GENERAL LIGHTHOUSE FUND

Annual Report and Accounts for the Year Ended 31 March 2013

HC 779

Department for Transport

GENERAL LIGHTHOUSE FUND

Report and Accounts for the year ended 31 March 2013

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Introduction to the Report and Accounts

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

Accounting for the Fund

These accounts have been prepared in accordance with the 2012/13 Government Financial Reporting Manual (FReM) issued by HM Treasury. 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 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 27 February 2013.

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 & Events 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 (see p4).

- GLA Running costs reduced ahead of ministerial target.

- Generated income of £5.7m from commercial activities.

- Re-valued all GLA Property Plant and Equipment from Historic to Current Cost, to align the GLF with DfT accounting practices. This exercise has resulted in the value of non-current assets rising from £140m in 2011-12 to £271m in 2012-13.

- Secured EU funding for a pan-European project lead by the GLAs to provide an e-Navigation test bed in the North Sea region

- Continued development of the GLA Joint Strategic Board for good administrative purpose.

- Royal Assent of the Marine Navigation Act 2013.

- Establishment of DfT led, tri-GLA Pensions Project Board.

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 6). The GLAs have focused on reducing costs with major investments in both depots and ships. Today the GLAs are multi-skilled organisations providing a highly technical and specialised professional service. The primary aim of the GLAs is:

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

The GLAs future vision of Marine Aids to Navigation is contained in the document '2025 and beyond’ which was launched by, the Shipping Minister in a ceremony at Trinity House on 18 July 2011. This stated that the GLAs Marine Aids to Navigation Strategy to 2025 is: to continue to provide an appropriate mix of AtoN for general navigation; to continue to provide a timely and effective response to wreck and AtoN failures; to continue to undertake superintendence and management of all aids to navigation in accordance with international standards, recommendations and guidelines; to introduce e-Navigation AtoN components and services in the UK and Ireland; to work with users, partners and stakeholders nationally and internationally, to promote the safety of marine navigation based on harmonized international standards, recommendations and guidelines; to embrace relevant technologies as they evolve; and to improve reliability, efficiency and cost-effectiveness of the GLAs service while ensuring the safety of navigation.

Future Goals

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

To deliver the strategy contained in ‘2020 The Vision’ and its successor ‘2025 and Beyond’, the three GLAs will continue to co-operate with each other, consult with all users and continuously review all their AtoNs. Furthermore the GLAs will search for new cost effective technology that can deliver an ever more efficient service to ensure that the AtoN requirements of the next 15 years are met.

Give effect to the understanding reached between UK and Irish Ministers that Aids to Navigation in the Republic of Ireland will be funded from Irish sources from 2015/16.

Agree a solution between all parties regarding the GLA pension liabilities, which will provide security to GLA pensioners, remove the pension liability from the GLF accounts, maintain stability for the payers of Light Dues and meet the Government’s wider pension reform commitments.

Key Performance Indicators

Availability of Differential Global Positioning System (DGPS)

Assuming overlapping coverage, the GLA DGPS Service availability was equal to or better than 99.9% in all areas for the year 2012/13. IALA recommends presentation of DGPS Service availability taken over a two year period. Again assuming overlapping coverage, the GLA DGPS Service availability was equal to or better than 99.9% in all areas for the two year period 2011/13. The availability of the GLA DGPS service is therefore 99.9% and within the target availability criteria of 99.8%.

Aids to Navigation (AtoN) Availability

Availability of AtoN is the prime factor in any measurement to demonstrate compliance with the GLAs statutory responsibilities. The standards against which the GLAs measure themselves are those recommended as the minima by IALA. The figures shown below reproduced in accordance with those standards, show three year rolling averages under the various categories of aids and against the minimum availability required for each category. It can be seen that the GLAs service has exceeded those minima in all years covered by the review.

Definition, calculation and targets

The method of measurement and the recognised availability standards are set for each category by the International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA). They are published in the IALA Aids to Navigation Guide (NAVGUIDE – Edition March 2010). Availability is measured by dividing total time (i.e. the sum of the total number of hours in a year multiplied by the number of Aids to Navigation in each category) into the difference between total time and the number of hours that the Aids were not available to the mariner. This calculation is then expressed as a percentage. Each of the physical Aids to Navigation operated is allocated a category and each category has an availability target:

Category 1 Availability Target 99.8%

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

Category 2 Availability Target 99.0%

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

Category 3 Availability Target 97.0%

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

Source of data

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

Performance

See page 4.

Changes to data or calculation

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

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

General Lighthouse Authorities Aton Availability - Three Year Rolling averages

Trinity House

Aton Type	Cat.	IALA Min	2008/09 Act	2008/09 Diff	2009/10 Act	2009/10 Diff	2010/11 Act	2010/11 Diff	2011/12 Act	2011/12 Diff	2012/13 Act	2012/13 Diff
Lights	1	99.8%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%
Racons	1	99.8%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%
Lights	2	99.0%	99.9%	0.9%	99.9%	0.9%	100.0%	1.0%	100.0%	1.0%	100.0%	1.0%
Fog Signals	3	97.0%	99.9%	2.9%	99.9%	2.9%	99.9%	2.9%	99.9%	2.9%	99.8%	2.8%
Lights	3	97.0%	99.8%	2.8%	99.8%	2.8%	99.8%	2.8%	99.9%	2.9%	99.9%	2.9%

Northern Lighthouse Board

Aton Type	Cat.	IALA Min	2008/09 Act	2008/09 Diff	2009/10 Act	2009/10 Diff	2010/11 Act	2010/11 Diff	2011/12 Act	2011/12 Diff	2012/13 Act	2012/13 Diff
Buoys	1	99.8%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%	100.0%	0.2%	99.9%	0.1%
Lights	1	99.8%	99.9%	0.1%	99.8%	0.0%	99.8%	0.0%	99.8%	0.0%	99.8%	0.0%
Racons	1	99.8%	99.8%	0.0%	99.9%	0.1%	99.8%	0.0%	99.8%	0.0%	99.8%	0.0%
Buoys	2	99.0%	99.9%	0.9%	99.9%	0.9%	100.0%	1.0%	100.0%	1.0%	100.0%	1.0%
Lights	2	99.0%	99.8%	0.8%	99.8%	0.8%	99.9%	0.9%	99.8%	0.8%	99.8%	0.8%
Buoys	3	97.0%	99.9%	2.9%	99.9%	2.9%	99.9%	2.9%	99.9%	2.9%	100.0%	3.0%
Beacons	3	97.0%	100.0%	3.0%	100.0%	3.0%	100.0%	3.0%	100.0%	3.0%	100.0%	3.0%

Commissioners of Irish Lights

Aton Type	Cat.	IALA Min	2008/09 Act	2008/09 Diff	2009/10 Act	2009/10 Diff	2010/11 Act	2010/11 Diff	2011/12 Act	2011/12 Diff	2012/13 Act	2012/13 Diff
Lights	1	99.8%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%
Racons	1	99.8%	99.8%	0.0%	99.9%	0.1%	100.0%	0.2%	99.9%	0.1%	99.9%	0.1%
Lights	2	99.0%	99.9%	0.9%	99.8%	0.8%	99.8%	0.8%	99.9%	0.9%	99.9%	0.9%
Fog Signals	3	97.0%	99.8%	2.8%	99.8%	2.8%	99.7%	2.7%				
Lights	3	97.0%	99.8%	2.8%	99.9%	2.9%	99.9%	2.9%	99.9%	2.9%	99.9%	2.9%

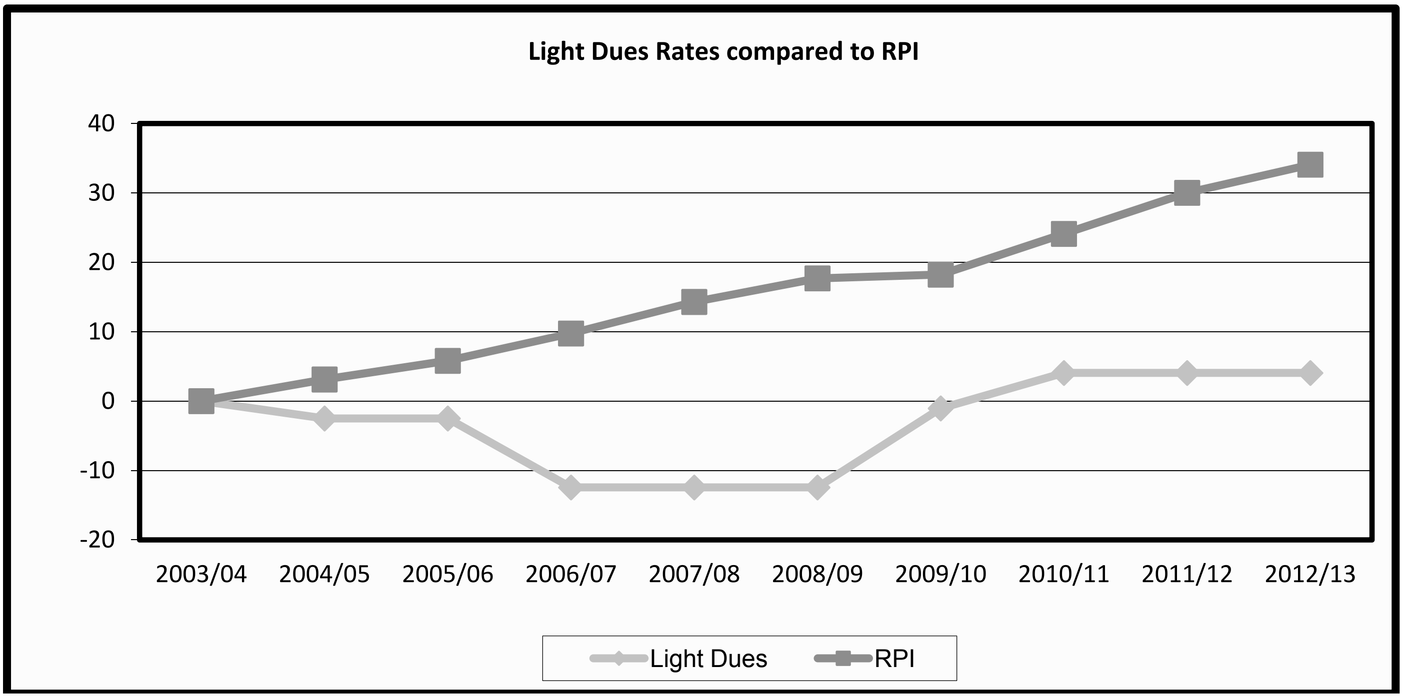
CIL's remaining fog signals were discontinued in January 2011; hence the table contains no data for 2011/12 onwards.

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. 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 the GLAs' costs through light dues. The Government and GLAs have worked together to minimise its costs and the real term levels of light dues. The level of light dues per tonne has fallen from its historic peak of 43p in 1993 to 41p today and is some 30% lower in real terms than they were 10 years ago. The Government remains committed to providing the shipping industry with financial stability, particularly with regard to light dues which have remained frozen since 2010.



Aids to Navigation Review

At Trinity House work has been completed to reduce the main light ranges at Alderney, Anvil Point, Beachy Head, Peninnis Head, Hartland Point and Skokholm in addition a revised light on Godrevy lighthouse installed in the summer of 2012 and an upgrade to Needles also completed. The light range at Southwold has also been upgraded which will enable Orfordness to be discontinued in 2013/14. Of the 66 Lighthouses that Trinity House operates only 2 retain long running diesel engines for their power. These are in the 5 year plan to modernize and use renewable energy or a hybrid system for their power. The last diesel-powered light vessel was withdrawn from service in 2012. Casquets, a major light in the English Channel near the Channel Islands, along with the Nab Tower at the East of the Solent, have undergone major modernisation programmes due to complete in 2013. Casquets will then operate entirely from renewable energy sources. AIS have started to be rolled out to selected stations with the completion of the programme in 2013. Following consultation with the Navigation Examiners and users, some Lighthouses have had their hours of exhibition reduced from 24 hour to night time only with consequential savings in power and autonomy.

At the Northern Lighthouse Board in 2010/11 lights identified for closure in Caithness and on the Isle of Man were extinguished. Seven buoy stations were discontinued, a new buoy station established and three beacons lit. In 2011/12 a number of major lights which had been identified as needing further consideration of long term future were assessed. Eleven lights were considered utilising AIS traffic analysis of which five were identified as possible closures. A consultation was carried out July to November 2011 with the Scottish Users Consultative Group and other interested parties. From this a fuller picture of user requirement for these lights was established. The navigation committee, taking the respondents' views into account, decided on closure of Covesea Skerries (subject to a buoy being placed marking the off lying Skerries) and Strathy point lights. Both these lights were discontinued on 2nd March 2012. Further range reductions of lights have been implemented in 2012/13 and negotiations for the transfer of two lights to Local Lighthouse Authorities progressed.

At the Commissioners of Irish Lights buoys have been established at Donaghadee and Portrush and a number of gated buoy lights have been synchronised bringing significant improvements. The list of stations to be closed has been completed and progress made on all stations listed for transfer to Local Lighthouse Authorities.

E-Navigation

Without fundamental change, given the increasing complexity of navigating around the British Isles and other areas of the world, the risk of collisions and groundings will undoubtedly increase. The IMO's response is the adoption of e-Navigation which is defined as 'The harmonized collection, integration, exchange, presentation and analysis of maritime information onboard and ashore by electronic means to enhance berth to berth navigation and related services, form safety and security at sea and protection of the marine environment'.

The concept is that all charting, communications and navigation information will be integrated into a coherent presentation on the bridge. There will be a common data-link ship-to-ship and ship-to-shore giving a clear and up-to-the-minute presentation of vessel traffic disposition. The benefits of e-Navigation in the high-risk areas off the coasts of the UK and Ireland are clear.

E-Navigation will bring a fundamental change to the concept of operations used for maritime navigation. GPS is currently the undoubted primary navigation system which has recently been joined by GLONASS. These systems will be joined, in the future, by other satellite systems such as Compass and Galileo. Due to the vulnerabilities of the signal, the IMO accept the need for a backup to GNSS but there is no agreement at this stage on what that back up should be. Until the backup is defined there is a clear single point of failure, as e-Navigation would rely almost exclusively on satellite navigation systems for its positioning, navigation and timing inputs.

In the e-Navigation environment the sudden reversion to traditional visual and radar navigation methods in congested and confined waters is a genuine concern.

This is why the GLAs continue to research an independent, dissimilar terrestrial position, navigation and timing (PNT) backup: enhanced Loran (eLoran). The GLAs continue to participate in a pan-European Loran network on a trial basis because eLoran or a derivative provides a reliable, accurate, secure and low cost alternative to GNSS derived (PNT) for multi modal uses and applications. eLoran, or an equivalent terrestrial backup to GNSS, is a key building block of e-Navigation.

Most of the GLA work to develop e-Navigation is carried out by the Research and Radio Navigation (R&RNAV) department based at the Trinity House depot in Harwich. This department successfully led a bid to obtain European funding for a pan-European project called ACCSEAS that will provide an e-Navigation test-bed in the North Sea. It has continued to lead the international development of eLoran and virtual AtoNs.

Triennial Risk Management Review

Trinity House led the GLAs' triennial risk management review. External consultants were employed as part of the review to provide independent advice and to test the effectiveness and robustness of the GLAs' risk management arrangements. They concluded that the GLAs had implemented structured approaches to managing risks and continue to apply robust internal controls. The next review is planned for the summer of 2015.

Marine Navigation Act 2013

The Marine Navigation Act passed into law in April 2013 The Act introduces 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 and to mark wrecks electronically, and to improve their ability to tender for commercial work where this can allow the utilisation of surplus capacity.

Reclassification of the GLF & GLAs

On 31 December 2011 the Office for National Statistics (ONS) announced that they had re-classified the GLAs as "central government bodies". This followed a request by Eurostat, for all EU governments to scrutinise the classification of their public corporations. ONS took the decision that light dues were a "tax on production" and it therefore followed that the GLAs were central government bodies.

Investment Portfolio

One of the GLF's Investment Portfolios was liquidated during 2012 with the intension of creating a new pensions reserve. The change in classification of the GLAs, to central government bodies, has opened new options for GLA pensions which are being explored with the Cabinet Office and Treasury. Consequently the former Martin Currie Portfolio is temporarily held as cash with HSBC. The portfolio managed by Baillie Gifford & Co. has been retained.

Investment Analysis by Investment House

		Mkt. Value 31 March 13 £m	**Cost 31 March 13 £m**	**Mkt. Value 31 March 12 £m**	**Cost 31 March 12 £m**
Martin Currie	Investments	-	-	42.3	41.1
	Cash for Investment	-	-	4.7	4.7
Baillie Gifford	Investments	50.8	33.4	43.0	31.9
	Cash for Investment	0.8	0.8	1.2	1.2
Total		**51.6**	**34.2**	**91.2**	**78.9**
HSBC Sterling Liquidity Fund		60.7	60.7	43.0	43.0
HSBC Euro Liquidity Fund		0.7	0.7	0.6	0.6
Total HSBC Liquidity Fund		**61.4**	**61.4**	**43.6**	**43.6**
Total HSBC Evergreen Notice Account		48.7	48.7	-	-

Resources

People

There is a comprehensive training plan throughout the GLAs that aims to give staff the skills and knowledge required to perform efficiently. Staff are encouraged to develop through performance and development systems, whereby personal development plans are produced on an annual basis for every member of staff. In addition, skill gaps are identified through careful strategic analysis and organisation wide development initiatives introduced as a result.

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

Sickness Absence

Sickness absence in the three GLAs during the year was:

	2012/13	**2011/12**
Trinity House		
Total number of days sickness	2,141	2,418
Average number of days lost per employee	6.9	7.7
Commissioner of Irish Lights		
Total number of days sickness *	1066	960
Average number of days lost per employee *	8.1	6.7
Northern Lighthouse Board		
Total number of days sickness #	1642	1953
Average number of days lost per employee #	8.9	10.2

* Prior year figures have been restated to include starters and leavers
# Prior year figures have been restated as FTE
Average number of days lost per employee is based on total number employed of 626 (650 11/12) which excludes lighthouse attendants & casual staff.

Environment

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

The GLAs are seen as leaders in the use of renewable energy sources for navigational aids, principally through the installation of solar-electric power systems occasionally supplemented by wind power. This has reduced considerably their dependence on carbon based energy.

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

Disabled Employees

The policy of the GLAs towards the employment of disabled people is that a disability is no bar to recruitment or advancement. The nature of the duties at lighthouses imposes some limitations on the employment of disabled staff. When dealing with employee absence, compliance with the Disability Discrimination Act is ensured by always seeking advice through Occupational Health Services utilised by the GLAs.

Equal Opportunities

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

Employee Involvement

The GLAs are committed to effective communications which they maintain through formal and informal briefings, internal magazines, newsletters and electronic media, including their own Intranet services. Consultation with employees is effected using a long-established but continually developing mechanism including joint committees covering all staff. Employees are informed of matters of concern to them; they are consulted frequently and regularly so that account may be taken of their interests.

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. An updated Framework Document has been agreed by all parties during the year and will be formally adopted during the summer of 2013.

Department of Transport, Tourism and Sport (Republic of Ireland)
Relationships with the Irish Department of Transport, Tourism and Sport (DTTAS) 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. DTTAS are also responsible for approval and payment of the Irish Government Supplement on an annual basis.

Joint Strategic Board
The Joint Strategic Board was established in 2010 as a recommendation of the Assessment of the Provision of Marine Aids to Navigation around the United Kingdom and Ireland (the "Atkins Review"). The Board, consisting of representatives from all three General Lighthouse Authorities, is now delivering on its main purpose to foster tri-GLA cooperation and coordination and to realise the resulting savings. The centralisation of out-of-hours monitoring onto Harwich has been a marked success and all three GLAs are exceeding their RPI-X targets. The JSB has introduced a strategic "Road Map" to track the final recommendations of the Atkins Review and to drive further, post Atkins, savings activities and coordination.

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

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

Investment Managers
The General Lighthouse Fund reduced its investment managers from two to one during 2012/13, retaining Baillie Gifford & Co. and closing the portfolio with Martin Currie Investments Limited. HSBC Investments Limited provides a Money Market Fund to manage the Fund's cash arrangements that service the operational cash requirements of the GLAs. The GLF also holds cash accounts with HSBC Bank Plc and the Government Banking Service via Citi bank.

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.

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

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

Financial Position

Source of Finance

The GLAs are financed by advances made by the DfT from the Fund whose principal income is from light dues levied on shipping using ports in the United Kingdom and the Republic of Ireland. The Fund receives additional income from the Republic of Ireland Exchequer following an agreement entered into in 1985 and from sundry receipts generated by the GLAs from buoy and property rental, workshop service and the sale of assets. The fund also receives income from investments.

All three GLAs contained their running cost expenditure within levels sanctioned by Ministers in 2012/13. 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 Irish Government sets the level of light dues in the Republic of Ireland, under the Merchant Shipping (Light Dues) Act 1983.

Operating results

The operating results for the year are set out in the Statement of Comprehensive Net Income (p29) and show a deficit of £19.8m for 2012/13 (£12.9m surplus in 2011/12). Normal operating income and expenditure for the year was within expectations however, a substantial one-off loss on the revaluation of assets (£34.5m) is reported for 2012/13. The revaluation losses relate to operational property previously held at depreciated historic cost and now required to be held at fair value. Conversely there is a substantial gain (£169m) shown on the Statement of Other Comprehensive Income (p29) relating to assets which have increased in value following the change to fair value.

The net result of revaluations is evident on the Statement of Financial Position (p30), which shows the General Lighthouse Fund's Total Assets less Total Liabilities (net worth) has improved from a deficit of £137m at 31 March 2012 to a deficit of £12.7m at 31 March 2013.

The Net Cashflow from Operating Activities (p31) shows a gain of £15.7m, this is continues the positive trend of cash income exceeding cash expenditure for the year. Long term investments liquidated during the year also increase the cash holding by £48m.

