-	6
Intra Government Balance	397	234	-	-	631	631
Bodies External to Government	4,791	2,745	3,774	320	11,630	12,030
	5,188	2,979	3,774	320	12,261	12,661

Amounts falling due after one year:

Other Payables, Accruals and Deferred Income	-	-	10	-	10	10
Finance Lease	15,699	18,780	4,520	-	38,999	42,887
	15,699	18,780	4,530	-	39,009	42,897

Amounts included above that fall within the Whole of Government Boundary are:

Central Government	-	-	-	-	-	-
Local Authorities	-	-	-	-	-	-
NHS Trusts	-	-	-	-	-	-
Public Corporations	-	-	-	-	-	-
Intra Government Balance	-	-	-	-	-	-
Bodies External to Government	15,699	18,780	4,530	-	39,009	42,897
	15,699	18,780	4,530	-	39,009	42,897

20 Provisions for Liabilities and Charges

	Redundancy Costs £'000	Restructure Costs £'000	Orfordness £'000	Litigation £'000	ACP's £'000	MNOFF £'000	Total £'000
Balance at 1 April 2010	66	108	100	50	530	2,528	3,382
Provided in the Year	1,652	-	-	-	2,192	-	3,844
Provision Written Back	-	(96)	-	(4)	-	-	(100)
Provisions Utilised	(66)	(3)	-	-	(213)	(414)	(696)
Unwinding of Discount	-	-	-	-	-	-	-
Foreign Exchange	23	-	-	-	93	-	116
Balance at 31 March 2011	1,675	9	100	46	2,602	2,114	6,546

Analysis of expected of discounted flows

In one year or less or on demand	1,455	9	100	46	364	-	1,974
Between one and five years	220	-	-	-	2,238	14	2,472
Later than five years	-	-	-	-	-	2,100	2,100
Balance at 31 March 2011	1,675	9	100	46	2,602	2,114	6,546

The GLAs have provided for:

Redundancy Costs - the estimated redundancy costs as a result of a re-organisation's within the three GLAs.

Restructuring Costs - the estimated costs as a result of restructuring within Trinity House and Northern Lighthouse Board. It is expected that 100% of the remaining balance will be utilised during 2011/12.

Orfordness - Cost of removal of optic and mercury from Orfordness Lighthouse which is required no matter what the eventual outcome of this site.

Litigation - Potential litigation in respect of Asbestos claim, as advised by solicitors.

ACP's - the actuarially calculated estimate for the future liabilities for Annual Compensation Payments that are compensation payments until Age 60 and receipt of normal pension benefits.

MNOFF - Provision for actuarially calculated estimate of additional contribution to the Merchant Navy Officers Pension Fund to help meet the deficit in the Fund.

21 Capital Commitments

Contracted capital commitments at 31 March 2011 not otherwise included in these financial statements

	2010/11 £'000	2009/10 £'000
Property Plant and Equipment	2,157	2,664
Intangible Assets	-	2
	2,157	2,666

22 Commitments under Leases

Obligations under Operating Leases comprise:

	2010/11 £'000	2009/10 £'000
Land		
Not Later than One Year	62	67
Later Than One Year and Not Later Than Five Years	180	199
Later Than Five Years	2,943	3,014
Total	3,185	3,280
Buildings		
Not Later than One Year	9	8
Later Than One Year and Not Later Than Five Years	16	8
Later Than Five Years	1	1
Total	26	17
Other		
Not Later than One Year	2,168	2,254
Later Than One Year and Not Later Than Five Years	7,032	7,901
Later Than Five Years	-	1,903
Total	9,200	12,058

Obligations under Finance Leases comprise:

	2010/11 £'000	2009/10 £'000
Other		
Not Later than One Year	5,861	5,894
Later Than One Year and Not Later Than Five Years	21,813	25,522
Later Than Five Years	27,672	30,078
Sub - Total	55,346	61,494
Less Interest Element	(12,506)	(14,947)
Total	42,840	46,547

23 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 1 of the Pension Schemes Act 1993 and are not required to be separately funded. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is up rated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

Employees joining after 1 October 2002 could opt instead to open a partnership pension account. A stakeholder pension arrangement with employer contributions of £23,239 (2009/10 £15,176) were paid to a panel of four appointed stakeholder pension providers. Employer contributions are age related and range from between 3% and 12.5% of pensionable pay. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution).

