



# Trinity House



Report and Accounts  
for the year ended 31 March 2014

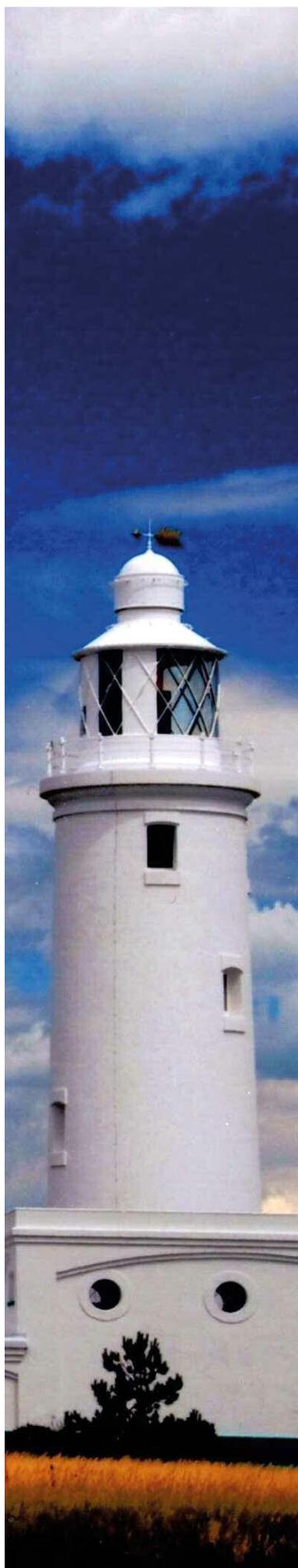


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Pickles

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## Directors of the Lighthouse Board

Captain I McNaught*	Executive Chairman
Captain R H Barker*	Director of Navigational Requirements
Commodore S J Scorer* FCMI	Director of Operations
Captain N Palmer* OBE	Deputy Chairman & Non Executive
J S Wedge** CIPFA MBA BA (Econ) Hons	Director of Finance & Support Services
E D Johnson***	Non Executive
M Gladwyn***	Non Executive (retired 31 August 2013)
P Matthews***	Non Executive
D Ring	Non Executive (appointed 1 December 2013)
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 Bank PLC  
PO Box 72  
Bailey Drive  
Gillingham Business Park  
Kent  
ME8 005

### Solicitors

Norton Rose  
3 More London Riverside,  
London  
SE1 2AQ

### Actuaries

Hymans Robertson LLP  
30 Waterloo Street  
Glasgow  
G2 6DB



The 2013/2014 year has seen Trinity House continue to provide an excellent service to the mariner. The Trinity House mission is:

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

Aids to Navigation (AtoN) continue to provide for the safety of all mariners in an increasingly complex offshore environment. The number of offshore windfarms, both under construction and in operation, are adding to the dangers offshore.

The changing practices presented by the reliance on electronic positioning and charting systems are causing many Mariners to take themselves closer to danger than previously expected and many more vessels are following the same predetermined routes with a reluctance to deviate from their planned tracks. The consequence is that vessels are converging on the same choke points and areas increasing the risk of collisions or incidents.

This risk cannot be underestimated, the Southern North Sea and Dover Strait are two of the busiest waterways in the world with over 500 vessels transiting the area daily (2012), many of these vessels are deep draft tankers, passenger vessels and ferries with a huge potential for loss of life and oil pollution should there be a disaster.

A comprehensive review of the tri GLA Emergency Response Criteria has been carried out. Renamed the GLA Risk Response Criteria, better reflecting the purpose of the document, a comprehensive assessment of traffic patterns using AIS data was undertaken. The volume of traffic and degree of risk across all regions was then assessed taking into account depth of water, traffic types and other local considerations ensuring the new laid down response areas accurately reflect current requirements for both safety of the mariner and protection of the environment.

The requirements for physical Aids to Navigation to ensure the Mariner has an appropriate level of spatial awareness have never been more important, the complex array of Trinity House Aids to Navigation being continually assessed to ensure they are appropriate to mitigate the current risk presented. The AtoN deployed by Trinity House accord with the General Lighthouse Authority (GLA) Marine AtoN Strategy to 2025 which is summarised as follows:

- 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 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 technologies as they evolve; and
- To improve reliability, efficiency and cost effectiveness of the GLAs service while ensuring the safety of navigation.

Trinity House remains committed to this tri-GLA marine AtoN strategy and this is our primary focus.

