THE GENERAL LIGHTHOUSE FUND

Report and Accounts for the Year Ended 31 March 2009

HC 351

Department for Transport

THE GENERAL LIGHTHOUSE FUND

2008 - 2009

Report and Accounts for the year ended 31 March 2009

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

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Department for
Transport

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 2008/09 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of the GLF for the purpose of giving a true and fair view has been selected. The GLF's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

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

Statutory Background

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

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

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

The Authorities also have wreck removal powers under Section 253 of the 1995 Act and the Merchant Shipping (Salvage and Wrecks) Act 1993 in respect of the Republic of Ireland.

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

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

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

The Merchant Shipping (Commissioners of Irish Lights) Act 1997 (ROI) gives powers to the Commissioners of Irish Lights to provide radio navigation systems and to enter into commercial contracts.

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

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

Code of Practice for Board Members

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

Key Achievements During the Year

- The continuous maintenance of Aid to Navigation (AtoN) availability above the International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA) standards.
- Completion of the review of the General Lighthouse Authorities' Fleet of Vessels, published on 20 March 2009.
- Agreement with Republic of Ireland Government to change the calculation of the Irish Contribution to the GLF.
- The relocation of the wreck of the World War One submarine UB38 in the Dover Strait.
- The sale of the former Trinity House depot at Great Yarmouth.
- The sale of the former Northern Lighthouse Board Lighthouse at Killantringan.

Management Commentary

Nature, Objectives and Strategy of The General Lighthouse Fund

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

Prior to 1836, AtoNs were provided by a rather confusing mixture of the GLAs and private operators each levying a charge on passing ships. Private operators generally purchased the right from the Treasury or the Crown to provide 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 colonies have achieved independence these responsibilities have been passed on, leaving a small residual responsibility for Europa Point Lighthouse in Gibraltar and the Sombrero Light off Anguilla.

In recent years progress towards modernisation of the GLAs has been rapid. All lighthouses were automated by 1998 with controls centralised at each GLA headquarters. Floating AtoNs have been solarised. A differential global positioning system to enhance the US Global Positioning System has been provided since 1998 permitting the GLAs to close the expensive Decca Navigation System in 2000, and in the coming years e'navigation will play an ever increasing role as an aid to navigation (see page 9). The GLAs have focused on reducing costs with major investment programmes on both depots and ships.

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

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

The General Lighthouse Authorities' (GLAs') vision of the future of AtoNs is contained in the document '2020 The Vision'. Endorsed by the DfT it is a comprehensive strategy for marine navigation around the UK and the Republic of Ireland until 2020. It is currently the primary strategic document for the GLAs, together with the GLAs' RadioNavigation Plan and Visual Aids to Navigation Plan. Key points include the retention of a mix of visual and electronic aids; the realisation of the potential of AIS and the development of a terrestrial RadioNavigation back up, enhanced Loran (eLoran). This year has however seen work commence on the GLAs' future strategy beyond 2020 to 2025.

Future Goals

To deliver the strategy contained in 2020 The Vision and its successor '2025 and Beyond', the three GLAs will continue to co-operate with each other and consult with all users to continuously review all their AtoNs. The GLAs will continue to participate in IALA to ensure continuous representation of national interests and to provide a seamless service for the mariner. Furthermore the GLAs will search for new cost effective technology that can deliver an ever more efficient service to ensure that the AtoN requirements of the next 15 years are met. To complement the strategies and goals of the GLAs, the DfT intends to work with the GLAs to implement the AtoN strategy set out in the GLAs' strategy documents, notably the e navigation strategy. In the DfT's view this will lead to both a safer navigation environment and the lowest reasonable costs to users.

In addition, following the agreement between UK and Irish Transport Ministers, the DfT intends to conduct an assessment of the AtoNs around the UK and Ireland, and deliver a final report by Spring 2010. As a result of the assessment it is hoped that progress can be accelerated with regard to negotiations with the Republic of Ireland Department of Transport, to achieve a new funding formula for AtoNs in the Republic of Ireland.

A key element of the review of the GLA fleet (see page 2 & 8) is the decommissioning of the THV Patricia. The DfT will work with Trinity House to consider how best to replace the vessel at the end of her working life.

Finally it is hoped that parliamentary time can be found to bring forward the measures contained within the draft Marine Navigation Bill, which was published for consultation on 6 May 2008. This Bill contains proposals designed to address issues such as the GLA pension commitments, the regularisation of the Territorial Waters issue and GLA commercial work. Also the Bill introduces enforcement powers against local lighthouse authorities. The Government's response to the consultation was published on 29 October 2008.

Performance Indicators

Aids to Navigation availability

Purpose

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

Definition, calculation and targets

The method of measurement and the recognised availability standards are set for each category by IALA. They are published in the IALA AtoNs Guide (NAVGUIDE – Fifth Edition February 2006).

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

Category 1 Availability Target 99.8%

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

Category 2 Availability Target 99.0%

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

Category 3 Availability Target 97.0%

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

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

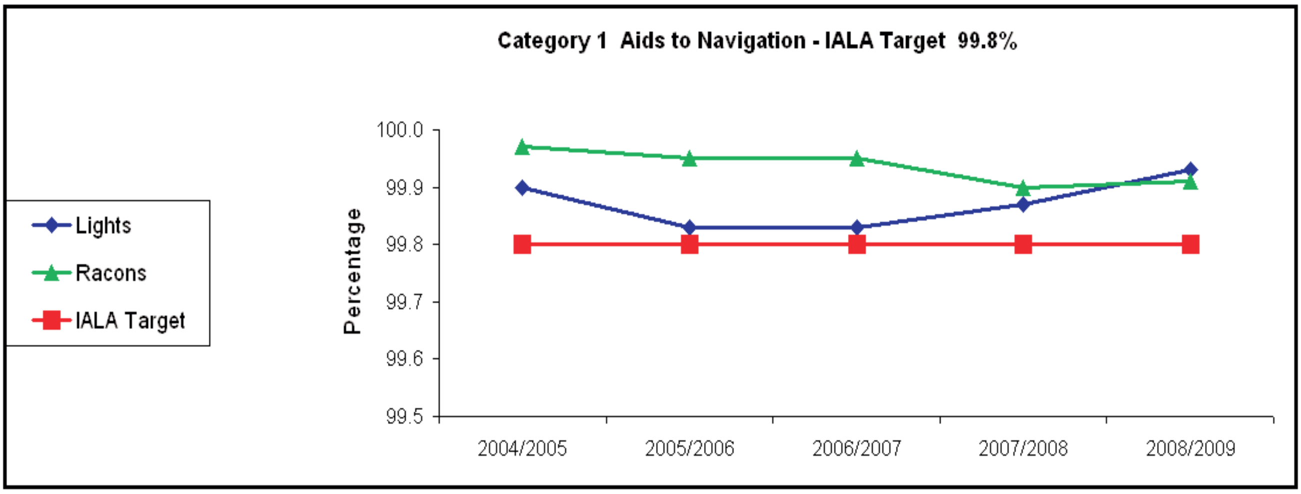
Performance See Pages 5-7

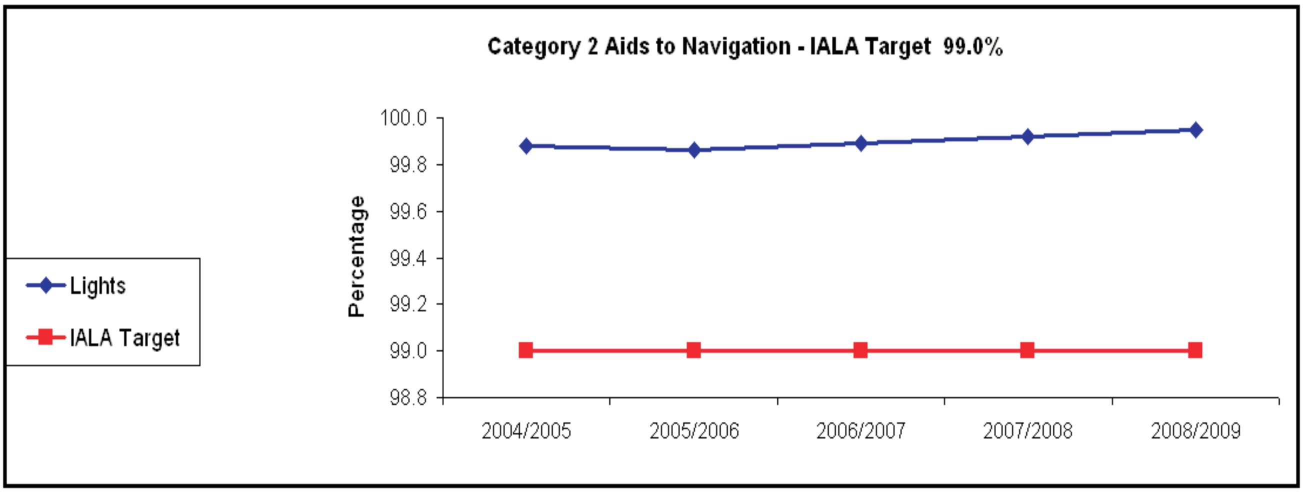
Performance Indicators
For the General Lighthouse Authorities

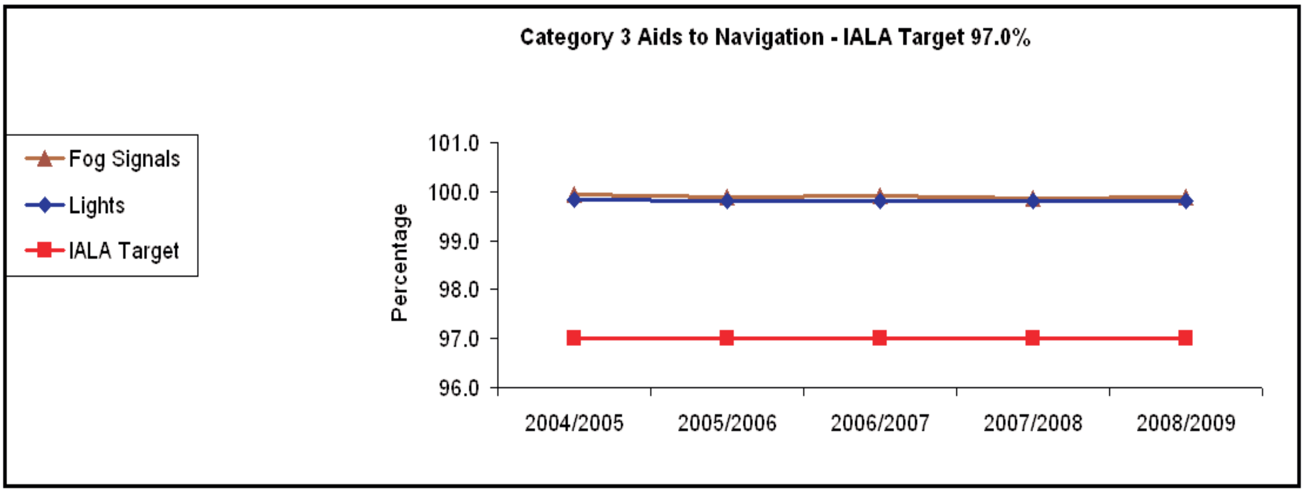
Trinity House

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

AtoN Type	Category	IALA Minimum %	2004/2005 Actual %	2005/2006 Actual %	2006/2007 Actual %	2007/2008 Actual %	2008/2009 Actual %
Lights (Major)	1	99.8%	99.9	99.8	99.8	99.9	99.9
Racons	1	99.8%	100.0	100.0	100.0	99.9	99.9
Lights (Other)	2	99.0%	99.9	99.9	99.9	99.9	100.0
Fog Signals	3	97.0%	99.9	99.9	99.9	99.9	99.9
Lights (Buoys)	3	97.0%	99.8	99.8	99.8	99.8	99.8



