Department
for Transport

GENERAL LIGHTHOUSE FUND

Annual Report and Accounts for the Year Ended 31 March 2016

HC 977

Department for Transport

General Lighthouse Fund Annual Report and Accounts 2015-16

(For the year ended 31 March 2016)

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

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1. Introduction

The report and accounts of the General Lighthouse Fund (GLF) are prepared pursuant to Section 211(5) of the Merchant Shipping Act 1995.
The GLF was created by statute in 1898 to provide funding for the three General Lighthouse Authorities (GLAs); Trinity House (TH), the Commissioners of Northern Lighthouses (known as the Northern Lighthouse Board or NLB) and the Commissioners of Irish Lights (known as Irish Lights or IL).

The GLAs are financed by advances made by the Department for Transport (DfT) from the Fund. The principal income is from Light Dues levied on shipping using ports in the United Kingdom (UK) and the Republic of Ireland (IRL). The Fund receives additional income from the IRL Exchequer following an agreement, effective from 1 April 2015, to ensure IRL expenditure is wholly met from IRL Income. The Fund also receives income from sundry receipts generated by the GLAs tender, buoy and property rentals, along with workshop services and assets sales.

All three GLAs contained their running cost expenditure within levels sanctioned by Ministers in 2015/16. The level of Light Dues in the United Kingdom is determined by the Secretary of State for Transport under Section 205 of the Merchant Shipping Act 1995. The Irish Government sets the level of Light Dues in IRL, under the Merchant Shipping (Light Dues) Act 1983.

Key achievements & events during the year:

- the continuous maintenance of Aids to Navigation (AtoN) availability above the International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA) standards (see **page 7**);
- GLA Running costs reduced ahead of ministerial targets;
- generated income of £5m from commercial activities;
- continued development of the GLA Joint Strategic Board for good administrative purpose;
- implemented funding of Irish Lights' operations in IRL wholly from IRL sources; and
- reduced the UK rate of tax (Light Dues) levied on industry whilst maintaining the cash GLF reserves at a sustainable level.

2. Performance Report

2.1. **Overview**

Aims, Objectives and Regulation

The GLAs predate the establishment of the GLF by over 350 years. TH can trace its origins back to 1514, whilst the NLB and the Irish Lights can trace their origins to statutes passed in 1786. Prior to 1836, AtoNs were provided by a mixture of the GLAs and private operators each levying a charge on passing ships. Private operators generally purchased the right from HM 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 GLF for a number of colonial lighthouses, which had previously been funded by HM Treasury grants. As former colonies have since achieved independence, these responsibilities have been passed on, leaving a small residual responsibility for Europa Point Lighthouse in Gibraltar and the Sombrero Light in Anguilla.

Section 195 of the Merchant Shipping Act 1995, and Section 634 of the Merchant Shipping Act 1894 in respect of IRL, state that: Responsibility for the provision and management of lighthouses, buoys and beacons on the coasts and seas around the British Isles is vested in the three GLAs:

- Trinity House (TH) in its capacity as a lighthouse service;
- Commissioners of Northern Lighthouses (known as the Northern Lighthouse Board or NLB); and
- Commissioners of Irish Lights (known as Irish Lights).

The Marine Navigation Act passed into law in April 2013. The Act introduced 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 powers to work outside the 12 nautical mile territorial limit, to mark wrecks electronically and to improve the GLAs ability to tender for commercial work where this can allow the utilisation of reserve capacity.

The work of the NLB is a reserved matter under both Section 30 of and Schedule 5 to the Scotland Act 1998. The NLB maintains a close relationship with the Scottish Government, as does the DfT under the terms of a concordat.

Following the 2014 Smith Commission Report on Scottish devolution, a subsequent command paper published in January 2015 made the following two recommendations which have been implemented:

1) Scottish Ministers to appoint a commissioner to the NLB board; and
2) NLB to provide copies of its annual accounts to the Scottish Parliament.

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

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

The GLAs future vision of Marine Aids to Navigation is contained in the document '2030 Navigating the Future'. This stated that the GLAs Marine Aids to Navigation Strategy to:

- continue to provide an appropriate mix of AtoN for general navigation;
- continue to provide a timely and effective response to wreck and AtoN failures;
- continue to undertake superintendence and management of all aids to navigation in accordance with international standards, recommendations and guidelines;
- introduce e-Navigation AtoN components and services in the UK and Ireland; to work with users, partners and stakeholders nationally and internationally, to promote the safety of marine navigation based on harmonized international standards, recommendations and guidelines;
- embrace relevant technologies as they evolve; and
- improve reliability, efficiency and cost-effectiveness of the GLAs service while ensuring the safety of navigation.

These accounts have been prepared in accordance with the 2015/16 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained within the FReM follow International Financial Reporting Standards (IFRS) to the extent that it is meaningful and appropriate to the public sector. Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of the GLF for the purpose of giving a true and fair view has been applied. The GLF's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

The GLF accounts consolidate the GLAs accounts, the core fund accounts maintained by the DfT and the Light Dues collection accounts maintained by Trinity House.

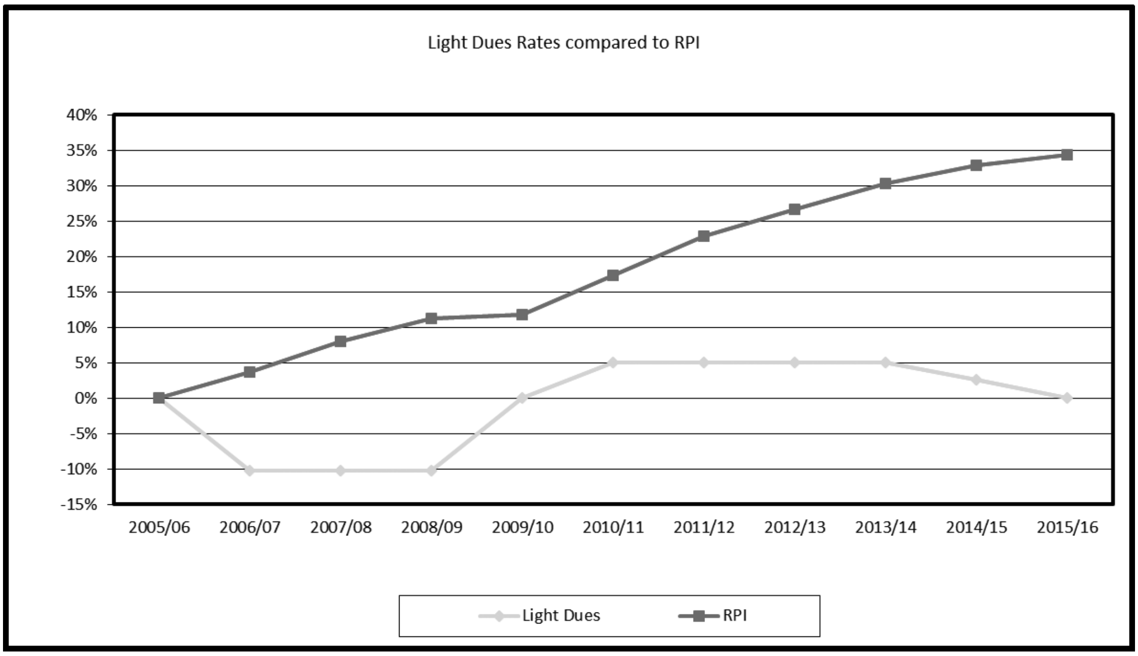
The accounts of the GLAs have been prepared in accordance with the accounts direction issued by the Secretary of State for Transport on 27 February 2013.

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.

Performance and Progress

The income to the GLF is primarily generated by the collection of Light Dues, a charge on commercial shipping calling at UK and IRL ports. The Secretary of State for Transport has a duty to ensure the effective management of the GLF and enable the adequate provision of AtoNs at the minimum cost.

The Government remains committed to the present system of recovering the GLAs' costs through Light Dues. The Government and GLAs have worked in partnership to minimise costs and the real term levels of Light Dues. The level of Light Dues per tonne has fallen from its historic peak of 43p in 1993 to 39p in 2015, some 34% lower in real terms than they were 10 years ago. A further reduction in Light Dues has been made for 2016/17 decreasing the rate from 39p to 38p.



All GLA lighthouses were automated by 1998 with controls centralised at each GLA headquarters. Floating AtoNs have been solarised and are also centrally monitored. A Differential Global Positioning System to enhance the US Global Positioning System has been provided since 1998 and the GLAs continue to research e-Navigation options to enhance and complement traditional aids to navigation. The GLAs have focused on reducing costs with major investments in new technology, operating depots and ships.

Given the increasing complexity of navigating around the British Isles and other areas of the world, the risk of collisions and groundings is ever present. The International Maritime Organization's (IMO) response is the adoption of e-Navigation, which is defined as 'The harmonized collection, integration, exchange, presentation and analysis of maritime information on-board and ashore by electronic means to enhance berth to berth navigation and related services, form safety and security at sea and protection of the marine environment'.

The concept is that all charting, communications and navigation information will be integrated into a coherent presentation on the bridge. There will be a common data-link between ship-to-ship and ship-to-shore providing a clear and up-to-the-minute presentation of vessel traffic disposition. Use of e-Navigation in the high-risk areas around the coasts of the UK and Ireland has the potential to provide significant safety benefits to the Mariner.

E-Navigation will bring a fundamental change to the concept of operations used for maritime navigation. GPS is currently the industry standard primary navigation system, which has recently been joined by the Global Navigation Satellite System known as GLONASS. In the Future these systems will be joined by other satellite systems such as Compass and Galileo. Due to the vulnerabilities of the signal, the IMO accept the need for a backup to satellite based systems but there is no agreement at this stage on what the solution should be. Until the backup is defined, there is a clear single point of failure as e-Navigation would rely almost exclusively on satellite navigation systems for its positioning, navigation and timing inputs.

In the e-Navigation environment, the sudden reversion to traditional visual and radar navigation methods in congested and confined waters is a genuine concern. The GLAs participated in a pan-European network on a trial basis known as eLoran, however, this was discontinued in 2015 as a European consensus could not be secured. The GLAs will continue to research an independent, dissimilar terrestrial, position, navigation and timing alternative as a key building block towards developing e-Navigation.

Future Goals

- To continue to drive efficiencies in the provision of AtoN where it is safe, proportionate and appropriate to do so, to provide benefit to the industry, leisure users and the GLAs themselves.
- To deliver the strategy contained within '2025 and Beyond' and its successor '2030 Navigating the Future', the three GLAs will continue to co-operate with each other, consult with all users and continuously review all of their AtoNs.
- The GLAs will search for new cost effective technology that can deliver an ever more efficient service to ensure that the AtoN requirements of the next 15 years are met.
- Give effect to the understanding reached between UK and Irish Ministers that AtoN in IRL will be funded from Irish sources.
- To maintain stability for the payers of Light Dues by minimising the cost to industry.

Going Concern

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

2.2. **Performance Analysis**

Financial Performance

Prior year financial results have been restated due to errors found in NLB's treatment of non-current asset revaluations. NLBs depreciation charges have also been aligned with the other GLAs. All of the prior year adjustments relate to non-cash items and therefore have no impact on GLF funding, cash reserves or NLB's sanctioned expenditure. Further details can be found in **note 30** to the accounts.

The Accounting Policies are reviewed each year in accordance with IAS 8, Accounting Policies. This review is carried out at the tri-GLA Accounts Format Working Group with reference to the Financial Reporting Manual (FReM) and The Accounts Direction, issued by the Secretary of State for Transport on 27 February 2013. No material changes were required for 2015/16.

