Department for Transport

GENERAL LIGHTHOUSE FUND

Annual Report and Accounts for the Year Ended 31 March 2017

HC 302

Department for Transport

General Lighthouse Fund Annual Report and Accounts 2016-17

(For the year ended 31 March 2017)

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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 GLF. The principal income is from Light Dues, a tax on shipping using ports in the United Kingdom (UK) and the Republic of Ireland (IRL). The GLF 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 GLF also receives income from sundry receipts generated by GLA tender, buoy and property rentals, along with workshop services and assets sales.

All three GLAs contained their running cost expenditure within levels sanctioned by DfT Ministers during 2016/17. The level of Light Dues in the UK are 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 2016/17 include:

- the continuous maintenance of Aids to Navigation (AtoN) availability above the standards set by the International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA) (see **page 7**);
- GLA running costs reduced ahead of targets set by DfT Ministers;
- income of £4.4m generated from commercial activities;
- continued development of the GLA Joint Strategic Board for good administrative purpose;
- continued funding of Irish Lights' operations in IRL wholly from IRL sources;
- maintenance of an operating surplus sufficient to meet borrowing repayments and maintain cash GLF reserves at a sustainable level; and
- a reduction in UK Light Dues for a fourth consecutive year.

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 NLB and Irish Lights can both 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 to provide AtoNs and levy a charge to do so from HM Treasury or the Crown. 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 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 subsequently 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;
- the Commissioners of Northern Lighthouses (known as the Northern Lighthouse Board or NLB); and
- the Commissioners of Irish Lights (known as Irish Lights).

The Marine Navigation Act 2013 includes statutory powers for the GLAs to work outside the 12 nautical mile territorial limit, to mark wrecks electronically and to improve their ability to tender for commercial work where possible to utilise reserve capacity.

The work of the NLB remains 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. This close relationship was reinforced by the Scotland Act 2016 which made amendments to the Merchant Shipping Act 1995 to give powers to Scottish Ministers to appoint a commissioner to the NLB and for NLB to lay copies of its annual report and accounts before 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 GLA's future vision of Marine AtoNs is contained in the document '2030 Navigating the Future', which sets out their 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 AtoNs in accordance with international standards, recommendations and guidelines;
- introduce e-Navigation AtoN components and services in the UK and IRL;
- 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 2016/17 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 individual accounts of the three GLAs, the core GLF accounts maintained by DfT and the Light Dues collection accounts maintained by TH on behalf of the three GLAs.

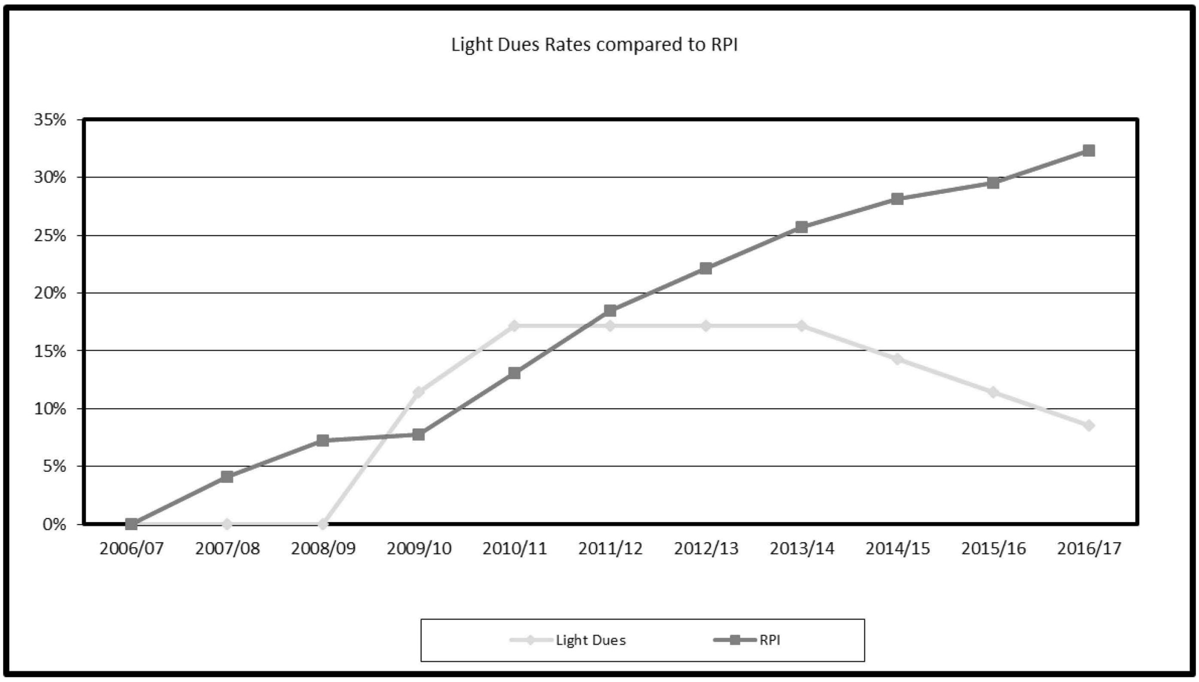
The accounts of the GLAs have been prepared in accordance with the accounts direction issued by the Secretary of State for Transport on 27 February 2013.

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

GLF income 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 statutory duty under the Merchant Shipping Act 1995 to ensure the effective management of the GLF and enable the adequate provision of AtoNs at the minimum cost.

The Government remains committed to recovery of the GLAs' costs through Light Dues. The Government and the GLAs have worked in partnership to minimise costs and the real-term levels of Light Dues in the UK which have fallen from a historic peak of 43p in 1993 to 38p in 2016 (some 24% lower in real terms than they were 10 years ago). DfT Ministers approved a further reduction in Light Dues for 2017/18 decreasing the rate from 38p to 37.5p effective from 1 May 2017.



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 (GPS) has been provided since 1998 and the GLAs continue to research e-Navigation options to enhance and complement traditional AtoN. The GLAs continue to maintain their focus on reducing costs whilst enhancing capability through 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's) 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 for 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 IRL 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 future these systems will be joined by other satellite systems such as Compass and Galileo. Due to vulnerabilities of any satellite-based positioning 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 safety concern. The GLAs participated in a pan-European terrestrial-based network, known as e-Loran, on a trial basis. 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 adding further resilience to navigation.

Future Goals

The GLAs and DfT have set out a number of goals for the future including:

- 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 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 GLF reserves at sufficient levels to mitigate the risk of unexpected financial pressures, to meet GLA funding and GLF borrowing commitments whilst minimising cost to industry; and
- to maintain stability for the payers of Light Dues.

Going Concern

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

2.2. **Performance Analysis**

Financial Performance

The GLF Accounting Policies are reviewed every year in accordance with IAS 8, Accounting Policies. The review is carried out at the tri-GLA Accounts Format Working Group with reference to the FReM and the Accounts Direction issued by the Secretary of State for Transport on 27 February 2013. No material changes were required for 2016/17.

Financial results for 2016/17 are set out in the Statement of Comprehensive Net Income (SoCNI) (see **page 29**) and show an operating surplus of £21.8m for 2016/17 (£21.1m 2015/16). Although UK Light Dues rates were reduced for the 2016/17 financial year income from this source did not fall as much as expected due, in part, to additional chargeable tonnage calling at UK ports. Expenditure was broadly consistent with the previous year.

