Trinity House

TRINITY500
SERVING THE MARINER
1514 – 2014

Report and Accounts
for the year ended 31 March 2012

Table of Contents

DIRECTORS OF THE LIGHTHOUSE BOARD

Captain I McNaught*	Executive Chairman	(appointed on 22 November 2011)
Rear Admiral Sir J M de Halpert* KCVO CB FRIN	Executive Chairman	(retired on 22 November 2011)
Captain R H Barker*	Director of Navigational Requirements	
Commodore S J Scorer* FCMI	Director of Operations	
Captain N. Palmer* OBE	Deputy Chairman & Non Executive	(appointed 1 February 2012)
Captain N R Pryke* MCIT FNI	Deputy Chairman & Non Executive	(retired 31 January 2012)
J S Wedge** CPFA MBA BA (Econ) Hons	Director of Finance & Support Services	
F C Bourne ***	Non Executive	
E D Johnson***	Non Executive	(appointed on 1 May 2012)
M Gladwyn***	Non Executive	
J D Price	Secretary	

* - Member of the Corporation of Trinity House
** - Associate Member of the Corporation of Trinity House
*** - Nominee of the Secretary of State for Transport (DfT) and Associate Member of the Corporation of Trinity House

Officers and Advisors

Principal Office	Corporation of Trinity House Trinity House Tower Hill London EC3N 4DH
Auditors of the General Lighthouse Fund	Comptroller & Auditor General National Audit Office 157 -197 Buckingham Palace Road Victoria London SW1W 9SP
Bankers	Lloyds TSB 230 High Street Dovercourt Essex CO12 3TA
Solicitors	Norton Rose 3 More London Riverside, London SE1 2AQ
Actuaries	Hymans Robertson LLP 30 Waterloo Street Glasgow G2 6DB

Executive Chairman's Review

The 2011/2012 year has seen Trinity House continue to provide an excellent service to the mariner. The Trinity House vision,

'To deliver a reliable, efficient and cost effective AtoN service for the benefit and safety of all mariners',

remains as important today as it has been throughout the 500 years that Trinity House has provided Aids to Navigation (AtoNs) for the mariner.

This year saw two significant changes in the leadership of Trinity House with the appointment of a new Master, HRH The Princess Royal, and a new Deputy Master, Captain Ian Mcnaught. I pay tribute to the outgoing Master, HRH The Duke of Edinburgh, who was the longest serving Master of Trinity House with 42 years of service. His wise counsel was always highly valued.

I would also like to thank my predecessor Sir Jeremy de Halpert, for his outstanding leadership of Trinity House, during the last decade. He led the transformation of Trinity House from a traditional, labour intensive, highly unionised organisation into the modern, flexible, dynamic, technology focused organisation that it is today.

The last year has continued to see the Trinity House Board playing a key role in driving forward key General Lighthouse Authority (GLA) activity. The remaining recommendations from the W.S. Atkins review, that were the responsibility of the GLAs, have very largely all been implemented.

This included the centralisation of 'out-of-hours' monitoring of all GLA AtoNs at the Trinity House monitoring and control centre at Harwich. Trinity House's state of the art monitoring centre at Harwich proved that it can undertake the monitoring of all GLA AtoNs. During a few days of bad weather in January the Harwich monitoring centre dealt with 29 incidents from Trinity House; 110 from Northern Lighthouse Board and 33 from Commissioner of Irish Lights as well as co-ordinating emergency responses to a number of wrecks. As a result of the excellent performance during this period the NLB Director of Operations wrote to thank Trinity House for the way that we had dealt with this exceptionally busy period. Therefore, this project has proved to be a classic example of exemplary inter-GLA co-operation.

A second example of the completion of W.S.Atkins review recommendations is illustrated by the successful implementation of the buoy yards review, which has improved buoy yard efficiency and productivity. During the year Trinity House reduced headcount in its buoy yards by four posts, improving productivity by 20%, with new, more efficient working practices. Smarter procurement, new paint spraying equipment and extending buoy life at sea have all bought significant savings and enabled improvement targets to be achieved.

More generally Trinity House have underspent on running cost targets, set in accordance with a RPI-X% formulae, by around £2million during the year. The main contributors to the outstanding financial performance have been the generation of higher than target commercial income, exceeding the value for money target and significant savings in manpower costs achieved by the continuous improvement review programme and initiatives such as buying out overtime for senior staff. Trinity House are always seeking to improve the way we do things and so demonstrably enhance the service we provide to the mariner.

Trinity House's strong financial performance has contributed to maintaining Light Dues significantly below inflation. Despite the increase in Light Dues in 2009/2010, the first increase for 16 years, Light Dues remain 34% lower than they were 10 years ago. Light Dues collection has held up well despite the poor economic climate. In fact, more vessels have called at UK Ports with chargeable tonnage 6% up at the end of 2011/2012 compared with a year ago. Mike Penning MP, the Shipping Minister has indicated that stable Light Dues charges are important for the shipping industry and so has said that there should be no increase in Light Dues rates for 3 years.

Trinity House has also made a substantial contribution to the Joint Strategic Board (JSB) which has focused on two high level strategic activities during the year, namely re-structuring light dues income into Ireland and reducing the GLA's historic pension liability. Trinity House staff have provided support and expert advice on these matters which assisted the production of the reports that have been presented to the appropriate government officials by members of the JSB.

Mike Penning MP, the Shipping Minister launched a new Marine Aids to Navigation Strategy to 2025 in a ceremony at Trinity House on 18 July 2011. This stated that the GLAs Marine Aids to Navigation Strategy to 2025 is:

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

This comprehensive strategy document provides a strategic framework for the GLA's so they can continue to provide a high quality service to the mariner.

Within this overall strategic tapestry Trinity House has continued to achieve its objectives in 2011/2012 with the highlights being as follows:

- Gaining approval for a new Trinity House Strategic Plan;
- Continuing to maintain the availability of its AtoNs above the international standards;
- Implementing a new 5 year helicopter contract;
- Retaining ISO9001:2008 and ISO 14001:2004 quality and environmental standards;
- Securing funding to carry on with the development of eLoran;
- Successfully completing engineering projects at Skerries, Hartland Point, Skokholm, Godrevy and Needles;
- Solarising Light Vessels 19, 22 and 24;
- Achieved the highest RoSPA Health and Safety standard, diamond level;
- Disposal of a number of properties at Maryport, Blacknore, Penzance and Harwich;
- Implementing the recommendations from the latest staff survey that demonstrated high levels of staff motivation, loyalty and engagement;
- Generated income of over £2million from commercial activities;
- Maintained high standards of corporate governance and strong financial controls as evidenced by reports from our auditors;
- Generated value for money savings of £485,000; and
- Met all financial targets, including containing running costs below target.

I am also pleased to be able to report that Internal Audit has provided assurance that Trinity House's current risk management, control and governance arrangements are 'adequate and effective', and gave a 'substantial' assurance rating.

Trinity House has come through a difficult and challenging year with its reputation enhanced. This is of great credit to all the staff who have worked so diligently at Trinity House. We are well placed to take the organisation forward and build on the outstanding work of the last twelve months.

Captain Ian McNaught
Executive Chairman of the Lighthouse Board

Nature, Objectives and Strategy of the Business

Statutory Background

Under Section 193 of the Merchant Shipping Act 1995 the Corporation of Trinity House is appointed as the GLA for England and Wales, the Channel Islands and the adjacent seas and islands, and under Section 195 is vested with the responsibility for the superintendence and management of all lighthouses, buoys and beacons within its area. Trinity House has various powers and responsibilities in connection with the provision, maintenance, alteration, inspection and control of lighthouses, buoys and beacons under Section 198 and Section 199 of the 1995 Act. Trinity House also has responsibilities within the area for the marking and removal of wrecks under Sections 252 and 253 of the 1995 Act, where such area does not lie within or near an approach to a harbour or conservancy authority. Trinity House is currently responsible under Section 193(5) of the Merchant Shipping Act 1995 for Europa Point lighthouse in Gibraltar. The Corporation discharges the responsibilities of the DfT at Sombrero lighthouse (Anguilla). Trinity House meets residual pension liabilities in respect of former employees of the Imperial Lighthouse Service in the West Indies, Sri Lanka and the Falkland Islands.

The Merchant Shipping and Maritime Security Act 1997 give Trinity House the powers to establish contracts to exploit spare capacity in its assets. The GLA (Beacons: Maritime Differential Correction Systems) Order 1997 came into force on 12 January 1998 and states that the definition of 'Beacon' in the Merchant Shipping Act includes equipment for a Differential Global Positioning System. The GLA (Beacons: Automatic Identification System) Order 2006 came into force on 20 July 2006 and states that the definition of 'Beacon' in the Merchant Shipping Act includes equipment provided for broadcasts in the frequency range 156.025 - 162.025 MHz where such equipment forms part of a system for providing information -

(a) to ships about the type, position and functioning of aids to the navigation of ships; or

(b) to assist the GLAs in the efficient provision of aids to navigation of ships.

Trinity House is currently pursuing a number of changes to its powers. These include clarification of the GLAs' power to operate outside territorial waters and increasing the scope for commercial activities.

These Accounts are prepared by Trinity House in respect of its function as the GLA for England and Wales in accordance with a directive made by the DfT under the powers of the Secretary of State contained in Section 218 of the Merchant Shipping Act 1995. The accounts are subsequently consolidated to form part of the General Lighthouse Fund (GLF) Accounts, which are prepared pursuant to Section 211 of the Merchant Shipping Act 1995.

Vision Statement

Trinity House's vision statement is:

"TO DELIVER A RELIABLE, EFFICIENT AND COST EFFECTIVE AIDS TO NAVIGATION SERVICE FOR THE BENEFIT AND SAFETY OF ALL MARINERS"

The recent history of Trinity House has been one of considerable change in that it has transformed itself from a very labour intensive, traditional organisation to a multi-skilled and highly automated service well-equipped for the challenges of the 21st century.

This change has involved some major initiatives:-

- Solarisation and automation of most lighthouses and lightvessel stations;
- A reduction in the number of AtoNs;

- A reduction in the tender fleet;
- A major re-organisation following a comprehensive Business Process Review resulting in 31% fewer staff;
- A reduction from 5 depots to 1 main depot at Harwich with outstations at Swansea and St Just;
- The development of multi-skilled technicians;
- Creation of a state of the art central control and monitoring centre at Harwich, which now provides out of hours monitoring of NLB and CIL AtoNs;
- Increasing use of modern business systems and communications;
- The implementation of differential GPS;
- The establishment on behalf of the three GLAs of a trial eLoran service from Anthorn in Cumbria; and
- The creation of a commercial business arm to exploit spare capacity in our assets.

These changes have meant a reduction in the Trinity House workforce from around 1500 staff at the start of the automation programme to 301 staff by the end of this year. These considerable efficiencies have made a significant contribution to reducing Light Dues in real terms by 30% in the last 10 years.

The review of the GLA's by W.S. Atkins Limited, which was completed in March 2010, made 52 recommendations that offered further opportunities for efficiencies and modernisation; significant progress towards full implementation of the recommendations relating to the GLAs has been made this year.

Strategic Objectives

The following are our main Strategic Objectives:

- Continue to maintain AtoN availability to IALA standards;
- Ensure that Examiners decisions on navigational requirements, aimed at mitigating risk to safe navigation, are developed into AtoN solutions suitable for development and delivery by Operations and substantiated by risk assessment incorporating appropriate vessel traffic analysis and user consultation;
- Implement the Maintenance Overhead Reduction Plan;
- Deliver the AtoN Review Implementation Plan for 2013;
- Retain certification to ISM, ROSPA and ISO9001 and 14001 Standards;
- Implement the 2012/2013 Environmental Objectives Plan;
- Continue to develop greater synergies and efficiencies between the GLAs;
- Implement - the remaining recommendations arising from the Assessment of the Provision of Marine Aids to Navigation around the UK and Ireland to the extent that they affect Trinity House;
- Promote the GLA amendments to the Merchant Shipping Act and monitor developments in respect of the ratification of the IMO International Convention on the Removal of Wrecks, ensuring the role of the GLAs is appropriately recognised and the requirements for the GLAs to react in the event of a wreck are clearly identified in a MOU with the Secretary of State's Representative;
- Implement the Organisation's new two-year Corporate Communications and PR Strategy;
- Effect the GLAs' Triennial Risk Management Review ;
- Ensure as far as is practically possible that Light Dues are set by DfT at an appropriate level to cover budgetary requirements and maintain reserves;
- Seek efficiency savings and endeavour to keep expenditure increases contained in line with the RPI-X formulae;
- Explore options for the future of the pension scheme, once new legislation is enacted; and
- Support the introduction of e-Navigation services, especially resilient Positioning, Navigation & Timing, eLoran, modernised GPS, Galileo and GLONASS and their augmentation.

Current Developments and Performance

Aids to Navigation

The 2009/2010 AtoN Review provided a solid basis for delivering a streamlined service during the last year. Work has been completed to reduce the main light ranges at Alderney, Anvil Point, Beachy Head, Peninnis Head, Hartland Point and Skokholm with a revised light due on Godrevy lighthouse in the summer of 2012 The light range at Southwold is in the process of being upgraded. Extending the range of Southwold will enable Orfordness to be discontinued. Maryport lighthouse was handed over to Maryport Harbour Authority on 25 November 2011.

Of the 67 Lighthouses that Trinity House operate, 3 retain long running diesel engines for their power. These are in the 5 year plan to modernize and use renewable energy or a hybrid system for their power. Casquets, a major light in the English Channel near the Channel Islands, is in the midst of a major modernisation programme due to complete in November 2012. This will see the station operate entirely from renewable energy sources. Bardsey and Longstone are in initial design stages to move away from 24 hour diesel power.

Three Lightvessels have been converted from diesel to solar with new AtoN systems, the new design has eliminated the failure modes from the previous design and these vessels will remain at sea for 10 years between refit.

AIS has started to be rolled out to selected stations with the completion of the programme in 2012/2013.

Following consultation with the Navigation Examiners and users, some Lighthouses have had their hours of exhibition reduced from 24 hour to night time only with consequential savings in power and autonomy.

e-Navigation

Without fundamental change, given the increasing complexity of navigating around the British Isles and other areas of the world, the risk of collisions and groundings will undoubtedly increase. The IMO's response is the adoption of e-Navigation which is defined as:

'The harmonized collection, integration, exchange, presentation and analysis of maritime information onboard and ashore by electronic means to enhance berth to berth navigation and related services, 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 ship-to-ship and ship-to-shore giving a clear and up-to-the-minute presentation of vessel traffic disposition. The benefits of e-Navigation in the high-risk areas off the coasts of the UK and Ireland are clear.

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

In the e-Navigation environment the sudden reversion to traditional visual and radar navigation methods in congested and confined waters is a genuine concern which may be beyond the experience of future watchkeepers and thus would potentially be unsafe.

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

The GLAs' eLoran trials have been very successful to date. The potential eLoran system performance and the vulnerability of GNSS have been clearly demonstrated. A widely publicised report by the Royal Academy of Engineering on GNSS vulnerability pointed out that developing back-up systems to GNSS, such as eLoran, is vital.

Our prototype eLoran service has been operational on a trial basis for the last four years, demonstrating 100% availability over the last two years. Central government funding to support the development of eLoran was secured in the 2010/2011 year, following DfT acceptance of a business case that estimated that eLoran could save £25million over its life, with most of the savings coming from a reduction in the number of traditional AtoNs.

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

IALA

The GLAs are (through the SOLAS convention) required to adhere to the international system and standards developed and managed by IALA. The principle that the mariner receives the same 'signal' from AtoNs wherever he goes in the world, is upheld and promoted by the membership of IALA, made up from the majority of maritime nations together with industrial and institutional maritime interests.

The membership of IALA participates in committees that are tasked with the preparation of recommendations and guidelines for the AotN authorities and service providers across the globe.

Trinity House continues to play a major role in IALA, providing papers and leading key committees. Key areas of work include the development of e-Navigation, enhanced lights and beacons used to mark wind farms at sea, the global sharing of maritime data, developing a new Racon Guideline and the updating and maintenance of IALA recommendations, guidelines and manuals.