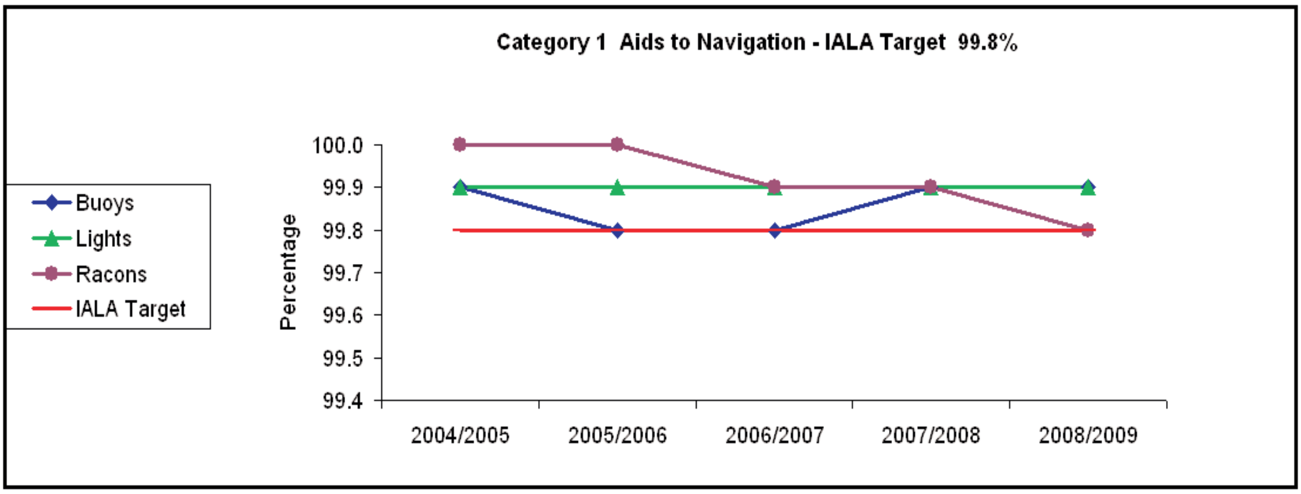


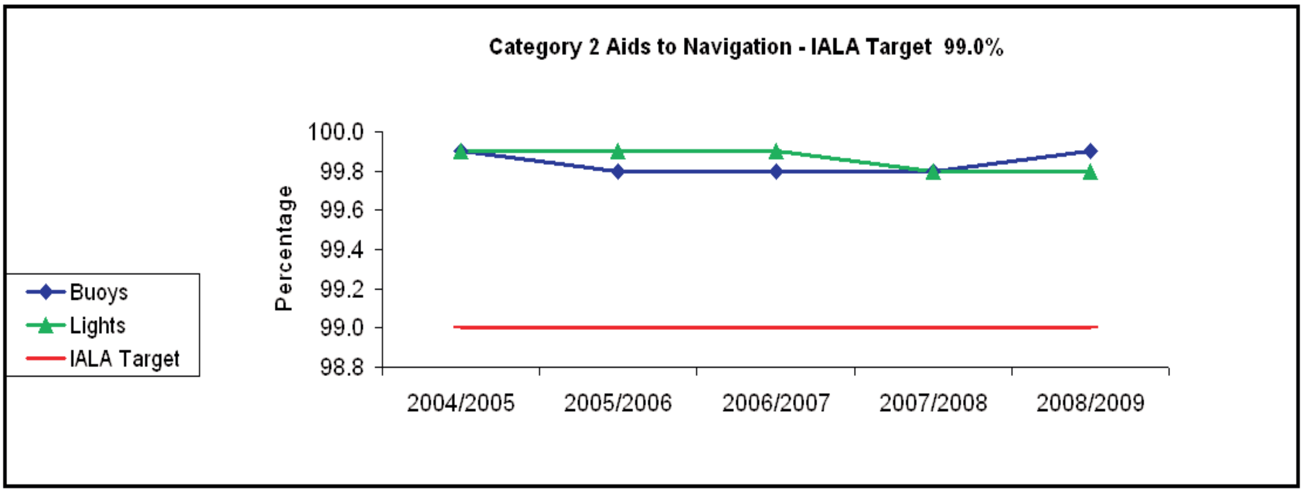


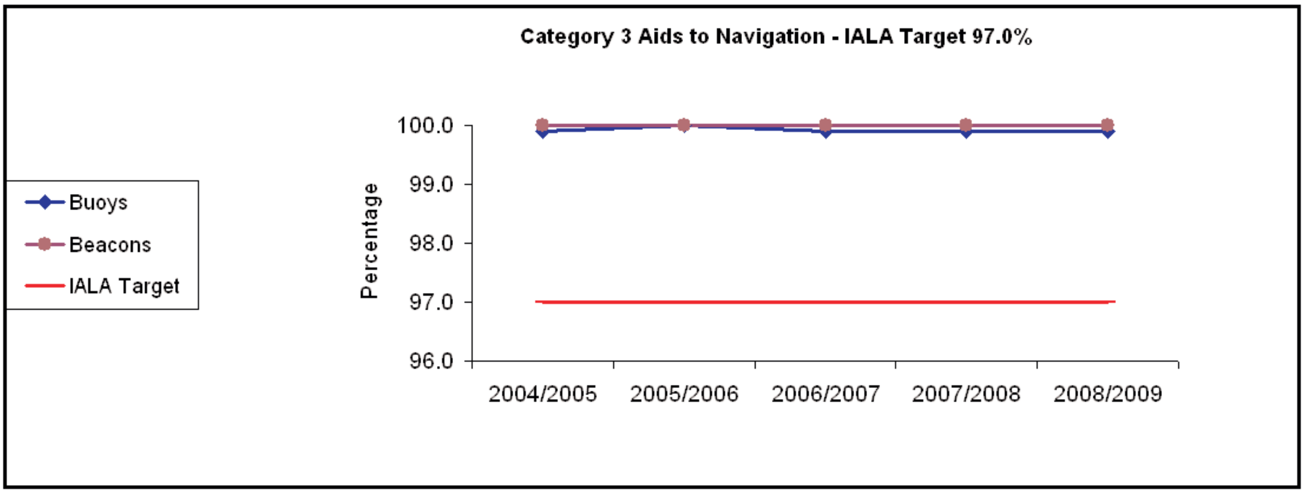
Northern Lighthouse Board

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

AtoN Type	Category	IALA Minimum %	2004/2005 Actual %	2005/2006 Actual %	2006/2007 Actual %	2007/2008 Actual %	2008/2009 Actual %
Buoys	1	99.8%	99.9	99.8	99.8	99.9	99.9
Lights	1	99.8%	99.9	99.9	99.9	99.9	99.9
Racons	1	99.8%	100.0	100.0	99.9	99.9	99.8
Buoys	2	99.0%	99.9	99.8	99.8	99.8	99.9
Lights	2	99.0%	99.9	99.9	99.9	99.8	99.8
Buoys	3	97.0%	99.9	100.0	99.9	99.9	99.9
Beacon	3	97.0%	100.0	100.0	100.0	100.0	100.0



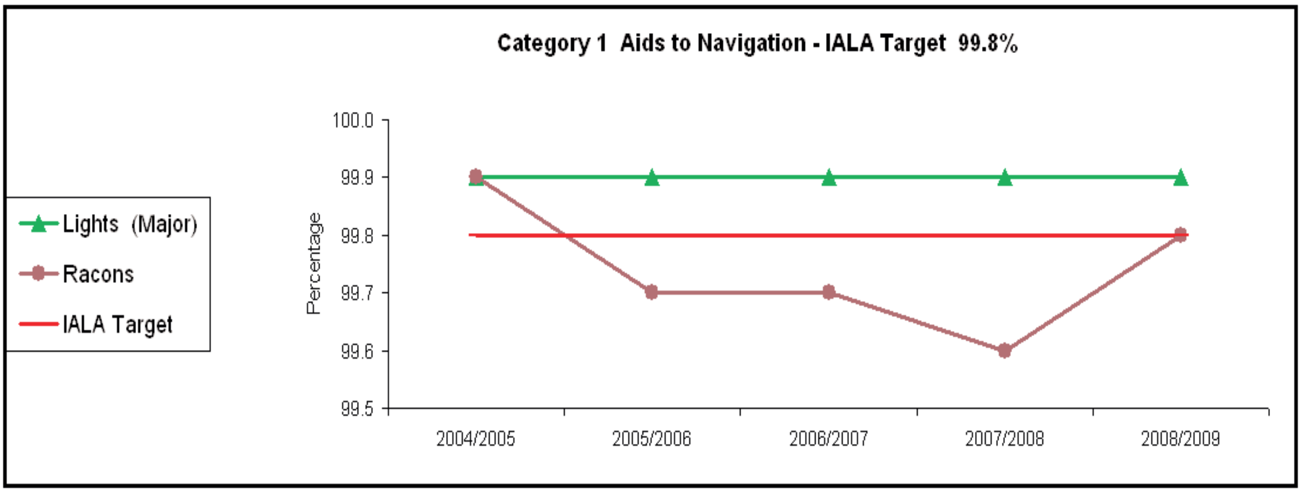


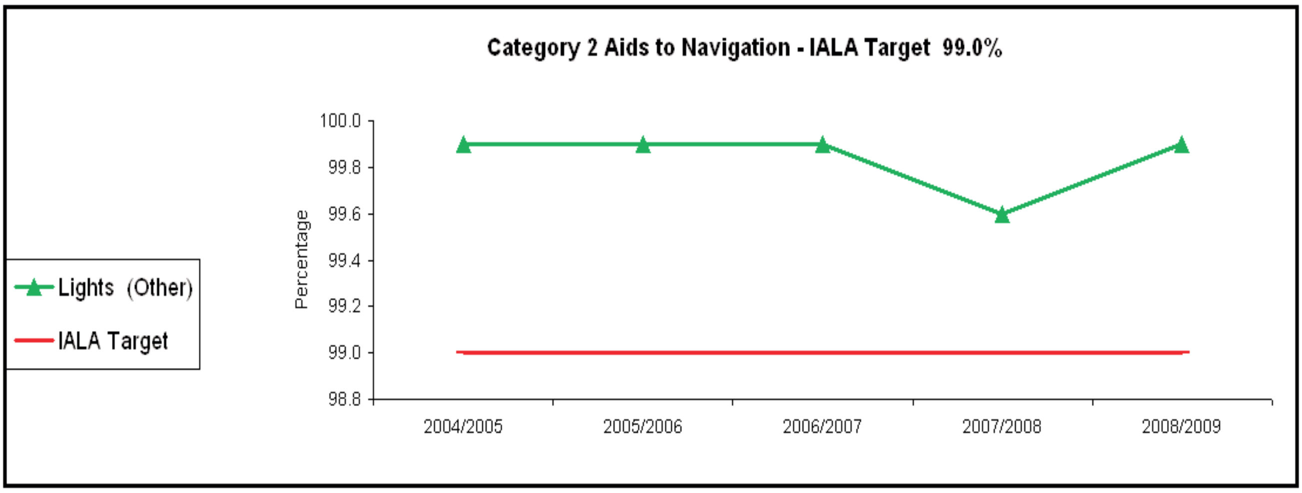


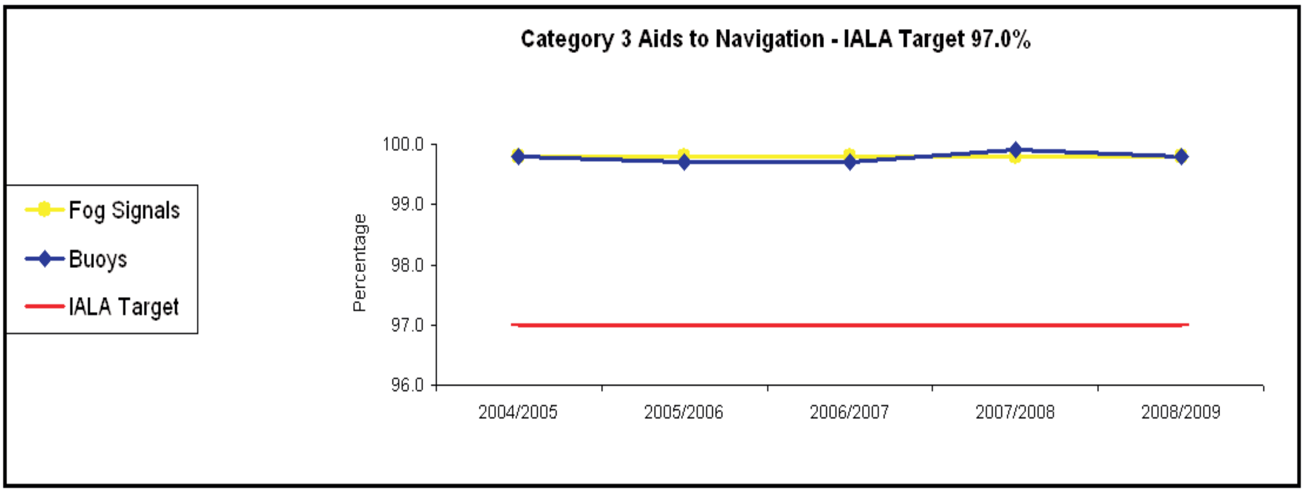
Commissioners of Irish Lights

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

AtoN Type	Category	IALA Minimum %	2004/2005 Actual %	2005/2006 Actual %	2006/2007 Actual%	2007/2008 Actual%	2008/2009 Actual %
Major Lights	1	99.8%	99.9	99.9	99.9	99.9	99.9
Racons	1	99.8%	99.9	99.7	99.7	99.6	99.8
Other Lights	2	99.0%	99.9	99.9	99.9	99.6	99.9
Fog Signals	3	97.0%	99.8	99.8	99.8	99.8	99.8
Buoys	3	97.0%	99.8	99.7	99.7	99.9	99.8







Current and Future Developments

Ships

The delivery of the THV Galatea on 17 July 2007 successfully concluded the contracts with Remontowa Shipyard of Gdansk to build three new ships for the GLAs. These were initiated as a result of the Review of the GLA fleet, concluded in April 2003. 2008 saw the commencement of a further review of GLA Vessel requirements.

C-MAR Consultants were contracted on behalf of the three GLAs and DfT, to provide consultancy services for the review. The scope of the consultancy services was set out in the GLAs' Invitation to Tender dated July 2008. In summary, C-MAR were to conduct a primary review of fleet requirements to meet specific objectives in line with the GLAs' aids to navigation strategy document "2020 The Vision", and a supplementary review of the implications of centralised fleet management and offshore marine manning.

C-MAR proceeded to conduct the review following a phased approach. They collated and reviewed the available published data, undertook visits to all the GLAs' existing vessels, shore facilities and headquarters, and met with a range of stakeholders. They compiled an integrated Geographic Information System compatible database of the current AtoN inventory of all three GLAs, and used the database to determine the current fleet support requirement for the AtoNs.

A range of developments was researched, mainly technological and legislative, which could potentially impact upon fleet demand between now and 2020. It was concluded that there was considerable uncertainty as to the likely practical impact of these changes, with only the superintendency demand of the development of Offshore Renewable Energy Installations being of particular significance. It was estimated that the total impact of the analysed developments on the current fleet support demand would be between -3% to +4%.

C-MAR applied this range of changed demand and extrapolated the figures previously derived from the 2007/08 fleet utilisation calculations. Their calculations indicated that future statutory duties and responsibilities could, in theory, be achieved by:

3 Multi-function Tenders
1 Medium Aids to Navigation Tender
1 Rapid Intervention Vessel covering Dover Strait and surrounding area
1 Small Aids to Navigation Tender covering Bristol Channel

C-MAR assessed that a fleet of this size and composition would have a very limited surge capability and create significant operational inflexibility for the GLAs. C-MAR also assessed that the inability to fully balance the workload across the fleet due to seasonal considerations and the physical distances and areas to be covered by the vessels created a significant operational issue. It was concluded that such a core fleet would require augmentation to cope with the actual workload.

C-MAR then assessed the ability of such a fleet to provide the required level of Emergency Response cover and concluded that an additional vessel was required: C-MAR again found that weather and distance were significant limiting constraints.

Although it was noted that the 2003 Review recommended a progression to a 4 ship fleet (3 Multi-function Tenders and 1 Medium Aids to Navigation Tender), C-MAR concluded that the demand for fleet support is primarily driven by the requirement to provide the defined level of Emergency Response capability. The principal driver is the number of hulls in the fleet rather than their specific capabilities.

C-MAR assess that the current owned fleet size of 6 vessels is the appropriate size to meet the projected fleet support requirements through to 2020. It is noted that THV Patricia is scheduled to be decommissioned in 2012 and it is recommended that she is replaced with a second Medium Aids to Navigation Tender specifically designed for the handling of GLA Class 2 buoys or smaller.

It is also recommended that both ILV Granuaile and NLV Pole Star undergo modest mid-life upgrades to ensure their continued operation through to 2020.

The C-MAR Fleet review report is currently being considered by both the GLAs and the DfT, and a formal response will be made by both parties in due course.

GLA Headquarters & Depots

Following the opening of the new Commissioners of Irish Lights headquarters and depot building at Dun Laoghaire in February 2008 the programme of depot reorganisations that has been continuing over the last 5 years was completed. The past year has been mainly one of consolidation with regard to GLA operating bases and headquarters buildings. The one exception to this is the Northern Lighthouse Board.