Financial results for the year are set out in the Statement of Comprehensive Net Income (SoCNI) (**page 29**) and show an operating surplus of £21m for 2015/16 (£26m 2014/15). The fall in surplus is mainly due to reduced UK Light Dues income for the year following a reduction in the main rate set by the Shipping Minister on 1 April 2015.

Including Interest and Other Comprehensive Income, the SoCNI reports total comprehensive income for the year of £10m compared to £93m in 2014/15. This large difference is mainly due to a one off exceptional gain on the transfer of GLA pensions in 2014/15 (£63.5m). Other significant differences include non-current asset revaluation losses of £8.5m (£13.7m gain 2014/15), which are met by prior year gains held in the revaluation reserve, and unrealised gains of £3.3m due to changes in the GBP/EURO exchange rate. The decreased value of the Pound resulted in an increase in Irish Lights' Euro reserves when translated to GBP for inclusion in these accounts.

Gains reported in the SoCNI increase the net worth of the GLF as shown on the Statement of Financial Position (SoFP) by £10m to £113m. Within the SoFP, and as noted above, GLA non-current assets were reduced in value during the year (£16.4m), whilst current assets gained £4m, mainly due to increases in cash reserves, and non-current liabilities fell by £23m as a result of loans and leases repaid.

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

Irish Lights	**Actual Expenditure £'000**	**Cash Limits £'000**	**Variation £'000**
Running Costs	10,314	11,607	(1,293)
Capital Expenditure*	507	699	(192)
Other Costs	20	20	-
Total	**10,841**	**12,326**	**(1,485)**

* Excludes capital expenditure funded from EU grant

Northern Lighthouse Board	**Actual Expenditure £'000**	**Cash Limits £'000**	**Variation £'000**
Running Costs	14,621	15,318	(697)
Capital Expenditure	2,588	3,339	(751)
Expenditure on behalf of all GLAs	27	5	22
Other Costs	3,504	3,732	(228)
Total	**20,740**	**22,394**	**(1,654)**

Trinity House	Actual Expenditure £'000	Cash Limits £'000	Variation £'000
Running Costs	24,592	28,174	(3,582)
Capital Expenditure	3,199	3,925	(726)
Expenditure on behalf of all GLAs	2,522	3,061	(539)
Expenditure on behalf of DfT	336	472	(136)
Other Costs	4,239	2,040	2,199
Total	**34,888**	**37,672**	**(2,784)**

Expenditure on Non-Current Assets

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

Irish Lights	2015/16 £'000	2014/15 £'000
Assets in course of construction	269	1,082
Land	-	-
Buildings	55	162
Buoys & Beacons	-	-
Lightvessels	-	-
Tenders Ancillary Craft & Floating Aids	-	786
Information Technology	-	-
Intangible software	-	-
Plant & Equipment	503	374
Total	**827**	**2,404**

Northern Lighthouse Board	2015/16 £'000	2014/15 £'000
Assets in course of construction	1,928	1,235
Land	-	-
Buildings	46	765
Buoys & Beacons	-	8
Lightvessels	-	-
Tenders Ancillary Craft & Floating Aids	457	-
Information Technology	6	21
Intangible software	-	43
Plant & Equipment	151	544
Total	**2,588**	**2,616**

Trinity House	2015/16 £'000	2014/15 £'000
Assets in course of construction	1,181	1,853
Land	-	-
Buildings *	39	-
Buoys & Beacons	80	333
Lightvessels	254	-
Tenders Ancillary Craft & Floating Aids	89	28
Information Technology	645	136
Intangible software	132	190
Plant & Equipment	779	656
Total	**3,199**	**3,196**

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

Cash Controls

The three GLAs rely primarily on advances from the GLF for their cash requirements. As a result of this Liquidity Risk is controlled within the GLF bank accounts. Total GLA drawdowns from the GLF during the year were as follows:

Irish Lights	£9.3m
Northern Lighthouse Board	£19.3m
Trinity House	£30.5m
Total	**£59.1m**

The principal sources of income for the GLF during the year were:

Light Dues (UK)	£79.8m
Light Dues (IRL)	£4.5m
Irish Government Contribution	£3.7m
Total	**£88.0m**

Aids to Navigation (AtoN) Availability

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

The method of measurement and the recognised availability standards are set for each category by IALA. They are published in the IALA Aids to Navigation Guide (NAVGUIDE – Edition March 2010). Availability is measured by dividing total time (i.e. the sum of the total number of hours in a year multiplied by the number of AtoN in each category) into the difference between total time and the number of hours that the AtoNs were not available to the mariner. This calculation is then expressed as a percentage. Each physical AtoN in operation 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 aids to navigation and Racons (radar beacons) 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 AtoN 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.

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

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

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

Trinity House												
AtoN Type	**Cat.**	**IALA**	**2011/12**		**2012/13**		**2013/14**		**2014/15**		**2015/16**	
		Min	**Act**	**Diff**	**Act**	**Diff**	**Act**	**Diff**	**Act**	**Diff**	**Act**	**Diff**
Lights	1	99.8%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%
Racons	1	99.8%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%	99.8%	0.0%	99.8%	0.0%
Lights	2	99.0%	100.0%	1.0%	100.0%	1.0%	100.0%	1.0%	100.0%	1.0%	99.9%	0.9%
Fog Signals	3	97.0%	99.9%	2.9%	99.8%	2.8%	99.7%	2.7%	99.6%	2.6%	99.7%	2.7%
AIS	3	97.0%	100.0%	3.0%	100.0%	3.0%	99.6%	2.6%	99.2%	2.2%	99.4%	2.4%
Lights	3	97.0%	99.9%	2.9%	99.9%	2.9%	99.8%	2.8%	99.8%	2.8%	99.8%	2.8%
Northern Lighthouse Board												
AtoN Type	**Cat.**	**IALA**	**2011/12**		**2012/13**		**2013/14**		**2014/15**		**2015/16**	
		Min	**Act**	**Diff**	**Act**	**Diff**	**Act**	**Diff**	**Act**	**Diff**	**Act**	**Diff**
Buoys	1	99.8%	100.0%	0.2%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%
Lights	1	99.8%	99.8%	0.0%	99.8%	0.0%	99.8%	0.0%	99.9%	0.1%	99.9%	0.1%
Racons	1	99.8%	99.8%	0.0%	99.8%	0.0%	99.9%	0.1%	100.0%	0.2%	99.9%	0.1%
Buoys	2	99.0%	100.0%	1.0%	100.0%	1.0%	99.9%	0.9%	99.9%	0.9%	99.9%	0.9%
Lights	2	99.0%	99.8%	0.8%	99.8%	0.8%	99.8%	0.8%	99.8%	0.8%	99.8%	0.8%
AIS	3	97.0%	98.0%	1.0%	98.7%	1.7%	99.6%	2.6%	99.7%	2.7%	99.7%	2.7%
Buoys	3	97.0%	99.9%	2.9%	100.0%	3.0%	100.0%	3.0%	100.0%	3.0%	100.0%	3.0%
Beacons	3	97.0%	100.0%	3.0%	100.0%	3.0%	100.0%	3.0%	100.0%	3.0%	100.0%	3.0%
Irish Lights												
AtoN Type	**Cat.**	**IALA**	**2011/12**		**2012/13**		**2013/14**		**2014/15**		**2015/16**	
		Min	**Act**	**Diff**	**Act**	**Diff**	**Act**	**Diff**	**Act**	**Diff**	**Act**	**Diff**
Lights	1	99.8%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%
Racons	1	99.8%	99.9%	0.1%	99.9%	0.1%	99.8%	0.0%	99.8%	0.0%	99.8%	0.0%
Lights	2	99.0%	99.9%	0.9%	99.9%	0.9%	99.9%	0.9%	100.0%	1.0%	99.9%	0.9%
Lights	3	97.0%	99.9%	2.9%	99.9%	2.9%	99.8%	2.8%	99.8%	2.8%	99.8%	2.8%

Sustainability Reporting

The GLAs are exempt from mandatory sustainability reporting, however, wherever practicable the GLAs seek to develop their environment management policies in a manner fully consistent with Government initiatives and public opinion. Thus, measures to protect the environment and ensure sustainable development feature strongly within the GLAs' consideration of modernisation, improvement and the use of appropriate future technologies at all of their establishments and facilities.

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

Philip Rutnam
Accounting Officer
25 January 2017

3. Accountability Report

3.1. Directors' report

Structure
The core GLF is the responsibility of the Secretary of State for Transport and management is delegated to officials within DfT. Details of departmental Ministers, Non-Executive and Executive Board members are published in DfTs Annual Report and Accounts. The GLAs are part of the DfT family, they deliver services to the public at arm's length from Ministers and are known as Non-Departmental Public Bodies (NDPBs).

GLA boards
The three GLAs have their own boards and governance structures which are described in the Governance Statements of their respective Annual Report and Accounts. In addition, a Joint Strategic Board, consisting of representatives from all three GLAs, fosters tri-GLA cooperation and coordination to maximise efficiencies and realise savings.

Personal data related incidents
During the year, one data related incident was reported to the Information Commissioners as Royal Mail failed to deliver an NLB encrypted memory stick to the Department for Work and Pensions. The memory stick was subsequently recovered and the data was found to have remained secure.

Payment of Creditors Policy
The GLAs seek to adopt the conventions within British Standard BS 7890, 'Methods for achieving good payment performance in commercial transactions', which are reflected within the GLAs' internal practices. Payment of all creditors' accounts are 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 this policy via a supplementary notice within contracts and are asked to provide any comments on this issue to Directors with Financial responsibility. The average credit taken from trade payables during the year was: TH 18 days, NLB 9 days & Irish Lights 24 days.

Auditor
The Comptroller and Auditor General (C&AG), as head of the National Audit Office (NAO), is the appointed auditor for the GLF. The audit work for the 2015/16 accounts cost £83.5k (2014/15 £77k). The NAO did not receive any remuneration for non-audit related work.

As far as the Accounting Officer is aware, there is no relevant audit information which the auditor has not been provided with, and the Accounting Officer has taken all reasonable steps to provide relevant audit information to the auditor.

As far as the Accounting Officer is concerned, the annual report and accounts as a whole is fair, balanced and understandable, and he takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

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

Under Section 218 of the Merchant Shipping Act 1995 and Section 664 of Merchant Shipping Act 1894 (Republic of Ireland), the GLAs 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 consolidate the GLAs accounts, the core GLF and Light Dues income, are prepared annually on an accruals basis and must give a true and fair view of the GLF affairs at the year-end; and of its income, expenditure, cash flows and changes in equity for the financial year. Section 211(5) of the Merchant Shipping Act 1995 requires the Secretary of State for Transport to lay the accounts of the GLF before Parliament; the DfT prepares these accounts.

HM Treasury appointed DfT's Permanent Secretary, Philip Rutnam, as Principal Accounting Officer with effect from 10 April 2012. In preparing these accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual in particular to:

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

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

3.3. Governance Statement

Accounting Officer's introduction
The Governance Statement explains the approach to corporate governance in the bodies whose activities are financed by the General Lighthouse Fund (GLF) and certain functions of DfT. Good governance is vital to effective financial and risk management.

The bodies whose activities are financed by the GLF are the following GLAs:

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

The Governance Statements of the GLAs are available at each website listed below, and together form an integral part of the GLF's Governance Statement, describing the governance arrangements operating within the three GLAs.

https://www.trinityhouse.co.uk/about-us/governance/report-and-accounts
http://www.nlb.org.uk/theboard/funding.htm
http://irishlights.ie

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

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

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

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

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

The GLAs are classified as Central Government Bodies and therefore fall within the DfT's Clear Line of Sight accounting boundary. The core GLF accounts, although maintained by DfT, are not part of DfTs accounts. As a separate fund, the core GLF is maintained at arms-length from DfT finances.