Including Interest and Other Comprehensive Income, the SoCNI reports total comprehensive income for 2016/17 of £29.2m compared to £10.4m in 2015/16. This difference is mainly due to an increase in the value of GLA assets (the £8.5 loss in 2015/16 was reversed to £7.4m gain in 2016/17). These gains have been taken to the revaluation reserve. One other significant difference to 2015/16 (+£1.6m) is due to the increase in value in investment property held by the GLAs which lost value in the previous year.

Gains reported in the SoCNI increase the net worth of the GLF as shown on the Statement of Financial Position (SoFP) by £29.2m to £142.5m. Within the SoFP there was no significant movement on Non-Current Assets, Current Assets or Current Liabilities. Non-Current Liabilities were reduced by £24m as a result of GLA vessel lease payments and loan repayments.

All three GLAs' achieved significant savings when compared to the budget limits set by the Secretary of State for Transport:

Irish Lights

	Actual Expenditure £'000	**Cash Limits £'000**	**Variation £'000**
Running Costs	11,399	12,620	(1,221)
Capital Expenditure	342	734	(392)
Other Costs	2	0	2
Total	**11,743**	**13,354**	**(1,611)**

Northern Lighthouse Board

	Actual Expenditure £'000	**Cash Limits £'000**	**Variation £'000**
Running Costs	16,109	16,393	(284)
Capital Expenditure	3,307	3,447	(140)
Expenditure on behalf of all GLAs	3	7	(4)
Other Costs	2,162	2,180	(18)
Total	**21,581**	**22,027**	**(446)**

Trinity House

	Actual Expenditure £'000	**Cash Limits £'000**	**Variation £'000**
Running Costs	23,630	25,489	(1,859)
Capital Expenditure	3,632	4,147	(515)
Expenditure on behalf of all GLAs	2,476	3,098	(622)
GLF Administration	191	221	(30)
Other Costs	4,168	4,783	(615)
Total	**34,097**	**37,738**	**(3,641)**

Expenditure on Non-Current Assets

During the year to 31 March 2017, the GLAs' expenditure on non-current assets was as follows:

Irish Lights	**2016/17** **£'000**	**2015/16** **£'000**
Assets in course of construction	293	269
Buildings	-	55
Tenders Ancillary Craft & Floating Aids	5	-
Information Technology	27	-
Plant & Equipment	226	503
Total	**551**	**827**

Northern Lighthouse Board	**2016/17** **£'000**	**2015/16** **£'000**
Assets in course of construction	1,094	1,928
Buildings	679	46
Buoys & Beacons	202	-
Tenders Ancillary Craft & Floating Aids	572	457
Information Technology	182	6
Plant & Equipment	578	151
Total	**3,307**	**2,588**

Trinity House	**2016/17** **£'000**	**2015/16** **£'000**
Assets in course of construction	1,557	1,181
Buildings *	-	39
Buoys & Beacons	81	80
Lightvessels	-	254
Tenders Ancillary Craft & Floating Aids	481	89
Information Technology	283	645
Intangible software	66	132
Plant & Equipment	1,164	779
Total	**3,632**	**3,199**

* 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, Liquidity Risk is controlled within the GLF bank accounts. Total GLA drawdowns from the GLF during the year were as follows:

Irish Lights	£10.2m
Northern Lighthouse Board	£21.6m
Trinity House	£31.5m
Total	**£63.3m**

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

Light Dues (UK)	£78.1m
Light Dues (IRL)	£5.2m
Irish Government Contribution	£3.5m
Total	**£86.8m**

Aids to Navigation (AtoN) Availability

Availability of AtoN is the prime factor in any measurement to demonstrate compliance with the GLAs' statutory responsibilities. The standards against which the GLAs measure themselves are those recommended as the minima by IALA:

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 method of measurement and the recognised availability standards are set for each category by IALA and are published in its 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.

The GLAs' performance against these standards (see **page 8**) indicate they have exceeded them for all AtoN categories and for each of the past five years.

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	2012/13		2013/14		2014/15		2015/16		2016/17	
		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%	100.0%	0.2%
Lights	2	99.0%	100.0%	1.0%	100.0%	1.0%	100.0%	1.0%	99.9%	0.9%	99.8%	0.8%
Fog Signals	3	97.0%	99.8%	2.8%	99.7%	2.7%	99.6%	2.6%	99.7%	2.7%	100.0%	3.0%
AIS	3	97.0%	100.0%	3.0%	99.6%	2.6%	99.2%	2.2%	99.4%	2.4%	99.1%	2.1%
Lights	3	97.0%	99.9%	2.9%	99.8%	2.8%	99.8%	2.8%	99.8%	2.8%	99.8%	2.8%

Northern Lighthouse Board

Aton Type	Cat.	IALA	2012/13		2013/14		2014/15		2015/16		2016/17	
		Min	Act	Diff	Act	Diff	Act	Diff	Act	Diff	Act	Diff
Buoys	1	99.8%	99.9%	0.1%	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%	99.9%	0.1%	99.9%	0.1%	99.9%	0.1%
Racons	1	99.8%	99.8%	0.0%	99.9%	0.1%	100.0%	0.2%	99.9%	0.1%	99.9%	0.1%
Buoys	2	99.0%	100.0%	1.0%	99.9%	0.9%	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%	99.9%	0.9%
AIS	3	97.0%	98.7%	1.7%	99.6%	2.6%	99.7%	2.7%	99.7%	2.7%	99.1%	2.1%
Buoys	3	97.0%	100.0%	3.0%	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	2012/13		2013/14		2014/15		2015/16		2016/17	
		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%	99.8%	0.0%	99.8%	0.0%	99.8%	0.0%	99.8%	0.0%
Lights	2	99.0%	99.9%	0.9%	99.9%	0.9%	100.0%	1.0%	99.9%	0.9%	99.9%	0.9%
Lights	3	97.0%	99.9%	2.9%	99.8%	2.8%	99.8%	2.8%	99.8%	2.8%	99.8%	2.8%

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Sustainability Reporting

The GLAs are exempt from mandatory sustainability reporting due to the size and nature of their operations. 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 AtoNs, principally through the installation of solar-electric power systems occasionally supplemented by wind power. The implementation of these technologies has considerably reduced the GLAs' dependence upon carbon-based energy.

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

Bernadette Kelly 5 September 2017
Permanent Secretary and Accounting Officer

Department for Transport
Great Minster House
33 Horseferry Road
London SW1P 4DR

3. <u>Accountability Report</u>

3.1. Directors' report

Structure

The core GLF is the responsibility of the Secretary of State for Transport and management is delegated to officials. Details of the DfT's Ministers, Non-Executive and Executive Board members are published in its 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

There were no data related incident reportable to the Information Commissioners during 2016/17.

Payment of Creditors Policy

All payments by TH are made in accordance with the Public Contract Regulations 2015 (Chapter 9, Section 113-2a), NLB seeks to adopt the British Standard BS 7890 and IL seeks to comply with the Prompt Payment of Accounts Act 1997. Payment of all Accounts Payable 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 13 days, NLB 14 days & IL 19 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 2016/17 accounts cost £75k (2015/16 £84k). NAO did not receive any remuneration for non-audit related work.

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, Bernadette Kelly, as Principal Accounting Officer with effect from 18 April 2017. In preparing these accounts, the Accounting Officer is required to comply with the requirements of the FReM 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 FReM 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'.

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 she takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

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 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 each GLA are available from their respective websites 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 each GLA Board 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 GLA's 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 DfT's 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 AtoNs within their respective areas of jurisdiction. To assist this process, the GLAs take steps to:

- observe and record developments at the International Maritime Organization (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 gives the Secretary of State for Transport statutory responsibility for the administration of the GLF. This responsibility is delegated to officials within DfT's Maritime Directorate.