The overall increase in net worth of £124.3m was suppressed by an actuarial loss for the year of £25.6m pertaining to the pension liabilities of the GLAs. The actuarial loss is largely due to changes to the discount rate used to estimate the current value of future pension payments and not an increase in underlying pension entitlements.

Going Concern

These accounts have been prepared on a going concern basis, as the DfT are satisfied that the Fund's activities are sustainable for the foreseeable future. The Statement of Financial Position at 31 March 2013 reflects a pension liability of £410m (see below and Note 23). The Secretary of State for Transport, with the agreement of the Treasury, issued a letter of comfort in December 2001 (see appendix 1). The letter states that in the unlikely event of insufficient money being available from the GLF to pay pension liabilities, the Department will request funds from Parliament to make the necessary payments. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

Accounting Policies, Changes in Accounting Estimates and Errors

The Accounts Direction, issued by the Secretary of State for Transport 10 March 2003, which permitted the GLAs to value assets at depreciated historic cost, was rescinded on 27 February 2013. All assets have been valued at fair value in accordance with IAS 16. Prior year comparative figures for 2011/12 remain at depreciated historic cost as permitted by IAS 8.

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, no change were required for 2012/13 aside from the valuation of assets described above.

Pension Liability

There is a modest deficit on the General Lighthouse Fund's pension scheme and this is reflected in the accounts. The total liability, which was recognised on the Statement of Financial Position for the first time in 2003/04, amounts to £410m as at 31 March 2013. 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.

Performance against cash Limits

The performance of the GLAs' against annual cash limits set by the Secretary of State for Transport can be seen below:

Commissioners of Irish Lights	**Actual Expenditure £'000**	**Cash Limits £'000**	**Variation £'000**
Running Costs	11,784	12,990	(1,206)
Capital Expenditure	2,018	2,428	(410)
Other Costs	8,240	9,008	(768)
Total	**22,042**	**24,426**	**(2,384)**

Northern Lighthouse Board	**Actual Expenditure £'000**	**Cash Limits £'000**	**Variation £'000**
Running Costs	13,952	14,925	(973)
Capital Expenditure	1,894	3,345	(1,451)
Expenditure on behalf of all GLAs	59	44	15
Other Costs	5,801	5,500	301
Total	**21,706**	**23,814**	**(2,108)**

Trinity House	**Actual Expenditure £'000**	**Cash Limits £'000**	**Variation £'000**
Running Costs	24,415	25,199	(784)
Capital Expenditure	5,373	9,140	(3,767)
Expenditure on behalf of all GLAs	2,498	2,673	(175)
Expenditure on behalf of DfT	243	362	(119)
Other Costs	8,973	10,290	(1,317)
Total	**41,502**	**47,664**	**(6,162)**

Expenditure on Non-Current Assets

During the year to 31 March 2013 the GLAs' expenditure on non-current assets was as follows:

Commissioners of Irish Lights	**2012/13 £'000**	**2011/12 £'000**
Assets in course of construction	233	473
Land	-	-
Buildings	-	-
Buoys & Beacons	-	121
Lightvessels	-	-
Tenders Ancillary Craft & Floating Aids	823	108
Information Technology	66	14
Plant & Equipment	1,275	789
Total	**2,397**	**1,505**

Northern Lighthouse Board	**2012/13**	**2011/12**
	£'000	**£'000**
Assets in course of construction	1,212	1,111
Land	0	5
Buildings	7	190
Buoys & Beacons	20	-
Lightvessels	-	(16)
Tenders Ancillary Craft & Floating Aids	41	201
Information Technology	6	92
Plant & Equipment	599	256
Total	**1,885**	**1,839**

Trinity House	**2012/13**	**2011/12**
	£'000	**£'000**
Assets in course of construction	2,757	1,619
Land	-	-
Buildings	-	-
Buoys & Beacons	391	13
Lightvessels	-	-
Tenders Ancillary Craft & Floating Aids	1,296	184
Information Technology	165	166
Intangible software	93	55
Plant & Equipment	671	529
Total	**5,373**	**2,566**

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	£19.5m
Northern Lighthouse Board	£21.7m
Trinity House	£36.9m
Total	**£78.1m**

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

Light Dues	£89.9m
Irish Government Contribution	£ 5.3m
Total	**£95.2m**

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 2012/13.

Events after the Year End

These are covered in note 30 to the accounts.

Payment of Creditors Policy

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

1. Payment within a shorter timescale where a discount may be available; and

2. Where there is a genuine dispute in respect of the invoice concerned. In all cases the supplier is immediately informed of the details of the query and that the payment will be withheld pending resolution.

Suppliers are informed of our policy via a supplementary notice within contracts and are asked to provide any comments on this issue to the Directors of Finance. The proportion of the amount owed to trade creditors at 31 March 2013 compared to the amount invoiced by the suppliers during the year equated to the following proportion of days.

Trinity House	9 days
Northern Lighthouse Board	19 days
Commissioners of Irish Lights	18 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 2012/13 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 2012/13 was £135,000 (2011/12 £135,000).

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

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.

Philip Rutnam
Accounting Officer
Date 23 October 2013

Remuneration Reports

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

Trinity House

Remuneration Strategy

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

Competency frameworks have been developed for all Support Vessel Service, administrative positions and the lower level technical posts. These frameworks allow employees to develop their skills and progress internally, thus facilitating succession planning. Reward based purely on length of service is avoided, as progression within the competency frameworks is dependent upon the achievement of various qualifications and skill levels. Trinity House market tests all positions against local and national pay markets as appropriate and undertakes an equal pay audit throughout the service every two years to ensure our pay rates remain competitive.

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

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

The creation of long-term effectiveness depends on the talents, contribution and commitment of the Executive Chairman and Directors; their success depends on the Board's ability to attract and retain staff of a high quality. It is considered essential that the remuneration structure should be competitive with those of comparable organisations. The remuneration strategy seeks to balance the fixed cost element with variable reward, providing the opportunity for variable remuneration in the form of the performance-based bonuses. The remuneration of the Directors and their pension entitlements are shown below:

Remuneration of Directors (Audited)

Name	Salary 2012/13 £'000	Bonus 2012/13 £'000	Benefits 2012/13 £	Salary 2011/12 £'000	Bonus 2011/12 £'000	Benefits 2011/12 £
I McNaught[1]	110-115	20-25	800	65-70	5-10	500
JM de Halpert[2]	-	-	-	70-75	10-15	1,300
R Barker	75-80	10-15	900	75-80	10-15	800
JS Scorer	90-95	15-20	1,500	90-95	15-20	1,500
JS Wedge	90-95	15-20	1,000	90-95	10-15	1,500
FC Bourne[3]	5-10	-	100	15-20	-	500
MJ Gladwyn	15-20	-	-	15-20	-	-
ED Johnson	15-20	-	900	15-20	-	700
P Matthews[4]	10-15	-	400	-	-	-
N Palmer[5]	15-20	-	1600	0-5	-	-
N Pryke[6]	-	-	-	15-20	-	1,200

[1] Executive Chairman with effect from 1 September 2011.
[2] Retired 30 November 2011.
[3] Retired 19 July 2012. Full year Equivalent salary £15k-£20k
[4] Term commenced 22 July 2012. Full year equivalent salary £15k-£20k.
[5] Term commenced 1 February 2012. Full year equivalent salary £20k-£25k. N Palmer receives remuneration as a non Executive Director and an Examiner.
[6] Retired 31 January 2012.

Benefits in Kind

Benefits include any benefits provided by Trinity House and treated by HM Revenue and Customs as a taxable emolument. Included as benefits are; relocation expenses travel and subsistence expenses in respect of travel to their normal place of work, gym memberships and private outpatient medical care. These have been rounded to the nearest £100.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2012-13 relate to performance in 2012-13 and the comparative bonuses reported for 2011-12 relate to performance in 2011-12.

Pay Multiples

	2012/13	2011/12
Band of Highest Paid Directors Total Remuneration (£000's)	135-140	130-135
Median Total Remuneration	£30,574	£31,976
Ratio	4.6	4.1

Trinity House is required to disclose the relationship between the remuneration of the highest paid director in the organisation and the median remuneration of the organisations workforce. The banded remuneration of the highest paid director in Trinity House in the financial year 2012/13 was £135k-£140k (2011/12 £130k-£135k). This was 4.5 (2011/12 4.1) times the median remuneration of the workforce, which was £30,574 (2011/12 £31,976). In 2012-13, no employees received remuneration in excess of the highest paid director (2011-12 Nil). Remuneration ranged from £12,736 to £111,938 (2011/12 £12,051 to £110,524). Total remuneration includes salary, non consolidated performance related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Service Contracts

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

Non-Executive Director	Contract Start	Expiry Date
M Gladwyn	1 September 2007	31 August 2013
(Contract renewed in 2010 for further 3 years)		
E D Johnson	1 May 2011	30 April 2014
N Palmer	1 February 2012	31 January 2015
P Matthews	20 July 2012	19 July 2015

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.

	Real Increase in pension	Real Increase in lump sum	Accrued Pension	Accrued lump sum	CETV 31 March 12	CETV 31 March 13	Real Increase CETV	Employer contribution Partnership Pension Acct.
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
I McNaught	2.5-5	-	0-5	-	22	64	34	-
J Wedge	0-2.5	2.5-5	30-35	90-95	535	582	15	-
J Scorer	0-2.5	-	10-15	-	160	206	31	-
R Barker	0-2.5	-	10-15	-	166	205	25	-

Cash Equivalent Transfer Values

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 benefits 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 pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the member 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 buying additional pension benefits at their own cost. CETVs are worked out 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 taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Northern Lighthouse Board

Composition
The Board’s Remuneration Committee is made up of four Commissioners who have no personal financial interest, other than as Commissioners, in the matters to be decided, no potential conflicts of interest arising from cross-directorships, and no day-to-day involvement in running the Northern Lighthouse Board other than as members of the Board of Commissioners and the Managing Board. The Committee consults the Chief Executive about its proposals, other than in relation to his own remuneration, and has access to professional advice from inside and outside the Board. Arrangements are in place for the Remuneration Committee to ask for and receive legal advice from the Board's solicitor. The Committee has used external advice to provide comparison pay information and to recommend new structures.

Background
The remuneration of the Chief Executive and Directors is determined by the Remuneration Committee now consisting of the Chairman and Vice Chairman of the Board and two other Commissioners, under powers delegated by the Board of Commissioners. The current pay structure was implemented with effect from 1 April 2004 following a review by a firm of external consultants. The new structure was agreed by the Department for Transport.

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

Pay Approach
The remuneration of Executive Directors was recalibrated in 2004 in the light of consultant advice against the following criteria:

- Job weight
- Market pay comparisons
- Performance

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

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

Remuneration of Executive Directors (Audited)

Name	Salary 2012/13 £'000	Bonus 2012/13 £'000	Benefits 2012/13 £	Salary 2011/12 £'000	Bonus 2011/12 £'000	Benefits 2011/12 £
R Lockwood	85-90	5-10	-	85-90	0-5	-
D Gorman	75-80	5-10	-	75-80	0-5	-
P Day	75-80	5-10	-	75-80	0-5	-
M Waddell	75-80	5-10	-	75-80	0-5	-

Executive Directors’ Pensions (Audited)
The Executive Directors are members of the Northern Lighthouse Board Pension Scheme which is an unfunded defined benefit scheme. Notes e and f of the following table show the cash equivalent transfer value (CETV) of the directors’ 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.

	Real Increase in pension	Real Increase in lump sum	Accrued Pension	Accrued lump sum	CETV 31 March 12	CETV 31 March 13	Real Increase CETV	Employer contribution Partnership Pension Acct.
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
R Lockwood	0-2.5	-	10-15	-	196	171	19	-
D Gorman	0-2.5	2.5-5	20-25	60-65	454	412	11	-
P Day	0-2.5	-	20-25	-	234	205	12	-
M Waddell	0-2.5	(2.5)-0	30-35	50-55	475	444	1	-

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 2012/13 including NI	64,593
Total amount paid in 2011/12 including NI	59,506

Co-opted Commissioners' remuneration is set by the Board as a whole on the advice of the Department for Transport remuneration remained unchanged in 2012/13. 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 2012/2013 was an ex-officio Commissioner and was therefore not paid. However, the Vice-Chairman was a co-opted Commissioner and was remunerated. 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 (excluding NI) is analysed as follows:

	2012/13	**2011/12**
	£	**£**
A Whyte (left 27 February 2013)	8,957	8,987
R Quayle	9,804	8,987
M Close	13,068	11,979
A Mackenzie	9,804	8,987
J Ross	9,804	8,987
Sir A Cubie (left 31 March 2012)	0	8,987
G Crerar (started 1 April 2012)	9,804	0
A Beveridge (started 1 March 2013)	817	0

The Commissioners voluntarily agreed to forego one month's remuneration in May 2011 in recognition of the pay restraint measures imposed on the Board's staff.

Pay Multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The Commissioners are Non-Executive Directors in this context.

	2012/13	2011/12
Band of Highest Paid Directors Total Remuneration (£000's)	105-110	105-110
Median Total Remuneration	£29,724	£29,188
Ratio	3.6	3.7

The annualised remuneration, i.e. full-time equivalent salary, of the highest-paid director in the Board in the financial year 2012/2013 was £107,599 (2011/2012 £107,599). This represents the full time equivalent salary of a Commissioner (£9,804 per annum for 20 days) and was 3.6 times (2011/2012, 3.7 times) the median remuneration of the workforce, which was £29,724 (2011/2012 £29,188).

In 2012/2013, no (2011-2012 nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £15,708 to £97,799 (2011/2012 £14,574-£94,210).

Total remuneration includes salary, non-consolidated performance related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

Commissioners of Irish Lights

Remuneration Committee

The Remuneration Committee, which is made up of the Office Bearers, the Chief Executive and one other Commissioner to be nominated by the Chairman and elected annually, is responsible for determining the salaries of the Senior Management team. 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 management and employee pay and conditions were historically based on those in the Irish Civil Service. During 2010/11 the salaries of the Chief Executive and Heads of Department were reduced to reflect current market conditions. Pay determination is reserved to the UK Department for Transport in consultation with the Irish Department of Transport, Tourism and Sport. 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 2012/13 £'000	Bonus 2012/13 £'000	Benefits 2012/13 £	Salary 2011/12 £'000	Bonus 2011/12 £'000	Benefits 2011/12 £
Y Shields[1]	120-125	-	-	75-80	-	-
R McCabe[2]	90-95	-	-	60-65	-	-
J Burke	95-100	-	-	105-110	-	-
H Roe[3]	35-40					
B Coyne[4]	50-55	-	-	50-55	-	-
S Ruttle[5]	-	-	-	50-55	-	-
S Doyle[6]	-	-	-	110-115	-	-
K O'Higgins[7]	-	-	-	45-50	-	-
M Dyas[8]	-	-	-	35-40	-	-

[1] Appointed Chief Executive 22 August 2011.
[2] Appointed Director of Operations and Navigation Services 16 May 2012.
[3] Full Time Equivalent salary £95k-£100k, appointed Director of Corporate Services appointed 12 November 2012.
[4] Full Time Equivalent salary £95k-£100k, acting Head of Corporate Services from 5 September 2011 to 11 November 2012.
[5] Retired on 29 July 2011.
[6] Retired on 29 February 2012.
[7] Retired on 26 August 2011.
[8] Retired on 2 September 2011, following partial retirement.

Pay Multiples

	2012/13	2011/12
Band of Highest Paid Directors Total Remuneration (£000's)	120-125	125-130
Median Total Remuneration	£42,871	£44,521
Ratio	2.8	2.9

Commissioners of Irish Lights are required to disclose the relationship between the remuneration of the highest paid director in the organisation and the median remuneration of the organisations workforce. The banded remuneration of the highest paid director in Commissioners of Irish Lights in the financial year 2012/13 was £120k-£125k. This was 2.8 times the median remuneration of the workforce, which was £42,871. In 2012/13, no employees received remuneration in excess of the highest paid director. Remuneration ranged from £8,354 to £97,712 (2011/12 £8,846-£121,477). Total remuneration includes salary, non consolidated performance related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

These figures are converted to sterling from euros at an average exchange rate for the years reported of 1.2281 for 2012/13 and 1.1597 for 2011/12.

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

The UK Civil Service Disclosure Calculator (PC 350: Departmental Resource Accounts: Disclosure of Salary, Pension and Compensation information 2011212) was used to calculate this year's information.

	(a) Real Increase in pension	(b) Real Increase in lump sum	(c) Accrued Pension	(d) Accrued lump sum	(e) CETV 31 March 12	(f) CETV 31 March 13	(g) Real Increase CETV	(h) Employer contribution Partnership Pension Acct.
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Y Shields	2.5-5	-	0-5	-	18	49	23	-
R McCabe	(2.5)-0	(5)-(2.5)	30-35	95-100	720	703	-30	-
J Burke	0-2.5	-	25-30	-	320	323	-11	-
H Roe	0-2.5	-	0-5	-	-	7	5	-
B Coyne[1]	2.5-5	-	15-20	-	221	251[2]	23	-

[1] Acting Head of Corporate Services until 11 November 20122

[2] CETV at 11 November 2012

Cash Equivalent Transfer Values (CETV)

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. 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 benefits 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 pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the CIL pension scheme. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in Cash Equivalent Transfer Values (CETV)

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Philip Rutnam
Accounting Officer
Date 23 October 2013

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 GLF affairs at the year end; and of its income, expenditure, cash flows and changes in equity 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, Philip Rutnam, as Principal Accounting Officer of the Department with effect from 10 April 2012. 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”.

General Lighthouse Fund Governance Statement

Accounting Officer's introduction
I am pleased to introduce the Governance Statement for 2012–13, which explains the approach to corporate governance in the bodies whose activities are financed by the General Lighthouse Fund (GLF) and certain functions of the Department for Transport. Good governance is vital to effective financial and risk management.

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

Trinity House
Northern Lighthouse Board
Commissioner of Irish Lights

The Governance Statements of these Authorities are set out in Appendix 3 and form an integral part of the GLF's Governance Statement, describing the Governance arrangements operating within the three GLAs.

HM Treasury's Managing Public Money (MPM) guidance summarises the purpose of the Governance Statement as being to record the stewardship of the organisation to supplement the accounts. The Statement should provide a sense of how successfully the organisation has coped with the challenges it faces, and how vulnerable its performance is, or might be.

The Governance Statements describe how the GLA Board's and their supporting governance structures work, how they have performed, and provides an assessment of how the GLAs and the GLF has been managed, including the effectiveness of the systems of internal control, risk management and accountability.

Accounting Officer's scope of responsibilities
As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the GLAs and the GLF's policies, aims and objectives, whilst safeguarding the public funds and GLF assets for which I am personally responsible, in accordance with the responsibilities assigned to me in HM Treasury's Managing Public Money. I carry out this responsibility in conjunction with the Boards of the individual GLAs. Each of the GLA Boards has vested their Chief Executive (Executive Chairman in the case of Trinity House) with the responsibility for ensuring that a sound system of internal control is maintained and operated. These responsibilities were set out in a letter from me to each Chief Executive/Executive Chairman.

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. It is an ongoing process designed to identify and prioritise the risks to the achievement of GLA/GLF's policies, aims and objectives. The system is designed to evaluate the likelihood and impact of those risks being realised, and to manage them efficiently and effectively.

In addition to ensuring a sound system of internal control, it is my responsibility to provide effective and efficient delivery of the policy objectives and, where appropriate, advise Ministers on the most efficient allocation of resource. It is also my responsibility to ensure that the organisational capability of the GLF is continuously improved and that the GLF and the GLAs policy objectives are aligned with the DfT's objectives.

For 2012-13 the GLF and the GLAs fall outside of the DfT's accounting boundary and are not consolidated into the Departmental account, however they still contribute to the DfT's objectives. Following a decision by the Office of National Statistics to reclassify the GLF and GLAs as Central Government Bodies, they will fall within the DfT's Clear Line of Sight Accounting boundary in 2013-14.

As a result of their legislative powers and duties, the GLAs assumes responsibility for positive discharge of the Government's obligations under the Safety of Life at Sea Convention 1974 (Chapter V, Regulation 13) for the provision and maintenance of aids to navigation within their respective areas of jurisdiction. To assist this process, the GLAs, takes steps to:

- observe and record developments at the International Maritime Organisation (IMO);
- actively participate at Council and Committee level at the International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA);
- observe and record maritime developments within the European Union and elsewhere;
- maintain links with the International Telecommunications Union through the national radio licensing authority and IALA, regarding the allocation of radio frequencies in NW Europe;

Governance
The statutory basis for the General Lighthouse Fund is found in S211 of the Merchant Shipping Act 1995, which also states that the Secretary of State for Transport is responsible for the administration of the Fund. This responsibility is delegated to officials within the Maritime Safety and Environment Division of DfT.

Managing Public Money requires that the Governance Statement describes the Board structure, including the Board Committees and report on Board performance. Due to its nature, the GLF does not have a Board with its associated formal committee structure; however it has in place arrangements to comply with the best practice contained in Managing Public Money.

Information concerning the Board structures, committees, meetings and effectiveness can be found in Appendix 3.

A Framework Document sets out the relationship between the Secretary of State for Transport and the GLAs in matters of business and finance and aims to provide a clear understanding of their respective duties and responsibilities according to Part VIII & IX of the Merchant Shipping Act 1995 (MSA 1995), as amended by the Merchant Shipping and Marine Security Act 1997, and Part XI of the Merchant Shipping Act 1894 (MSA 1894) as amended by the Merchant Shipping (CIL) Act, 1997 in respect of CIL's activities in the Republic of Ireland.

A comprehensive budgeting system exists with GLA Corporate Plans incorporating five year budgets which are reviewed and endorsed by the GLA Boards and the Lights Finance Committee for submission to the Secretary of State. Budgets are delegated to the individual GLAs and are reviewed by DfT officials in addition the GLAs are set performance targets and indicators, which are monitored on a monthly basis. The GLAs have completed the second year of a five year budget period that limits increases in Running Costs to no more than general price inflation (as measured by the retail prices index) less an X value set by the Minister.

The Governance, Organisational and Committee structure in place in the three GLAs is discussed in great detail in the GLA Governance Report; in addition the following is relevant to the GLF.