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

- observe and record developments at the International Maritime Organisation (IMO);
- actively participate at Council and Committee level at IALA;
- observe and record maritime developments within the European Union and elsewhere;
- maintain links with the International Telecommunications Union through the national radio licensing authority and IALA, regarding the allocation of radio frequencies in North West Europe.

Governance
The statutory basis for the GLF is found in section 211 of the Merchant Shipping Act 1995, which also states that the Secretary of State for Transport is responsible for the administration of the GLF. This responsibility is delegated to officials within DfT's Maritime Safety and Environment Division.

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

Information concerning the GLA Board structures, committees, meetings and effectiveness can be found in their respective Annual Report and Accounts.

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

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

The Governance, Organisational and Committee structure in place within the three GLAs is discussed in great detail in the GLA Governance Report but in addition the following are relevant to the GLF:

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

Joint Strategic Board
The Joint Strategic Board (JSB), consisting of representatives from all three GLAs, has as its main purpose the coordination of tri-GLA cooperation with the aim of realising the resultant savings. The JSB has focused on three key areas during the year: the review of the tri-GLA fleet, the second five year period of the efficiency regime RPI-X, and GNSS vulnerability.

Republic of Ireland Government
The work of Irish Lights covers the whole of the island of Ireland, and subsequently DfT officials work closely with their counterparts in IRL from the Department for Transport, Tourism and Sport (DTTaS).

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 GLF on a monthly basis. The Revenue Commissioners are paid a fee for this service.

DfT Group Audit Committee
The Annual Report and Accounts of the GLF are reviewed by the Director of Group Finance (as delegated by the Group Audit Committee), taking into account reports from the Government Internal Audit Agency and the National Audit Office who make a recommendation to the Accounting Officer.

Risk Assessment
A triennial Risk Management Review was completed in October 2015 by external risk management consultants on behalf of the three GLAs. This review includes the analysis of all main risks facing the GLAs, supported by third party assurance from a firm of independent risk consultants, and draws upon best practice guidance from the UK Risk Management Standard, prepared by the Institute of Risk Management, Association of Insurance and Risk by the Institute of Risk Management, Association of Insurance and Risk Managers and the National Forum for Risk Management in the Public Sector. The next triennial review will be carried out in 2018.

As part of the joint GLA risk management review, each of the individual GLA risk registers have been independently analysed with consideration to current best practice to identify twelve risks which are considered to pose the greatest threat to the GLAs and their stakeholders, including the GLF. Whilst 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, such as a change in Government policy regarding responsibility for the operation of the three lighthouse services. With this regard, 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.

DfT officials also maintain a risk register for specific GLF risks. The register describes risks to the GLF such as currency fluctuations, GLA cost/income variances, legislative risks, Light Dues, wreck removal and uninsured loss risk, and political risk, together with actions in place to manage these identifiable risks.

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

There are no specific risks material to the GLF group which require disclosure as material GLA risks are contained within the individual GLA Annual Report and Accounts.

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

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

- utilising Government Banking Services provided by HMT;
- providing monthly and quarterly reports detailing cashflow activity and forecasts of the GLF;
- monthly financial reporting of data on Light Dues income, trends and projections for the GLF;
- GLAs spending is included in the monthly DfT budget workbooks provided to HM Treasury to monitor spending against departmental budgets. GLAs also report monthly spending against delegated cash spending limits to monitor spending against sanctioned GLF budget limits;
- twelve week cash forecasts provided by the GLAs on a weekly basis to facilitate GLF cash reserves forecasting;
- five-year forecasts of GLA income and expenditure revised annually including progress toward agreed expenditure reduction targets, such as RPI-X targets set by Ministers;
- an annual report to Ministers and the Lights Advisory Committee, the industry representative on Light Dues and AtoN, covering the operation of the GLF over the last year and forecasts for medium term GLF cash reserves in support of the required level of Light Dues.

Key elements of the on-going 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';
- third party certification audits for example for ISO standards accreditation;
- regular reports from managers on the steps they are taking to manage risks in their areas of responsibility; and
- annual reviews of key business risks and how they are managed.

Extra Territorial Waters
In order to meet their responsibilities with regard to AtoNs and Wreck Marking, the GLAs are required to operate outside of Territorial Waters. The statutory powers of the GLAs in this respect are found in the amendment to the Merchant Shipping Act 1995 made by the Marine Navigation Act 2013.

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

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

'*On the basis of the evidence obtained during 2015/16, the assurance opinions provided for the General Lighthouse Authorities (GLAs) are summarised in the table below:*

Authority	Opinion	RAG
Trinity House	**Substantial** In my opinion, the framework of governance, risk management and control is adequate and effective.	Green
Northern Lighthouse Board	**Limited** There are significant weaknesses in the framework of governance, risk management and control such that it could be or could become inadequate and ineffective.	Amber
Commissioners of Irish Lights	**Moderate** In my opinion, some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.	Yellow

Overall, the opinion across the GLAs is moderate, with the exception of project closure controls at NLB. Internal control processes in the areas reviewed during the year were generally found to be effective, though there were areas where control weaknesses and areas for improvement were identified. Corrective action plans have been agreed with management to address the control weaknesses identified.

Management responses to our findings continue to be positive and action to strengthen controls are agreed across all three GLAs. Prompt action is often taken by the GLAs in implementing our recommendations. I can therefore report that control weaknesses identified are addressed promptly and effectively across the three GLAs.

There were no reported cases of fraud or impropriety to GIAA during 2015/16 at any of the GLAs.

Whilst our work during 2015/16 identified a need to strengthen controls in some other areas in the GLAs, there is nothing further which I would deem significant or material which warrants mention in this report.'

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

Having reviewed the evidence provided to me by GLF management, compliance functions, the Head of Internal Audit's opinion and the external audit of the GLF, I am satisfied that the GLF has maintained a sound system of internal control during the financial year 2015/16.

4. Remuneration and Staff Report

The officials who manage the GLF 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, in relation to fund management, are charged to the GLF on an annual basis. The Directors of the three GLAs are remunerated as set out below.

4.1. Trinity House

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

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

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

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

Director pay rates are determined using the same methodology as that which is applied to staff. External consultancy is actively engaged every other year in order to market test salaries against the appropriate market.
The remuneration of the Directors and their pension entitlements are shown below:

Remuneration of Directors (Audited)

Name	Salary 2015/16 £000	Bonus** 2015/16 £000	Benefits 2015/16 £	Pension Benefits# 2015/16 £000	Total 2015/16 £000	Salary 2014/15 £000	Bonus 2014/15 £000	Benefits 2014/15 £	Pension Benefits 2014/15 £000	Total 2014/15 £000
I McNaught	120-125	45-50	1,400	55	225-230	115-120	20-25	1,000	51	190-195
J S Wedge[1]	115-120	35-40	1,700	86	240-245	90-95	15-20	1,100	23	135-140
R Barker	100-105	35-40	1,300	32	170-175	85-90	15-20	1,100	34	135-140
J S Scorer[2]	-	-	-	-	-	90-95	15-20	2,000	43	155-160
R W Dorey[3]	35-40	20-25	5,000	19	85-90	-	-	-	-	-
E D Johnson	15-20	-	500	-	15-20	15-20	-	500	-	15-20
P Matthews	15-20	-	100	-	15-20	15-20	-	800	-	15-20
N Palmer	20-25	-	1,700		20-25	20-25	-	800	-	20-25
D Ring	15-20	-	500	-	15-20	15-20	-	700	-	15-20

[1] Mr Wedge left under Voluntary Exit terms on 31 March 2016. He received a compensation payment of £95,000
[2] Retired 28 February 2015
[3] Commenced 27 October 2015, full year equivalent £85,000-£90,000
** Includes one off payment to alter terms during 2015/16
# The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

Benefits in Kind

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

Performance Related Pay

Performance Related Pay (PRP) is based on attained performance levels and is awarded as part of the appraisal process. Bonuses relate to the performance in the year in which they are made to the individual.

During 2015/16 the terms of PRP were changed in return for a one off payment.

Pay Multiples

	2015/16	**2014/15**
Band of Highest Paid Directors Total Remuneration (£000's)	170-175	140-145
Median Total Remuneration	£32,050	£31,469
Ratio	5.3	4.5

In 2015/16, no employees received remuneration in excess of the highest paid director (2014/15 Nil). Remuneration ranged from £14,843 to £141,319 (2014/15 £10,384 to £112,017). Total remuneration includes salary, non-consolidated performance related pay, benefits in kind as well as severance payments; it does not include employer pension contributions and the cash equivalent transfer value of pension.

Service Contracts

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

Non-Executive Director	Contract Start	Expiry Date
E D Johnson (Contract renewed in 2014 for further 3 years)	1 May 2011	30 April 2017
N Palmer (Contract renewed in 2015 for further 3 years)	1 February 2012	31 January 2018
P Matthews (Contract renewed in 2015 for further 3 years)	20 July 2012	19 July 2018
D Ring	1 December 2013	30 November 2016

Pensions (Audited)

All Executive Board Members of Trinity House (including the Executive Chairman) are ordinary members of the Principal Civil Service Pension Scheme (PCSPS). They are entitled to compensation for permanent loss of office under the terms of the Principal Civil Service Compensation scheme.

	Real Increase in pension £'000	**Real Increase in lump sum £'000**	**Accrued Pension £'000**	**Accrued lump sum £'000**	**CETV 31 March 15 £'000**	**CETV 31 March 16 £'000**	**Real Increase CETV £'000**	**Employer contribution Partnership Pension Account £'000**
I McNaught	2.5-5	-	10-15	-	169	237	40	-
J Wedge	2.5-5	10-15	30-35	110-115	690	830	85	-
J Scorer	0-2.5	-	15-20	-	293	315	24	-
R Barker	0-2.5	-	15-20	-	307	369	32	-
R Dorey	0-2.5	2.5-5	35-40	115-120	704	744	15	-

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the PCSPS. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

4.2. Northern Lighthouse Board

Composition

The Board's Remuneration Committee is made up of four Commissioners who have no personal financial interest, other than as Commissioners, in the matters to be decided, no potential conflicts of interest arising from cross-directorships, and no day-to-day involvement in running NLB 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 comparative pay information and to recommend new structures.

Background

The remuneration of the Chief Executive and Directors is determined by the Remuneration Committee 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 DfT.

General

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

Pay Approach

The remuneration of Executive Directors is based on the following criteria:

- Job weight;
- Market pay comparisons; and
- Performance.

All Directors have a base pensionable salary which is subject to annually review, and in addition, some 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 2015/16 £000	Bonus 2015/16 £000	Benefits 2015/16 £	Pension Benefits# 2015/16 £000	Total 2015/16 £000	Salary 2014/15 £000	Bonus 2014/15 £000	Benefits 2014/15 £	Pension Benefits# 2014/15 £000	Total 2014/15 £000
R Lockwood[1]	-	-	-	-	-	5-10	0	-	10	15-20
M Bullock[2]	115-120	10-15	-	46	150-155	105-110	5-10	-	40	150-155
D Gorman[3]	-	-	-	-	-	70-75	5-10	-	18	95-100
M Rae[4]	75-80	5-10	-	28	110-115	5-10	0	-	2	5-10
P Day	75-80	5-10	-	30	115-120	75-80	5-10	-	30	110-115
M Waddell	75-80	-	-	31	105-110	75-80	5-10	-	25	105-110

[1] to 9 May 2014 full year equivalent salary £90k-£95k
[2] from 29 April 2014 full year equivalent salary £115k-£120k
[3] to 26 February 2015 full year equivalent salary £80k-£85k
[4] from 2 March 2015 full year equivalent salary £70k-£75k

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

Executive Directors' Pensions (Audited)

The Executive Directors are members of the PCSPS. The following table shows the cash equivalent transfer value (CETV) of the directors' pension benefits accrued at the beginning and at the end of the reporting period. A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time.