Racons

Detailed testing of racons has been carried out. Together with R&RNAV and the other GLAs trials are being carried out to ascertain how the deployment of racons will be affected by new technology radar which is under development by several manufacturers. This testing has enabled a revised technical specification and 3-year GLA collaborative contract to be awarded to Tideland Racons. These new Racons have been successfully deployed around the service and are proving to be reliable and robust as well as significantly cheaper than the previous service standard ones.

Buoy Yards

During the year, some 122 (Type 2 equivalent) buoys were refurbished in the Buoy Yards at Harwich and Swansea for statutory and commercial contracts. A number of efficiencies in processes were identified and implemented resulting in a reduction of buoy refurbishment costs and an improvement in quality control. This included reducing the buoy yard staff by four and investing in solar energy to take advantage of the governments Feed in Tariff subsidy, which has reduced energy costs substantially. A new paint application system has significantly reduced paint costs and the solvent emissions from the buoy yards in line with our environmental objectives. The focus for the future is to extend the buoy life at sea between shore based maintenance and to reduce buoy operating costs overall. Commercial activity has been very buoyant with a number of new contracts for the renewable energy sector.

Lighthouse Estate

The review of all non operational property carried out in 2010/2011, is being implemented with the sale or disposal of a number of sites. Properties at Maryport, Blacknore, Penzance, Harwich and Hartland Point have either been sold or are being sold or transferred to different owners.

Sales of such assets have generated £751k in 2011/2012. These sales also result in lower maintenance costs in the future and have helped to reduce planned manpower levels.

Helicopter Contract

A new helicopter contract was awarded to Police Aviation Services (PAS) starting in December 2010. This reduced the previous 365 days a year helicopter availability to just 140 flying days and 40 days spare time.

This reduction in availability has required a fundamental change to the delivery of maintenance to the "front line" Rock Station Lighthouses as part of Trinity House's drive for greater efficiencies. The new helicopter has proved to be a great success with a load carrying capacity of twice that of the other GLAs' helicopters and has enabled a further reduction in flying hours for 2013.

Business Continuity

Work was completed on a new Business Continuity Plan, using a common GLA format. Prior to implementation, a business continuity exercise called 'Watermark' was run in May 2011 to test the new Plan. This provided a challenging and comprehensive test of the new Plan. It reinforced the lessons learned from exercise 'Blue Waters' which was carried out in January 2011. Overall the new Plan proved to be robust and effective. The effectiveness of the arrangements were subsequently confirmed by Internal Audit.

Ships

The annual verification audit for the Document of Compliance with the ISM/ISPS Code was carried out in May 2011. The MCA auditor commented favourably on our commitment to safety. A new memorandum of understanding covering inter-GLA ship support came into effect on 01 January 2011. This has further strengthened the co-ordinated management of the GLA's Fleet. The work to extend the life of THV Patricia, which included the installation of Dynamic Positioning and improved accommodation, was completed during the year. A new Visiting Committee programme was approved in July 2011 that moved the programme to May and October, outside of the main operational work periods.

Quality and Environment

In February the Trinity House Management System was subject to a major triennial audit against both the ISO9001 (Management) and ISO14001 (Environmental) standards. The audit was undertaken by an external Certification Body. They visited all parts of the Trinity House system and included detailed assessments in Trinity House London, Harwich and in THV Alert. Trinity House's own Internal Audit system was scrutinised to verify that Trinity House continues to evaluate its own performance. The audit was navigated successfully and the Trinity House Management System was re-certified against both standards for a further three year period to 2015.

Health and Safety

Following a verification audit by RoSPA, it was confirmed that Trinity House had again achieved RoSPA QSA Award Level 5 (Diamond Level), the highest level obtainable. RoSPA commented that the evidence provided during the audit demonstrated the continuing very high standard of health and safety management achieved by the organisation. The Board considers Health and Safety to be a top priority and receives a report on this subject as the first item on each Board meeting Agenda. Accident statistics, reportable accidents key matters arising from inspections and any other significant Health and Safety matters are assiduously reviewed by the Board.

Marketing

Marketing has had another successful year. Income for 2011/2012 exceeded £2million which is a significant achievement in a difficult economic market. New contracts continue to be won against serious competition but the pleasing evidence is the ability of Trinity House to retain customers. This is testament to the quality and efficiency of Trinity House resources in delivering customer requirements.

Procurement

Trinity House has continued to lead on a number of tri-GLA procurement exercises during the year. These include the procurement of moorings and associated mooring components, and a GLA standardised buoy paint system. These joint GLA procurement exercises will yield significant savings by bulk buying. In addition, there have been a number of significant Trinity House procurement exercises during the year covering catering, Nab Tower, West Coast Launch, Class 2 buoy bodies, LV DD&R's, consolidation of category spend (e.g. batteries, solar panels), and support to a major lighthouse modernisation project at Casquets. Procurement has also led on ensuring that Trinity House adhered to the Government's spending controls which were imposed on the GLAs from June 2010 onwards. These included restrictions on purchasing ICT, consultancy, advertising and marketing services.

The significant impact of new waste legislation has been assessed and an action plan developed to implement new working practices and controls to ensure compliance.

Information Technology (IT)

A new IT Strategy was approved by the Board early in March 2011, covering the period 2011-14. It emphasizes the quality, reliability and availability of IT systems along with the importance of ensuring business benefits and value for money. There has been a focus on Information Security with initiatives to encrypt laptops; maintain and update an Information Asset Register and embed the cycle of Information Asset Owners reporting on the information assets under their control. Other projects have included implementation of the web requisitioning system (eBis) to complement the new stock and procurement system; a new shipboard planned maintenances system and up-grading the video conferencing equipment. Online system availability during 2011/2012 was 99.78%, well above the target of 97%. The target for resolving 90% of IT Support Calls within agreed SLAs was also exceeded with a 98.48% success rate.

Projects to review the architecture and hosting of the ALDIS system for light dues collection and a review of the maintenance management system will be significant pieces of work in the next operating period.

Human Resources (HR)

Internal reviews of the Navigation, Procurement and Engineering departments have been carried out during the year. These reviews have resulted in cost savings through revised staff structures and improved ways of working. These reviews are part of a planned programme designed to ensure that Trinity House remains as productive and efficient as possible. Trinity House considers it best practice to continually review manpower and ways of working in order to ensure the continuation of high performance delivery in a cost efficient manner.

The annual pay remit was approved by DfT and successfully negotiated with the unions. This included the provision to "buy out" overtime rights from a group of senior staff.

Trinity House continues to invest in the training and development of its staff, with a focus on management and leadership development. The implementation of a management development strategy aims to continuously develop our leadership and management skills and encourage innovative management practices.

HR led the implementation of the recommendations from the 2011 staff survey. This is important and helps maintain the strong levels of job satisfaction, motivation, loyalty, commitment and engagement that were evident in the staff survey. Maintaining this outcome is a highly commendable performance.

HR have developed a comprehensive succession plan. This will become increasingly important during the next few years when a number of key individuals are due to retire.

Triennial Risk Management Review

Trinity House led the GLAs' Triennial Risk Management Review, the recommendations of which were approved by the Lights Finance Committee on 26 November 2009 and are now largely implemented against an agreed programme. External consultant Willis Ltd, who were employed as part of the Review to provide independent advice and to test the effectiveness and robustness of the GLAs' risk management arrangements, concluded that the GLAs had implemented structured approaches to managing risk and continue to apply robust internal controls. The next review is planned for the summer of 2012.

Public Relations (PR)

This year saw the implementation of the new Trinity House PR Strategy. The purpose of the Strategy is to clearly identify Trinity House's current priorities for internal and external communications and PR activity. The Strategy sets out how Trinity House wishes to maintain and enhance its key relationships with stakeholders, through a planned, pro-active approach. Trinity House successfully launched its new website on 12 April 2011.

Key Performance Indicators (KPIs)

2011/2012 saw the continued development of KPIs on an Inter-GLA basis. Following an interative process an agreed schedule of Inter-GLA KPIs was published. These KPIs will establish a series of benchmarks against which the the GLAs can determine targets and evaluate performance in the coming years. The very nature of KPIs is that they provide a picture over time of real performance smoothing out peaks and troughs created by short term exigencies.

Within Trinity House performance indicators are used at a number of levels to advise and influence management. The new KPI software package is now maturing and providing graphical evidence for Directors and Senior Management of performance against given targets.

The core business of Trinity House is: "To deliver a reliable, efficient and cost effective AtoN service for the benefit and safety of all mariners". The Board measures its performance against this objective by the use of different indicators, which together show both the effectiveness and the economic cost of the service provided.

Availability of Differential Global Positioning System (DGPS)

Assuming overlapping coverage, the GLA DGPS Service availability was equal to or better than 99.99% in all areas for the year 2011/2012. IALA recommends presentation of DGPS Service availability taken over a two year period. Again assuming overlapping coverage, the GLA DGPS Service availability was equal to or better than 99.99% in all areas for the two year period 2010/2012. The availability of the GLA DGPS service is therefore 99.99% and within the target availability criteria of 99.8%.

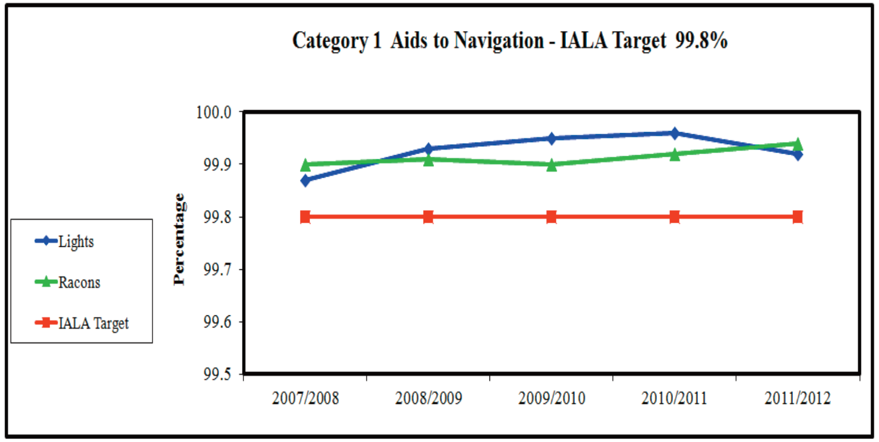
Aids to Navigation (AtoN) Availability

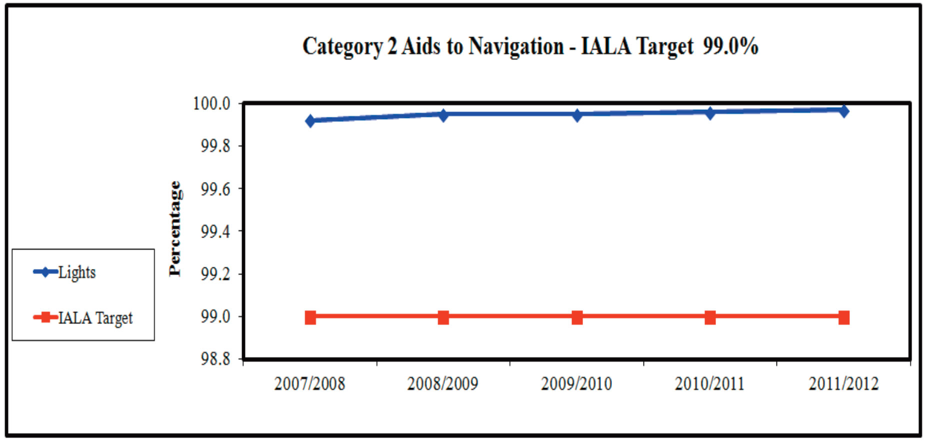
Availability of AtoN is the prime factor in any measurement to demonstrate compliance with our statutory responsibilities. The standards against which we measure are those recommended as the minima by IALA. The figures shown overleaf reproduced in accordance with those standards, show three year rolling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

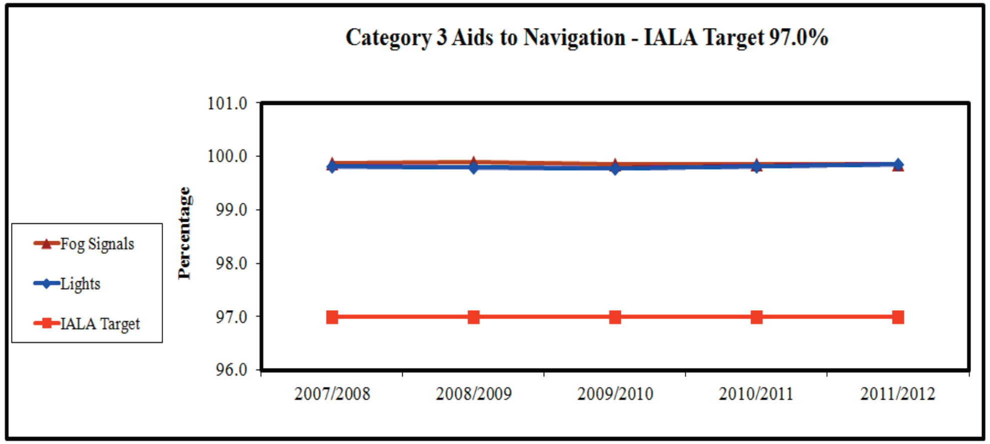
Trinity House Lighthouse Service

Aids to Navigation Mean time between failures - Three Year Rolling Averages

AtoN Type	Category	IALA Min	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
Lights	1	99.8%	99.87	99.93	99.95	99.96	99.92
Racons	1	99.8%	99.90	99.91	99.90	99.92	99.94
Lights	2	99.0%	99.92	99.95	99.95	99.96	99.97
Fog Signals	3	97.0%	99.87	99.90	99.86	99.86	99.86
Lights	3	97.0%	99.81	99.80	99.78	99.81	99.85





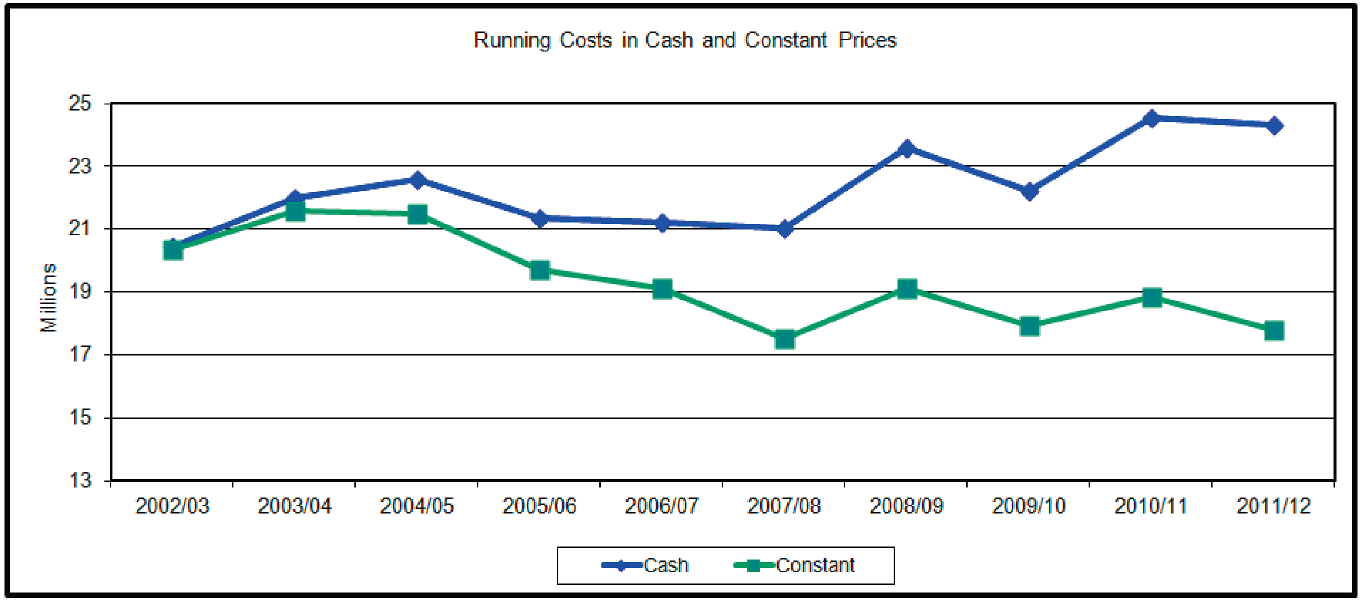


Running Costs

Set out below is an analysis of our operating costs over the last 10 years showing the trend of costs both in cash terms and on the basis of constant prices, having taken account of inflation. Running costs have fallen in constant price terms from £19,542k in 2002/2003 to £17,811k in 2011/2012 a reduction of 8.9%.