Lights Finance Committee

The Lights Finance Committee includes representatives of the shipping industry, convened via the Chamber of Shipping, the GLAs and DfT officials. The Committee meets annually and considers the GLA budgetary and the GLF's funding requirements and the implications for Light Dues rates. The Committees deliberations inform official recommendations to the Minister with regard to the setting of Light Dues rates for the coming year.

Joint Strategic Board of the GLAs

The Board, consisting of representatives from all three GLA, has as its main purpose the coordination of tri-GLA cooperation with the aim of realising the resulting savings. The centralisation of out-of-hours monitoring onto Harwich has been a marked success and all three GLAs are exceeding their RPI-X targets, The JSB has introduced a strategic "Road Map" to track the final recommendations of the WS Atkins Assessment of the Provision of Marine Aids to Navigation around the United Kingdom and Ireland and to drive further, post Atkins, savings activities and coordination.

Investment Committee

The GLF Investment Committee consists of GLA Executive and Non Executive representatives with relevant experience and an Investment Advisor. The committee review performance and make recommendations regarding portfolio management. During 2012/13 the Committee oversaw the liquidation of one portfolio for use in creating a new growth fund for pensions however, reclassification of the GLAs as central government bodies has created new possibilities for the transfer of pensions into the central government scheme. While these possibilities are explored new investment opportunities are considered inappropriate and the liquidated portfolio has been retained in cash accounts.

DfT Group Audit Committee

The Annual Report and Accounts of the GLF are reviewed by the DFT Group Audit Committee, taking into account reports from the Audit and Risk Assurance Department of DfT and the National Audit Office and makes a recommendation to the Accounting Officer.

Risk Assessment

A triennial Risk Management Review was undertaken in December 2012 by external risk management consultants on behalf of the three GLAs. This contains the risk management policy and strategy for the GLAs. This review includes the analysis of all main risks facing the GLAs supported by third party assurance from a firm of independent risk consultants and draws on best practice guidance from the UK Risk Management Standard, prepared by the Institute of Risk Management, Association of Insurance and Risk by the Institute of Risk Management, Association of Insurance and Risk Managers and the National Forum for Risk Management in the Public Sector. A further triennial review will be carried out in 2015.

As part of the joint GLA risk management review each of the individual GLA risk registers have been independently analysed having regard to current best practice to produce 12 risks, which are considered to pose the greatest threat to the GLAs and their stakeholders including the GLF. In compiling the document it was noted that certain other risks would have a significant impact on the General Lighthouse Authorities but posed a lesser threat to the General Lighthouse Fund – for example a change in Government policy regarding responsibility for the operation of the three lighthouse services. It was considered that the GLAs had a duty to challenge any such action, if it were not in the short or long term interest of the mariner. It was also noted that in the event that the GLF were wound up, there would be a pension liability estimated by independent actuarial valuation to be £410m as at 31 March 2013 on an accrued benefit valuation cash equivalent basis, comprising prospective benefits due to active members, deferred pensioners and pensioners. However, the GLAs have received a letter of comfort from the UK Secretary of State to the effect that in the event of there being insufficient money available in the GLF to meet the GLAs' pension liabilities, the UK Parliament would be asked to meets any shortfall. Pension contributions, which total £56.2m, have however not been 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 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 but that the matter should be kept under review, particularly as new GLA employees were now required to pay a pension contribution of up to 5.9% of their salary (depending on scheme and pensionable earnings). The risks were grouped in accordance with the UK Risk Management Standard under the four headings of 'Strategic', 'Financial', 'Operational' and 'Hazard', together with the control measures in place to mitigate their effects, following also HM Treasury document 'Management of Risk – A Strategic Overview' known as the 'Orange Book'. More general risk protections and controls are summarised at Annex II of the 'Orange Book'.

DfT officials also maintain a Risk Register for specific GLF risks. The Register describes Risks to the GLF such as Investment market risk, currency fluctuations, legislative risks, Light Dues, Wreck Removal and uninsured loss risk and political risk, together with actions in place to manage these risks.

Officials review the Risk Register on a regular basis. The review of risks includes an evaluation of the probability of the risk event occurring and the impact that the occurrence would have both before and after controls have been put in place. Officials will determine whether the risks have altered from the very high, high, medium, low, or very low probability and impact categories that they have previously been allocated. They also consider whether additional controls should be applied to reduce the residual risk further.

Review of the effectiveness of the system of internal control

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control that exists within the GLF and the bodies funded by the GLF. My review is primarily informed by the work of internal audit, and by the management assurance reporting of the GLA Chief Executives who act as Accounting Officers within their respective organisations, and are responsible for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

The DfT has established a number of procedures to monitor and forecast the operation of the activities of the Fund including:

- Monthly and Quarterly reports from the investment managers, detailing activity and performance of the GLF investment portfolios, as well as assessments of future prospects and investment strategy. In addition a Quarterly Investment report is produced summarising investment performance for the GLF as a whole, including cash holdings.
- Regular Investment Committee meetings to review the performance of the investment managers, the overall investment policy and make recommendations accordingly.
- Daily GLF valuation reports to monitor fluctuations in the component elements of the GLF as well as the GLF as a whole.
- Monthly Financial Reports which includes data on Light Dues income, trends and projections.
- Twelve week cash forecast projections for the GLF cash holdings, monitoring of GLA delegated budgets as well as monitoring of GLA cash funding.
- Five-year forecasts of GLA income and expenditure revised annually including progress toward agreed expenditure reduction targets, such as RPI-X targets set by the Minister.
- An annual actuarial report on the GLA pension schemes highlighting the annual costs and long term liabilities of both the individual and the combined GLA schemes. Currently this work is carried out by Hymans Robertson LLP;

- An annual report to Ministers and the Lights Advisory Committee, the industry representative on light dues and Aids to Navigation, covering the operation of the GLF over the last year and forecasts for medium term GLF levels 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.

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 statutory powers of the GLAs in this respect have been clarified by the amendment to the Merchant Shipping Act 1995 made by the Marine Navigation Act 2013.

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

Summary of Audit Internal Reports
The report of the Head of Internal Audit stated the following.

> "Overall, across the GLA's, internal control processes in the areas reviewed during the year were generally found to be effective, though there were areas where control weaknesses and areas for improvement were identified. Corrective action plans have been agreed with management to address the control weaknesses identified. No internal audit reports delivered during 2012/13 gave either a 'Partial' or 'None' assurance.
>
> Management responses to our findings continue to be positive and action to strengthen controls is agreed across all three GLAs, although at times this has been a lengthy process to ensure management actions are proportionate and timely given the reduction in resources available at the local level. Prompt action is often taken by GLAs in implementing our recommendations and in some cases actions are completed before our work is completed. I can therefore report that control weaknesses identified are addressed promptly and effectively across the three GLAs.
>
> Although our work during 2012-13 identified a need to strengthen controls in some areas to reduce exposure to particular risks and to reinforce the control framework, but there is nothing which I would deem significant or material which warrants mention in this report.
>
> There were no reported cases of fraud or impropriety to ARA during 2012/13 at any of the GLAs."

Conclusion
The GLF has in place a robust system of accountability, which I can rely on as Accounting Officer, for the use of the public funds which it provides to finance the work of the GLAs. This system allows me to provide the assurance that GLF will spend its money in line with the principles set out in Managing Public Money and the Merchant Shipping Act 1995.

Having reviewed the evidence provided to me by GLF management, compliance functions, the HIA's opinion and the external audit of the GLF, I am satisfied that the GLF has maintained a sound system of internal control during the financial year 2012–13.

Philip Rutnam
Accounting Officer
Date 23 October 2013

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 2013 under the Merchant Shipping Act 1995. The financial statements comprise: the Statements of Comprehensive Net Income, Financial Position, Cash Flows, Changes in Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Boards, Secretary of State, Accounting Officer and auditor

As explained more fully in the Statement of Responsibilities of the General Lighthouse Authorities' Boards, Secretary of State for Transport and the Accounting Officer, 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 examine the financial statements in accordance with the Merchant Shipping Act 1995. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements 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 2013 and of the net deficit for the year then ended; and

- the financial statements have been properly prepared in accordance with the Merchant Shipping Act 1995 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Merchant Shipping Act 1995; and
- the information given in Management Commentary 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 returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement 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
Date 25 October 2013

National Audit Office
157-197 Buckingham Palace Road
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London
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General Lighthouse Fund
Statement of Comprehensive Net Income
For the Year Ended 31 March 2013

	Notes	2012/13 £'000	Restated 2011/12 £'000	
Income :				
Light Dues	3	89,946	91,248	
Other income	4	15,237	16,735	*
		105,183	107,983	
Expenditure :				
Staff costs	5	(28,698)	(28,461)	
Amortisation	6	(242)	(260)	
Depreciation	6	(10,237)	(10,738)	
Loss on Revaluation	6	(34,458)	0	
Pension Cost - Current Service	6	(4,958)	(7,242)	
Pension Cost - Past Service	6	(171)	(281)	
Other Expenditure	6a	(26,558)	(26,882)	*
		(105,322)	(73,864)	
Net Income/Expenditure		(139)	34,119	
Interest receivable	7	310	216	
Interest payable	8	(1,582)	(1,872)	
Interest on Pension Scheme Liability	8	(18,162)	(19,430)	
Revaluation of Investment Property	11	(243)	(78)	
Surplus / (deficit) for the financial year		(19,816)	12,955	

Statement of Other Comprehensive Income
For the Year Ended 31 March 2013

		2012/13 £'000	2011/12 £'000
Net gain/(loss) on revaluation of Property, Plant and Equipment	10	168,574	0
Net gain/(loss) on revaluation of available for sale financial assets	17	1,453	(297)
Total Other Comprehensive Income		170,027	(297)

*£2.099m restated (investment income previously shown as expenditure in 2011/12)

Statement of Financial Position
As at 31 March 2013

	Notes	2012/13 £'000	2011/12 £'000
Assets			
Non-Current assets			
Property, Plant and Equipment	10	269,085	137,473
Investment Property	11	931	1,292
Intangible Assets	12	775	815
Trade and Other Receivables	13	28	20
		270,819	139,600
Current Assets :			
Assets Classified as Held for Sale	14	190	2
Inventories	15	3,417	3,522
Trade and Other Receivables	16	6,405	6,588
Investments	17	50,829	88,999
Cash & Cash Equivalents	18	115,431	53,683
		176,272	152,794
Total assets		447,091	292,394
Liabilities			
Current Liabilities			
Trade and Other Payables	19	(13,626)	(11,830)
Other Liabilities	20	(1,466)	(952)
		(15,092)	(12,782)
Non-Current liabilities			
Provisions	20	(3,892)	(3,971)
Pension Liabilities	23	(410,306)	(377,966)
Financial Liabilities	19	(30,545)	(34,745)
		(444,743)	(416,682)
Total Assets less Total Liabilities		**(12,744)**	**(137,070)**
Reserves			
General Reserve	SOCE	(199,119)	(153,441)
Capital Reserve		-	-
Revaluation Reserve	SOCE	186,375	16,371
Total Reserves		**(12,744)**	**(137,070)**

Philip Rutnam
Accounting Officer
Date 23 October 2013

Statement of Cash Flows
For the Year Ended 31 March 2013

	Notes	2012/13 £'000	2011/12 £'000
Cash flows from operating activities			
Net Deficit after Interest	SOCNI	(19,816)	12,955
Loss/(Profit) on Sale of Investments	2	(2,363)	(2,099)
Loss/(Profit) on Disposal of Property Plant and Equipment	6a	998	597
Loss/(Profit) on Disposal of Investment Assets	6a	-	(93)
Loss/(Profit) on Disposal of Assets Held for Sale	6a	(90)	21
Loss on Disposal of Intangible Assets	6a	-	1
Pension Benefits Outflow	23	(16,829)	(19,106)
Current Service Cost	23	5,145	7,242
Past Service Cost	23	223	281
Depreciation	10	10,237	10,738
Amortisation	12	242	260
Impairments	9	530	690
Revaluation Losses (property, Plant & Equipment)	10	34,458	-
(Increase)/Decrease in Trade and Other Receivables	16&13	175	(411)
(Increase)/Decrease in Inventories	15	105	(272)
Increase/(Decrease) in Trade Payables	19&22	2,131	(1,567)
Increase/(Decrease) in Provisions	20	435	(1,623)
Revaluation of Investment & Held for Sale Properties	11&14	306	78
Foreign Exchange Translation		(198)	270
Net cash outflow from operating activities		15,689	7,962
Cash flow from investing activities			
Purchase of Property, Plant and Equipment	10	(10,150)	(5,940)
Purchase of Intangible assets	12	(101)	(69)
Purchase of Investments	11	(6,495)	(12,779)
Proceeds of Disposal of Property, Plant and Equipment		192	731
Proceeds of Investments	17	48,481	11,700
Net cash outflow from investing activities		31,927	(6,357)
Cash flows from financing activities			
Pension Financing Cost	23	18,162	19,430
Capital element of Payments in Respect of Finance Leases		(4,030)	(3,929)
Net cash flow from financing activities		14,132	15,501
Net cash flow from all activities		61,748	17,106
Net increase in cash and cash equivalents in the period	18	**61,748**	**17,106**
Cash and cash equivalents at the beginning of the period	18	**53,683**	**36,577**
Cash and cash equivalents at the end of the period	18	**115,431**	**53,683**

Statement of Changes in Equity
For the Year Ended 31 March 2013

Prior Year

	General Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 31 March 2011	(156,366)	17,315	(139,051)
Comprehensive Net Income	12,955	-	12,955
Net Gain on Revaluation of Investments	-	(297)	(297)
Net Loss on Revaluation of Property Plant and Equipment	-	-	-
Release of Reserves to the Statement of Comprehensive Income	647	(647)	-
Foreign Translation of Euro Reserves	(2,071)	-	(2,071)
Actuarial (Loss)/Gain	(8,606)	-	(8,606)
Balance at 31 March 2012	**(153,441)**	**16,371**	**(137,070)**

Current Year

	General Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 31 March 2012	(153,441)	16,371	(137,070)
Comprehensive Net Income	(19,816)	-	(19,816)
Net Loss on Revaluation of Investments	-	1,453	1,453
Net Gain on Revaluation of Property Plant and Equipment	-	168,574	168,574
Release of Reserves to the Statement of Comprehensive Income	23	(23)	-
Foreign Translation of Euro Reserves	(250)	-	(250)
Actuarial (Loss)/Gain	(25,635)	-	(25,635)
Balance at 31 March 2013	**(199,119)**	**186,375**	**(12,744)**

Notes to the Accounts for the Year Ended 31 March 2013

1. Accounting Policies

a) Accounting Convention

These accounts have been prepared in accordance with the 2012/2013 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 2013 shows net liabilities of £12,744,000. 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.

On 31 December 2011 the Office for National Statistic reclassified the GLF and the GLAs as part of the Central Government Sector for National Accounts purposes. The Department does not believe this development has Going Concern consequences for the GLF.

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. Intangible licences have been capitalised and are amortised over the life of the licence. 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 19: Employee Benefits. All pension assumptions are set out in note 23.

e) Property, Plant and Equipment

Capitalisation

Non-current assets are recognised where the economic life of the item of property plant and equipment exceeds one year; the cost of the item can be reliably measured; AND the original cost is greater than £5,000.

Assets are recognised initially at cost, which comprises purchase price, any costs of bringing assets to the location and condition necessary for them to be capable of operating in the manner intended, and initial estimates of the costs of dismantling and removing the assets where an obligation to dismantle or remove the assets arises from their acquisition or usage.

Subsequent costs of day-to-day servicing are expensed as incurred. Where regular major inspections of assets are required for their continuing operation, the costs of such inspections are capitalised and the carrying value of the previous inspection is derecognised, for example Dry Dock and Repair (DD&R) of ships.

Expenditure on renewal of structures is capitalised when the planned maintenance spend enhances or replaces the service potential of the structure. All routine maintenance expenditure is charged to the Statement of Comprehensive Net Income.

Internal staff costs that can be attributed directly to the construction of an asset, including renewals of structures that are capitalised, are capitalised.

Operating software, without which related hardware cannot operate, is capitalised, with the value of the related hardware, as property, plant and equipment. Application software, which is not an integral part of the related hardware, is capitalised separately as an intangible non-current asset.

Any gains or losses on the eventual disposal of property, plant and equipment are recognised in the Statement of Comprehensive Net Income when the asset is derecognised. Gains are not classed as revenue.

Valuation

After recognition, the item of Property, plant and equipment is carried at Fair Value in accordance with IAS16 and the current FReM. The assets are expressed at their current value at regular valuation or through the application of Modified Historic Cost Accounting. For assets of low value and/or with a useful life of 5 years or less, depreciated historic cost (DHC) is considered as a proxy for fair value.

Asset Class	Valuation Method	Valued by
Non Specialised Land & Buildings	Fair Value, using Existing Use Valuation principles	RICS Valuation Statement (UKVS) 1.1 Professional valuation every 5 years. Value plus indices in Intervening years.
Specialised Property	Fair Value using Depreciated Replacement Cost principles	RICS Valuation Statement (UKVS) 1.1 Professional valuation every 5 years. Value plus indices in Intervening years.
Non Operational Property*	Market Value	Specified as Obsolete, Assets Held for Sale or Investment Assets. Professional Valuation annually.
Tenders, Ancillary Craft & Lightvessels	Fair Value	Professional Valuation Annually
Buoys	Fair Value	Internally on an annual basis using Market Value of recent purchases adjusted for age.
Beacons	Fair Value	RICS Valuation Statement (UKVS) 1.1 Professional valuation every 5 years. Value plus indices in Intervening years.
Plant, Machinery & IT Equipment - Low Value or short life	Depreciated Historic Cost	N/A
Plant & Machinery – Not included above.	Fair Value	RICS Valuation Statement (UKVS) 4.1 & 4.3 Professional valuation as base cost, plus indices annually thereafter.

*Non Operational in this context relates to property that is not required for the GLA to carry out its statutory function.

Where assets are re-valued through the use of indices, gross book values and accumulated depreciation balances are adjusted, and upwards movements are taken to the Revaluation Reserve. Downwards movements are recognised under Expenditure in the Statement of Comprehensive Net Income. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The decrease recognised in other comprehensive income reduces the amount held in the revaluation reserve in respect of that asset.

Where assets are re-valued through professional valuation, the accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the re-valued amount of the asset. If the assets carrying amount is increased as a result of revaluation, the increase is recognised in other comprehensive income and accumulated in equity in the Revaluation Reserve. However, the increase shall be recognised in the statement of Comprehensive Net Income to the extent that it reverses a revaluation decrease of that class of asset previously recognised in profit and loss. If the assets carrying amount is decreased as a result of revaluation, the decrease is recognised in the statement of Comprehensive Net Income. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve. The decrease recognised in other comprehensive income reduces the amount held in the revaluation reserve in respect of that asset.

Depreciation is calculated on a monthly basis and is commenced in the month after original purchase or when the asset is brought into use and is continued up to the end of the month prior to sale. Assets in the course of construction are not depreciated. Depreciation is charged on a straight line basis having regard to the estimated operating lives as follows:

Categories	Depreciation Lives	Categories	Depreciation Lives
Land and Buildings		**Buoys and Beacons**	
Land	Not Depreciated	Steel Buoys and Beacons	Up to 50 years
Lighthouses (Building Structure)	50 years	Plastic Buoys	10 years
Lighthouse Improvements or remaining Life if less	25 years	Solarisation Costs	10 years
Other Buildings	50 years		
		Plant and Machinery	
Tenders and Ancillary Craft		Lighthouses	15 years
Tenders*	25 years	Automation equipment	15 years
Tenders (Dry Dock and Repair)	Up to 5 Years	Racons & Radio Beacons	15 years
Other Tenders**	2 to 3 Years	Depots and Workshops	10 years
Launches	15 years	Office Equipment	10 years
Workboats	10 years	Vehicles	5 years
Lightvessels		Computers - Major systems	5 years
Lightvessel (hulls)	50 years	Computers – Other	3 years
Lightvessel (hull conversions)	15 years	AIS Equipment	7 Years
Lightvessel (Dry Dock and Repair)	7 years		

*Tenders held under finance leases are depreciated over 25 years, being the expected useful life. The primary lease period is less than this but a secondary period sufficient to cover the balance is available.
** Depending on Dry Docking Schedule.

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

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

h) Leasing Commitments
Assets obtained under finance leases are capitalised in the Statement of Financial Position and depreciated as if owned. The interest element of the rental obligation is charged to the Statement of Consolidated Income over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding at the beginning of the year. The capital element of the future lease payments is stated separately under Payables, both within one year and over one year. Expenditure incurred in respect of operating leases is charged to the Statement of Consolidated Income as incurred. Rentals received under operating leases are credited to income.

i) Foreign Currency Transactions
Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date (€1/£1.18). 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) 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.

l) Government Grants
Government Grants are recognised in full in the Statement of Comprehensive Net Income in the year in which they are received.

m) Investment Properties
The Northern Lighthouse Board has nine former light keepers' cottages that are considered surplus to requirements and are currently operated as holiday cottages. It has been agreed that this alternative use is in the best interests of the Northern Lighthouse Board and the General Lighthouse Fund through the generation of rental income. These properties are treated in accordance with IAS 40: Accounting for Investment Properties and are accordingly valued to open market value each year. Open market valuations have been completed in March 2013 at each of these properties; these properties are included in the Statement of Financial Position at the open market valuation.

Trinity House has two non-operational properties that are available to let until such time as they are disposed of. It is considered that these properties fall within the definition of "Investment Properties" under IAS40 in that they could be disposed of without affecting the operation of the Lighthouse service and they are not retained to fulfil the Board's statutory responsibilities. Open market valuations have been completed in March 2013 at each of these properties by the Valuation Office Agency. These properties are included in the Statement of Financial Position at the open market valuation.

n) Investments
Investments are stated at market value at the reporting date.

o) 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 2013, no contracts contained embedded derivatives.