The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total pensionable service in the Northern Lighthouse Board Pension Scheme, not just their current appointment. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

	Real Increase in pension £'000	Real Increase in lump sum £'000	Accrued Pension £'000	Accrued lump sum £'000	CETV 31 March 15 £'000	CETV 31 March 16 £'000	Real Increase CETV £'000	Employer contribution Partnership Pension Account £'000
M Bullock	2.5-5	-	5-10	-	32	72	28	-
M Rae	0-2.5	-	10-15	-	111	141	11	-
P Day	0-2.5	-	25-30	-	333	385	10	-
M Waddell	0-2.5	0-2.5	35-40	55-60	590	669	25	-

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 for Transport.

Commissioners are paid a basic remuneration per annum and with the exception of the Chairman and Vice Chairman are eligible for an additional daily payment for each day exceeding 20 days in the year.
The annual amount payable was updated effective 1 August 2015:

	01-Apr-15 £	01-Aug-15 £
Basic annual remuneration	9,996	10,092
Additional daily payment	500	500
Chairman's remuneration	19,992	20,196
Vice Chairman's remuneration	13,332	13,464
Total amount paid in 2015/16 including NI		77,494
Total amount paid in 2014/15 including NI		77,056

Co-opted Commissioners' remuneration is set by the Board as a whole on the advice of DfT. 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.

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

The remuneration of the Commissioners (excluding NI) is analysed as follows:

	2015/16	2014/15
	£	£
A Mackenzie (Chairman)	20,128	13,332
G Crerar (Vice-Chariman)	13,320	9,996
M Brew (started 1 June 2013)	10,060	9,996
M Close	10,060	19,992
J Ross	10,060	9,996
A Beveridge	10,060	9,996

Pay Multiples

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

	2015/16	2014/15*
Band of Highest Paid Directors Total Remuneration (£000's)	125-130	120-125
Median Total Remuneration	£30,098	£29,852
Ratio	4.3	4.1

In 2015/2016 no employees received remuneration in excess of the highest-paid director (2014-2015 nil). Remuneration ranged from £18,660 to £129,043 (2014/2015* £18,591 to £123,655).

* The 2014/15 figures have been restated to include bonus payments made during 2015/16 relating to performance in 2014/15.

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

4.3. Irish Lights

Remuneration Committee

The Remuneration Committee advises on remuneration policy and practice for Irish Lights to ensure that staff of the right quality are attracted, retained and motivated, within budgetary constraints and in accordance with DfT and DTTaS guidance.

The Chief Executive and Executive Management Team (Heads of Department) are members of the PCSPS.

Co-opted and ex officio Commissioners of the Board are not remunerated.

Remuneration of Chief Executive and Heads of Departments (Audited)

These figures are converted to sterling from euros at an average exchange rate for the years reported of 1.3665 for 2015/16 and 1.2755 for 2014/15.

Name	Salary 2015/16 £000	Bonus 2015/16 £000	Benefits 2015/16 £	Pension Benefits# 2015/16 £000	Total 2015/16 £000	Salary 2014/15 £000	Bonus 2014/15 £000	Benefits 2014/15 £	Pension Benefits# 2014/15 £000	Total 2014/15 £000
Y Shields	100-105	-	-	40	140-145	105-110	-	-	36	140-145
R McCabe	80-85	-	-	19	100-105	85-90	-	-	12	100-105
J Burke	85-90	-	-	45	130-135	90-95	-	-	20	110-115
H Roe	80-85	-	220	33	115-120	90-95	-	-	32	120-125

The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decrease due to a transfer of pension rights.

Pay Multiples

	2015/16	2014/15
Band of Highest Paid Directors Total Remuneration (£000's)	100-115	100-110
Median Total Remuneration	£30,061	£33,571
Ratio	3.3	3.2

Irish Lights are required to disclose the relationship between the remuneration of the highest paid director in the organisation and the median remuneration of the organisations workforce. In 2015/16, no employees received remuneration in excess of the highest paid director. Remuneration ranged from £27,076 to £87,816 (2014/15 £29,008-£94,081). Total remuneration includes salary, non-consolidated performance related pay, benefits in kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

These figures are converted to sterling from euros at an average exchange rate for the years reported of at an average rate for the year of 1.3665 for 2015/16 and 1.2755 for 2014/15.

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

In accordance with EPN430 MYCSP supplied the following information. When calculating the real increase in CETV and the pension benefits accrued during the year 2015/16 for the single total figure of remuneration, MYCSP take into account inflation.

	Real Increase in pension £'000	Real Increase in lump sum £'000	Accrued Pension £'000	Accrued lump sum £'000	CETV 31 March 15 £'000	CETV 31 March 16 £'000	Real Increase CETV £'000	Employer contribution Partnership Pension Account £'000
Y Shields	2.5-5	-	10-15	-	108	138	17	-
R McCabe	0-2.5	2.5-5	30-35	100-105	780	768	19	-
J Burke	2.5-5	-	30-35	-	382	459	21	-
H Roe	0-2.5	-	5-10	-	67	95	19	-

4.4. Staff Report

Staff Costs (Audited)

	Total 2015/16 £'000	Total 2014/15 £'000
Wages & Salaries	24,391	24,177
Social Security Costs	1,914	2,064
Employers Pension	4,561	4,257
	30,866	**30,498**
Other Pension Costs	27	13
Redundancy Costs	116	59
Sub Total	**31,009**	**30,570**
Capitalised Costs	(362)	(405)
Total Net Costs	**30,647**	**30,165**

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.

Equal Opportunities
The GLAs are equal opportunity employers and at every stage of recruitment, staff transfer and promotion, they 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.

Disabled Employees
The policy of the GLAs towards the employment of disabled people is that a disability is no bar to recruitment or advancement. The nature of the duties at lighthouses imposes some limitations on the employment of disabled staff. When dealing with employee absence, compliance with the Equality Act 2010 is ensured by always seeking advice through Occupational Health Services utilised by the GLAs.

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

Tri-GLA staff
TH currently host three inter GLAs functions: Research and Radio Navigation; the collection of Light Dues, and out-of-hours AtoN monitoring. Light Dues collection is achieved using an internet based collection system operated by Institute of Chartered Shipbrokers Light Dues collectors in each port. Other arrangements exist in IRL and the Isle of Man for the collection of Light Dues.

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

	2015/16 Permanent	2015/16 Others	2015/16 Total	2014/15 Permanent	2014/15 Others	2014/15 Total
Directly Employed	580	9	589	584	9	593
Other	-	4	4	-	8	8
Staff engaged on Capital Projects	12	-	12	11	-	11
	592	**13**	**605**	**595**	**17**	**612**

Expenditure on consultancy
Expenditure incurred on consultancy was nil (2014/15 nil).

Reporting of Compensation Scheme Exit Packages (Audited)
The number and value of compulsory redundancies and other departures agrees during the year was:

	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Exit Package Cost Band						
Less than £10,000	-	-	-	-	-	-
£10,000-£25,000	-	-	1	1	1	1
£25,000-£50,000	-	-	1	4	1	4
£50,000-£100,000	-	-	-	2	-	2
£100,000-£150,000	-	-	3	1	3	1
£150,000-£200,000	-	-	-	-	-	-
Greater than £200,000	-	-	-	-	-	-
Total Number of Exit Packages	**-**	**-**	**5**	**8**	**5**	**8**
Total Cost (£)	**-**	**-**	**264,955**	**408,467**	**264,955**	**408,467**

Diversity information
Number of persons of each sex who were employed by the GLF as of 31 March 2016 was:
(Number of whole time equivalents on 31 March 2016)

	2015/16 Female	**2015/16** Male	**2014/15** Female	**2014/15** Male
Commissioner/NED	5	19	4	20
Director	2	10	2	10
Manager	4	34	4	35
Employee	115	460	120	455
Total	**126**	**523**	**130**	**520**

Sickness Absence
Sickness absence in the three GLAs during the year was:

	2015/16	**2014/15**
Trinity House		
Total number of days sickness	2,256	2,257
Average number of days lost per employee	7.6	7.3
Irish Lights		
Total number of days sickness	939	999
Average number of days lost per employee	8.5	8.9
Northern Lighthouse Board		
Total number of days sickness	1,725	1,461
Average number of days lost per employee	8.9	8.7

Average number of days lost per employee is based on total number employed of 601 (589 14/15) which excludes lighthouse attendants & casual staff.

Staff Relations
There were no instances of industrial action during the year (1 person for 1 day at NLB in 2014/15).

Principal Civil Service Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded, multi-employer defined benefit scheme operated by the Cabinet Office. Individual employer's share of underlying liabilities is not separately identified. A full actuarial valuation was carried out as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk).

Employer contributions for 2015/16 were:

	TH	NLB	CIL	2015/16	2014/15
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Employer contributions	2,279	1,303	958	4,540	4,241

In addition, employer contributions of £513 (2014/15: £1,633) of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Employer contributions are payable to the PCSPS at one of four rates in the range 20% to 24.5% (2014/15: 16.7% to 24.3%) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2015/16 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, which is a stakeholder pension with an employer contribution. Employers' contributions of £17,876 (2014/15: £26,256) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and ranged from 3.0% to 14.75% (2014/15: 3.0% to 12.5%) of pensionable pay.
Employers also match employee contributions up to 3% of pensionable pay.

Contributions due to the partnership pension providers at the reporting period date were £1,154 (2014/15: £1,217). Contributions prepaid at that date were £nil (2014/15: £nil).

Off-payroll arrangements

There were no off-payroll arrangements during the year.

5. Parliamentary Accountability Disclosures (Audited)

Regularity of Expenditure

GLF has complied with the regularity of expenditure requirements as set out in HM Treasury Guidance.

Losses & Special Payments

There were no losses or special payments that are required to be disclosed per HM Treasury Guidance (2014/15 nil).

Contingent Liabilities

There are no remote contingent liabilities (2014/15 nil).

Philip Rutnam, Accounting Officer
25 January 2017

6. 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 2016 under the Merchant Shipping Act 1995. The financial statements comprise: the Statements of Comprehensive Net Income, Financial Position, Cash Flows, Changes in Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration & Staff Report and Parliamentary Accountability disclosures within the Accountability Report that is described in those report as having been audited.

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

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the General Lighthouse Fund's affairs as at 31 March 2016 and of the surplus for the year then ended; and

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

Opinion on other matters

In my opinion:

- the parts of the Remuneration & Staff Report and the Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with Secretary of State directions made under the Merchant Shipping Act 1995; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration & Staff Report and the Parliamentary Accountability disclosures to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General
27 January 2017

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

7. Accounting Statements

Statement of Comprehensive Net Income
for the period ended 31 March 2016

	Notes	2015/16 £'000	Restated 2014/15 £'000
Income :			
Light Dues	3	84,294	89,421
Other income	4	9,566	10,336
		93,860	99,757
Expenditure :			
Staff costs	5	(30,647)	(30,165)
Amortisation	12	(154)	(294)
Depreciation	10	(13,667)	(13,173)
Loss on Revaluation	10	(2,034)	(212)
Other Expenditure	6	(26,266)	(29,872)
		(72,768)	(73,716)
Net Operating Income		**21,092**	**26,041**
Exceptional Items	22	-	63,515
Interest receivable	7	113	139
Interest payable	8	(4,460)	(5,006)
Revaluation of Investment Property	11	(1,132)	33
Surplus / (deficit) for the financial year		15,613	84,722
Other Comprehensive Income			
Items that will not be classified to net operating costs:			
Net gain/(loss) on revaluation of Property, Plant and Equipment	10	(8,531)	13,679
Items that may be classified to net operating costs:			
Translation of Euro Reserves		3,272	(5,743)
Total Comprehensive Income		10,354	92,658

Notes on **pages 33 to 52** form part of these accounts.