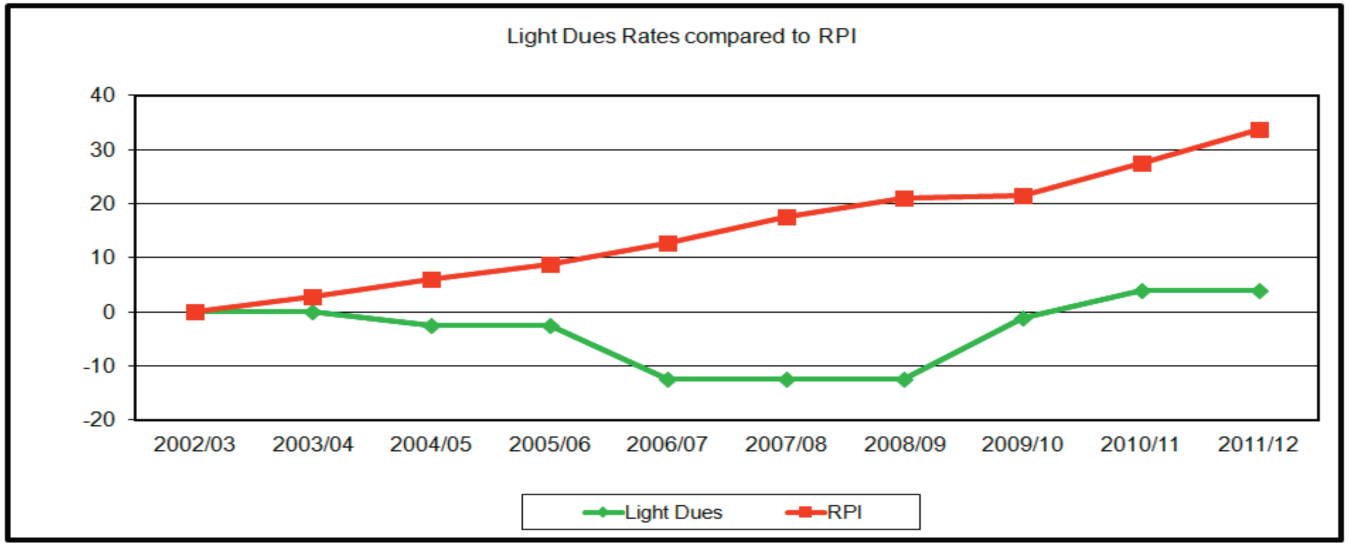
Operating Costs in Cash and Constant Prices

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Operating Costs	20,423	22,002	22,568	21,341	21,219	21,014	23,604	22,232	24,538	24,309
Variance %	0.3%	7.7%	2.6%	-5.4%	-0.6%	-1.0%	12.3%	-5.8%	10.3%	-0.9%
Operating Costs (Constant Prices)	19,542	20,626	20,577	18,869	18,285	16,763	18,285	17,145	18,545	17,811
Variance %	-1.2%	5.5%	-0.2%	-8.3%	-3.1%	-8.3%	9.1%	-6.2%	5.1%	-5.5%
Average RPI	173.9	177.5	182.5	188.2	193.1	208.6	214.8	215.8	226.5	237.3



Light Dues

Following a consultation exercise in early 2009 light dues were increased on 1 July 2009 from 35p per Net Registered Tonnage (NRT) to 39p per NRT with an increased voyage cap from 7 per year to 9 on a rolling month basis. The rate was further increased from 1 April 2010 to 41p per NRT and the tonnage cap to 40,000 NRT (from 35,000 NRT). The increase on 1 July 2009 was the first increase since 1 April 1993, retail price inflation having increased over that period by 52%. All rates and caps remain unchanged throughout 2011/2012 with no plans to change in 2012/2013.



Resources

Staff

The most important resource that Trinity House has at its disposal is people. There is a comprehensive Staff Training Plan that aims to give staff the skills and knowledge required to perform efficiently. Staff are encouraged to develop through the performance review system, whereby personal development plans are produced on an annual basis for every member of staff. In addition, skills gaps are identified through a careful strategic analysis and organisation-wide development initiatives introduced as a result. For example, Trinity House has invested in developing leadership and team working skills over the last three years following a needs analysis exercise.

The structure of the organisation is based around three main directorates: Operations, Finance & Support Services and Navigation. There is also a Secretariat supporting the Executive Chairman. Trinity House is responsible for two Inter-GLA Functions: Research & Radio Navigation and Light Dues collection. Responsibility for out-of-hours AtoN monitoring is also managed centrally by Trinity House.

Research and Development is undertaken on behalf of the three GLAs by the Research and Radio Navigation department based at Trinity House. This department carries out work assessing and tracking advances in technology and market testing new products which have the possibility of providing more efficient and cost effective methods of providing Lighthouse Service requirements. It also participates in international forums such as IALA. Trinity House is also responsible for the collection of Light Dues on behalf of the three GLAs. This is achieved using an internet based collection system, developed by Trinity House. Light dues collectors in each port, who are all members of the Institute of Chartered Shipbrokers, use the system to collect light dues from ships entering UK ports.

The budgeted distribution of staff numbers is shown in the table below.

	2011/2012	2010/2011
Operations	209	211
Finance & Support Services	47	49
Navigation	8	8
Secretariat	17	17
Total Trinity House	**281**	**285**
Inter GLA Research and Radio Navigation	14	14
Light Dues	6	6
Total	**301**	**305**

Sickness Absence

Sickness absence during the last two years was:

	2011/2012	2010/2011
Total number of days lost due to sickness	2,418	3,001
Average number of days lost per employee	7.68	9.50

This compares favourably with both the public sector average of 9.6 days lost per employee, and the tri GLA target of 9.1 days lost per employee.

Equal Opportunities

Trinity House is an equal opportunity employer. We comply fully with the Equality Act 2010 and do not discriminate directly or indirectly in recruitment, employment or provision of services on grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex or sexual orientation. These are known as "protected characteristics".

Disabled Employees

It is recognised by Trinity House that ensuring equal opportunities for disabled people may involve adjustments needing to be made to the working environment. Adjustments will be made wherever reasonably practical. The nature of the duties at lighthouses imposes some limitations on the employment of disabled staff. A Genuine Occupational Qualification covers these posts.

Employee Involvement

The provision of information to and in consultation with employees is effected using a variety of communication mechanisms including joint committees covering all staff groups. Employees are informed of matters of concern to them; they are consulted frequently and regularly so that account may be taken of their interests. Directors and Senior Managers make presentations to all staff on important matters. Emerging action points are discussed at departmental meetings so that staff have a clear understanding of and input to how Trinity House is continually developing the working environment.

Physical Assets

In addition to staff, Trinity House has a number of physical assets, which are essential to providing its service. These are detailed in note 26 to the accounts. However, if the Loran System in Europe can be upgraded to eLoran and be adopted as the terrestrial radio navigation service backup to Global Navigation Satellite System (GNSS) for safety of life at sea (SOLAS) convention vessels, then the number of physical assets required for safe navigation is likely to reduce.

Branding

Trintiy House continues to develop its brand and ensure key audiences have a clear knowledge and understanding of the service. Specific branding has been developed as part of the 500 anniversary celebrations and will be introduced in all corporate communications this year.

Licences, Patents and Trademarks

Trinity House did not hold any registered patents or trademarks in 2011/2012. The Service did not exploit any of its intellectual property rights, including copyright, commercially during the year. Trinity House grants licences to a number of third parties to open some of its lighthouses to the public, from which it derives an income based on a percentage of revenue from ticket sales. Such arrangements are in place at Alderney, Anvil Point, Flamborough Head, Lizard, Longstone, Nash Point, Portland Bill, St Catherines, South Stack, Southwold and Start Point lighthouses.

Environment

Trinity House is totally committed to the protection of a sustainable environment and is fully attuned to the Government's initiatives for a more proactive approach to this matter. Trinity House is continually reviewing all environmental issues affecting the coastline in which Trinity House operates. Trinity House has placed high on the agenda the potential use of renewable energy sources, such as solar power, and continues to research other sources, such as wave, wind and tidal flow. As part of the commitment to this important issue, environmental objectives are included in operational plans. Trinity House has gained accreditation to the internationally recognised Environmental Standard ISO 14001 in 2000 and achieved re-certification in 2003, 2006, 2009 and 2012. Trinity House produces an environmental plan containing key environmental targets and objectives, including targets aimed at minimising our carbon footprint.

Examples of Trinity House's commitment to environment improvement are;

- The conversion of one major lighthouse and three lightvessels to entirely renewable energy sources;
- Investment in more efficient solar charging systems to gain more per square metre form the solar PV panels; and
- Investment in new paint spraying equipment delivering significant reductions in paint waste, paint purchased and VOC (Volatile Organic Compounds) emissions;

Trinity House has also received approval from Government to its climate change adaptation plan.

Risks and uncertainties

Trinity House's approach to risk takes account of its unique ring-fenced funding regime and the limited resources therefore available to finance loss. Its overall risk management strategy, which aims to ensure effective internal control, is:

- To identify significant risks against key organisational aims and objectives and to assign ownership of those risks in a schedule of significant business risks;
- To evaluate the significance of the risks in terms of probability and impact using recognised standards;
- To respond to those risks through risk management controls;
- To review and report to the Board and Audit Committee regularly on those risks;
- To embed risk management as an intrinsic part of its organisational processes by adopting a structured, hierarchical approach to risk management at all levels within the organisation; and
- The Governance Statement (page 27) emphasises the importance that Trinity House attaches to risk management and the regular review of risks.

Relationships

The marine community is consulted formally each year at the Trinity House Users Consultative Committee (THUCC). This is organised to inform the plans that are developed to aid the navigation of mariners. It also provides users with the opportunity to raise any relevant issues. Trinity House is also influential in relation to international marine navigation with its close links to IALA. Strong connections have been formed between the radio and research group and international marine authorities particularly in relation to the development of eLoran and radio navigation services worldwide. Trinity House has strong links with the other GLAs. There is a well-established inter-GLA consultation framework. At the top level the Chairman, Chief Executives and some Non-Executive Directors meet at least twice per annum at the Joint Strategic Board (JSB). Senior Managers and Directors form the GLAs Inter-GLA Committees (IGCs), which are based around professional specialisms such as Finance and Engineering. There is an enduring relationship amongst the Marine Departments where a Memorandum of Understanding for Inter-GLA Ship Support ensures adequate coverage for response to wrecks and casualties around all coasts.

Relationships with the DfT and ship-owners are managed through formal and informal meetings and a joint DfT/GLA Framework Document. The formal meetings include an annual meeting between the GLAs, DfT and ship owners, representatives to debate the GLAs' Corporate Plans and an annual Lights Finance Committee (LFC) with all three GLAs, DfT and ship owners' representatives which discusses the future level of light dues.

Trinity House is a member of the key national committees underpinning maritime safety. These are the UK Safety of Navigation Committee (UKSON), the Port Marine Safety Steering Group (PMSG), Marine Safety Information Committee (MSI), UK Communications Committee, (UKCOM) plus other smaller groups. Trinity House is also a founder member of the Nautical Offshore Renewable Energy Liaison Committee (NOREL), which leads on all maritime safety issues in the offshore field.

Apart from these set piece meetings DfT officials and ship owners have regular contact with Trinity House. Their representatives are involved in large scale projects, such as the building of new ships, from the beginning of each project.

Financial Position

Source of Finance

Trinity House is financed by advances made by the DfT from the GLF whose principal income is from Light Dues levied on shipping using ports in the United Kingdom and the Republic of Ireland. These advances, based on the annual cash requirements of Trinity House, finance both the revenue and capital expenditure and are credited in the Statement of Comprehensive Net Income. In addition, Trinity House has sundry receipts in the form of buoy rentals, property rents, contractual services, a grant, European Union funding and the proceeds from the sale of assets becoming surplus to requirements. All proceeds are transferred to the GLF.

Operating Results

The operating results for the year are set out in the Statement of Comprehensive Net Income and show a surplus of £7,719k for 2011/2012 (£20,821k 2010/2011). A net deficit of £2,842k was transferred to the General Reserve (surplus £10,514k 2010/2011).

For 2011/2012 Trinity House's performance against the cash limits set by DfT can be summarised as follows:

	Actual Expenditure £000's	Cash Limits £000's	Variance £000's
Running costs	23,453	25,718	(2,265)
Expenditure on behalf of all GLAs	2,215	2,910	(695)
Other cost i.e. Pensions & Ships Lease	8,914	9,487	(573)
Capital expenditure	2,566	4,699	(2,133)
Wreck removal	-	-	-
Other costs (on behalf of DfT)	259	310	(51)
Sombrero (on behalf of DfT)	3	32	(29)
Total	**37,410**	**43,156**	**(5,746)**

Actuals v Budget Analysis

Overall there is a budget under spend of £4.465m (10%). Running costs are under spent by £1.171m (5%) which is mainly attributable to:

- Pay 3% under spent due to vacancies, posts funded at the top of the competency framework and Employers National Insurance Contributions which are budgeted at an average of 9% which is slightly higher than actual; and
- Non pay was 6% under spent. This is year one of the 5 year RPI-X plan. In order to achieve the savings necessary to meet the RPI-X target Trinity House has maintained tight control on all expenditure and sought value for money savings wherever possible.

Cash drawdowns, Cash flow and Liquidity

The cash drawdown was below budget for the reasons provided in the Actual v Budget commentary above, and accruals for 2011/2012 do not draw cash until 2012/2013. Funds not drawn down remain in the GLF. Funds are only drawn down based on the profile of cash required for the following week, thus liquidity is all handled within the GLF and not within Trinity House accounts.

Main Financial Events

The main financial events during the year were:

- Achieved cost saving targets with running cost expenditure under budget by £2.2m;
- Maintained a clean year end external audit report from NAO;
- Achieved a "substantial" assurance rating from DfT internal audit;
- In November 2011, Trinity House gained approval for an Interreg IVB (The North Sea Region Programme of ERDF) funded project for the Accessibility for Shipping, Efficiency Advantages and Sustainability (ACCSEAS). This is a three year project running until February 2015 involving Trinity House (as Lead Beneficiary) and ten partners from the North Sea Region. The total budget for the project is Euro 5,553,650. This is 50% funded by the Interreg IVB grant. The share relating to Trinity House represents a budget of Euro 1,366,000 over the three year project.

- During the year the Office for National Statistics (ONS) reclassified Light Dues as a tax and consequently reclassified Trinity House as a Central Government Body. The implications of this are under discussion with the DfT and an implementation date with regards to financial reporting has yet to be determined.

Expenditure on Tangible and Intangible Non-Current Assets

During the year to 31 March 2012 expenditure on non-current assets was:

	2011/2012 £000's	2010/2011 £000's
Work in progress	1,619	1,304
Land	-	-
Buildings	-	505
Tenders and craft	184	-
Lightvessels	-	321
Buoys and beacons	13	205
Plant and machinery	529	392
Computer equipment	166	141
Intangible software	55	262
Total	**2,566**	**3,130**

The Accounts Direction provides that non-current assets shall be stated at historic cost less depreciation. Trinity House has obtained independent valuations of the various depot buildings. Certain sites are deemed obsolete for operational use, and are therefore surplus to requirements. During the year the light at Skokholm was changed to an LED Beacon and Skokholm lighthouse was subsequently re-classified as an asset held for sale. Miranda building at Harwich which was classified as an investment property and the Penzance depot which was classified as an asset held for sale were sold during the year. Further details can be found at notes 8, 10 and 11.

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

Going Concern

The Statement of Financial Position at 31 March 2012 shows net liabilities of £119.540m. This reflects the inclusion of pension liabilities falling due in future years that may only be met by advances from the GLF. The Secretary of State issued a letter of comfort in 2001 to the effect that in the unlikely event of insufficient money being available from the GLF to pay pension liabilities the Department would request funds from Parliament to make the necessary payments. This letter is shown in Appendix 1.