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

p) New Standards and Interpretations Adopted Early
The GLF has chosen not to adopt early any new standards or interpretations.

q) New Standards and Interpretations not yet adopted
The standard listed below is not yet effective for the year ended 31 March 2013 and has not been applied in preparing these financial statements but will 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 January 2015. Initial application of IFRS 9 is expected to have a limited impact.

r) Income
In accordance with the Merchant Shipping Act 1995, the GLAs are permitted to sell surplus capacity. Income from these activities is recognised in the period to which it relates.

2 Analysis of Net Income by Segment

	TH £'000	NLB £'000	CIL £'000	GLF £'000	2012/13 £'000	Restated 2011/12 £'000	
Light Dues Income	-	-	-	89,946	89,946	91,248	
GLA Drawdowns	36,900	21,670	19,542	(78,112)	-	-	
Other Income	2,765	1,454	1,688	9,330	15,237	16,735	*
Total Income	39,665	23,124	21,230	21,164	105,183	107,983	
Gross Expenditure	(39,029)	(29,301)	(34,354)	(2,638)	(105,322)	(71,765)	
Net Expenditure	636	(6,177)	(13,124)	18,526	(139)	36,218	
Total Assets	140,434	88,584	49,300	168,773	447,091	292,394	

* Restated to include prior year Investment Income (£2.099m)

3 Light Dues

	2012/13 £'000	2011/12 £'000
Light Dues collected in United Kingdom	86,101	87,391
Light Dues collected in Republic of Ireland	3,845	3,857
	89,946	**91,248**

4 Other Income

	Tri GLA £'000	TH £'000	NLB £'000	CIL £'000	GLF £'000	2012/13 £'000	Restated 2011/12 £'000	
Buoy Rental	-	589	274	153	-	1,016	1,027	
Property Rental	-	250	32	237	-	519	616	
Other Commercial Income	-	7	50	-	-	57	44	
Tender Hire	-	1,238	1,063	1,233	-	3,534	2,026	
Republic of Ireland Contribution	-	-	-	-	5,327	5,327	6,776	
Income from listed Investments	-	-	-	-	4,000	4,000	4,774	*
Release of Deferred Income	-	-	-	-	-	-	672	
Grant Income	200	-	-	-	-	200	203	
Sundry Receipts	-	481	35	65	3	584	597	
	200	**2,565**	**1,454**	**1,688**	**9,330**	**15,237**	**16,735**	

* Restated to include prior year Investment Income (£2.099m)

5 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 2012/13 £'000	Total 2011/12 £'000
Wages & Salaries	11,456	66	6,869	206	5,345	238	24,180	26,715
Social Security Costs	993	-	586	-	534	26	2,139	2,237
	12,449	**66**	**7,455**	**206**	**5,879**	**264**	**26,319**	**28,952**
Other Pension Costs	-	-	-	-	-	-	-	-
Redundancy Costs	438	-	-	-	920	-	1,358	28
Annual Compensation Pay*	-	-	-	(19)	438	-	419	14
Staff Related Provisions	-	-	-	-	1,176	-	1,176	-
Sub Total	**12,887**	**66**	**7,455**	**187**	**8,413**	**264**	**29,272**	**28,994**
Capitalised Costs	(194)	-	-	-	(380)	-	(574)	(533)
Total Net Costs	**12,693**	**66**	**7,455**	**187**	**8,033**	**264**	**28,698**	**28,461**

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

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

	2012/13 Permanent	2012/13 Others	2012/13 Total	2011/12 Permanent	2011/12 Others	2011/12 Total
Directly Employed	612	7	619	646	6	652
Other	-	7	7	-	12	12
Staff engaged on Capital Projects	11	-	11	11	-	11
	623	**14**	**637**	**657**	**18**	**675**

Reporting of Compensation Scheme Exit Packages	**Number of Compulsory Redundancies**		**Number of Other Departures Agreed**		**Total Number of Exit Packages**	
	2012/13	**2011/12**	**2012/13**	**2011/12**	**2012/13**	**2011/12**
Exit Package Cost Band						
Less than £10,000	1	-	2	-	3	-
£10,000-£25,000	-	-	2	4	2	4
£25,000-£50,000	-	1	1	7	1	8
£50,000-£100,000	-	3	5	4	5	7
£100,000-£150,000	-	-	1	3	1	3
£150,000-£200,000	-	-	-	2	-	2
Greater than £200,000	-	-	-	8	-	8
Total Number of Exit Packages	**1**	**4**	**11**	**28**	**12**	**32**
Total Cost (£)	**7,926**	**211,000**	**503,281**	**3,451,304**	**511,207**	**3,662,304**

6 Total Expenditure

	TH £'000	NLB £'000	CIL £'000	GLF £'000	2012/13 £'000	Restated 2011/12 £'000	
Running Costs	10,070	6,079	3,593	477	20,219	21,613	
Rentals under Operating Leases	1,141	782	1,115	-	3,038	2,887	
Pension Costs	2,283	1,181	1,604	61	5,129	7,523	
Finance Lease Interest	584	840	158	-	1,582	1,872	
Pension Interest	7,247	3,786	6,863	266	18,162	19,430	
Auditors Remuneration				135	135	135	
Research and Development				1,132	1,132	999	
Depreciation	3,915	3,657	2,665	-	10,237	10,738	
Amortisation	153	70	19	-	242	260	
Impairments	530	-	-	-	530	690	
Revaluation Loss on Property, Plant and Equipment	8,210	9,546	16,702	-	34,458	-	
Revaluation Loss/(Profit) on Investment Property	15	679	(451)	-	243	78	
Loss/(Profit) on Disposal of Assets	-	-	-	-	-	526	
Loss on Disposal of Property, Plant & Equipment	301	248	359	-	908	-	
Loss/(Profit) on Disposal of Investments	-	-	-	-	-	-	*
Provision Provided in the Year	501	95	-	-	596	32	
	34,950	**26,963**	**32,627**	**2,071**	**96,611**	**66,783**	

* Restated to exclude prior year Investment Income (£2.099m)

6a Other Expenditure

	TH £'000	NLB £'000	CIL £'000	GLF £'000	2012/13 £'000	Restated 2011/12 £'000	
Running Costs	10,070	6,079	3,593	477	20,219	21,613	
Rentals under Operating Leases	1,141	782	1,115	-	3,038	2,887	
Auditors Remuneration	-	-	-	135	135	135	
Research and Development	-	-	-	1,132	1,132	999	
Non Cash Items							
Impairments	530	-	-	-	530	690	
Loss / (Profit) on Disposal of Assets	-	-	-	-	-	526	
Loss on Disposal of Property, Plant & Equipment	301	248	359	-	908	-	
Provision Provided in the Year	501	95	-		596	32	
Loss on Disposal of Investments	-	-	-	-	-	-	*
	12,543	**7,204**	**5,067**	**1,744**	**26,558**	**26,882**	

* Restated to exclude prior year Investment Income (£2.099m)

7 Interest Receivable

	TH £'000	NLB £'000	CIL £'000	GLF £'000	2012/13 £'000	2011/12 £'000
Bank Interest Receivable	2	1	-	307	310	216

8 Interest Payable

	TH £'000	NLB £'000	CIL £'000	GLF £'000	2012/13 £'000	2011/12 £'000
Interest on Finance Leases	584	840	158	-	1,582	1,872
Interest on Pension Liability	7,247	3,786	7,129	-	18,162	19,430
	7,831	**4,626**	**7,287**	**-**	**19,744**	**21,302**

9 Impairments

Assets which have decreased in value as a result of revaluations have been separately identified as Revaluation Losses on the Statement of Comprehensive Net Income, note 10 refers. Other Impairments are as follows:

2012-13

Trinity House are currently undertaking a project to re-engineer its Differential Global Position System (DGPS) network. This is expected to be completed by the end of September 2013. As a result the assets remaining on the Asset Register relating to the existing DGPS network have been Impaired and a value of £54,464 transferred to the Statement of Comprehensive Net Income.

Over the last two years a project was undertaken to re-engineer the Casquets Lighthouse off of Alderney in the Channel Islands. The Casquets Aids to Navigation systems were over 20 years old and the Lighthouse was becoming unreliable and onerous to maintain. The station was powered by continuously running diesel engines requiring regular deliveries of fuel and regular maintenance visits. Taking advantage of new technology and the southern latitude of Casquets, the station has been modernised and the new Aids to Navigation run entirely on renewable energy from solar and wind power. This has resulted in a station that is cheaper to run into the future and one that is designed to operate for at least the next 20 years without further major investment. However as of the 31st March 2013 the costs of the project have exceeded the Depreciated Replacement Cost valuation by £475,373, and in line with the requirements of the FReM this has been treated as impairment and transferred to the Statement of Comprehensive Net Income.

2011-12

The Commissioners of Irish Lights have over many years been working with the Irish Government to develop Loran C service. These works were wholly financed from a grant received from the Irish Government. Because of delays regarding planning issues the project was never completed and has now been terminated. Following agreement with the RoI DTTAS the value of these assets have been written down by €779K (£690K) to their net realisable value of €460K (£383K), which solely relates to land at Loop Head, County Clare specifically purchased for the project. Because of this impairment it was also necessary to release €779K (£690K) of the deferred grant which at the start of the year was included in Accruals and Deferred Income.

10 Property Plant and Equipment

Current Year

	Land £000	Buildings £000	Vessels £000	Light-Vessels £000	Buoys £000	IT Equip. £000	Plant & Mach. £000	AUC* £000	Total £000
Cost or Valuation									
At 1 April 2012	1,788	72,389	83,483	4,409	15,827	3,289	78,907	6,311	266,403
Additions	-	7	2,160	-	411	362	2,419	4,203	9,562
Donations	-	-	-	-	-	-	-	-	-
Disposals	-	(1,257)	(1,239)	(192)	(1,909)	(421)	(13,776)	(4)	(18,798)
Impairments	-	(182)	-	-	-	-	(341)	-	(523)
Reclassifications	(166)	314	936	3,436	14	66	(3,150)	(1,890)	(440)
Revaluations	7,859	63,925	(20,086)	1,967	(1,975)	(1,091)	(31,272)	-	19,327
Transfers	(2)	443	-	228	-	12	2,261	(3,163)	(221)
Foreign Exchange	88	198	131	-	21	5	(184)	(9)	250
At 31 March 2013	**9,567**	**135,837**	**65,385**	**9,848**	**12,389**	**2,222**	**34,864**	**5,448**	**275,560**
Depreciation									
At 1 April 2012	87	23,697	35,423	3,537	9,328	2,785	54,073	-	128,930
Charged in Year	11	1,866	3,151	163	1,021	303	3,722	-	10,237
Disposals	-	(1,105)	(1,195)	(192)	(1,551)	(421)	(13,237)	-	(17,701)
Impairments	-	(47)	-	-	-	-	54	-	7
Reclassifications	(88)	(189)	256	1,985	(1)	(94)	(2,224)	-	(355)
Revaluations	(10)	(24,029)	(37,420)	(5,493)	(8,391)	(1,279)	(37,331)	-	(113,953)
Transfers	-	(22)	-	-	-	-	(66)	-	(88)
Foreign Exchange	-	(84)	(215)	-	(76)	3	(230)	-	(602)
At 31 March 2013	**0**	**87**	**0**	**0**	**330**	**1,297**	**4,761**	**-**	**6,475**
NBV at 31/3/12	**1,701**	**48,692**	**48,060**	**872**	**6,499**	**504**	**24,834**	**6,311**	**137,473**
NBV at 31/3/13	**9,567**	**135,750**	**65,385**	**9,848**	**12,059**	**925**	**30,103**	**5,448**	**269,085**
Asset Financing									
Owned	9,567	135,750	7,458	9,848	12,059	925	30,103	5,448	211,158
Finance Leased	-	-	57,927	-	-	-	-	-	57,927
On Balance Sheet PFI	-	-	-	-	-	-	-	-	-
	9,567	**135,750**	**65,385**	**9,848**	**12,059**	**925**	**30,103**	**5,448**	**269,085**

*Assets under Construction and Payments on Account.

The net increase in value of PPE assets due to the adoption of Fair Value is £132m.

The adoption of Fair Value for Non Current Assets (including PPE above) has resulted in significant revaluation movements across the whole GLA property estate. Fair Values have been obtained in accordance with IAS 16 and note 1 to these accounts. A large number of specialist assets e.g. lighthouses had previously been held at minimal Net Book Values (NBV) as their Historic Cost had been fully depreciated. Increases in asset values resulting from the change to Fair Value has resulted in a gain of £169m recognised in the Statement of Other Comprehensive Income. Non Current Assets, which have decreased under Fair Value, and for which no prior revaluation reserve balance was held, have been charged as an expense to the Comprehensive Statement of Net Income (£34m)

Impairments of £530k have also been charged to the Comprehensive Statement of Net Income, note 9 refers.

Prior Year

	Land £000	Buildings £000	Vessels £000	Light-Vessels £000	Buoys £000	IT Equip. £000	Plant & Mach. £000	*AUC £000	Total £000
Cost or Valuation									
At 1 April 2011	1,406	73,503	84,500	4,409	15,608	3,412	79,429	6,408	268,675
Additions	5	190	490	-	128	260	1,546	3,188	5,807
Donations	-	-	-	-	-	-	-	-	-
Disposals	-	(33)	#(340)	-	(41)	#(341)	(1,925)	(52)	(2,732)
Impairments	-	-	-	-	-	-	-	(690)	(690)
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-	-
Transfers	417	113	-	-	442	6	1,265	(2,516)	(273)
Foreign Exchange	(40)	(1,384)	(1,167)	-	(310)	(48)	(1,408)	(27)	(4,384)
At 31 March 2012	**1,788**	**72,389**	**83,483**	**4,409**	**15,827**	**3,289**	**78,907**	**6,311**	**266,403**
Depreciation									
At 1 April 2011	76	22,035	32,791	3,353	8,599	2,828	52,503	-	122,185
Charged in Year	11	1,906	3,528	184	974	327	3,808	-	10,738
Disposals	-	(18)	#(339)	-	(38)	#(328)	(1,411)	-	(2,134)
Impairments	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-	-
Transfers	-	(8)	-	-	-	-	-	-	(8)
Foreign Exchange	-	(218)	(557)	-	(207)	(42)	(827)	-	(1,851)
At 31 March 2012	**87**	**23,697**	**35,423**	**3,537**	**9,328**	**2,785**	**54,073**	**-**	**128,930**
NBV at 31/3/11	**1,330**	**51,468**	**51,709**	**1,056**	**7,009**	**584**	**26,926**	**6,408**	**146,490**
NBV at 31/3/12	**1,701**	**48,692**	**48,060**	**872**	**6,499**	**504**	**24,834**	**6,311**	**137,473**
Asset Financing									
Owned	1,701	48,692	1,189	872	6,499	504	24,834	6,311	90,602
Finance Leased	-	-	46,871	-	-	-	-	-	46,871
On Balance Sheet PFI	-	-	-	-	-	-	-	-	-
	1,701	**48,692**	**48,060**	**872**	**6,499**	**504**	**24,834**	**6,311**	**137,473**

*Assets under Construction and Payments on Account.
Figures restated for Disposals of fully depreciated assets in prior year at NLB

11 Investment Assets

	TH £'000	NLB £'000	CIL £'000	2012/13 £'000	2011/12 £'000
At 1 April	300	992	0	1,292	1,619
Additions	0	0	0	0	-
Disposals	0	0	0	0	(249)
Transfers	0	-163	45	(118)	-
Depreciation	0	0	0	0	-
Revaluations	-15	-679	451	(243)	(78)
Impairments	-	-	-	-	-
At 31 March	**285**	**150**	**496**	**931**	**1,292**

Investment Assets include the Northern Lighthouse Board's Holiday Cottages and Interpretation Centre, Trinity House's 35/36 West Street and 7 Church Street in Harwich and a number of Non-Operational CIL property from which commercial income is derived.

12 Intangible Assets

Current Year

	Software £'000	Licences £'000	Assets in Progress £'000	Total £'000
Cost or Valuation				
At 1 April 2012	2,846	150	-	2,996
Additions	101	-	-	101
Donations	-	-	-	-
Disposals	(133)	-	-	(133)
Transfers	131	-	-	131
Impairments	-	-	-	-
Reclassifications	(82)	-	-	(82)
Revaluation	-	-	-	-
Foreign Exchange	(2)	-	-	(2)
At 31 March 2013	**2,861**	**150**	**-**	**3,011**
Amortisation				
At 1 April 2012	2,138	43	-	2,181
Charged in year	234	8	-	242
Disposals	(133)	-	-	(133)
Impairments	-	-	-	-
Reclassifications	(53)	-	-	(53)
Revaluation	-	-	-	-
Foreign Exchange	(1)	-	-	(1)
At 31 March 2013	**2,185**	**51**	**-**	**2,236**
NBV at 31/3/12	**708**	**107**	**-**	**815**
NBV at 31/3/13	**676**	**99**	**-**	**775**

Intangible Assets - Prior Year

	Software £'000	Licences £'000	Assets in Progress £'000	Total £'000
Cost or Valuation				
At 1 April 2011	2,785	150	-	2,935
Additions	69	-	-	69
Donations	-	-	-	-
Disposals	(246)	-	-	(246)
Impairments	-	-	-	-
Revaluations	-	-	-	-
Transfers	263	-	-	263
Foreign Exchange	(25)	-	-	(25)
At 31 March 2012	**2,846**	**150**	**-**	**2,996**
Amortisation				
At 1 April 2011	2,150	35	-	2,185
Charged in Year	252	8	-	260
Disposals	(245)	-	-	(245)
Impairments	-	-	-	-
Revaluations	-	-	-	-
Foreign Exchange	(19)	-	-	(19)
At 31 March 2012	**2,138**	**43**	**-**	**2,181**
NBV at 31/3/11	**635**	**115**	**-**	**750**
NBV at 31/3/12	**708**	**107**	**-**	**815**

13 Non Current Trade and Other Receivables

	TH £'000	NLB £'000	CIL £'000	GLF £'000	2012/13 £'000	2011/12 £'000
Amounts falling due after one year:						
Trade Receivables	-	-	-	-	-	-
Deposits and Advances	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Prepayments and Accrued Income	-	28	-	-	28	20
VAT Recoverable	-	-	-	-	-	-
	-	**28**	**-**	**-**	**28**	**20**

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

	TH	NLB	CIL	GLF	2012/13	2011/12
Central Government	-	-	-	-	-	-
Local Authorities	-	-	-	-	-	-
NHS Trusts	-	-	-	-	-	-
Public Corporations	-	-	-	-	-	-
Intra Government Balance	-	-	-	-	-	-
Bodies External to Government	-	28	-	-	28	20
	-	**28**	**-**	**-**	**28**	**20**

14 Assets Classified as Held for Sale

	TH £'000	NLB £'000	CIL £'000	2012/13 £'000	2011/12 £'000
At 1 April	2	0	0	2	409
Additions	0	0	0	-	-
Disposals	(2)	0	0	(2)	(409)
Transfers	252	163	63	478	2
Depreciation	(225)	0	0	(225)	-
Revaluations	0	0	(63)	(63)	-
Impairment	-	-	-	-	-
At 31 March	**27**	**163**	**0**	**190**	**2**

Transfers into assets classified as held for sale are from property, plant and equipment as follows:
Open Market Sales expected in 2013/14: Hartland Point Lighthouse (TH), Port St Mary's boathouse (NLB), Start Point Accommodation (NLB), Covesea Skerries Lighthouse (NLB), Vehicle (NLB), Stoer Head holiday Cottages (NLB)
Transfers expected to Local Light Authorities in 2013/14: Elie Ness Lighthouse (NLB), Fidra Lighthouse (NLB), Inchkeigh Lighthouse (NLB), Bressay Lighthouse (NLB), Youghal Lighthouse (CIL), Metal Man Lighthouse (CIL), Lower Rosses Lighthouse (CIL), Oyster Island Lighthouse (CIL), Scattery Island Lighthouse (CIL).
Transfers under Community Right to Buy legislation expected in 2013/14: Cape Wrath land (NLB), Covesea Skerries holiday cottages (NLB), Mull of Galloway holiday cottages (NLB).

