

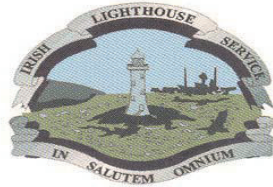
THE GENERAL LIGHTHOUSE FUND



Report and Accounts for the Year Ended 31 March 2010

HC 652

Department for
Transport



THE GENERAL LIGHTHOUSE FUND

Report and Accounts for the year ended 31 March 2010

Presented to Parliament pursuant to
Section 211(5) of the Merchant Shipping Act 1995

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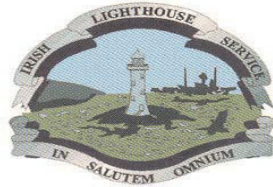
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Contents

| | |
|--|----|
| Introduction | 1 |
| Management Commentary | 2 |
| Constitutions of the General Lighthouse Authorities and their Board members | 23 |
| Remuneration Reports | 27 |
| Statement of Responsibilities of the General Lighthouse Authorities' Boards, Secretary of State for Transport and The Accounting Officer | 35 |
| Statement on Internal Control | 36 |
| Certificate of the Comptroller and Auditor General to the Houses of Parliament | 39 |
| Statement of Consolidated Income | 41 |
| Statement of Financial Position | 42 |
| Statement of Cash Flows | 43 |
| Statement of Changes in Reserves | 44 |
| Notes to the Accounts | 45 |
| Five Year Summary | 72 |
| Appendix 1 | 73 |

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 2009/10 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.
- The successful completion of the Atkins assessment of the aids to navigation by industry, the GLAs, DoT and the DfT.
- Substantive reductions in GLA running costs through innovative efficiency programmes.
- The restoration of the GLF to more sustainable levels, avoiding the risk of the fund having to dip into emergency reserves.

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 years 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 investment programmes on 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 (e-Loran). This year has seen work continue on the GLAs' future strategy beyond 2020 to 2025 which is expected to be published during 2010.

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 both 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 and consult with all users to 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.

The DfT will seek to conclude negotiations with the Irish Department of Transport (DoT) with regard to a new funding agreement to end the imbalance of funding for AtoNs in the Republic of Ireland.

Finally it is hoped that parliamentary time can be found to bring forward the measures contained in the draft Marine Navigation Bill. The draft Bill contained proposals designed to address issues such as the GLA pension commitments, the regularisation of the territorial extent of GLA operations and GLA commercial work. Also the Bill introduces enforcement powers against local lighthouse authorities.

Performance Indicators

Aids to Navigation Availability

Purpose

Availability of AtoNs is the prime factor in any measurement to demonstrate compliance with the GLAs' statutory responsibilities. The standards against which they measure 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 in all three categories the GLAs' service has exceeded those minima in all years covered by the review. This is considered to be a major achievement and indeed 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 IALA. They are published in the IALA AtoNs Guide (NAVGUIDE – Fifth Edition February 2006). Availability is measured by dividing total time (i.e. the sum of the total number of hours in a year multiplied by the number of AtoN 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 AtoNs operated is allocated a category and each category has an availability target:

Category 1 Availability Target 99.8%

An AtoN that is considered to be of primary navigational significance. It includes the lighted AtoNs and racons that are considered essential for marking landfalls and primary routes.

Category 2 Availability Target 99.0%

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

Source of Data

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

Performance See Pages 5-8

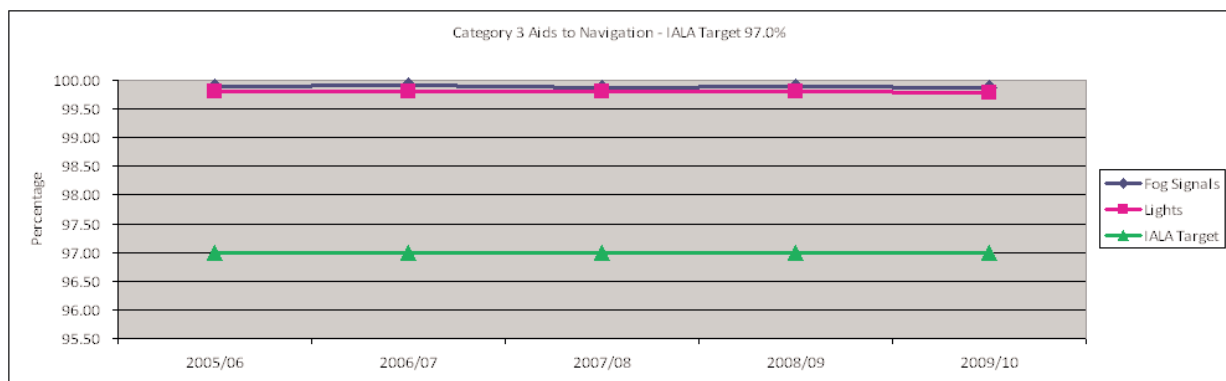
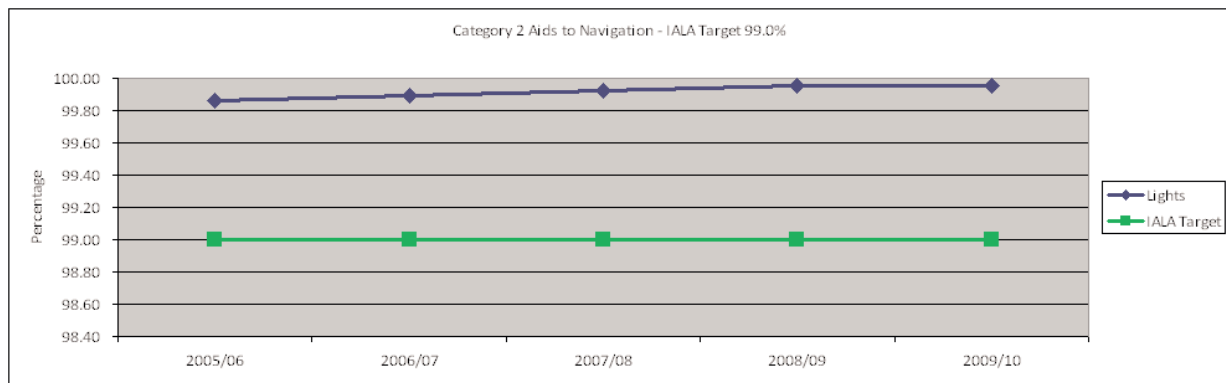
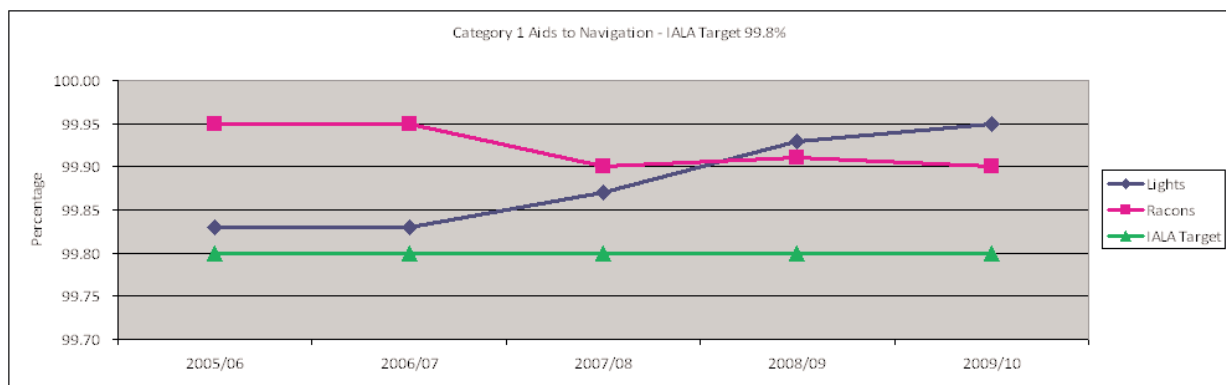
Actual Performance of aids to navigation against the International Association of Aids to Navigation and Lighthouse Authorities minimum 99.8%

Performance Indicators For the General Lighthouse Authorities

Trinity House

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

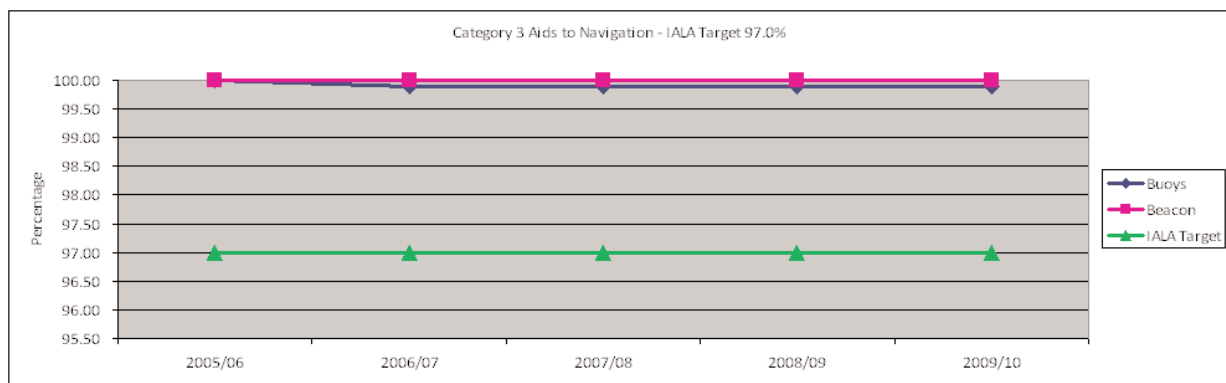
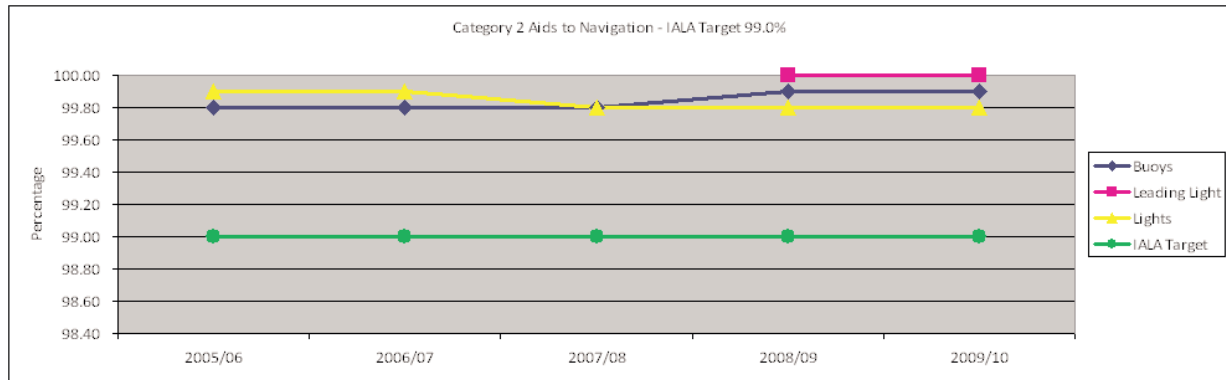
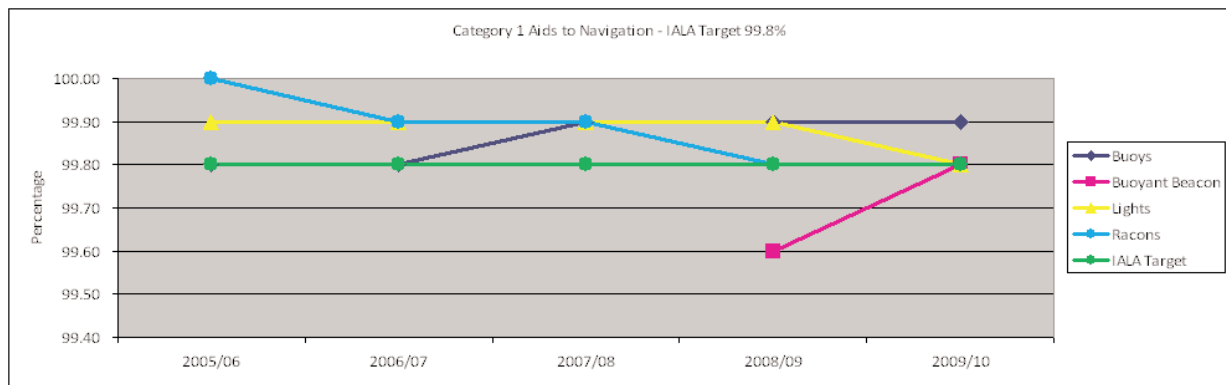
| AtoN Type | Category | IALA Min | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
|----------------|----------|----------|---------|---------|---------|---------|---------|
| Lights (Major) | 1 | 99.8% | 99.83 | 99.83 | 99.87 | 99.93 | 99.95 |
| Racons | 1 | 99.8% | 99.95 | 99.95 | 99.90 | 99.91 | 99.90 |
| Lights (Other) | 2 | 99.0% | 99.86 | 99.89 | 99.92 | 99.95 | 99.95 |
| Fog Signals | 3 | 97.0% | 99.90 | 99.91 | 99.87 | 99.90 | 99.86 |
| Lights (Buoys) | 3 | 97.0% | 99.80 | 99.81 | 99.81 | 99.80 | 99.78 |