Advances for 2011/2012, taking into account the amounts required to meet the Board's liabilities falling due in that year, have already been included in the GLF forecasts for that year. DfT have officially sanctioned the 2012/2013 budget in a letter dated 22 March 2012. It has accordingly been considered appropriate to adopt the going concern basis for the preparation of these financial statements.

Accounting Policies

The Accounting Policies are reviewed each year in accordance with IAS8 – Accounting Policies, Changes in Accounting Estimates and Errors. This review is carried out at the tri-GLA Accounts Format Working Group each year and at internal meetings, chaired by the Director of Finance and Support Services. During the year the policy regarding Government Grants has changed in line with the 2011/2012 FReM. No other Accounting Policies have altered since last year.

Payment of Creditors Policy

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

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

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

Suppliers are informed of our policy via a supplementary notice within contracts and are asked to provide any comments on this issue to the Director of Finance and Support Services. The average credit taken from Trade Payables during the year was 9 days.

Events after the Year End

There are no significant events to report.

Audit

The accounting records of the Trinity House are examined by the UK Comptroller and Auditor General prior to consolidation in the Accounts of the GLF. The GLF Accounts are formally certified by the UK Comptroller and Auditor General under the terms of Section 211 of the Merchant Shipping Act 1995. There is no provision for a separate audit certificate to be appended to these Accounts.

So far as the Executive Chairman acting in the role of the Accounting Officer is aware, there is no relevant audit information of which Trinity House auditors are unaware. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of the relevant audit information and to establish that the Trinity House auditors are aware of that information.

Ian McNaught.

Executive Chairman
Captain Ian McNaught

Remuneration Strategy

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

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

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

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

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

Remuneration of Directors

	2011/2012			2010/2011		
	Salary £000's	Bonus Payments £000's	Benefits in kind (to nearest £100)	Salary £000's	Bonus Payments £000's	Benefits in kind (to nearest £100)
J M de Halpert *	70-75	10-15	1300	100-105	20-25	-
I McNaught**	65-70	5-10	500	-	-	-
J S Wedge	90-95	10-15	1500	90-95	10-15	1600
R Barker	75-80	10-15	800	75-80	10-15	100
J S Scorer	90-95	15-20	1500	90-95	10-15	200
M J Gladwyn	15-20	-	-	15-20	-	-
N R Pryke ***	15-20	-	1200	20-25	-	1300
F C Bourne	15-20	-	500	15-20	-	600
D A Coltman****	-	-	-	5-10	-	2100
E D Johnson*****	15-20	-	700	-	-	-
N Palmer******	0-5	-	-	-	-	-

*	Retired 30 November 2011. Full year equivalent salary £105k-£110k.
**	Executive Chairman with effect from 1 September 2011. Full year equivalent salary £110-115k.
***	Retired 31 January 2012. Full year equivalent salary £20k-£25k. N R Pryke received remuneration as a Non Executive Director and an Examiner.
****	Retired 22 October 2010. Full year equivalent salary £15k-£20k.
*****	Term commenced 1 May 2011. Full year equivalent salary £15-20k.
******	Term commenced 1 February 2012. Full year equivalent salary £20k-£25k. Captain Palmer receives remuneration as a Non Executive Director and an Examiner.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by Trinity House and treated by HM Revenue and Customs as a taxable emolument. Included as benefits in kind above are relocation expenses, travel and subsistance expenses in respect of travel to their normal place of work, gym membership and private outpatient medical care.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2011/2012 relate to performance in 2011/2012 and the comparative bonuses reported for 2010/2011 relate to the performance in 2010/2011.

Pay Multiples

	2011/2012	**2010/2011**
Band of Highest Paid Directors Total Remuneration	£130k-£135k	£125k-£130k
Median Total Remuneration	£31,976	£31,405
Ratio	4.1	4.0

Trinity House is required to disclose the relationship between the remuneration of the highest-paid director in the organisation and the median remuneration of the organisations workforce.

The banded remuneration of the highest-paid director in Trinity House in the financial year 2011/2012 was £130k-£135k (full time equivalent) (2010/2011 £125k-£130k). This was 4.1 (2010/2011 4.0) times the median remuneration of the workforce, which was £31,976 (2010/2011 £31,405)

In 2011/2012, no employees received remuneration in excess of the highest-paid director. Remuneration ranged from £12,051 to £110,524.

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

Service Contracts

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

Non-Executive Director	Contract Start	Expiry Date
N R Pryke (Contract renewed in 2011 for further year)	25 January 2005	31 January 2012
M Gladwyn (Contract renewed in 2010 for a further 3 years)	1 September 2007	31 August 2013
N Palmer	1 February 2012	31 January 2015
F C Bourne (Contract renewed in 2010 for further 2 years)	20 July 2006	19 July 2012
E D Johnson	1 May 2011	30 April 2014

Pension Benefits

All Executive Board Members of Trinity House (including the Executive Chairman) are ordinary members of the Trinity House Lighthouse Service pension scheme. They are entitled to compensation for permanent loss of office under the terms of the Trinity House Lighthouse Service compensation scheme which operates by analogy to the Civil Service compensation scheme. Their contracts are ongoing until age 65, subject to satisfactory performance and require a twelve month written notice period.

	a Real Increase in pension £000's	b Real Increase in lump sum £000's	c Accrued Pension £000's	d Accrued Lump Sum £000's	e Cash Equivalent Transfer Value at 31 March 2011 £000's	f Cash Equivalent Transfer Value at 31 March 2012 £000's	g Real increase in Cash Equivalent Transfer Value £000's	h Employer contribution to partnership pension account £000's
J de Halpert	0 - 2.5	-	15-20	-	334	351	11	-
I McNaught	0 - 2.5	-	0-5	-	-	17	15	-
J Wedge	0 - 2.5	0-2.5	25-30	85-90	493	535	-	-
S J Scorer	0 - 2.5	-	5-10	-	122	160	25	-
R Barker	0 - 2.5	-	5-10	-	122	166	31	-

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Trinity House Lighthouse Service pension scheme. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Note 21 contains further information on pensions for all staff.

Statement of Accounting Officer's Responsibilities

Under section 218(1) of the Merchant Shipping Act 1995 the Secretary of State for Transport, with the consent of HM Treasury, has directed Trinity House to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Trinity House and of income and expenditure, cash flows and changes in equity for the financial year.

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

- observe the Accounts Direction issued by the Secretary of State for Transport including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts; and
- prepare the accounts on a going concern basis.

The Accounting Officer of the Department for Transport has designated the Executive Chairman as Accounting Officer of Trinity House. The responsibilities of the Accounting Officer include responsibility for the propriety and regularity of the funds allocated to Trinity House in its capacity as a General Lighthouse Authority and keeping proper records and for safeguarding the assets of Trinity House, in its capacity as a General Lighthouse Authority. These responsibilities are set out in the Framework Document which is the contractual agreement between the Department for Transport and the General Lighthouse Authorities.

Corporate Governance

New corporate governance code

The Board reviewed its approach to corporate governance on publication of the new HM Treasury Code on Corporate Governance in July 2011. A report to the January 2012 Board meeting about this concluded that Trinity House complied with the majority of the best practice principles set out in the new code. In accordance with the Code, the Board agreed that the review of its effectiveness should include independent input every three years. It decided against formally appointing a lead Non-Executive Director on the basis inter alia that communication between the Chairman and the Non-Executive Directors and arrangements between the Non-Executive Directors and with the Department for Transport were already effective.

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

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

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

One area where Trinity House does not comply with the guidance is that the Trinity House Executive Chairman combines the role of Chairman and Chief Executive. The Board considers this provides the most efficient and effective use of resources without compromising the basic principles of good governance. Although the guidance advocates separation of these two roles, there are further checks and balances, not available to listed companies, provided inter alia by the trustee actions of the Secretary of State for Transport, as exercised by the Navigation Safety Branch of DfT and through the Secretary of State's nominees on the Lighthouse Board.

The Lighthouse Board

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

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

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

The Trinity House Board continues to maintain the highest standards of corporate governance. It receives reports on the latest developments in this area. For example, the September 2011 Board meeting considered a report on the performance of the Board. This report concluded that the Board had complied with best practice guidance. The report noted that it had been 'a challenging but successful year'.

Membership of the Board is:
*Captain I McNaught (Appointed Chairman & Member 22 November 2011)
*Rear Admiral Sir Jeremy de Halpert (Retired as Chairman & Member 22 November 2011)
*Captain N R Pryke (Retired as Deputy Chairman and Member 31 January 2012)
*Captain N Palmer (Appointed Deputy Chairman and Member 1 February 2012)
*Commodore S J Scorer (Director of Operations)
*Captain R H Barker (Director of Navigational Requirements)
Mr J S Wedge (Director of Finance and Support Services)
Mr F C Bourne (Non Executive Director)
Mr M J Gladwyn (Non Executive Director)
Mrs E D Johnson (Non Executive Director, appointed 1 May 2011)
Mr J D Price (Secretary)

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

The Board met on eight occasions in 2011/2012. Captain McNaught and Sir Jeremy de Halpert attended all meetings for which they were Members. Commodore Scorer and Captain Barker attended seven meetings. Other Members attended all meetings.

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

a) Executive Committee

The Board delegates the management of its day-to-day activities to the Executive Directors, each of whom has responsibility for a specific area. The Executive Directors meet on a regular basis (usually monthly) to exchange views and information on the activities within each of their directorates. They collectively review policies and procedures prior to their submission to the Board in order to maintain a consistent approach across the Service. They also action and monitor policies, once the Board has approved them. The Executive Committee in turn delegates the operational execution of many of its policies to its managers, and meets quarterly with all the Senior Managers to review policies and plans.

Highlights of the year included the detailed scrutiny and approval of Corporate and Strategic Plans; driving the implementation of the Atkins Review recommendations and determining the approach to Parliamentary debates and legislation affecting Trinity House.

Membership of the Executive Committee is as follows:
Captain I McNaught (Appointed Chairman & Member 22 November 2011)
Rear Admiral Sir Jeremy de Halpert (Retired as Chairman & Member 22 November 2011)
J S Wedge (Deputy Chairman)
Captain R H Barker
Commodore S J Scorer
R P Dunham (Secretary)

The Committee met eleven times during the year. Captain McNaught and Sir Jeremy de Halpert attended all meetings for which they were Members. Captain Barker attended all meetings. Mr Wedge attended nine meetings and Commodore Scorer eight. Both sent deputies when they were unable to attend.

b) Audit Committee

The Audit Committee is established to monitor and review management controls, the financial stewardship of the funds at the Board's disposal, risk and corporate governance issues including the Public Interest Disclosure Act (whistle-blowing) matters and the systems of internal control. It does this by reviewing various sources of data including individual Internal Audit Reports, National Audit Office (NAO) reports and other information about the organisation. The Committee meets with the Head of Internal Audit to review their Annual Report and discuss any aspects of their commentary regarding the Service's internal control system.

The Committee also meets with the NAO to review the Annual Accounts and to discuss any observations raised by the Auditors in their Management Letter.

The membership and operation of the Audit Committee, is in line with the Audit Committee Handbook originally issued by HM Treasury in March 2007 and updated in 2009. The Audit Committee approved revised Terms of Reference, based on this guidance, in March 2012. The Board approved these Terms of Reference in May 2012. The Committee reviews its terms of reference annually. The distinction between 'Members' and 'Attendees' operates in accordance with the Handbook. Consequently, the membership of the Committee consists of non-executive directors only. The Secretary to the Board attends meetings and takes the minutes, in accordance with the Handbook's advice.

Highlights of the year included approving the Annual Report and Accounts; reviewing risk registers and ensuring that the internal audit programme was completed effectively. The Audit Committee also received reports about the Management Assurance Statement and an Organisational Capability Assessment that helped strengthen corporate governance and mitigate against financial loss.

Membership of the Audit Committee is:-
M J Gladwyn (Chairman)
E D Johnson (Deputy Chairman and Member from 1 May 2011)
Captain N Pryke (retired 31 January 2012)
Captain N Palmer (appointed 1 February 2012)

The following also attend meetings:
Rear Admiral Sir Jeremy de Halpert (retired 22 November 2011)
Captain I McNaught (appointed 22 November 2011)
J S Wedge (Finance & Support Services Director)
J D Price (Secretary)
NAO and Internal Audit

The Committee met on four occasions in 2011/2012. The Chairman and Deputy Chairman attended all meetings. Captains Pryke and Palmer attended all meetings for which they were members.

c) Remuneration Committee

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

Highlights of the year were the review of corporate and executive director performance.

Membership of the Remuneration Committee is:-
F C Bourne (Chairman)
M J Gladwyn
Captain N R Pryke (retired 31 January 2012)
E D Johnson (appointed 1 February 2012)

The following also attend meetings:
Rear Admiral Sir Jeremy de Halpert (retired 22 November 2011)
Captain I McNaught (appointed 22 November 2011)
L Firmin (Secretary)

The Committee met once in March 2012. All members attended.

d) Executive Remuneration Committee

In February 2004 the Board established an Executive Remuneration Committee to determine fair remuneration for staff below Director level and ensure that staff of the right quality are attracted, retained and motivated, within budgetary constraints and public sector pay guidance policy. The Committee operates under Terms of Reference that directly support the Executive Committee. The Committee consults the DfT and other GLAs as and when appropriate and beneficial to ensure decisions are consistent and reflect best practice. This Committee also oversees any changes to proposed organizational structures. Members continually review manpower requirements at a departmental and service wide level in order to identify improvements in efficiency as and when possible and appropriate.

Highlights of the year included consideration of reviews of the Procurement, Engineering and Navigation departments which fed into the manpower plan; approval of the annual Pay Remit proposal plus approval of individual and team performance awards.

Membership of the Executive Remuneration Committee is:
J S Wedge (Chairman)
Captain I McNaught (appointed 22 November 2011)
Rear Admiral Sir Jeremy de Halpert (retired 22 November 2011)
Captain R H Barker
Commodore S J Scorer
L Firmin (Secretary)

The Committee met five times in 2011/2012. The Chairman, Captain Barker and the Executive Chairman attended all meetings. Commodore Scorer attended two.

e) Examiners' Committee

The Examiners' Committee is appointed to review all requirements for the Service's provision of AtoNs and in particular to review any proposed changes, establishment of new Aids and discontinuance of others. The Committee is comprised of all the Elder Brethren who are 'Mariner Assistants' of the Corporation so some members are not otherwise employed directly by the Lighthouse Service. They can bring the relevant independent view and experience necessary for the deliberations of this Committee. An Examiner is always on call to give decisions regarding casualties at sea and the investigation and marking of wrecks.

Highlights of the year included the discontinuance of fog signals at Tater Du and Trevose Head lighthouses, after a full user consultation process. Consultation is now underway on the requirements for fog signals at two further lighthouses. The Committee also considered the changing needs of the Mariner, recognising the sometimes over reliance on Electronic Aids to Navigation and vulnerabilities of systems, form a key area of investigation when assessing the ongoing requirements for physical AtoN. Another highlight was the discussions about the increasing danger presented to all Mariners by offshore renewable energy developments. This is requiring a high level of assessment to ensure any risks presented can be mitigated, including the needs for additional Aids to Navigation. The Examiners Committee are represented at all key regulator and stakeholder meetings regarding these developments.

Membership of the Examiners' Committee is: -
Captain R H Barker (Chairman)
Rear Admiral Sir Jeremy de Halpert (retired 22 November 2011)
Captain I McNaught
Commodore S J Scorer
Captain N R Pryke
Captain D Glass
Commodore N D Squire
Captain R M Woodman (Member until 22 November 2011, thereafter Advisory Member)
Captain N Palmer (appointed 22 November 2011)
Commodore P J Melson (Advisory Member)
Captain D P Richards (Advisory Member - retired 31 May 2011)
Captain J Manson (Advisory Member – appointed 19 April 2011)
Captain N Dodson (Navigation Examiner Manager)
A J Porter (Secretary)

The Committee met seven times in 2011/2012. Members attended as follows: Captains Barker, Glass and Pryke all meetings; Sir Jeremy de Halpert and Captains Woodman and Palmer all meetings for which they were Members; Captain McNaught four meetings; Commodore Scorer six meetings and Commodore Squire five meetings.

f) Nominations Committee

The Nominations Committee is responsible for proposing executive appointments to the Lighthouse Board. These appointments are made by the Court of Trinity House. The Committee meets as and when required.

The Committee dealt with the nomination of the new Executive Chairman.