15 Inventories

	TH £'000	NLB £'000	CIL £'000	GLF £'000	2012/13 £'000	2011/12 £'000
Inventories	2,451	608	358	-	3,417	3,522

16 Trade Receivables and Other Current Assets

	TH £'000	NLB £'000	CIL £'000	GLF £'000	2012/13 £'000	2011/12 £'000
Amounts falling due within one year:						
Trade Receivables	507	242	7	1,644	2,400	1,675
Deposits and Advances	-	26	-	-	26	26
Other Receivables	338	-	328	1,832	2,498	3,238
Prepayments and Accrued Income	525	184	141	36	886	1,152
VAT Recoverable	298	129	168	-	595	497
	1,668	**581**	**644**	**3,512**	**6,405**	**6,588**

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

Central Government	299	283	-	-	582	428
Local Authorities	16	-	-	-	16	18
NHS Trusts	-	-	-	-	-	-
Public Corporations	123	-	-	-	123	23
Intra Government Balance	438	283	-	-	721	469
Bodies External to Government	1,230	298	644	3,512	5,684	6,119
	1,668	**581**	**644**	**3,512**	**6,405**	**6,588**

17 Investments

	Baillie Gifford £'000	Martin Currie £'000	Total £'000
Brought Forward 1 April 2012	43,012	45,987	88,999
Additions	3,233	3,262	6,495
Disposals	(1,731)	(44,387)	(46,118)
Gain/(Loss) on revaluation	6,315	(4,862)	1,453
Carried Forward 31 March 2013	**50,829**	**-**	**50,829**

18 Cash and Cash Equivalents

	2012/13 £'000	2011/12 £'000
Balance at 1 April	53,683	36,577
Net Changes in Cash and Cash Equivalent Balances	61,748	17,106
Balance at 31 March	**115,431**	**53,683**
The following Balances were held at:		
Commercial Banks and Cash in Hand	115,431	53,683
Short Term Investments	-	-
Balance at 31 March	**115,431**	**53,683**

19 Trade Payables and Other Current Liabilities

	TH £'000	NLB £'000	CIL £'000	GLF £'000	2012/13 £'000	2011/12 £'000
Amounts falling due within one year:						
VAT Payable	-	-	-	-	-	-
Other Taxation and Social Security	375	208	309	-	892	883
Trade Payables	826	541	99	-	1,466	1,717
Other Payables	109	224	53	290	676	499
Accrued and Deferred Income	3,309	479	2,522	62	6,372	4,737
Current Part of Finance Leases	1,338	1,443	1,439	-	4,220	3,976
Prepayments and Accrued Income	-	-	-	-	-	-
Bank Overdraft	-	-	-	-	-	18
	5,957	**2,895**	**4,422**	**352**	**13,626**	**11,830**
Amounts included above that fall within the Whole of Government Boundary are:						
Central Government	401	375	75	-	851	614
Local Authorities	-	-	-	-	-	6
NHS Trusts	-	-	-	-	-	-
Public Corporations	-	89	-	-	89	74
Intra Government Balance	401	464	75	-	940	694
Bodies External to Government	5,556	2,431	4,347	352	12,686	11,136
	5,957	**2,895**	**4,422**	**352**	**13,626**	**11,830**
Amounts falling due after one year:						
Other Payables, Accruals and Deferred Income	-	-	8	-	8	9
Finance Lease	13,073	15,958	1,506	-	30,537	34,736
	13,073	**15,958**	**1,514**	**-**	**30,545**	**34,745**
Amounts included above that fall within the Whole of Government Boundary are:						
Central Government	-	-	-	-	-	-
Local Authorities	-	-	-	-	-	-
NHS Trusts	-	-	-	-	-	-
Public Corporations	-	-	-	-	-	-
Intra Government Balance	-	-	-	-	-	-
Bodies External to Government	13,073	15,958	1,514	-	30,545	34,745
	13,073	**15,958**	**1,514**	**-**	**30,545**	**34,745**

20 Provisions for Liabilities and Charges

	Redundancy Costs £'000	Restructure Costs £'000	Orfordness £'000	Litigation £'000	ACPs £'000	MNOPF £'000	Total £'000
Balance at 1 April 2012	502	-	132	46	2,130	2,113	4,923
Provided in the Year	748	-	-	5	867	152	1,772
Provision Written Back	(242)	-	(82)	(46)	(98)	(400)	(868)
Provisions Utilised	(22)	-	-	-	(527)	-	(549)
Unwinding of Discount	-	-	-	-	-	-	-
Foreign Exchange	25	-	-	-	53	2	80
Balance at 31 March 2013	**1,011**	**-**	**50**	**5**	**2,425**	**1,867**	**5,358**
Analysis of expected of discounted flows							
In one year or less or on demand	824	-	50	5	447	140	1,466
Between one and five years	187	-	-	-	1,978	1,727	3,892
Later than five years	-	-	-	-	-	-	-
Balance at 31 March 2013	**1,011**	**-**	**50**	**5**	**2,425**	**1,867**	**5,358**

The GLAs have provided for:

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

Restructuring Costs - Nil

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.

ACPs - 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.

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

Provisions provided in the year have been charged to Other Expenditure (£596k) and Staff Costs (£1,176k)

21 Capital Commitments

Contracted capital commitments at 31 March 2013 not otherwise included in these financial statements

	2012/13 £'000	2011/12 £'000
Property Plant and Equipment	2,760	2,969
Intangible Assets	19	173
	2,779	**3,142**

22 Commitments under Leases

Obligations under Operating Leases comprise:

	2012/13 £'000	2011/12 £'000
Land		
Not Later than One Year	51	51
Later Than One Year and Not Later Than Five Years	183	177
Later Than Five Years	2,753	2,749
Total	**2,987**	**2,977**
Buildings		
Not Later than One Year	21	18
Later Than One Year and Not Later Than Five Years	11	9
Later Than Five Years	2	10
Total	**34**	**37**
Other		
Not Later than One Year	2,181	2,010
Later Than One Year and Not Later Than Five Years	3,892	6,158
Later Than Five Years	-	-
Total	**6,073**	**8,168**

Obligations under Finance Leases comprise:

	2012/13 £'000	2011/12 £'000
Other		
Not Later than One Year	5,660	5,705
Later Than One Year and Not Later Than Five Years	17,967	19,746
Later Than Five Years	18,619	23,097
Sub - Total	**42,246**	**48,548**
Less Interest Element	(7,489)	(9,835)
Total	**34,757**	**38,713**

23 Pension Commitments

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

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

Employee contributions increased on 1 April 2012 and range from 1.5% to 3.9% for classic and 1.5% to 5.9% for premium, classic plus and nuvos depending on pensionable earnings. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is up rated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

Employees joining after 1 October 2002 could opt instead to open a partnership pension account. A stakeholder pension arrangement with employer contributions of £23,411 (2011/12 £25,825) were paid to a panel of four appointed stakeholder pension providers. Employer contributions are age related and range from between 3% and 12.5% of pensionable pay. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution).

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

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

Reduced by:

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

The GLAs obtain professional actuarial valuations annually for IAS 19 purposes.

The valuation assumed the following return / investment rates:-

	NLB	TH	CIL
Real Discount Rate	2.35%	2.35%	2.35%
Inflation Rate	1.70%	1.70%	1.70%
Discount Rate	4.10%	4.10%	4.10%
Salary Growth Rate	3.70%	3.70%	3.70%
Rate of Increase to pensions in payment & deferment	1.70%	1.70%	3.20%

The actuary's updated estimate of the liability of ACPs at 31 March 2013 is £2,426,000

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

		31 Mar 13	31 Mar 12
		£'000	£'000
Active Members		104,520	91,195
Deferred Pensioners		57,319	45,918
Pensioners		248,467	240,853
Total Liability at Projected Unit Method		**410,306**	**377,966**

	£'000	£'000	£'000
Scheme Liability at 31 March 2012			377,966
Current service cost		5,149	
Past service cost		171	
Interest on pension scheme liability		18,162	
Losses on Curtailments and Settlements		52	23,534
Benefits Payable			
Pensions or Annuities to Retired Employees and Dependents	(16,531)		
Commutations or Lump Sums:			
- On Retirement	(717)		
- Redundancy	-		
- From Preserved	(508)		
- On Early Retirement	(189)		
- On Death	(10)		
- Injury Benefits	(20)		
- Medical Retirement	(106)	(18,081)	
Payments to and on Account of Leavers			
Refunds to Members Leaving Service	(73)		
Individual Transfers to Other Schemes	-	(73)	(18,154)
Incomes Received in Respect of Enhancements			
Employees:			
Purchase of added Years	225		
WPS Contributions	971	1,196	
Pensions Transfers In			
Individual transfers in from other schemes		129	1,325
Actuarial Gains and Losses			
Experience arising on scheme liabilities		4,543	
Changes in assumptions underlying the present value of Scheme liabilities		18,858	
Foreign Exchange Translation		2,201	
Club Transfers In		33	
Club Transfers Out		-	25,635
Scheme Liability at 31 March 2013			410,306

	£'000
Opening balance	377,966
Closing balance	410,306
	32,340

	£'000
Operating costs charged to the Statement of Comprehensive Net Income*	5,372
Financing costs charged to the Statement of Comprehensive Net Income	18,162
Net Benefit Outgoing (cash flow)	(16,829)
Actuarial Gains & Losses charged to the Statement of Changes in Equity	25,635
	32,340

*The corresponding items in the statement of Comprehensive Net Income are lower than stated above (£242k) due to an MNOPF pension provision written back in the year and other minor pension costs relating to other pension schemes across the GLAs.

	31/03/13	31/03/12	31/03/11	31/03/10	31/03/09
Experience Gains and (Losses) on Scheme Liabilities					
Amount	(6,744)	(7,057)	11,665	50,118	1,302
Percentage of the Present Value of Scheme Liabilities	(1.6%)	(1.9%)	3.2%	12.3%	0.4%
Total Amount Recognised in Statement Changes in Equity					
Amount	(25,635)	(8,606)	35,547	(70,892)	19,748
Percentage of the Present Value of Scheme Liabilities	(6.2%)	(6.8%)	9.8%	(17.4%)	6.0%
Total Scheme Liability	410,306	377,966	361,513	408,465	330,558

Pensions Sensitivity Analysis at 31 March 2013	**31 Mar 13**
Scenario:	**£'000**
31 March 2013 Basis	(410,304)
Real discount rate increased by 0.5% per annum	(380,116)
Real discount rate decreased by 0.5% per annum	(443,330)
Real salary growth assumption increased by 0.5% per annum	(416,502)
Real salary growth assumption decreased by 0.5% per annum	(404,373)
Inflation assumption increased by 0.5% per annum	(437,031)
Inflation assumption decreased by 0.5% per annum	(385,039)
Mortality tales used rated down by 2 years	(424,646)
Mortality tales used rated up by 2 years	(395,380)

Projected pension expense for the year to 31 March 2014	**31 Mar 14**
	£'000
Projected Current Service Cost	5,949
Interest Obligation	16,583
Past Service Cost Injury Benefits	-
Past Service Cost Others	-
Losses / (Gains) on Curtailments and Settlements	-
Total	**22,532**

The Department for Transport has reported the contingent liability for the General Lighthouse Authorities' pensions for inclusion in the Resource Accounts for 2012/13 and a liability of £410m 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.

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 pension liabilities.

Merchant Navy Officers' Pension Fund

The GLAs are Participating Employers of the Merchant Navy Officers' Pension Fund (MNOPF) which is a defined benefit scheme providing benefits based on final pensionable salary. The MNOPF has a deficit of £120,000,000 identified in an actuarial valuation as at 31 March 2012. The rules of the MNOPF 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 MNOPF 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 MNOPF 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 2012/13 the GLAs paid £14,000 in employers contributions and deficit funding payments (2011/12 £15,000), to the MNOPF. In addition the GLAs have made provisions totalling £1.866m for the liability arising under section 75 of the Pensions Act 1995 when the last active member ceases employment with the GLAs.

24 Contingent Liabilities disclosed under IAS 37

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

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

The mutual method of insuring these risks includes a re-insurance programme and the pooling arrangements of the International Group. However, in common with all members of International Group Clubs, the GLAs could be liable for additional premium payments (Supplementary Calls) to cover any claims which cannot be met from funds available. The Standard Club has closed the years up to and including 2010/2011 and there will be no Supplementary Calls for these years. The Club have advised the GLAs that it does not anticipate Supplementary Calls for the years 2011/12 and 2012/2013. As a result the GLAs have made no provision in the Accounts.

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

eLoran Babcock (formerly VT) Contract
On 31 May 2007, a contract was signed for the provision of a UK and Irish Enhanced LORAN Signal-In-Space as part of a European Enhanced LORAN service. Broadcasting from Anthorn in Cumbria, the quarterly cost to the GLA's of this service is £97,036. Provision of a new transmitter, which is subject to approval from DfT, will increase the future quarterly payment.

The contract covers a period from 31 May 2007 to 1 October 2022. The GLAs had reserved the right to terminate the contract, at their sole discretion at the end of the first phase, on or about 1 October 2010. A contract variation effective from 30 September 2010 determines that phase one could run until the expiry date of the contract but that the contract can be terminated earlier or as otherwise agreed between the parties. Should the GLAs choose to terminate the contract a termination cost will be liable of between £865,665 and £22,525 depending on when the termination was to take place. The GLAs are continuing within the first phase of the contract and if a new transmitter is installed a revised schedule will be required.

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

Merchant Navy Officers Pension Fund
A new actuarial valuation was carried out as at 31 March 2012 which has resulted in further deficits upon which members have been called upon to contribute. The GLAs have paid the deficit contributions which were due for payment on 30 June 2013 in respect of the 2012 valuation. Any further liability will be restricted to the additional contributions sought in June 2013 due to the deficit reported as at 31 March 2012 that cannot be recovered from other employers (e.g. liquidated companies etc.) who are unable to pay their share in June 2013 and needs to be recovered from those remaining.

Additional liability may arise as a result of new actuarial valuations which result in further deficits. The next valuation is due as at 31 March 2015.

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 Beachy Head, Orfordness, St Catherine's, Flamborough Head, Royal Sovereign and Wormleighton. The total cost is estimated at between £8.5m and £13.4m, however, due to the uncertain nature of these events, no provision has been made in the accounts.

Wreck Removal
In January 2013 the vessel Emsstrom sank off the coast of Torbay in Devon and was subsequently marked by Trinity House as a significant danger to navigation. The wreck is currently under the legal jurisdiction of the Secretary of State's Representative for Maritime Salvage and Intervention (SOSREP). SOSREP has issued a Statutory Direction on the owners of the wreck but as yet no response has been received. It is believed that the vessel was not insured and was due to be scrapped. To date the owners have not co-operated with SOSREP.

The enforcement division of the Marine and Coastguard Agency are pursuing various lines of enquiry as to the legal ownership, insured status of the vessel and whether any pollutants were onboard; these enquiries may lead to formal enforcement action against the vessel's interests.

In the event that the owner does not remove the wreck, Trinity House may have to exercise its powers under section 252 and 253 of the Merchant Shipping Act 1995 to remove the wreck. Currently due to a number of unknown factors the Trinity House Board is not able to make a provision for the cost of removing this wreck, but declare it as a contingent liability.

25 Related-party transactions

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

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

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

During 2006/07 Trinity House refurbished a further 7 lighthouse cottages at the Lizard, and entered into a second agreement to lease them to Trinitas Service Ltd for 20 years commencing February 2002, with an effective possession date of 14th December 2006. Trinitas rents one of the cottages under an assured short hold tenancy agreements and has entered into a contract with Cornish Cottages to let 6 of them as holiday cottages. The investment in bringing the original cottages and the Lizard cottages to material state together with the legal costs of the agreement was in the order of £990,000. The freehold interest in the properties remains with TH. The potential uplift in value at the end of the lease period arising from the refurbishments is uncertain. A ground rent is payable during the currency of each lease but there is no premium
Commodore J S Scorer, Director of the TH Lighthouse Board and E D Johnson (appointed 27 March 2012), Non-Executive Director of the TH Lighthouse Board, are appointed to the Board of Trinitas Services Ltd as nominees of the Corporate Board responsible for Trinity House Charities. Captain T Bailey, Viscount Cobham and Commander G Hockley are appointed to the Board of TSL as nominees of the Corporate Board responsible for Trinity House Charities, none of whom are members of the TH Lighthouse Board.

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 2012/13 TH paid £276,006 to The Corporation of Trinity House in respect of service charges incurred in using office space and facilities at Trinity House, London (£267,360 in 2011/12).

Conversely, the Corporation of Trinity House reimburses TH for the provision of services during the year. The Corporation paid £63,465 to TH in respect of these services during the year (£59,367 in 2011/12).

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

Scotland's Lighthouse Museum Ltd
Scotland's Lighthouse Museum (SLM) Ltd is a registered charity whose primary purpose is to advance and promote the education of the general public, to establish and preserve a Museum of the history and operation of the lighthouses in Scotland and to aid their physical preservation. The Director of Engineering of the Northern Lighthouse Board is an SLM Board Member.

James Coats, Junior, "Ferguslie" Paisley Memorial Fund (formerly referred to as the Black Bequest)
The James Coats, Junior, "Ferguslie" Paisley Memorial Fund is a registered charity whose primary purpose is to provide support to former lighthouse keepers and their dependants. The Trustees are the Chairman, Vice-Chairman and Chief Executive. There have been no transactions between the Trust and the Board.

The Commissioners of Northern Lighthouses 2000 Trust
The Commissioners of Northern Lighthouses 2000 Trust is a registered charity whose primary purpose is to provide support to Merchant Navy Officer Cadets. The Trustees are the Chief Executive, Director of Finance and one Commissioner. There have been no transactions between the Trust and the Board.

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.

Scottish Shipping Benevolent Association
Scottish Shipping Benevolent Association is a registered charity whose primary purpose is to give assistance to people in the Scottish Shipping Industry. Roger Lockwood is a Director since 31 April 2009. A charitable donation of £100 was made on 1 August 2012.

Department of Transport, Tourism and Sport (Republic of Ireland)
The Republic of Ireland's Department of Transport, Tourism and Sport (DTTAS) 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 DTTAS except as disclosed by note 4 to the accounts.

26 Third Party Assets

There are other assets held by the Northern Lighthouse Board on behalf of the Commissioners. These assets are a collection of furniture, books, maps, paintings and silver and do not form part of the General Lighthouse Fund.

	31 Mar 13	31 Mar 12
	£'000	£'000
Cash and Investments	40,503	44,821
Heritage Collection	277,100	277,100
	317,603	**321,921**

27 Financial Instruments

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

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

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

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

Interest Rate Risk

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

THV Patricia has expired its primary term and is now on a fixed peppercorn rent.
The interest rate for the finance lease for the THV Alert was fixed on 9 August 2006 and therefore exposes no risk.
The interest rate for the finance lease for the THV Galatea was fixed on 24 December 2008 and therefore exposes no risk.

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

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 has 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 2013 £0.7m

Market Risk

The GLF has an Investment Portfolio valued at £50.8m at the reporting date. This portfolio is comprised of investments in equities, both UK and overseas and Corporate Bonds. This portfolio is exposed to movements, both up and down, in International Investment markets, which will have a direct impact upon the value of the portfolio and the GLF has a whole.

The market risk of the Investment portfolio is managed by a combination of daily valuation reporting and well as monthly and quarterly performance reports. In addition meetings with the Investment Managers are held on a regular basis.

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

Fair Values

Set out below is a comparison by category of the carrying values and fair values of the Fund's financial assets and liabilities as at 31 March 2013.

	Carrying Value £'000	**Fair Value £'000**
Financial Assets		
Investments	50,829	50,829
Cash at Bank and in Hand	115,431	115,431
Bank Guarantees	640	640
Financial Liabilities		
Finance Lease Obligations	34,757	34,757

28 Further Information

Number of non-current assets.

	TH	NLB	CIL	2012/13	2011/12
Lighthouses	65	209	74	348	356
Lightvessels	12	-	-	12	12
Lightfloats	2	-	-	2	2
Lanby Buoys	-	-	-	-	-
Buoys & Beacons	717	233	222	1,172	1,200
Tenders & Ancillary Craft	12	2	1	15	15
Lighthouses Abroad	1	-	-	1	1

Number of Non Current Assets Deployed

	TH	NLB	CIL	2012/13	2011/12
Lighthouses	66	206	72	344	347
Lightvessels	8	-	-	8	8
Lightfloats	2	-	-	2	2
Lanby Buoys	-	-	-	-	-
Buoys & Beacons	546	193	172	911	927
Tenders & Ancillary Craft	12	2	1	15	15
Lighthouses Abroad	1	-	-	1	1

29 Losses

Obsolete Inventory, write off of property, plant and equipment, and losses amounting to £423,000 (2011/12 £394,000) was written off during the year. The main factor for the losses figure in 2012/13 is the write off of the net book value of the assets no longer in use for operational purposes; these amounted to £373,000 (€441,000). Impairments are disclosed in note 9.

30 Events after Reporting Date

Nil

Appendix 1
Five Year Summary

	2012/13 £'000	2011/12 £'000	Restated 2010/11 £'000	Restated 2009/10 £'000	Restated 2008/09 £'000
Light Dues and Irish Income	89,946	91,248	87,077	76,223	69,581
Investment Income	4,000	4,774	2,275	2,306	2,589
Other Income	11,237	11,961	10,662	12,186	10,058
Total Income	**105,183**	**107,983**	**100,014**	**90,715**	**82,228**
Staff Costs	(28,698)	(28,461)	(33,914)	(29,959)	(29,708)
Pensions	(5,129)	(7,523)	12,259	(5,319)	(7,859)
Amortisation	(242)	(260)	(335)	(504)	(418)
Depreciation	(10,237)	(10,738)	(10,779)	(10,670)	(9,953)
Loss on Revaluation	(34,458)	-	-	(115)	(113)
Other Expenditure	(26,558)	(26,882)	(25,733)	(27,857)	(33,924)
Total Operating Costs	**(105,322)**	**(73,864)**	**(58,502)**	**(74,424)**	**(81,975)**
Net Income	(139)	34,119	41,512	16,291	253
Exceptional Items	-	-	-	-	-
Interest on Pension Scheme Liability	310	(19,430)	(18,035)	(19,288)	(21,952)
Other Interest Receivable	(1,582)	216	102	51	923
Interest Payable	(18,162)	(1,872)	(2,151)	(2,345)	(2,560)
Revaluation of Investment Property	(243)	(78)	(18)	-	-
Surplus/(Deficit) for the Financial Year	**(19,816)**	**12,955**	**21,410**	**(5,291)**	**(23,336)**
Property, Plant and Equipment	269,085	137,473	146,490	152,515	157,711
Net current Assets	161,180	139,950	117,182	98,040	75,387
Long Term Creditors, Capital & Reserves	(43,290)	(171,877)	(178,060)	(244,470)	(191,801)
Pension Liability & Other Provisions	(414,198)	(381,937)	(368,059)	(411,847)	(333,319)
Property Plant & Equipment Purchased	9,562	5,544	7,107	7,804	10,486
Average Number of Permanent Employees	636	675	693	719	714

Appendix 2

The Department for Transport, Local Government and the Regions
Letter of Comfort in Respect of General Lighthouse Fund Pensions, Contingent Liabilities, to be Given to the General Lighthouse Authorities

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

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

Signed By:

David Jamieson

On behalf of the Secretary of State for Transport, Local Government and the Regions
Date 17 December 2001

Appendix 3 General Lighthouse Authorities Governance Statements

Trinity House Governance Statement

The Board reviewed its approach to corporate governance on publication of the new HM Treasury Code on Corporate Governance in July 2011. A report to the January 2012 Board meeting about this concluded that Trinity House complied with the majority of the best practice principles set out in the new code. In accordance with the Code, the report recommended that the review of its effectiveness should include independent input every three years and a lead Non Executive Director should be appointed.

The Board has in place specific arrangements to comply with the best practice contained in the new Code. This includes a full analysis of the significant business risks to produce and continually up-date the Risk Schedule. This Schedule identifies the means by which these risks are controlled and who is accountable for managing each significant risk. Internal Audit include a full review of that risk analysis and the internal control function in their Annual Report. Internal Audit now base their programme of audit work on the Risk Schedule and the set of Directorate/Departmental Risk Registers, which sit beneath it.