The pension liabilities of the three General Lighthouse Authorities are paid by 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 paid to those members who are made redundant in advance of pension age.
- 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.

Reduced by:

- vii) Contributions made by employees during the year in respect of benefits.
- viii) Accrued benefits transferred from other pension schemes in respect of current members.

The GLAs obtain professional actuarial valuations at 3 yearly intervals and are updated each year for IAS 19 purposes. The last valuation was completed in 2011, valued as at 31 March 2011. The accumulated liability for the GLAs in respect of all current employees was in the order of £103m. The estimated liability for pensions in payment and deferred pensions of former employees of the GLAs was £258m.

During the year the Government introduced changes to the way future pension increases are calculated. The Consumer Prices Index has replaced the Retail Prices Index as the basis for this calculation and as a result a one off reduction of £19.5m in the Combined Authorities Pension Liability has been reported in the Statement of Comprehensive Income and Note 23.

The valuation assumed the following return / investment rates:-

	NLB	TH	CIL
Real Discount Rate	2.87%	2.87%	2.87%
Inflation Rate	2.65%	2.65%	3.90%
Discount Rate	5.60%	5.60%	5.60%
Salary Growth Rate	4.40%	4.40%	4.40%
Rate of Increase to pensions in payment & deferment	2.65%	2.65%	3.90%

The actuary's updated estimate of the liability of ACP's at 31 March 2011 is £2,601,792.

The following has been provided in accordance with the International Accounting Standard IAS 19- Employee Benefits.

	31 Mar 11 £'000	31 Mar 10 £'000
Active Members	102,988	119,238
Deferred Pensioners	44,291	56,279
Pensioners	214,234	232,948
Total Liability at Projected Unit Method	<u>361,513</u>	<u>408,465</u>
	£'000	£'000
Scheme Liability at 31 March 2010		408,465
Current service cost	6,218	
Past service cost	(19,557)	
Interest on pension scheme liability	18,035	
Losses on Curtailments and Settlements	<u>1,080</u>	5,776
Benefits Payable		
Pensions or Annuities to Retired Employees and Dependents	(15,924)	
Commutations or Lump Sums:		
- On Retirement	(2,173)	
- On Early Retirement	(199)	
- On Death	(37)	
- Injury Benefits	(20)	
- Medical Retirement	<u>(150)</u>	(18,503)
Payments to and on Account of Leavers		
Refunds to Members Leaving Service	(113)	
Individual Transfers to Other Schemes	<u>(57)</u>	(170)
		(18,673)
Incomes Received in Respect of Enhancements		
Employees:		
Purchase of added Years	303	
WPS Contributions	<u>700</u>	1,003
Pensions Transfers In		
Individual transfers in from other schemes	<u>371</u>	1,374
Actuarial Gains and Losses		
Experience arising on scheme liabilities	(11,665)	
Changes in assumptions underlying the present value of Scheme liabilities	(23,881)	
Club Transfers In	<u>117</u>	(35,429)
Scheme Liability at 31 March 2011		<u><u>361,513</u></u>
		£'000
Opening balance		408,465
Closing balance		<u>361,513</u>
		(46,952)
		£'000
Operating cost		(12,259)
Financing cost		18,035
Net Benefit Outgoing		(17,299)
Statement of Changes in Reserves		<u>(35,429)</u>
		(46,952)

	31 Mar 11	31 Mar 10	31 Mar 09
Experience Gains and Losses on Scheme Liabilities			
Amount	(11,665)	50,118	1,302
Percentage of the Present Value of Scheme Liabilities	(3.2%)	12.3%	0.4%
Total Amount Recognised in Statement Changes in Reserves			
Amount	35,429	(70,892)	19,748
Percentage of the Present Value of Scheme Liabilities	(17.0%)	(17.0%)	5.9%

The Department for Transport has reported the contingent liability for the General Lighthouse Authorities' pensions for inclusion in the Resource Accounts for 2010/11 and a liability of £361.5m 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. Hymans Robertson LLP has been engaged to provide actuarial support.