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 DfT officials.

Information concerning the GLAs' Board structures, committees, meetings and effectiveness can be found in their respective Annual Reports 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 DfT Ministers.

The Governance, Organisational and Committee structure in place within the three GLAs is discussed in greater detail in each GLA's Governance Reports, 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 at least annually and considers the GLA budgetary, and GLF funding, requirements and their implications for Light Dues rates. The Committee's deliberations inform 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 maintains a strategic road map to track key areas of focus, significant issues and initiatives which affect the GLAs.

Republic of Ireland Government

The work of Irish Lights covers the whole of the island of Ireland, and 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 IRL 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 GLF Annual Report and Accounts 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. The review concluded that the individual GLA (and directorate) risk registers that we have seen appear to be completed to a high standard, with generally clear definition of risks, identification of current controls, additional planes controls, etc. This is indicative of an effective risk management approach not just at a strategic level but extending down to the operational level.

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 GLAs' Annual Reports 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 GLF, including:

- utilising Government Banking Services provided by HM Treasury;
- providing monthly and quarterly reports detailing cashflow activity and forecasts;
- monthly financial reporting of data on Light Dues income, trends and projections;
- GLA 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 the RPI-X targets set by DfT Ministers; and
- an annual report to DfT 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 2016/17, 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
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 the IT operating environment 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 2016/17 at any of the GLAs.*
>
> *Whilst our work during 2016/17 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 & GLA 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 2016/17.

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

TH operates a remuneration strategy based on spot rate salaries informed by job evaluation and market testing. TH uses the Hay Job Evaluation methodology, which provides a sound, tried and tested approach to job evaluation that ensures consistency and fairness across job groups and directorates. It also enables 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. TH 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.

TH operates a performance-related pay system to incentivise staff. The current system is designed to increase staff awareness and understanding of corporate level objectives and ensure that personal objectives link to departmental and strategic objectives. An annual staff bonus is linked to the appraisal cycle. Every individual's performance and 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 TH Directors and their pension entitlements are shown below:

Remuneration of Directors (Audited)

Name	Salary 2016/17 £000	Bonus 2016/17 £000	Benefits 2016/17 £	Pension Benefits[1] 2016/17 £000	Total 2016/17 £000	Salary 2015/16 £000	Bonus** 2015/16 £000	Benefits[5] 2015/16 £	Pension Benefits[1] 2015/16 £000	Total[5] 2015/16 £000
I McNaught	115 - 120	10 - 15	2,400	64	195 - 200	120 - 125	45 - 50	2,200	55	225 - 230
A Damen[2]	80 - 85	5 - 10	1,200	32	120 - 125	-	-	-	-	-
J S Wedge[3]	-	-	-	-	-	115 - 120	35 - 40	2,000	86	240 - 245
R Barker	85 - 90	5 - 10	2,200	14	110 - 115	100 - 105	35 - 40	2,000	32	170 - 175
R W Dorey[4]	85 - 90	5 - 10	2,000	12	105 - 110	35 - 40	20 - 25	5,000	19	85 - 90
E D Johnson	15 - 20	-	600	-	15 - 20	15 - 20	-	500	-	15 - 20
P Matthews	15 - 20	-	1,500	-	15 - 20	15 - 20	-	100	-	15 - 20
N Palmer	20 - 25	-	500	-	20 - 25	20 - 25	-	1,700		20 - 25
D Ring	15 - 20	-	1,400	-	15 - 20	15 - 20	-	500	-	15 - 20

[1]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.

[2] Mr Damen commenced 18 April 2016

[3] Mr Wedge left under Voluntary Exit terms on 31 March 2016. He received a compensation payment of £95,000

[4] Mr Dorey commenced 27 October 2015, full year equivalent £85,000-£90,000

[5] Restated to include taxable benefit received on medial care

** Includes one off payment to alter terms during 2015/16

Benefits in Kind

Benefits include any benefits provided by TH and treated by HM Revenue and Customs as a taxable emolument. Included as benefits are relocation expenses; gym membership; private outpatient medical care; taxable travel and subsistence and subscriptions to professional bodies. 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 for certain staff were changed in return for a one off payment.

Pay Multiples

	2016/17	2015/16
Band of Highest Paid Directors Total Remuneration (£000's)	130 - 135	170 - 175
Median Total Remuneration	£31,934	£32,050
Ratio	4.2	5.3

The TH Pay Multiple was artificially high in 2015/16 due a one off buy-out arrangement for Director bonus payments.

In 2016/17, no employees received remuneration in excess of the highest paid director (2015/16 Nil). Remuneration ranged from £15,091 to £99,279 (2015/16 £14,843 to £141,319).

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

Executive Directors' contracts are permanent, subject to satisfactory performance, and require a twelve month written notice period. 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 (Contract renewed in 2016 for further 3 years)	1 December 2013	30 November 2019

Pensions (Audited)

All Executive Board Members of TH (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 16 £'000	CETV 31 March 17 £'000	Real Increase CETV £'000	Employer contribution Partnership Pension Account £'000
I McNaught	2.5 - 5.0	-	15 - 20	-	237	309	52	-
A Damen	0.0 - 2.5	-	0 - 5	-	-	18	12	-
R Barker	0.0 - 2.5	-	20 - 25	-	400	420	13	-
R Dorey	0.0 - 2.5	2.5 - 5.0	40 - 45	125 - 130	800	849	9	-

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 NLB 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 Remuneration 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 Remuneration Committee has used external advice to provide comparative pay information and to recommend new structures.

Background
The remuneration of the NLB 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 of remuneration issues by external consultants. The new pay 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.

Remuneration of Executive Directors (Audited)

Name	Salary 2016/17 £000	Bonus[4] 2016/17 £000	Benefits 2016/17 £	Pension Benefits[1] 2016/17 £000	Total 2016/17 £000	Salary 2015/16 £000	Bonus[3] 2015/16 £000	Benefits 2015/16 £	Pension Benefits[1] 2015/16 £000	Total 2015/16 £000
M Bullock	120 - 125	-	300	46	170 - 175	115-120	10-15	400	46	170 - 175
M Rae	80 - 85	-	300	30	115 - 120	75-80	5-10	300	28	115 - 120
P Day	80 - 85	-	100	28	110 - 115	75-80	5-10	100	33	115 - 120
M Waddell[2]	50 - 55	-	-	230	280 - 285	75-80	-	1,100	31	105 - 110

[1] 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.
[2] Mr Waddell left under Voluntary Exit Terms on 30 November 2016, he received a compensation payment.
[2] Full time equivalent salary £80,000-£85,000.
[3] Restated to include bonus payments made in 2016/17 relating to 2015/16.
[4] The outcome of a recent pay review has resulted in the consolidation of bonuses into pay from 2016/17.

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.

	2016/17	2015/16*
Band of Highest Paid Directors Total Remuneration (£000's)	120-125	125-130
Median Total Remuneration	£30,583	£30,578
Ratio	4.1	4.2

In 2016/2017 no employees received remuneration in excess of the highest-paid director (2015-2016 Nil). Remuneration ranged from £20,572 to £124,312 (2015/2016* £17,448 to £129,042).

* The 2015/16 figures have been restated to include bonus payments made during 2016/17 relating to performance in 2015/16.

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.