Northern Lighthouse Board

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

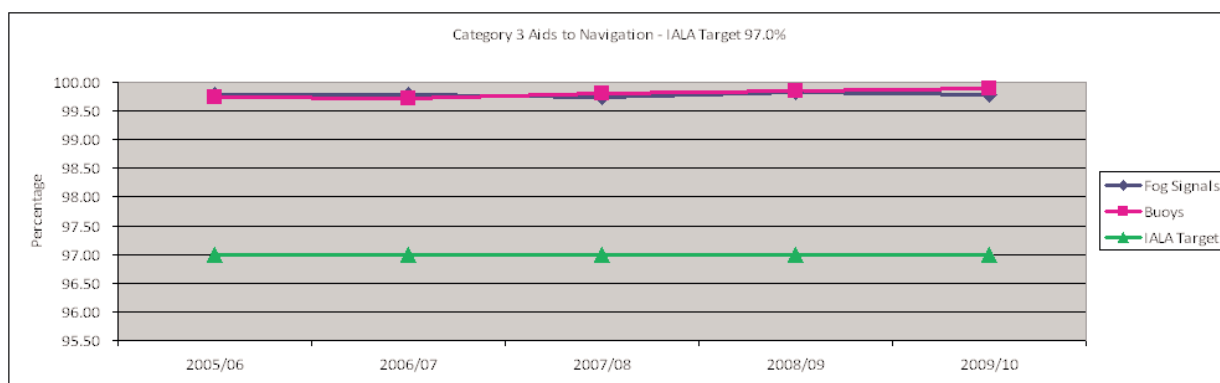
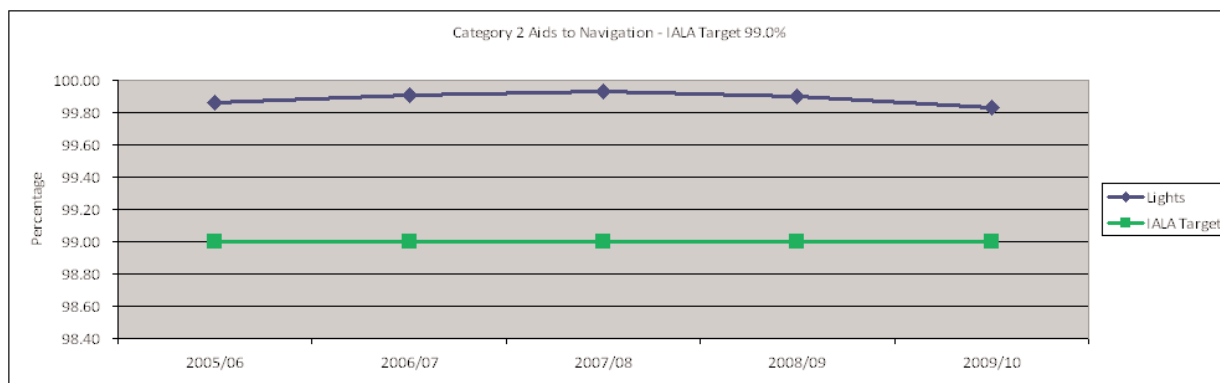
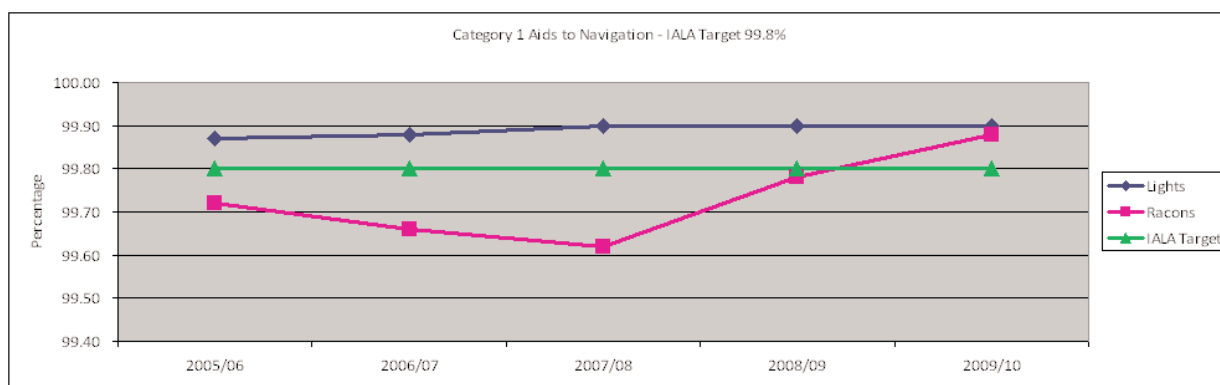
| AtoN Type | Category | IALA Minimum % | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
|----------------|----------|----------------|---------|---------|---------|---------|---------|
| Buoys | 1 | 99.8% | 99.8 | 99.8 | 99.9 | 99.9 | 99.9 |
| Buoyant Beacon | 1 | 99.8% | | | | 99.6 | 99.8 |
| Lights | 1 | 99.8% | 99.9 | 99.9 | 99.9 | 99.9 | 99.8 |
| Racons | 1 | 99.8% | 100.0 | 99.9 | 99.9 | 99.8 | 99.8 |
| Buoys | 2 | 99.0% | 99.8 | 99.8 | 99.8 | 99.9 | 99.9 |
| Leading Light | 2 | 99.0% | | | | 100.0 | 100.0 |
| Lights | 2 | 99.0% | 99.9 | 99.9 | 99.8 | 99.8 | 99.8 |
| Buoys | 3 | 97.0% | 100.0 | 99.9 | 99.9 | 99.9 | 99.9 |
| Beacon | 3 | 97.0% | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |



Commissioners of Irish Lights

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

| AtoN Type | Category | IALA Minimum % | 2005/06 | 2006/07 | 2007/08 | 2008/09 | 2009/10 |
|--------------|----------|----------------|---------|---------|---------|---------|---------|
| Major Lights | 1 | 99.8% | 99.87 | 99.88 | 99.90 | 99.90 | 99.90 |
| Racons | 1 | 99.8% | 99.72 | 99.66 | 99.62 | 99.78 | 99.88 |
| Other Lights | 2 | 99.0% | 99.86 | 99.91 | 99.93 | 99.90 | 99.83 |
| Fog Signals | 3 | 97.0% | 99.79 | 99.79 | 99.75 | 99.83 | 99.79 |
| Buoys | 3 | 97.0% | 99.73 | 99.71 | 99.81 | 99.84 | 99.90 |



Current and Future Developments

Light Dues

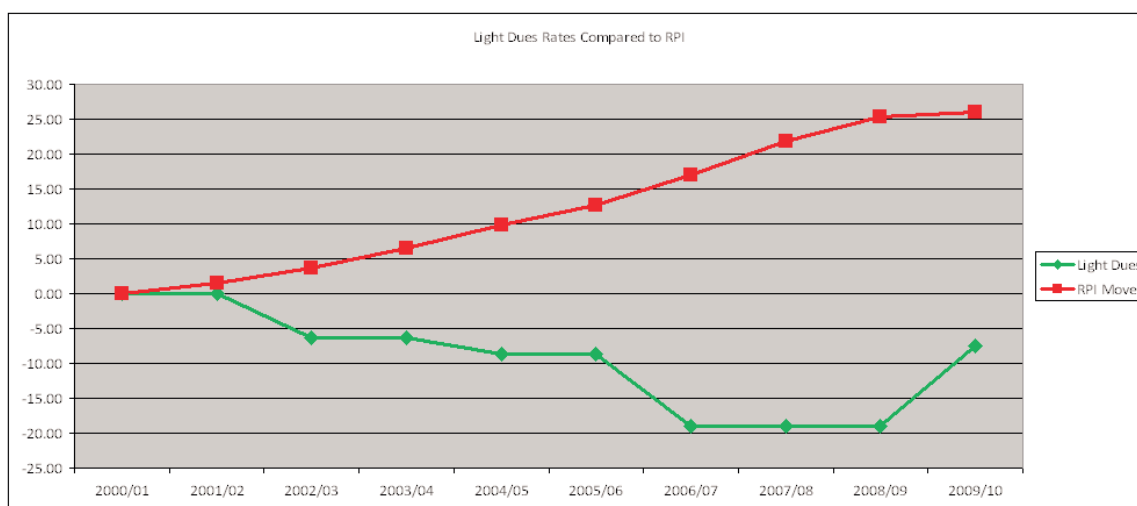
The income to the GLF comes mostly from light dues, which are charged on commercial shipping calling at United Kingdom and Republic of Ireland ports. There is no provision for Exchequer funding except in the Republic of Ireland. The Secretary of State for Transport has a duty to ensure the effective 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 is 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.

After consultation with the GLAs and the Lights Advisory Committee, that represents shipping, ports and cargo interests, the DfT proposed to increase the light dues rate to generate the necessary additional income in sufficient time to avoid the Fund having to dip into the Pension and Reserve Fund.

The DfT issued a consultation document on 23 February 2009 inviting comments on the proposed increases. The consultation period ended on 18 May 2009. The shipping and ports sectors did not support the proposed increases at a time of a downturn in the shipping industry. After taking account of the consultation, responses and further GLA efficiencies the Shipping Minister decided on the following changes to the Light Dues tariff, which are considerably lower than those originally proposed. The current lower than expected level of light dues is in part due to the continued efficiencies the service has delivered.

| | Previous | From 1 July 2009 | From 1 April 2010 |
|-----------------|-------------|------------------|-------------------|
| Light Dues Rate | 35p per nrt | 39p per nrt | 41p per nrt |
| Tonnage Cap | 35,000 nrt | 35,000 nrt | 40,000 nrt |
| Voyage Cap | 7 | 9 | 9 |



Assessment Of Provision and Financing of Aids to Navigation Around UK and Ireland

Following responses to the consultation on Light Dues proposals, UK and Irish Transport Ministers agreed on the need for an overall assessment of the provision of the AtoNs 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 GLAs, 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. In June 2010 the Shipping Minister invited interested parties to provide their views on the recommendations before the Government reached conclusions on how the recommendations should be implemented.

The GLAs are now taking these recommendations forward where it is in their power to do so and a major step has been taken in the setting up of a Joint Strategic Board, which has a responsibility to drive forward greater tri-GLA cooperation and coordination and to release the efficiencies accordingly.

Aids to Navigation Review

Throughout the year the GLAs have been undertaking a comprehensive review of their AtoN provision. Undertaken on a 5 yearly basis, this review for the first time has included a quantitative element with AIS traffic analysis allowing a thorough assessment of traffic patterns around our shores. Consultation with stakeholders has allowed an understanding of traffic not captured by AIS (non SOLAS vessels) and allowed proposed changes to AtoN to be considered at a local level before final decisions were made. For the first time, formal risk assessment has been used to inform the decision making process. The safety of the mariner remains at the forefront of the process but changes in technology and better understanding of traffic patterns have allowed potential reductions in operating costs to be delivered. The review was published on 12 May 2010.

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 design development by the contractor is progressed, minor preparatory work will be ongoing at the sites to receive the new outstation equipment.

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 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 are contributing with the first of these building blocks through the pan-European trial of e-Loran.

A comprehensive GPS jamming trial was undertaken at Newcastle-upon-Tyne using the THV Galatea. The trials demonstrated the vulnerability of shipboard navigational equipment to a loss of GPS and the need for e-Loran as a way of providing resilient positioning, navigation and timing for e-Navigation.

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.

Trinity House Helicopter Contract

A new contract for helicopter services was let during the year by Trinity House. The contract, designed to meet the 140 flying days and 40 days spare time requirements was awarded to Police Aviation Service (PAS) and is due to start in December 2010.

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 will be implemented in the period ahead. External consultant Willis Ltd, who were 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. There are also measures to assist the GLAs in their supervision of local AtoNs and dealing with wrecks. This proposed legislation was generally well received and the Government's response to the useful comments made during the consultation is published on the DfT's website. The Bill will be taken forward when Parliamentary time allows, although it is not included in the legislative programme for 2010-11.

Investment Portfolio

The GLF's Investment Portfolio, managed by Baillie Gifford & Co. and Martin Currie Investment Management Limited, experienced a very good year with the value of the investments increasing by £22.1m (39%). The gains are largely attributable to improved global investment markets, as most major economies came out of recession during the year.