Within this overall GLA strategic tapestry Trinity House has continued to achieve its objectives in 2013/2014, with the highlights being as follows:

- Continuing to maintain the availability of our AtoNs above the international standards;
- Retaining ISO9001:2008 and ISO 14001:2004 quality and environmental standards;
- Completing major engineering projects at Casquets, Lundy South, Harwich and one Lightvessel upgrade;
- Upgrading the Operation and Planning Centre to a new state of the art Planning Centre;
- Continuing to push forward the tri GLAs' Differential Global Positioning System (DGPS) project with all stations now operational;
- Completion of the roll out of the Automatic Identification System (AIS) as a Beacon to 32 stations.
- The wreck of the EMMSTROM in Torbay was successfully dispersed to an increased clearance depth;
- Disposal of surplus properties in West Street and Church Street, Harwich, and Orfordness Lighthouse;
- Generating income of over £2million from commercial activities;
- Maintaining high standards of corporate governance and strong financial controls as evidenced by reports from our auditors;
- Achieving Maritime Labour Convention certification in respect of the THV Patricia, THV Galatea and THV Alert;
- Generating value for money savings of £572,000; and
- Meeting all financial targets, including containing running costs below target.

Trinity House has continued to exceed cost reduction targets, set in accordance with an RPI-X% formula. The main contributors to the outstanding financial performance have been the generation of higher than target commercial income, exceeding the value for money target, reductions

in 'front line' running costs and significant savings in manpower costs achieved by a continuous improvement review programme. At Trinity we are always seeking to find the most cost effective way of providing a high quality service to the mariner.

Trinity House's strong financial performance has contributed to maintaining light dues significantly below inflation. Light dues remain 34% lower in real terms than they were 10 years ago. Light dues collection has remained stable despite the poor economic climate, further, the Shipping Minister has announced a cut in light dues with effect from April 2014, from 41p to 40p per net registered ton (NRT).

Trinity House also made a substantial contribution to the Joint Strategic Board (JSB) of the GLAs which has continued to focus on two high level strategic objectives during the year; the implications of the decision by the ONS to reclassify light dues as a tax and the GLAs' pension liability. Trinity House staff have provided support and expert advice on these matters throughout the year, with the successful transfer of all Trinity House staff and pensioners into the Principal Civil Service Pension Scheme (PCSPS) with effect from 1st April 2014. In addition, a new framework agreement was agreed with the Department for Transport (DfT) in July 2013.

Trinity House has come through another challenging year with its reputation for working effectively in partnership with key stakeholders enhanced. This is of great credit to all of our staff who have worked so diligently at Trinity House to ensure we continue to provide a high class service to the mariner and so maintain our world-wide reputation for excellence. 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