Executive Directors' Pensions (Audited)

The Executive Directors are members of the Principal Civil Service Pension Scheme (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 NLB 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 16 £'000	CETV 31 March 17 £'000	Real Increase CETV £'000	Employer contribution Partnership Pension Account £'000
M Bullock	2.5 - 5.0	-	5 - 10	-	69	107	27	-
M Rae	0.0 - 2.5	-	10 - 15	-	141	165	16	-
P Day	0.0 - 2.5	-	35 - 40	-	385	414	12	-
M Waddell	10.0 - 12.5	27.5 - 30.0	45 - 50	85 - 90	669	867	191	-

Remuneration of Commissioners (Audited)

Commissioners:

1. Elected by the NLB 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 and Transport Scotland.

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

The annual amount payable was updated with effective from 1 April 2016:

	£
Basic annual remuneration	10,092
Additional daily payment	500
Chairman's remuneration	20,196
Vice Chairman's remuneration	13,464
Total amount paid in 2016/17 including NI	75,866
Total amount paid in 2015/16 including NI	77,494

Co-opted Commissioners' remuneration is set by the NLB 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 NLB 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 NLB Commissioners (excluding NI) is analysed as follows:

	2016/17	2015/16
	£	£
A Mackenzie (Chairman)	20,196	20,128
G Crerar (Vice-Chariman)	13,464	13,320
M Brew	10,092	10,060
M Close	10,092	10,060
J Ross	10,092	10,060
A Beveridge	10,092	10,060

4.3. Irish Lights

Remuneration Committee

The IL Remuneration Committee advises on remuneration policy and practice 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 Principal Civil Service Pension Scheme (PCSPS).

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

Remuneration of Chief Executive and Heads of Departments (Audited)

These figures are converted to pounds sterling from euros at an average exchange rate for the years reported of 1.1900 for 2016/17 and 1.3665 for 2015/16.

Name	Salary 2016/17 £000	Bonus 2016/17 £000	Benefits 2016/17 £	Pension Benefits[1] 2016/17 £000	Total 2016/17 £000	Salary 2015/16 £000	Bonus 2015/16 £000	Benefits 2015/16 £	Pension Benefits[1] 2015/16 £000	Total 2015/16 £000
Y Shields	115 - 120	-	500	45	160 - 165	100-105	-	-	40	140-145
R McCabe	100 - 105	-	-	64	165 - 170	80-85	-	-	19	100-105
J Burke	100 - 105	-	-	36	135 - 140	85-90	-	-	45	130-135
H Roe	100 - 105	-	300	39	140 - 145	80-85	-	200	33	115-120

[1] 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

	2016/17	2015/16
Band of Highest Paid Directors Total Remuneration (£000's)	115 - 120	100 - 105
Median Total Remuneration	£38,259	£30,871
Ratio	3.0	3.3

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 2016/17, no employees received remuneration in excess of the highest paid director (2015/16 Nil). Remuneration ranged from £21,849 to £104,712 (2015/16 £18,295 to £87,816). 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.

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 2016/17 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 16 £'000	CETV 31 March 17 £'000	Real Increase CETV £'000	Employer contribution Partnership Pension Account £'000
Y Shields	2.5 - 5.0	-	15 - 20	-	159	194	22	-
R McCabe	2.5 - 5.0	7.5 - 10.0	40 - 45	125 - 130	881	945	63	-
J Burke	2.5 - 5.0	-	35 - 40	-	527	573	14	-
H Roe	0.0 - 2.5	-	10 - 15	-	109	145	26	-

4.4. Staff Report

Staff Costs (Audited)

	Total 2016/17 £'000	Total 2015/16 £'000
Wages & Salaries	24,561	24,391
Social Security Costs	2,378	1,914
Employers Pension	4,712	4,561
	31,651	**30,866**
Other Pension Costs	61	27
Redundancy Costs	300	116
Staff Related Provisons	(1,276)	-
Sub Total	**30,736**	**31,009**
Capitalised Costs	(247)	(362)
Total Net Costs	**30,489**	**30,647**

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 hosts three inter-GLAs functions: the Research and Radio Navigation Directorate; 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:

	2016/17 Permanent	2016/17 Others	2016/17 Total	2015/16 Permanent	2015/16 Others	2015/16 Total
Directly Employed	569	12	581	580	9	589
Other	-	18	18	-	4	4
Staff engaged on Capital Projects	7	-	7	12	-	12
	576	**30**	**606**	**592**	**13**	**605**

Expenditure on consultancy

Expenditure incurred on consultancy was £158,752 (2015/16 £43,132).

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	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
Exit Package Cost Band						
Less than £10,000	-	-	-	1	-	1
£10,000-£25,000	-	-	-	1	-	1
£25,000-£50,000	-	-	1	-	1	-
£50,000-£100,000	-	-	1	3	1	3
£150,000-£200,000	-	-	1	-	1	-
Total Number of Exit Packages	**-**	**-**	**3**	**5**	**3**	**5**
Total Cost (£)	**-**	**-**	**298,819**	**264,955**	**298,819**	**264,955**

Diversity information

Number of persons of each gender who were employed by the GLAs as of 31 March 2017 was
(Number of whole time equivalents on 31 March 2017):

	2016/17 Female	2016/17 Male	2015/16 Female	2015/16 Male
Commissioner/NED	8	29	5	19
Director	2	9	2	10
Manager	8	75	4	34
Employee	112	412	115	460
Total	**130**	**525**	**126**	**523**

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

Trinity House	2016/17	2015/16
Total number of days sickness	2,791	2,256
Average number of days lost per employee	9.7	7.6

Northern Lighthouse Board	2016/17	2015/16
Total number of days sickness	1,761	1,725
Average number of days lost per employee	10.5	8.9

Irish Lights	2016/17	2015/16
Total number of days sickness	1,069	939
Average number of days lost per employee	9.8	8.5

Average number of days lost per employee is based on total number employed of 565 (601 15/16) which excludes lighthouse attendants & casual staff

Staff Relations
There were no instances of industrial action during the year (2015/16 Nil).

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 2016/17 were:

	TH	NLB	Irish Lights	2016/17	2015/16
	£000	£000	£000	£000	£000
Employer PCSPS contributions	2,251	1,349	1,112	4,712	4,540

In addition, employer contributions of £800 (2015/16 £513) 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% (2015/16 20% to 24.5%) 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 2016/17 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Partnership Pensions
Employees can opt to open a partnership pension account, which is a stakeholder pension with an employer contribution. Employers' contributions paid to one or more of a panel of four appointed stakeholder pension providers were:

	TH	NLB	Irish Lights	2016/17	2015/16
	£	£	£	£	£
Employer partnership pension contributions	5,985	34,504	-	40,489	17,876

Employer contributions are age-related and ranged from 8.0% to 14.5% (2014/15: 3.0% to 14.75%) 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 £nil (2015/16: £1,154). Contributions prepaid at that date were £Nil (2015/16: £Nil).

Off-payroll arrangements

There were no off-payroll arrangements during the year.

5. Parliamentary Accountability Disclosures (Audited)

Regularity of Expenditure

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

Losses & Special Payments

Trinity House paid £110,000 to prematurely terminate a contract for the e-Loran system.

There were no other losses or special payments that are required to be disclosed per HM Treasury Guidance (2015/16 Nil).

Fees and Charges

Light Dues, the principal source of income to the GLF, is a tax set by annually in the UK by the Shipping Minister in accordance with the Merchant Shipping Act 1995. The rates are set at a level which balances income with expenditure; any surplus generated remains in the GLF to fund navigational Safety in a future period.

The GLAs also change for some commercial activities to utilise reserve capacity. GLAs commercial activities are charged at market rates.