In February 2007 the Commissioners took the decision that the Board's Headquarters would remain at 84 George Street, Edinburgh. This decision was taken after extensive work involving advice from two separate Estate Agencies (one of which was a corporate office specialist), discussions with property developers and a Staff Survey. The final analysis showed that there would be no financial benefit from a move to an alternative location and indeed that either option (stay or move) would incur a cost. It was then decided to carry out some limited refurbishment to the building in order to provide facilities which currently do not exist, to make better use of the space available and to improve the working environment.

An architect was appointed during the year to provide consultancy services for the refurbishment project. The project has seven phases which include Consultant and Construction Design & Management Co-ordinator appointment, feasibility study, outline planning permission, approvals process, appointment of a works contractor, project management of the works and handover/post construction. Each phase will be subject to discussion with the Department for Transport. Phase 1 – the feasibility study - has been completed, but further work on this project has been delayed while the Department's Review of AtoNs (see page 11) is being undertaken.

E-Navigation

E-Navigation is an International Maritime Organisation (IMO) led broad strategic vision for the harmonisation of marine navigation systems and supporting shore services, underpinned by user needs.

The concept involves the utilization and integration of all available navigational tools to secure a greater level of safety and accident prevention. Implementation of e-Navigation will, at the same time, deliver substantial operating efficiencies with resulting commercial benefits.

E-Navigation will incorporate the use of new technologies in a structured way and ensure that their use is compliant with the various electronic navigational and communication technologies and services that are already available.

E-Navigation is an essential part of the GLAs strategy for the future, as set out in 2020 – The Vision. The GLAs are therefore supporting this initiative both through their national administrations and through their membership of IALA and in particular the IALA e-NAV Committee, which is providing substantial input to the IMO Correspondence Group.

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

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

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

The GLAs of the UK and Ireland, through their Research and Radio Navigation Directorate, continue to support the Government in establishing the position of eLoran as a recognised supplement to GNSS.

The GLAs' own programme of trials of eLoran have resulted in the establishment of a permanent transmitter at VT Communications site at Anthorn in Cumbria.

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

The technology behind AIS can offer a broad range of services: from more responsive and lower cost AtoN; assisting Search and Rescue services and Counter Pollution activity; to building a comprehensive database of shipping movements along the coastline.

AIS technology will form a key building block of 'e-navigation'. and is formally recognised as an AtoN. This is a major aspect of AIS's potential and one which Government is keen to maximise. Its use in AtoNs can be either real or virtual. Virtual AtoNs could be an important tool for the GLAs in the future, making it possible to mark new wrecks and obstructions "instantaneously", and providing the option of selctive and temporary marking. However, the infrastructure and onboard systems need to be in place and the deployment system needs careful design, including a thorough risk analysis and must be internationally standardised. The GLAs through their Research & Radio Navigation Directorate are closely invoived in this development.

Updating 2020 The Vision

Since the publication of '2020 The Vision' the global maritime risk to life, property and the marine environment has continued to increase. The IMO response is e-Navigation to enhance berth-to-berth navigation and related services, for safety and security at sea and protection of the marine environment.

In line with the five yearly review cycle and recognising the developments of e-navigation concepts, the GLAs commenced a successor in 2008/09 to 2020 The Vision. "2025 and Beyond" will be the United Kingdom and Ireland's marine AtoN strategy once extensive external consultation has taken place. It is expected to be launched in May 2010.

The GLAs' marine AtoN strategy is for a balanced mix of physical and radio AtoNs that will meet the UK's and Ireland's responsibilities as Contracting Governments to the IMO's SOLAS Convention. In so doing it will support the introduction of the IMO's e-Navigation initiative and will deliver a reliable, efficient and cost-effective AtoN service for the benefit and safety of all mariners.

To deliver this strategy the three GLAs will continue to co-operate with each other and consult with all users continuously to review all their AtoNs. The GLAs will continue to participate in IALA to ensure continuous representation of national interests, and to provide a seamless service for the mariner.

Furthermore the GLAs will search for new cost effective technology that can deliver an ever more efficient service to ensure that the AtoN requirements of the next 15 years are met.

Following the publication of the strategy document ("2020 The Vision") the GLAs conducted a joint review of AtoNs off the coasts of the United Kingdom and Ireland.

For the third time the three GLAs have commenced a total, simultaneous review of all their AtoN requirements which is planned to be published at the same time as the new strategy document in May 2010. The study will be carried out based solely on the minimum navigational requirements but will have cognisance of best available cost effective technology.

It is important to appreciate that the measures recommended will not necessarily take place within the 5 years interval between reviews. However they shape the GLAs' continuing capital works and buoyage programme contained within individual corporate plans.

Light Dues

The income to the General Lighthouse Fund (GLF) comes mostly from light dues, which are charged on commercial shipping calling at United Kingdom and Republic of Ireland ports. There is no provision for Exchequer funding except in the Republic of Ireland. The Secretary of State for Transport has a duty to ensure the effective management of the GLF and enable the adequate provision of AtoNs at the minimum cost. Belgium also levies charges on shipping for use of its navigational aids, but the sums involved are low by comparison with light dues, and presumably this is due to the length of Belgium's coastline. France, Germany and the Netherlands fund their navigational aids from general taxation. Given that UK commercial ports compete for traffic in some sectors with Continental ports in North West Europe and navigational aids outside port limits are generally funded out of general taxation on the Continent, there has been pressure from light dues payers to investigate the view that there could be some distortion of competition between UK and Continental ports as a result of the light dues system. A report by MDS Transmodal Limited in association with DTZ Pieda Consulting, commissioned by the DfT, was published in March 2004 following a full review of the economic impact of light dues on shipping traffic in the UK.

The key findings of the report include:

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

The Government remains committed to the present system of recovering costs through light dues but is determined to minimise the cost burden on the shipping industry. Over the fifteen years to 2008/09, the GLAs consistently delivered reductions in the real cost of light dues. The rate per ton fell from its historic peak of 43p in 1993to 35p in 2006.

The general economic and financial climate has had three significant effects on the General Lighthouse Fund:

- The downturn in shipping traffic affecting our principal source of income – light dues – that varies by the number and frequency of port calls together with the size of the vessel.
- The reduction in income earned by the Fund's investments.
- The weakness of sterling against the euro.

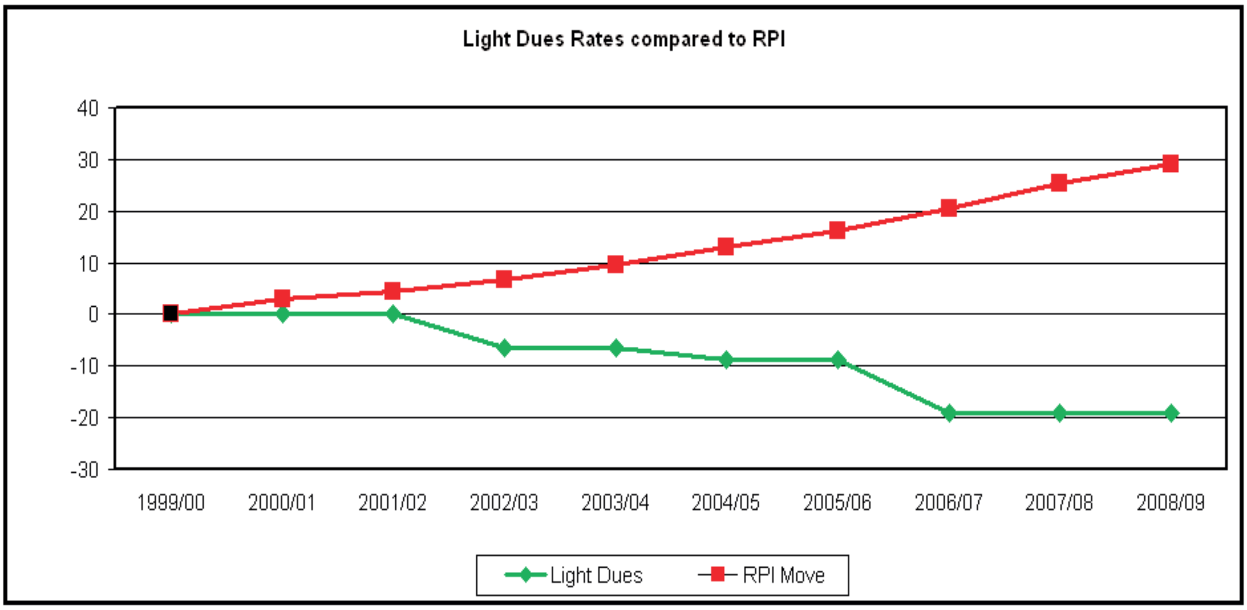
After consultation with the GLAs and the Lights Advisory Committee, that represents shipping, ports and cargo interests, the DfT proposed to increase the light dues rate to generate the necessary additional income in sufficient time to avoid the Fund having to dip into the emergency reserves.

The DfT issued a consultation document on 23rd February 2009 inviting comments on the proposed increases. The consultation period ended on 18th May 2009. The shipping and ports sectors did not support the proposed increases at a time of a downturn in the shipping industry.

After taking account of the consultation responses, reports by Raven Trading by the impact of proposed increases on the shipping industry and further GLA efficiencies the Shipping Minister Paul Clark MP announced the following lesser increases to Light Dues from 35p to 39p per nrt from 1 July 2009 and putting off a further increase from 39 to 43p per nrt until 1 April 2010. Even after the second increase, the light dues rate of 43p per nrt will be no higher than it was at its peak 16 years ago, and in real terms 32% lower.

The DfT looked again at how the burden is spread between different types of shipping. The original proposal was to increase the tonnage cap (the maximum cargo capacity up to which the light dues rate applies) from 35,000 to 50,000 nrt so that the very biggest ships would pay more. The DfT believed this was fair given the continuing trend towards fewer, bigger vessels in the container and bulk sector. In recognition of the exceptionally difficult economic climate this sector was then facing, DfT however decided to reduce and defer that increase, so that the tonnage cap will rise to 40,000 nrt from 1 April 2010. DfT believed that the increase in the voyage cap to 9 per year from 1 July 2009 was still appropriate.

In the Republic of Ireland light dues have been increased to 57 cents per nrt from 52 cents per nrt with effect from 1 August 2009, and the number of chargeable voyages increased from 7 per year to 9 per year.



Assessment Of Provision And Financing of Aids to Navigation around UK and Ireland

Following responses to the consultation on Light Dues proposals, UK and Irish Transport Ministers have agreed on the need for an overall assessment of the provision of the AtoNs around the United Kingdom and Ireland.

The assessment to be undertaken will consider all aspects of provision of AtoNs, including options for increases in efficiency, effectiveness and potential improvements in structure and the overall arrangements for financing; and will provide a costed methodology for the implementation of any recommendations made.

The overall aim of the evaluation is to ensure the GLAs continue to be European and World leaders in delivering reliable, efficient and cost effective AtoNs service for the benefit and safety of all mariners in the medium to longer term with the economic and international prestige that this provides.

This evaluation will draw substantial information from reports and reviews already completed by the GLAs and other bodies, and those in hand.

WS Atkins has been appointed to run the assessment, and is currently engaged in gathering evidence with a final report scheduled for Spring 2010.

Commercial Work

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

Careful consideration is made to ensure any activity does not interfere or conflict with statutory duties. The GLAs are also careful to ensure there is no unfair advantage in pricing regime or risk to the GLF. Activities undertaken have included and continue to include contract buoy maintenance, survey work, oil wellhead marking, provision and monitoring AtoN of off-shore structures particularly during decommissioning phases, and utilisation of lighthouses for third party equipment. Other avenues continue to be sought. During 2008/09 commercial activity generated £3.8m in income (2007/08 £3.7m).

Draft Marine Navigation Bill

In May 2008, in line with the Modernisation Committee recommendation for new legislation, the DfT published a draft Marine Navigation Bill for pre-legislative scrutiny. The Bill would introduce new powers and duties to improve the ability of harbour and lighthouse authorities to discharge their responsibilities for safety management in UK waters. This includes measures to confirm the powers of the GLAs to work outside the 12 nautical mile limit, to improve their ability to tender for commercial work where this can allow the utilisation of surplus capacity and to update the GLA pension arrangements. There are also measures to assist the GLAs in their supervision of local AtoNs and dealing with wrecks. This proposed legislation was generally well received and the Government’s response to the useful comments made during the consultation is published on the DfT’s website. The Bill will be taken forward when Parliamentary time allows, although it is not included in the current legislative programme.

Finance

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

Investment Contracts

The GLF's Investment Portfolio is managed by Baillie Gifford & Co. and Martin Currie Investment Management Limited. It is now three years since contracts were awarded to these companies and DfT has decided to undertake a review of the GLF's investment performance over the last three years and the future investment strategy. The review is being undertaken by the Government Actuaries Department who commenced work in September 2009.

The GLF's cash management arrangements are handled by HSBC.

Investments analysis by Investment House		Market Value 31/03/09 £M	Cost 31/03/09 £M
Martin Currie	Investments	30.8	40.3
	Cash for investments	2.5	1.0
Baillie Gifford	Investments	26.3	29.1
	Cash for investments	0.4	0.4
Total		**60.0**	**70.8**
HSBC Sterling Liquidity Fund		14.3	14.30
HSBC Euro Liquidity Fund		0.2	0.2
Total HSBC Liquidity Fund		**23.8**	**23.8**

An investment committee consisting of representatives from the DfT and the GLAs meets periodically to review performance, interview the investment managers and review future strategy.

Resources

People

The most important resource that the GLF has at its disposal is people. There is a comprehensive training plan throughout the GLAs that aims to give staff the skills and knowledge required to perform efficiently. Staff are encouraged to develop through the performance and development system.

Research and Development is undertaken on behalf of the three GLAs by the Research and RadioNavigation department based at Trinity House. The department carries out work researching advances in technology and market testing new products which have the possibility of providing more efficient and cost effective methods of providing Lighthouse Service requirements. It also participates in international forums such as IALA.

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

Sickness Absence

Sickness absence in the three GLAs during the year was:

	2008/09	2007/08
Trinity House		
Total number of days sickness	2064	1693
Average number of days lost per employee	6.5	5.3
Commissioners of Irish Lights		
Total number of days sickness	1826	2059
Average number of days lost per employee	9.1	9.8
Northern Lighthouse Board		
Total number of days sickness	2064	2053
Average number of days lost per employee	13.0	10.4

In the case of NLB 2008/09 10.6 days of the 13 days per person per year are due to long-term sick absence.

Physical Assets

In addition to staff, the GLF has a number of physical assets, which are essential to providing its service. These are detailed in note 33 to the accounts. The mariner is becoming increasingly more reliant on GNSS for position fixing. If the Loran System in Europe can be upgraded to e-Loran and adopted as the terrestrial radio navigation service as backup to GNSS for SOLAS Convention vessels, then the number of physical assets required for safe navigation is likely to reduce.