The DfT also commissioned a review of the GLF's investment performance over the last four years and to consider what the future investment strategy should be. The review was undertaken by the Government Actuaries Department, their report is currently being considered by Ministers and announcements regarding the future investment policy will be made shortly. 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.

| Investments analysis by Investment House | | Market Value 31 March 10 £M | Cost 31 March 10 £M |
|---|----------------------|--|------------------------------------|
| Martin Currie | Investments | 42.3 | 39.7 |
| | Cash For Investments | 3.3 | 3.3 |
| Baillie Gifford | Investments | 36.9 | 29.7 |
| | Cash For Investments | 0.4 | 0.4 |
| Total | | 82.9 | 73.1 |
| HSBC Sterling Liquidity Fund | | 10.6 | 10.6 |
| HSBC Euro Liquidity Fund | | 1.0 | 1.0 |
| Total HSBC Liquidity Fund | | 11.6 | 11.6 |

Resources

People

The most important resource that the GLF has at its disposal 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 the performance and development system.

Research and Development is undertaken on behalf of the three GLAs by the Research and Radio Navigation department based at Trinity House. The department carries out work researching advances in technology and market testing new products which have the possibility of providing more efficient and cost effective methods of providing Lighthouse Service requirements. It also participates in international forums such as IALA. TH is also responsible for the collection of Light Dues on behalf of the three GLAs. An internet based collection system, operated by light dues collectors in each port, who are all members of the Institute of Chartered Shipbrokers, is used to collect light dues.

Sickness Absence

Sickness absence in the three GLAs during the year was:

| | 2009/10 | 2008/09 |
|--|---------|---------|
| Trinity House | | |
| Total number of days sickness | 2,044 | 2,064 |
| Average number of days lost per employee | 6.5 | 6.5 |
| Commissioners of Irish Lights | | |
| Total number of days sickness | 1,478 | 1,826 |
| Average number of days lost per employee | 7.5 | 9.1 |
| Northern Lighthouse Board | | |
| Total number of days sickness | 2,030 | 2,064 |
| Average number of days lost per employee | 10.4 | 13.0 |

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 26 to the accounts. The mariner is becoming increasingly more reliant on GNSS for position fixing. If the Loran System in Europe can be upgraded to e-Loran and adopted as the terrestrial radio navigation service as backup to GNSS for SOLAS Convention vessels, then the number of physical assets required for safe navigation is likely to reduce.

Environment

The GLAs seek to develop their environment management policies in a manner fully consistent with Government initiatives and broad public opinion. Thus, measures to protect the environment and ensure sustainable development figure very strongly in the GLAs' consideration of modernisation, improvement and the use of appropriate future technologies at all of their establishments and facilities.

The GLAs are seen as leaders in the provision and improvement of renewable energy sources for navigational aids, principally through the installation of solar-electric power systems occasionally supplemented by wind power while reducing 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 such as wave and wind power and tidal flow.

Disabled Employees

The policy of the GLAs towards the employment of disabled people is that a disability is no bar to recruitment or advancement. The nature of the duties at lighthouses impose some limitations on the employment of disabled staff. 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 £408M as at 31 March 2010 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 £46M, 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 has brought forward measures in the Draft Marine Navigation Bill aimed at addressing this issue.

The risks were grouped in accordance with the UK Risk Management Standard under the four headings of 'Strategic', 'Financial', 'Operational' and 'Hazard' and are shown below. Control measures in place to mitigate their effects are disclosed within the Statement 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 global market conditions 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 of marine AtoNs.

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. 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.

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. In accordance with the Government Financial Reporting Manual the GLF has adopted International Financial Reporting Standards for 2009/10.

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 Balance Sheet for the first time in 2003/04, amounts to £408m as at 31 March 2010. 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 2010 the actuaries estimate that £46m 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 planned when the draft Marine Navigation Bill receives Parliamentary assent 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.

Operating Results

The operating results for the year are set out in the Statement of Consolidated Income and show an operating surplus of £16.3m for 2009/10 (£0.3m in 2008/09). The total deficit for the financial year of £5.2m was transferred to the General Reserve (2008/09 deficit £23.3m). For 2009/10 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 | 16,410 | 17,553 | (1,143) |
| Capital Expenditure | 1,542 | 1,876 | (334) |
| Pension & Ships Lease | 9,523 | 9,453 | 70 |
| Total | 27,475 | 28,882 | (1,407) |

| Northern Lighthouse Board | Actual Expenditure £'000 | Cash Limits £'000 | Variation £'000 |
|------------------------------------|---|----------------------------------|----------------------------|
| Running Costs | 14,372 | 14,489 | (117) |
| Capital Expenditure | 2,235 | 4,207 | (1,972) |
| Expenditure on behalf of all GLA's | 35 | 49 | (14) |
| Pension & Ships Lease | 5,855 | 5,255 | 600 |
| Total | 22,497 | 24,000 | (1,503) |

| Trinity House | Actual Expenditure £'000 | Cash Limits £'000 | Variation £'000 |
|-----------------------------------|---|----------------------------------|----------------------------|
| Running Costs | 22,707 | 23,490 | (783) |
| Capital Expenditure | 3,893 | 5,888 | (1,995) |
| Expenditure on behalf of all GLAs | 2,605 | 2,948 | (343) |
| Expenditure on behalf of DfT | 334 | 331 | 3 |
| Pension & Ships Lease | 8,682 | 9,400 | (718) |
| Total | 38,221 | 42,057 | (3,836) |

Expenditure on Non-Current Assets

During the year to 31 March 2010 the GLAs' expenditure on non-current assets was as follows:

| Commissioners of Irish Lights | 2009/10 £'000 | 2008/09 £'000 |
|--|--------------------------|--------------------------|
| Assets in course of construction | 267 | 1,341 |
| Land & Buildings | - | - |
| Tenders Ancilliary Craft & Floating Aids | 716 | 203 |
| Plant & Equipment | 918 | 1,955 |
| Total | 1,901 | 3,499 |

| Northern Lighthouse Board | 2009/10 £'000 | 2008/09 £'000 |
|--|--------------------------|--------------------------|
| Assets in course of construction | 866 | 1,298 |
| Land & Buildings | 369 | 448 |
| Tenders Ancilliary Craft & Floating Aids | 286 | 259 |
| Plant & Equipment | 581 | 801 |
| Total | 2,102 | 2,806 |

| Trinity House | 2009/10 £'000 | 2008/09 £'000 |
|--|--------------------------|--------------------------|
| Assets in course of construction | 382 | 1,619 |
| Land & Buildings | 1,707 | 862 |
| Tenders Ancilliary Craft & Floating Aids | 1,167 | 1,001 |
| Plant & Equipment | 622 | 764 |
| Total | 3,878 | 4,246 |

The Accounts Direction provides that fixed assets shall be stated at historic cost less depreciation. During 2009/10 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 |
|--------------------------------|-----|-----------------------|--------------|---------------------|
| Old Harwich Depot | TH | 630 | 630 | - |
| New Harwich Depot | TH | 4,550 | 9,896 | (5,346) |
| Penzance Depot | TH | 475 | 475 | - |
| Swansea Depot | TH | 70 | 351 | (281) |
| Edinburgh Headquarters | NLB | 3,295 | 247 | 3,048 |
| Oban Depot | NLB | 890 | 3,460 | (2,570) |
| The Dun Loaghaire HQ and Depot | CIL | 8,476 | 19,325 | (10,849) |

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 | £27.5m |
| Northern Lighthouse Board | £21.9m |
| Trinity House | <u>£36.0m</u> |
| | £85.4m |

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

| | |
|-------------------------------|--------------|
| Light Dues | £75.8m |
| Irish Government Contribution | <u>£6.6m</u> |
| | £82.4m |

Cash drawn down by the GLAs exceeded cash income to the fund by £3.0m in the year 2009/10, and reflects an improving financial situation as a result of increases to the Light Dues Tariff that came into effect from 1 July 2009.

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 2009/10.

Events After the Year End

These are covered in note 28 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 2010 compared to the amount invoiced by the suppliers during the year equated to the following proportion of days.

| | |
|-------------------------------|---------|
| Trinity House | 17 days |
| Northern Lighthouse Board | 20 days |
| Commissioners of Irish Lights | 21 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 2009/10 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 2009/10 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 the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the General Lighthouse Fund's auditors are aware of that information.

Extra Territorial Waters

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 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.

Robert Devereux
Accounting Officer
13 December 2010

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 nonvoting members of the Board.

The membership of the Trinity House Lighthouse Board during 2009/10 was as follows:

| | |
|--|--|
| Rear Admiral Sir J M De Halpert | Executive Chairman |
| Captain D C Glass (retired 21 May 2009) | Director of Navigational Requirements |
| Captain R H Barker (appointed 21 May 2009) | Director of Navigational Requirements |
| Captain N R Pryke | Non-Executive |
| Commodore S J Scorer | Director of Operations |
| J S Wedge | Director of Finance & Support Services |
| J Price | Secretary |

Nominees of the Secretary of State for Transport (DfT)

| | |
|-------------|---------------|
| D A Coltman | Non-Executive |
| F C Bourne | Non-Executive |
| M J 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 2009/10 was as follows:-

Law Officers for Scotland

The Rt Hon E Angiolini QC WS,
F Mulholland QC

The Lord Advocate
Solicitor General for Scotland

Sheriffs Principals of the Sheriffdoms of Scotland

Sheriff Principal E F Bowen CBE TD QC
Sheriff Principal B A Kerr QC
Sheriff Principal R A Dunlop QC

Sheriff Principal of Lothian & Borders
Sheriff Principal of North Strathclyde
Sheriff Principal of Tayside, Central & Fife

Sheriff Principal Sir S Young Bt QC

Sheriff Principal of Grampian,
Highland and Islands

Sheriff Principal B Lockhart

Sheriff Principal of South Strathclyde,
Dumfries and Galloway

Sheriff Principal J A Taylor

Sheriff Principal of Glasgow and
Strathkelvin

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

R Quayle

Elected by the Commissioners

Captain G Sutherland (retired 31 July 2009)
A MacKenzie
A Whyte
Captain M Close
J Ross CBE

Nominated by the Secretary of State and elected by the Commissioners

Dr A Cubie CBE FRSE

Chairman

Lord Provosts

Councillor R Winter
Councillor Reverend Dr G Grubb
Councillor P Stephen
Councillor S Park
Councillor W Petrie OBE JP DL

The Rt Hon Lord Provost of Glasgow
The Rt Hon Lord Provost of Edinburgh
Lord Provost of Aberdeen
Convener of Highland Council
Convener of Argyll & Bute Council

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

M Waddell B.Sc.(Hons)

Captain P Day

D Gorman ACMA MIIA FIIA

Chief Executive

Director of Engineering

Director of Marine Operations

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 members vacancies filled by the Board as they occur. The office of High Sheriff of Dublin having been abolished, the maximum number of Commissioners is now 21. It was agreed by the Board on 1 January 1996 that the number of co-opted members be currently reduced from 17 to 12.

The membership of the Board during 2009/10 was as follows:

Commissioners

J Kidney, FCA

S M Tyrrell

D W Delamer

M O'Neill

M W S Maclaran, B.A.

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

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

T C Johnson

M Gallagher

Commodore J J Kavanagh

E Shanks

J Coyle

Chairman

Vice Chairman

Deputy Vice Chairman

Ex-officio Commissioners (Representatives of Dublin City Council)

The Lord Mayor Councillor E Costello (Appointed 24th July 2009)

Councillor D Lacy (Appointed July 2009)

Councillor E Wynn (Appointed July 2009)

Councillor P Bourke (Appointed July 2009)

Executive Members

S Ruttle, M.A., B.A.I., PhD., C.Eng., F.R.I.N.

Chief Executive

Eur Ing S Doyle BE CEng FIEE MRIN
K O'Higgins MNI
M Dyas, F.C.M.A.
J Burke, MSc (IT), BAgrSc (Econ)

Director of Engineering
Director of Marine
Director of Corporate Services
Director of Information &
Communication Technology

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 us to benchmark with external comparators to ensure our salary rates remain competitive. We aim to pay within the mid to upper quartile of the market in order to attract and retain quality staff in often highly specialist, technical roles.

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

Remuneration of Directors (Audited)

| Name | Salary 2009/10 | Benefits 2009/10 | Salary 2008/09 | Benefits 2008/09 |
|----------------|-------------------|---------------------|-------------------|---------------------|
| | £'000 | £ | £'000 | £ |
| J M de Halpert | 115-120 | - | 115-120 | - |
| J S Wedge | 105-110 | 2,229 | 95-100 | 2,824 |
| D C Glass* | 10-15 | - | 85-90 | 258 |
| R Barker** | 80-85 | 101 | - | - |
| J S Scorer | 100-105 | 153 | 95-100 | 148 |
| M J Gladwyn | 10-15 | 173 | 5-10 | 70 |
| D A Coltman | 15-20 | 4,942 | 5-10 | 3,160 |
| N R Pryke*** | 20-25 | 820 | 15-20 | 935 |
| F C Bourne | 10-15 | 284 | 5-10 | 225 |

* Retired 21 May 2009.