Contingent Liabilities

There are no remote contingent liabilities (2015/16 Nil).

Bernadette Kelly 5 September 2017
Permanent Secretary and Accounting Officer

Department for Transport
Great Minster House
33 Horseferry Road
London SW1P 4DR

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 2017 under the Merchant Shipping Act 1995. The financial statements comprise: the Statements of Comprehensive Net Income, Financial Position, Cash Flows, Changes in Taxpayers' 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 and Staff Report and the Parliamentary Accountability disclosures that is described in that report as having been audited.

Respective responsibilities of the Boards, Secretary of State, Accounting Officer and auditor
As explained more fully in the Statement of the Responsibilities of the General Lighthouse Authorities' Boards, the 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 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 and Accounts 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 2017 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 7 September 2017
Comptroller and Auditor General

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 2017

	Notes	2016/17 £'000	2015/16 £'000
Income			
Light Dues	3	83,299	84,294
Other income	4	9,324	9,566
		92,623	93,860
Expenditure			
Staff costs	5	(30,489)	(30,647)
Amortisation	12	(211)	(154)
Depreciation	10	(12,450)	(13,667)
Loss on Revaluation	10	(1,275)	(2,034)
Other Expenditure	6	(26,360)	(26,266)
		(70,785)	(72,768)
Net Operating Income/Expenditure		**21,838**	**21,092**
Interest receivable	7	89	113
Interest payable	8	(3,848)	(4,460)
Revaluation of Investment Property	11	473	(1,132)
Surplus / (deficit) for the financial year		18,552	15,613
Other Comprehensive Income			
Items that will not be classified to net operating costs:			
Net gain/(loss) on revaluation of Property, Plant and Equipment	10 & 14	7,400	(8,531)
Items that may be classified to net operating costs:			
Translation of Euro Reserves		3,216	3,272
Total Comprehensive Income		29,168	10,354

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

Statement of Financial Position
as at 31 March 2017

	Notes	2016/17 £'000	2015/16 £'000
Assets			
Non-Current Assets			
Property, Plant and Equipment	10	255,726	253,186
Investment Property	11	1,620	1,076
Intangible Assets	12	1,063	699
Trade and Other Receivables	13	-	7
		258,409	254,968
Current Assets			
Assets Classified as Held for Sale	14	402	74
Inventories	15	3,820	3,435
Trade and Other Receivables	16	3,854	4,530
Cash & Cash Equivalents	17	56,816	55,763
		64,892	63,802
Total Assets		323,301	318,770
Liabilities			
Current Liabilities			
Trade and Other Payables	18	(11,911)	(12,475)
Provision Liabilities	19	(257)	(22)
Financial Liabilities	23	(21,523)	(21,726)
		(33,691)	(34,223)
Non-Current Liabilities			
Provisions	19	(211)	(1,366)
Other Liabilities	18	(436)	(29)
Finance Lease Liabilities	18	(16,436)	(19,794)
Financial Liabilities	18 & 23	(130,000)	(150,000)
		(147,083)	(171,189)
Total Assets less Total Liabilities		**142,527**	**113,358**
Reserves			
General Reserve		(19,733)	(45,980)
Revaluation Reserve		162,260	159,338
Total Reserves		**142,527**	**113,358**

Bernadette Kelly 5 September 2017
Permanent Secretary and Accounting Officer

Department for Transport
Great Minster House
33 Horseferry Road
London SW1P 4DR

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

Statement of Cash Flows

for the period ended 31 March 2017

	Notes	2016/17 £'000	2015/16 £'000
Cash flows from operating activities			
Net Surplus/(Deficit) after Interest		18,552	15,613
Loss on revaluation of buildings		(0)	0
Loss/(Profit) on Disposal of Property Plant and Equipment	6	192	439
Loss/(Profit) on Disposal of Assets Held for Sale	6	(231)	(785)
Loss on Disposal of Intangible Assets	6	3	-
Depreciation	10	12,450	13,667
Amortisation	12	211	154
Impairments	10	477	879
Revaluation Losses (property, Plant & Equipment)	10	1,229	2,034
(Increase)/Decrease in Trade and Other Receivables	13 & 16	683	1,349
(Increase)/Decrease in Inventories	15	(385)	84
Increase/(Decrease) in Trade Payables	18	(310)	460
Increase/(Decrease) in accrued borrowing costs	23	(203)	(203)
Use of Provisions	19	(920)	(273)
Revaluation of Investment Properties	11	(427)	1,132
Foreign Exchange Translation		107	(279)
Net cash outflow from operating activities		31,428	34,271
Cash flow from investing activities			
Purchase of Property, Plant and Equipment	10	(7,424)	(6,482)
Purchase of Intangible assets	12	(66)	(132)
Purchase of Investments	11	-	(456)
Purchase of Assets Held for Sale	14	(46)	-
Proceeds from disposal of Property, Plant and Equipment		366	919
Net cash outflow from investing activities		(7,170)	(6,151)
Cash flows from financing activities			
Financing Repaid	23	(20,000)	(20,000)
Capital element of Payments in Respect of Finance Leases		(3,205)	(3,067)
Net cash flow from financing activities		(23,205)	(23,067)
Net cash flow from all activities		1,053	5,053
Net increase in cash and cash equivalents in the period	17	**1,053**	**5,053**
Cash and cash equivalents at the beginning of the period	17	**55,763**	**50,710**
Cash and cash equivalents at the end of the period	17	**56,816**	**55,763**

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

Statement of Changes in Equity

for the period ended 31 March 2017

	General Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 31 March 2015	(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 *	1,870	1,404	3,273
Balance at 31 March 2016	**(45,980)**	**159,338**	**113,358**

	General Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 31 March 2016	(45,980)	159,338	113,358
Surplus / (deficit) for the financial year	18,552	-	18,552
Net gain/ (loss) on revaluation of Property, Plant and Equipment	-	7,400	7,400
Release of Revaluation reserve to the General Reserve re Depreciation	5,945	(5,945)	-
Release of Revaluation reserves to the General Reserve re Disposals	40	(40)	-
Foreign translation of Euro Reserves *	1,710	1,507	3,217
Balance at 31 March 2017	**(19,733)**	**162,260**	**142,527**

* The cumulative foreign translation of Euro Reserves is -£4.84m as measured from the inception of the Statement of Changes in Equity on 1 April 2009.

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

8. Notes to the Accounts for the Year Ended 31 March 2017

1 Accounting Policies

a) Accounting Convention
These accounts have been prepared in accordance with the 2016/17 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 2017 shows net assets of £142.5m. 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.

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/£1.1694). 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 GLAs 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 2017, 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
No new accounting standards became effective for the first time in 2016/17.

The standards listed below are not yet effective for the year ended 31 March 2017 and have not been applied in preparing these financial statements. The following standards may affect future Accounts if, after further consultation, they are adopted by the FReM:

IFRS 9 addresses classification, measurement and impairment of financial assets. HM Treasury released an exposure draft for inclusion in the 2018-19 FReM. It is thought that IFRS 9 will result in terminology changes.

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. HM Treasury released an exposure draft for inclusion in the 2018-19 FReM. It is not thought implementation will have a material impact, however the full impact will not be known until the FReM adopts or adapts these standards.

IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has a low value. The probable impact is that there will be earlier recognition of expenditure in relation to leases (amortisation and interest). It is not yet clear when or with what degree of adaptation this standard will be reflected in the FReM. The IFRS will become effective in the private sector for accounting periods commencing on or after 1 January 2019.