Environment

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

The GLAs are seen as leaders in the provision and improvement of renewable energy sources for navigational aids, principally through the installation of solar-electric power systems occasionally supplemented by wind power while reducing their dependence on carbon based energy.

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

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

Disabled Employees

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

Equal Opportunities

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

Employee Involvement

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

Principal Risks and Uncertainties

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

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

In compiling the document it was noted that certain other risks would have a significant impact on the GLAs but posed a lesser threat to the GLF - for example a change in Government policy regarding responsibility for the operation of the three Lighthouse Services. It was considered that the GLAs had a duty to challenge any such action, if it were not in the short or long term interest of the mariner. It was also noted that, in the event that the GLF were wound up, there would be a pension liability estimated by independent actuarial valuation to be £331M as at 31st March 2009 on an accrued benefit valuation cash equivalent basis, comprising prospective benefits due to active members, deferred pensioners and pensioners. However, since the last review the GLAs had received a letter of comfort on behalf of the UK Secretary of State to the effect that, in the event of there being insufficient money available in the GLF to meet the GLAs' pension liabilities, the UK Parliament would be asked to meet any shortfall. Pension contributions, which total £46M, however cannot be formally ring-fenced from operating costs and as such there is a danger that they could be used to meet any large unforeseen expenditure.

Although not fully satisfactory, a declaration of contingent pension liabilities is made to Parliament each year by the DfT and a note acknowledging the liabilities added to the GLF Accounts. On this basis it was considered that pension liabilities whilst substantial did not at present represent a significant risk. The matter should be kept under review, particularly as new GLA employees were now required to pay a pension contribution of 3.5% of their salary.

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

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

Strategic Risks

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

Financial Risks

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

Market Risk
Adverse global market conditions impacting on the value of the GLF investment portfolio.
Adverse currency market fluctuations impacking on Euro exposure.

Operational Risks

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

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

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

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

Legislation
Non-compliance with legislation or public policy.

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

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

Hazard Risks

Natural Events
Natural events leading to wide scale disruption.

Health Safety and the Environment
Failure to secure the health and safety of employees and third parties.
Accidental damage to the environment, lighthouses or contract helicopter (temporarily or permanently).

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

Relationships

Department for Transport

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

Lights Advisory Committee

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

User Consultation

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

Investment Managers

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

Scottish Government

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

Department of Transport (Republic of Ireland)

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

Isle of Man Government

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

Revenue Commissioners (Republic of Ireland)

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

Financial Position

Source of Finance

The GLAs are financed by advances made by the DfT from the Fund whose principal income is from light dues levied on shipping using ports in the United Kingdom and the Republic of Ireland. The Fund receives additional income from the Republic of Ireland Exchequer following an agreement entered into in 1985 and from sundry receipts generated by the GLAs from buoy and property rental, workshop service and the sale of assets. The fund also receives income from investments. All three GLAs contained their running cost expenditure within levels sanctioned by Ministers. The level of light dues in the United Kingdom is determined by the Secretary of State for Transport under Section 205 of the Merchant Shipping Act 1995. The Minister for the Department of Transport sets light dues in the Republic of Ireland, under the Merchant Shipping (Light Dues) Act 1983.

Going Concern

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

Accounting Policies

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

Pension Liability

There is a substantial deficit on the General Lighthouse Fund's pension scheme and this is reflected in the accounts. The total liability, which was recognised on the Balance Sheet for the first time in 2003/04, amounts to £331m as at 31 March 2009. As noted in the accounts the DfT will seek to ensure that annual revenue into the General Lighthouse Fund will be sufficient to meet pension liabilities as they fall due. The liability is also covered by a letter of comfort from the DfT. This letter of comfort is very valuable and could reasonably be considered to provide the security to the members of the scheme that assets held separately to specifically meet pension benefits would give. In fact it goes further than this as it effectively also underwrites the investment and life expectancy risks associated with funded pension schemes. However this guarantee is only a fallback position and there is a clear expectation that the liability will be discharged from the General Lighthouse Fund.

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

1. Legal advice has confirmed that part of the General Lighthouse Fund, including any contributions paid by members, cannot be protected from general liabilities to provide pension benefits. At 31st March 2009 the actuaries estimate that £46m of members contributions are held within the General Lighthouse Fund and are therefore unprotected. This is an undesirable situation for the Pension Fund but options are restricted due to primary legislation.

2. The actuaries were commissioned to complete a long-term cash flow projection of pension costs. The result of this study has been used to inform the long-term cash forecasts for the General Lighthouse Fund.

3. A study is planned when the draft Marine Navigation Bill receives Parlimentary assent to consider the establishment of a new funded pension scheme that would be open to new entrants. This would have the benefit of transferring the pension liability over time from the General Lighthouse Fund to a separately managed pension fund.

Operating Results

The operating results for the year are set out in the Income and Expenditure account and show an operating surplus of £1.1m for 2008/09 (£24.4m in 2007/08). The total operating deficit of £24.5m was transferred to the Accumulated Reserve (2007/08 surplus £11.3m). For 2008/09 the GLAs' performance against the Cash Limits set by the DfT can be summarised as follows:

Commissioners of Irish Lights	Actual Exepnditure £'000	Cash Limits £'000	Variation £'000
Running Costs	17,500	18,146	(646)
Capital Expenditure	2,282	4,852	(2,570)
Pension & Ships Lease	7,497	8,125	(628)
Total	**27,280**	**31,123**	**(3,844)**

Northern Lighthouse Board	Actual Exepnditure £'000	Cash Limits £'000	Variation £'000
Running Costs	15,136	14,437	699
Capital Expenditure	2,972	5,779	(2,807)
Expenditure on behalf of all GLAs	43	70	(27)
Pension & Ships Lease	6,631	5,499	1,132
Total	**24,782**	**25,785**	**(1,003)**

Trinity House	Actual Exepnditure £'000	Cash Limits £'000	Variation £'000
Running Costs	23,870	23,884	(14)
Capital Expenditure	4,365	4,263	102
Expenditure on behalf of all GLAs	2,309	2,990	(681)
Expenditure of behalf of DfT	362	404	(42)
Pension & Ships Lease	8,661	10,035	(1,374)
Wreck Removal	1,555	1,555	-
Total	**41,122**	**43,131**	**(2,009)**

Expenditure on Tangible Fixed Assets

During the year to 31 March 2009 the GLAs expenditure on tangible fixed assets was as follows:

Commissioners of Irish Lights	2008/09 £'000	2007/08 £'000
Assets in course of construction	1,341	523
Land & Buildings	-	-
Tenders Ancilliary Craft & Floating Aids	203	187
Dun Laoghaire Redevelopment	-	10,169
Plant & Equipment	1,955	1,732
Total	**3,498**	**12,610**

Northern Lighthouse Board	2008/09 £'000	2007/08 £'000
Assets in course of construction	1,298	1,141
Land & Buildings	448	174
Tenders Ancilliary Craft & Floating Aids	232	125
Plant & Equipment	828	683
Total	**2,806**	**2,123**

Trinity House	2008/09 £'000	2007/08 £'000
Assets in course of construction	1,020	(284)
Land & Buildings	862	863
Tenders Ancilliary Craft & Floating Aids	648	18,239
Plant & Equipment	1,716	1,682
Total	**4,246**	**20,500**

The Accounts Direction provides that fixed assets shall be stated at historic cost less depreciation. During 2008/09 the GLAs obtained independent valuations of various Headquarters and Depot Buildings. The difference between the open market value and the net book value are as follows:

Assets	GLA	Market Value £'000	NBV £'000	Difference £'000
Old Harwich Depot	TH	770	770	-
New Harwich Depot	TH	4,550	9,928	(5,378)
Penzance Depot	TH	650	650	-
Swansea Depot	TH	200	382	(182)
Edinburgh Headquarters	NLB	3,450	262	3,188
Oban Depot	NLB	890	3,064	(2,174)

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

The Dun Laoghaire HQ and Depot was not revalued during the year.

Finance Leasing Arrangements

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

Cash Draw Downs and Liquidity

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

Commissioners of Irish Lights	£27.4m
Northern Lighthouse Board	£21.4m
Trinity House	£36.6m
	£85.4m

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

Light Dues	£69.6m
Irish Government Contribution	£5.2m
	£74.7m

Cash drawn down by the GLAs exceeded cash income to the fund by £10.7m in the year 2008/09, and reflects the budgeted shortfall between income and expenditure that was forecast for this year. Despite continued GLA efficiencies, it has been necessary to implement changes to Light Dues rates and regulations, as per Transport Minister Paul Clark 's statement to the Parliament on 11 June 2009 (see page 10), to prevent the GLF falling below permitted minimum fund levels.

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 2008/09.

Events after the Year End

These are covered in note 29 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 2009 compared to the amount invoiced by the suppliers during the year equated to the following proportion of days.

Trinity House	12 days
Northern Lighthouse Board	18 days
Commissioners of Irish Lights	23 days

Audit

The accounting records of the GLAs and the consolidated General Lighthouse Fund are examined by the UK Comptroller and Auditor General. The GLAs accounts are prepared under the terms of the 2008/09 Government Financial Reporting Manual (FReM) issued by HM Treasury and the accounts direction. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

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

Extra Territorial Waters

The Government has come to the view that it is not clear whether the GLAs' existing powers under Section 193 of the Merchant Shipping Act 1995 extend outside the UK's territorial waters. There are respectable arguments either way. Unless or until a Court rules on the issue there is no definitive answer. It is the Government's intention therefore to take an early opportunity to clarify the legislation, to put beyond doubt that the GLAs may operate outside territorial waters. Provisions contained within the draft Marine Navigation Bill will remove these doubts.

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

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

Authorised For Issue

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

Robert Devereux
Accounting Officer
28 January 2010

Constitutions of the General Lighthouse Authorities and their Board Members

Trinity House

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

The membership of the Trinity House Lighthouse Board during 2008/09 was as follows:

Elder Brethren of the Corporation

Rear Admiral Sir J M De Halpert	Executive Chairman
Captain D C Glass	Deputy Chairman, Director of Navigational Requirements
Captain N R Pryke	Non-Executive
Commodore S J Scorer	Director of Operations

Nominees of the Secretary of State for Transport (DfT)

D A Coltman	Non-Executive
F C Bourne	Non-Executive
M J Gladwyn	Non Executive

Associate Member of the Corporation

J S Wedge	Director of Finance & Support Services

Secretary

J Price

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

Northern Lighthouse Board

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

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

In addition, the Commissioners may elect;

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

The ex-officio appointments are for duration of the occupancy of the qualifying office. Persons appointed under (d) and (e) above hold office for three years but may be re-appointed for further terms. The Commissioners have also agreed with the DfT that the Secretary of State will nominate one person for election under (e) above.

The membership of the Northern Lighthouse Board during 2008/09 was as follows:-

Law Officers for Scotland

The Rt Hon Elish Angiolini QC WS,	The Lord Advocate
Frank Mulholland QC	Solicitor General for Scotland

Sheriffs Principals of the Sheriffdoms of Scotland

Sheriff Principal Edward F Bowen TD QC	Sheriff Principal of Lothian & Borders
Sheriff Principal Bruce A Kerr QC	Sheriff Principal of North Strathclyde
Sheriff Principal R Alastair Dunlop QC	Sheriff Principal of Tayside, Central & Fife
Sheriff Principal Sir Stephen Young Bt QC	Sheriff Principal of Grampian, Highland and Islands
Sheriff Principal Brian Lockhart	Sheriff Principal of South Strathclyde, Dumfries and Galloway
Sheriff Principal James A Taylor	Sheriff Principal of Glasgow and Strathkelvin

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

Elected by the Commissioners	
Captain G Sutherland	Chairman
Captain K MacLeod	
P Mackay CB	
A Whyte	
Captain M Close	
J Ross CBE	

Nominated by the Secretary of State and elected by the Commissioners
Dr Andrew Cubie CBE FRSE

Lord Provosts	
Councillor Robert Winter	The Rt Hon Lord Provost of Glasgow
Councillor Reverend Dr George Grubb	The Rt Hon Lord Provost of Edinburgh
Councillor Peter Stephen	Lord Provost of Aberdeen

Convener of Highland Council
Councillor Sandy Park

Convener of Argyll & Bute Council
William Petrie OBE JP DL.

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

Senior management

Roger Lockwood CB	Chief Executive
Moray Waddell B.Sc.(Hons)	Director of Engineering
Captain Phillip Day	Director of Marine Operations
Douglas Gorman ACMA MIIA FIIA	Director of Finance and Administration

Commissioners of Irish Lights

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

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

The membership of the Board during 2008/09 was as follows:

Commissioners

Mr J Kidney, FCA	(Chairman)
Ms S M Tyrrell	(Vice Chairman)
Mr D W Delamer	(Deputy Vice Chairman)
Mr M A O'Neill	
Mr M W S Maclaran, B.A.	
Mr J Gore-Grimes, B.A., LL.B.	
The Lord Glentoran, C.B.E., D.L.	
Mr T C Johnson	
Ms M Gallagher	
Commodore J J Kavanagh	
Ms E Shanks	
Mr J Coyle	(Appointed 19 December 2008)

Ex-officio Commissioners (Representatives of Dublin City Council)	
The Lord Mayor Councillor P Bourke	(Resigned 25 June 2008)
The Lord Mayor Councillor E J Byrne	(Appointed 26 September 2008)
Councillor E Byrne	
Councillor D Flanagan	

Executive Members

The Board endorses and complies with the principle of separation of the roles of Chairman and Chief Executive. The Commissioners have appointed a Chief Executive and five Executive Heads of Departments to run the day-to-day activities of the Service:

Stuart Ruttle, M.A., B.A.I., PhD., C.Eng., F.R.I.N.	Chief Executive
Eur Ing Seamus Doyle BE CEng FIEE MRIN	Head of Engineering
Kieran O'Higgins MNI	Head of Marine
Martin Dyas, F.C.M.A.	Head of Corporate Services
John Burke, MSc (IT), BAgrSc (Econ)	Head of Information & Communication Technology

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

Remuneration Reports

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

Trinity House

TH has two remuneration committees:

Remuneration Committee

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

Membership of the Remuneration Committee is:-

D A Coltman
F C Bourne
M Gladwyn

Executive Remuneration Committee

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

Membership of the Executive Remuneration Committee is:

J S Wedge (Chairman)
Captain D C Glass
Commodore SJ Scorer

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

Remuneration Strategy

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

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

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

Pay Policy

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

Performance Related Pay System

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

Directors' Pay

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

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

- Job weight
- Market pay comparisons
- Performance

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

Directors' Service Contracts

The Executive Directors are employed on permanent Service Agreements which can be terminated without notice upon reaching retirement unless otherwise agreed in writing between the parties, or by the Executive Director serving 6 months notice to terminate the agreement of employment or the Corporation serving 12 months notice to terminate the agreement of employment.