The Nominations Committee is chaired by Mr F C Bourne.

Risk Management

Accounting officer responsibility for risk management

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

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

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

Internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trinity House policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Trinity House for the year ended 31 March 2012 and up to the date of approval of the Annual Report and Accounts.

Risk categories

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

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

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

Culture

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

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

Trinity House also leads the GLAs' Triennial Risk Management Review, the most recent of which was completed in October 2009. This contains the risk management policy and strategy for the GLAs. It was approved by the Trinity House Board and the Lights Finance Committee in November 2009. This review includes the analysis of all main risks facing the GLAs supported by third party assurance from a firm of independent risk consultants and draws on best practice guidance from the UK Risk Management Standard, prepared by the Institute of Risk Management, Association of Insurance and Risk Managers and the National Forum for Risk Management in the Public Sector. A further triennial review will be carried out in 2012.

Risk Monitoring

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

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

Information Risk

Trinity House maintains an Information Asset Register, with each asset assigned an Information Asset Owner. The Information Asset Owners carry out an annual review of information security risks using the Cabinet Office guidance. The outcome of this review is reported to the Board by the Senior Information Risk Owner (SIRO). The Information Asset Register and Information Asset Owner (IAO) annual reporting mechanism is now well embedded and has resulted in improvements to data handling and quality. Consequently, IAOs are now challenging the way that they store, handle and share data. The IT Department staff have undertaken training about IAO responsibilities and shared this learning with IAOs. We have also evaluated the National School of Government online training for security and decided that it is suitable for use within Trinity House. It was made available to all staff and promoted via the IT Road Shows in 2011.

Participation

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

Changes to risk profile

The key changes to the risk profile of Trinity House during the year ended 31 March 2012 were:

- A levelling trend in respect of the risk of a lack of resources, following the Shipping Minister's acceptance of Trinity House's programme of efficiencies and his approval of the Corporate Plan for the period ahead;
- A similar trend in respect of a change in Government policy with regard to Trinity House's undertaking as a GLA;
- A temporary increase in risk to operational effectiveness during the move to centralised out of hours monitoring of AtoNs; and
- An increase in risk to tri-GLA projects caused by the issue of a notice to terminate the DGPS contract which has led to a dispute with the supplier.

A great deal of work has been done on pensions with a report submitted to DfT that recommends the creation of a funded pension scheme. The Secretary of State issued a letter of comfort on 17 December 2001, to the effect that, in the unlikely event of insufficient money being available in the GLF to meet the liabilities, DfT will request funds from Parliament to make the necessary payments.

No new significant risks were identified during the year.

Review of systems of internal control

Acting in the role of Accounting Officer, I have responsibility for reviewing the effectiveness of the systems of internal control and governance. My review of the effectiveness of the systems of internal control and governance is informed by the work of the internal auditors, Executive Directors and Senior Managers within Trinity House who have responsibility for the development and maintenance of the internal control and governance framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control and governance by the Board and the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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

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

Head of Internal Audit opinion

On the basis of the evidence obtained during 2011/2012, I am able to provide an overall 'Substantial' assurance rating on the adequacy and effectiveness of Trinity House's arrangements for corporate governance, risk management, and internal control .

Systems of corporate governance, risk management and internal control arrangements are well established and working effectively. Very minor control weaknesses have been identified in a maximum of one or two discrete areas.

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

There have been no significant internal control or governance problems in the year ended 31 March 2012.

Therefore I can report that corporate governance and risk management within Trinity House remains robust and effective, and complies with the best practice principles set out in HM Treasury's July 2011 Code of Good Practice for Corporate Governance in Central Government Departments as far as is appropriate.

Captain I McNaught
Executive Chairman

Ian McNaught.

Statement of Comprehensive Net Income for the year ended 31 March 2012

	Note	2011/2012 £000's	Restated 2010/2011 £000's	Restated 2009/2010 £000's
Income:				
Advances from the GLA		34,900	36,200	36,050
Other income	3.a	2,386	2,070	1,723
Income on behalf of all GLA's	3.b	(13)	529	326
Grant income		200	140	415
		37,473	**38,939**	**38,514**
Expenditure:				
Staff costs	4	11,459	12,383	11,001
Depreciation	8	3,968	4,037	3,902
Amortisation	9	112	171	348
Loss on revaluation		-	-	195
Pension current cost	21	2,178	2,480	1,960
Pension past service cost	21	43	(13,034)	-
Other expenditure	5	11,994	12,081	11,762
		29,754	**18,118**	**29,168**
Net income		**7,719**	**20,821**	**9,346**
Interest payable/receivable	6	8,084	7,373	8,398
Revaluation of investment properties		38	18	-
Net income after interest		**(403)**	**13,430**	**948**
Net Expenditure on behalf of DfT				
Sombrero	5b	3	3	3
Other costs	5b	259	317	331
Total		**262**	**320**	**334**
Net Expenditure on behalf of all GLA's				
Staff costs	5c	729	947	855
Other costs	5c	1,486	1,649	1,750
Total		**2,215**	**2,596**	**2,605**
(Deficit)/Surplus for the year		**(2,880)**	**10,514**	**(1,991)**

Statement of Financial Position as at 31 March 2012

	Note	2011/2012 £000's	Restated 2010/2011 £000's	Restated 2009/2010 £000's
Non-current assets				
Property, plant & equipment	8	47,301	49,074	51,696
Intangible assets	9	635	430	339
Investment assets	10	300	587	-
Trade and other receivables	13	-	-	100
Total non-current assets		**48,236**	**50,091**	**52,135**
Current assets				
Assets classified as held for sale	11	2	409	-
Inventories	12	2,317	2,208	2,285
Trade and other receivables	13	1,520	1,744	1,386
Other current assets		-	-	-
Financial assets		-	-	-
Cash and cash equivalents	14	140	341	13
Total current assets		**3,979**	**4,702**	**3,684**
Total assets		**52,215**	**54,793**	**55,819**
Current liabilities				
Trade and other payables	16	4,652	5,303	5,404
Other liabilities		-	-	-
Provisions: current element	17	548	886	617
Total current liabilities		**5,200**	**6,189**	**6,021**
Non current assets plus/less net current assets/liabilities		**47,015**	**48,604**	**49,798**
Non-current liabilities				
Provisions	17	319	373	211
Pension liabilities	21	151,814	134,138	151,627
Other payables	16	14,422	15,699	16,896
Financial liabilities		-	-	-
Total non-current liabilities		**166,555**	**150,210**	**168,734**
Assets less liabilities		**(119,540)**	**(101,606)**	**(118,936)**
Reserves				
General reserve		(119,983)	(102,696)	(120,236)
Revaluation reserve		443	1,090	1,300
Capital grant reserve		-	-	-
Total		**(119,540)**	**(101,606)**	**(118,936)**

The financial statements on pages 34 to 38 and related notes were approved by the Lighthouse Board on 18 July 2012, and signed on its behalf by:

Captain Ian McNaught...Executive Chairman

J. Wedge...Finance Director

Date...
18th July 2012

The notes on pages 39 - 69 form part of these Accounts

Statement of Cash Flows for the year ended 31 March 2012

	Note	2011/2012 £000's	Restated 2010/2011 £000's	Restated 2009/2010 £000's
Cashflows from operating activities				
Net deficit after interest		(2,880)	10,514	(1,991)
Pension benefits outflow	21	(6,994)	(6,715)	(6,512)
Current service cost	21	2,217	(10,459)	1,879
Depreciation	8	3,968	4,037	3,902
Amortisation	9	112	171	348
Impairments		-	146	-
Loss on revaluation of land and buildings		-	-	195
Loss/(profit) on disposal property, plant and equipment	5a	24	24	46
Loss/(profit) on disposal of intangibles		1	-	11
Loss/(profit) on disposal of investment assets		(93)	-	-
Loss/(profit) on disposal of assets held for sale		21	-	-
(Increase)/decrease in trade and other receivables	13	224	(208)	(108)
(Increase)/decrease in inventories	12	(109)	77	(292)
(Decrease)/increase in trade payables		(805)	(424)	(255)
Revaluation of investments		38	18	-
Use of provisions	17	(392)	431	(88)
Net cash outflow from operating activities		**(4,668)**	**(2,388)**	**(2,865)**
Cash flow from investing activities				
Purchase of property, plant and equipment		(2,427)	(2,609)	(3,738)
Purchase of intangible assets	9	(55)	(262)	(15)
Proceeds of disposal of property plant and equipment		27	39	57
Proceeds of disposal of intangibles		-	-	-
Proceeds of disposal of investment assets		342	-	-
Proceeds of disposal of assets held for sale		388	-	-
Repayments from other bodies		-	100	-
Net cash outflow from investing activities		**(1,725)**	**(2,732)**	**(3,696)**
Cash flows from financing activities				
Movement in government grant reserve		-	-	-
Pension financing cost	21	7,399	6,581	7,556
Inflow from new finance lease		-	-	-
Capital element of payments in respect of finance leases		(1,207)	(1,133)	(1,082)
Net cash flow from financing activities		**6,192**	**5,448**	**6,474**
Net cash flow all activities		**(201)**	**328**	**(87)**
Net increase/(decrease) in cash and cash equivalents in the period		(201)	328	(87)
Cash and cash equivalents at the beginning of the period		341	13	100
Cash and cash equivalents at the end of the period		140	341	13

Statement of Changes in Equity for the year ended 31 March 2012

	Restated General Reserve £000's	Revaluation Reserve £000's	Restated Total Reserves £000's
Balance as at 31 March 2010	(120,236)	1,300	(118,936)
Changes in equity for 2010-2011			
Net gain/(loss) on revaluation of property, plant and equipment	-	(80)	(80)
Release of reserves to statement of comprehensive net income (pensions)	6,896	-	6,896
Release of reserves to statement of comprehensive net income (other)	130	(130)	-
Retained surplus/(defict)	10,605	-	10,605
Retrospective change due to accounting policy	(91)	-	(91)
Total recognised income and expense for 2010/2011	**17,540**	**(210)**	**17,330**
Balance at 31 March 2011	**(102,696)**	**1,090**	**(101,606)**
Changes in equity for 2011-2012			
Net gain/(loss) on revaluation of property, plant and equipment	-	-	-
Release of reserves to statement of comprehensive net income (pensions)	(15,054)	-	(15,054)
Release of reserves to statement of comprehensive net income (other)	647	(647)	-
Retained surplus/(defict)	(2,880)	-	(2,880)
Total recognised income and expense for 2011/2012	**(17,287)**	**(647)**	**(17,934)**
Balance at 31 March 2012	**(119,983)**	**443**	**(119,540)**

General reserve:
The General reserve represents the accumulated deficit of the organisation. This reflects the inclusion of pension liabilities of £151,814k falling due in future years. See note 1a and Appendix 1

Revaluation reserve:
This represents any increase in an assets carrying amount as a result of revaluation. If the assets carrying amount is decreased as a result of a later revaluation, any previous revaluation gain is released back to the asset to the extent that it covers the decrease in valuation. Any decrease in valuation in excess of a previous gain is recognised in the Statement of Comprehensive Net Income. When an asset is derecognised any gain held in respect of that asset is transferred directly to the General reserve.

1 Statement of accounting policies

a) Accounting Convention

These accounts have been prepared in accordance with the 2011/2012 government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

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 GLA for the purposes of giving a true and fair view has been selected. The particular policies adopted by Trinity House are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

In addition, these accounts have been prepared in accordance with the Accounts Direction issued by the Secretary of State for Transport on 10 March 2003.

Trinity House has chosen not to adopt early any new standards or interpretations.

The standard listed below is not yet effective for the year ended 31 March 2012 and has not been applied in preparing these financial statements but will be adopted in subsequent periods:

- IFRS9 Financial Instruments, which will replace IAS 39. IFRS9 is expected to improve and simplify the reporting of financial instruments. Application of this standard is required for reporting periods beginning on or after January 2013. Initial application of IFRS9 is expected to have a limited impact.

b) Going Concern

The Statement of Financial Position at 31 March 2012 discloses net liabilities of £119,540,000. This reflects the inclusion of pension liabilities falling due in future years. The Secretary of State for Transport, with the agreement of the Treasury, issued a letter of comfort on December 2001 (appendix 1). The letter states that in the unlikely event of insufficient money being available from the General Lighthouse Fund to pay pension liabilities, the Department for Transport will request funds from Parliament to make the necessary payments.

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

c) Pension benefits

Pension benefits are accounted for in line with the requirements of IAS19 Employee Benefits. All pension assumptions are set out in note 21.

d) Intangible Assets and Amortisation

Computer software has been capitalised and is amortised on a straight line basis over the estimated useful economic life of between 3 to 5 years dependant on the expected operating life of the asset as determined by the Trinity House IT Support Manager.

Intangible licences have been capitalised and are amortised over the life of the licence.

Intangible Assets are shown at cost less amortisation. Amortisation is calculated on a monthly basis and is commenced in the month after original purchase or when the asset is brought into use and is continued up to the end of the month prior to disposal.

e) Non-Current Assets and Depreciation

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

Book values have been retained in accordance with the Accounts Direction, and revaluations have only been undertaken for assets that are surplus to requirements. Surplus assets have been restated in the accounts at open market value.

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

CATEGORIES	DEPRECIATION LIVES
Land and buildings	
Land	Not depreciated
Lighthouses (building structure)	50 years
Other buildings	50 years
Tenders and ancillary craft	
Tenders	25 years
Tenders dry dock & repair:	
THV Patricia & RIV Alert	2.5 years (30 months)
THV Galatea	5 years
Workboats	10 years
Lightvessels	
Lightvessel (hulls)	50 years
Lightvessel (hull conversions)	15 years
Lightvessel (dry dock and repair)	7 years
Buoys and beacons	
Steel buoys and beacons	25 years
Plastic buoys	10 years
Plant and machinery	
Lighthouses and lightvessels	15 years
Automation equipment	15 years
Racons and radio beacons	15 years
Depots and workshops	10 years
Office equipment	10 years
AIS equipment	7 years
Vehicles	5 years
Computers – major systems	5 years
Computers – other	3 years
Assets leased under Finance Lease	25 years being the expected useful life. (The primary lease period is less than this but a secondary period sufficient to cover the balance is available).

f) Inventories

Inventories of consumable stores at depots and fuel stocks are valued on a First in First out (FIFO) basis.

g) Research and Development

The Board co-operates with the other Lighthouse Authorities through the Research and Radio Navigation (R&RNav) Policy Committee for major research and development. Other direct expenditure on trial projects of a minor nature is charged to revenue as it is incurred. Work carried out by Trinity House on behalf of the General Lighthouse Authorities is not included in the net expenditure of Trinity House but charged to the Statement of Comprehensive Net Income as expenditure on behalf of all GLA's.

h) Leasing Commitments

Assets obtained under finance leases are capitalized in the Statement of Financial Position and depreciated as if owned. The interest element of the rental obligation is charged to the Statement of Comprehensive 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 Comprehensive Net Income as incurred.

Rentals received under operating leases are credited to income.

i) Foreign Currency

All transactions in a foreign currency have been converted to sterling immediately on receipt and are therefore translated at the exchange rate ruling at the date of the transaction.

Any monetary assets or liabilities existing as at 31 March 2012 are translated at the rate ruling at the Statement of Financial Position date.

j) Taxation

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

k) Transactions on behalf of other General Lighthouse Authorities

The General Lighthouse Authorities generally account for all aspects of their responsibilities as statutory authorities. However, as a result of close co-operation, the GLAs agree that it is either more economic or practical for one GLA to be responsible and account for the costs of particular areas of work. The costs incurred by Trinity House on behalf of other GLAs (which are shown separately on the Statement of Comprehensive Net Income) are detailed at note 5c.

l) Government Grants

Trinity House follows the guidance in the government Financial Reporting Manual 2011/2012 issued by Treasury for the treatment of Government Grants. The FReM restricts the reporting options within IAS 20 Accounting for Government Grants and Disclosure of Government Assistance by restricting the option to defer grant income relating to an asset. Government Grants are therefore recognised in full in the Statement of Comprehensive Net Income in the year in which they are received.