IFRS 17 requires a discounted cash flow approach to accounting for insurance contracts. It is expected to come into effect for accounting periods commencing on or after 1 January 2021. The GLF currently has no contracts which meet the definition of insurance contracts.

Other changes due to come into effect after 2016/17 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	NLB	Irish Lights	GLF	2016/17	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000
Light Dues Income	-	-	-	83,299	83,299	84,294
GLA Drawdowns	31,500	21,650	10,170	(63,320)	-	-
Other Income	2,721	1,268	1,799	3,536	9,324	9,566
Total Income	34,221	22,918	11,969	23,515	92,623	93,860
Gross Expenditure	(33,064)	(20,318)	(14,931)	(2,472)	(70,785)	(72,768)
Net Expenditure	1,157	2,600	(2,962)	21,043	21,838	21,092
Total Assets	**134,633**	**89,779**	**41,671**	**57,218**	**323,301**	**318,770**

3 Light Dues

	2016/17	2015/16
	£'000	£'000
Light Dues collected in United Kingdom	78,133	79,836
Light Dues collected in Republic of Ireland	5,166	4,458
	83,299	**84,294**

4 Other Income

	Tri GLA	TH	NLB	Irish Lights	GLF	2016/17	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Buoy Rental	-	684	339	217	-	1,240	1,063
Property Rental	-	354	122	471	-	947	729
Other Commercial Income	-	-	32	-	-	32	76
Tender Hire	3	659	656	933	-	2,251	2,159
Republic of Ireland Contribution	-	-	-	-	3,536	3,536	3,746
Grant Income	416	-	42	133	-	591	1,014
Sundry Receipts	-	605	77	45	-	727	779
	419	**2,302**	**1,268**	**1,799**	**3,536**	**9,324**	**9,566**

5 Staff Costs

	TH Permanent	TH Others	NLB Permanent	NLB Others	Irish Lights Permanent	Irish Lights Others	Total 2016/17	Total 2015/16
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Wages & Salaries	11,057	248	6,969	344	5,527	416	24,561	24,391
Social Security Costs	1,204	-	787	-	371	16	2,378	1,914
Employers Pension	2,251	-	1,349	-	1,104	8	4,712	4,561
Sub Total	**14,512**	**248**	**9,105**	**344**	**7,002**	**440**	**31,651**	**30,866**
Other Pension Costs	6	-	55	-	-	-	61	27
Redundancy Costs	30	-	268	-	2	-	300	116
Staff Related Provisons	68	-	(1,352)	-	8	-	(1,276)	-
Sub Total	**14,616**	**248**	**8,076**	**344**	**7,012**	**440**	**30,736**	**31,009**
Capitalised Costs	(121)	-	-	-	(126)	-	(247)	(362)
Total Net Costs	**14,495**	**248**	**8,076**	**344**	**6,886**	**440**	**30,489**	**30,647**

6 Other Expenditure

	TH	NLB	Irish Lights	GLF	2016/17	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000
Running Costs	10,524	6,603	4,141	1,405	22,673	21,941
Rentals under Operating Leases	643	1,441	43	-	2,127	2,665
Auditors Remuneration	-	-	-	75	75	84
Research and Development	1,004	-	-	-	1,004	1,043
Impairments	477	-	-	-	477	879
Loss/(Profit) on Disposal of HfS[1]	(231)	-	-	-	(231)	(785)
Loss/(Profit) on Disposal of PPE[2]	44	54	94	-	192	439
Loss/(Profit) on Disposal of Int[3]	3	-	-	-	3	-
Provision Provided in the Year	-	-	40	-	40	-
	12,464	**8,098**	**4,318**	**1,480**	**26,360**	**26,266**

[1] Held for Sale Assets, [2] Property Plant & Equipment, [3] Intangible Assets.

7 Interest Receivable

	TH £'000	NLB £'000	Irish Lights £'000	GLF £'000	2016/17 £'000	2015/16 £'000
Bank Interest Receivable	1	1	-	87	89	113

8 Interest Payable

	TH £'000	NLB £'000	Irish Lights £'000	GLF £'000	2016/17 £'000	2015/16 £'000
Interest on DfT Loan	-	-	-	3,147	3,147	3,553
Interest on Finance Leases	265	436	-	-	701	907
	265	**436**	**-**	**3,147**	**3,848**	**4,460**

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:

2016/17

During the year, a number of capital projects were completed by, including work to upgrade the propulsion drives of the THV Patricia, upgrade the Type 1 Buoys and further work on the Differential Global Positioning System (DGPS) network.

As of 31 March 2017, the costs of these projects exceeded the Depreciated Replacement Cost valuation by £347,380 (Patricia Drives), £64,311 (DGPS) and £64,945 (Buoys), making a total of £476,636 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 2017.

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 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 was 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.

10 Property Plant and Equipment

Current Year

	Land	Buildings	Vessels	Light-Vessels	Buoys	IT Equip.	Plant & Mach.	AUC*	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation									
1 April 2016	10,894	140,834	42,917	9,490	10,810	2,686	37,723	3,759	259,113
Additions	-	679	1,058	-	283	492	1,968	2,944	7,424
Donations	-	-	-	-	-	-	-	-	-
Disposals	-	-	(219)	-	(54)	(63)	(289)	-	(625)
Impairments	-	-	(348)	-	(72)	-	(193)	-	(613)
Reclassifications	-	(395)	-	-	-	-	-	-	(395)
Revaluations	(10)	5,675	(9,283)	(134)	(161)	(194)	(419)	-	(4,526)
Transfers	-	63	701	214	134	234	2,152	(4,006)	(508)
Foreign Exchange	209	1,521	595	-	230	16	673	31	3,275
At 31 March 2017	**11,093**	**148,377**	**35,421**	**9,570**	**11,170**	**3,171**	**41,615**	**2,728**	**263,145**
Depreciation									
1 April 2016	-	9	574	-	259	1,111	3,974	-	5,927
Charged in Year	-	3,331	3,718	752	627	396	3,626	-	12,450
Disposals	-	-	(205)	-	(10)	(62)	(95)	-	(372)
Impairments	-	-	-	-	(7)	-	(129)	-	(136)
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations	-	(2,856)	(3,401)	(752)	(480)	(246)	(2,962)	-	(10,697)
Transfers	-	-	-	-	-	-	-	-	-
Foreign Exchange	-	-	19	-	-	16	212	-	247
At 31 March 2017	**-**	**484**	**705**	**-**	**389**	**1,215**	**4,626**	**-**	**7,419**
NBV at 31/3/16	**10,894**	**140,825**	**42,343**	**9,490**	**10,551**	**1,575**	**33,749**	**3,759**	**253,186**
NBV at 31/3/17	**11,093**	**147,893**	**34,716**	**9,570**	**10,781**	**1,956**	**36,989**	**2,728**	**255,726**
Asset Financing									
Owned	11,093	147,893	5,966	9,570	10,781	1,956	36,989	2,728	226,976
Finance Leased	-	-	28,750	-	-	-	-	-	28,750
On Balance Sheet PFI	-	-	-	-	-	-	-	-	-
	11,093	**147,893**	**34,716**	**9,570**	**10,781**	**1,956**	**36,989**	**2,728**	**255,726**

*Assets under Construction and Payments on Account.

The net revaluation gain for PPE is £6.17m (increase of £10.7m from restated depreciation less £4.5m decrease in gross value).