** Director with effect from 11 May 2009.

*** N R Pryke receives remuneration as a Non Executive Director and an Examiner, his salary also includes payments of £6,369.20 made by Trinity House on behalf of The Corporation of Trinity House, which were subsequently re-charged.

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

| | 2009/10 £'000 | 2008/09 £'000 |
|------------------|------------------|------------------|
| Fees | 50 | 45 |
| Salaries | 364 | 248 |
| Performance Pay | 35 | 37 |
| Benefits In Kind | 2 | 3 |

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

The Executive Chairman's only emolument is a salary of £119,637 (2008/09- £116,169) which included a performance related element of £16,750 (2008/09 - £15,484).

Non-Executive Directors are employed on fixed term contracts for a period of 3 or 4 years, the term may be extended where appropriate.

| <u>Non -Executive Director</u> | <u>Contract Start</u> | <u>Expiry Date</u> |
|---|-----------------------|--------------------|
| Captain N R Pryke (Contract renewed in 2008 for further 3 years) | 25 January 2005 | 31 January 2011 |
| M Gladwyn (Contract renewed in 2010 for further 3 years) | 1 September 2007 | 31 August 2013 |
| D A Coltman (Contract renewed in 2007 for further 3 years) | 23 October 2001 | 22 October 2010 |

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) Cash Equivalent Transfer Value at 31 March 2009 | (f) Cash Equivalent Transfer Value at 31 March 2010 | (g) Real increase in Cash Equivalent Transfer Value |
|--------------|------------------------------------|-------------------------------------|---------------------------|----------------------------|--|--|--|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| J De Halpert | 0 - 2.5 | - | 15.0 - 20.0 | - | 257 | 299 | 39 |
| J Wedge | 0 - 2.5 | 5.0 - 7.5 | 20.0 - 25.0 | 70.0 - 75.0 | 404 | 468 | 36 |
| S J Scorer | 0 - 2.5 | - | 0 - 5.0 | - | 47 | 84 | 30 |
| D C Glass* | 0 - 2.5 | - | 10.0 - 15.0 | - | 272 | 271 | 3 |
| R Barker | 0 - 2.5 | - | 5.0 - 10.0 | - | 61 | 95 | 29 |

* D Glass retired 21 May 2009.

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

Remuneration Report

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.

Executive Directors' Pensions (Audited)

The Executive Directors are members of the Northern Lighthouse Board Pension Scheme which is an unfunded defined benefit scheme. Notes 5 and 6 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.

| | (Note 1) Salary including Performance Pay | (Note 2) Benefits in kind | (Note 3) Real increase in pension | (Note 4) Total accrued pension at 31 March 2010 and related lump sum | (Note 5) Cash equivalent transfer value at 31 March 2009 | (Note 6) Cash equivalent transfer value at 31 March 2010 | (Note 7) Real increase in cash equivalent transfer value |
|------------|--|------------------------------|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| R Lockwood | 95-100 | - | 0 - 2.5 | 5 - 10 | 81 | 117 | 28 |
| D Gorman | 80-85 | - | 0 - 2.5/2.5 - 5.0 | 15 - 20/45 - 50 | 299 | 349 | 26 |
| M Waddell | 80-85 | - | 0 - 2.5/0 - 2.5 | 25 - 30/50 - 55 | 350 | 396 | 20 |
| P Day | 80-85 | - | 2.5 - 5.0 | 15 - 20 | 122 | 156 | 24 |

Note 7 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.

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 2009/10 including National Insurance Contributions | 73,021 |
| Total amount paid in 2008/09 including National Insurance Contributions | 76,955 |

Co-opted Commissioners' remuneration is set by the Board as a whole on the advice of the Department for Transport who approved an increase of 2.5% with effect from 1 April 2009.

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 2009/2010 was a co-opted Commissioner and was therefore paid. However, the Vice-Chairman was an Ex-Officio Commissioner and was unpaid.

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

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:

| | 2009/10 £ | 2008/09 £ |
|--|--------------|--------------|
| M Close | 9,804 | 7,281 |
| J Ross | 9,804 | 4,854 |
| R Quayle | 9,804 | 9,708 |
| Captain G Sutherland (to 31 July 2009) | 3,268 | 19,416 |
| A Whyte | 9,804 | 9,708 |
| Sir A Cubie | 19,608 | 12,948 |
| Captain K MacLeod (to 24 July 2008) | - | 3,053 |
| P Mackay CB (to 6 October 2008) | - | 5,036 |
| A Mackenzie (from 1 August 2009) | 6,536 | - |

Commissioners of Irish Lights

Remuneration Report

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 2009/10 £'000 | Salary 2008/09 £'000 | Salary 2009/10 €'000 | Salary 2008/09 €'000 |
|--------------|----------------------------|----------------------------|----------------------------|----------------------------|
| S G R Ruttle | 170 - 175 | 170 - 175 | 190 - 195 | 205 - 210 |
| S Doyle | 130 - 135 | 125 - 130 | 150 - 155 | 150 - 155 |
| K O'Higgins | 120 - 125 | 110 - 115 | 140 - 145 | 135 - 140 |
| M A Dyas | 115 - 120 | 120 - 125 | 130 - 135 | 145 - 150 |
| J M Burke | 115 - 120 | 105 - 110 | 130 - 135 | 130 - 135 |

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 | (b) Real Increase in lump sum | (c) Accrued Pension | (d) Accrued Lump Sum | (e) Cash Equivalent Transfer Value at 31 March 2009 | (f) Cash Equivalent Transfer Value at 31 March 2010 | (g) Real increase in Cash Equivalent Transfer Value |
|--------------|------------------------------------|-------------------------------------|---------------------------|----------------------------|--|--|--|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| S G R Ruttle | 2.5 - 5.0 | 10.0 - 12.5 | 85 - 90 | 255 - 260 | 1,892 | 2,033 | 77 |
| S Doyle | 0 - 2.5 | 5.0 - 7.5 | 45 - 50 | 135 - 140 | 954 | 1,053 | 48 |
| K O'Higgins | 2.5 - 5.0 | 10.0 - 12.5 | 50 - 55 | 150 - 155 | 1,056 | 1,201 | 79 |
| M A Dyas | (-5) - (-7.5) | 100.0 - 102.5 | 35 - 40 | 135 - 140 | 954 | 984 | (9) |
| J M Burke | 2.5 - 5.0 | - | 20 - 25 | - | 225 | 274 | 23 |

Robert Devereux
Accounting Officer
13 December 2010

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, Robert Devereux, as Principal Accounting Officer of the Department with effect from 1 May 2007. In preparing these accounts the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual in particular to:

- Observe the 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".

Robert Devereux
Accounting Officer
13 December 2010

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 myself 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 2010 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to Handle Risk and the Risk Control Framework

A triennial risk review was undertaken in October 2009 by external risk management consultants on behalf of the three GLAs, which was submitted to the Lighthouse Finance Committee (LFC) in November 2009. An immediate review would be commissioned if there were any perceived significant changes in risk. Furthermore, each GLA has systems in place to monitor and manage their significant business risks cascaded from the triennial risk review. The system of internal control is based on a framework of regular management information, administrative procedures and a system of delegation and accountability. In particular, it includes:

- A Framework Document incorporating (1) a Management Statement that sets out the relationships between the Secretary of State for Transport and the GLAs in

- matters of business; and (2) a Financial Memorandum that describes the financial regime that the Boards of the GLAs and DfT are to operate;
- Comprehensive budgeting systems with a Corporate Plan incorporating three years' budgets which are reviewed and endorsed by the Boards and 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;
- Ten-year forecasts of income and expenditure revised annually;
- A triennial actuarial valuation of the pension schemes, including a 20-year forecast of trends in expenditure; and
- An annual report to Ministers and the Lights Advisory Committee, the 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 ARA provides me with a report on internal audit activity in the GLAs. The report includes the ARA's independent opinion on the adequacy and effectiveness of the GLAs' systems of internal control.

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

Internal Audit Conclusion

“The GLAs' established risk management, control and governance arrangements are generally working effectively, although control weaknesses in some areas and opportunities to improve working practices were identified during 2009/10.”

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.

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.

Robert Devereux
Accounting Officer
13 December 2010

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 2010 under the Merchant Shipping Act 1995. These comprise the Statement of Consolidated Income, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Reserves 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 Accounting Officer and Auditor

As explained more fully in the Statement of 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 applicable law and 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 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 2010 and of its deficit, changes in reserves and cash flows 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 included within the Annual Report 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 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
20 December 2010

General Lighthouse Fund
Statement of Consolidated Income
for the Year Ended 31 March 2010

| | Notes | 2009/10 £'000 | 2008/09 £'000 |
|---|-------|------------------|------------------|
| Income: | | | |
| Light Dues | 4 | 76,223 | 69,581 |
| Other Income | 5 | 14,545 | 12,647 |
| | | <u>90,768</u> | <u>82,228</u> |
| Expenditure: | | | |
| Staff Costs | 6 | (29,959) | (29,708) |
| Amortisation | 7 | (504) | (418) |
| Depreciation | 7 | (10,670) | (9,953) |
| Loss on Revaluation | 7 | (115) | (113) |
| Pension Cost | 7 | (5,319) | (7,859) |
| Other Expenditure | 7 | (27,857) | (33,924) |
| | | <u>(74,424)</u> | <u>(81,975)</u> |
| Net Income | | 16,344 | 253 |
| Notional Credit on Capital | 7 | 6,045 | 4,847 |
| Interest Receivable | 8 | 51 | 923 |
| Interest Payable | 9 | (2,345) | (2,560) |
| Interest on Pension Scheme Liability | 9 | (19,288) | (21,952) |
| Net Income/(Expenditure) after Cost of Capital and Interest | | <u>807</u> | <u>(18,489)</u> |
| Reversal of Notional Credit on Capital | | (6,045) | (4,847) |
| Net Expenditure for the Financial Year | | <u>(5,238)</u> | <u>(23,336)</u> |

Statement of Financial Position as at 31 March 2010

| | Notes | 2009/10 £'000 | 2008/09 £'000 | 2007/08 £'000 |
|--|-------|------------------|------------------|------------------|
| Assets | | | | |
| Non-Current Assets | | | | |
| Property, Plant and Equipment | 10 | 152,515 | 157,711 | 153,089 |
| Investment Property | 11 | 1,032 | 952 | 1,065 |
| Intangible Assets | 12 | 787 | 1,040 | 1,099 |
| Trade and Other Receivables | 14 | 100 | 100 | 300 |
| | | <u>154,434</u> | <u>159,803</u> | <u>155,553</u> |
| Current Assets: | | | | |
| Assets Classified as Held for Sale | | - | 1 | 1 |
| Inventories | 13 | 3,329 | 3,004 | 2,904 |
| Trade and Other Receivables | 14 | 10,630 | 9,243 | 9,076 |
| Investments | 15 | 79,209 | 57,099 | 74,837 |
| Cash & Cash Equivalents | 16 | 19,367 | 21,030 | 29,747 |
| | | <u>112,535</u> | <u>90,377</u> | <u>116,565</u> |
| Total Assets | | <u>266,969</u> | <u>250,180</u> | <u>272,118</u> |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Trade and Other Payables | 17 | (12,661) | (14,543) | (13,984) |
| Other Liabilities | 18 | (697) | (447) | (678) |
| | | <u>(13,358)</u> | <u>(14,990)</u> | <u>(14,662)</u> |
| Non-Current Liabilities | | | | |
| Provisions | 18 | (2,685) | (2,761) | (2,708) |
| Pension Liabilities | 21 | (408,465) | (330,558) | (337,674) |
| Financial Liabilities | 20 | (42,897) | (46,836) | (49,196) |
| | | <u>(454,047)</u> | <u>(380,155)</u> | <u>(389,578)</u> |
| Total Assets Less Total Liabilities | | <u>(200,436)</u> | <u>(144,965)</u> | <u>(132,122)</u> |
| Reserves | | | | |
| General Reserve | | (216,267) | (138,643) | (140,616) |
| Capital Reserve | | 4,771 | 4,905 | 4,450 |
| Revaluation Reserve | | 11,060 | (11,227) | 4,044 |
| Total Reserves | | <u>(200,436)</u> | <u>(144,965)</u> | <u>(132,122)</u> |