In previous years the grant would have been included in a Capital Grant reserve and released to the Statement of Comprehensive Net Income by instalments over the depreciation life of the related assets. Prior year comparatives have been restated to take account of this change in policy.

m) Investment Properties

Trinity House holds two non-operational properties that are available to let until such time as they are disposed of. It is considered that these properties fall within the definition of "Investment Properties" under IAS40 in that they could be disposed of without affecting the operation of the Lighthouse service and they are not retained to fulfil the Board's statutory responsibilities.

Open market valuations have been completed in March 2012 at each of these properties by Morely Riches & Ablewhite Chartered surveyors. These properties are included in the Statement of Financial Position at the open market valuation.

n) Provisions

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

o) Financial Instruments

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
Trinity House 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. 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 Statement of Comprehensive Net Income. Trinity House has carried out a review of its contracts and has determined that, as at 31 March 2012, no contracts contained embedded derivatives.

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

p) Income

In accordance with the Merchant Shipping Act Trinity House are permitted to sell surplus capacity. Income from these activities is recognized in the period to which it relates. Income received in advance of provision of services in respect of contracts is deferred to match the related expenditure.

2 Analysis of Net Expenditure by Segment

The Trinity House Board considers the provision of Aids to Navigation to be its one and only business segment.

3.a Income

	2011/2012 £000's	2010/2011 £000's
Buoy rental	602	580
Property rental	254	346
Tender hire	1,092	631
Sundry receipts	438	513
Total	**2,386**	**2,070**

3.b Income on behalf of all GLAs

	2011/2012 £000's	2010/2011 £000's
Contributions towards Radio Navigation projects*	(13)	20
Tri GLA tender hire	-	509
Total	**(13)**	**529**

* The credit of £13,000 relates to a refund paid to the Technology Strategy Board in respect of the GAARDIAN Project.

4 Staff numbers and related costs

Staff costs comprise:	2011/2012 Total £000's	2011/2012 Permanently employed staff £000's	2011/2012 Others £000's	2010/2011 Total £000's
Wages and salaries	11,446	11,362	84	11,539
Social security costs	969	969	-	930
	12,415	**12,331**	**84**	**12,469**
Other pension costs	-	-	-	-
Redundancy costs	(33)	(33)	-	998
Sub total	**12,382**	**12,298**	**84**	**13,467**
Less recoveries in respect of outward secondments	-			**-**
Total net costs	**12,382**	**12,298**	**84**	**13,467**
Included in the above are:				
Research and Development salaries	509	509	-	732
Light Dues salaries	220	220	-	216
Staff costs capitalised in fixed assets	194	194	-	136
Staff costs shown under expenditure of Trinity House	**11,459**	**11,375**	**84**	**12,383**

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

	2011/2012 Total £000's	2011/2012 Permanently employed staff £000's	2011/2012 Others £000's	2010/2011 Total £000's
Directly employed	303.0	303.0	0.0	308.6
Other	9.0	0.0	9.0	12.3
Staff engaged on capital projects	6.9	6.9	0.0	4.8
Total	**318.9**	**309.9**	**9.0**	**325.7**

Reporting of Civil Service and other compensation schemes - exit packages

	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
Exit package cost band	**2011/2012**	**2010/2011**	**2011/2012**	**2010/2011**	**2011/2012**	**2010/2011**
< £10,000	-	-	-	2	-	2
£10,000 - £25,000	-	-	2	2	2	2
£25,000 - £50,000	-	1	2	-	2	1
£50,000 - £100,000	-	1	3	-	3	1
£100,000- £150,000	-	-	-	-	-	-
£150,000 - £200,000	-	-	-	-	-	-
£200,000 - £350,000	-	1	-	-	-	1
Total number of exit Packages	-	3	7	4	7	7
Total resource cost (£'s)	-	494,011	370,335	30,450	370,335	524,461

5.a Other expenditure

	Notes	2011/2012 £000's	2010/2011 £000's
Running costs		10,837	10,163
Rentals under operating leases		1,127	899
Interest charges	6	8,086	7,376
PFI service charges		-	-
Research and Development expenditure		-	-
Non-cash items			
Depreciation	8	3,968	4,037
Amortisation	9	112	171
Impairments	7	-	146
Loss on revaluation of assets		-	-
Profit on disposal of asset		-	-
(Profit)/Loss on disposal of property, plant and equipment		(47)	24
Provisions provided for in year	17	77	849
Unwinding of discount on provisions	17	-	-
Total		**24,160**	**23,665**

During the year Trinity House did not purchase any non-audit services from its auditor.

5.b Net expenditure on behalf of DfT

	2011/2012 £000's	2010/2011 £000's
Use of DfT resources:		
Staff and accomodation	99	107
Audit	135	135
Professional services	25	75
Sombrero telemetry costs	3	3
Total	**262**	**320**

5.c Net expenditure on behalf of all General Lighthouse Authorities

	2011/2012 £000's	2010/2011 £000's
VAT refund re: GLF investment	(61)	(67)
Light Dues collection costs	725	713
Imperial Lighthouse Service pensions	43	52
Research and Development	855	1,248
Special sanction R&D including eLoran	653	650
Wreck removal	-	-
Total	**2,215**	**2,596**
Salary Costs included in the above:		
Research and Development	509	731
Light Dues	220	216
Total	**729**	**947**

6 Interest payable/receivable

	2011/2012 £000's	2010/2011 £000's
Loan interest receivable	-	(2)
Deposit interest receivable	(2)	(1)
Pension interest payable	7,399	6,581
Interest payable on lease of THV ALERT	117	139
Interest payable on lease of THV GALATEA	570	656
Total	**8,084**	**7,373**

7 Impairments

There were no impairments in the year (2010/2011 £145,861)

8 Property, plant and equipment

	Land Ongoing	Buildings Ongoing	Land Surplus	Buildings Surplus	L'vessels	Tenders & Craft	Buoys & Beacons	Information Technology	Plant & Machinery	Payments on Account & Assets under Construction	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation											
At 1 April 2011	1,026	19,288	-	-	4,409	36,232	6,847	1,992	31,394	1,645	102,833
Additions	-	-	-	-	-	184	13	166	529	1,619	2,511
Donations	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	(1)	-	-	-	(157)	-	(187)	(639)	-	(984)
Impairments	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	(10)	-	-	-	-	192	6	734	(1,195)	(273)
At 31 March 2012	**1,026**	**19,277**	-	-	**4,409**	**36,259**	**7,052**	**1,977**	**32,018**	**2,069**	**104,087**
Depreciation											
At 1 April 2011	66	4,699	-	-	3,353	16,961	2,663	1,707	24,310	-	53,759
Charged in year	11	525	-	-	184	1,194	573	166	1,315	-	3,968
Disposals	-	-	-	-	-	(157)	-	(175)	(601)	-	(933)
Impairments	-	-	-	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-	-	-	-
Transfers	-	(8)	-	-	-	-	-	-	-	-	(8)
At 31 March 2012	**77**	**5,216**	-	-	**3,537**	**17,998**	**3,236**	**1,698**	**25,024**	**-**	**56,786**
Net book value at 31 March 2011	960	14,589	-	-	1,056	19,271	4,184	285	7,084	1,645	49,074
Net book value at 31 March 2012	**949**	**14,061**	-	-	**872**	**18,261**	**3,816**	**279**	**6,994**	**2,069**	**47,301**
Asset financing:											
Owned	949	14,061	-	-	872	1,084	3,816	279	6,994	2,069	30,124
Finance leased	-	-	-	-	-	17,177	-	-	-	-	17,177
On-balance sheet PFI contracts	-	-	-	-	-	-	-	-	-	-	-
Net book value at 31 March 2012	**949**	**14,061**	-	-	**872**	**18,261**	**3,816**	**279**	**6,994**	**2,069**	**47,301**

Property, plant and equipment - prior year

	Land Ongoing	Buildings Ongoing	Land Surplus	Buildings Surplus	L'vessels	Tenders & Craft	Buoys & Beacons	Information Technology	Plant & Machinery	Payments on Account & Assets under Construction	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation											
At 1 April 2010	1,026	18,786	325	779	5,116	36,225	6,035	1,816	31,505	1,198	102,811
Additions	-	505	-	-	321	-	205	141	392	1,304	2,868
Donations	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	(1)	-	-	(1,028)	-	(2)	-	(198)	-	(1,229)
Impairments	-	(2)	-	-	-	-	-	-	(305)	(205)	(512)
Reclassifications	-	-	(314)	(711)	-	-	-	-	-	-	(1,025)
Revaluations	-	-	(12)	(68)	-	-	-	-	-	-	(80)
Transfers	-		1	-	-	7	609	35	-	(652)	-
At 31 March 2011	**1,026**	**19,288**	**-**	**-**	**4,409**	**36,232**	**6,847**	**1,992**	**31,394**	**1,645**	**102,833**
Depreciation											
At 1 April 2010	55	4,200	-	-	4,250	15,777	2,195	1,409	23,229	-	51,115
Charged in year	11	499	-	-	131	1,184	470	298	1,444	-	4,037
Disposals	-	-	-	-	(1,028)	-	(2)	-	(136)	-	(1,166)
Impairments	-	-	-	-	-	-	-	-	(227)	-	(227)
Reclassifications		-	-	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-	-	-	-
At 31 March 2011	**66**	**4,699**	**-**	**-**	**3,353**	**16,961**	**2,663**	**1,707**	**24,310**	**-**	**53,759**
Net book value at 31 March 2010	971	14,586	325	779	866	20,448	3,840	407	8,276	1,198	51,696
Net book value at 31 March 2011	**960**	**14,589**	**-**	**-**	**1,056**	**19,271**	**4,184**	**285**	**7,084**	**1,645**	**49,074**
Asset financing:											
Owned	960	14,589	-	-	1,056	1,239	4,184	285	7,084	1,645	31,042
Finance Leased	-	-	-	-	-	18,032	-	-	-	-	18,032
On-balance sheet PFI contracts	-	-	-	-	-	-	-	-	-	-	-
Net book value at 31 March 2011	**960**	**14,589**	**-**	**-**	**1,056**	**19,271**	**4,184**	**285**	**7,084**	**1,645**	**49,074**

The accounts direction provides that fixed assets shall be stated at historic cost less depreciation. Trinity House has obtained independent valuations of the various Harwich depot buildings by Mr J D Ablewhite MRICS on behalf of Morley Riches & Ablewhite Chartered Surveyors as at 31 March 2012. For the Swansea depot the valuations were carried out by Mr M Lawley BSc FRICS MICArb and Ms E Hill BSc MRICS, on behalf of Cooke & Arkwright, Chartered Surveyors, as at 31 March 2012. Details of operational depots are as follows:

	Market Values as at 31 March 2012	**Net Book Values as at 31 March 2012**	**Difference**
	£	**£**	**£**
Harwich	3,890,000	8,617,720	(4,727,720)
Swansea	117,000	358,258	(241,258)

Revalued assets

The Miranda Building, 35/36 West Street and 7 Church Street, which formed part of the old Harwich offices became surplus in 2005/2006 and were revalued at Open Market Value in that year. On 28 October 2010 the Board agreed that these properties should be disposed of and made available for let until such time as they are disposed of. Market valuations were obtained from Mr T Arculus MRICS on behalf of Trinity House as at that date resulting in revaluations for the Miranda Building to £250,000 (2009/2010 £250,000), West Street to £225,000 (2009/2010 £250,000) and Church Street to £130,000 (2009/2010 £130,000).

In 2010/2011 it was considered that these properties fell within the definition of "Investment Properties" under IAS 40 in that they could be disposed of without affecting the operation of the Lighthouse service and they were not required to fulfil the Board's statutory responsibilities. Valuations as at 31 March 2012 at Market Value have been carried out by Mr J D Ablewhite MRICS on behalf of Morley Riches & Ablewhite Chartered Surveyors resulting in revaluations for West Street to £175,000 (31 March 2011 £207,500) and Church Street to £125,000 (31 March 2011 £130,000). See note 10 for more details.

The Miranda Building was sold on 7 October 2011.

The Penzance Depot became surplus in 2004/2005 and was revalued in that year at Open Market Value. The property was sold on 1 January 2012.

Lighthouse cottages included in land and buildings, leased to Trinitas Services Ltd

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

Sale of fixed assets

The main assets disposed of in the year were:
- The Miranda building on 7 October 2011;
- Blacknore lighthouse on 10 October 2011;
- The Penzance depot on 1 January 2012; and
- Eight vehicles

Maryport lighthouse was transferred to the Maryport Habour Authority on 25 November 2011 under section 203 of the Merchant Shipping Act 1995 for no financial consideration.

9 Intangible assets

	Intangible software £000's	Intangible licences £000's	Total £000's
Cost or valuation			
At 1 April 2011	1,646	150	1,796
Additions	55	-	55
Donations	-	-	-
Disposals	(246)	-	(246)
Impairments	-	-	-
Revaluation	-	-	-
Transfers	263	-	263
At 31 March 2012	**1,718**	**150**	**1,868**
Amortisation			
At 1 April 2011	1,331	35	1,366
Charged in year	104	8	112
Disposals	(245)	-	(245)
Impairments	-	-	-
Revaluation	-	-	-
At 31 March 2012	**1,190**	**43**	**1,233**
Net book value at 31 March 2011	315	115	430
Net book value at 31 March 2012	**528**	**107**	**635**

Intangible assets - prior year

	Intangible software £000's	Intangible licences £000's	Total £000's
Cost or valuation			
At 1 April 2010	1,384	150	1,534
Additions	262	-	262
Donations	-	-	-
Disposals	-	-	-
Impairments	-	-	-
Revaluation	-	-	-
Transfers	-	-	-
At 31 March 2011	**1,646**	**150**	**1,796**
Amortisation			
At 1 April 2010	1,167	28	1,195
Charged in year	164	7	171
Disposals	-	-	-
Impairments	-	-	-
Revaluation	-	-	-
At 31 March 2011	**1,331**	**35**	**1,366**
Net book value at 31 March 2010	217	122	339
Net book value at 31 March 2011	**315**	**115**	**430**

10 Investment assets

	2011/2012 £000's	2010/2011 £000's
Old Harwich Offices		
As at April 2011	587	-
Additions	-	-
Disposals	(249)	-
Transfers*	-	605
Depreciation	-	-
Revaluations	(38)	(18)
As at 31 March 2012	**300**	**587**

* Transfers into investment assets are from property, plant and equipment reclassifications regarding the Miranda Building, 35/36 West Street and 7 Church Street.

The Miranda building was sold on 7 October 2011 realising a profit of £23,268. The Miranda building had previously been re-valued and £227,526 was subsequently released from the Revaluation Reserve to General Reserves.

11 Assets classified as held for sale

	2011/2012 £000's	2010/2011 £000's
As at April 2011	409	-
Additions	-	-
Disposals	(409)	-
Transfers*	10	420
Depreciation	-	-
Transfers (depreciation) *	(8)	-
Impairments	-	(11)
As at 31 March 2012	**2**	**409**

*Transfers into assets classified as held for sale are from property, plant and equipment reclassifications regarding Skokholm lighthouse (2010/2011 was in respect of the old Penzance depot).

Assets held for sale are:

a) Beachy Head lighthouse valued at £1. The light at Beachy Head has been downgraded and surplus equipment removed from the site. This work was completed on 19 February 2011 and the lighthouse is to be sold with reserved rights to continue exhibiting an 8nm LED solar powered beacon from the gallery; and

b) Skokholm lighthouse valued at £1,575 being the lower of carrying value and fair value less cost of sale. The light at Skokholm was changed to an LED beacon, the work was completed on 29 February 2012 and the lighthouse is to be let on a long lease (999 years) to the Wildlife Trust of South and West Wales.

These properties are all expected to be disposed of within 2012/2013 and are considered to fall within the IFRS 5 definition of an asset held for sale.

The Penzance depot and Blacknore lighthouse, classified as assets held for sale in 2010/2011 were both disposed of in the year realising a loss of £19k and £2k respectively. This loss is included within (Profit)/Loss on disposal of property, plant and equipment at note 5a.

The Penzance depot had previously been revalued and £418,999 was subsequently released from the Revaluation Reserve to General Reserves.

12 Inventories

	2011/2012 £000's	2010/2011 £000's
Consumable stores	1,958	1,925
Fuel Oil	359	283
Total	**2,317**	**2,208**

Inventories are valued using the First in First out (FIFO) method.