Remuneration of Directors (Audited)

Name	Salary 2008/09	Benefits 2008/09	Salary 2007/08	Benefits 2007/08
	£'000	£	£'000	£
J M de Halpert	115-120	-	110-115	-
J S Wedge	95-100	2,824	95-100	5,008
D C Glass	85-90	258	80-85	225
S J Scorer	95-100	148	80-85	6,341
D A Coltman	05-10	3,160	05-10	895
N R Pryke	15-20	935	*15-20	376
F C Bourne	05-10	225	05-10	275
M Gladwyn	05-10	70	05-10	-

Salary figures include performance related pay.

The emoluments of Board Members (excluding the Executive Chairman) comprise:	2008/09 £'000	2007/08 £'000
Fees	45	44
Salaries	248	320
Performance Pay	37	35
Benefits in kind	3	17

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

* N.R Pryke receives remuneration as a Non Executive Director and as an Examiner. His salary also includes payments of £1,910 made by TH on behalf of The Corporation of Trinity House, which were subsequently re-charged.

The Executive Chairman's only emolument is a salary of £116,169 (2007/08 - £111,549) which included a performance related element of £15,484 (2007/08 - £16,125).

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

Non-Executive Director	Contract Start	Expiry Date	
Captain N R Pryke	25 January 2005	31 January 2011	(Contract renewed in 2008 for further 3 years)
D A Coltman	23 October 2001	22 October 2010	(Contract renewed in 2007 for further 3 years)
F C Bourne	20 July 2006	19 July 2010	
M Gladwyn	01 September 2007	31 August 2010	

Pensions (Audited)

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

	a Real Increase in pension £'000	b Real Increase in lump sum £'000	c Accrued Pension £'000	d Accrued Lump Sum £'000	e Cash Equivalent Transfer Value at 31 March 2008 £'000	f Cash Equivalent Transfer Value at 31 March 2009 £'000	g Real increase in Cash Equivalent Transfer Value £'000
J M de Halpert	0-2.5	-	10-15	-	214	259	35
J S Wedge	0-2.5	2.5-5	20-25	65-70	361	410	16
S J Scorer	0-2.5	-	0-5	-	20	48	23
D C Glass	0-2.5	-	10-15	-	241	274	24

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

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

Northern Lighthouse Board

Composition

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

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

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

Background

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

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 DfT.

Membership of the Remuneration Committee is:

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

Pay Approach

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

- Job Weight
- Market pay comparisons
- Performance

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

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

Remuneration of Executive Directors (Audited)

Name	Salary 2008/09	Benefits 2008/09	Salary 2007/08	Benefits 2007/08
	£'000	£	£'000	£
R Lockwood	90-95	-	90-95	-
D Gorman	80-85	-	80-85	-
M Waddell	75-80	-	75-80	-
P Day	65-70	-	20-25	-

Salary figures include performance related pay.

Executive Directors' Pensions

The executive directors are members of the Northern Lighthouse Board Pension scheme, which is an unfunded defined benefit scheme. Columns e and f of the below table show the Cash Equivalent Transfer Value (CETV) of the director's pension benefits accrued at the beginning and end of the reporting period. A CETV is the actuarially assessed capitalised value of the pension pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total pensionable service in the Northern Lighthouse Board pension scheme, not just their current appointment. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries. Column g reflects the real increase in the value of the CETV. It takes account of the increase in accrued pension due to inflation and contributions paid by the director and is calculated using common market valuation factors for the start and end of the period.

Pensions (Audited)

	a Real Increase in pension £'000	b Real Increase in lump sum £'000	c Total Accrued Pension £'000	d Total Accrued lump sum £'000	e Cash Equivalent Transfer Value at 31 March 2008 £'000	f Cash Equivalent Transfer Value at 31 March 2009 £'000	g Real increase in Cash Equivalent Transfer Value £'000
R Lockwood	2.5-5	-	0-5	-	54	83	29
D Gorman	0-2.5	2.5-5	10-15	40-45	272	298	21
M Waddell	0-2.5	0-2.5	20-25	45-50	346	351	9
P Day	10-15	-	10-15	-	23	122	105

Service contracts (Audited)

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

Remuneration of Commissioners (Audited)

Commissioners:

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

Each were paid total fees of £9,468 per annum and were eligible for an additional payment of £474 pro rata for each day exceeding 20 days in the year unless he/she is Chairman or Vice Chairman when a total fee of £18,936 and £12,624 respectively per annum is payable. The total amount paid in the year, including social security costs, was £76,392 (2007/08 - £67,870).

Co-opted Commissioners' remuneration is set by the Board as a whole on the advice of the DfT who approved an increase of 2.5% with effect from 1 April 2008.

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 2008/09 was a co-opted Commissioner and was therefore paid.

Commissioners are not members of the Northern Lighthouse Pension Scheme and are not entitled to receive compensation for loss of office. Commissioners are entitled to reclaim travel and subsistence costs at the same rates and under the same regulations that apply to employees.

The remuneration of the Commissioners is as follows:

Name	2008/09 £	2007/08 £
Captain G Sutherland	19,416	18,936
Dr A Cubie	12,948	12,624
Captain K Macleod	3,053	9,468
P Mackay CB	5,036	9,468
R Quayle	9,708	9,468
A Whyte	9,708	9,468
M Close	7,281	-
J Ross	4,854	-

Commissioners of Irish Lights

The Commissioners including the Chairman receive no remuneration.

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

CIL senior management pay and conditions are based on those in the Irish Civil Service. Pay determination is reserved to the DfT in consultation with the Irish Department of Transport.

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

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

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

Remuneration Committee

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

Membership of the remuneration committee is:

J Kidney FCA
D Delamer
S Ruttle
M O'Neill

Service Contracts

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

Remuneration of Executive Directors (Audited)

Name	Salary 2008/09 £'000	Salary 2007/08 £'000	Salary 2008/09 €'000	Salary 2007/08 €'000
S G R Ruttle	170-175	135-140	205-210	195-200
S Doyle	125-130	100-105	150-155	145-150
J J Hickey	-	15-20	-	20-25
K O'Higgins	110-115	90-95	135-140	125-130
M A Dyas	120-125	100-105	145-150	140-145
J M Burke	105-110	85-95	130-135	120-125

CIL Executive Directors are remunerated in the euro currency in line with rates of pay pertaining to senior civil servants in Ireland. The euro values are converted to sterling in the GLF accounts for comparison purposes. The resulting year on year figures as shown in sterling are therefore subject to fluctuations in the euro/sterling exchange rate over the period. This can distort the CIL remuneration figures when the euro/ sterling rates move significantly over the accounting period.

In recent years the impact of a weaker sterling versus euro exchange rate on the remuneration figures has created the perception of a significantly increasing level of remuneration to CIL Executives than is actually the case.

Pensions (Audited)

	a Real Increase in pension £'000	b Real Increase in lump sum £'000	c Total Accrued Pension £'000	d Total Accrued Lump Sum £'000	e Cash Equivalent Transfer Value at 31 March 2008 £'000	f Cash Equivalent Transfer Value at 31 March 2009 £'000	g Real increase in Cash Equivalent Transfer Value £'000
S G R Ruttle	7.5-10	25-27.5	70-75	220-225	1,708	1704	4
S Doyle	2.5-5	7.5-10	35-40	115-120	854	859	5
K O'Higgins	2.5-5	12.5-15	40-45	125-130	947	952	5
M A Dyas	2.5-5	10-12.5	35-40	110-115	849	860	11
J M Burke	2.5-5	-	15-20	-	193	203	10

Robert Devereux
Accounting Officer
28 January 2010

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

General Lighthouse Fund

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

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

In preparing these accounts the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual in particular to:

- Observe the requirements of the Merchant Shipping Act 1995, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards have been followed, as set out by the Government Financial Reporting Manual and disclose and explain any material departures in the financial statements; and
- Prepare the financial statements on a going concern basis.

The Accounting Officer for the DfT is also the Accounting Officer for the GLF. The responsibilities of Accounting Officers, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, and for keeping proper records and for safeguarding the GLF assets, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in "Managing Public Money".

Robert Devereux
Accounting Officer
28 January 2010

Statement on Internal Control

Scope of responsibility

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

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

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

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

The system of internal control supports the achievement of GLF policies, aims and objectives, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money. I carry out this responsibility in conjunction with the Boards of the individual General Lighthouse Authorities.

The purpose of the system of internal control

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

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. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Fund's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised and to manage them efficiently, effectively and economically. The processes detailed in the following paragraphs have been in place throughout the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk and the risk control framework

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

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

- A Framework Document incorporating (1) a Management Statement that sets out the relationships between the Secretary of State for Transport and the GLAs in matters of business; and (2) a Financial Memorandum that describes the financial regime that the Boards of the GLAs and DfT are to operate;
- Comprehensive budgeting systems with a Corporate Plan incorporating three years' budgets which are reviewed and endorsed by the Boards and Lights Finance Committee (LFC) for submission to the Secretary of State;
- Budgets delegated to the individual GLAs, which are reviewed by the respective Boards and the DfT;
- Setting targets and performance indicators to monitor performance;
- Guidelines on procedures for capital investment and the proper assessment of cost benefit analysis where appropriate;
- A system of formal project management disciplines which are applied to each major capital project; and
- Internal Audit.

Review of effectiveness

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

- Monthly reports from the two investment managers on investment performance;
- Investment Committee meetings, to review the performance of the investment portfolio;
- Daily Fund Valuation reports to monitor the fund level;
- Monthly reports from Trinity House on light dues income and trends;
- Weekly 12-week cash projection reports;
- Monitoring of the GLAs' delegated budgets;
- Ten-year forecasts of income and expenditure revised annually;
- A triennial actuarial valuation of the pension schemes, including a 20-year forecast of trends in expenditure; and
- An annual report to Ministers and the Lights Advisory Committee, the Minister's advisers on light dues and aids to navigation, on the Fund operation in support of the required level of light dues.

Key elements of the ongoing review of controls at the GLAs include :

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

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

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

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

Internal Audit Conclusion
The GLAs' established risk management, control and governance arrangements are generally working effectively, although control weaknesses in some areas and opportunities to improve working practices were identified during 2008/09.

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

Extra Territorial Waters

In order to meet their responsibilities with regard to AtoNs and Wreck Marking, the GLAs are required to operate outside of Territorial Waters. I have taken the view that no significant weaknesses in internal control were identified. The Government intends to take an early opportunity to clarify the statutory powers of the GLAs through the draft Marine Navigation Bill.

Robert Devereux
Accounting Officer
28 January 2010

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

I certify that I have audited the financial statements of the General Lighthouse Fund for the year ended 31 March 2009 under the Merchant Shipping Act 1995. These comprise the Income and Expenditure Account, the Statement of Recognised Gains and Losses, the Balance Sheet and the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and Auditor

The Accounting Officer is responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Merchant Shipping Act 1995 and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Accounting Officer's Responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with generally accepted accounting practice. I report to you whether, in my opinion, the information provided in the Management Commentary is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

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

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

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Fund's circumstances, consistently applied and adequately disclosed.

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

Opinions

In my opinion:

- the financial statements give a true and fair view of the state of the General Lighthouse Fund as at 31 March 2009, and of the deficit, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Merchant Shipping Act 1995; and
- information provided in the Management Commentary, included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria, London,SWIW 9SS
24 February 2010

INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 March 2009

	Notes		2008/09 £'000		2007/08 £'000
Income :					
Light Dues	2		69,581		67,452
Other operating income	3		3,814		3,719
Irish Government contribution	4		6,170		4,555
Grant income	1n		74		253
			79,639		75,979
Expenditure :					
Staff costs	5a	29,679		27,789	
Pensions	5b	7,845		7,135	
Amortisation	11	414		579	
Depreciation	12	9,546		9,156	
Other operating costs	7b	31,041		25,275	
Total Operating costs	7a		78,525		69,934
Operating surplus			1,114		6,045
Exceptional Item - Profit on disposal of CIL Head Office	8		-		18,382
Surplus on Operating Activities			1,114		24,427
Notional credit on capital	1k	5,138		5,235	
Interest on pension scheme liability	24	(21,952)		(17,430)	
Gain on sale of fixed assets	12	182		829	
Income from listed investments		2,589		2,253	
Loss/Gain on sale of listed investments		(4,790)		1,831	
Other interest receivable	10	923		1,370	
Interest payable		(2,560)		(1,965)	
			(20,470)		(7,877)
Net operating (deficit) / surplus			(19,356)		16,550
Reversal of notional credit on capital	1k		(5,138)		(5,235)
(Deficit) / Surplus for the financial year			(24,494)		11,315

All results are due to continuing activities

Statement of total recognised gains and losses

	Notes	2008/09 £'000	2007/08 £'000
(Deficit) / surplus for financial year		(23,494)	11,315
Unrealised deficit on Investments		(13,765)	(6,453)
Unrealised loss on revaluation of surplus property		(1,611)	(35)
Realised Revaluation on sale of revalued property		281	-
Increase in Government Grant Reserve		454	341
Actuarial gain	24	19,748	19,750
Net pension transfers	24	(102)	(57)
Total recognised (loss) / gain for the year		(19,489)	24,861

The notes on pages 36-54 form part of these accounts.

BALANCE SHEET
as at 31 March 2009

	Notes		2008/09 £'000		2007/08 £'000
Fixed Assets :					
Intangible assets	11		1,025		1,088
Tangible assets	12		145,576		147,606
Investments assets	13		952		1,065
Current Assets :					
Stocks	14	3,004		2,904	
Debtors	15	9,343		9,370	
Investments	16	57,099		74,837	
Cash at bank and in hand	17	21,030		29,750	
			90,476		116,561
Creditors : amounts falling due within one year	18		(13,909)		(13,468)
Net current assets			**76,567**		**103,093**
Total assets less current liabilities			**224,120**		**253,152**
Creditors: amounts falling due after more than one year	19		(46,836)		(49,196)
Provisions for liabilities and charges	23		(3,208)		(3,386)
Net assets excluding pension liabilities			**174,076**		**200,570**
Pension liabilities	24		(330,558)		(337,665)
Net liabilities			**(156,482)**		**(137,095)**
Financed by					
Reserves					
Accumulated Reserve	25		(150,941)		(146,476)
Property Revaluation Reserve	25		1,892		3,503
Investment Revaluation Reserve	25		(12,337)		1,428
Capital Grant Reserve	25		160		175
Government Grant Reserve	1n,25		4,744		4,275
Total			**(156,482)**		**(137,095)**

The notes on pages 36-54 form part of these accounts.