Robert Devereux
Accounting Officer
13 December 2010

Statement of Cash Flows for the Year Ended 31 March 2010

| | 2009/10 £'000 | 2008/09 £'000 |
|--|------------------------|------------------------|
| Cash Flows From Operating Activities | | |
| Net Surplus/(Deficit) After Cost of Capital and Interest | 807 | (18,489) |
| Adjustment For Cost of Capital Credit | (6,045) | (4,847) |
| Loss on Sale of Investments | 1,102 | 4,790 |
| Loss on Revaluation of Buildings | 115 | - |
| Loss/(Profit) on Disposal of Property, Plant & Equipment | 147 | (173) |
| Loss on Disposal of Intangible Assets | 18 | 14 |
| Pension Benefits Outflow | (17,110) | (15,309) |
| Current Service Cost | 4,834 | 5,998 |
| Depreciation | 10,671 | 9,960 |
| Amortisation | 504 | 418 |
| Reclassification of Capitalised Asset | - | 1,002 |
| Increase in Trade and Other Receivables | (1,387) | (167) |
| Increase in Inventories | (325) | (100) |
| Increase/(Decrease) in Trade Payables | (108) | 1,344 |
| Use of Provisions | 174 | (153) |
| Revaluation of Investment Properties | - | 113 |
| Foreign Exchange Translation | 233 | 589 |
| Net Cash Outflow From Operating Activities | <u>(6,370)</u> | <u>(15,009)</u> |
| Cash Flow From Investing Activities | | |
| Purchase of Property, Plant and Equipment | (9,699) | (11,603) |
| Purchase of Intangible Assets | (240) | (359) |
| Purchase of Investments | (12,628) | (14,487) |
| Proceeds of Disposal of Property, Plant and Equipment | 140 | 724 |
| Proceeds of Disposal of Intangibles | - | - |
| Proceeds of Investments | 11,513 | 13,671 |
| Loans to Other Bodies | - | 200 |
| Net Cash Outflow From Investing Activities | <u>(10,914)</u> | <u>(11,854)</u> |
| Cash Flows From Financing Activities | | |
| Movement in Government Grant Reserve | (134) | 454 |
| Pension Financing Cost | 19,292 | 21,953 |
| Inflow From New Finance Lease | - | 6 |
| Capital Element of Payments in Respect of Finance Leases | (3,537) | (4,267) |
| Net Cash Flow From Financing Activities | <u>15,621</u> | <u>18,146</u> |
| Net Cash Flow From All Activities | <u>(1,663)</u> | <u>(8,717)</u> |
| Net Decrease in Cash and Cash Equivalents in the Period | (1,663) | (8,717) |
| Cash and Cash Equivalents at the Beginning of the Period | 21,030 | 29,747 |
| Cash and Cash Equivalents at the End of the Period | 19,367 | 21,030 |

Statement of Changes in Reserves for the Year Ended 31 March 2010

| | General Reserve £'000 | Revaluation Reserve £'000 | Deferred Government Reserve £'000 | Total Reserves £'000 |
|--|-----------------------------|---------------------------------|--|----------------------------|
| Balance at 31 March 2009 | (138,643) | (11,227) | 4,905 | (144,965) |
| Net Gain/(Loss) on Revaluation of Property, Plant and Equipment | - | - | - | - |
| Net Gain/(Loss) on Revaluation of Intangible Assets | - | - | - | - |
| Net Gain/(Loss) on Revaluation of Investment | - | 22,097 | - | 22,097 |
| Unrealised Gain on Revaluation of Surplus Property Plant and Equipment | - | 190 | - | 190 |
| Release of Reserves to the I&E | - | - | (141) | (141) |
| Foreign Translation of Euro Reserves | (1,494) | - | (86) | (1,580) |
| Actuarial Gain/(Loss) | (70,892) | - | - | (70,892) |
| Transfers Between Reserves | - | - | - | - |
| Retained Deficit | (5,238) | - | - | (5,238) |
| Grant Receipt | - | - | 93 | 93 |
| Balance at 31 March 2010 | <u>(216,267)</u> | <u>11,060</u> | <u>4,771</u> | <u>(200,436)</u> |

Notes to the Accounts for the Year Ended 31 March 2010

1. Accounting Policies

a) Accounting Convention

These accounts have been prepared in accordance with the 2009/2010 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 GLF's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

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

b) Going Concern

The Statement of Financial Position at 31 March 2010 shows net liabilities of £200,436,000. 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 |
|-----------------------------------|------------------------------------|
| Land and Buildings | |
| Land | Not Depreciated |
| Lighthouses (Building Structure) | 50 Years |
| Lighthouse Improvements | 25 Years or Remaining Life if Less |
| Other Buildings | 50 Years |
| Tender and Ancillary Craft | |
| Tenders | 25 Years or Remaining Life if Less |
| Tenders (Dry Dock and Repair) | Depreciated Over 24 Months |
| Workboats | 10 Years |
| Lightvessels | |
| Lightvessel (Hulls) | 50 Years |
| Lightvessel (Hull Conversions) | 15 Years |
| Lightvessel (Dry Dock and Repair) | 5 Years |
| Lanbys | 25 Years |
| Buoys and Beacons | |
| Buoys and Beacons | 25 Years |
| Solarisation Costs | 10 Years |
| Plant and Machinery | |
| Lighthouses and Lightvessels | 15 Years |
| Automation Equipment | 15 Years |
| Racons | 15 Years |
| Radio Beacons | 15 Years |
| Depots and Workshops | 10 Years |
| Office Equipment | 10 Years |
| Vehicles | 5 Years |
| Computers - Major Systems | 5 Years |
| Computers - Other | 3 Years |

f) Inventories

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

g) Research and Development

Research and Development work is co-ordinated by the Radio Navigation Committee for Major Research and Development. Direct expenditure incurred via this channel or any other research and development activity is charged to the 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/£1.1208). 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

The Statement of Consolidated Income includes a notional credit on capital at 3.5% of the average net liabilities during the year. This amount is reversed after the line showing surplus or deficit for the year.

l) Irish Government Grant - Loran C

During the year 2009-10 a grant of €4,826 (£4,272) was received from the Irish Department of Transport in respect of the Loran-C Capital Project. The total advances were €1,273,642 (£1,136,369) at 31 March 2010.

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 lightkeepers' cottages that are considered surplus to requirements and are currently operated as holiday cottages. It has been agreed that this alternative use is in the best interests of the Northern Lighthouse Board and the General Lighthouse Fund through the generation of rental income. These properties are treated in accordance with IAS 40: Accounting for Investment Properties and are accordingly revalued to open market value each year.

Open market valuations have been completed in March 2010 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.

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 2010, 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 arms 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 cashflows.

r) First-Time Adoption of International Financial Reporting Standards

As these financial statements represent the GLF's first-time adoption of IFRS, an explanation of the effect of transition is given in Note 2 entitled 'First time adoption of International Financial Reporting Standards' (IFRS), within these financial statements.

In accordance with IFRS 1, the GLF prepared an opening IFRS Statement of Financial Position, as at 1 April 2008 using the same accounting policies in the opening Statement of Financial Position as in these financial statements.

New Standards and Interpretations Adopted Early

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

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 2010, and have not been applied in preparing these financial statements. The following are those standards, amendments and interpretations that may need to be adopted in subsequent periods:

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 2013-14. Initial application of IFRS 9 is expected to have a limited impact.

IAS 24 Related Party Disclosures has been revised. The revisions to IAS 24 simplify the disclosure requirements for entities that are controlled, jointly controlled, or significantly influenced by a government. Application of the revised IAS 24 is required for reporting periods beginning on or after 1 January 2011. Earlier application is permitted. It is planned that IAS 24 will be applied initially in 2011-12.

IAS 17 Leases has been amended. The revision clarifies that where a lease includes both land and buildings elements, they are separately assessed in accordance with the general guidance on the classification of leases in IAS 17, taking into account that land normally has an indefinite economic life. Thus the land element may be classified as a finance lease, even if title is not expected to pass to the lessee. Application of the amended IAS 17 is required for reporting periods beginning on or after 1 January 2010. Earlier application is permitted. It is planned that IAS 17 will be applied initially

in 2010-11. Initial application of the revised IAS 17 is expected to have limited impact.

FReM

The Government Financial and Reporting Manual (FReM) includes the following accounting changes that have been issued and will be effective in 2010-11:

Notional Cost of Capital charge: the notional Cost of Capital calculated for each class of business, as required by HM Treasury, will no longer be applicable. This will affect the Statement of Consolidated Income (which for 2009-10 includes a credit of £6,045,000) and will be offset by an equivalent adjustment in the Statement of Changes in Reserves.

| | General Fund £'000 | Revaluation Reserve £'000 | Government Grant Reserve £'000 | Total £'000 |
|--|--------------------------|---------------------------------|--------------------------------------|------------------|
| Taxpayers' equity at 1 April 2008 under UK GAAP | (146,476) | 4,931 | 4,450 | (137,095) |
| Adjustments for: | | | | |
| IAS 19 | (509) | | | (509) |
| Foreign Exchange Retranslation of CIL Reserves as per IAS 21 | 5,482 | | | 5,482 |
| Investment Property Restatement | 887 | (887) | | - |
| Taxpayers' equity at 1 April 2008 under IFRS | (140,616) | 4,044 | 4,450 | (132,122) |

| | General Fund £'000 | Revaluation Reserve £'000 | Government Grant Reserve £'000 | Total £'000 |
|--|--------------------------|---------------------------------|--------------------------------------|------------------|
| Taxpayers' equity at 31 March 2009 under UK GAAP | (150,941) | (10,445) | 4,905 | (156,481) |
| Adjustments for: | | | | |
| IAS 19 | (597) | | | (597) |
| Foreign Exchange Retranslation of CIL Reserves as per IAS 21 | 12,113 | | | 12,113 |
| Investment Property Restatement | 782 | (782) | | - |
| Taxpayers' equity at 31 March 2009 under IFRS | (138,643) | (11,227) | 4,905 | (144,965) |

| | Total £'000 |
|--|-----------------|
| Net Surplus for 2008-09 under UK GAAP | (24,494) |
| Adjustments for: | |
| Investment Property Adjustment as per IAS 40 | (113) |
| Employee Benefits as per IAS 19 | (88) |
| Foreign Exchange Differences as per IAS 21 | 1,359 |
| Net Surplus for 2008-09 under IFRS | (23,336) |

2. First-Time Adoption of IFRS

3. Analysis of Net Expenditure by Segment

| | TH £'000 | NLB £'000 | CIL £'000 | GLF £'000 | 2009/10 £'000 | 2008/09 £'000 |
|---------------------------------|---------------|---------------|---------------|----------------|------------------|------------------|
| Light Dues Income | - | - | - | 76,223 | 76,223 | 69,581 |
| GLA Drawdowns | 36,050 | 21,875 | 27,520 | (85,445) | - | - |
| Other Income | 2,375 | 490 | 1,189 | 10,491 | 14,545 | 12,647 |
| Total Income | 38,425 | 22,365 | 28,709 | 1,269 | 90,768 | 82,228 |
| Gross Expenditure | (29,168) | (19,780) | (21,013) | (4,463) | (74,424) | (81,975) |
| Net Income/(Expenditure) | 9,257 | 2,585 | 7,696 | (3,194) | 16,344 | 253 |
| | | | | | | |
| Total Assets | 55,819 | 54,678 | 50,210 | 106,262 | 266,969 | 250,179 |

| | 2009/10 £'000 | 2008/09 £'000 |
|---|------------------|------------------|
| Light Dues Collected in UK | 73,014 | 66,286 |
| Light Dues Collected in Republic of Ireland | 3,209 | 3,295 |
| | 76,223 | 69,581 |

4. Light Dues

5. Other Income

| | TH £'000 | NLB £'000 | CIL £'000 | GLF £'000 | 2009/10 £'000 | 2008/09 £'000 |
|----------------------------------|--------------|--------------|--------------|---------------|------------------|------------------|
| Buoy Rental | 543 | 212 | 163 | - | 918 | 592 |
| Property Rental | 245 | 100 | 254 | - | 599 | 494 |
| Other Commercial Income | 84 | 37 | - | - | 121 | 214 |
| Tender Hire | 641 | 84 | 626 | - | 1,351 | 1,764 |
| Republic of Ireland Contribution | - | - | - | 8,181 | 8,181 | 6,170 |
| Income From Listed Investments | - | - | - | 2,306 | 2,306 | 2,589 |
| Grant Income | 326 | - | 128 | - | 454 | 74 |
| Sundry Receipts | 536 | 57 | 18 | 4 | 615 | 750 |
| | 2,375 | 490 | 1,189 | 10,491 | 14,545 | 12,647 |

6. Staff Numbers and Related Costs

Staff costs comprise:

| | TH Permanent £'000 | TH Others £'000 | NLB Permanent £'000 | NLB Others £'000 | CIL Permanent £'000 | CIL Others £'000 | Total 2009/10 £'000 | Total 2008/09 £'000 |
|---|--------------------------|-----------------------|---------------------------|------------------------|---------------------------|------------------------|---------------------------|---------------------------|
| Wages & Salaries | 10,989 | 172 | 6,976 | 197 | 9,937 | 152 | 28,423 | 27,638 |
| Social Security Costs | 880 | - | 551 | - | 763 | 16 | 2,210 | 2,155 |
| Other Pension Costs | - | - | - | - | - | - | - | - |
| Redundancy Costs | (6) | - | - | - | - | - | (6) | 391 |
| Annual Compensation Payments | - | - | - | - | (24) | - | (24) | 2 |
| Sub Total | 11,863 | 172 | 7,527 | 197 | 10,676 | 168 | 30,603 | 30,186 |
| Costs Capitalised In Non-Current Assets | (179) | - | - | - | (465) | - | (644) | (478) |
| Total Net Costs | 11,684 | 172 | 7,527 | 197 | 10,211 | 168 | 29,959 | 29,708 |