Based on these processes and the confirmation in successive Annual Internal Audit Reports that 'work to date has not identified any significant weaknesses in risk management, control and governance frameworks', the Board considers it has complied with the new corporate governance code for the whole of the accounting period.

In February 2012 Treasury issued an instruction that requires all central government organisations to produce a Governance Statement in their Annual Report and Accounts. The Governance Statement replaces the Statement on Internal Control in this Report and Accounts. This Statement has been signed by the Executive Chairman and is set out in accordance with the corporate governance guidance issued by Treasury.

One area where Trinity House does not comply with the guidance is that 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 guidance advocates separation of these two roles, there are further checks and balances, not available to listed companies, provided inter alia by the trustee actions of the Secretary of State for Transport, as exercised by the Navigation Safety Branch of DfT and through the Secretary of State’s nominees on the Lighthouse Board.

The Lighthouse Board

The Corporation established a constitution and terms of reference for a Lighthouse Board on 4 June 1984 and this has since been reviewed, updated and amended, the last amendment being on 23 November 2009. This constitution sets out the make up of the Board and its proceedings. The Board generally meets on eight occasions each year. It reviews and updates its policies, receives reports from Executive Directors, Committees and the GLAs’ Joint Strategic Board. It monitors aids to navigation availability and performance against sanctioned expenditure and against previous trends. The Board formally reviews and approves the Strategic Plan, Corporate Plan and the Annual Report and Accounts.

The Board works to a 'Code of Best Practice', which was updated in September 2007 to ensure it continues to follow best practice. It sets out the responsibilities of Directors, the observance of public service values and the Board's relationship with the DfT. The Code is underpinned by the seven principles as set out in the report on Standards in Public Life (The Nolan Report).

A Register of Interests that includes details of company directorships or other significant interests held by Board members and senior managers, which may conflict with their management responsibilities, is maintained. The Register is advertised on the Trinity House website and is open to the public. Access can be obtained by contacting the Board Secretary at Tower Hill, London.

The Trinity House Board continues to maintain the highest standards of corporate governance. It receives reports on the latest developments in this area. For example, the September 2012 Board meeting considered a report on the performance of the Board. This report concluded that the Board had complied with best practice guidance. The report noted that it had been ‘a challenging but successful year’.

Membership of the Board is:

*Captain I McNaught (Executive Chairman)
*Captain N Palmer (Deputy Chairman)
*Commodore S J Scorer (Director of Operations)
*Captain R H Barker (Director of Navigational Requirements)
Mr J S Wedge (Director of Finance and Support Services)
Professor P Matthews (Non Executive Director appointed 20 July, 2012)
Mr F C Bourne (Non Executive Director, retired 20 July, 2012)
Mr M J Gladwyn (Non Executive Director)
Mrs E D Johnson (Non Executive Director)
Mr J D Price (Secretary)

* These Board Members are 'Mariner Assistants' of the Corporation of Trinity House. They form the majority on the Board with the casting vote of the Executive Chairman.

The Board met on eight occasions in 2012/2013. Attendance by members was 95%.

The table below shows the Board Sub-Committee structure, member attendance and remit of each committee**:**

Board Sub-Committee Structure			
Board Sub-Committee	Member Attendance %	Remit	Highlights
Executive	93	Operational management of the organisation	Approval of a new Strategic Plan and agreeing the approach to matters arising from the ONS reclassification decision.
Audit	100	Review of organisational controls, risk, finances and systems	Approval of the Annual Report & Accounts; reviewing risk registers and the review of the DfT Internal Audit Service.
Remuneration	100	Assessment of Executive Directors' performance, remuneration, bonuses and corporate performance.	Assessment of director and corporate performance.
Executive Remuneration	100	Assessment of staff remuneration, manpower requirements and organisational structure.	Consideration of reviews of Procurement and the Operations Planning Centre.
Examiners	87	All requirements for the Service's provision of AtoNs.	Agreed requirements for marking offshore renewable energy sites; new requirements for fog signals; risk response criteria and revised AtoN requirements for several lighthouses.
Nominations	N/A	Proposing Executive appointments to the Lighthouse Board	The committee did not meet in 2012/13.

Risk Management

Acting in the role of Accounting Officer, the Executive Chairman has the responsibility for maintaining a sound system of internal control that supports the achievement of Trinity House's policies, aims and objectives, whilst safeguarding the GLA funds and assets for which he is personally responsible, in accordance with the Managing Public Money rules. These responsibilities were formally set out in a letter dated 4 February 2010 to the Executive Chairman from Robert Devereux, the then Principal Accounting Officer of the Department for Transport.

The details of the operating arrangements the DfT has agreed with Trinity House are contained in the "Framework Document" (incorporating the Financial Memorandum and Management Statement) dated 1 August 2008. This document is currently being reviewed.

In practice the DfT work closely with Trinity House to manage risk. There is a regular flow of reporting information from Trinity House to the DfT, including management accounts, Board reports and business cases. The DfT are involved at an early stage in key decisions.

Internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve 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 Trinity House 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 system of internal control has been in place in Trinity House for the year ended 31 March 2013 and up to the date of approval of the Annual Report and Accounts.

Risk categories

The Board first approved a Risk Schedule in July 2003, which has in the past year been regularly updated. It is in line with the ICAEW publication "Implementing Turnbull: A Boardroom Briefing". The Trinity House Risk Schedule divides the significant risks into four main categories:

- Strategic Risks;
- Financial Risks;
- Operational Risks; and
- Hazard Risks.

The Schedule cross-references the risks identified to existing organisational controls and policies e.g. Business Continuity policy.

Culture

The culture is one of the close management and control of risks. A Director is responsible for managing each risk. The process of embedding the risk management approach into the organisation has included:

- Development and regular review of Directorate/Departmental risk registers with the involvement of managers and staff including discussion about significant risks faced by the organisation at senior management team meetings;
- Internal Audit deriving their Audit Plan from the Risk Schedule and registers;
- Seminars with Audit professionals and Trinity House managers to discuss risk management;
- Workshops with other staff to reinforce awareness of risk management and fraud;
- Publication of the Risk Schedule and Directorate/Departmental risk registers to all staff;
- Putting risk management in job descriptions and as part of the induction process; and
- Including risk registers on team meeting agendas.

Trinity House also leads the GLAs' Triennial Risk Management Review, the most recent of which was completed in December 2012. This contains the risk management policy and strategy for the GLAs. It was approved by the Trinity House Board and the Lights Finance Committee in early 2013. This review includes the analysis of all main risks facing the GLAs supported by third party assurance from a firm of independent risk consultants and draws on best practice guidance from the UK Risk Management Standard, prepared by the Institute of Risk Management, Association of Insurance and Risk Managers and the National Forum for Risk Management in the Public Sector. The review concluded that there has been no major shift in the GLAs' risk profile since 2009. Policy and Resourcing Risks have continued to remain the key factors generally in terms of potential changes to the risk profiles of the organisations, with the transition of CIL to self funding likely to be the most significant during the next three years. The issues arising from reclassification may also have an impact. Although technological risks, such as those arising in respect of the DGPS recapitalisation project, have challenged the GLAs, these have been effectively addressed by the authorities to ensure that any adverse consequences are appropriately mitigated. The recommendations arising from the 2012 Risk Review are considered proportionate to the statutory remit of the authorities, within the scope of their significant business risks, and appropriate to their risk appetite.

Risk Monitoring

The Board and Audit Committee review the Risk Schedule at least every six months. Prior to submission to these meetings each accountable Director in conjunction with his senior management undertakes a review of the risks that they are responsible for managing. This includes the information risks. The review of risks includes an evaluation of the probability of the risk event occurring and the impact that the occurrence would have both before and after controls have been put in place. Directors will determine whether the risks have altered from the very high, high, medium, low, or very low probability and impact categories that they have previously been allocated. They also consider whether additional controls should be applied to reduce the residual risk further. Management of risk is an ongoing feature of work at Trinity House. It is embedded into working practices through key policies and procedures such as the:

- Utilisation of a robust project management methodology based on PRINCE 2;
- Project Risk Registers for key service projects; and
- Information Risk Policy and associated security procedures.

Information Risk

Trinity House maintains an Information Asset Register, with each asset assigned an Information Asset Owner. The Information Asset Owners carry out an annual review of information security risks using the Cabinet Office guidance. The outcome of this review is reported to the Board by the Senior Information Risk Owner (SIRO). The Information Asset Register and Information Asset Owner (IAO) annual reporting mechanism is now well embedded and has resulted in improvements to data handling and quality. Consequently, IAOs are now challenging the way that they store, handle and share data. The IT Department staff have undertaken training about IAO responsibilities and shared this learning with IAOs. We have also evaluated the National School of Government online training for security and decided that it is suitable for use within Trinity House. It was made available to all staff and promoted via the IT Road Shows in 2012.

Participation

External stakeholders are involved in managing risks through the joint users consultative groups; navigation user consultation procedures; meetings with industry representatives and the Lights Finance Committee. These provide stakeholders with the opportunity to comment on the Corporate Plan, budget and AtoNs that Trinity House provides. Stakeholders comment on the full range of risks including Strategic, Financial, Operational and Hazard Risks.

Changes to risk profile

The key changes to the risk profile of Trinity House during the year ended 31 March 2013 were:

- The risk relating to a change in Government policy in respect of Trinity House's undertaking as a GLA, continues to reflect a moderate increasing trend in terms of probability and impact, before and after mitigation. This is reflective of the uncertainties arising from the ONS reclassification issue, the move by CIL to self funding in the RoI from 2015/16, the possible outcome of the Scottish independence referendum and the consequent potential adverse impact on Trinity House's undertaking as a GLA. The importance of maintaining good relationships with the DfT and other key stakeholders on this and other policy issues is also now reflected in the top level register in relation to this risk.
- The 'Resourcing' Risk remains high before mitigation and medium but largely stable after mitigation in respect of probability, reflecting the potential issues arising from the change in status of Trinity House by the ONS. The scope to join the Principal Civil Service Pension Scheme is a potential upside to the reclassification risk.
- The AtoN Provision Risk shows a small upward trend reflecting the possibility of the failure to meet emergency response criteria due to insufficient ship resources as a result of the greater focus by CIL on commercial work. Recent evidence, however, suggests that CIL are including a break in their commercial contracts allowing them to attend to urgent statutory work, although this is not as broad as that in use by Trinity House.
- The Technological Change and Obsolescence Risk continues to reflect a small upward trend (in terms of probability) before and after mitigation, but this is moderating consequent upon the signing of the Continuation and Variation Agreement with Babcock in respect of the GLAs' DGPS recapitalisation project and the factory acceptance testing, which to date is proving successful. The Project Management Risk has already stabilised as a result of putting a new project team in place.

No new significant risks were identified during the year.

Review of systems of internal control

Acting in the role of Accounting Officer, I have responsibility for reviewing the effectiveness of the systems of internal control and governance. My review of the effectiveness of the systems of internal control and governance is informed by the work of the internal auditors, Executive Directors and Senior Managers within Trinity House who have responsibility for the development and maintenance of the internal control and governance 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 governance by the Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The key elements of the ongoing review of the system of internal control and governance are:

- The Trinity House Lighthouse Board which meets eight times a year to decide policy, provide strategic direction and review progress. The Board receives Audit Committee minutes and reports covering areas such as risk management. The Board also formally reviews its own effectiveness and that of the Audit Committee on an annual basis;
- An Executive Directors' meeting each month which leads to the implementation of plans and reviews progress and performance. Risk management is formally reviewed by Directors and Senior Managers on a six-monthly basis but in practice is considered as part of the control of all key projects and activities;
- The Audit Committee which operates in line with the "Audit Committee Handbook". The Chairman of the Audit Committee regularly reports to the Board at each meeting;
- Internal Audit, who provide regular reports that give an independent opinion on the adequacy and effectiveness of the system of internal control. The Head of Internal Audit produces an Annual Report, which gives their opinion on the effectiveness of internal control;
- External Audit who independently audit Trinity House accounts and summarise their findings in the management letter; and
- The monthly analysis of the management accounts and work plans by the Executive Directors and Senior Managers.

Head of Internal Audit Opinion

On the basis of the evidence obtained during 2012/2013, I am able to provide an overall ‘Substantial’ assurance rating on the adequacy and effectiveness of Trinity House’s arrangements for corporate governance, risk management, and internal control.
Systems of corporate governance, risk management and internal control arrangements are well established and working effectively. Very minor control weaknesses have been identified in a maximum of one or two discrete areas.
In my opinion, there are no significant weaknesses or matters that fall within the scope of issues that should be reported in the Governance Statement.

Executive Chairman Opinion

There have been no significant internal control or governance problems in the year ended 31 March 2013.
Therefore I can report that corporate governance and risk management within Trinity House remains robust and effective, and complies with the best practice principles set out in HM Treasury’s July 2011 Code of Good Practice for Corporate Governance in Central Government Departments as far as is appropriate.

Captain I McNaught
Executive Chairman

Northern Lighthouse Board Governance Statement

The Commissioners owe their origin to the Act 26 George III Cap 101 dated 1786 which appointed nineteen Commissioners to carry out the Act which stated in its preamble that "it would conduce greatly to the security of navigation and the fisheries if four lighthouses were erected in the northern parts of Great Britain". The Act gave the Commissioners the necessary powers to purchase land, levy dues and borrow funds. Further legislation widened the Commissioners' powers and they were given the power to erect lighthouses on the Isle of Man in 1854.

The Commissioners were incorporated by Act of Parliament in 1798 under the title "The Commissioners of the Northern Lighthouses". This title was altered to its present form by the Merchant Shipping Act 1853.

Under Section 193 of the Merchant Shipping Act 1995 the Commissioners of Northern Lighthouses are appointed as the General Lighthouse Authority for Scotland and adjacent seas and islands and the Isle of Man, and under Section 195 are vested with responsibility for the superintendence and management of all lighthouses, buoys and beacons.

The Commissioners, within the area of jurisdiction for which they are the General Lighthouse Authority, have various powers and responsibilities in connection with the provision, maintenance, alteration, inspection and control of lighthouses, buoys and beacons, under Section 197 of the 1995 Act as amended. They also have Wreck Removal powers under Section 253 of the Act.

The Northern Lighthouse Board carries out the functions of the Commissioners of Northern Lighthouses who are constituted in terms of, and are given certain powers and duties by, Part VIII of and Schedules 8 and 9 to the Merchant Shipping Act 1995. The subject matter of that Act is a reserved matter under Section 30 of and Schedule 5 to the Scotland Act 1998 and in terms of Section 29 of the Scotland Act 1998. The Board's affairs will continue to be subject to legislation passed by the United Kingdom Parliament. Ministerial responsibility will remain with the Department for Transport.

The Merchant Shipping and Maritime Security Act 1997 amended the Merchant Shipping Act 1995 to give the Board the powers to enter into, and perform contracts with, third parties utilising spare capacity, with the permission of the Secretary of State. The Commencement Order for this and other provisions came into force on 17 July 1997.
The General Lighthouse Authorities (Beacon: Maritime Differential Correction System) Order 1997 came into force on 12 January 1998 and states that the definition of “Beacon” in Part VIII of the Merchant Shipping Act 1995 includes equipment for a Differential Global Positioning System (DGPS).

The General Lighthouse Authorities (Beacons: Automatic Identification System) Order 2006 came into force on 21 July 2006 and states that the definition of “Beacon” in Part VIII of the Merchant Shipping Act 1995 includes Automatic Identification System equipment used to provide aids to navigation.

The Corporation of Trinity House (England, Wales, Channel Islands and Gibraltar), the Commissioners of Northern Lighthouses (Scotland and the Isle of Man) and the Commissioners of Irish Lights (the whole of Ireland) are the general Lighthouse Authorities (GLAs) for the British Isles.

The Commissioners are defined as an “Executive Non-Departmental Public Body” by the Department for Transport. On 30th December 2011 the Office for National Statistics announced that the Commissioners, along with the other General Lighthouse Authorities, were re-classified for National Accounts purposes from a Public
Corporation” to a “Central Government Body”. As a consequence the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2013 made the Commissioners of Northern Lighthouses a designated body to the Department for Transport for the financial year which ends on 31 March 2014.

Marine Navigation Act 2013

The Marine Navigation Bill received Royal Assent on 29 April 2013 and will now be known as the Marine Navigation Act 2013, with commencement expected within a few months. The area of jurisdiction for the General Lighthouse Authorities will now be to the extent of the UK Pollution Control Zone that in turn is designated by orders under section 1(7) of the Continental Shelf Act 1964. The existing powers of the General Lighthouse Authorities to undertake commercial work will be deleted from the Merchant Shipping Act 1995 - Section 197 (8) to (11) – and will be replaced with new powers.

Responsibilities

General

As the General Lighthouse Authority for Scotland and the Isle of Man the Board has responsibility, subject to certain provisions, for the superintendence and management of “all lighthouses, buoys and beacons” throughout Scotland and the Isle of Man including “the adjacent seas and islands....” within and beyond territorial waters. In all, the Board provides over 400 physical aids complemented by a mix of radio navigation aids for the safety of all mariners engaged in general navigation irrespective of who pays for the service, the size or type of the vessel, equipment fit, the competence of crew or flag.

Safety of Life at Sea Convention

Because of its powers and duties under public law, the Board assumes responsibility for positive discharge of the Government’s obligations under the Safety of Life at Sea Convention 1974 (Chapter V, Regulation 13) for the provision and maintenance of aids to navigation within its area of jurisdiction. To assist this process, the Board, together with General Lighthouse Authorities for England & Wales and Ireland, takes steps to:

- observe and record developments at the International Maritime Organisation (IMO);
- actively participate at Council and Committee level at the International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA);
- observe and record maritime developments within the European Union and elsewhere;
- maintain links with the International Telecommunications Union through the national radio licensing authority and IALA, regarding the allocation of radio frequencies in NW Europe;

Marking of works below High Water

The Board acts as an adviser to the Scottish Government on the establishment and variation, from time to time, of navigational marking for certain works to which the consent of the Secretary of State has been issued under Part 4 Marine Licensing of the Marine (Scotland) Act 2010 as extended to offshore installations in designated areas by Section 4 of the Continental Shelf Act 1964.

Wreck removal powers

The Board has a statutory responsibility for wrecks. Where the wreck is an obstruction to navigation the Board has powers to “mark, raise, remove or destroy” any vessel “sunk, stranded or abandoned in any fairway, or on the seashore or on or near any rock, shoal or bank, in its area of jurisdiction or any of the adjacent seas or islands” where there is no harbour or conservancy authority with power to raise, remove, or destroy the vessel.

Local Lighthouse Authorities

Local Lighthouse Authorities are required to obtain the sanction of the appropriate General Lighthouse Authority for their area to establish, alter or discontinue any aids to navigation within their local jurisdiction. As part of their statutory responsibilities, the Board inspects over 1,700 local aids to navigation in ports and harbours and carry out seaward inspections of offshore installations to ensure that the aids conform to the approved standards and are working properly.

Management

Board membership

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

(a) The Lord Advocate and the Solicitor-General for Scotland;

(b) The Lords Provosts of Edinburgh, Glasgow and Aberdeen and the Conveners of Highland and of Argyll & Bute Councils;

(c) The Sheriffs Principal of all the Sheriffdoms in Scotland;

(d) a person nominated by the Lieutenant Governor of the Isle of Man and appointed by the Secretary of State; In addition, the Commissioners may elect;

(e) not more than five other persons elected by the Commissioners under, and subject to, the proviso set forth in Paragraphs 2 and 3 of Schedule 8 to the Act;

(f) the convener of any council whose area includes any part of the coast of Scotland.

The ex-officio appointments are for duration of the occupancy of the qualifying office. Persons appointed under (d) and (e) hold office for three years but may be re-appointed for further terms.

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

The membership of the Northern Lighthouse Board in 2012/2013 was as follows:-

Law Officers for Scotland

- The Rt Hon Frank Mulholland QC, the Lord Advocate Commissioner since 30 May 2007
- Lesley Thomson QC, Solicitor General for Scotland Commissioner since 25 May 2011

Sheriffs Principal of the Sheriffdoms in Scotland

- Sheriff Principal R Alastair Dunlop QC, Sheriff Principal of Tayside, Central & Fife
  Commissioner since 28 April 2000. Chairman from 1 April 2011
- Sheriff Principal Bruce A Kerr QC, Sheriff Principal of North Strathclyde
  Commissioner since 31 December 1998
- Sheriff Principal Brian Lockhart, Sheriff Principal of South Strathclyde, Dumfries and Galloway.
  Commissioner since 1 November 2005
- Sheriff Principal Derek Pyle, Sheriff Principal of Grampian, Highland and Islands
  Commissioner since 1 June 2012
- Sheriff Principal Craig Scott QC, Sheriff Principal of Glasgow and Strathkelvin
  Commissioner since 1 May 2011
- Sheriff Principal Mhairi Stephen, Sheriff Principal of Lothian and Borders
  Commissioner since 7 May 2011
- Sheriff Principal Sir Stephen Young Bt QC, Sheriff Principal of Grampian, Highland and Islands
  Commissioner from 10 September 2001 until 31 May 2012

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

- Robert Quayle
  Commissioner since 26 May 2004 and appointed until 25 May 2013

Elected by the Commissioners

- Alastair Beveridge
  Commissioner since 1 March 2013 and co-opted until 29 February2016
- Graham Crerar
  Commissioner since 1 April 2012 and co-opted until 31 March 2015 Nominated by the Secretary of State and elected by the Commissioners
- Captain Mike Close
  Commissioner since 1 July 2008 and co-opted until 30 June 2014. Vice Chairman since 1 April 2011
- Alistair Mackenzie
  Commissioner since 1 August 2009 and co-opted until 31 July 2015
- John Ross CBE FRAgS
  Commissioner since 1 October 2008 and co-opted until 30 September 2014
- Alistair Whyte
  Commissioner from 28 February 2004 until 28 February 2013

Lord Provosts

- The Rt Hon Donald Wilson, Lord Provost of Edinburgh
  Commissioner since 17 May 2012
- Councillor Sadie Docherty, The Rt Hon Lord Provost of Glasgow
  Commissioner since 17 May 2012
- Councillor George Adam, Lord Provost of Aberdeen
  Commissioner since 16 May 2012

Provost of Argyll & Bute Council

- Councillor Isobel Strong
  Commissioner since 22 May 2012

Convener of Highland Council

- Councillor Jimmy Gray
  Commissioner since 17 May 2012

The average number of years service for Commissioners in post on 31 March 2013 was 3.9 years.