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 (MNOF) which is a defined benefit scheme providing benefits based on final pensionable salary. The MNOF has a deficit of £557,000,000 identified in an actuarial valuation as at 31 March 2009. The rules of the MNOF state that Participating Employers may be called to make lump sum payments to make up deficits. With effect from 8 June 2000 the rules were amended to state that an employer will not be regarded as ceasing to be a Participating Employer as a result of ceasing to employ Active Members or other eligible employees. The MNOF has made an application to the Court to obtain confirmation that the position that applies from 8 June 2000 also applied before. As Participating Employers, the GLAs can be required to contribute to the deficit. The hearing of this matter took place between 8 and 11 March 2005 and the judgement was handed down by Mr Justice Patten on 22 March 2005. In general terms the judgement stated that the Trustees of the MNOF are entitled to demand a contribution to meet the deficit in the Post 1978 section from all employers who ever participated in the Fund. This means that the burden will be spread over a large number of companies. It also means that the Trustees have the option of demanding contributions from employers who have only ever participated in the Pre 1978 Section to meet the deficit in the Post 1978 Section. Although the Trustees have yet to make a decision, our legal advice is that the Trustees are unlikely to demand a contribution from this group of employers. The Trustees have also not decided whether these additional contributions will be payable as a single payment or spread over several years.

During 2010/11 the GLAs paid £436,141 in employers contributions and deficit funding payments (2009/10 £11,483), to the MNOF. In addition the GLAs have made provisions totalling £2.1m for the liability arising under section 75 of the Pensions Act 1995 when the last active member ceases employment with the GLAs.

24 Contingent Liabilities disclosed under IAS 37

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 GLA's 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 2008/2009 and there will be no Supplementary Calls for these years. The Club have advised the GLA's that it does not anticipate Supplementary Calls for the years 2009/10 and 2010/2011. As a result the GLA's 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 GLA's operate in extra territorial waters. To the best of their knowledge they have no contingent liabilities in respect of these activities.

eLoran Babcock (formerly VT) Contract

On 31 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 GLA's of this service is £93,783. Provision of a new transmitter, which is subject to approval from DfT, will increase the future quarterly payment.

The contract covers a period from 31 May 2007 to 1 October 2022. The GLA's have reserved the right to terminate the contract, at the end of the first phase, on or about 1 October 2010. This decision has been delayed and the test phase of the contract extended. If the option of termination had been exercised on 1 October 2010, the GLA's would have been liable for a cost of £1,139,130. The GLAs are continuing within what was the first phase of the contract and if a new transmitter is installed a revised schedule will be required.

At present, the GLAs do not envisage terminating the contract and have made no provision in the Accounts.

Merchant Navy Officers Pension Fund

A new actuarial valuation was carried out as at 31 March 2009 which has resulted in further deficits upon which members have been called upon to contribute. The GLAs have paid the deficit contributions which were due for payment on 30 September 2010 in respect of the 2009 valuation. Any further liability will be restricted to the additional contributions sought in September 2010 due to the deficit reported as at 31 March 2009 that cannot be recovered from other employers (e.g. liquidated companies etc.) who are unable to pay their share in September 2010 and needs to be recovered from those remaining. The GLAs do not have reliable estimates of this liability and have therefore made no further provision other than for the illustrative deficit contribution, but declare it as a contingent liability.

Lighthouse Estate

As a result of regular surveys the Directors of Trinity House recognise that there is a raised degree of risk at a number of stations that may demand a currently unquantified level of future investment. These stations are Nab Tower, Orfordness, St. Catherines, Flamborough Head, Hartland Point, Beachy Head, Dungeness and Royal Sovereign. The total cost is estimated at between £13m and £22m, however, due to the uncertain nature of these events, no provision has been made in the accounts.

Dun Laoghaire Redevelopment Contract

A sub-contractor on the Dun Laoghaire redevelopment project entered liquidation in August 2007. The administrators of this company have notified CIL and the project design team of its claim that money is owing in relation to this sub-contract. CIL totally refute this claim and is confident that it will not have to pay out any further amounts in respect of this sub-contract.

Differential Global Positioning System covering the UK and Ireland

The contract for recapitalisation of the GLA DGPS system was formally signed on 7th October 2008. Following delays in development of software by the sub-contractor, the contract was amended to extend the completion date from 31st March 2010 to 29th October 2010. Amendment of the contract was signed by the Chief Executives on 16th December 2009.