Statement of Financial Position
as at 31 March 2016

	Notes	2015/6 £'000	Restated 2014/15 £'000	Restated 2013/14 £'000
Assets				
Non-Current Assets				
Property, Plant and Equipment	10	253,186	270,262	270,935
Investment Property	11	1,076	583	608
Intangible Assets	12	699	511	573
Trade and Other Receivables	13	7	10	15
		254,968	271,366	272,131
Current Assets				
Assets Classified as Held for Sale	14	74	27	27
Inventories	15	3,435	3,519	3,766
Trade and Other Receivables	16	4,530	5,876	5,393
Cash & Cash Equivalents	17	55,763	50,710	186,526
		63,802	60,132	195,712
Total Assets		318,770	331,498	467,843
Liabilities				
Current Liabilities				
Trade and Other Payables	18	(12,475)	(11,922)	(12,145)
Provision Liabilities	19	(22)	(296)	(1,190)
Financial Liabilities	23	(21,726)	(21,929)	-
		(34,223)	(34,147)	(13,335)
Non-Current Liabilities				
Provisions	19	(1,366)	(1,366)	(3,079)
Pension Liabilities		-	-	(415,034)
Other Liabilities	18	(29)	(6)	(9)
Finance Lease Liabilities	18	(19,794)	(22,976)	(26,042)
Financial Liabilities	23	(150,000)	(170,000)	-
		(171,189)	(194,348)	(444,164)
Total Assets less Total Liabilities		**113,358**	**103,003**	**10,344**
Reserves				
General Reserve		(45,980)	(70,622)	(160,036)
Revaluation Reserve		159,338	173,625	170,380
Total Reserves		**113,358**	**103,003**	**10,344**

Notes on **pages 33 to 52** form part of these accounts.

Philip Rutnam
Accounting Officer
25 January 2017

Statement of Cash Flows
for the period ended 31 March 2016

	Notes	2015/16 £'000	Restated 2014/15 £'000
Cash flows from operating activities			
Net Surplus/(Deficit) after Interest		15,613	84,722
Loss/(Profit) on Disposal of Property Plant and Equipment	6	439	1,264
Loss/(Profit) on Disposal of Assets Held for Sale	6	(785)	-
Pensions Transfer		-	(415,033)
Depreciation	10	13,667	13,173
Amortisation	12	154	294
Impairments	9	879	1,835
Revaluation Losses (property, Plant & Equipment)	10	2,034	212
(Increase)/Decrease in Trade and Other Receivables	13&16	1,349	(478)
(Increase)/Decrease in Inventories	15	84	247
Increase/(Decrease) in Trade Payables	18	460	1,168
Use of Provisions	19	(273)	(2,608)
Revaluation of Investment Properties	11	1,132	(33)
Foreign Exchange Translation		(279)	25
Net cash outflow from operating activities		34,474	(315,212)
Cash flow from investing activities			
Purchase of Property, Plant and Equipment	10	(6,482)	(7,983)
Purchase of Intangible assets	12	(132)	(233)
Purchase of Investments	11	(456)	-
Proceeds from disposal of Property, Plant and Equipment		919	36
Net cash outflow from investing activities		(6,151)	(8,180)
Cash flows from financing activities			
Financing Received	23	-	200,000
Financing Repaid	23	(20,000)	(10,000)
Financing costs	23	(203)	1,929
Capital element of payments in respect of Finance Leases		(3,067)	(4,353)
Net cash flow from financing activities		(23,270)	187,576
Net cash flow from all activities		5,053	(135,816)
Net increase in cash and cash equivalents in the period	17	**5,053**	**(135,816)**
Cash and cash equivalents at the beginning of the period	17	**50,710**	**186,526**
Cash and cash equivalents at the end of the period	17	**55,763**	**50,710**

Notes on **pages 33 to 52** form part of these accounts.

Statement of Changes in Equity

for the period ended 31 March 2016

	General Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 31 March 2014	(162,434)	171,667	9,233
Net effect of correction of an error	2,398	(1,287)	1,111
Balance at 31 March 2014 Restated	(160,036)	170,380	10,344
Surplus / (deficit) for the financial year	84,722	-	84,722
Net gain/ (loss) on revaluation of Property, Plant and Equipment	-	13,679	13,679
Release of Revaluation reserve to the General Reserve re Depreciation	7,330	(7,330)	-
Release of Revaluation reserves to the General Reserve re Disposals	124	(124)	(0)
Foreign translation of Euro Reserves *	(2,762)	(2,980)	(5,742)
Balance at 31 March 2015 Restated	**(70,622)**	**173,625**	**103,003**

	General Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 31 March 2015 Restated	(70,622)	173,625	103,003
Surplus / (deficit) for the financial year	15,613	-	15,613
Net gain/ (loss) on revaluation of Property, Plant and Equipment	-	(8,531)	(8,531)
Release of Revaluation reserve to the General Reserve re Depreciation	7,113	(7,113)	-
Release of Revaluation reserves to the General Reserve re Disposals	47	(47)	-
Foreign translation of Euro Reserves *	1,869	1,404	3,273
Balance at 31 March 2016	**(45,980)**	**159,338**	**113,358**

* The cumulative foreign translation of Euro Reserves is £8.05m as measured from the inception of the Statement of Changes in Equity on 1 April 2009.

The notes on **pages 33 to 52** form part of these accounts.

8. Notes to the Accounts for the Year Ended 31 March 2016

1 Accounting Policies

a) Accounting Convention
These accounts have been prepared in accordance with the 2015/2016 Government Financial Reporting Manual (FReM) issued by HM Treasury, except for the departures specifically required by the accounts direction. The accounting policies contained in the FReM follow International Accounting Standards as adopted or interpreted for the public sector. Where the FReM permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of the GLF for the purpose of giving a true and fair view has been selected. The GLF's accounting policies have been applied consistently in dealing with items considered material in relation to the accounts. In addition, the GLAs' accounts have been prepared in accordance with the accounts direction issued by the Secretary of State for Transport.

b) Going Concern
The Statement of Financial Position at 31 March 2016 shows net assets of £113m. 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 at cost and is amortised on a straight-line basis over the estimated useful economic life of between 3 to 5 years dependent on the expected operating life of the asset. Intangible Assets are shown at cost less amortisation. Intangible licences have been capitalised at cost and are amortised over the life of the licence. Amortisation is calculated on a monthly basis and is commenced in the month after original purchase or when the asset is brought into use and is continued up to the end of the month prior to disposal. Intangibles are subsequently valued using the revaluation model, as described in IAS 38. Any increases in value are taken to the revaluation reserve. Any decreases are taken initially to the revaluation reserve (insofar as there is a balance for that specific asset) and otherwise to the Statement of Comprehensive Net Expenditure. If an intangible asset cannot be revalued because there is no active market for assets of that type these intangible assets are expressed at their current value through the application of Modified Historical Cost Accounting as a proxy for fair value less any accumulated amortisation or impairment losses.

d) Pension Benefits
Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which are described in Note 22. The defined schemes are unfunded and are mostly contributory except in respect of dependants' benefits. The GLAs recognise the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services. It does this by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution schemes, the GLAs recognise the contributions payable for the year.

The GLAs recognise liabilities for short-term employee benefits (which fall due within twelve months of the period in which they are earned). In practice, all material short-term employee benefits are settled during the period in which they are earned. The GLAs are required to pay, as termination benefits, the additional cost of benefits, beyond the normal PCSPS benefits, in respect of employees who retire early, unless the retirements are on approved medical grounds.

The GLAs recognise the full cost of benefits (including pension's payable up to the normal retirement age and lump sums) as an expense and liability when it becomes demonstrably committed to providing those benefits.

e) Non-Current Assets and Depreciation
Prior year adjustment
Several of the comparative figures have been restated owing to the correction of material errors identified in Northern Lighthouse Board fixed asset register-see note 30.

Capitalisation
Non-Current assets are recognised where the economic life of the item of property, plant and equipment exceeds one year; the cost of the item can be reliably measured, and the original cost is greater than £5,000 (€8,000). Assets are recognised initially at cost, which comprises purchase price, any costs of bringing assets to the location and condition necessary for them to be capable of operating in the intended manner, and initial estimates of the costs of dismantling and removing the assets where an obligation to dismantle or remove the assets arises from their acquisition or usage.

Subsequent costs of day-to-day servicing are expensed as incurred. Where regular major inspections of assets are required for their continuing operation, the costs of such inspections are capitalised and the carrying value of the previous inspection is derecognised, for example Dry Dock and Repair (DD&R) of ships.
Expenditure on renewal of structures is capitalised when the planned maintenance spend enhances or replaces the service potential of the structure. All routine maintenance expenditure is charged to the Statement of Comprehensive Net Income.
Internal staff costs that can be attributed directly to the construction of an asset, including renewals of structures that are capitalised, are capitalised.
Operating software, without which related hardware cannot operate, is capitalised, with the value of the related hardware, as property, plant and equipment. Application software, which is not an integral part of the related hardware, is capitalised separately as an intangible non-current asset.
Any gains or losses on the eventual disposal of property, plant and equipment are recognised in the Statement of Comprehensive Net Income when the asset is derecognised. Gains are not classed as revenue.

Valuation

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

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

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

Where assets are re-valued through professional valuation or through the use of indices, the accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the re-valued amount of the asset. If the assets carrying amount is increased as a result of revaluation, the increase is recognised in other comprehensive income and accumulated in equity in the Revaluation

Reserve. However, the increase shall be recognised in the statement of Comprehensive Net Income to the extent that it reverses a revaluation decrease of that class of asset previously recognised in profit and loss. If the assets carrying amount is decreased as a result of revaluation, the decrease is recognised in the statement of Comprehensive Net Income. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve. The decrease recognised in other comprehensive income reduces the amount held in the revaluation reserve in respect of that asset.

Depreciation is calculated on an annual basis and it is commenced in the financial year after original purchase and continued up to the end of the financial year in which the sale or disposal takes place. Assets in the course of construction are not depreciated.
Depreciation is charged on a straight line basis having regard to the estimated operating lives as follows:

Categories	**Depreciation Lives**	**Categories**	**Depreciation Lives**
Land and Buildings		**Buoys and Beacons**	
Land	Not Depreciated	Steel Buoys	Up to 50 years
Lighthouses (Building Structure)	25-300 years	Beacons	Up to 100 years
Lighthouse Improvements	25 years	Plastic Buoys	10 years
or remaining Life if less		Solarisation Costs	10 years
Other Buildings	50 years		
Tenders and Ancillary Craft		**Plant and Machinery**	
Tenders*	25 years	Lighthouses	15 -25 years
Tenders (Dry Dock and Repair)	Up to 5 Years	Automation equipment	15 -25 years
Workboats	Up to 25 years	Racons & Radio Beacons	15 years
		Depots and Workshops	10 years
Lightvessels		Office Equipment	Up to 10 years
Lightvessel (hulls)	50 years	Vehicles	5 - 15 years
Lightvessel (hull conversions)	15 years	Computers - Major systems	5 years
Lightvessel (Dry Dock and Repair)	7 years	Computers – Other	3 years
		AIS Equipment	Up to 10 Years
		DGPS	10 Years

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

f) Inventories
As per the Accounts Direction, Inventories should be valued by using the Average Cost method. Trinity House values Inventories on a First in-First Out basis. This departure does not have a material effect on the Inventory values reported.

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

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

i) Foreign Currency Transactions
Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date (€1/£1.2616). Transactions in foreign currencies are recorded at an average rate ruling during the period in which the transaction occurred. All differences are taken to the Statement of Consolidated Income.