13 Trade receivables and other current assets

	2011/2012 £000's	2010/2011 £000's
Amounts falling due within one year:		
Trade receivables	346	552
Other receivables	271	336
Inter GLA debtors	1	24
Prepayments and accrued income	635	497
VAT recoverable	267	335
Total	**1,520**	**1,744**

Amounts included above that fall within the Whole of Government Accounting boundary are:	2011/2012 £000's	2010/2011 £000's
Central Government	268	231
Local Authorities	17	16
NHS Trusts	-	-
Public Corporations	17	-
Bodies external to Government	1,218	1,497
Total	**1,520**	**1,744**

Amounts falling due after more than one year:	2011/2012 £000's	2010/2011 £000's
Trinitas Loan	-	-

14 Cash and cash equivalents

	2011/2012 £000's	2010/2011 £000's
Balance at 1 April	341	13
Net change in cash and cash equivalent balances	(201)	328
Balance at 31 March	**140**	**341**
The following balances at 31 March were held at:		
Commercial banks and cash in hand	140	341
Short term investments	**-**	-
Balance at 31 March	**140**	**341**

15 Financial instruments

International Financial Reporting Standard 7 - Financial Instruments: Disclosures (IFRS 7) requires disclosure of the role which Financial Instruments have had during the year in creating or changing the risks the Authority faces in undertaking its activities. Because of the largely non trading nature of the activities of Trinity House and the method of funding from the General Lighthouse Fund, the Authority is not exposed to the degree of financial risk faced by other business entities. The Authority does have borrowing powers under the Merchant Shipping Act 1995 but very limited powers to invest in surplus assets.

As permitted by IFRS 7, debtors and creditors which mature or become payable within 12 months of the Statement of Financial Position date have been omitted from the profile.

Liquidity Risk

The Authority relies primarily on advances from the General Lighthouse Fund for its cash requirements and is therefore not exposed to significant liquidity risks, although it is of course dependant indirectly on the liquidity of the General Lighthouse Fund.

Interest Rate Risk

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

- THV Patricia has expired its primary term and is now on a fixed peppercorn rent;
- The interest rate for the finance lease for the THV Alert was fixed on 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.

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

Currency risks

The Authority has no significant foreign currency transactions and is not therefore exposed to any significant risk in terms of currency fluctuations.

Fair values

Set out below is a comparison by category of the book values and fair values of the Authority's financial assets and liabilities as at 31 March 2012.

	Book Value £000's	Fair Value £000's
Financial assets		
Cash at bank and in hand	140	140
Financial liabilities		
Finance lease obligations (MFT GALATEA/RIV ALERT)	15,689	15,689

The fair value of the finance lease obligation for the THV Galatea and the THV Alert is calculated as the net present value of future lease payments.

16 Trade payables and other current liabilities

	2011/2012 £000's	2010/2011 £000's
Amounts falling due within one year		
Other taxation and social security	374	397
Trade payables	426	602
Other payables	108	104
Inter GLA payables	-	115
Accruals and deferred Income	2,477	2,889
Current part of finance leases	1,267	1,196
Total	**4,652**	**5,303**

Amounts included above that fall within the Whole of Government Accounting boundary are:	**2011/2012 £000's**	**2010/2011 £000's**
Central Government	374	397
Local Authorities	-	-
NHS Trusts	-	-
Public Corporations	-	-
Bodies external to Government	4,278	4,906
Total	**4,652**	**5,303**

	2011/2012 £000's	2010/2011 £000's
Amounts falling due after more than one year:		
Other payables, accruals and deferred Income	-	-
Finance leases	14,422	15,699
Imputed finance lease element of on-balance sheet PFI contracts	-	-
NLF loans	-	-
Total	**14,422**	**15,699**

17 Provisions for liabilities and charges

	Annual Compensation Payments £000's (i)	Redundancies £000's (ii)	Orfordness £000's (iii)	Litigation £000's (iv)	Total £000's
Balance at 1 April 2011	264	849	100	46	1,259
Provided in the year	28	17	32	-	77
Provisions not required written back	-	(77)	-	-	(77)
Provisions utilised in the year	(105)	(287)	-	-	(392)
Unwinding of discount	-	-	-	-	-
Balance at 31 March 2012	**187**	**502**	**132**	**46**	**867**

Analysis of expected timing of discounted flows:

	Annual Compensation Payments £000's	Redundancies £000's	Orfordness £000's	Litigation £000's	Total £000's
In one year or less, or on demand	105	265	132	46	548
Later than one year and not later than five years	82	237	-	-	319
Later than five years	-	-	-	-	-
Balance at 31 March 2012	**187**	**502**	**132**	**46**	**867**

The Board has provided for:

(i) Annual Compensation Payments - the actuarially calculated estimate for the future liabilities for ACPs that are compensation payments until Age 60 and receipt of normal pension benefits;

(ii) Redundancies - the estimated redundancy costs as a result of re-organisation within the service. It is expected that £264k will be utilised during 2012/2013, £144k in 2013/2014, £76k in 2014/2015 and the remaining balance of £17k in 2015/2016;

(iii) Cost of removal of optic and mercury from Orfordness lighthouse which is required no matter what the eventual outcome is for this site; and

(iv) Potential litigation in respect of asbestos claim, as advised by solicitors.

18 Capital commitments

Contracted capital commitments at 31 March 2012 not otherwise included in these financial statements:	2011/2012 £000's	2010/2011 £000's
Property, plant and equipment	1,796	1,368
Intangible assets	-	-

19 Commitments under leases

19.1 Operating leases

	2011/2012 £000's	2010/2011 £000's
Obligations under operating leases comprise:		
Land		
Not later than one year	-	-
Later than one year and not later than five years	1	1
Later than five years	91	82
Buildings		
Not later than one year	9	-
Later than one year and not later than five years	-	9
Later than five years	1	1
Other:		
Not later than one year	-	120
Later than one year and not later than five years	1,066	602
Later than five years	-	-

19.2 Finance leases

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

	2011/2012 £000's	2010/2011 £000's
Obligations under finance leases comprise:		
Buildings		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	**-**
Less interest element	-	-
	-	-
Other		
Not later than one year	1,904	1,932
Later than one year and not later than five years	7,615	7,729
Later than five years	9,894	11,974
	19,413	**21,635**
Less interest element	(3,724)	(4,741)
	15,689	**16,894**

20 Other financial commitments

Trinity House has entered into no non-cancellable contracts (which are not leases or PFI contracts), during the year (2010/2011 Nil).

21 Pension Commitments

Trinity House Lighthouse Service Pension Scheme and Trinity House Lighthouse Service Compensation Scheme.

The pension entitlement of the employees of Trinity House Lighthouse Service arises under an internally defined benefit pension scheme. The pension benefits of the Scheme are determined by the Secretary of State under Section 214 of the Merchant Shipping Act 1995. The Secretary of State has determined that the rules of the Principal Civil Service Pension Scheme shall apply. Compensation for premature loss of office is determined by the terms of the Trinity House Lighthouse Service Compensation Scheme, operated by direct analogy with the Civil Service Compensation Scheme.

The Pension Scheme falls within the definition of a "Public Service Pension Scheme" in Section 1 of the Pension Schemes Act 1993 and is not required to be separately funded. Since 30 July 2007, eligible employees may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a career average scheme (nuvos). Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Employees joining from October 2002 may opt instead for a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions up to 31 March 2012 have been set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during the period of scheme membership. At the end of each scheme year (31 March) the member's pension account is credited with 2.3% of pensionable earnings in that scheme year and the accrued pension is up rated in line with Pensions Increase legislation. In all cases members may opt at retirement to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

Employees joining after 1 October 2002 could opt instead to open a partnership pension account, a stakeholder pension arrangement of which an employer contribution has been made of:

	2011/2012 £	2010/2011 £
Partnership Pension Accounts	2,825	3,239

The above amounts were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age related and range from between 3% and 12.5% of pensionable pay. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's age related contribution).

Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

No contributions (2010/2011 £283.66) were due to the partnership pension providers at the end of the reporting period. There were no contributions that had been prepaid at that date.

The pension liabilities of Trinity House Lighthouse Service, along with other Lighthouse Authorities, are paid by the General Lighthouse Fund as they fall due on the following basis:

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

Reduced by:

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

The General Lighthouse Authorities obtain professional actuarial valuations at three yearly intervals and are updated each year for IAS19 purposes. The last valuation was completed in 2012, valued as at 31st March 2012. The accumulated liability for the Trinity House Lighthouse Services Board in respect of all current employees was in the order of £32,720,000. The estimated liability for pensions in payment and deferred pensions of former employees of the Trinity Lighthouse Service was £119,094,000.

The actuary's updated estimate of the liability of ACPs at 31st March 2021 is £187,000.

The following information has been provided in accordance with International Accounting Standard 19 – Employee Benefits:

	31-Mar-12	**31-Mar-11**
	£000's	**£000's**
Active members	32,720	33,078
Deferred pensioners	26,458	24,014
Pensioners	92,636	77,046
	151,814	**134,138**
Real discount rate	2.80%	2.87%
Inflation rate	2.00%	2.65%
Discount rate	4.85%	5.60%
Salary growth rate	4.00%	4.40%
Pensions in payment and deferred pensioners growth rate	2.00%	2.65%

	£000's	£000's	£000's
Scheme liability at 31 March 2011			**134,138**
Current service cost		2,117	
Curtailment losses/(gains)		57	
Past service costs		43	
Interest on pension scheme liability		7,399	
			9,616
Benefits payable			
Pensions or annuities to retired employees and dependants	(6,668)		
Commutations and lump sum benefits:			
On retirement	(402)		
From preserved	(112)		
On early retirement	(48)		
On death	-		
Injury benefits	(16)		
Medical retirements	(23)		
		(7,269)	
Pension payments to and on account of leavers			
Refunds to members leaving service	(34)		
Group transfers to other schemes	-		
Individual transfers to other schemes	-		
		(34)	
			(7,303)
Income received in respect of enhancements			
Employees:			
Purchase of added years	-		
Widows/widowers pension scheme (WPS) contributions	305		
Employers:			
Bringing forward the payment of accrued lump sums	-		
Enhancement to pensions on departure	-		
Enhancement to pensions on retirement	-		
		305	
Pension transfers in			
Group transfers in from other schemes	-		
Individual transfers in from other schemes	4		
		4	
			309
Actuarial gains and losses			
Experience gains and losses arising on scheme liabilities	16,262		
Changes in assumptions underlying the present value of scheme liabilities	(1,207)		
		15,055	
Club transfers in		37	
Club transfers out		(38)	
			15,054
Scheme liability at 31 March 2012			**151,814**

The "Experience Gains and Losses arising on the scheme liabilities" of £16,262,000 and the total "Actuarial Losses" of £15,054,000 represent 10.70% and 9.90% respectively of the total scheme liability at 31 March 2012.

	2011/2012 £000's
Opening Balance	134,138
Closing Balance	151,814
	17,676
Operating Cost	2,217
Financing Costs	7,399
Pension Payments	(6,994)
Statement of Changes in Reserves	15,054
	17,676

	31 March 2012 £000's	31 March 2011 £000's	31 March 2010 £000's	31 March 2009 £000's	31 March 2008 £000's
Scheme Liability	151,814	134,138	151,627	127,489	136,104
Experience gains and losses on scheme liability amount	16,262	(2,030)	-	-	(2,156)
Percentage of the present value of scheme liabilities	10.70%	1.51%	0.0%	0.0%	1.6%
Total amount recognised in the Statement of changes in reserves	(15,054)	6,896	(21,215)	13,155	13,141
Percentage of the present value of scheme liabilities	9.90%	5.14%	14.0%	-10.3%	-9.7%

The DfT has reported the contingent liability for the GLAs' pensions for inclusion in the Resource Account for 2011/2012 and a liability of £378m (the estimated liability calculated at 31 March 2012) has been disclosed.

On 17 December 2001 the then DfT, Local Government and the Regions gave the GLAs a Letter of Comfort (see Appendix 1) in respect of contingent pension liabilities. The Letter states that in the unlikely event of insufficient money being available from the GLF to pay pension liabilities, the Department will request funds from Parliament to make the necessary payments.

In November 1998 it was agreed with the DfT, the other GLAs and the Lights Advisory Committee that a full actuarial valuation would be completed at three yearly intervals. Hymans Robertson LLP has been engaged to provide actuarial support and have completed the 2011/2012 valuation.

The principal revenue of the Fund is light dues which are fixed by the Secretary of State (Minister for the Marine for the Republic of Ireland) by orders under Section 205 of the Merchant Shipping Act 1995 (which are subject to negative resolution of Parliament). Subject to Parliament approval of such orders, the Secretary of State will seek to ensure that annual revenues are maintained at a sufficient level to meet the Pension Schemes liabilities.

Merchant Navy Officers' Pension Fund

The Board is a Participating Employer of the Merchant Navy Officers' Pension Fund (MNOPF) which is a defined benefit scheme providing benefits based on final pensionable salary. The MNOPF has a deficit of £557m identified in an actuarial valuation as at 31 March 2009. The rules of the MNOPF state that Participating Employers may be called to make lump sum payments to make up deficits. With effect from 8 June 2000 the rules were amended to state that an employer will not be regarded as ceasing to be a Participating Employer as a result of ceasing to employ Active Members or other eligible employees. The MNOPF has made an application to the Court to obtain confirmation that the position that applies from 8 June 2000 also applied before. As a Participating Employer, the Board can be required to contribute to the deficit. The hearing of this matter took place between 8 and 11 March 2005 and the judgement was handed down by Mr Justice Patten on 22 March 2005. In general terms the judgement stated that the Trustees of the MNOPF are entitled to demand a contribution to meet the deficit in the Post 1978 section from all employers who ever participated in the Fund. This means that the burden will be spread over a large number of companies. It also means that the Trustees have the option of demanding contributions from employers who have only ever participated in the Pre 1978 Section to meet the deficit in the Post 1978 Section.

Trinity House made no contribution during 2011/2012 towards the deficit identified by MNOPF (2010/2011 contribution £77,186).

22 Government Grants

The treatment of Government Grants has changed in 2011/2012 due to changes in guidance in the government Financial Reporting Manual 2011/2012 issued by Treasury. The FReM restricts the reporting options within IAS 20 Accounting for Government Grants and Disclosure of Government Assistance by restricting the option to defer grant income relating to an asset. Government Grants have therefore been released in full to the Statement of Comprehensive Net Income.

This is a change to the accounting policy, the accounts have been restated accordingly.

	2009/2010 original balance £000's	**Adjustment due to change in treatment of Government Grants £000's**	**2009/2010 restated balance £000's**	**2010/2011 original balance £000's**	**Adjustment due to change in treatment of Government Grants £000's**	**2010/2011 restated balance £000's**
Statement of Comprehensive Net Income						
Grant Income per accounts	326	89	415	231	(91)	140
net surplus/(deficit) for year	(2,080)	89	(1,991)	10,605	(91)	10,514
Statement of Financial Position						
General Reserves	(122,781)	2,545	(120,236)	(105,150)	2,454	(102,696)
Capital Grant Reserves	2,545	(2,545)	-	2,454	(2,454)	-
Statement of Cashflows						
Net surplus/deficit after interest	(2,080)	89	(1,991)	10,605	(91)	10,514
Movement in government grant reserve	89	(89)	-	(91)	91	-
Statement of Changes in Equity						
General Reserve - retained surplus for year	(2,080)	89	(1,991)	10,605	(91)	10,514

23 Contingent liabilities disclosed under IAS 37

Trinity House has the following contingent liabilities:

Protection and Indemnity

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

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

The mutual method of insuring these risks includes a re-insurance programme and the pooling arrangements of the International Group. However, in common with all members of International Group Clubs, the Authority could be liable for additional premium payments (Supplementary Calls) to cover any claims which cannot be met from funds available. The Standard Club has closed the years up to and including 2009/2010 and there will be no Supplementary Calls for these years. The Club has advised the Board that it does not anticipate Supplementary Calls for the years 2010/2011 and 2011/2012. As a result the Board has made no provision in the Accounts.

Merchant Navy Officers' Pension Fund (MNOPF)

A new actuarial valuation was carried out as at 31 March 2009 which resulted in further deficits upon which members were called upon to contribute. The Board has paid the deficit contributions which were due for payment on 30 September 2010 in respect of the 31 March 2009 valuation. Any further liability will be restricted to the additional deficit contributions sought in September 2010 due to the deficit reported as at 31 March 2009 that cannot be recovered from other employers (e.g. liquidated companies, etc), who are unable to pay their share in September 2010 and needs to be recovered from those remaining.