The contract value is £4,303,753. To date the GLAs have paid approx £1.3M to the contractor under the contract for completion of the first 3 milestones. Ownership of some of the plant/equipment for the project currently held at the contractors' premises has already transferred to the GLAs, to the value of approximately £645,562 at milestone payment 2. In addition infrastructure as generators and antennas has already been installed at some stations.

Programme of Work

The Programme of Work was updated to Issue 5.0 in accordance with the contract extension dated 16th December 2009. The revised contract completion date is 29th October 2010.

The working Programme of Work was successively amended up to Issue 5.8 on 16th April 2010 retaining the contract completion date. The next version of the Programme of Work (POW) was received on 24th September 2010 and showed completion date of 19th October 2011 with 90% confidence. A further version of the POW received on 24th December 2010 shows completion date of 3rd November 2011. Further updates of the POW have been received. At a meeting between the GLAs and the contractor on 16th March 2011, a completion date for Factory Acceptance Testing (FAT) of 31st May 2011 was agreed based on POW V6_3 dated 17th February 2011. POW update V6_13 dated 6th May 2011 shows dates as follows. The failures resolution period of 45 days gives rise to slippage of completion of Project Milestone (PM) 4 to 15th July. A further meeting on 10th June 2011 agreed the failures resolution period of 45+14 additional day's giving FAT completion of 30th July 2011.

Liquidated Damages

Due to the delay in completion, the GLAs have claimed the maximum liquidated damages available under the contract of £215,178.65 and was received on 1st June 2011. The GLAs have made no adjustment in the 2010/2011 accounts for these liquidated damages.

Following continued failure by the contractor to deliver a system proven to work in accordance with the specification, the contract has now been terminated and as of November 2011 both parties are in negotiations to achieve a settlement of outstanding claims.

Due to the uncertainty of the outcome of the negotiations, no provision for the failure of the contract has been made but it is declared as a contingent liability.

AIS contract

All three GLAs combined in a joint project to purchase AIS units for deployment as an AtoN. Unfortunately the contract ran into difficulties and was subsequently cancelled. As a result the GLA's are due payments from the contractor for the refund of the value of contract payments made, liquidated damages, and compensation. On 25th April the contractor paid the sum of £116,130 to the GLA's in respect of part of the monies due. A further £29,500 and 209,393 Euros are due. The contractor is currently experiencing cash flow difficulties and the timing and eventual receipt of these funds is undetermined. However, the GLAs are confident that the funds will be recovered from the contractor and have not made any provisions for this in their accounts and declare it as a contingent liability.

25 Related-party transactions

The Fund is administered by the Department for Transport who sponsor the three Authorities. For governance purposes each is considered to be a Non-Departmental Public Body (NDPB), however for financial purposes they are considered to be Public Corporations.

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

Trinity House has entered into two agreements to lease 37 lighthouse cottages to Trinitas Services Limited, a wholly owned subsidiary of the Corporation of Trinity House. The first agreement provides for some 34 lighthouse cottages at 14 locations to be leased to Trinitas for 25 years. Trinitas has refurbished the cottages and has a contract with Rural Retreats to let them as holiday cottages. At present 30 cottages are let under this agreement.

During 2006/07 Trinity House refurbished a further 7 lighthouse cottages at the Lizard, and entered into a second agreement to lease them to Trinitas Service Ltd for 20 years commencing February 2002, with an effective possession date of 14th December 2006. Trinitas rents one of the cottages under an assured short hold tenancy agreements and has entered into a contract with Cornish Cottages to let 6 of 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 was 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 Trinitas Services Ltd up to £1,000,000. The maximum amount which had been drawn down was £600,000. The loan has a fixed interest rate of 5% payable after three years.

	2010/11 £'000	2009/10 £'000
Opening Balance	100	100
Repaid During the Year	(100)	-
Closing Balance	-	100

The loan was repaid in full during the year. 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 the Corporate Board responsible for Trinity House Charities. Captain N R Pryke retired from the TSL Board on 11 November 2010, at the same time Captain T Bailey, Viscount Cobham and Commander G Hockley were appointed to the Board of TSL as nominees of the Corporate Board responsible for Charities, none of whom are members of the TH Lighthouse Board.