PPE revaluation gains and losses have been recognised as follows:

	TH	NLB	Irish Lights	Totals
	£000	£000	£000	£000
Revaluation losses charged to SoCNE	(509)	(95)	(671)	(1,275)
Net revaluation gains/(losses) posted to Revaluation Reserve	5,360	1,902	184	7,446
Net revaluation gains/(losses) on Property Plant & Equipment	4,851	1,807	(487)	6,171

Prior Year

	Land	Buildings	Vessels	Light-Vessels	Buoys	IT Equip.	Plant & Mach.	AUC*	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£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.

Valuations

Professional valuations were obtained from the following:

Asset	Valuer	Organisation	Date of last full valuation
TH Land, Buildings & Beacons	Mr Richard Bryan MRICS	The Valuation Office Agency	31st March 2013*
Lightvesels	Mr Andrew Lloyd MRICS	The Valuation Office Agency	31st March 2013*
NLB Land, Buildings, Beacons, Lighthouses, Plant & Machinery	Mr John McClimens MRICS	The Valuation Office Agency	31st March 2013*
IL (RoI) Land, Building & Beacons	Mr Mark Adamson MRICS MSCSI	Irish Valuation Office	31st March 2013*
IL (NI) Land, Building & Beacons	Mr Sean Daly MRICS	LPS Mapping & Valuation services	31st March 2013*
IL (RoI) Lighthouse AtoN Plant	Mr Mark Adamson MRICS MSCSI	Irish Valuation Office	31st March 2013*
IL (NI) Lighthouse Aton Plant	Mr Sean Daly MRICS	LPS Mapping & Valuation services	31st March 2013*
IL (RoI & NI) Plant & Machinery	Robert McKay MSCSI MRICS	McKay Asset Valuers & Auctioneers	31st March 2013*
Ships	Charles Cundall (Director)	Braemar ACM Valuations Ltd	31st March 2017
Navigation Bouys	Internally valued based on recent purchases taking into account age		N/A

* Values have been indexed to 31 March 2017 following advice from the valuers listed.

11 Investment Property

	TH	NLB	Irish Lights	2016/17	2015/16
	£'000	£'000	£'000	£'000	£'000
At 1 April	-	165	911	1,076	583
Additions	-	-	-	-	456
Disposals	-	-	-	-	-
Transfers	-	-	-	-	1,094
Revaluations	-	500	(27)	473	(1,132)
Foreign Exchange	-	-	71	71	75
At 31 March	**-**	**665**	**955**	**1,620**	**1,076**

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	Licences	Assets in Progress	Total
	£'000	£'000	£'000	£'000
Cost or Valuation				
At 1 April 2016	3,487	150	-	3,637
Additions	66	-	-	66
Donations	-	-	-	-
Disposals	(628)	-	-	(628)
Transfers	508	-	-	508
Impairments	-	-	-	-
Reclassifications	-	-	-	-
Revaluation	-	-	-	-
Foreign Exchange	18	-	-	18
At 31 March 2017	**3,451**	**150**	**-**	**3,601**
Amortisation				
At 1 April 2016	2,864	74	-	2,938
Charged in year	203	8	-	211
Disposals	(625)	-	-	(625)
Impairments	-	-	-	-
Reclassifications	-	-	-	-
Revaluation	-	-	-	-
Foreign Exchange	14	-	-	14
At 31 March 2017	**2,456**	**82**	**-**	**2,538**
NBV at 31/3/16	**623**	**76**	**-**	**699**
NBV at 31/3/17	**995**	**68**	**-**	**1,063**

Intangible Assets - Prior 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**

13 Non-Current Trade and Other Receivables

	TH	NLB	Irish Lights	GLF	2016/17	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000
Amounts falling due after one year:						
Trade Receivables	-	-	-	-	-	-
Deposits and Advances	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Prepayments and Accrued Income	-	-	-	-	-	7
VAT Recoverable	-	-	-	-	-	-
	-	**-**	**-**	**-**	**-**	**7**

14 Assets Classified as Held for Sale

	TH	NLB	Irish Lights	2016/17	2015/16
	£'000	£'000	£'000	£'000	£'000
At 1 April	74	-	-	74	27
Additions	-	-	46	46	-
Disposals	(74)	-	-	(74)	(27)
Transfers	-	-	395	395	140
Depreciation	-	-	-	-	-
Revaluations	-	-	(46)	(46)	(66)
Impairment	-	-	-	-	-
Foreign Exchange	-	-	7	7	-
At 31 March	**-**	**-**	**402**	**402**	**74**

15 Inventories

	TH	NLB	Irish Lights	GLF	2016/17	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000
Inventories	2,576	803	441	-	3,820	3,435

16 Trade Receivables and Other Current Assets

	TH	NLB	Irish Lights	GLF	2016/17	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000
Amounts falling due within one year:						
Trade Receivables	390	102	74	354	920	1,891
Deposits and Advances	-	17	-	-	17	18
Other Receivables	127	-	306	583	1,016	1,137
Prepayments and Accrued Income	757	153	149	6	1,065	984
VAT Recoverable	334	437	65	-	836	500
	1,608	**709**	**594**	**943**	**3,854**	**4,530**

17 Cash and Cash Equivalents

	2016/17	2015/16
	£'000	£'000
Balance at 1 April	55,763	50,710
Net Changes in Cash and Cash Equivalent Balances	1,053	5,053
Balance at 31 March	**56,816**	**55,763**
The following Balances were held at:		
Government Banking Service	41,176	39,398
Commercial Banks and Cash in Hand	15,640	16,365
Balance at 31 March	**56,816**	**55,763**

18 Trade Payables and Other Liabilities

	TH	NLB	Irish Lights	GLF	2016/17	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000
Amounts falling due within one year:						
VAT Payable	-	-	-	-	-	-
Other Taxation and Social Security	321	-	241	-	562	711
Trade Payables	797	1,413	238	-	2,448	2,251
Other Payables	301	-	262	50	613	764
Accrued and Deferred Income	2,684	936	1,334	-	4,954	5,568
Current Part of Finance Leases	1,574	1,760	-	-	3,334	3,181
Prepayments and Accrued Income	-	-	-	-	-	-
Bank Overdraft	-	-	-	-	-	-
	5,677	**4,109**	**2,075**	**50**	**11,911**	**12,475**

	TH	NLB	Irish Lights	GLF	2016/17	2015/16
	£'000	£'000	£'000	£'000	£'000	£'000
Amounts falling due after one year:						
Other Payables, Accruals and Defe	-	-	436	-	436	29
Finance Lease	7,082	9,354	-	-	16,436	19,794
	7,082	**9,354**	**436**	**-**	**16,872**	**19,823**

19 Provisions for Liabilities and Charges

	Redundancy £000	Retirement £000	Litigation £000	MNOPF* £000	Other £000	Total £000
Balance at 1 April 2016	-	-	-	1,366	22	1,388
Reclassified from Trade Payables	-	289	65	-	58	412
Provided in the Year*	68	8	-	-	42	118
Provision Written Back*	-	-	-	(1,353)	(2)	(1,355)
Provisions Utilised	-	(63)	-	-	(40)	(103)
Unwinding of Discount	-	-	-	-	-	-
Foreign Exchange	-	4	1	-	3	8
Balance at 31 March 2017	**68**	**238**	**66**	**13**	**83**	**468**
Analysis of expected of discounted flows						
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**
In one year or less or on demand	68	40	66	-	83	257
Between one and five years	-	40	-	13	-	53
Later than five years	-	158	-	-	-	158
Balance at 31 March 2017	**68**	**238**	**66**	**13**	**83**	**468**

The GLAs have provided for:

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

Retirement Costs - Irish Lighthouse Attendants accrued earning payable on retirement

Litigation – disputed Irish supplier costs

* Merchant Navy Officers' Pension Fund (MNOPF) - Provision for actuarially calculated estimate of Section 75 contribution to the MNOPF triggered when the last employee retires. This provision is no longer required and has been written back. The MNOPF has been closed, therefore a section 75 liability no arises when the last employee retires.
Irish Lights retain a small MNOPF provision for future deficit contributions.