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

k) Provisions
Provisions are made for liabilities and charges in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets where, at the reporting date, a legal or constructive liability (i.e. a present obligation from a past event) exists, the transfer of economic benefits is probable and a reasonable estimate can be made.

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

m) Investment Properties
The GLA hold a small number of properties that are considered surplus to requirements and are currently held for their income generation potential. It has been agreed that this alternative use is in the best interests of the GLA and the General Lighthouse Fund. These properties are treated in accordance with IAS 40: Accounting for Investment Properties and are accordingly valued to open market value each year.

n) 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.

Financial Liabilities
Financial liabilities are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate. Where the effective interest rate is not materially different from the actual interest rate the actual interest rate is used instead. 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 2016, no contracts contained embedded derivatives.

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

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

p) New Standards and Interpretations not yet adopted
The standards listed below are not yet effective for the year ended 31 March 2016 and have not been applied in preparing these financial statements but will be adopted in subsequent periods:

IFRS 9 Financial Instruments, which will replace IAS 39. IFRS 9 is expected to improve and simplify the reporting of financial instruments. Application of this standard is required for reporting periods beginning on or after January 2018, however, it is yet to receive EU endorsement so it is not possible to predict the actual application date. Initial application of IFRS 9 is expected to have a limited impact. This is because classification of financial assets and liabilities may change, however, existing measurement approaches will remain unchanged.

IFRS 15, Revenue from Contracts with Customers, is expected to come into effect from 1 January 2018. It requires recognition of revenue earnings as distinct performance obligations under contracts are satisfied. Its implementation is expected to have no material impact.

The International Accounting Standards Board (IASB) issued IFRS 16 Leases, on 13 January 2016 which replaced IAS17. The aim of IFRS 16 is to eliminate off-balance sheet leasing arrangements, and require recognition of a single right-of-use asset, measured at the present value of lease payments, with a matching liability. The pattern for recognition of the expenditure depends on the type of leases: for most leases of property, the lessee will recognise expenditure on a straight-line basis; for most leases of other types of asset, the lessee's expenditure will reduce over the term of the lease. The GLF has a number of small operating leases (see note 21) which are likely to become on-balance sheet. The implementation date for this change is 1 January 2019, however HMT has yet to release guidance on whether IFRS 16 will be adopted in full or adapted for the public sector.

Other changes due to come into effect after 2015–16 are considered to have no material impact.

q) Income

In accordance with the Merchant Shipping Act 1995, the GLAs are permitted to sell reserve capacity. Income from these activities is recognised in the period to which it relates. The principal source of income for the GLF is Light Dues, a tax on ships entering the UK or the Republic of Ireland, in addition to IRL Light Dues the GLF receives a contribution from the Irish Government towards the work of Irish Lights in the Republic of Ireland.

r) Estimates

Where the accounts contain material estimates, e.g. depreciation and valuations, an Actuary or Qualified Valuer is employed.

2 Analysis of Net Income by Segment

	TH £'000	NLB £'000	Irish Lights £'000	GLF £'000	2015/16 £'000	2014/15 £'000
Light Dues Income	-	-	-	84,294	84,294	89,421
GLA Drawdowns	30,500	19,300	9,255	(59,055)	-	-
Other Income	2,551	1,375	1,894	3,746	9,566	10,336
Total Income	33,051	20,675	11,149	28,985	93,860	99,757
Gross Expenditure	(35,396)	(21,836)	(12,985)	(2,551)	(72,768)	(73,716)
Net Expenditure	(2,345)	(1,161)	(1,836)	26,434	21,092	26,041
Total Assets	**132,895**	**87,788**	**41,319**	**56,768**	**318,770**	**331,498**

3 Light Dues

	2015/16 £'000	2014/15 £'000
Light Dues collected in United Kingdom	79,836	85,718
Light Dues collected in Republic of Ireland	4,458	3,703
	84,294	**89,421**

4 Other Income

	Tri GLA £'000	TH £'000	NLB £'000	Irish Lights £'000	GLF £'000	2015/16 £'000	2014/15 £'000
Buoy Rental	-	611	277	175	-	1,063	1,204
Property Rental	-	340	20	369	-	729	598
Other Commercial Income	-	-	76	-	-	76	61
Tender Hire	-	744	946	469	-	2,159	3,942
Republic of Ireland Contribution	-	-	-	-	3,746	3,746	2,273
Grant Income	259	-	-	755	-	1,014	1,517
Sundry Receipts	-	597	56	126	-	779	741
	259	**2,292**	**1,375**	**1,894**	**3,746**	**9,566**	**10,336**

5 Staff Costs

	TH Permanent £'000	TH Others £'000	NLB Permanent £'000	NLB Others £'000	Irish Lights Permanent £'000	Irish Lights Others £'000	Total 2015/16 £'000	Total 2014/15 £'000
Wages & Salaries	11,728	170	7,030	313	4,886	264	24,391	24,177
Social Security Costs	992	-	583	-	328	11	1,914	2,064
Employers Pension	2,279	-	1,324	-	951	7	4,561	4,257
	14,999	**170**	**8,937**	**313**	**6,165**	**282**	**30,866**	**30,498**
Other Pension Costs	7	-	-	-	20	-	27	13
Redundancy Costs	116	-	-	-	-	-	116	59
Sub Total	**15,122**	**170**	**8,937**	**313**	**6,185**	**282**	**31,009**	**30,570**
Capitalised Costs	(183)	-	-	-	(179)	-	(362)	(405)
Total Net Costs	**14,939**	**170**	**8,937**	**313**	**6,006**	**282**	**30,647**	**30,165**

6 Other Expenditure

	TH £'000	NLB £'000	Irish Lights £'000	GLF £'000	2015/16 £'000	2014/15 £'000
Running Costs	12,125	5,977	3,422	417	21,941	22,269
Rentals under Operating Leases	1,017	894	754	-	2,665	3,121
Auditors Remuneration	-	-	-	84	84	77
Research and Development	-	-	-	1,043	1,043	1,617
Impairments	879	-	-	-	879	1,835
Loss/(Profit) on Disposal of Held for Sale Assets	(785)	-	-	-	(785)	-
Loss/(Profit) on Disposal of PPE	316	50	73	-	439	894
Provision Provided in the Year	-	-	-	-	-	59
	13,552	**6,921**	**4,249**	**1,544**	**26,266**	**29,872**

7 Interest Receivable

	TH £'000	NLB £'000	Irish Lights £'000	GLF £'000	2015/16 £'000	2014/15 £'000
Bank Interest Receivable	1	1	-	111	113	139

8 Interest Payable

	TH £'000	NLB £'000	Irish Lights £'000	GLF £'000	2015/16 £'000	2014/15 £'000
Interest on DfT Loan	-	-	-	3,553	3,553	3,959
Interest on Finance Leases	355	552	-	-	907	1,047
	355	**552**	**-**	**3,553**	**4,460**	**5,006**

9 Impairments

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

2015/16

During the year, a number of capital projects were completed, including projects to re-engineer the Longstone Lighthouse off the coast of Northumberland, the beacons at Chwislen Rock and Mixon, as well as an upgrade project on Lightfloat 3, which usually forms the central mark of the Sunk Traffic Separation Scheme. In addition, Dry Dock and Repairs (DDR) were carried out on THV Patricia and a number of workboats. Upgrade work to the Differential Global Positioning System (DGPS) network were also completed.

As of 31 March 2016, the costs of these projects exceeded the Depreciated Replacement Cost valuation by £276,888 (DGPS), £75,304 (Longstone Lighthouse), £333,605 (DDR), £127,714 (Lightfloat) £47,361 (Beacons) and £18,297 (Other projects), making a total of £879,169 and in line with the requirements of the FReM, these have been treated as impairments and transferred to the Statement of Comprehensive Net Income.

No impairments were reported at NLB or Irish Lights in the period to 31 March 2016.

2014/15

During the year to 31 March 2015 Trinity House completed re-engineering of the Nab Tower, a major Navigational Aid which marks the entrance to the Solent, along with a modernisation project at Bardsey Lighthouse. The cost of completing these projects exceeds the Depreciated Replacement Cost for a modern replacement, therefore £1,210,803 (Nab) and £600,625 (Bardsey) has been impaired. Trinity House also impaired £23,136 of obsolete equipment aboard a vessel. These have been charged to the SoCNI in accordance with the FReM.

No impairments were reported at NLB or Irish Lights in the period to 31 March 2015.

10 Property Plant and Equipment

Current Year

	Land £000	Buildings £000	Vessels £000	Light-Vessels £000	Buoys £000	IT Equip. £000	Plant & Mach. £000	*AUC £000	Total £000
Cost or valuation									
At 1 April 2015 (restated)	9,934	139,737	60,691	9,810	10,827	1,920	37,747	4,473	275,139
Additions	-	140	546	254	80	651	1,433	3,378	6,482
Donations	-	-	-	-	-	-	-	-	-
Disposals	-	(32)	(5)	(290)	(70)	(196)	(206)	-	(799)
Impairments	-	(46)	(341)	(150)	(49)	-	(487)	-	(1,073)
Reclassifications	(26)	(370)	-	-	-	-	(60)	-	(456)
Revaluations	756	(814)	(19,242)	(308)	(399)	(141)	(2,771)	-	(22,919)
Transfers	-	550	502	174	166	434	1,326	(4,137)	(985)
Foreign Exchange	230	1,669	766	-	255	18	741	45	3,724
At 31 March 2016	**10,894**	**140,834**	**42,917**	**9,490**	**10,810**	**2,686**	**37,723**	**3,759**	**259,113**
Depreciation									
At 1 April 2015 (restated)	-	9	194	-	139	1,035	3,499	-	4,876
Charged in Year	-	3,243	5,160	685	732	325	3,522	-	13,667
Disposals	-	-	(2)	(21)	(4)	(127)	(101)	-	(255)
Impairments	-	(20)	(7)	(22)	(2)	-	(143)	-	(194)
Reclassifications	-	(1)	-	-	-	-	-	-	(1)
Revaluations	-	(3,222)	(4,783)	(642)	(606)	(141)	(3,027)	-	(12,421)
Transfers	-	-	-	-	-	-	-	-	-
Foreign Exchange	-	-	12	-	-	19	224	-	255
At 31 March 2016	**-**	**9**	**574**	**-**	**259**	**1,111**	**3,974**	**-**	**5,927**
NBV at 31/3/15	**9,934**	**139,728**	**60,497**	**9,810**	**10,688**	**885**	**34,248**	**4,473**	**270,262**
NBV at 31/3/16	**10,894**	**140,825**	**42,343**	**9,490**	**10,551**	**1,575**	**33,749**	**3,759**	**253,186**
Asset Financing									
Owned	10,894	140,825	(385)	9,490	10,551	1,575	33,749	3,759	210,458
Finance Leased	-	-	42,728	-	-	-	-	-	42,728
On Balance Sheet PFI	-	-	-	-	-	-	-	-	-
	10,894	**140,825**	**42,343**	**9,490**	**10,551**	**1,575**	**33,749**	**3,759**	**253,186**

*Assets under Construction and Payments on Account

The net revaluation loss for PPE is £10.5m (increase of £12.4m from restated depreciation less £22.9m decrease in gross value).
PPE revaluation losses recognised in Other Comprehensive Income are £8.53m, whilst losses which cannot be offset by previous revaluation gains of £1.968m are included in Expenditure on the Statement of Comprehensive Net Income, along with Assets held for sale revaluations of £66k to give a total of £2.034m.