Patron

- Her Royal Highness The Princess Royal LG LT GCVO QSO continues to act as the Patron of the Northern Lighthouse Board.

Senior management in 2012/2013

- Roger Lockwood CB BA Chief Executive
- Moray Waddell B.Sc.(Hons) MSc MIEE MIMechE MCIBSE FIoD Director of Engineering
- Captain Phillip Day AFNI Director of Marine Operations
- Douglas Gorman ACMA CGMA CFIIA Director of Finance and Administration

Organisation structure

The Commissioners form the Board of Commissioners that leads and controls the Northern Lighthouse Board. The board of Commissioners meet on three occasions each year and has a formal schedule of matters reserved to it for decision. There are five Committees of the Board that also meet frequently and regularly and deal with specific aspects of the management of the Northern Lighthouse Board.

The Board has delegated authority to these Committees and each has defined terms of reference, subject to annual review. In the year all terms of reference have been reviewed and where necessary amended.

The Commissioners are all independent, i.e. they have no personal financial interest, other than as Commissioners, in the affairs of the Board, no potential conflict from cross-directorships, and no day-today involvement in the running of the Northern Lighthouse Board other than as members of the Managing Board.

Only co-opted Commissioners and the Isle of Man Nominee receive remuneration for their services. The arrangements are set out in an agreement with DfT. The level of remuneration and annual increase are notified to the Board by the DfT and are based on remuneration paid to similar non-executive posts in other public bodies.

The Director of Finance and Administration provides the DfT with an annual analysis of individual payments made to co-opted Commissioners to provide an assurance on compliance with this remuneration guidance.

The Board of Commissioners has vested responsibility for the overall management of activities in a Managing Board. It is made up of the Chairman, Vice Chairman, four other Commissioners, the Chief Executive and the three Directors. The Managing Board meets on six occasions each year. The Board of Commissioners has also established four other committees to deal with specific topics:

Audit and Risk Committee - to review the effectiveness of the internal control systems including corporate governance
Navigation Committee - to formulate policies for the provision of Aids to Navigation
Nomination Committee - to recommend individuals to be appointed as Commissioners under Paragraph 2 & 3 of Schedule 8 to the Merchant Shipping Act 1995, and to recommend Commissioners for appointment to the Board's Committees.
Remuneration Committee - to determine remuneration for the Chief Executive and executive directors and to propose the remuneration for Co-opted Commissioners.

The Board of Commissioners and all its committees receive papers for meetings one week prior to all meetings. To ensure that the Commissioners are properly briefed a number of arrangements have been put in place, for example:

- attendance at Board of Commissioners' meetings by the Chief Executive and Directors;
- attendance at Board of Commissioners and Committee meetings by managers who can provide specialist and professional advice to Commissioners.

Board of Commissioners
At its meetings, the Board of Commissioners receives reports from the various committees and considers matters specifically reserved to the Board. During the year, the Board has approved the Corporate Plan; the Annual Report and Accounts; and had been involved in the work of the Joint Strategic Board.

Number of Meetings held in 2012/2013	4
Committee Members Attendance	
Commissioners	
Sheriff Principal R Alastair Dunlop (Chairman)	4/4
Rt Hon Frank Mulholland	3/4
Lesley Thomson	1/4
Sheriff Principal Mhairi Stephen	2/4
Sheriff Principal Bruce A Kerr	4/4
Sheriff Principal Sir Stephen Young	1/1
Sheriff Principal Derek Pyle	2/3
Sheriff Principal Craig Scott	3/4
Sheriff Principal Brian Lockhart	1/4
Councillor Sadie Docherty	0/4
Rt Hon Donald Wilson	0/4
Councillor Isobel Strong	1/4
Councillor George Adam	0/4
Councillor Jimmy Gray	2/4
Robert Quayle	4/4
Alistair Whyte	4/4
Captain Mike Close	4/4
John Ross	4/4
Alistair Mackenzie	4/4
Graham Crerar	3/4

Information provided
Aids to Navigation performance report
Financial Report
Quality, Health & Safety Report

Key issues in the year
Classification as a Central Government Body
Designation to the Department for Transport
Annual Report & Accounts for the year ended 31st March 2012 approved
Corporate Plan 2013-2018 approved

Managing Board
The Managing Board meeting has a standing agenda which includes:

- financial performance and forecast review;
- review of performance indicators of Aids to Navigation;
- Quality, Health, Safety and Environment matters;
- Estate matters

Number of Meetings held in 2012/2013	6

Committee Members and Attendance

Commissioners	
R Alastair Dunlop (Chairman)	6/6
Graham Crerar	6/6
Bruce Kerr	5/6
Alistair Mackenzie	6/6
Robert Quayle	6/6
Mike Close	6/6

Information provided
Aids to Navigation performance
Financial performance
Briefing from the Chief Executive and Directors on current issues
Joint Strategic Board
Key issues in the year
Agreement of the Objectives and Business Plan for Financial Year 2013/14
Annual Report & Accounts for the year ended 31st March 2012
Aids to Navigation review
Corporate Plan 2013-2018
Staff Plan 2013-2018
Pay Remit 2012
Bribery Act 2010
Pensions
Estate Issues

Audit and Risk Committee
The Audit and Risk Committee, which is comprised entirely of Commissioners and is advised as necessary by the Chief Executive and Director of Finance and Administration, has been given wide terms of reference by the Board of Commissioners to review all areas of financial control and probity. The Committee meets four times annually, to discuss findings and to consider detailed audit reports and recommendations for the improvement of the Board's systems of internal control, together with management's response and implementation plans. It reviews the Board's annual financial statements together with the accounting policies. On at least one occasion each year the Committee is joined by the National Audit Office. The Audit Manager from the Department for Transport's Audit and Risk Assurance Division (who provide an independent internal audit service to the Board) attends every meeting.

The responsibility for auditing the accounting records lies with the Comptroller and Auditor General under Section 211 of the Merchant Shipping Act 1995. The Committee is not therefore involved in the re-appointment of auditors.

Only in exceptional circumstances will the Board engage the auditors to undertake non-audit work. In these circumstances approval will be sought from the DfT and the National Audit Office to avoid any potential conflict of interest. During the year there was no non-audit work completed.

The Audit & Risk Committee reports directly to the Board.

Number of Meetings held in 2012/2013	4
Committee Members Attendance	
John Ross (Chairman)	4/4
Sir Stephen Young	0/1
Frank Mulholland	3/4
Alistair Whyte	1/4
Craig Scott	1/3

Information provided

Internal Audit Reports
Future Audit Plan
Business Riskcard Reviews
Annual Report and Accounts
Bribery Act 2010 Compliance
GLA Framework Document
GLA Triennial Risk Management Review
Information Assurance Review

Key issues in the year
During the year the Committee reviewed the findings of internal audits carried out covering Atkins and Governance, R&RNav, PAN GLA Atkins and Project Management. The Committee also considered the going concern statement. The National Audit Office joined the Committee four meetings in 2011/2012. All meetings include a separate session between the Committee Members and the Head of Internal Audit and National Audit Office representative but without the Executive present. During the year work was completed on the interpretation of the Working Time Directive and the Bribery Act 2010.

Navigation Committee
The Navigation Committee is responsible for determining the requirements for specific Aids to Navigation and reviewing the plans and financial projections for any changes to the Board's network of Aids to Navigation and managing, on behalf of the Board, the consultation process with the maritime community.

Information provided
AtoN Review
Notice to Mariners

Key issues in the year
During the year the Committee continued to monitor and approve the capital works programme.

The Committee reports directly to the Managing Board.

Number of Meetings held in 2012/2013 3

Committee Members Attendance

Alistair Mackenzie (Chairman)	3/3
R Alastair Dunlop	3/3
Mike Close	2/3
Alastair Beveridge	1/1
Alistair Whyte	½

Nomination Committee
The Nomination Committee is responsible for the appointment process for Co-opted Commissioners under Paragraph 2 and 3 of Schedule 8 of the Merchant Shipping Act 1995. Part of the process is to identify the specific skills required by new Commissioners to balance the existing skills within the Board and to complement the skills within the Executive. The Committee also made recommendations on the membership of the Board's Committees.

The Committee reports directly to the Board. The decision on individual appointments is reserved to the Board who make the decision based on the recommendation made by the Committee.

Information provided
CV's of potential Commissioners
Commissioners Handbook

Key issues in the year
Recommendation to the Board of Commissioners of the Secretary of State's nominated Commissioner.

Number of Meetings held in 2012/2013	2

Committee Members Attendance	
Bruce Kerr (Chairman)	2/2
R Alastair Dunlop	2/2
Alistair Mackenzie	1/2
Robert Quayle	2/2
Brian Lockhart	0/2
Frank Mulholland	2/2

Remuneration Committee
The salary and bonuses of the Chief Executive and Directors are determined by a Remuneration Committee consisting of the Chairman and Vice Chairman and two other Commissioners. The Committee also makes proposals to the Board of Commissioners on Co-opted Commissioners remuneration.

The Committee reports directly to the Board of Commissioners.

Information provided
Executive personal Reports and Objectives

Key issues in the year
During the year the Committee completed the Directors' Salary Review that took effect from 1 August 2012.

Number of Meetings held in 2012/2013	1

Committee Members Attendance	
R Alastair Dunlop	1/1
Captain Mike Close	1/1
Mhairi Stephen	1/1
John Ross	1/1

Risk assessment

Principal risks and uncertainties

As part of the joint GLA risk management review each of the individual GLA risk registers have been analysed having regard to current best practice to produce 12 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 shipowner
- their staff
- suppliers and customers
- Government / GLF
- society as a whole
- the environment

In compiling the document it was noted that certain other risks would have a significant impact on the General Lighthouse Authorities but posed a lesser threat to the General Lighthouse Fund

– For example a change in Government policy regarding responsibility for the operation of the three lighthouse services. It was considered that the GLAs had a duty to challenge any such action, if it were not in the short or long term interest of the mariner. It was also noted that in the event that the GLF were wound up, there would be a

pension liability estimated by independent actuarial valuation to be £410m as at 31 March 2013 on an accrued benefit valuation cash equivalent basis, comprising prospective benefits due to active members, deferred pensioners and pensioners. However, the GLAs have received a letter of comfort from the UK Secretary of State to the effect that in the event of there being insufficient money available in the GLF to meet the GLAs' pension liabilities, the UK

Parliament would be asked to meet any shortfall. Pension contributions, which total £44M, have however not been 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 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 but that the matter should be kept under review, particularly as new GLA employees were now required to pay a pension contribution of between 3.5% and 5.9% of their salary. The risks were grouped in accordance with the UK Risk Management Standard under the four headings of 'Strategic', 'Financial', 'Operational' and 'Hazard', together with the control measures in place to mitigate their effects, following also HM Treasury document 'Management of Risk – A Strategic Overview' known as the 'Orange Book'. More general risk protections and controls are summarised at Annex II of 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, breakdown in light dues system or similar).

Operational Risks

AtoN Provision

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

Operational Staffing

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

Information Technology

Major IT System failure. Unavailability of data. Loss of data/corruption of data. Inappropriate use of Internet/Email (Including loss through viruses or hacking).

Corporate Governance & Financial Control

Inadequate or improper financial and other controls including fraud and improper practice.

Legislation

Non-compliance with legislation or public policy.

Exploitation of Spare Capacity

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

Technological Change

Failure to review and adapt or inadequately to implement changes in technology (Also a strategic and hazard risk).

Hazard Risks
Natural Events
Natural Events leading to wide scale disruption.
Health, Safety & the Environment
Failure to secure the health and safety of employees and third parties. Accidental damage to the environment, lighthouse 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. (Also an operational risk)
Scope of Responsibilities
As Chief Executive I have responsibility for maintaining a sound system of internal control that supports the achievement of the Northern Lighthouse Board's policies, aims and objectives whilst safeguarding the public funds and assets for which the Chief Executive is personally responsible, in accordance with the responsibilities assigned in Managing Public Money.

My responsibilities as Chief Executive are set out in the Commissioners' Handbook.

As Chief Executive I also have the responsibility to act as the Accounting Officer for the Northern Lighthouse Board.

The Accounting Officer for the General Lighthouse Fund has delegated Accounting Officer responsibility to me in a letter dated 4th February 2010. I understand that the Accounting Officer for the General Lighthouse Fund will rely on my Governance Statement on internal control in preparing the Governance Statement for the General Lighthouse Fund. I have also been given accounting responsibilities by the Board of Commissioners as they discharge their responsibilities under the Merchant Shipping Act 1995.

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 all risk of failure to achieve 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 departmental 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 system of internal control has been in place in the Northern Lighthouse Board for the year ended 31 March 2013 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

The risk management process is led by the Board of Commissioners. The Board has approved a process for the identification, assessment and management of key business risks.

Capacity to handle risk

Leadership
Risk management policy
The General Lighthouse Authorities' (GLAs) policy on risk management is to promote a culture of risk awareness and responsibility within their respective organisations at all levels. The authorities identify, evaluate, control, monitor and review the risks which may adversely affect delivery of their statutory duties and corporate objectives as GLAs or threaten them with prosecution, loss of reputation, legal liability or financial loss. Where appropriate additional controls may be put in place to reduce those risks further.

The GLAs' policy is to transfer, where possible, risks which are assessed as medium to large through insurance where it is economic to do so, having regard to the amount of indemnity offered and previous losses. Risks are tolerated where the cost of transfer is disproportionate to the benefit gained or they cannot be transferred, such as in the case of fines and punitive damages. Risks are treated through internal control where possible to contain them to acceptable levels. Internal control mechanisms include the adoption of sound codes of corporate governance, an ongoing awareness of public affairs, accreditation to internationally recognised quality standards, staff training and robust business continuity and emergency response plans. Occasionally, the risk response may be to terminate an activity.
Description of responsibilities
The Board of Commissioners decides policy and provides the strategic direction for the Northern Lighthouse Board. The Managing Board reviews progress on the achievement of aims and objectives and to maintain operational efficiency. The Audit & Risk Committee monitors the effectiveness of internal control and reports on its work to the Board of Commissioners. The Head of Internal Audit, to standards defined in the Government Internal Audit Standards, agrees an Audit Plan with the Audit & Risk Committee and then through a programme of reviews gives an independent opinion on the adequacy and effectiveness of the systems of internal control together with recommendations for improvement.

The Directors' Group, led by the Chief Executive, is responsible for reviewing the 12 business risks and the controls in place. It reports it findings to the Audit & Risk Committee.

Staff training

Senior management accountability

Each of the twelve Business Risks is the responsibility of one of the Chief Executive, a Director or a Senior Manager. That person acts as "Risk Owner" and leads the review at the Directors' Group meeting.

Risk management training

The following training has been implemented that impacts on risk management:

Bribery Act 2010
Information risks
Managing Risk of Financial Loss Toolkit

Others

Independent review

The Head of Internal Audit conducted a review of risk management in March 2008 with a follow-up audit conducted in July 2009. The findings and recommendations were reported to the Audit & Risk Committee on 11 April 2008 and 22 July 2009 respectively. The recommendations made have been fully implemented.

Risk management maturity

The three GLAs regularly review and exchange best practice on risk management through the Inter GLA Committee structure. The GLAs conduct a triennial risk review. This review and the resulting
recommendations and actions are discussed with key stakeholders through the Lighthouse Finance Committee. The review includes an assessment by external risk management consultants.

The process involves a timetable for the committees of the Board and the Chief Executive and Directors to review and update the assessment of these business risks throughout the year and then to report to the Board on these reviews. At most meetings of the Directors' Group one of the 12 Business Risks is reviewed. All 12 Business Risks are reviewed in a Financial Year. The outcomes of these reviews are documented and changes are made to the risk assessment. The Audit and Risk Committee meet four times a year and at each meeting it considers all the reviews completed by the Directors' Group since its last meeting. Progress on implementing the recommendations is monitored by the Audit and Risk Committee.

The risk and control framework

Risk management framework

The risk management framework consists of identified risks, the consequence to the Board if the risk materialises and the control measures in place. It also includes a risk rating of the risk materialising if controls were not in place and a second rating based on controls being fully functioning. The responsibility for each identified risk is allocated to a Director or senior manager. Risks are regularly reviewed throughout the year. The Audit and Risk Committee also invites managers to discuss risk management issues at committee meetings.

Risk identification, evaluation and control

Risk management forms an integral part of the GLAs' strategic management. This overall strategy is:-

- to identify significant risks against key organisational aims and objectives within a defined process so that each element or level of risk identification fits within an overall framework;
- to assign ownership of organisational risks at a strategic level;
- to evaluate the significance of those risks using recognised standards;
- to respond effectively to risk through the use of controls, risk transfer and risk financing mechanisms;
- to review and report on those risks against the GLAs' unique nature and funding regime and where appropriate put in place additional measures to further mitigate the impact of any residual risk;
- to ensure that their risk management strategy is operating effectively;
- to embed risk management as an intrinsic part of the GLAs' organisational processes.

Risk tolerance/ "risk appetite"

The GLAs will normally only tolerate a risk after the application of controls and treatment so that the overall residual risk level is brought within acceptable parameters. The "risk appetite" of the GLAs, particularly in financial terms, is different to both private companies and government / public sector bodies due to their unique ring-fenced funding regime and the resources available to finance loss. The risk appetite for hazard risks, such as health & safety and the environment, is generally protective in line with that of the public sector in recognition of the far-reaching stakeholder impact arising from a failure in these critical areas. Conversely, where there is an economic benefit in, for example, the exploitation of a commercial opportunity a more pragmatic stance is adopted leading to a somewhat greater risk appetite but always remaining within a robust framework of loss control. As a minimum the GLAs seek to ensure:-

- compliance with laws and regulations (domestic and EU);
- the efficient and cost effective operation of their respective organisations;
- effective internal control and corporate governance.

The GLAs' risk response seeks however to achieve an appropriate balance between the potential realisation of risk and the cost of limiting that risk. They consider each risk in terms of whether it should be transferred, tolerated, where it cannot be transferred or the cost of transfer would be disproportionate to the potential benefit gained, treated to an acceptable level, or in exceptional cases discontinued.

Embedding risk management

The management of risk is embedded through the assignment of "risk owners" and the rolling review process use to review the twelve business risks.

Evidence of effectiveness
Assurance about the effectiveness of the Board's risk management strategy is obtained through robust review and reporting mechanisms that report to the Audit and Risk Committee, Board of Commissioners, the Department for Transport and the Lights Finance Committee. Reporting is carried out by in-house risk managers, internal and external auditors and external consultancy.

Changes
During the Financial Year changes to the assessment of the likelihood of specific events occurring and the control measures in place have been made following the Directors' Group rolling review process. Most of these changes have resulted from the implementation of the recommendations made in the Final Report of the Assessment of the Provision of Marine Aids to Navigation around the United Kingdom & Ireland published in March 2010 – "the Atkins Review" - and the financial pressures on the General Lighthouse Fund.

Review of effectiveness
The Chief Executive has responsibility for reviewing the effectiveness of the system of internal control. This is informed by the work of the internal auditors and the executive managers within the Northern Lighthouse Board. They have responsibility for the development and maintenance of the internal control framework. The Chief Executive also benefits from comments made by the external auditors in their management letter and other reports. The Chief Executive has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the Board of Commissioners, the Managing Board and the Audit & Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Head of Internal Audit Opinion
In her annual report the Head of Internal Audit was able to provide an overall "Reasonable" assurance rating. She said "Systems of corporate governance, risk management and internal control arrangements are generally established and effective, with some minor weaknesses or gaps identified".

The key processes in place are:

- the Board decides policy and provides the strategic direction for the Northern Lighthouse Board;
- a Managing Board to review progress on the achievement of aims and objectives and to maintain operational efficiency;
- periodic reports from the Chairman of the Audit and Risk Committee to the Board of Commissioners concerning internal control;
- regular reports by the Head of Internal Audit, to standards defined in the Government Internal Audit Standards, giving independent opinion on the adequacy and effectiveness of the systems of internal control together with recommendations for improvement;
- regular reviews of compliance with the Framework Document for the General Lighthouse Authorities - last revised July 2008 – that governs the relationship between the Department for Transport and the General Lighthouse Authorities. The results of these reviews are reported to the Audit & Risk Committee;
- a separate statement within the Head of Internal Audit's annual report giving her opinion on the effectiveness of the internal control process; this report, which is reviewed by the Audit and Risk Committee, then forms the basis for a review of Internal Control by the Board of Commissioners;
- regular reviews of the 12 Business Risks at the Directors' Group meetings;
- compliance with the applicable best practice principles set out in HM Treasury's July 2011 Code of Good Practice for Corporate Governance.

Data Handling
Data handling training continuing to be rolled out and targeted to those handling personal data where information is most sensitive and shared most often. Opportunities to improve controls are being identified through the training process and in the creation of individual Risk Registers.

Work continuing to further embed the principles of good data handling within the day to day business of NLB and the role/responsibilities of the Information Asset Owner. The IAO role is about providing assurance and making sure that action is taken. Although that does not mean they have to do everything themselves, it is now more of a defined 'responsibility' and this is a change for some people.

Work continuing to manage the risks related to the use, processing, storage and transmission of information and data and the systems and processes used for those purposes.
Regular assurance returns to DfT.
A number of good security controls have been implemented i.e. encrypted laptops being issued.
Working to the requirements of the HMG IA Standard No. 6

Ministerial direction
The GLAs' primary aim is to deliver a reliable, efficient and cost effective Aids to Navigation service for the benefit of all mariners. The Minister has directed that increases in our Running Costs – both with and without commercial work income & costs netted off – are limited to no more than general price inflation (as measured by the Retail Price Index – All Items), less an X value set by the Minister, for a five-year period and measured from a Baseline. The current X values, expressed as an annual average, are set for the five financial years starting in 2011/12 and ending in 2015/16. The following tables show:

- The Baseline
- the target set by the Minister.