Additional liability may arise as a result of new actuarial valuations which result in further deficits. The next valuation is due as at 31 March 2012, the results of which have not yet been made available to members.

The Board does not have reliable estimates of this liability and have therefore made no provision, but declare it as a contingent liability.

eLoran Babcock (formerly VT) Contract

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

The contract covers a period from 31 May 2007 to 1 October 2022. The GLA's had reserved the right to terminate the contract, at their sole discretion at the end of the first phase, on or about 1 October 2010. A contract variation effective from 30 September 2010 determines that phase one could run until the expiry date of the contract but that the contract can be terminated earlier or as otherwise agreed between the parties. Should the GLA's choose to terminate the contract a termination cost will be liable of between £965,402 and £22,525 depending on when the termination were to take place. The GLA's are continuing within the first phase of the contract and if a new transmitter is installed a revised schedule will be required.

At present, the Board does not envisage terminating the contract and so have made no provision in the Accounts.

Lighthouse Estate

As a result of regular surveys the Board recognises that there is a raised degree of risk at a number of stations that may demand a currently unquantified level of future investment. These stations are:

Beachy Head Lighthouse

It is well recognised that the cliff at Beachy Head is only currently stable and at some time in the future the cliff will fall again, this may cause the loss of mains supply, the boat landing and make access over the rocks untenable.

During 2011 the lighthouse was solarised and is no longer dependant on the mains electricity supply mitigating any loss of mains supply.

The cost to attend to the remaining access risk i.e. to recover the boat landing or access to the tower after a rock fall will vary and are likely to be between £50k - £250k.

Nab Tower Lighthouse
The condition of Nab Tower is very poor and a contractor has been appointed to remodel the structure for a further 50 year life. As works were to commence in March 2012, a pair of Peregrine Falcons (schedule 1 protected birds) were seen on the lighthouse. Depending on their breeding and continued presence on the structure this will add to the cost of the works and may increase the costs by up to £1.2M. This is the worst case and based on working through the worst weather over the winter months. As the outcome is not as yet known the Board therefore declare it as a contingent liability.

Orfordness Lighthouse
Beach erosion at Orfordness has raised concern that the lighthouse, which is of brick construction, will become unstable within 2-5 years. The 2010 AtoN review identified that Orfordness lighthouse would not be required if the range of nearby Southwold lighthouse was increased to 24 nautical miles. The development of the Southwold range increase is in hand which will enable Orfordness to be de-commissioned in December 2012.

In the unlikely event of a severe storm, the lighthouse may require rapid de-commissioning and temporary arrangements made. Extra costs will be incurred should this need to be brought forward. £132k has been provided in the accounts for the removal of the hazardous materials. No further provisions have been made until the outcome is known and the Board therefore declare it as a contingent liability.

St Catherine's Lighthouse
This lighthouse is built on an unstable cliff on the southern side of the Isle of Wight. The risks to this station fall into the following headings:

- Risk of structural damage due to ground faults;
- Risk of collapse due to cliff erosion;
- Risk of collapse of the approach road due to ground faults; and
- Risk of movement to the lighthouse sufficient to seize the rotation of the optic.

The condition of the station is subject to continuous monitoring and surveys, however it is likely that a new lighthouse would need to be established on land that would need to be acquired and the cost is expected to be in the region of £1.5m - £2m depending on the clearance requirements of the original site. A review of the available data including tilt and crack data shows little sign of movement since 2001, indicating a quiet period of movement, however it does not allow for large scale rapid movements that might occur given the right climatic conditions. Monitoring therefore remains ongoing.

Flamborough Head Fog Signal building & DGPS Tower
The tip of the promontory that is Flamborough Head has a substantial cave underneath it. The cave roof has a known fault and should the roof collapse, it is likely that the end of the promontory would also collapse taking with it the DGPS mast and the ex Fog Signal station which houses the DGPS equipment and diesel alternator equipment. Further to this there is a loss of material from the top of the cliff on the North and South sides which is now adjacent to the Trinity House boundary. The cave is subject to annual condition surveys which monitor the roof condition. An R&RNav study in 2011 concluded that a relocation to neighbouring land already owned by the GLAs is a suitable alternative. The cost is likely to be between £1.2m to £1.5m depending on the clearance requirements of the original site.

Royal Sovereign
The inspection works carried out in 2010 allayed concerns about the immediate future integrity of the structure due to the post tensioned tendons that hold the tower together. There is now a high level of confidence that the tower is sound for the next 4 years at least when it will be inspected again.

In the event of Royal Sovereign being unstable in the future, the lighthouse may need to be demolished at a cost of between £4m - £6m and the cost of a replacement AtoN which has yet to be specified.

Wormleighton DGPS Mast
The mast at Wormleighton dates from 1946. It is over 300 feet high and of steel lattice construction. It is surveyed every 2 years and whilst currently in sound condition it has some distortion in some of the structural members that are monitored. Should such distortions exacerbate such that it is structurally unstable, its demolition would cost £0.4m plus a replacement cost of approximately £0.3m.

Differential Global Positioning System covering the UK and RoI

The contract for recapitalisation of the GLA DGPS system was formally signed on 7 October 2008. Following delays in development of software by the sub-contractor, the contract was amended to extend the completion date from 31 March 2010 to 29 October 2010. Amendment of the contract was signed by the Chief Executives on 16 December 2009.The contract value is £4,303,753. To date the GLAs have paid approx £1.3m to the contractor under the contract for completion of the first 3 milestones. Ownership of some of the plant/equipment for the project currently held at the contractors' premises has already transferred to the GLAs, to the value of approximately £645,562 at milestone payment 2. In addition infrastructure as generators and antennas has already been installed at some stations.

Programme of Work
The Programme of Work was updated to Issue 5.0 in accordance with the contract extension dated 16 December 2009. The revised contract completion date is 29 October 2010.

The Programme of Work was successively amended up to Issue 5.8 on 16 April 2010 retaining the contract completion date. The next version of the Programme of Work (POW) was received on 24 September 2010 and showed completion date of 19 October 2011 with 90% confidence. A further version of the POW received on 24 December 2010 shows completion date of 3 November 2011. Further updates of the POW have been received. At a meeting between the GLAs and the contractor on 16 March 2011, a completion date for Factory Acceptance Testing (FAT) of 31 May 2011 was agreed based on POW V6_3 dated 17 Feb 2011. POW update V6_13 dated 6 May 2011 shows the failures resolution period of 45 days gives rise to slippage of completion of Project Milestone (PM) 4 to 15 July. A further meeting on 10 June 2011 agreed the failures resolution period of 45+14 additional days giving FAT completion of 30 July 2011. The GLA Project team declared that the FAT failed and the Project Board notified Babcock's that the contract was terminated. The contract provided that the parties entered into mediation and this took place on 8 March 2012.

Liquidated Damages
Due to the delay in completion, the GLAs have claimed the maximum liquidated damages available under the contract of £215,178.65, of which £89,657.77 relates to Trinity House and was received on 1 June 2011. The Board has retained these liquidated damages in the work in progress account.

Mediation Process
This took place on 8 March 2012 and ended with both parties agreeing to a series of "without prejudice meetings", following which a revised FAT has been set for September 2012.

Should the FAT testing be unsuccessful the value of work held within Tangible non-current assets as work in progress of £527,345 will need to be written off as an impairment and there may also be additional legal costs, as yet unknown. The Board have made no provisions in the accounts for this and declare this as a contingent liability.

Wreck Removal

In December 2011 a vessel, the CREBE, sunk south of Mersea Island and was subsequently marked as a wreck pending removal by the owner. In the event that the owner does not remove the wreck, Trinity House will exercise its powers under sections 252 and 253 of the Merchant Shipping Act 1995 to remove the wreck. On 3 April 2012 a letter was sent to the owner requesting that he or his insurers contact Trinity House by 10 April 2012 to advise if they wished to take steps for the salvage of the vessel/cargo. To date Trinity House has not had a reply to this letter. In April 2012, quotations for the removal of the vessel, on a no cure, no pay basis were requested and a bid of £52k has been accepted, subject to contract and the production of a satisfactory method statement and risk assessment by the contractor for its removal, receipt of which Trinity House is awaiting. Subject thereto, Trinity House will take possession of the vessel and arrange its removal. Due to the timing of these events and the awaited outcome, Trinity House have not made any provision in the accounts but declare it as a contingent liability.

Davits on THV Patricia

During the year Trinity House have been working with the Maritime and Coastguard Agency (MCA) to agree the interpretation of their rule relating to the lowering of boats from ships to the water. If the MCA's interpretation is agreed, then due to the age of the davit sets aboard THV Patricia, Trinity House would need to renew a single davit set aboard the vessel to enable workboats to be operated in the operationally required fully manned state. Should this happen costs in the region of £200,000 could be incurred for purchase and installation of a single davit set.

Because the outcome is unknown at this time the Board have made no provision for this work and are declaring as a contingent liability.

24 Related-party transactions

General Lighthouse Fund

The Fund is administered by the Department for Transport who sponsor the three General Lighthouse Authorities (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 Authorities are regarded to be related parties. During the year there have been various material transactions between the Fund and the Authorities. The Board has received advances of £34,900,000 (2010/2011 £36,200,000) from the General Lighthouse Fund and incurred expenditure of £2,215,000 (2010/2011 £2,596,000) on behalf of all three Authorities.

At the 31 March 2012 the balances outstanding with the GLAs were as follows

	Balance due to TH		Balance due to GLA	
GLA	**2011/2012 £000's**	**2010/2011 £000's**	**2011/2012 £000's**	**2010/2011 £000's**
Commissioners of Irish Lights (CIL)	-	24	-	-
Northern Lighthouse Board (NLB)	1	-	-	115

Neither the Secretary of State for Transport, any key officials with responsibilities for the Fund or any of Trinity Lighthouse Service Board members, key managerial staff or other related parties have undertaken any material transactions with the Fund during the year.

Trinitas Services Ltd

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

During 2006/2007 Trinity House refurbished a further 7 lighthouse cottages at the Lizard, and entered into an agreement to lease them to Trinitas Service Ltd for 20 years commencing February 2002, with an effective possession date of 14 December 2006. Trinitas has entered into a contract with Cornish Cottages to let 6 of them as holiday cottages.

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

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

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

	2011/2012 £000's	**2010/2011 £000's**
Opening Balance	-	100
Repaid in year	-	100
Closing Balance	-	-

In the event of a default on the loan Trinity House would have a claim against the assets of Trinitas Services Ltd. The loan was repaid in full in 2010/2011.

Commodore J S Scorer, Director and E D Johnson (appointed 27 March 2012), Non-Executive Director, are appointed to the Board of TSL as nominees of the Corporate Board responsible for Trinity House Charities. Captain T Bailey, Viscount Cobham and Commander G Hockley are appointed to the Board of TSL as nominees of the Corporate Board responsible for Trinity House Charities, none of whom are members of the Trinity House Lighthouse Board. Mr F C Bourne retired from the TSL Board on 17 November 2011.

Rear Admiral J M de Halpert on behalf of the Corporation of Trinity House, became a shareholder of TSL on 28 March 2006.

Corporation of Trinity House

The Corporation of Trinity House owns Trinity House Tower Hill and provides rent free accommodation for the use of Trinity House. Trinity House reimburses the Corporation for service charges in proportion to the floor area occupied. During 2011/2012 Trinity House paid £267,360 to The Corporation of Trinity House in respect of service charges incurred in using office space and facilities at Trinity House, London (£258,027 in 2010/2011).

Conversely, the Corporation of Trinity House reimburses Trinity House for the provision of services during the year. The Corporation paid £59,367 to Trinity House in respect of these services during the year (£56,058 in 2010/2011).

25 Inter-GLA transactions

Ships Agreement

The Commissioners of Irish Lights (CIL) provided the services of ILV Granuaile to Trinity House for 9.53 days under the terms of the Inter GLA Ship Agreement dated 17 November 2010. No services were provided by Trinity House to CIL or The Commissioners of Northern Lighthouses (NLB). NLB provided no services to Trinity House during the year. There was no transfer of funds between the GLAs in respect of these services but the transactions gave rise to notional income of £nil (2010/2011 - £12,616) and notional expenditure of £74,296 (2010/2011 - £62,530).

26 Losses

Obsolete inventory amounting to £6,000 (£21,000 2010/2011) was written off during the year.

27 Further Information

	2011/2012	2010/2011
Number of non-current assets:		
Lighthouses	66	68
Lightvessels	12	12
Lightfloats	2	2
Buoys *	724	717
Beacons	18	24
Tenders	3	3
Ancillary Craft	9	9
Lighthouse abroad	1	1
Total	**835**	**836**
Number of non-current assets deployed:		
Lighthouses	67	68
Lightvessels	8	8
Lightfloats	2	2
Buoys *	537	523
Beacons	21	21
Tenders	3	3
Ancillary Craft	9	9
Lighthouses abroad	1	1
Total	**648**	**635**

Trinity House owns and has full responsibility for Europa Point (Gibraltar).

*The number of Buoys deployed will always be less than owned due to the diversity of buoy range, buoys undergoing repairs and refurbishments, others being held on tenders awaiting deployment and emergency wreck marking buoys held at various depots and forward storeage areas.

Five Year Summary

	IFRS Accounts				UK GAAP Accounts
	2012 £000's	(Restated) 2011 £000's	(Restated) 2010 £000's	(Restated) 2009 £000's	(Restated) 2008 £000's
Income					
Advances from the General Lighthouse Fund	34,900	36,200	36,050	36,550	32,900
Other income	2,386	2,070	1,723	1,414	1,641
Income on behalf of all GLA's	(13)	529	326	397	21
Grant income	200	140	415	74	253
Total	**37,473**	**38,939**	**38,514**	**38,435**	**34,815**
Expenditure					
Staff costs	11,459	12,383	11,001	11,238	10,533
Depreciation	3,968	4,037	3,902	3,631	3,805
Amortisation	112	171	348	316	466
Loss on revaluation	-	-	195	-	-
Pension cost	2,221	(10,554)	1,960	2,651	2,431
Other expenditure (including profit/loss on sale of fixed assets)	11,994	12,081	11,762	12,549	9,651
Total	**29,754**	**18,118**	**29,168**	**30,385**	**26,886**
Net income	**7,719**	**20,821**	**9,346**	**8,050**	**7,929**
Interest payable/receivable	8,084	7,373	8,398	9,268	7,493
Revaluation of investment properties	-	18	-	-	-
Net income after revaluation of investments and interest	**(365)**	**13,430**	**948**	**(1,218)**	**436**
Net expenditure on behalf of DfT	262	320	334	362	251
Net expenditure on behalf of all General Lighthouse Authorities	2,215	2,596	2,605	3,864	2,536
Net income after interest	**(2,842)**	**10,514**	**(1,991)**	**(5,444)**	**(2,351)**
Property Plant and Equipment	47,301	49,074	51,696	51,861	52,856
Intangible assets	635	430	339	650	851
Investment assets	300	587	-	-	-
Trade and other receivables becoming due after more than one year	-	-	100	100	300
Non current assets plus / less net current assets / liabilities	47,015	48,604	49,798	50,083	53,357
Assets less liabilities	(119,540)	(101,606)	(118,936)	(95,920)	(102,547)
Purchase of Property Plant & Equipment	2,511	2,868	3,878	4,246	20,500
Average number of employees	319	326	319	320	321
(Including part time)	16	16	11	11	11

Figures for 2007/2008 are prepared under UK GAAP and have not been restated for International Reporting Standards.
Figures for 2007/2008 to 2009/2010 have been restated to remove the cost of capital which is not applicable for 2010/2011 onwards.
Figures for 2009/2010 and 2010/2011 have been restated to take account of the change in treatment of Government Grants.

APPENDIX 1

THE DEPARTMENT FOR TRANSPORT, LOCAL GOVERNMENT AND THE REGIONS

LETTER OF COMFORT IN RESPECT OF GENERAL LIGHTHOUSE FUND PENSIONS, CONTINGENT LIABILITIES, TO BE GIVEN TO THE GENERAL LIGHTHOUSE AUTHORITIES

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

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

Signed By:

17.12.2001

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

Trinity House
The Quay
Harwich
Essex
CO12 3JW
01255 245000