Prior Year Property Plant and Equipment (restated)

	Land £000	Buildings £000	Vessels £000	Light-Vessels £000	Buoys £000	IT Equip. £000	Plant & Mach. £000	*AUC £000	Total £000
Cost or valuation									
1 April 2014 (restated)	**9,766**	**134,006**	**65,343**	**9,830**	**11,356**	**2,394**	**37,684**	**6,044**	**276,423**
Additions	-	953	814	-	333	157	1,504	4,170	7,931
Donations	-	-	-	-	-	-	-	-	-
Disposals	-	(999)	(371)	-	(21)	(430)	(898)	(111)	(2,830)
Impairments	-	(1,621)	(23)	-	-	-	(207)	-	(1,851)
Reclassifications	(1)	127	-	-	-	-	(287)	-	(161)
Revaluations	498	6,556	(3,355)	(242)	(527)	(153)	(1,039)	-	1,738
Transfers	-	3,134	-	222	68	-	2,096	(5,520)	-
Foreign Exchange	(328)	(2,419)	(1,717)	-	(382)	(48)	(1,107)	(111)	(6,112)
At 31 March 2015	**9,935**	**139,737**	**60,691**	**9,810**	**10,827**	**1,920**	**37,746**	**4,472**	**275,138**
Depreciation									
1 April 2014 (restated)	**-**	**53**	**80**	**-**	**27**	**1,303**	**4,025**	**-**	**5,488**
Charged in Year	-	2,816	5,267	687	929	355	3,119	-	13,173
Disposals	-	(68)	(371)	-	(1)	(430)	(661)	-	(1,531)
Impairments	-	(6)	-	-	-	-	(10)	-	(16)
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations	-	(2,786)	(4,781)	(687)	(817)	(153)	(2,691)	-	(11,915)
Transfers	-	-	-	-	-	-	-	-	-
Foreign Exchange	-	-	-	-	-	(40)	(283)	-	(323)
At 31 March 2015	**-**	**9**	**195**	**-**	**138**	**1,035**	**3,499**	**-**	**4,876**
NBV at 31/3/14	**9,766**	**133,953**	**65,263**	**9,830**	**11,329**	**1,091**	**33,659**	**6,044**	**270,935**
NBV at 31/3/15	**9,935**	**139,728**	**60,496**	**9,810**	**10,689**	**885**	**34,247**	**4,472**	**270,262**
Asset Financing									
Owned	9,935	139,728	4,554	9,810	10,689	885	34,247	4,472	214,320
Finance Leased	-	-	55,942	-	-	-	-	-	55,942
On Balance Sheet PFI	-	-	-	-	-	-	-	-	-
	9,935	**139,728**	**60,496**	**9,810**	**10,689**	**885**	**34,247**	**4,472**	**270,262**

*Assets under Construction and Payments on Account

The net revaluation gain for PPE is £13.6m (increase of £11.9m from restated depreciation plus £1.7m increase in gross value).
PPE revaluation gains are recognised in Other Comprehensive Income, whilst losses are included in Expenditure on the Statement of Net Comprehensive Income, along with investment property revaluations.

11 Investment Property

	TH £'000	NLB £'000	Irish Lights £'000	2015/16 £'000	2014/15 £'000
At 1 April	-	160	423	583	608
Additions	-	-	456	456	-
Disposals	-	-	-	-	-
Transfers	-	-	1,094	1,094	-
Revaluations	-	5	(1,137)	(1,132)	33
Foreign Exchange	-	-	75	75	(58)
At 31 March	**-**	**165**	**911**	**1,076**	**583**

Investment Assets include NLB's Holiday Cottages and Interpretation Centre, and a number of non-operational Irish Lights properties from which commercial income is derived.

12 Intangible Assets

Current Year

	Software £'000	Licences £'000	Total £'000
Cost or Valuation			
At 1 April 2015	3,130	150	3,280
Additions	132	-	132
Donations	-	-	-
Disposals	-	-	-
Transfers	204	-	204
Impairments	-	-	-
Reclassifications	-	-	-
Revaluation	-	-	-
Foreign Exchange	21	-	21
At 31 March 2016	3,487	150	3,637
Amortisation			
At 1 April 2015	2,703	66	2,769
Charged in year	146	8	154
Disposals	-	-	-
Impairments	-	-	-
Reclassifications	-	-	-
Revaluation	-	-	-
Foreign Exchange	15	-	15
At 31 March 2016	2,864	74	2,938
NBV at 31/3/15	**427**	**84**	**511**
NBV at 31/3/16	**623**	**76**	**699**

Intangible Assets - Prior Year

	Software £'000	Licences £'000	Total £'000
Cost or Valuation			
At 1 April 2014	2,921	150	3,071
Additions	233	-	233
Donations	-	-	-
Disposals	-	-	-
Transfers	-	-	-
Impairments	-	-	-
Reclassifications	-	-	-
Revaluation	-	-	-
Foreign Exchange	(24)	-	(24)
At 31 March 2015	3,130	150	3,280
Amortisation			
At 1 April 2014	2,439	58	2,497
Charged in year	286	8	294
Disposals	-	-	-
Impairments	-	-	-
Reclassifications	-	-	-
Revaluation	-	-	-
Foreign Exchange	(22)	-	(22)
At 31 March 2015	2,703	66	2,769
NBV at 31/3/14	**482**	**91**	**573**
NBV at 31/3/15	**427**	**84**	**511**

13 Non-Current Trade and Other Receivables

	TH £'000	NLB £'000	Irish Lights £'000	GLF £'000	2015/16 £'000	2014/15 £'000
Amounts falling due after one year:						
Trade Receivables	-	-	-	-	-	-
Deposits and Advances	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Prepayments and Accrued Income	-	7	-	-	7	10
VAT Recoverable	-	-	-	-	-	-
	-	**7**	**-**	**-**	**7**	**10**

14 Assets Classified as Held for Sale

	TH £'000	NLB £'000	Irish Lights £'000	2015/16 £'000	2014/15 £'000
At 1 April	27	-	-	27	27
Additions	-	-	-	-	-
Disposals	(27)	-	-	(27)	-
Transfers	74	-	66	140	161
Depreciation	-	-	-	-	-
Revaluations	-	-	(66)	(66)	(161)
Impairment	-	-	-	-	-
At 31 March	**74**	**-**	**-**	**74**	**27**

15 Inventories

	TH £'000	NLB £'000	Irish Lights £'000	GLF £'000	2015/16 £'000	2014/15 £'000
Inventories	2,402	607	426	-	3,435	3,519

16 Trade Receivables and Other Current Assets

	TH £'000	NLB £'000	Irish Lights £'000	GLF £'000	2015/16 £'000	2014/15 £'000
Amounts falling due within one year:						
Trade Receivables	289	384	326	892	1,891	1,425
Deposits and Advances	-	18	-	-	18	24
Other Receivables	128	-	163	846	1,137	2,914
Prepayments and Accrued Income	614	201	158	11	984	881
VAT Recoverable	301	138	61	-	500	632
	1,332	**741**	**708**	**1,749**	**4,530**	**5,876**

17 Cash and Cash Equivalents

	2015/16 £'000	2014/15 £'000
Balance at 1 April	50,710	186,526
Net Changes in Cash and Cash Equivalent Balances	5,053	(135,816)
Balance at 31 March	**55,763**	**50,710**
The following Balances were held at:		
Government Banking Service	39,398	34,122
Commercial Banks and Cash in Hand	16,365	16,588
Balance at 31 March	**55,763**	**50,710**

18 Trade Payables and Other Liabilities

	TH £'000	NLB £'000	Irish Lights £'000	GLF £'000	2015/16 £'000	2014/15 £'000
Amounts falling due within one year:						
VAT Payable	-	-	-	-	-	-
Other Taxation and Social Security	299	192	220	-	711	724
Trade Payables	1,021	839	391	-	2,251	2,567
Other Payables	327	-	391	46	764	766
Accrued and Deferred Income	2,575	1,084	1,909	-	5,568	4,799
Current Part of Finance Leases (Note 21)	1,510	1,671	-	-	3,181	3,066
	5,732	**3,786**	**2,911**	**46**	**12,475**	**11,922**

	TH £'000	NLB £'000	Irish Lights £'000	GLF £'000	2015/16 £'000	2014/15 £'000
Amounts falling due after one year:						
Other Payables, Accruals and Deferred Income	-	-	29	-	29	6
Finance Lease (Note 21)	8,669	11,125	-	-	19,794	22,976
DfT loan (Note 23)	-	-	-	150,000	150,000	170,000
	8,669	**11,125**	**29**	**150,000**	**169,823**	**192,982**

19 Provisions for Liabilities and Charges

	Redundancy £000	MNOPF £000	Other £000	Total £000
Balance at 1 April 2015	**149**	**1,366**	**147**	**1,662**
Provided in the Year	-	-	8	8
Provision Written Back	-	-	-	-
Provisions Utilised	(149)	-	(137)	(286)
Unwinding of Discount	-	-	-	-
Foreign Exchange	-	-	4	4
Balance at 31 March 2016	**-**	**1,366**	**22**	**1,388**

Analysis of expected of discounted flows:

	Redundancy £000	MNOPF £000	Other £000	Total £000
In one year or less or on demand	149		147	**296**
Between one and five years		1,366		**1,366**
Later than five years				
Balance at 1 April 2015	**149**	**1,366**	**147**	**1,662**
In one year or less or on demand	-	-	22	22
Between one and five years	-	1,366	-	1,366
Later than five years	-	-	-	-
Balance at 31 March 2016	**-**	**1,366**	**22**	**1,388**

The GLAs have provided for:

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

Merchant Navy Officers' Pension Fund (MNOPF) - Provision for actuarially calculated estimate of Section 75 contribution to the MNOPF triggered when the last employee retires.

Other – Provision to repair storm damage to Irish property in the winter of 2013/14.

20 Capital Commitments

Contracted capital commitments at 31 March 2016 not otherwise included in these financial statements.

	2015/16 £'000	2014/15 £'000
Property Plant and Equipment	850	1,356
Intangible Assets	-	267
	850	**1,623**

21 Commitments under Leases

Obligations under Operating Leases comprise:

	2015/16 £'000	2014/15 £'000
Land		
Not Later than One Year	45	45
Later Than One Year and Not Later Than Five Years	182	182
Later Than Five Years	2,332	2,343
Total	**2,559**	**2,570**
Buildings		
Not Later than One Year	20	20
Later Than One Year and Not Later Than Five Years	56	68
Later Than Five Years	50	55
Total	**126**	**143**
Other		
Not Later than One Year	1,471	1,693
Later Than One Year and Not Later Than Five Years	1,336	1,225
Later Than Five Years	540	-
Total	**3,347**	**2,918**

Obligations under Finance Leases comprise:

	2015/16 £'000	2014/15 £'000
Other		
Not Later than One Year	4,009	4,009
Later Than One Year and Not Later Than Five Years	16,034	16,034
Later Than Five Years	6,160	10,169
Sub - Total	**26,203**	**30,212**
Less Interest Element	(3,229)	(4,171)
Total	**22,974**	**26,041**

22 Pension Commitments

All commitments relating to the GLAs pension schemes were transferred to the Principal Civil Service Pension Scheme (PCSPS) on 1 April 2014 and realising a Gain on Settlement of £63.5m. All associated pension liabilities have been removed from these accounts as responsibility for pensions is now a matter for the Cabinet Office.

From 1st April 2014, the GLAs became liable for paying an employer’s contribution in respect of current staff.

Details of PSCPS a contributions are included in the Remuneration and Staff Report section.

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 is a funded multi-employer scheme but the GLA boards are unable to identify their share of the underlying assets and liabilities. Previously, officers who started employment with the GLAs and were members of the MNOPF were given the option of continuing MNOPF membership or joining the GLA Pension Scheme. This option is no longer given to new entrants. The assets of the scheme are held separately from the GLF, specifically in separate funds managed by trustees of the scheme. Contributions to the scheme (20.0% of pensionable salaries) are charged to the Statement of Comprehensive Net Expenditure when they are paid.