Robert Devereux
Accounting Officer
28 January 2010

CASH FLOW STATEMENT for the year ended 31 March 2009

	Notes	2008/09 £'000	2007/08 £'000
Net cash inflow from operating activities	a	3,732	24,062
Return on investments and servicing of finance	b	774	2,297
Capital Expenditure	c	(10,961)	(28,935)
Management of liquid resources	d	(816)	(2,366)
Financing	e	(3,813)	(3,648)
New Finance Lease		6	17,104
Exchange Difference		2,358	1,330
(Decrease) / Increase in cash		**(8,720)**	**9,844**

Reconciliation of net cash (out) / in flow to movement in net funds / (debt)

	2008/09 £'000	2007/08 £'000
(Decrease) / increase in cash	(8,720)	9,844
Cash outflow from lease financing	4,267	3,989
	(4,453)	**13,833**
New Finance Lease	(6)	(17,104)
Translation of Euro denominated lease	(2,358)	(1,330)
Net cash at 1 April	(22,518)	(17,917)
Net debt at 31 March	**(29,335)**	**(22,518)**

Notes to the cash flow statement

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

	2008/09 £'000	2007/08 £'000
Operating Surplus	1,114	24,427
Net pension expenditure	(15,309)	(14,256)
Current service cost	5,998	6,403
Amortisation	414	380
Depreciation	9,546	9,156
Reclassification of Capitalised Asset	941	-
(Increase) / Decrease in stock	(100)	(845)
Decrease / (Increase) in debtors	27	(1,502)
Increase / (Decrease) in creditors	1,279	412
Decrease in provisions	(178)	(113)
Net cash in flow from operating activities	**3,732**	**24,062**

Note b
Return on investments and servicing of finance

	2008/09 £'000	2007/08 £'000
Interest received	3,512	3,625
Interest paid	(2,738)	(1,328)
	774	**2,297**

Note c
Capital Expenditure

	2008/09 £'000	2007/08 £'000
Payments to acquire intangible fixed assets	(354)	(113)
Payments to acquire tangible fixed assets	(11,348)	(32,079)
Receipts from sale of tangible fixed assets	741	3,257
Movements in Trinitas investments	-	-
	(10,961)	**(28,935)**

Note d
Management of liquid resources

	2008/09 £'000	2007/08 £'000
Purchase of investments	(14,488)	(16,744)
Sale proceeds from investments	13,672	14,378
	(816)	**(2,366)**

Note e
Financing

	2008/09 £'000	2007/08 £'000
Capital element of finance lease rentals	(4,267)	(3,989)
Movement in Government Grant Reserves	469	356
Movement in Capital Grant Reserves	(15)	(15)
	(3,813)	**(3,648)**

Note f **Analysis of the changes in net debt**	**2007/08 £000**	**Forex £'000**	**Non Cash £000**	**Cash Flow £000**	**2008/09 £000**
Cash at bank	29,750	-	-	(8,720)	21,030
Finance leases	(52,268)	(2,358)	(6)	4,267	(50,365)
Net debt at 31 March 2009	**(22,518)**	**(2,358)**	**(6)**	**(4,453)**	**(29,335)**

Notes to the accounts for the year ended 31 March 2009

1. Accounting Policies

a) Accounting Convention

These accounts have been prepared in accordance with the 2008/09 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM follow UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector.

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

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

b) Going Concern

The balance sheet at 31 March 2009 shows net liabilities of £156,482. This reflects the inclusion of pension liabilities falling due in future years. The Secretary of State for Transport, with the agreement of the Treasury, issued a letter of comfort in December 2001 (see appendix 1). The letter states that in the unlikely event of insufficient money being available from the General Lighthouse Fund to pay pension liabilities, the Department will request funds from Parliament to make the necessary payments.

It has accordingly been considered appropriate to adopt a going concern basis for the preparation of these financial statements.

c) Intangible Assets

Computer Software has been capitalised and is amortised on a straight-line basis over the estimated useful economic life of between 3 to 5 years dependent on the expected operating life of the asset. Intangible Assets are shown at cost less amortisation. Amortisation is calculated on a monthly basis and is commenced in the month after original purchase or when the asset is brought into use and is continued up to the end of the month prior to disposal.

d) Pension Benefits

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

e) Tangible Fixed Assets and Depreciation

Fixed assets are shown at depreciated historic cost in line with the accounts direction for the GLAs.

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

Depreciation is calculated on a monthly basis and is commenced in the month after original purchase or when the asset is brought into use and is continued up to the end of the month prior to sale. Assets in the course of construction are not depreciated.

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

Categories	Depreciation Lives
Land & Buildings	
Land	Not Depreciated
Lighthouses (Building structure)	50 years
Lighthouse improvements	25 years
Other buildings	50 years
Tenders and Ancillary Craft	
Tenders	25 years
Tenders (Dry Dock and Repair)	From 24 months until next dry docking
Launches	15 years
Workboats	10 years
Lightvessels	
Lightvessel (Hulls)	50 years
Lightvessel (Hull conversions)	15 years
Lightvessel (Dry dock and repair)	5 years
Lanbys	25 years
Buoys and Beacons	25 years
Solarisation costs	10 years

Categories	Depreciation Lives
Plant and Machinery	
Lighthouses and Lightvessels	15 years
Automation equipment	15 years
Racons & Radio beacons	15 years
Depots & Workshops	10 years
Office Equipment	10 years
Vehicles	5 years
Computers - Major systems	5 years
Computers - Other	3 years
Assets held under a Finance lease	25 years being the expected useful life. (The primary lease period is less than this but a secondary period sufficient to cover the balance is available).

f) Stocks

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

g) Research and Development

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

h) Leasing Commitments

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

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

Rentals received under operating leases are credited to income.

i) Foreign Currency Transactions

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date (€/£ 1.0794). Transactions in foreign currencies are recorded at an average rate ruling during the period in which the transaction occurred. All differences are taken to the income and expenditure account.

During 2008/09, the value of sterling measured against the Euro fell from 1.2543 to 1.0794 (14%). The GLF has an exposure to exchange rate volatility resultant of the funding of CIL's net expenditure in Euros. The Department is actively seeking to mitigate this risk and is considering the suitability of a longer-term euro banking facility.

j) Taxation

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

k) Notional Credit on Capital

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

l) Irish Government Grant - Loran C

During the year 2008-09 a grant of €3,969 (£3,925) was received from the Irish Department of Transport in respect of the Loran-C Capital Project. The total advances were €1,268,816 (£1,175,483) at 31 March 2009.

m) Provisions

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

n) Government Grants

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

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

o) Investment Properties

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

Open market valuations have been completed in March 2009 at each of these properties by Graham & Sibbald, Chartered Surveyors. These properties are included in Balance Sheet at the open market valuation.

p) Investments

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

q) Financial Assets and Liabilities

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

Financial Assets

The GLF classifies its financial assets as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available-for sale. Such assets are initially recognised at fair value. Where material, they are subsequently measured at amortised cost using the effective interest method. The financial assets contained within the investment portfolio are classified as "Available for Sale Financial Assets", as such they are carried at fair value subsequent to initial recognition, unrealised gains and losses are deferred in reserves until they are realises 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 2009, no contracts contained embedded derivatives.

Determining Fair Value

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

2. Income from Light Dues

This includes £3.3m (2007/2008 £3.4m) light dues collected in the Republic of Ireland.

3. Other Operating Income

	GLF	TH	NLB	CIL	2008/09	2007/08
Rentals	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Property	-	222	40	232	632	457
Buoys	-	255	178	159	454	457
Other Commercial Income	-	-	187	-	187	137
Tender HIre	-	727	600	437	1,764	1,446
Tri GLA Research & Radio Navigation income	-	27	-	-	27	21
Sundry receipts	5	580	28	137	750	1,201
	5	**1,811**	**1,033**	**965**	**3,814**	**3,719**

4. Irish Government Contribution

The GLF income is supplemented by an annual contribution from the Irish Government under the terms of an agreement reached in 1985 for the sharing of certain costs incurred by CIL in the Republic of Ireland. The payment in respect of costs incurred in 2008/2009 was received in December 2009, net of a GLF liability to the Irish Government. This sum represents, after taking account of light dues the amount needed to meet 50% of the relevant expenditure in that year.

5. Costs

a) Staff Costs

	TH £'000	TH £'000	CIL £'000	2008/09 £'000	2007/08 £'000
Wages & Salaries	10,708	6,679	9,845	27,232	25,613
Social Security costs	849	526	775	2,150	1,993
Redundancy	555	2	-	557	138
Annual Compensation Payments	(166)	14	2	(150)	(52)
Total staff costs	**11,949**	**7,221**	**10,622**	**29,789**	**27,692**
Costs capitalised in fixed assets	(79)	-	(478)	(557)	(419)
Agency and Temporary staff	143	217	87	447	516
Charged to Income and Expenditure account	**12,010**	**7,438**	**10,231**	**29,679**	**27,789**

b) Pension Costs

	TH £'000	NLB £'000	CIL £'000	2008/09 £'000	2007/08 £'000
Operating costs	2,648	1,514	2,160	6,322	6,403
Employer's contribution to other pension schemes	3	1,520	-	1,523	732
Total	**2,651**	**3,034**	**2,160**	**7,845**	**7,135**

Employer's contributions to other pension schemes relate predominantly to the Merchant Navy Officers Pension Scheme, (see note 24)

c) The Average Monthly Number Of Employees During The Year

	TH	NLB	CIL	2008/09 £'000	2007/08 £'000
Lighthouse Attendants*	-	61	71	132	137
Light Floats	-	-	-	-	4
Tenders	99	66	32	197	204
Depots & Workshops	194	37	130	361	296
Head Office	27	99	-	126	190
Coast Tradesmen	-	-	25	25	23
Total	**320**	**263**	**258**	**841**	**854**
Part time staff included in above*	11	73	73	157	170

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

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

	TH	NLB	CIL	2008/09	2007/08
Temporary Staff	6.7	4.3	1.0	12.0	15.4

6. Operating Surplus

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

	TH £'000	NLB £'000	CIL £'000	2008/09 £'000	2007/08 £'000
Vehicles	-	41	25	66	41
Helicopters	397	460	790	1,647	1,224
Land & Buildings	89	-	42	131	102
Boat Hire	332	-	-	332	372
	818	**501**	**857**	**2,176**	**1,739**

7a). Total Operating Costs

	TH £'000	NLB £'000	CIL £'000	2008/09 £'000	2007/08 £'000
Lighthouses	3,191	2,285	5,638	11,114	8,661
Lightvessels	322	-	56	378	273
Buoys and Beacons	1,651	98	529	2,278	2,320
Heliports	5	-	-	5	5
Lanbys	-	-	239	239	76
Tenders	7,461	5,000	2,468	14,929	13,371
Depots & Workshops	8,764	2,650	4,931	16,357	15,152
Head Office	2,043	4,914	3,160	10,117	10,187
Stores Write Off	26	12	-	38	-
Salary Costs capitalised	-	-	478	478	348
Redundancy	573	2	-	575	(48)
Running Costs	**24,036**	**14,961**	**17,500**	**56,497**	**50,394**
Depreciation	3,631	3,625	2,291	9,547	9,146
Amortisation	316	80	18	414	380
Pension costs	2,485	3,083	2,160	7,728	6,465
Capitalised pay excluded from operating costs	-	-	(478)	478	(348)
Impairment	-	-	-	-	209
Provisions for liabilities and charges	-	(49)	-	(49)	783
Total	**30,468**	**21,700**	**21,491**	**73,659**	**67,029**
GLF Costs					
Fund management				252	345
Light dues collection costs				639	678
Lighthouses abroad (Pension costs)				44	43
Research & development				911	812
Special Sanctioned R&D ie Galileo & eloran				825	613
Sombrero				2	2
Administration expenses of the Secretary of State				154	118
GLA Ship Review				80	-
Actuarial valuation				25	25
Provision for bad debts				(2)	29
Audit fee				126	131
Loss on foreign exchange translation				256	(335)
Wreck Removal				1,555	444
Total				**78,525**	**69,934**

7b). Other Operating Costs

	TH £'000	NLB £'000	CIL £'000	GLF £'000	2008/09 £'000	2007/08 £'000
Communications	519	322	251	-	1,092	1,048
Services & Energy	2,761	1,245	1,842	-	5,848	5,965
Travel & Subsistence	708	1,091	1,207	-	3,006	2,597
Helicopter Costs	748	735	1,122	-	2,605	2,278
Premises, Repairs & Maintenance	2,079	2,223	1,577	-	5,879	4,314
Ship & Boat Costs	3,316	1,069	793	-	5,178	3,842
Wreck Removal	-	-	-	1,555	1,555	444
Others	2,562	838	-	2,478	5,878	7,787
Total	**12,693**	**7,523**	**6,792**	**4,033**	**31,041**	**25,275**

8. Exceptional Item - Profit on Disposal of CIL Headquarters

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

9. Interest Receivable

TH £'000	NLB £'000	CIL £'000	GLF £'000	2008/09 £'000	2007/08 £'000
36	12	-	875	923	1,370

10. Interest Payable on Finance Leases for:

THV Galatea £'000	THV Alert £'000	NLV Pharos £'000	NLV Pole Star £'000	ILV Granuaile £'000	2008/09 £'000	2007/08 £'000
818	163	840	351	388	2,560	1,965

11. Intangible Fixed Assets

	Intangible Software £'000	Intangible Licences £'000	Assets in the Course of Construction £'000	Total £'000
Costs				
Balance at 01/04/08	1,971	150	41	2,162
Additions	353	-	1	354
Transfers	53	-	(42)	11
Disposals	(68)	-	-	(68)
Balance at 31/03/09	**2,309**	**150**	**-**	2,459
Amortisation				
Balance at 01/04/08	1,061	13	-	1,074
Provided during the year	407	7	-	414
Disposals	(54)	-	-	(54)
Balance at 31/03/09	**1,414**	**20**	**-**	**1,434**
Net book value				
at 01/04/08	910	137	41	1,088
at 31/03/09	**895**	**130**	**-**	**1,025**

Impairment losses recognised in the Income and Expenditure Account for the year ended 2008/09 were Nil (2007/08 £198,749) and are included within amortisation. The loss relates to Trinity House and in particular the development of the link between the finance system and the Maintenance Management System which proved to be incompatible and was subsequently curtailed.