Other – Provision to repair storm damage to Irish property and for responsible withdrawal at remote sites.

Provisions provided and written back during the year have been charged to Staff Costs or Other expenditure in the SoCNI.

20 Capital Commitments

Contracted capital commitments at 31 March 2017 not otherwise included in these financial statements.

	2016/17	2015/16
	£'000	£'000
Property Plant and Equipment	790	850
Intangible Assets	13	-
	803	**850**

21 Commitments under Leases

Obligations under Operating Leases comprise:

	2016/17	2015/16*
	£'000	£'000
Land		
Not later than one year	193	205
Later than one year and not later than five years	690	241
Later than five years	4,529	4,401
Total	**5,412**	**4,847**
Buildings		
Not later than one year	30	20
Later than one year and not later than five years	84	59
Later than five years	105	52
Total	**219**	**131**
Other		
Not later than one year	2,017	1,969
Later than one year and not later than five years	6,584	6,346
Later than five years	3,910	5,395
Total	**12,511**	**13,710**

* Prior year figures have been restated to include leases omitted in error during 2015/16.

Obligations under Finance Leases comprise:

	2016/17	2015/16
	£'000	£'000
Other		
Not later than one year	3,946	4,009
Later than one year and not later than five years	15,420	16,034
Later than five years	2,473	6,160
Sub - Total	**21,839**	**26,203**
Less interest element	(2,070)	(3,229)
Total	**19,769**	**22,974**

22 Pension Commitments

GLA employees are members of the Principal Civil Service Pension Scheme (PCSPS) - details are included in the Remuneration and Staff Report section.

Merchant Navy Officers' Pension Fund & the Ensign Retirement Plan

The GLAs were Participating Employers of the Merchant Navy Officers Pension Fund (MNOPF), 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 available as the MNOPF closed on 31 March 2016. 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) were charged to the Statement of Comprehensive Net Expenditure when they were paid.

Contributions to the MNOPF of £Nil (2015/16 £10,448) were made during 2016/2017 relating to 1 member of MNOPF.

On 1 April 2016 the Ensign Retirement Plan was created to replace the MNOPF. During 2016/17 contributions of £12,168 (2015/16 £Nil) were made relating to one member.

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 (2014/15 £Nil).

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.

	2016/17	**2015/16**
	£'000	**£'000**
Balance at 1 April	**(171,726)**	**(191,929)**
Loans received	-	-
Principal repaid	20,000	20,000
Interest paid	2,741	3,756
Interest accrued	(2,538)	(3,553)
Balance at 31 March	**(151,523)**	**(171,726)**
Amount due within 12 months	(21,523)	(21,726)
Amount due after 12 months	(130,000)	(150,000)

24 Contingent Liabilities

Merchant Navy Officers Pension Fund

An actuarial valuation carried out as at 31 March 2015 (note 22 refers) 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 TH 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 and Crow Rock. The total full replacement and/or removal costs range between £16m and £21m. 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.

EU Withdrawal
On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50. The triggering of Article 50 starts a two-year negotiation process between the UK and the EU.

Any subsequent changes in legislation, regulation and funding arrangements are subject to the outcome of the negotiations. As a result, an unquantifiable remote contingent liability is disclosed. In accordance with accounting standards, no contingent assets can be recognised.

During this two year period, which includes the full duration of the next accounting period, the UK remains a full member of the EU with all the rights and obligations arising from membership. There are no significant impacts on the financial statements in the short term from making the formal notification.

25 Related-party transactions

The GLF 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 GLF during the year.

Trinitas Services Ltd
TH 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 32 cottages are let under this agreement.

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

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.

On 30 April 2017 E D Johnson retired from her role as a Non-Executive Director. On 17 May 2017 M Amos took up the vacant position.

Corporation of Trinity House
The Corporation of Trinity House owns Trinity House Tower Hill and provides accommodation for the use of THLS. THLS reimburses the Corporation for service charges in proportion to the floor area occupied. During 2016/17 THLS paid £285,903 to The Corporation of Trinity House in respect of service charges incurred in using office space and facilities at Trinity House, London (2015/16 £288,805).

Conversely, the Corporation of Trinity House reimburses THLS for the provision of services during the year. The Corporation paid £72,839 to THLS in respect of these services during the year (2015/16 £59,280).

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 NLB. The former NLB Director of Finance and Administration, Douglas Gorman, is currently a Director of the Company. The NLB'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 NLB Director of Engineering was a SLM Board Member until September 2016 and was succeeded by the Chief Executive. There have been no transactions between the Trust and NLB in the financial year and there are no outstanding balances at 31 March 2017.

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 NLB Chairman, Vice-Chairman and Chief Executive. There have been no transactions between the Trust and the Board and there are no outstanding balances at 31 March 2017.

The Commissioners of Northern Lighthouses 2000 Trust - Charity number SCO32089
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 NLB Chief Executive, Director of Finance and one Commissioner. There have been no transactions between the Trust and the NLB Board and there are no outstanding balances at 31 March 2017.

The Northern Lighthouse Heritage Trust - Charity number SCO40872
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 NLB Board and there are no outstanding balances at 31 March 2017.

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.

	2016/17	2015/16
	£'000	£'000
Cash and Investments	13	28
Heritage Collection	228	277
	241	**305**

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 limited powers to invest in surplus assets or 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 IRL 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. IRL Light Dues are collected via Irish Revenues and Customs offices. Light Dues credit risk is considered to be very low.

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 because:

- THV Patricia has expired its primary term and is now on a fixed peppercorn rent;
- the interest rate for the finance lease for 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 these balances are very small and so the risk is considered to be insignificant.

Northern Lighthouse Board

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

NLB hold working funds in a money market account and is therefore exposed to interest rate fluctuations. However, the balance is managed to ensure that it is maintained at a minimum to meet forecast short-term cash requirements.

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 2017 was £2.4m.

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 2017.

28 Events after Reporting Period

On 6 July 2017 decommissioned tug MV ELLA foundered during a tow resulting in a potential hazard to navigation. The MV ELLA was located in position 52 25.2N; 001 49.7E with a lowest astronomical tide clearance of 5.1 metres approximately 4 nautical miles southeast of Lowestoft. On 7 August 2017 the Secretary of State, in respect of his powers and duties under the Wreck Removal Convention Act 2011 and Merchant Shipping Act 1995 Sections 252 & 253, directed Trinity House to:

- arrange for the wreck to be cleared, using a suitable salvor, in order that the hazard is appropriately and sufficiently removed, at least to surrounding depths in accordance with Trinity House's requirements;
- post removal undertake such surveys as Trinity House deems appropriate to ensure that the hazard has been appropriately mitigated; and
- continue to take all reasonable steps to mark the wreck until the hazard is removed.

Costs incurred in removing wreck under the Wreck Removal Convention Act 2011 and Merchant Shipping Act 1995 Sections 252 & 253 (estimated to be £500,000) shall be paid out of the GLF if and to the extent that they are not recovered from the registered owner.

There are no other events after the reporting period requiring disclosure.

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 DfT 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.

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