Rear Admiral Sir J M de Halpert, Executive Chairman, on behalf of the Corporation of Trinity House, became a 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 2010/11 TH paid £258,027 to The Corporation of Trinity House in respect of service charges incurred in using office space and facilities at Trinity House, London (£266,281 in 2009/10).

Conversely, the Corporation of Trinity House reimburses TH for the provision of services during the year. The Corporation paid £56,058 to TH in respect of these services during the year (£57,809 in 2009/10).

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 Director of Engineering of the Northern Lighthouse Board is an SLM Board Member.

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 4 to the accounts.

The Northern Lighthouse Heritage Trust

The Northern Lighthouse Heritage Trust is a registered charity whose primary purpose is to support the preservation and conservation of lighthouse heritage. The Northern Lighthouse Board and the Trust entered into an Asset Transfer Agreement to transfer the Silver collection (insurance value £96,960) in March 2011 to the Trust.

Scottish Shipping Benevolent Association

Scottish Shipping Benevolent Association is a registered charity whose primary purpose is to give assistance to people in the Scottish Shipping Industry. Roger Lockwood is a Director since 31 April 2009. A charitable donation of £100 was made on 14 July 2010.

26 Third Party Assets

There are other assets 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.

	2010/11 £'000	2009/10 £'000
Cash and Investments	51	53
Heritage Collection	277	406
	328	459

27 Financial Instruments

IAS 32 Financial Instruments: Presentation requires disclosure of the role which Financial Instruments have had during the year in creating or changing the risks the GLA's face in undertaking their activities. Because of the largely non trading nature of their activities and the method of funding from the General Lighthouse Fund, they are not exposed to the degree of financial risk faced by other business entities. The GLAs have borrowing powers under the Merchant Shipping Act 1995 but very limited powers to invest in surplus assets / funds.

As permitted by IFRS 7, trade receivables and payables which mature or become payable within 12 months of the reporting date have been omitted from the profile.

The fair value of publicly traded derivatives and trading and available for sale securities is based upon quoted market prices at the reporting date.

Liquidity Risk

Liquidity Risk for all three GLAs resides with the GLF through the operation of cash Funds held with HSBC and largely dependent on the flow of Light Dues levied on Ships calling at UK and Irish ports. Cash positions are managed through daily and monthly management reporting in addition annual long term forecasts seek to ensure adequate financing is available. Short term financing issues would be addressed by transfers from the investment portfolio, while longer term GLA budgets and or the Light Dues tariff would be considered.

Interest Rate Risk

Trinity House

TH have three finance leases on THV Galatea, THV Alert and THV Patricia, it is not considered that these present any exposure to interest rate risk;

THV Patricia has expired its primary term and is now on a fixed peppercorn rent.

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

The interest rate for the finance lease for the THV Galatea was fixed on 24 December 2008 and therefore exposes no risk.

TH 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 Ltd is also fixed and therefore presents no risk against interest fluctuations.

Northern Lighthouse Board

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

NLB hold 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.

CIL 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.

GLF

The GLF have no liabilities that will lead to an exposure to rising interest rates, however falling or low interest rates do impact on the GLF in terms of returns from cash held with the HSBC Liquidity Fund.

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 2011 £8.3m

Market Risk

The GLF has an Investment Portfolio valued at £86.1m at the reporting date. This portfolio is comprised of investments in equities, both UK and overseas and Corporate Bonds. This portfolio is exposed to movements, both up and down, in International Investment markets, which will have a direct impact upon the value of the portfolio and the GLF has a whole.

Due to the operating currency of CIL being in Euros, and is partially funded by the GLF from Light Dues received in the UK in sterling, the GLF has an exposure to movements in the Euro/Sterling exchange market.

Fair Values

Set out below is a comparison by category of the carrying values and fair values of the Fund's financial assets and liabilities as at 31 March 2011.

	Carrying Value £'000	Fair Value £'000
Financial Assets		
Investments	86,118	86,118
Cash at Bank and in Hand	36,577	36,577
Bank Guarantees	640	640
Financial Liabilities		
Finance Lease Obligations	42,840	42,840

28 Further Information

Number of non-current assets.