Average Number of Persons Employed

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

| | 2009/10 Permanent Staff | 2009/10 Others | 2009/10 Total | 2008/09 Permanent Staff | 2008/09 Others | 2008/09 Total |
|-----------------------------------|-------------------------------|-------------------|------------------|-------------------------------|-------------------|------------------|
| Directly Employed | 706 | 4 | 710 | 715 | 1 | 716 |
| Other | - | 11 | 11 | - | 11 | 11 |
| Staff Engaged on Capital Projects | 13 | - | 13 | 3 | - | 3 |
| | 719 | 15 | 734 | 718 | 12 | 730 |

follows:

| | 2009/10 | 2009/10 | 2009/10 | 2009/10 | 2009/10 | 2008/09 |
|---|---------------|---------------|---------------|--------------|---------------|---------------|
| | TH | NLB | CIL | GLF | Total | Total |
| Note | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Running Costs | 10,661 | 5,934 | 4,458 | 2,371 | 23,424 | 25,724 |
| Rentals Under Operating Leases | 818 | 491 | 1,175 | - | 2,484 | 2,175 |
| Pension Cost | 1,960 | 1,592 | 1,767 | - | 5,319 | 7,859 |
| Bank Interest Charges | 848 | 1,140 | 357 | - | 2,345 | 2,560 |
| Pension Interest | 7,556 | 4,034 | 7,641 | 57 | 19,288 | 21,952 |
| Auditors Remuneration | - | - | - | 135 | 135 | 126 |
| Research and Development Expenditure | - | - | - | - | - | - |
| Non-Cash Items | - | - | - | - | - | - |
| Depreciation | 3,902 | 3,724 | 3,044 | - | 10,670 | 9,953 |
| Amortisation | 348 | 111 | 45 | - | 504 | 418 |
| Loss on Revaluation of Assets | 195 | (80) | - | - | 115 | 113 |
| Profit on Disposal of Asset | - | (68) | - | - | (68) | (144) |
| Loss on Disposal of Property, Plant and Equipment | 56 | 94 | 66 | - | 216 | (29) |
| Loss on Disposal Investments | - | - | - | 1,102 | 1,102 | 4,790 |
| Cost of Capital Charges | (3,757) | (1,722) | (3,795) | 3,229 | (6,045) | (4,847) |
| Provision Provided for in Year | 18 227 | 258 | 79 | - | 564 | 1,283 |
| Unwinding of Discount on Provisions | 18 - | - | - | - | - | - |
| Total | 22,814 | 15,508 | 14,837 | 6,894 | 60,053 | 71,933 |

7. Total Expenditure

| | 2009/10 | 2009/10 | 2009/10 | 2009/10 | 2009/10 | 2008/09 |
|---|---------------|--------------|--------------|--------------|---------------|---------------|
| | TH | NLB | CIL | GLF | Total | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Running Costs | 10,661 | 5,934 | 4,458 | 2,371 | 23,424 | 25,724 |
| Rentals Under Operating Leases | 818 | 491 | 1,175 | - | 2,484 | 2,175 |
| Auditors Remuneration | - | - | - | 135 | 135 | 126 |
| Non-Cash Items | - | - | - | - | - | - |
| Profit on Disposal of Assets | - | (68) | - | - | (68) | (144) |
| Loss on Disposal of Property, Plant and Equipment | 56 | 94 | 65 | - | 215 | (29) |
| Loss on Disposal Investments | - | - | - | 1,102 | 1,102 | 4,790 |
| Provision Provided for in Year | 227 | 258 | 79 | - | 564 | 1,283 |
| Total | 11,762 | 6,709 | 5,778 | 3,608 | 27,857 | 33,924 |

7a. Other Expenditure

| | 2009/10 | 2009/10 | 2009/10 | 2009/10 | 2009/10 | 2008/09 |
|--------------------------|---------|---------|---------|---------|---------|---------|
| | TH | NLB | CIL | GLF | Total | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Bank Interest Receivable | 6 | - | - | 45 | 51 | 923 |

8. Interest Receivable

| | 2009/10 | 2009/10 | 2009/10 | 2009/10 | 2009/10 | 2008/09 |
|-------------------------------|--------------|--------------|--------------|----------|---------------|---------------|
| | TH | NLB | CIL | GLF | Total | Total |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Interest on Finance Leases | 848 | 1,140 | 357 | - | 2,345 | 2,560 |
| Interest on Pension Liability | 7,556 | 4,034 | 7,698 | - | 19,288 | 21,952 |
| Total | 8,404 | 5,174 | 8,055 | - | 21,633 | 24,512 |

9. Interest Payable

| | Land £000 | Buildings £000 | Surplus Land £000 | Surplus Buildings £000 | Vessels £000 | Lightvessels £000 | Buoys £000 | IT Equipment £000 | Plant & Machinery £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 |
| Net Book Value at 31 March 2009 | 1,262 | 51,725 | 803 | 616 | 56,958 | 963 | 7,016 | 1,075 | 30,268 | 7,025 | 157,711 |
| Net Book Value at 31 March 2010 | 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 Contracts | - | - | - | - | - | - | - | - | - | - | - |
| Net Book Value At 31 March 2010 | 1,331 | 51,783 | 325 | 779 | 54,773 | 866 | 7,039 | 873 | 28,553 | 6,193 | 152,515 |

10. Property, Plant and Equipment

| | Land £000 | Buildings £000 | Surplus Land £000 | Surplus Buildings £000 | Vessels £000 | Lightvessels £000 | Buoys £000 | IT Equipment £000 | Plant & Machinery £000 | AUC £000 | Total £000 |
|--|--------------|-------------------|-------------------------|------------------------------|-----------------|----------------------|---------------|-------------------------|------------------------------|--------------|----------------|
| Cost or Valuation | | | | | | | | | | | |
| At 1 April 2008 | 1,274 | 66,474 | 803 | 1,694 | 82,536 | 8,857 | 12,893 | 3,457 | 71,997 | 5,636 | 255,621 |
| Additions | 3 | 1,307 | - | - | 857 | 226 | 439 | 189 | 3,209 | 4,256 | 10,486 |
| Donations | - | - | - | - | - | - | - | - | - | - | - |
| Disposals | - | (311) | - | (360) | (12) | (279) | (56) | (92) | (1,950) | - | (3,060) |
| Impairments | - | - | - | - | - | - | - | - | - | - | - |
| Reclassifications | - | (1,418) | - | 508 | - | - | - | 45 | 554 | (603) | (914) |
| Revaluations | - | - | - | (1,226) | - | - | - | - | - | - | (1,226) |
| Transfers | - | 847 | - | - | - | - | 6 | 82 | 1,410 | (2,462) | (117) |
| Foreign Exchange | 41 | 3,448 | - | - | 2,885 | 282 | 740 | 154 | 3,112 | 198 | 10,860 |
| At 31 March 2009 | 1,318 | 70,347 | 803 | 616 | 86,266 | 9,086 | 14,022 | 3,835 | 78,332 | 7,025 | 271,650 |
| Depreciation | | | | | | | | | | | |
| At 1 April 2008 | 45 | 16,797 | - | 59 | 25,130 | 7,847 | 5,882 | 2,325 | 44,449 | - | 102,534 |
| Charged in Year | 11 | 1,746 | - | - | 3,081 | 274 | 720 | 421 | 3,707 | - | 9,960 |
| Disposals | - | (298) | - | - | (4) | (279) | (9) | (87) | (1,832) | - | (2,509) |
| Impairments | - | - | - | - | - | - | - | - | - | - | - |
| Reclassifications | - | 30 | - | (59) | - | - | - | - | - | - | (29) |
| Revaluations | - | - | - | - | - | - | - | - | - | - | - |
| Foreign Exchange | - | 347 | - | - | 1,101 | 281 | 413 | 101 | 1,740 | - | 3,983 |
| At 31 March 2009 | 56 | 18,622 | - | - | 29,308 | 8,123 | 7,006 | 2,760 | 48,064 | - | 113,939 |
| Net Book Value at 31 March 2008 | 1,229 | 49,677 | 803 | 1,635 | 57,406 | 1,010 | 7,011 | 1,132 | 27,548 | 5,636 | 153,087 |
| Net Book Value at 31 March 2009 | 1,262 | 51,725 | 803 | 616 | 56,958 | 963 | 7,016 | 1,075 | 30,268 | 7,025 | 157,711 |
| Asset Financing | | | | | | | | | | | |
| Owned | 1,262 | 51,725 | 803 | 616 | 1,394 | 963 | 7,016 | 1,075 | 30,268 | 7,025 | 102,147 |
| Finance Leased | - | - | - | - | 55,564 | - | - | - | - | - | 55,564 |
| On-Balance Sheet PFI Contracts | - | - | - | - | - | - | - | - | - | - | - |
| Net Book Value At 31 March 2009 | 1,262 | 51,725 | 803 | 616 | 56,958 | 963 | 7,016 | 1,075 | 30,268 | 7,025 | 157,711 |

| | 2009/10 £000 | 2008/09 £000 |
|----------------------------------|-----------------|-----------------|
| Holiday Cottages | | |
| As at 1 April 2009 | 952 | 1,065 |
| Additions | - | - |
| Depreciation | - | - |
| Revaluations | 80 | (113) |
| Write Downs | - | - |
| Total as at 31 March 2010 | 1,032 | 952 |

11. Investment Property

| | Software £000 | Licences £000 | Assets in Progress £000 | Total £000 |
|--|------------------|------------------|-------------------------------|---------------|
| Cost or Valuations | | | | |
| At 1 April 2008 | 2,012 | 150 | 47 | 2,209 |
| Additions | 359 | - | - | 359 |
| Donations | - | - | - | - |
| Disposals | (68) | - | - | (68) |
| Transfers | 51 | - | (47) | 4 |
| Impairments | - | - | - | - |
| Revaluation | - | - | - | - |
| Foreign Exchange | 40 | - | - | 40 |
| At 31 March 2009 | 2,394 | 150 | - | 2,544 |
| Amortisation | | | | |
| At 1 April 2008 | 1,097 | 13 | - | 1,110 |
| Charged in Year | 411 | 7 | - | 418 |
| Disposals | (54) | - | - | (54) |
| Impairments | - | - | - | - |
| Revaluation | - | - | - | - |
| Foreign Exchange | 30 | - | - | 30 |
| At 31 March 2009 | 1,484 | 20 | - | 1,504 |
| Net Book Value at 31 March 2008 | 915 | 137 | 47 | 1,099 |
| Net Book Value at 31 March 2009 | 910 | 130 | - | 1,040 |

| | Software £000 | Licences £000 | Assets in Progress £000 | Total £000 |
|--|------------------|------------------|-------------------------------|---------------|
| Cost or Valuations | | | | |
| At 1 April 2009 | 2,394 | 150 | - | 2,544 |
| Additions | 240 | - | - | 240 |
| Donations | - | - | - | - |
| Disposals | (168) | - | - | (168) |
| Transfers | 34 | - | - | 34 |
| Impairments | - | - | - | - |
| Revaluation | - | - | - | - |
| 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 | - | - | - | - |
| Revaluation | - | - | - | - |
| Foreign Exchange | (8) | - | - | (8) |
| At 31 March 2010 | 1,822 | 28 | - | 1,850 |
| Net Book Value at 31 March 2010 | 665 | 122 | - | 787 |

12. Intangible Assets

| | 2009/10 TH £000 | 2009/10 NLB £000 | 2009/10 CIL £000 | 2009/10 GLF £000 | 2009/10 Total £000 | 2008/09 Total £000 |
|--------------|-----------------------|------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Inventories | 2,285 | 585 | 459 | - | 3,329 | 3,004 |
| Total | 2,285 | 585 | 459 | - | 3,329 | 3,004 |

13. Inventories

| | 2009/10 TH £000 | 2009/10 NLB £000 | 2009/10 CIL £000 | 2009/10 GLF £000 | 2009/10 Total £000 | 2008/09 Total £000 |
|---|-----------------------|------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Amounts falling due within one year: | | | | | | |
| Trade Receivables | 495 | 22 | 55 | 648 | 1,220 | 1,157 |
| Deposits and Advances | - | 29 | - | - | 29 | - |
| Other Receivables | 362 | - | 180 | 7,263 | 7,805 | 6,125 |
| Prepayments and Accrued Income | 273 | 310 | 246 | 130 | 959 | 1,127 |
| Current Part of PFI Prepayment | - | - | - | - | - | - |
| Current Part of NLF Loan | - | - | - | - | - | - |
| VAT Recoverable | 256 | 164 | 197 | - | 617 | 834 |
| Total | 1,386 | 525 | 678 | 8,041 | 10,630 | 9,243 |