# Strategic Report: Nature, Objectives and Strategy of The Business

## Statutory Background

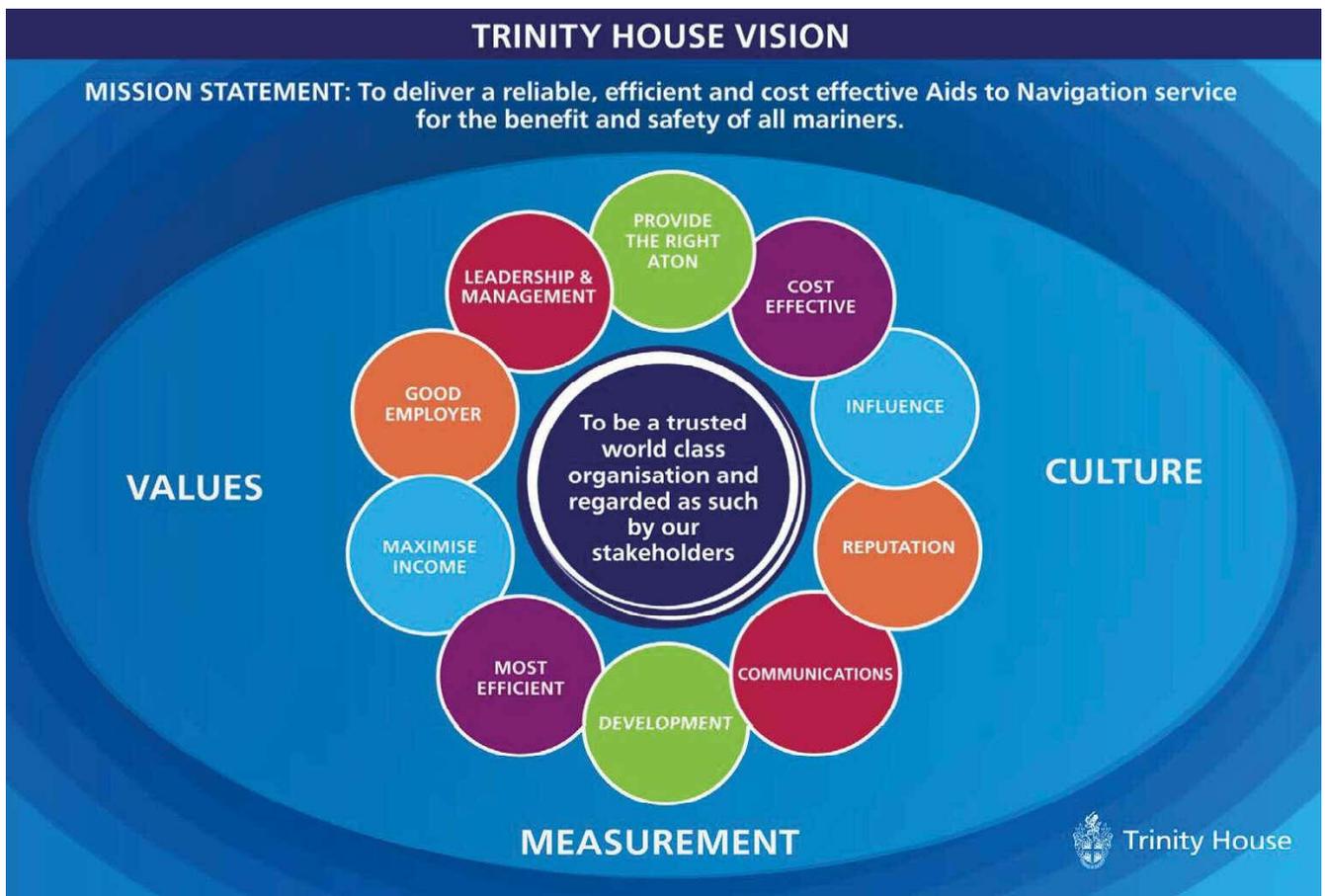
Under section 193 of the Merchant Shipping Act 1995 the Corporation of Trinity House is appointed as the GLA for England and Wales, the Channel Islands and the adjacent seas and islands, and under Section 195 is vested with the responsibility for the superintendence and management of all lighthouses, 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 its 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 and also discharges 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 Marine Navigation Act 2013 clarified the GLAs' power to operate outside territorial waters and consolidated and increased the scope for commercial activities. 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 navigation of ships; or
- b) to assist the GLAs in the efficient provision of aids to navigation of ships.

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.

## Trinity House's Strategy



The Trinity House Strategy identifies in broad terms what we aim to achieve and how we're going to achieve it over the next 5 year period. It also explains why our goals are what they are and how we intend to work together within Trinity House and across the GLAs in order to achieve them.

## Mission Statement

Trinity House's mission is:

To deliver a reliable, efficient and cost effective Aids to Navigation service for the benefit and safety of all mariners.

## Vision

Our vision is:

To be a trusted, world class organisation and regarded as such by our stakeholders.

Our Strategy elaborates on what our key priorities are in order to achieve this vision.

## Values

Our success is characterised by our values which are widely shared and reflected in our everyday actions. These standards govern our behaviour and define our culture. Our values are:

- Trust - We trust each other and are trusted by others.
- Flexibility - We look at what's needed and embrace change.
- Teamwork - We support each other to succeed.
- Pride - We take pride in what we do and what we strive to achieve in our organisation.
- Creativity - We encourage innovation and creativity.
- Fairness - We treat everyone fairly and celebrate achievement.

A development plan will be produced in 2014, specifically designed to help embed these values deeper into our culture.

## What it means to be a trusted, world class organization

Trinity House defines "World Class" as follows:

Our provision of Aids to Navigation, related services and processes are rated by our stakeholders to be the best of the best by excellence in terms of design, performance, quality, stakeholder satisfaction and value.

## Our Stakeholders

In order to achieve our vision, it is imperative that we clearly identify our stakeholders and involve them in our future development plans. These stakeholders include the Mariner, the Ship Owner, Central Government and Parliament, local Government, commercial customers, Port Authorities and our Staff.