	2008/09 £'000	2007/08 £'000
Amortisation	414	380
Impairment	-	199
Total	**414**	**579**

12. Tangible Fixed Assets

Costs	Land & Buildings Ongoing	Land & Buildings Surplus	L' Vessels / Lanbys	Tenders Ancillary & Craft	Buoys & Beacons	Plant & Equipment	IT Equipment	Work in Progress	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 01/04/08	66,054	2,497	8,541	80,195	12,341	69,905	3,334	4,389	247,256
Additions	1,310	-	226	856	437	3,094	189	4,119	10,231
Reclassification	(2,575)	508	-	-	-	-	-	1,126	(941)
Disposals	(312)	(360)	(236)	(12)	(56)	(1,774)	(92)	-	(2,842)
Revaluation	-	(1,226)	-	-	-	-	-	-	(1,226)
Transfers	870	-	-	-	6	2,027	127	(3,041)	(11)
Balance at 31/03/09	**65,347**	**1,419**	**8,531**	**81,039**	**12,728**	**73,252**	**3,558**	**6,593**	**252,467**
Depreciation									
Balance at 01/04/08	16,598	59	7,531	24,304	5,623	43,309	2,226	-	99,650
Provided during the year	1,681	0	274	2,944	676	3,562	409	-	9,546
Reclassification	51	(59)	-	-	-	-	-	-	(8)
Disposals	(298)	-	(236)	(4)	(9)	(1,663)	(87)	-	(2,297)
Revaluation	-	-	-	-	-	-	-	-	-
Balance at 31/03/09	**18,032**	**-**	**7,569**	**27,244**	**6,290**	**45,208**	**2,548**	**-**	**106,891**
Net book value at 01/04/08	49,456	2,438	1,010	55,891	6,718	26,596	1,108	4,389	147,606
Net book value at 31/03/09	**47,315**	**1,419**	**962**	**53,795**	**6,438**	**28,044**	**1,010**	**6,593**	**145,576**

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

	Tenders & Craft			
Leased Assets included in above	**TH £'000**	**NLB £'000**	**CIL £'000**	**Total £'000**
Depreciation charged for the year	886	1,189	688	2,763
Net book value at 31st March 2009	**20,716**	**22,114**	**9,597**	**52,427**

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

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

Revalued Assets

The Miranda Building, 35/36 West Street and 7 Church Street, which all formed part of the old Harwich offices became surplus in 2005/06 and were revalued at Open Market Value in that year. These values have been reviewed as at March 2009 resulting in revaluations of the Miranda Building to £250,000 (2007/08 £550,000), and West Street to £100,000 (2007/08 £270,000) and Church Street to £110,000 (2007/08 £325,000).

The Mermaid Building which also formed part of the old Harwich offices, became surplus during 2006/07 and was revalued at Open Market Value in that year. This value has been reviewed as at 31st March 2009 resulting in decrease in valuation to £310,000 (2007/08 £750,000).

The Penzance Depot became surplus in 2004/05 and was revalued in that year at Open Market Value. The valuation has been reviewed as at 31st March 2009 resulting in a revaluation to £650,000 (2007/08 £750,000).

The valuation for the Penzance depot was carried out by Mr S A Sly BSc (Hons) MRICS on behalf of Charterwood Ltd in accordance the Practice Statements and Guidance Notes set out in the RICS Appraisal and Valuation Standards 6th Edition dated 1 January 2008 (as amended), published by the Royal Institution of Chartered Surveyors.

The valuations for all other surplus properties were carried out externally by Mr R E Weston BSc (Est. Man) FRICS on behalf of Whybrow Chartered surveyors as at 31st March 2009, in accordance with the Practice Statements and Guidance Notes set out in the RICS Appraisal and Valuation Standards published by the Royal Institution of Chartered Surveyors. Full valuations were undertaken for each of the sites.

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

	2008/09 Penzance £'000	2008/09 Miranda £'000	2008/09 West Street £'000	2008/09 Church Street £'000	2008/09 Mermaid £'000
Cost	5	75	37	1	501
Depreciation	(4)	(59)	(36)	-	(236)
Net book value	**1**	**16**	**1**	**1**	**265**

	2007/08 Penzance £'000	2007/08 Miranda £'000	2007/08 West Street £'000	2007/08 Church Street £'000	2007/08 Mermaid £'000
Cost	5	75	37	1	501
Depreciation	(4)	(57)	(36)	-	(226)
Net book value	**1**	**18**	**1**	**1**	**275**

Lighthouse Cottages

Trinity House own 39 cottages of which 37 are currently leased to Trinitas Services Ltd. With the automation of the lighthouses, THLS disposed of all stand alone cottages, but retained cottages which were attached to or formed part of a lighthouse complex. It is considered that these Cottages which have been retained are 'day markers' or are necessary to retain for future operational requirements of the site ie to guarantee future access, and as such are considered to continue to be an operational requirement of the service and have therefore been valued at historic cost less depreciation in line with all other assets.

The Northern Lighthouse Board own 9 cottages which are not required to fulfill a 'day marker' role and are retained solely for holiday rentals. These holiday cottages have therefore been treated in accordance with SSAP 19: Accounting for Investment properties and are accordingly revalued to open market value.

Gain On Sale Of Fixed Assets

A gain on the sale of fixed assets of £182,000 was incurred during the year. This relates mainly to the sale of the Great Yarmouth depot.

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

	31/03/09 £'000	31/03/08 £'000
Irish Government - Loran C Project	1,176	1,008
European Union - DGPS	6	7
European Union - Interreg AIS equipment	1,106	945
UK Government - Harwich Depot	2,456	2,315
	4,744	**4,275**

13. Investment Assets

	31/03/09 £'000	31/03/08 £'000
Holiday Cottages		
As at 1 April 2008	1,065	970
Additions	-	-
Depreciation	(7)	(7)
Revaluations	(106)	102
Write Downs	-	-
Total as at 31 March 2009	**952**	**1,065**

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

14. Stocks

	TH £'000	NLB £'000	CIL £'000	31/03/09 £'000	31/03/08 £'000
Total	**1,994**	**494**	**516**	**3,004**	**2,904**

15. Debtors

	GLF £'000	TH £'000	NLB £'000	CIL £'000	31/03/09 £'000	31/03/08 £'000
Trade debtors	6,551	284	89	59	6,983	6,861
Long term debtors	-	100	-	-	100	300
Other debtors	-	138	-	161	299	498
Prepayments and accrued income	167	390	294	276	1,127	1,158
VAT recoverable	-	335	168	331	834	553
	6,718	**1,247**	**551**	**827**	**9,343**	**9,370**

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

	GLF £'000	TH £'000	NLB £'000	CIL £'000	31/03/09 £'000	31/03/08 £'000
Central Government	-	335	179	-	514	297
NHS Trusts	-	-	-	-	-	-
Local Authorities	-	14	2	-	16	-
Public Corporations	-	-	13	-	13	7
Intra-Government Balances	**-**	**349**	**194**	**-**	**543**	**304**
Bodies external to Government	7,967	898	357	827	8,800	9,066
Total	**7,967**	**1,247**	**551**	**827**	**9,343**	**9,370**

16. Investments

	BG £'000	MC £'000	Total £'000
Cost			
01/04/2008	29,863	43,546	73,409
Additions	5,842	8,646	14,488
Disposals	(6,610)	(11,851)	(18,461)
31/03/2009	**29,095**	**40,341**	**69,436**

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

In addition cash is held by HSBC Liquidity Funds of , £14.3m Sterling cash reserve, £0.2m, Euro cash reserve, Bank of Ireland £0.3m, Baillie Gifford of £0.4m and Martin Currie of £2.5m, totalling £17.7m (2007/08 £25.3m). The capital accounts are included as cash in the balance sheet and are used as capital reserves for investments.

The market value of the investments are as follows

	BG £'000	MC £'000	31/03/09 £'000	31/03/08 £'000
Government securities	6,920	2,420	9,340	10,260
Equities	19,397	28,362	47,759	64,577
	26,317	**30,782**	**57,099**	**74,837**

The movement in revaluation reserve is reflected in note 25.

17. Cash at Bank and in Hand

	31/03/09 £'000	31/03/08 £'000
Balance at 1 April 2008	29,750	19,906
Net Changes in Cash Balances	(8,720)	9,844
Balance at 31 March 2009	**21,030**	**29,750**
Represented by cash held by the following:		
Commissioners of Irish Lights	222	138
General Lighthouse Fund	17,743	25,324
Northern Lighthouse Board	193	270
Trinity House	100	868
Trinity House Light Dues	2,772	3,150
Balance at 31 March 2009	**21,030**	**29,750**

18. Creditors: Amounts falling due within one year

	GLF £'000	TH £'000	NLB £'000	CIL £'000	31/03/09 £'000	31/03/08 £'000
Trade creditors	-	878	821	1,721	3,420	3,543
Other creditors	174	96	33	58	361	121
Taxes and social security costs	-	369	225	300	894	804
Accruals	76	2,852	880	1,873	5,681	5,901
Obligations under finance leases	-	1,083	1,141	1,315	3,539	3,085
Bank Overdraft	14	-	-	-	14	14
	264	**5,278**	**3,100**	**5,267**	**13,909**	**13,468**

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

	GLF £'000	TH £'000	NLB £'000	CIL £'000	31/03/09 £'000	31/03/08 £'000
Central Government	-	369	274	21	664	583
NHS Trusts	-	-	-	-	-	-
Local Authorities	-	-	1	-	1	1
Public Corporations	-	-	296	-	296	1
Intra-Government Balances	**-**	**369**	**571**	**21**	**961**	**585**
Bodies external to Government	264	4,909	2,529	5,246	12,948	12,883
Total	**264**	**5,278**	**3,100**	**5,267**	**13,909**	**13,468**

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

	TH £'000	NLB £'000	CIL £'000	31/03/09 £'000	31/03/08 £'000
Obligations under finance leases (note 20)	18,028	21,251	7,547	46,826	49,183
Other creditors	-	-	10	10	13
	18,028	**21,251**	**7,557**	**46,836**	**49,196**

20. Obligations under Finance Leases

Amounts payable:	TH £'000	NLB £'000	CIL £'000	31/03/09 £'000	31/03/08 £'000
Within one year	1,083	1,141	1,315	3,539	3,085
In one to two years	1,133	1,202	1,376	3,711	3,251
In two to five years	3,725	4,005	4,522	12,252	10,832
Over five years	13,170	16,044	1,649	30,863	35,100
	19,111	**22,392**	**8,862**	**50,365**	**52,268**

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

Trinity House vessels:	**THV Galatea**	**RIV Alert**
Length of lease	15 years	15 years
Year commenced	2007	2006
Outstanding lease period	13 years	12 years
Frequency of payments	1/2 yearly	1/2 yearly
Average rate charged 2008/09	5.61%	5.13%
Average rate charged 2007/08	5.99%	5.13%

The Northern Lighthouse Board vessels:	**NLV Pharos**	**NLV Pole Star**
Length of lease	15 years	25 years
Year commenced	2007	2000
Outstanding lease period	13 years	17 years
Frequency of payments	1/2 yearly	1/2 yearly
Average rate charged 2008/09	5.38%	4.71%
Average rate charged 2007/08	5.44%	5.14%

The Commissioners of Irish Lights vessel:	**ILV Granuaile**
Length of lease	15 years
Year commenced	1999
Outstanding lease period	7 years
Frequency of payments	1/2 yearly
Average rate charged 2008/09	4.59%
Average rate charged 2007/08	4.59%

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

21. Obligations under Operating Leases

Annual commitments under non-cancellable operating leases are as follows:	TH £'000	NLB £'000	CIL £'000	31/03/09 £'000	31/03/08 £'000
Leases expiring					
Within one year					
Land & Buildings	-	13	-	13	12
Other	103	31	-	134	451
Total	**103**	**44**	**-**	**147**	**463**
Within two to five years					
Land & Buildings	-	15	-	15	20
Other	420	614	25	1,059	1,341
Total	**420**	**629**	**25**	**1,074**	**1,361**
After five years					
Land & Buildings	89	7	46	142	2,958
Other	-	-	1,181	1,181	7,336
Total	**89**	**7**	**1,227**	**1,323**	**10,294**

22. Capital Commitments

	TH £'000	NLB £'000	CIL £'000	31/03/09 £'000	31/03/08 £'000
Amounts contracted for but not provided in the accounts	**1,415**	**803**	**396**	**2,614**	**2,218**

23. Movement in Provisions for Liabilities and Charges

	ACP £'000 (i)	Restructuring Provision £'000 (ii)	MNOPF £'000 (iii)	Republic of Ireland Contribution £'000 (iv)	Redundancies £'000 (v)	Total £'000
Opening balance as at 1 April 2008	904	406	613	1,075	388	3,386
Charged in I & E on ordinary activities	(11)	76	1,500	-	235	1,800
Provisions utilised during the year	(201)	(314)	-	(1,249)	(384)	(2,148)
Provisions not utilised and written back	-	(13)	-	-	-	(13)
Foreign exchange translation	7	-	2	174	-	183
Provision at 31 March 2009	**700**	**155**	**2,115**	**-**	**239**	**3,208**

The General Lighthouse Fund has provided for

i) Annual Compensation payments - the actuarially calculated estimate for the future liabilities for ACP's that are compensation payments until Age 60 and receipt of normal pension benefits.
ii) Restructuring costs - the estimated redundancy costs as a result of restructuring NLB and TH.
iii) Additional Contributions to the Merchant Navy Officer Pension Fund - provision for actuarially calculated estimate of liability due under the occupational pension schemes (employer debt) amendment and pension protection fund (multi employer and entry rules) (amendment) regulations 2007 ("section 75 debt").
iv) Provision to repay The Republic of Ireland Government contribution to The Dun Laoghaire redevelopment has been offset against the 2008/09 Republic of Ireland Government annual contribution.
v) Redundancies - the estimated redundancy costs as a result of changing from the THV Mermaid to the new THV Galetea and redundancies as a result of a re-organisation within Trinity House Operations, Planning and Asset Management Directorate. It is expected that 100% of the provision will be incurred in 2009/10.

24. Pension Commitments

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

The schemes fall within the definitions of a "Public Service Pension Scheme" in Section 66 of the Social Security Act 1975 and are not required to be separately funded. The schemes are operated, for employees who joined the scheme before 1 October 2002, on a non-contributory basis. There is a facility for employees to make additional contributions in respect of benefits for widows and children and added years; these are also defined benefits and unfunded. Employees who joined the scheme after 1 October 2002 contribute 3.5% of pensionable elements of pay and may also make voluntary contributions for the purchase of added years service.

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

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

i) Payments to pensioners / spouses / children for the financial year under review;

ii) Lump sums paid to new pensioners and preserved lump sums coming into effect during the year;

iii) Annual compensation payments (ACP) paid to those members who are made redundant in advance of normal retirement age (60); and

iv) Accrued benefits due to employees who leave and who opt to have such benefits transferred to another scheme;

v) Injury benefits;

vi) Refunds of spouses' pension contributions at leaving and/or age 60/65.

Reduced by:

a) Contributions made by employees during the year in respect of spouses and dependant relatives and added years;

b) Accrued benefits transferred from other pension schemes in respect of new employees.

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

The GLAs obtain professional actuarial valuations at 3 yearly intervals which are updated each year for FRS 17 purposes. The last valuation was completed in September 2008, valued as at 31 March 2008.