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

| | | | | | | |
|---------------------------------|--------------|------------|------------|--------------|---------------|--------------|
| Central Government | 258 | 168 | - | - | 426 | 514 |
| Local Authorities | 14 | 1 | - | - | 15 | 16 |
| NHS Trusts | - | - | - | - | - | - |
| Public Corporations | 30 | 4 | - | - | 34 | 13 |
| Intra Government Balance | 302 | 173 | - | - | 475 | 543 |
| Bodies External to Government | 1,084 | 352 | 678 | 8,041 | 10,155 | 8,700 |
| | 1,386 | 525 | 678 | 8,041 | 10,630 | 9,243 |

| | 2009/10 TH £000 | 2009/10 NLB £000 | 2009/10 CIL £000 | 2009/10 GLF £000 | 2009/10 Total £000 | 2008/09 Total £000 |
|--|-----------------------|------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Amounts falling due after more than one year: | | | | | | |
| Trade Receivables | - | - | - | - | - | - |
| Deposits and Advances | - | - | - | - | - | - |
| Other Receivables | 100 | - | - | - | 100 | 100 |
| Prepayments and Accrued Income | - | - | - | - | - | - |
| Total | 100 | - | - | - | 100 | 100 |

14. Trade Receivables and Other Current Assets

Amounts falling due after more than one year are all outside the whole of Government accounting boundary.

| | 2009/10 Total £000 | 2008/09 Total £000 |
|--|--------------------------|--------------------------|
| Investment Portfolio Managed by Baillie Gifford & Co | 36,867 | 26,317 |
| Investment Portfolio Managed by Martin Currie Ltd | 42,342 | 30,782 |
| Total | 79,209 | 57,099 |

15. Investments

| | 2009/10 Total £000 | 2008/09 Total £000 |
|---|--------------------------|--------------------------|
| Balance at 1 April | 21,030 | 29,748 |
| Net Change in Cash and Cash Equivalent Balances | (1,663) | (8,718) |
| Balance at 31 March | 19,367 | 21,030 |

The following balances at 31 March were held at:

| | | |
|-----------------------------------|---------------|---------------|
| Commercial Banks and Cash in Hand | 19,367 | 21,030 |
| Short Term Investments | - | - |
| Balance at 31 March | 19,367 | 21,030 |

16. Cash and Cash Equivalents

| | 2009/10 TH £000 | 2009/10 NLB £000 | 2009/10 CIL £000 | 2009/10 GLF £000 | 2009/10 Total £000 | 2008/09 Total £000 |
|---|-----------------------|------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Amounts falling due within one year: | | | | | | |
| VAT | - | - | - | - | - | - |
| Other Taxation and Social Security | 384 | 209 | 313 | - | 906 | 894 |
| Trade Payables | 1,216 | 871 | 670 | - | 2,757 | 3,403 |
| Other Payables | 102 | 18 | 63 | 256 | 439 | 361 |
| Accruals and Deferred Income | 2,569 | 953 | 1,269 | 94 | 4,885 | 6,332 |
| Current Part of Finance Leases | 1,133 | 1,202 | 1,325 | - | 3,660 | 3,539 |
| Current Part of Imputed Finance Lease Element of on Balance Sheet PFI Contracts | - | - | - | - | - | - |
| Bank Overdraft | - | - | - | 14 | 14 | 14 |
| Total | 5,404 | 3,253 | 3,640 | 364 | 12,661 | 14,543 |

17. Trade Payables and Other Current Liabilities

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

| | | | | | | |
|---------------------------------|--------------|--------------|--------------|------------|---------------|---------------|
| Central Government | 379 | 231 | 14 | - | 624 | 643 |
| Local Authorities | - | 1 | - | - | 1 | 1 |
| NHS Trusts | - | - | - | - | - | - |
| Public Corporations | - | 6 | - | - | 6 | 296 |
| Intra Government Balance | 379 | 238 | 14 | - | 631 | 940 |
| Bodies External to Government | 5,025 | 3,015 | 3,626 | 364 | 12,030 | 13,603 |
| Total | 5,404 | 3,253 | 3,640 | 364 | 12,661 | 14,543 |

| | 2009/10 TH £000 | 2009/10 NLB £000 | 2009/10 CIL £000 | 2009/10 GLF £000 | 2009/10 Total £000 | 2008/09 Total £000 |
|---|-----------------------|------------------------|------------------------|------------------------|--------------------------|--------------------------|
| Amounts falling due after more than one year: | | | | | | |
| Other Payables, Accruals and Deferred Income | - | - | 10 | - | 10 | 10 |
| Finance Leases | 16,896 | 20,049 | 5,942 | - | 42,887 | 46,826 |
| Imputed Finance Lease Element of On-Balance Sheet PFI Contracts | - | - | - | - | - | - |
| NLF Loans | - | - | - | - | - | - |
| Total | 16,896 | 20,049 | 5,952 | - | 42,897 | 46,836 |

Amounts falling due after more than one year are all outside the whole of Government accounting boundary.

| | Redundancy Restructuring | | | | | | Total £000 |
|--------------------------------------|--------------------------|---------------|--------------------|--------------------|---------------|---------------|---------------|
| | Costs £000 | Costs £000 | Orfordness £000 | Litigation £000 | ACP's £000 | MNOFP £000 | |
| Balance at 1 April 2009 | 239 | 155 | - | - | 700 | 2,115 | 3,209 |
| Provided in the Year | - | 1 | 100 | 50 | - | 413 | 564 |
| Provisions Not Required Written Back | (127) | (48) | - | - | (118) | - | (293) |
| Provisions Utilised in the Year | (46) | - | - | - | (50) | - | (96) |
| Unwinding of Discount | - | - | - | - | - | - | - |
| Foreign Exchange | - | - | - | - | (2) | - | (2) |
| Balance at 31 March 2010 | 66 | 108 | 100 | 50 | 530 | 2,528 | 3,382 |

18. Provisions for Liabilities and Charges

| | Redundancy Restructuring | | | | | | Total £000 |
|--|--------------------------|---------------|--------------------|--------------------|---------------|---------------|---------------|
| | Costs £000 | Costs £000 | Orfordness £000 | Litigation £000 | ACP's £000 | MNOFP £000 | |
| In the remainder of the Spending Review period (to 2013) | 66 | 108 | 100 | 50 | 440 | 414 | 1,178 |
| Between 2014 and 2018 | - | - | - | - | 90 | 14 | 104 |
| Between 2019 and 2023 | - | - | - | - | - | 2,100 | 2,100 |
| Thereafter | - | - | - | - | - | - | - |
| Balance at 31 March 2010 | 66 | 108 | 100 | 50 | 530 | 2,528 | 3,382 |

Analysis of expected timing of discounted flows

| | Redundancy Restructuring | | | | | | Total £000 |
|---|--------------------------|---------------|--------------------|--------------------|---------------|---------------|---------------|
| | Costs £000 | Costs £000 | Orfordness £000 | Litigation £000 | ACP's £000 | MNOFP £000 | |
| Amounts not expected to be called until the period beginning 2063 | - | - | - | - | - | - | - |
| Amounts not expected to be called until the period beginning 2088 | - | - | - | - | - | - | - |
| Total | - | - | - | - | - | - | - |

Included in the amounts not expected to be called until after 2023 are:

The GLAs have provided for:

Redundancy Costs - the estimated redundancy costs as a result of changing from the THV Mermaid to the new THV Galatea and redundancies as a result of a reorganisation within Operations, Planning and Asset Management. It is expected that 100% of the provision will be incurred in 2010/11.

Restructuring Costs - the estimated redundancy costs as a result of restructuring the organisation. It is expected that 100% of the remaining balance will be utilised during 2010/11.

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.

MNOFP - Provision for actuarially calculated estimate of additional contribution to the Merchant

Navy Officers Pension Fund to help meet the deficit in the Fund.

19. Capital Commitments

| | 2009/10 £000 | 2008/09 £000 |
|--|-----------------|-----------------|
| Contracted capital commitments at 31 March 2010 not otherwise included in these financial statements | | |
| Property, Plant and Equipment | 2,664 | 2,613 |
| Intangible Assets | <u>2</u> | <u>32</u> |
| Total | 2,666 | 2,645 |

20. Commitments Under Leases

| | 2009/10 £000 | 2008/09 £000 |
|---|-----------------|-----------------|
| Obligations Under Operating Leases Comprise: | | |
| <i>Land</i> | | |
| Not Later Than One Year | 67 | 13 |
| Later Than One Year and Not Later Than Five Years | 199 | 15 |
| Later Than Five Years | <u>3,014</u> | <u>3,397</u> |
| Total | 3,280 | 3,425 |
| <i>Buildings</i> | | |
| Not Later Than One Year | 8 | - |
| Later Than One Year and Not Later Than Five Years | 8 | - |
| Later Than Five Years | <u>1</u> | <u>-</u> |
| Total | 17 | - |
| <i>Other</i> | | |
| Not Later Than One Year | 2,254 | 134 |
| Later Than One Year and Not Later Than Five Years | 7,901 | 1,075 |
| Later Than Five Years | <u>1,903</u> | <u>7,856</u> |
| Total | 12,058 | 9,065 |

20.1 Operating Leases

20.2 Finance Leases

Total future minimum lease payments under finance leases are given in the table below for each of the following periods.

| | 2009/10 £000 | 2008/09 £000 |
|---|-----------------|-----------------|
| Obligations Under Finance Leases Comprise: | | |
| <i>Buildings</i> | | |
| Not Later Than One Year | - | - |
| Later Than One Year and Not Later Than Five Years | - | - |
| Later Than Five Years | <u>-</u> | <u>-</u> |
| Sub-Total | - | - |
| Less Interest Element | <u>-</u> | <u>-</u> |
| Total | - | - |
| <i>Other</i> | | |
| Not Later Than One Year | 5,894 | 5,228 |
| Later Than One Year and Not Later Than Five Years | 25,522 | 21,434 |
| Later Than Five Years | <u>30,078</u> | <u>35,319</u> |
| Sub-Total | 61,494 | 61,981 |
| Less Interest Element | <u>(14,947)</u> | <u>(17,511)</u> |
| Total | 46,547 | 44,470 |

21. 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. The schemes are operated, for employees who joined the scheme before 1 October 2002, on a non-contributory basis. There is a facility for employees to make additional contributions in respect of benefits for widows and children and added years; these are also defined benefits and unfunded. Employees who joined the scheme after 1 October 2002 contribute 3.5% of pensionable elements of pay and may also make voluntary contributions for the purchase of added years service.

Employees joining after 1 October 2002 could opt instead to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions of £15,176 (2008/09 £10,291) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are aged-related and range from 3% to 12.5% of pensionable pay.

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

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

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

The GLA's obtain professional actuarial valuations at 3 yearly intervals which are updated each

year for IAS 26 purposes. The last valuation was completed in 2010, valued as at 31 March 2010. The only differences between the full valuation and the IAS 26 valuations are:

- 1) The IAS 26 valuation excludes the liabilities for Annual Compensation payments (ACPs)
- 2) The IAS 26 valuation prescribes the discount rate as the yield on the "AA" rated term corporate bonds. For the best-estimate funding basis, the discount rate represents the actuary's expectation of the future investment returns from the assets notionally held by the scheme. As the Fund does not operate a funded arrangement there are no assets on which to base an estimate of future returns. Therefore for the purpose of deriving a suitable discount rate, the actuary has assumed a notional portfolio that would reflect a common composition of assets in a defined benefit pension scheme.

The accumulated liability for the General Lighthouse Fund in respect of all current employees was in the order of £408m. The estimated liability for pensions in payment and deferred pensions of former employees of the General Lighthouse Fund was £289m. The actuary used Projected Unit Credit Method and a best estimate approach of future experience ie one that includes no margin for caution.

The valuation assumed the following return / investment rates:-

| | NLB | TH | CIL |
|---|-------|-------|-------|
| Price Inflation | 2.75% | 2.75% | 2.75% |
| Salary Growth | 3.75% | 3.75% | 3.75% |
| Pre-Retirement Investment Return | 4.60% | 4.60% | 4.60% |
| Rate of Increase to Pensions in Payment & Deferment | 2.75% | 2.75% | 2.75% |

The actuary's updated estimate of the liability of ACPs at 31 March 2010 is £530,000.