	BASELINE
Running Costs	£15,124,000
Running costs with commercial income/costs netted off	£14,707,000
RETAIL PRICE INDEX - ALL ITEMS	226.5
X Values	**Minister's Target**
Running Costs	2.68% pa
Running Costs with commercial income/costs netted off	3.12% pa

Significant internal control problems
There have been no significant internal control problems in the year ended 31 March 2013 and up to the date of approval of the annual report and accounts.

Roger Lockwood
Chief Executive

Commissioners of Irish Lights Governance Statement

The CIL Board maintains the highest standards of corporate governance. The Board has in place specific arrangements to comply with the best practice contained in Managing Public Money (HM Treasury 2007) and the requirements set out by the UK DfT Framework Document for the GLA's (incorporating the Financial Memorandum and Management Statement), dated 1 August 2008. This Framework Document sets out the relationship between the Secretary of State for Transport (via the UK DfT) and the GLA in matters of business and finance and aims to provide a clear understanding of their respective duties and responsibilities according to Part VIII & IX of the Merchant Shipping Act 1995 (MSA 1995), as amended by the Merchant Shipping and Marine Security Act 1997, and any other relevant acts for CIL for Northern Ireland and Part XI of the Merchant Shipping Act 1894 (MSA 1894) as amended by the Merchant Shipping (CIL) Act, 1997 and any other relevant acts in the case of CIL, and Chapter V Regulation 14 of the Safety of Life at Sea Convention 1974 (SOLAS 1974).

CIL has reviewed the Irish Code of Practise for the Governance of State Bodies (2009) and the UK Code on Corporate Governance in Central Government Departments (July 2011) and arrangements are in place to ensure that governance structures and internal controls encompass the main principles of these codes and where relevant specific guidelines are adapted for implementation
CIL operates according to recognised precepts of good corporate governance namely that of:

- Leadership - articulating a clear vision for the organisation and giving clarity about how the organisations objectives and plans contribute to achieving this vision, including setting risk appetite and managing risk.
- Effectiveness - bringing a wide range of relevant experience to bear, including through offering rigorous challenge and scrutinising performance.
- Accountability - promoting the government's and stakeholder's goal of transparency through clear and fair reporting.
- Sustainability - taking a sensible view about what the organisation is trying to achieve and its plans for getting there.

The Board endorses and complies with the principle of separation of the roles of Chairman and Chief Executive. The Board has appointed a Chief Executive and Management Team to run the day to day activities of the organisation.

As part of its corporate governance arrangements, CIL undertakes an analysis of the significant business risks to produce and continually update its risk register. This register identifies the means by which risks are controlled within CIL and who is accountable for managing each significant risk. Internal Audit include a review of that risk analysis and the internal control function in their Annual Report. Internal Audit base and link their programme of audit work to the risk register.

In February 2012, HM Treasury issued an instruction that requires all central government organisations (to the inclusion of the GLAs) to produce a Governance Statement in their Annual Report and Accounts. This Statement has been signed by the Chief Executive and is set out in accordance with the corporate governance guidance issued by Treasury.

Based on these processes and confirmation contained within the Annual Internal Audit opinion the Board considers it has complied as far as is practicable with best practice in corporate governance for the whole of the accounting period under review. The opinion given is one of an overall reasonable assurance rating based on evidence obtained on the adequacy and effectiveness of CIL's arrangements for corporate governance, risk management and internal control.

The Board of CIL

Under the originating legislation of 1786 for developing the Port of Dublin and the Dublin Port Act of 1867, the number of co-opted Commissioners is set at 17 however, in 1996 it was decided that the Board shall consist of:

- Twelve co-opted Commissioners.
- The Lord Mayor of the city of Dublin plus three Aldermen of the City of Dublin (ex officio Commissioners).

At a meeting of the Board in September 2012, the Board agreed that the number of Board members should be further reduced by 4 to include two co-opted Commissioners and 2 ex officio members. The reduction in co-opted members to take effect immediately with the reduction in ex officio members subject to agreement with Dublin City Council.

Following these changes the Board will consist of 12 Commissioners / non-executive Board members. The Chief Executive in his/her capacity as Accounting Officer will be a member of the Board with no voting rights. The Executive Management Team will attend Board meetings in a reporting capacity at the invitation of the Chairman, in consultation with the Chief Executive.

Subject to Article 9, each Commissioner shall have one vote. The Chief Executive has no voting rights.

From 2013 onwards, new Commissioners will be appointed for a 5 year term with the possibility of a renewal for another 5 years. All Board members appointed before this date remain on the Board to their 73rd birthday.

The Lord Mayor and ex officio members are appointed as Commissioners for as long as they hold such office.

The Board has due regard for the benefits of diversity, experience and expertise and strives to achieve the right balance. Board vacancies are advertised in the national media. The selection process for new members includes interview by the Board Nominations Sub-Committee and representatives from the UK DfT and the RoI DTTAS.

The Board meets on eight occasions each year. Certain matters are considered at all meetings including the Chief Executive's operational report, finance report, where applicable reports from Board sub-committees and the GLA Joint Strategic Board, performance reports and requests for statutory sanctions. Board activities are structured to assist the Board in achieving its goal to support and advise the Chief Executive and management on the development and delivery of CIL strategy. In addition to regular items, during the year the Board spent considerable discussion time on the organisational review, capital projects, pensions and the options for separation of the current unified UK-Ireland light dues system. The Board formally reviewed and agreed the overall direction and strategy for achieving post 2015-16 RoI funding, culminating in the publication of the new CIL strategy document "2015 & Beyond – Charting Our Future Course". The Board also reviewed and agreed the Corporate Plan 2013-18 and the Annual Report and Accounts.

CIL considers all Commissioners to be non-executive, independent Directors. A Register of Interests that includes details of company directorships or other significant interests held by Board members and senior managers is maintained. The Board is satisfied that these do not conflict with their duties and responsibilities as Commissioners of CIL.

The Board of CIL adopted a new Board Governance Handbook on the 31st May 2013.

Membership of the Board during 2012/13 was as follows:

Co-opted Commissioners

Sheila Tyrrell (Chairman & Office Bearer)
David Delamer (Vice-Chairman & Office Bearer)
John Coyle (Deputy Vice-Chairman & Office Bearer)
John Gore-Grimes
Terence Johnson (Retired 31 December 2012)
John Kidney (Retired 31 December 2012)
Michael Maclaran
Michael O'Neill (Retired 31 December 2012)
Elizabeth Shanks
Mary Gallagher

Ex-officio Commissioners (Representatives of Dublin City Council)

The Lord Mayor Councillor Andrew Montague (until 24 June 2012)
The Lord Mayor Councillor Naoise O Muiri (took his seat on the Board 14 December 2012)
Councillor Dermot Lacey
Councillor Edie Wynne
Councillor Paddy Bourke

Executive Board Members

Yvonne Shields (Chief Executive)

Board Membership and Committee Structures

Attendance at scheduled meetings of the Board and its committees in the financial year ended 31 March 2013

Name	Board	Audit & Risk Committee	Remuneration Committee	Nominations Committee
Commissioners:				
Sheila Tyrrell (Chairman)	8/8	-	2/2 (C)	2/2 (C)
David Delamer	7/8		2/2	2/2
John Coyle	6/8	3/3 (C)	2/2	1/2
John Gore-Grimes	7/8	2/3	-	-
Terence Johnson	5/6	3/3	-	-
John Kidney	5/6	2/3	1/2	-
Michael Maclaran	6/8	-	-	2/2
Michael O'Neill	5/6	3/3	-	-
Elizabeth Shanks	6/8	3/3	-	-
Mary Gallagher	8/8	-	1/2	-
The Lord Mayor Councillor Andrew Montague	0/1	-	-	-
The Lord Mayor Councillor Naoise O Muiri	1/6	-	-	-
Councillor Dermot Lacey	4/7	-	-	-
Councillor Edie Wynne	3/7	-	-	-
Councillor Paddy Bourke	4/7	-	-	-
Executive Board Members:				
Yvonne Shields	8/8	-	3/3	-2/2

* Note (C) denotes Chairman

The following committees of the Board are established to co-ordinate key activities:

a) Audit and Risk Committee

The Audit and Risk Committee is established to monitor and review management controls, the financial stewardship of the funds at the Board's disposal, risk, compliance and corporate governance issues and the systems of internal control. It does this by reviewing various sources of data including individual Internal Audit Reports and NIAO reports. The Committee meets with the UK DfT Audit and Risk Assurance (ARA) Head of Internal Audit to review their Annual Report and discuss any aspects of their commentary regarding CIL's internal control system. The Committee also meets with the NIAO to review the Annual Accounts and to discuss any observations raised by the Auditors in their Report to those Charged with Governance.

The CIL Audit and Risk Committee met on three occasions in the year ended 31 March 2013.

The main activities for the year included the review of the 2011/12 Annual Report and Accounts and the recommendation that they be formally approved by the Board; reviewing the CIL Risk Register and ensuring that the internal audit programme was completed effectively. In addition the Committee reviewed and considered the reports provided by both the Internal and External Auditors.

b) Remuneration Committee

This Committee advises on remuneration policy and practise for CIL to ensure that staff of the right quality are attracted, retained and motivated, within budgetary constraints and in accordance with DfT and DTTAS guidance. The Remuneration Committee also consider matters relating to efficient and effective staffing levels and structures and the remuneration and associated issues related to the Chief Executive. The Committee consists of CIL Office Bearers and one other Commissioner along with the Chief Executive.

The Remuneration Committee met 3 times in the year ended 31 March 2013. The main items considered included restructuring plans and associated matters, Chief Executive probation and associated matters and senior management appointments.

c) Nominations Committee

The Nominations Committee is responsible for the appointment of elected members to the Board of CIL. The nominations committee met twice in the period ended 31 March to facilitate the process of replacing the three Board members that retired at the end of December 2012. These vacancies were advertised in the national press. All three vacancies have now been filled.

Other CIL Committees

In addition to the aforementioned Committees CIL has in place the following:-

The Inspecting Committee is in situ to review all requirements for the organisation's provision of AtoN and in particular to review and ensure that quantity and mix of AtoN provided are commensurate with the traffic and degree of risk. The Committee is comprised of all co-opted Commissioners. The Inspecting Committee is an advisory committee to the Board with responsibility for inspection of Aids to Navigation. The Board reviewed inspection practice in 2012/13. Two short working inspections are completed each year with generally three Commissioners and two officials inspecting priority stations selected on the basis of planned/completed expenditure or policy proposals. The Inspecting Committee verify on behalf of the Board that AtoN requirements are being achieved in an economic manner and that workplace Health and Safety responsibilities are being met.

The Corporate Management Committee meets once a year to undertake a detailed review of the draft Corporate Plan for the year ahead. This includes a review of annual performance against targets for the previous year.

Board Effectiveness

The CIL Board comprises individuals with deep knowledge and experience in core and diverse sectors of relevance to the activities of the organisation. Keeping up to date with key organisational, technical, policy and stakeholder requirements and developments is essential for the Board in terms of maintaining and enhancing effectiveness.

As the organisation continues through a period of change and transition, the Board has received frequent briefings from Departmental representatives attending Board meetings (UK DfT and RoI DTTAS) and presentations on matters of importance from the Chief Executive and senior managers during the past year.

Performance Evaluation

Performance Evaluation of the Board takes place on an annual basis. In 2012 the Chairman reviewed and refreshed the approach that was in place. Board members were asked to consider and comment on the characteristics of good Board practice and the degree to which the Board complies with these. In addition Board members were asked to complete a self-assessment. All returns were received and the output was discussed by the Board.

CIL Executive

The Board delegates the management of its day-to-day activities to the Chief Executive and Management Team, each of whom has responsibility for a specific area. The Chief Executive and Management Team meet twice a month. One meeting each month is dedicated to monthly operational and management reporting, reviewing and approving material for the Board and forward planning. The alternate monthly meeting handles work in progress and involves participation by the middle management team.

Risk Management

Accounting Officer Responsibility for Risk Management

Acting in the role of Accounting Officer, the Chief Executive has the responsibility for ensuring that there is a high standard of financial management including a sound system of internal control that promotes the efficient and economical
conduct of CIL business and safeguards financial propriety and regularity. The Chief Executive, as accounting officer is responsible for safeguarding the GLA funds and assets for which she is personally responsible, in accordance with the principles set out in HM Treasury's Managing Public Money. These responsibilities were formally set out in a letter dated 25 August 2011 to the Chief Executive from Lin Homer, the then Principal Accounting Officer of the UK DfT.

The details of the operating arrangements the UK DfT has agreed with CIL are contained in the "GLA Framework Document" (incorporating the Financial Memorandum and Management Statement) dated 1 August 2008.

In practice the UK DfT work closely with CIL to manage risk. There is a regular flow of reporting information from CIL to the UK DfT, including monthly management accounts, Board reports and business cases. The UK DfT is involved at an early stage in key decisions and a representative sits on the CIL Nominations Committee.

Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of CIL 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 system of internal control has been in place in CIL for the year ended 31 March 2013 and up to the date of approval of the Annual Report and Accounts.

Risk Management Culture

The culture is one of close management and control of risks. Every risk has an owner and co-owner responsible for the management of that risk. The process of embedding the risk management approach into the organisation has included:

- development and regular review of the Risk Register with the involvement of managers and employees including discussion about significant risks faced by the organisation at senior management team meetings.
- internal audit deriving their audit plan from risks listed on the register.
- access to the Risk Register via the CIL intranet.
- an identifiable risk appetite whereby risks are considered on a risk by risk basis and in general for most risks facing CIL our appetite would be considered 'adverse'.
- each risk is considered in terms of whether it should be treated, tolerated, transferred or terminated.
- CIL in conjunction with other two GLAs published a Triennial Risk Management Review in November 2012 which contains the risk management policy and strategy for the GLAs.

External Input to Risk Management

External stakeholders are involved in reviewing risks through the Joint Users Consultative Group, User Committees, general consultation with marine sector representatives and the Lights Advisory Committee. CIL have reviewed their User Committee structure and now hold separate annual meetings with AtoN User and AtoN Provider groups. Initial indications are that this approach is improving the extent and quality of user engagement.

Risk Monitoring

CIL maintains a comprehensive Risk Register which has evolved and grown over time and is now tabled for review and updating by the Management Team twice a year, in October and March. The risk register is a living document with the latest version retained on the CIL intranet and updated following recommendations from the Board, management and/or UK DfT Internal Audit. A sub-committee of the Board was formed to review the risk register in August 2012. The committee were content that the key risks facing CIL had been identified and recorded and that appropriate control measures are place to mitigate these risks.

The risk register currently contains 50 key risks and these risks are divided into seven main categories:

- Strategic Risks
- Financial Risks
- Operational Risks
- External Risks
- Health & Safety
- Human Resources
- Technology & Data Services

The full risk register along with the top 10 risks facing CIL are presented and escalated to the Audit & Risk Committee for review at their meetings held in April and November each year, and then onto the next CIL Board meeting.

The review of risks includes an evaluation of the probability of the risk event occurring and the impact that the occurrence would have both before and after controls have been put in place. They also consider whether additional controls should be applied to reduce the residual risk further. Management of risk is an on-going feature of work at CIL. It is embedded into the culture and working practices through key policies and procedures-

- New Risk Management Policy
- Risk Assessments
- DfT Management Assurance Returns (mid-year & yearend)
- Information Risk Policy and associated security procedures
- Procedure for reporting top 10 risks facing CIL

The Audit and Risk Committee reviews the Risk Register each year concentrating on the top risks that would have a greater impact on CIL operations should they occur. Prior to submission each Director in conjunction with their senior management undertakes a review of the risks that they are responsible for managing.

Management Assurance Return (MAR)

The Executive Management team within CIL complete a Management Assurance Return (MAR) twice during the year which is singed off by the Chief Executive and returned to the Group Financial Controller of the DfT, the purpose of which is threefold, namely:-

(i) to make Management fully aware of what roles and responsibilities they have in respect of corporate governance,

(ii) to give assurance to the Chief Executive that internal controls within CIL are operating effectively and

(iii) to give assurance to the Chief Executive as accounting officer that internal controls are effective and operating to a high standard in support of the Annual Governance Statement, included in the Annual Report and Accounts.

The MAR sets out various statements relating to delegated authority, policy development, planning, budgets, communications and other matters of significance.

Also the MAR returns are a key part of the governance framework within the DfT. The DfT Group Audit Committee view these returns as a primary source of assurance and it supports the Department’s Accounting Officer in making his annual Governance Statement in the Department’s annual Report and Accounts.

Changes to Risk Profile

The key changes to the risk profile of CIL during the year ended 31 March 2013 were:

- *Employee Reductions – Impact on Internal Controls and Service Delivery.* Arising from the implementation of the VER, and VES schemes CIL has reduced employee numbers by 22% in the past 3 years. With reducing employee numbers there is an increased risk to internal controls and segregation of duties and service provision and delivery. However through careful planning and changing of job profiles, Management have ensured that adequate controls and segregation of duties remain in place throughout the organisation and that service provision remains at the highest level, which is reflected in the AtoN availability statistics.
- *Self-Financing – CIL transitioning to RoI funding by 2015/16.* Following agreement reached by the Irish and UK governments to 'enable' CIL to be funded by RoI sources by April 2015, CIL will have to continue to reduce costs, generate additional income, and gain agreement on funding of its pension liabilities. There are multiple projects in place to enable delivery on the key elements of this programme and on-going discussions continue between the UK DfT and the RoI DTTAS to enable CIL to meet the objectives of the two governments.
- *New Management Structure - risks associated with implementation and bedding in of the new structure within CIL.* The new structures have been implemented in a project like fashion taking cognisance of all issues that may arise. The management team meet monthly to monitor and review implementation and manage any issues arising.
- *Office of National Statistics (ONS) reclassification of three GLAs as Central Government Bodies.* This reclassification of the GLAs has had significant implications for CIL as a GLA for budgeting and accounting processes; however through careful planning and resource allocation CIL is fully complying with these new reporting requirements and deadlines. Furthermore CIL has carried out a complete valuation of CIL property, plant and equipment assets as at 31 March 2013 to comply with IAS16 and FReM and the requirement to revalue at Fair Value. These accounts fully reflect the results of this valuation exercise.

Head of Internal Audit Opinion

On the basis of the evidence obtained during 2012/13, I am able to provide an overall 'Reasonable' assurance rating on the adequacy and effectiveness of the CIL's arrangements for corporate governance, risk management, and internal control.

In my opinion, there are no significant weaknesses or matters that fall within the scope of issues that should be reported in the Governance Statement.

This overall opinion is supported by my view on each of the following areas:

- CIL's corporate governance arrangements meet the need of the organisation in accordance with Board objectives. CIL continues to demonstrate a strong commitment to complying with public sector practices and corporate governance principles.

- The organisations risk management arrangements are established at corporate level and were generally found to be working effectively. However, there is further scope for strengthening the existing arrangements to embed the risk management process and good practice throughout the organisation with key risks reported to the Board on a more frequent basis.

- The organisation's internal control processes in the areas reviewed during the year were generally found to be effective, though there were areas where control weaknesses and areas for improvement were identified. Corrective action plans have been agreed with management to address the control weaknesses identified. No cases of potential fraud or impropriety were reported in 2012/13.

Review of Systems of Internal Control

Acting in the role of Accounting Officer, I have responsibility for reviewing the effectiveness of the systems of internal control and governance. My review of the effectiveness of the systems of internal control and governance is informed by the work of the internal auditors, Audit and Risk Committee, Directors and Senior Managers within CIL who have responsibility for the development and maintenance of the internal control and governance framework, and comments made by the external auditors in their Report to those Charged with Governance (RTTCWG) and other reports.

The key elements of the on-going review of the system of internal control and governance are:

- The CIL Board which meets eight times a year to decide policy, provide strategic direction and review financial and operational progress. The Board receives Audit Committee minutes and reports covering areas such as risk management. The Board also formally reviews its own effectiveness on an annual basis.

- The Management Team meet on a regular basis to review progress on the achievement of aims and objectives and to maintain operational efficiency. Risk management is formally reviewed by Directors and Senior Managers on a biannual basis but in practice is considered as part of the control of all key projects and activities.
- The Audit and Risk Committee which operates in line with the "Audit Committee Handbook". The Chairman of the Audit and Risk Committee periodically reports to the Board on matters concerning internal control.
- Internal Audit, who provide regular reports that give an independent opinion on the adequacy and effectiveness of the system of internal control. The Head of Internal Audit produces an Annual Report, which gives his/her opinion on the effectiveness of internal control. Internal Audit Report findings are reviewed and monitored by the Executive team on a quarterly basis and summary findings and opinions are reported to the Board following publication.
- External Audit who independently audit CIL accounts and summarise their findings in their Report to those Charged with Governance.
- Internal Audit Report findings are reviewed and monitored by the Executive team on a quarterly basis and summary findings and opinions are reported to the Board following publication.
- CIL "in-house" Internal Audit carry out a number of audits each year which are approved in advance by the Audit and Risk Committee. The findings of the audits are presented annually to the Committee.
- There is a monthly analysis of the management accounts and management reports by the Chief Executive, Directors and Senior Managers.
- A triennial risk review was undertaken jointly by the three GLAs in Autumn 2012 and supported by external risk management consultants. The report was submitted to the JSB in January 2013 who endorsed its recommendations and agreed its contents be reported to the DfT.

Significant Internal Control Issues

There have been no significant internal control or governance problems in the year ended 31 March 2013.

Therefore I can report that corporate governance and risk management within CIL remains robust and effective, and complies with Managing Public Money (HM Treasury 2007), the Framework Document for the GLA's (August 2008) and the general principles set out in HM Treasury's Code of Good Practice for Corporate Governance in Central Government Departments (July 2011), as far as is appropriate.

Yvonne Shields
Chief Executive

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