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

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

The accumulated liability for the General Lighthouse Fund in respect of all current employees was in the order of £106m. The estimated liability for pensions in payment and deferred pensions of former employees of the General Lighthouse Fund was £282m. The actuary used Projected Unit Credit Method and a best estimate approach of future experience ie one that includes no margin for caution. The valuation assumed the following return / investment rates.

	NLB	TH	CIL
Price Inflation	2.75%	2.75%	2.75%
Salary Growth	3.75%	3.75%	3.75%
Pre-retirement Investment return	6.04%	6.04%	6.04%
Rate of Increase to pensions in deferment	2.75%	2.75%	2.75%

The actuary's updated estimate of the liability of ACPs at 31 March 2009 is £700,000.

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

		31/03/09 £'000	31/03/08 £'000
Active members		91,763	91,775
Deferred pensioners		44,307	48,548
Pensioners		194,488	197,342
Total liability at projected unit method		330,558	337,665
	£'000	**£'000**	
Scheme liability at 31 March 2008			337,665
Current service cost		5,998	
Curtailment Losses		578	
Interest on pension scheme liability		21,952	
			28,528
Benefits payable			
Pensions or annuities to retired employees and dependants	(15,603)		
Commutations and lump sum benefits:			
On retirement	(921)		
On early retirement	(159)		
On death	(149)		
Injury benefits	(28)		
		(16,860)	
Pension payments to and on account of leavers			
Refunds to members leaving service	(40)		
Group transfers to other schemes	-		
Individual transfers to other schemes	(190)		
Club Transfers	(3)		
		(233)	
			(17,093)
Income received in respect of enhancements			
Employees:			
Purchase of added years	434		
WPS contributions	568		
Employers:			
Bringing forward the payment of accrued lump sums	-		
Enhancement to pensions on departure	-		
Enhancement to pensions on retirement	-		
		1,002	
Pensions transfers in			
Group transfers in from other schemes			
Individual transfers in from other schemes	99		
Club Transfers	105		
		204	
			1,206
Actuarial gains and losses			
Experience arising on scheme liabilities			
Changes in assumptions underlying the present value of Scheme liabilities	(19,748)		
Impact of change in exchange rate			
		(19,748)	
			(19,748)
Scheme liability at 31 March 2009			**330,558**

Opening balance	337,665
Closing balance	330,558
	(7,107)

Operating cost	6,576
Financing cost	21,952
Net benefit outgo	(15,887)
Statement of recognised gains and losses	(19,748)
	(7,107)

	31/03/09	31/03/08	31/03/07
Experience Gains and Losses on Scheme Liabilities			
Amount	-	1,115	(1,206)
Percentage of the present value of Scheme Liabilities	0.00%	0.3%	0.3%
Total Amount Recognised in statement of total recognised gains and losses			
Amount	19,748	19,750	(31,969)
Percentage of the present value of Scheme Liabilities	5.9%	5.8%	(9.2%)

The DfT has reported the contingent liability for the General Lighthouse Authorities' pensions in it's own resource accounts for 2008/2009 of £330.6m.

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

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

Merchant Navy Officers' Pension Fund

The GLAs are Participating Employers of the Merchant Navy Officers' Pension Fund (MNOPF) which is a defined benefit scheme providing benefits based on final pensionable salary. The MNOPF has a deficit of £151,000,000 identified in an actuarial valuation as at 31 March 2006. 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 a Participating Employer, the Board can be required to contribute to the deficit. The hearing of this matter took place between 8th and 11th March 2005 and the judgement was handed down by MrJustice Patten on 22nd 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 2008/09 the GLAs paid £11,000 in employer's contributions (2007/08 £146,000), to the MNOPF. NLB has made a provision for the liability arising under section 75 of the Pensions Act 1995 when the last active members cease employment with the Board.

25. Reserve Movements

a) Accumulated Reserve	Accumlated Reserve £'000	Property Revaluation £'000	Investment Revaluation £'000	Deferred Govt.Grant £'000	Capital Grant £'000	Total £'000
Opening balance as at 1 April 2008	(146,476)	3,503	1,428	4,275	175	(137,095)
Added during the year	281	(1,611)	(13,765)	469	-	(14,626)
Actuarial gain	19,749	-	-	-	-	19,749
Transfer from / to income & expenditure account	(24,494)	-	-	-	(15)	(24,509)
Closing Balance as at 31 March 2009	**(150,941)**	**1,892**	**(12,337)**	**4,744**	**160**	**(156,482)**

The balance on the Accumulated Reserve is analysed as follows:	31/03/09 £'000	31/03/08 £'000
Accumulated Reserve excluding pension liability	179,617	191,189
Pension Liability	(330,558)	(337,665)
Accumulated Reserve	**(150,941)**	**(146,476)**

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

UK Government Grants	2,456	2,315
Republic of Ireland Government Grants	1,176	1,008
European Union Grants	1,113	952
Government Reserve	**4,744**	**4,275**

26. Post Retirement Benefits

In common with many employers the General Lighthouse Authorities have paid for career counselling and advice for staff made redundant under restructuring.

27. Contingent Liabilities

Protection and Indemnity

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

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

The mutual method of insuring these risks includes a re-insurance programme and the pooling arrangements of the International Group. However, in common with all members of International Group Clubs, the GLAs could be liable for additional premium payments (Supplementary Calls) to cover any claims which cannot be met from funds available. The Standard Club has closed the years up to and including 2005/06 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 2007/08 and 2008/09. As a result the GLAs have made no provision in the Accounts.

Activity outside of Territorial Waters

In order to carry out their duties in relation to providing AtoNs and Wreck Marking around the coast of the United Kingdom and the Republic of Ireland the GLAs operate in extra territorial waters. To the best of their knowledge they have no contingent liabilities in respect of these activities.

eLoran VT Contract

On 31st May 2007, a contract was signed for the provision of a UK and Irish Enhanced LORAN Signal-In-Space as part of a European Enhanced LORAN service. Broadcasting from Anthorn in Cumbria, the quarterly cost to the GLAs of this service is £93,783 increasing to £158,041 per quarter from 1st October 2022 onwards.

The contract covers two phases, totally a period from 31st May 2007 to 1st October 2022. The GLAs have reserved the right to terminate the contract, at their sole discretion at the end of the first phase, on or about 1st October 2010. If this option is pursued, the GLAs will be liable for a cost of £1,139,130. If they do not exercise this option, the repayment liability will diminish, on a quarterly basis from £3,173,264 if terminated during the October – December 2010 to zero at the end of the contract.

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

Merchant Navy Officers Pension Fund

As a Participating Employer in the Merchant Navy Officers Pension Fund the GLAs may be required to make a further contribution to fund the deficit from the valuation as at 31 March 2009. This additional payment would be a share of the deficit that remains after the first call for payments from Participating Employers in September 2007. The GLAs cannot make a reliable estimate of the amount and is therefore not able to make a provision in the Accounts.

Lighthouse Estate

As a result of regular surveys the Directors of Trinity House recognise that there is a raised degree of risk at a number of stations that may demand a currently unquantified level of future investment. These stations are Nab Tower, Orfordness, St. Catherines, Flamborough Head and Hartland Point. The total cost of work required at these stations is estimated at between £12.55m and £17.25m, however due to the uncertain nature of these events no provision has been made in the accounts.

28. Related Parties

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

The Authorities and DfT are regarded to be related parties.

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

Trinitas Services Ltd

Trinity House has entered into an agreement to lease lighthouse cottages to Trinitas Services Limited, a wholly owned subsidiary of the Corporation. The agreement provides for some 34 lighthouse cottages at 14 locations to be leased to Trinitas for 25 years. Trinitas 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 6 lighthouse cottages at the Lizard, and entered into an agreement to lease them to Trinitas Service Ltd for 20 years commencing February 2002, with an effective possession date of 14th December 2006. Trinitas has entered into a contract with Mullion Cottages to let them as holiday cottages.

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

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

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

	31/03/09 £'000	31/03/08 £'000
Opening Balance	300	300
Repaid during year	(200)	-
Closing Balance	**100**	**300**

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

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

Corporation of Trinity House

The Corporation of Trinity House owns Trinity House Tower Hill and provides rent free accommodation for the use of TH. TH reimburses the Corporation for service charges in proportion to the floor area occupied. During 2008/09 TH paid £269,729 to The Corporation of Trinity House in respect of service charges incurred in using office space and facilities at Trinity House, London (£256,722 in 2007/08).

Conversely, the Corporation of Trinity House reimburses TH for the provision of services during the year. The Corporation paid £101,440 to TH in respect of these services during the year (£75,989 in 2007/08).

East of England Development Agency

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

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

During 2006/07 the project was deemed complete for EEDA purposes and TH received the final grant funding of £250,000 from EEDA. No further funding has been received in 2008/09.

Heritage Lottery Fund

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

In March 2007 a grant of £394,000, or 61% of the total estimated project cost of £649,752 was awarded to develop the Lizard Heritage Centre. As at 31st March 2009, £214,354 had been received in relation to this grant.

Black Bequest

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

The North Ronaldsay Trust

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

Scotland's Lighthouse Museum Ltd

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

Department of Transport (Republic of Ireland)

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

29. Post Balance Sheet Events

On 1 July 2009 Light Dues in the UK were increased from 35p to 39p per net registered ton (nrt) with an uplift in the annual cap on chargeable voyages from 7 to 9. The Statutory Instrument (SI) also allows for a further increase in light dues from 1 April 2010 from 39p to 43p per nrt together with a tonnage cap revision from 35,000 to 40,000 nrt.

As at 30 November 2009, the GLF's investment portfolio was valued at £70.0m, an increase of £12.9m from the year end valuation carried in these accounts.

On 1 August 2009 Light Dues in the Republic of Ireland were increased from 52 cents per nrt to 57 cents per nrt and the annual cap on chargable voyages was increased from 7 to 9.

30. Financial Instruments

Financial Reporting Standard 29 - Financial Instruments Disclosures (FRS 29) requires disclosure of the role which Financial Instruments have had during the year in creating or changing the risks the GLAs face in undertaking their activities. Because of the largely non trading nature of their activities and the method of funding from the General Lighthouse Fund, they are not exposed to the degree of financial risk faced by other business entities. The GLAs have borrowing powers under the Merchant Shipping Act 1995 but very limited powers to invest in surplus assets / funds.

As permitted by FRS 29, debtors and creditors which mature or become payable within 12 months of the Balance Sheet date have been omitted from the profile.

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

Liquidity Risk

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

Interest Rate Risk

Trinity House

Trinity House 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 9th August 2006 and therefore exposes no risk.
The interest rate for the finance lease for the THV Galatea was fixed on 24th December 2008 and therefore exposes no risk.

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

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

Northern Lighthouse Board

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

The Board 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.

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

Currency Risks

The introduction of the Euro account in London where Euro income is retained for CIL General Lighthouse Fund advances has reduced the level of currency exposure. The balance held as at 31 March 2009 was £0.2M.

Fair Values

Set out below is a comparison by category of the book values and fair values of the Fund's financial assets and liabilities as at 31 March 2009

	Book value £'000	Fair Value £'000
Financial Assets		
Investments	69,436	57,099
Cash at bank and in hand	21,030	21,030
Bank Guarantees	400	400
Loan to Trinitas Services Ltd	100	100
Financial Liabilities		
Finance lease obligations	50,365	51,058

31. Third Party Assets

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

32. Losses

Obsolete stock amounting to £38,000 was written off during the year.

33. Further Information

a) Number of fixed assets:

	TH	NLB	CIL	31/03/09	31/03/08
Lighthouses	70	213	80	363	363
Lightvessels	12	-	0	12	13
Lightfloats	2	-	-	2	2
Lanby Buoys	0	-	2	2	2
Buoys & Beacons	710	242	192	1,144	1,132
Tenders & Ancillary Craft	11	2	2	15	15
Lighthouses abroad	1	-	-	1	1
	806	**457**	**276**	**1,539**	**1,528**

b) Number of fixed assets deployed:

	TH	NLB	CIL	31/03/09	31/03/08
Lighthouses	69	209	80	358	358
Lightvessels	8	-	0	8	8
Lightfloats	2	-	-	2	1
Lanby Buoys	0	-	2	2	2
Buoys & Beacons	523	199	192	914	1,080
Tenders & Ancillary Craft	11	2	2	15	15
Lighthouses abroad	2	-	-	2	2
	615	**410**	**276**	**1,301**	**1,466**

The General Lighthouse Fund has some residual financial responsibilities for the Lighthouse at Sombrero (Anguilla), and Trinity House has full responsibility for the Lighthouse at Europa Point (Gibraltar).

Five Year Summary

	2009	2008	2007	2006	2005
Light Dues and Irish Income	69,581	67,452	70,062	74,602	71,123
Other Income	10,058	8,527	6,551	5,460	5,390
	79,639	**75,979**	**76,613**	**80,062**	**76,513**
Staff Costs	(29,679)	(27,789)	(27,000)	(26,240)	(28,401)
Pensions	(7,845)	(7,135)	(5,399)	(4,240)	(5,124)
Amortisation of Intangible Assets	(414)	(579)	(230)	(124)	-
Depreciation of Tangible Assets	(9,546)	(9,156)	(10,096)	(11,455)	(9,926)
Other Operating Costs	(31,041)	(25,275)	(23,362)	(25,059)	(23,531)
Total Operating Costs	**1,114**	**6045**	**10,526**	**12,944**	**9,531**
Exceptional Items	-	18,382	-	-	(7,902)
Interest on Pension Scheme Liability	(21,952)	(17,430)	(18,195)	(16,490)	(15,666)
Gain/(Loss) on Sale of Fixed Assets	182	829	80	207	(215)
Income from Investments	2,589	2,253	1,888	2,105	1,802
(Loss)/Profit on Sale of Investments	(4,790)	1,831	5,843	998	(550)
Other Interest Receivable	923	1,370	1,087	914	1,124
Interest Payable	(2,560)	(1,965)	(1,102)	(1,351)	(1,460)
Surplus for the Financial Year	**(24,494)**	**11,315**	**127**	**(673)**	**(13,336)**
Fixed Assets	147,553	150,059	127,558	105,577	100,890
Net Current Assets	76,567	103,093	96,527	94,517	85,750
Long Term Creditors, Capital & Reserves	(203,318)	(186,291)	(196,788)	(143,108)	(126,697)
Pension Liability & Other Provisions	(333,766)	(341,051)	(351,337)	(310,248)	(263,093)
Purchase of Tangible Fixed Assets	10,231	34,380	35,534	16,028	13,317
Average Number of Employees (inc part time)	784	854	881	909	956

APPENDIX 1

The Department for Transport, Local Government and the Regions

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

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

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

Signed By:

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

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