The following has been provided in accordance with the International Accounting Standard IAS 26

| | 31 March 2010 £'000 | 31 March 2009 £'000 |
|--|------------------------|------------------------|
| Active Members | 119,238 | 91,763 |
| Deferred Pensioners | 56,279 | 44,307 |
| Pensioners | 232,948 | 194,488 |
| Total Liability at Projected Unit Method | 408,465 | 330,558 |

- Accounting and Reporting by Retirement Benefit Plan:

| | £'000 | £'000 | £'000 |
|---|--------------|---------------|------------------------------|
| Scheme Liability at 31 March 2009 | | | 330,558 |
| Current Service Cost | | 4,634 | |
| Past Service Cost | | 200 | |
| Interest on Pension Scheme Liability | | <u>19,292</u> | 24,126 |
| Benefits Payable | | | |
| Pensions or Annuities to Retired Employees and Dependants | (15,749) | | |
| Commutations and Lump Sum Benefits: | | | |
| On Retirement | (1,979) | | |
| On Early Retirement | (298) | | |
| On Death | (11) | | |
| Injury Benefits | (9) | | |
| | | (18,046) | |
| Pension Payments to and on Account of Leavers | | | |
| Refunds to Members Leaving Service | (5) | | |
| Group Transfers to Other Schemes | - | | |
| Individual Transfers to Other Schemes | (43) | | |
| Club Transfers | <u>(154)</u> | | |
| | | <u>(202)</u> | (18,248) |
| Income Received in Respect of Enhancements | | | |
| <i>Employees:</i> | | | |
| Purchase of Added Years | 374 | | |
| WPS Contribution | 601 | | |
| <i>Employers:</i> | | | |
| Bringing Forward the Payment of Accrued Lump Sums | - | | |
| Enhancement to Pensions on Departure | - | | |
| Enhancement to Pensions on Retirement | <u>-</u> | | |
| | | 975 | |
| Pensions Transfers In | | | |
| Group Transfers in From Other Schemes | - | | |
| Individual Transfers in From Other Schemes | 162 | | |
| Club Transfers | <u>-</u> | | |
| | | <u>162</u> | 1,137 |
| Actuarial Gains and Losses | | | |
| Experience Arising on Scheme Liabilities | (50,118) | | |
| Changes in Assumptions Underlying the Present Value of Scheme Liabilities | 121,010 | | |
| Impact of Change in Exchange Rate | <u>-</u> | | |
| | | 70,892 | 70,892 |
| Scheme Liability at 31 March 2010 | | | <u><u>408,465</u></u> |
| | | | £'000 |
| Opening Balance | | | 330,558 |
| Closing Balance | | | <u>408,465</u> |
| | | | 77,907 |
| Operating Cost | | | 4,834 |
| Financing Cost | | | 19,292 |
| Net Benefit Outgoing | | | (17,111) |
| Statement of Recognised Gains and Losses | | | <u>70,892</u> |
| | | | 77,907 |

| | 31 March 2010 | 31 March 2009 | 31 March 2008 |
|---|---------------|---------------|---------------|
| Experience Gains and Losses on Scheme Liabilities | | | |
| Amount | 50,118 | 1,302 | 1,115 |
| Percentage of the Present Value of Scheme Liabilities | 12.3% | 0.4% | 0.3% |
| Total Amount Recognised in Statement of Total Recognised Gains and Losses | | | |
| Amount | (70,892) | 19,748 | 19,750 |
| Percentage of the Present Value of Scheme Liabilities | (17.0%) | 5.9% | 5.8% |

The Department for Transport has reported the contingent liability for the General Lighthouse Authorities' pensions for inclusion in the Resource Accounts for 2009/2010 and a liability of £408.5m 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 GLA's and the Lights Advisory Committee that a full actuarial valuation would be completed at three yearly intervals. Hymans Robertson LLP have been engaged to provide actuarial support and have completed three full valuations.

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

Merchant Navy Officers' Pension Fund

The GLAs are Participating Employers of the Merchant Navy Officers' Pension Fund (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 2009/10 the GLAs paid £11,000 in employers contributions (2008/09 £11,000), to the MNOFF. In addition the GLAs have made provisions totalling £2.5m for the liability arising under section 75 of the Pensions Act 1995 when the last active members ceases employment with the GLAs.

22. 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 2005/2006 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 2008/09 and 2009/2010. 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 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.

The contract covers two phases, totally 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 1 October 2010. This decision has been deferred pending the consideration of a Full Business Case by the Shipping Minister. If this option is pursued, the GLA's will be liable for a cost of £1,139,130. If they do not exercise this option, the repayment liability will diminish, on a quarterly basis from £3,173,264 if terminated during the October – December 2010 to zero at the end of the contract.

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

Merchant Navy Officers Pension Fund

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 received illustrative deficit contributions due to payment on 30 September 2010 in respect of the 2009 deficit and have made provision for £413,000 accordingly. 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 and Royal Sovereign. The total cost is estimated at between £12.75m and £27.25m, 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.

23. Related-party transactions

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

The Authorities and DfT are regarded to be related parties.

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

Trinitas Services Ltd

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 shorthold tenancy agreements and has entered into a contract with Cornish Cottgaes (previously known as Mullion 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

| | 31 March 2010 £'000 | 31 March 2009 £'000 |
|------------------------|------------------------|------------------------|
| Opening Balance | 100 | 300 |
| Repaid During The Year | - | (200) |
| Closing Balance | <u>100</u> | <u>100</u> |

loan has a fixed interest rate of 5% payable after three years.

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

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

Corporation of Trinity House

The Corporation of Trinity House owns Trinity House Tower Hill and provides rent free accommodation for the use of TH. TH reimburses the Corporation for service charges in proportion to the floor area occupied. During 2009/10 TH paid £266,281 to The Corporation of Trinity House in respect of service charges incurred in using office space and facilities at Trinity House, London (£269,729 in 2008/09).

Conversely, the Corporation of Trinity House reimburses TH for the provision of services during the year. The Corporation paid £57,809 to TH in respect of these services during the year (£101,440 in 2008/09).

East of England Development Agency

In accordance with the accounts direction the East of England Development Agency (EEDA) is deemed to be a related party of TH since both organisations are sponsored by government

departments.

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

During 2006/07 the project was deemed complete for EEDA purposes and TH received the final grant funding of £250,000 from EEDA. No further funding has been received in 2009/10.

Heritage Lottery Fund

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

In March 2007 a grant of £394,000, or 61% of the total estimated project cost of £649,752 was awarded to develop the Lizard Heritage Centre. During 2009/10 the project was deemed complete for HLF purposes and TH received the final grant funding of £179,646 from HLF (£214,354 in 2008/09). TH are not expecting any further funding in respect of this project.

Black Bequest

The Black Bequest is a registered charity whose primary purpose is to provide support to former lighthouse keepers and their dependents. The Trustees are the Chairman, Vice Chairman and Chief Executive of the Northern Lighthouse Board. There are no transactions between the GLAs and the Trust.

The North Ronaldsay Trust

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

Scotland's Lighthouse Museum Ltd

Scotland's Lighthouse Museum (SLM) Ltd is a registered charity whose primary purpose is to advance and promote the education of the general public, to establish and preserve a Museum of the history and operation of the lighthouses in Scotland and to aid their physical preservation. The Chief Executive and Director of Engineering are SLM Board Members. By agreement, the former Chief Executive who left the Board on 30 April 2006 remained as the Board's nominee to the SLM Board until to 30 April 2009. As part of these arrangements it was agreed to make an annual payment of £800 for three years to cover travel and subsistence costs to attend meetings, etc. The payments were made to the Museum and the arrangement ended on 30 April 2009. To date the only other transactions between the Museum and the Board have been the gifting or loan of artefacts. However, it is hoped in the future to explore synergies between the Museum and the Board's policy for extended public access to lighthouses and general public relations activities.

Department of Transport (Republic of Ireland)

The Republic of Ireland's Department of Transport (DoT) is considered to be a related party of the Commissioners of Irish Lights. During the year no material transactions took place between the Commissioners of Irish Lights and the DoT except as disclosed by note 1 I) 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 book collection to the Trust.

| | 31 March 2010 £ | 31 March 2009 £ |
|----------------------|--------------------|--------------------|
| Cash and Investments | 52,544 | 51,000 |
| Heritage Collection | 406,410 | 602,980 |

24. Third-Party Assets

25. Financial Instruments

IAS 31 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 2010 £0.9m

Market Risk

The GLF has an Investment Portfolio valued at £79.2m at the reporting date. This portfolio is comprised of investments in equities, both UK and overseas, Corporate Bonds and Government Bonds as well as a small holding in a Property Fund. 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

| | Carrying Value £'000 | Fair Value £'000 |
|-------------------------------|-------------------------|---------------------|
| Financial Assets | | |
| Investments | 79,209 | 79,209 |
| Cash at Bank and in Hand | 19,367 | 19,367 |
| Bank Guarantees | 400 | 400 |
| Loan to Trinitas Services Ltd | 100 | 100 |
| Financial Liabilities | | |
| Finance Lease Obligations | 46,547 | 46,545 |

financial assets and liabilities as at 31 March 2010.

26. Further Information

| | TH | NLB | CIL | 2009/10 | 2008/09 |
|---------------------------|-----|-----|-----|---------|---------|
| Lighthouses | 70 | 210 | 80 | 360 | 363 |
| Lightvessels | 12 | - | - | 12 | 12 |
| Lightfloats | 2 | - | - | 2 | 2 |
| Lanby Buoys | - | - | 1 | 1 | 2 |
| Buoys & Beacons | 709 | 235 | 193 | 1,137 | 1,144 |
| Tenders & Ancillary Craft | 11 | 2 | 2 | 15 | 15 |
| Lighthouses Abroad | 1 | - | - | 1 | 1 |

Number of non-current assets

| | TH | NLB | CIL | 2009/10 | 2008/09 |
|---------------------------|-----|-----|-----|---------|---------|
| Lighthouses | 69 | 206 | 80 | 355 | 358 |
| Lightvessels | 8 | - | - | 8 | 8 |
| Lightfloats | 2 | - | - | 2 | 2 |
| Lanby Buoys | - | - | 1 | 1 | 2 |
| Buoys & Beacons | 573 | 198 | 193 | 964 | 914 |
| Tenders & Ancillary Craft | 11 | 2 | 2 | 15 | 15 |
| Lighthouses Abroad | 2 | - | - | 2 | 2 |

Numbers of non-current assets deployed

27. Losses

Obsolete stock amounting to £15,000 (2008/09 £38,000) was written off during the year.

28. Events After the Reporting Date

On 26 July, Shipping Minister Mike Penning MP made a statement to the House of Commons outlining the Government intention to implement the recommendations contained within the “Assessment of the provision of marine aids to navigation around the United Kingdom and Ireland”, with the exception of fundamental changes to the basis on which Light Dues are charged.

Chris Bourne was appointed chairman of the Joint Strategic Board of the General Lighthouse Authorities.

Chris Bourne and Max Gladwyn were both renominated as Secretary of State nominated Non-Executive Directors of Trinity House.

| | 2010 | 2009 | 2008 | 2007 | 2006 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| Light Dues and Irish Income | 76,223 | 69,581 | 67,452 | 70,062 | 74,602 |
| Income From Investments | 2,306 | 2,589 | 2,253 | 1,888 | 2,105 |
| Other Income | 12,239 | 10,058 | 8,527 | 6,551 | 5,460 |
| Total Income | 90,768 | 82,228 | 78,232 | 78,501 | 82,167 |
| Staff Costs | (29,959) | (29,708) | (27,789) | (27,000) | (26,240) |
| Pensions | (5,319) | (7,859) | (7,135) | (5,399) | (4,240) |
| Amortisation | (504) | (418) | (579) | (230) | (124) |
| Depreciation | (10,670) | (9,953) | (9,156) | (10,096) | (11,455) |
| Loss on Revaluation | (115) | (113) | - | - | - |
| Other Expenditure | (27,857) | (33,924) | (22,615) | (17,439) | (23,854) |
| Total Operating Costs | (74,424) | (81,975) | (67,274) | (60,164) | (65,913) |
| Net Income | 16,344 | 253 | 10,958 | 18,337 | 16,254 |
| Exceptional Items | - | - | 18,382 | - | - |
| Interest on Pension Scheme Liability | (19,288) | (21,952) | (17,430) | (18,195) | (16,490) |
| Other Interest Receivable | 51 | 923 | 1,370 | 1,087 | 914 |
| Interest Payable | (2,345) | (2,560) | (1,965) | (1,102) | (1,351) |
| Surplus for the Financial Year | (5,238) | (23,336) | 11,315 | 127 | (673) |
| Property, Plant & Equipment | 152,515 | 157,711 | 153,089 | 127,558 | 105,577 |
| Net Current Assets | 99,177 | 75,387 | 101,903 | 96,527 | 94,517 |
| Long Term Creditors, Capital & Reserves | (243,333) | (191,801) | (181,318) | (196,788) | (143,108) |
| Pension Liability & Other Provisions | (411,150) | (333,319) | (340,382) | (351,337) | (310,248) |
| Purchase on Tangible Fixed Assets | 7,804 | 10,486 | 34,380 | 35,534 | 16,028 |
| Average Number of Employees | 720 | 714 | 854 | 881 | 909 |

Five Year Summary

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:



17.12.2001

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



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