	TH	NLB	CIL	2010/11	2009/10
Lighthouses	68	213	78	359	362
Lightvessels	12	-	-	12	12
Lightfloats	2	-	-	2	2
Lanby Buoys	-	-	-	-	1
Buoys & Beacons	741	234	232	1,207	1,182
Tenders & Ancillary Craft	12	2	2	16	16
Lighthouses Abroad	1	-	-	1	1

Number of non-current assets deployed.

	TH	NLB	CIL	2010/11	2009/10
Lighthouses	67	208	76	351	355
Lightvessels	8	-	-	8	8
Lightfloats	2	-	-	2	2
Lanby Buoys	-	-	-	-	1
Buoys & Beacons	544	191	187	922	931
Tenders & Ancillary Craft	12	2	2	16	16
Lighthouses Abroad	1	-	-	1	2

29 Losses

Obsolete Inventory, write off of property, plant and equipment, and losses amounting to £1,000 (2009/10 £15,000) was written off during the year.

30 Events after Reporting Date

The decision by the Government to up rate public service pensions using the Consumer Prices Index rather than the Retail Prices Index has been recognised in these accounts. This decision is currently before the courts in judicial review proceedings. The Government is robustly defending the case and therefore no adjustment has been made to the accounts for this matter. The financial implications consequent on the review finding against the government have not been assessed.

Following continued failure by the contractor to deliver a system proven to work in accordance with the specification, the contract to provide a Differential Global Positioning System has now been terminated and as of November 2011 both parties are in negotiations to achieve a settlement of outstanding claims. Since the reporting date the GLAs have received £215,178.65 in liquidated damages relating to earlier delays with this contract, however the amount involved does not require the accounts for 2010-11 to be amended to recognise this amount.

Five Year Summary

	2010/11 £'000	2009/10 £'000	2008/09 £'000	2007/08 £'000	2006/07 £'000
Light Dues and Irish Income	87,077	76,223	69,581	67,452	70,062
Investment Income	2,275	2,306	2,589	2,253	1,888
Other Income	10,891	12,239	10,058	8,527	6,551
Total Income	100,243	90,768	82,228	78,232	78,501
Staff Costs	(33,914)	(29,959)	(29,708)	(27,789)	(27,000)
Pensions	12,259	(5,319)	(7,859)	(7,135)	(5,399)
Amortisation	(335)	(504)	(418)	(579)	(230)
Depreciation	(10,779)	(10,670)	(9,953)	(9,156)	(10,096)
Loss on Revaluation	-	(115)	(113)	-	-
Other Expenditure	(25,733)	(27,857)	(33,924)	(22,615)	(17,439)
Total Operating Costs	(58,502)	(74,424)	(81,975)	(67,274)	(60,164)
Net Income	41,741	16,344	253	10,958	18,337
Exceptional Items	-	-	-	18,382	-
Interest on Pension Scheme Liability	(18,035)	(19,288)	(21,952)	(17,430)	(18,195)
Other Interest Receivable	102	51	923	1,370	1,087
Interest Payable	(2,151)	(2,345)	(2,560)	(1,965)	(1,102)
Revaluation of Investment Property	(18)	-	-	-	-
Surplus/(Deficit) for the Financial Year	21,639	(5,238)	(23,336)	11,315	127
Property, Plant and Equipment	146,490	152,515	157,711	153,089	127,558
Net current Assets	118,314	99,177	75,387	101,903	96,527
Long Term Creditors, Capital & Reserves	(137,919)	(243,333)	(191,801)	(181,318)	(196,788)
Pension Liability & Other Provisions	(366,085)	(411,150)	(333,319)	(340,382)	(351,337)
Property Plant & Equipment Purchased	7,107	7,804	10,486	34,380	35,534
Average Number of Employees	710	734	841	854	881

Appendix 1

The Department for Transport, Local Government and the Regions

Letter of Comfort in Respect of General Lighthouse Fund Pensions, Contingent Liabilities, to be Given to the General Lighthouse Authorities

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

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

Signed By:

David Jamieson

On behalf of the Secretary of State for Transport, Local Government and the Regions

Date 17.12.2001



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