Contributions to the MNOPF of £10,448 (£9,744 2014/15) were made during 2015/2016 relating to 1 member of MNOPF.

The rules of the MNOPF state that Participating Employers may be called to make lump sum payments to make up deficits. The rules 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. No lump sum payments were made during the year (nil in 2014/15).

Requests for additional contributions would normally only arise after the triennial valuation of the scheme, and then only if the scheme was in a deficit considered significant enough to require additional contributions as part of recovery plan. An actuarial valuation as at 31 March 2015 reported MNOPF liabilities of £320m and assets (including deficit contributions due) at £315m. Allowing the return on assets to exceed the average discount rate by a small amount, the scheme trustees concluded no additional employer finding contributions would be required in order to remove the net deficit over the period to the end of the current Recovery Plans (due to end 2024). The next valuation is due in 2018.

23 Financial Liabilities

The GLF received a loan from DfT which was used to fund the transfer of GLA pension liabilities to the PCSPS on 1 April 2014. The loan is for a fixed term of 10 years commencing 1 April 2014, and has a fixed interest rate of 2.03%. Repayments are due every 6 months on 1 April and 1 October, whilst interest is calculated based on the outstanding balance at each repayment point.

	2015/16	**2014/15**
	£'000	**£'000**
Balance at 1 April	**(191,929)**	-
Loans received	-	(200,000)
Principal repaid	20,000	10,000
Interest paid	3,756	2,030
Interest accrued	(3,553)	(3,959)
Balance at 31 March	**(171,726)**	**(191,929)**
Amount due within 12 months	(21,726)	(21,929)
Amount due after 12 months	(150,000)	(170,000)

24 Contingent Liabilities

eLoran Babcock (formerly VT) Contract

On 31 May 2007, a contract was signed for the provision of a UK and Irish Enhanced LORAN Signal-In-Space as part of a trial European Enhanced LORAN service. Broadcasting from Anthorn in Cumbria, the quarterly cost to the GLA's of this service is £97,036.

The contract covers a period from 31 May 2007 to 1 October 2022. Should the GLAs choose to terminate the contract a termination cost of between £498,792 and £22,525 will be liable depending on when the termination was to occur. Due to the closure of the eLoran transmitter in France and Norway, eLoran can no longer be used for maritime navigational purposes. Negotiations are underway with other government agencies regarding future use of the transmitter for non-maritime purposes.

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

Merchant Navy Officers Pension Fund
An actuarial valuation was carried out as at 31 March 2015 (note 22 refers) which has resulted in no further calls for employer contributions. The GLAs have paid the deficit contributions which were due for payment on 30 June 2013 in respect of the 2012 valuation. The next valuation is due at 31 March 2018.

Lighthouse Estate
As a result of regular surveys Trinity House recognise that there is a raised degree of risk at a number of Lighthouse stations that may demand a currently unquantified level of future investment as a result of coastal erosion, subsistence and unstable ground/rock formation. These stations are predominantly Beachy Head, St Catherine's, Flamborough Head, Royal Sovereign, Wormleighton, Orfordness, Hurst point, Crow Rock and Needles. The total full replacement and/or removal costs range between £13m and £17m, however, due to the uncertain nature of these events, no provision has been made in the accounts

Employers' Liability
Prior to February 1988 NLB was self-insured for Employers' Liability risks under a Certificate of Exemption from the then Board of Trade. Marine staff have been covered since 1965 under Protection & Indemnity insurance. Therefore, should a claim materialise (and Liability/Causation be established), in respect of matters arising prior to the date that Employers' Liability or P&I insurance came into effect, there may be a period for which the NLB is responsible for damages and costs as part of any settlement.

Prior to February 1988 TH was self-insured for Employer's Liability risks under a Certificate of Exemption from the then Board of Trade. Marine staff have been covered since 1962 under Protection & Indemnity insurance. Therefore, should a claim materialise (and Liability/Causation be established), in respect of matters arising prior to the date that Employers' Liability or P&I insurance came into effect, there may be a period for which TH is responsible for damages and costs as part of any settlement.

25 Related-party transactions

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

The GLAs 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 (TSL), a wholly owned subsidiary of the Corporation of Trinity House. The agreement provides for some 37 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 26 cottages are let under this agreement.

The freehold interest in the properties remains with Trinity House. 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.

E D Johnson, Non-Executive Director of the Trinity House Lighthouse Service (THLS) Lighthouse Board, is appointed to the Board of TSL as a nominee of the Corporate Board responsible for Trinity House Charities. Commodore R Dorey was appointed to the Board of TSL in 17 November 2015, as a nominee of the Corporate Board responsible for Trinity House charities. Both are members of the THLS Lighthouse Board. Commander G Hockley, A Groom and M Glaister are appointed to the Board of TSL as nominees of the Corporate Board responsible for Trinity House Charities, none of whom are members of the THLS Lighthouse Board.

Corporation of Trinity House
The Corporation of Trinity House owns Trinity House Tower Hill and provides rent free accommodation for the use of THLS. THLS reimburses the Corporation for service charges in proportion to the floor area occupied. During 2015/16 THLS paid £288,805 to The Corporation of Trinity House in respect of service charges incurred in using office space and facilities at Trinity House, London (£289,635 in 2014/15).
Conversely, the Corporation of Trinity House reimburses THLS for the provision of services during the year. The Corporation paid £59,280 to THLS in respect of these services during the year (£63,405 in 2014/15).

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, both the built and natural heritage. The Trust has six nominated members including the Northern Lighthouse Board. The former Director of Finance and Administration, Douglas Gorman, is currently 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 purposes are to advance and promote the education of the general public, to establish and preserve a Museum of the history and operation of the lighthouses in Scotland and to aid their physical preservation. The Director of Engineering of NLB is an SLM Board Member. There have been no transactions between the Trust and NLB in the financial year, but obsolete site and plant documentation of nil or nominal value, has been donated.

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

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

The Northern Lighthouse Heritage Trust
The Northern Lighthouse Heritage Trust is a registered charity whose primary purpose is to support the preservation and conservation of lighthouse heritage. There have been no transactions between the Trust and the Board.

26 Third Party Assets

There are other assets held by NLB on behalf of the Commissioners. These assets are a collection of furniture, books, maps, paintings and silver and do not form part of the GLF.

	31 Mar 16	31 Mar 15
	£'000	£'000
Cash and Investments	28	32
Heritage Collection	277	277
	305	**309**

27 Financial Instruments

IAS 39 Financial Instruments: Presentation requires disclosure of the role which Financial Instruments have had during the year in creating or changing the risks the GLA's face in undertaking their activities. Due to the largely non trading nature of their activities and the method of funding from the GLF, they are not exposed to the degree of financial risk faced by other business entities. The GLAs have borrowing powers under the Merchant Shipping Act 1995, but very limited powers to invest in surplus assets / funds.
As permitted by IFRS 7, trade receivables and payables which mature or become payable within 12 months of the reporting date, have been omitted from the profile.
The fair value of publicly traded derivatives, trading and available for sale securities is based upon quoted market prices at the reporting date.

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

Credit Risk
Credit risk is the risk of suffering financial loss, should any customers or counterparties fail to fulfil their contractual obligations to the GLF or GLAs. There are no loans receivable in the GLF accounts and the main income source is Light Dues, a tax payable on arrival into port. UK Light Dues collection is via a network of Trinity House collectors, who must also be members of the Institute of Chartered Shipbrokers, pass an approval process and sign up to payment by Direct Debit. Irish Light Dues are collected via Irish Revenues and Customs offices. Light Dues credit risk is considered to be very low. NLB have a bank guarantee in place for £640,000 which would provide immediate funding if a key contractor went out of business.

Interest Rate Risk

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

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

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

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

NLB hold working funds in a money market account and are 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.

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

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

Currency Risks
Euro income from IRL Light Dues and contributions from the Irish Government is retained in a Lloyds euro account until needed for Irish Lights GLF advances. The balance held as at 31 March 2016 is £2.3m.

Market Risk
The GLF has no investment market risk.

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

Fair Values
There is no difference between the book values and the fair values of GLF's financial assets and liabilities as at 31 March 2016.

28 Further Information

Number of Non-Current Assets

	TH	NLB	Irish Lights	2015/16	2014/15
Lighthouses[1]	64	206	68	338	344
Lightvessels	12	-	-	12	12
Lightfloats	1	-	-	1	2
Lanby Buoys	-	-	-	-	-
Buoys & Beacons	767	227	213	1,207	1,191
Tenders & Ancillary Craft	12	2	1	15	15
Lighthouses Abroad	1	-	-	1	1

Number of Non-Current Assets Deployed

	TH	NLB	Irish Lights	2015/16	2014/15
Lighthouses[1,2]	66	206	66	338	344
Lightvessels	8	-	-	8	8
Lightfloats	1	-	-	1	2
Lanby Buoys	-	-	-	-	-
Buoys & Beacons	556	190	163	909	906
Tenders & Ancillary Craft	12	2	1	15	15
Lighthouses Abroad	1	-	-	1	1

[1] Includes one NLB station providing radio/electronic navigation aids only
[2] Lighthouses at Farne and Skokolm are no longer owned by Trinity House however they remain current operational lighthouse stations.

29 Events after Reporting Period

On 23 June, the European Union (EU) referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the EU and all the rights and obligations of EU membership remain in force. During this period, the Government will continue to negotiate, implement and apply EU legislation. It will be for the Government, under the new Prime Minister to negotiate the terms of exiting the EU. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation and funding in future once the UK has left the EU. This is therefore a non-adjusting event for which no estimate of the financial effect on the reporting entity can be made.

Authorised For Issue
These Financial Statements are laid before the Houses of Parliament by the Secretary of State for Transport. International Financial Reporting Standard (IFRS) 10 requires the Department to disclose the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

30 Prior year restatements

During 2015/16, errors were identified in NLBs accounts relating to the treatment of fixed asset valuations dating back to 2013/14. The NLB fixed asset register has been re-constructed, which has resulted in the restatement of depreciation, assets and reserves in 2013/14 and 2014/15. NLB depreciation charges have also been reviewed and restated to remove minor differences in calculation between NLB and the other GLAs. The net adjustments are as follows:

1: 2013/14	**PPE £'000**	**General Fund £'000**	**Revaluation Reserve £'000**	**Trade and Other Payables £'000**
Balance as at 31 March 2014	269,788	162,434	(171,667)	(12,109)
Fixed Asset Register Adjustments	1,147	(2,398)	1,287	(36)
Revised balance as at 31 March 2014	**270,935**	**160,036**	**(170,380)**	**(12,145)**
2: 2014/15				
Balance as at 31 March 2015	269,612	75,398	(177,757)	(11,916)
Fixed Asset Register Adjustments				
2013/14	1,147	(2,398)	1,287	(36)
2014/15 (see note 3)	(497)	(2,378)	2,845	30
Net Movement	650	(4,776)	4,132	(6)
Revised balance as at 31 March 2015	**270,262**	**70,622**	**(173,625)**	**(11,922)**

3: Of the £497k, the following adjustments (£466k) have been made to the 2014/15 Statement of Comprehensive net Income

	Depreciation £'000	**Other Expenditure £'000**	**Net gain on revaluation of PPE £'000**
2014/15 Statement of Comprehensive Net Income	(14,738)	(29,504)	15,342
Adjustments	1,565	(368)	(1,663)
Revised 2014/15 Statement of Comprehensive Net Income	**(13,173)**	**(29,872)**	**13,679**

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