In order to monitor and evaluate our progress, stakeholder feedback will be gathered and used to identify priorities and actions moving forward.

## Trinity House's Priorities

In order to achieve our Vision, Trinity House needs to grow and develop as a business. Six key priorities have been identified that will enable us to continue to improve and be the best we can be.

Priority One-	Operational Delivery - Continuous Improvement
Priority Two-	Reputation Development
Priority Three-	New Business
Priority Four-	Being the best employer we can be
Priority Five-	Working better/smarter with what we've got
Priority Six-	Improving Working Practices

## Implementation and Delivery

In order to progress and achieve our goals in terms of these priorities, an operational plan has been developed that identifies actions for the next one to two years. The implementation of this plan translates our Strategy into operational level actions that are measurable and can be evaluated in terms of their impact and success.

### Collaborative working

Collaborative working on internal and external bases, with the Government and the other GLAs, is imperative in order to deliver against our long term goals and realise our vision. Collaborative GLA projects and working practices will be sought on an on-going basis in order to help address our six priorities.

### Monitoring Progress, Measuring Success

Success will be measured in terms of the achievement of the operational plan and, more importantly, the impact the plan has had.

As the operational plan is specifically designed to move Trinity House towards our Strategy's vision, monitoring work in progress makes evaluation of success more straight forward.



# Current Developments and Performance

Below is a summary of Trinity House achievements during the year against each of the key priorities:

## Priority One - Operational Delivery – Continuous Improvement

- The wreck of the EMMSTROM in Torbay was successfully dispersed to an increased clearance depth, thereby mitigating the risk presented by the vessel for the benefit of the safety of the mariner and the marine environment;
- The Very Small Aperture Terminal (Vsat) systems were upgraded in conjunction with a change in service provider on THV Patricia, THV Galatea and THV Alert. This was carried out as a combined GLA procurement exercise with the aim to provide more stable and reliable access to Trinity House IT business systems on board the vessels whilst at sea. This will allow the vessels to be better attuned to TH business systems whilst also improving internet access for personnel aboard vessels.
- Retention of all the Quality Certifications that Trinity House maintains is based on the delivery of our Strategy supported by the relevant organisational objectives. The Quality Bodies all require Trinity House to demonstrate continuous improvement to maintain the certifications through objective evidence. Therefore the improvement is validated by external independent authorities;
- Casquets Lighthouse modernisation has been completed and is now powered entirely by renewable energy. This major light in the English Channel has a design life of at least 20 years and will deliver a significant reduction in running costs over this time;
- Nab Tower redevelopment was set back by bad weather and will now be completed in the summer of 2014. This major Navigation Aid marking the entrance to the Solent has been reduced in height and diameter and its structural integrity designed for the next 50 years;
- The Tri GLA replacement Differential Global Positioning System (DGPS) is now installed and transmitting. This has been a challenging project and its successful outcome will deliver high integrity and enhanced accuracy GPS signals to shipping within 50 nautical miles of the British Isles coastline;
- Southwold Lighthouse range was updated to 24 Nautical Miles in 2012/13 which has enabled, in 2013/14, Orford Ness Lighthouse to be turned off and the property sold. Orfordness is suffering beach erosion and the winter storms in early 2014 have reduced the distance from the Lighthouse foundations to the shore line to seven metres. Some sixteen metres of coastline have been eroded away here in the last six years;
- The winter storms this year have challenged the structures and systems of all our exposed Aids to Navigation; very little damage or outages occurred on the lighthouses with the exception of losing many helipad decking plates from Longships Lighthouse off Lands End. This is due to huge waves striking the Lighthouse and the plates are intentionally sacrificial to avoid stresses to the structure. The continued high performance of the major lights and Navigation Aids in spite of such extreme weather is a testament to the

- design and maintenance of the Trinity House estate;
- The IT Department have continued to exceed Service Level Agreement targets in respect of service delivery and network/system availability. A staff survey on IT performance conducted in 2013 also revealed a continued improvement in staff satisfaction regarding IT performance.
- The Health & Safety performance within Trinity House has achieved another excellent year with no reportable accidents on all Lighthouse operations in spite of the hazardous nature of this work.

## Priority Two - Reputation Development

- THV Galatea provided assistance to the Dover Coast Guard with an incident which occurred in the SW Dover Straits TSS lane. The incident involved a cargo vessel and the tug Kingston and her tow, a barge which had parted from her. The barge was successfully towed back to Dover by THV Galatea.
- Trinity House have developed Supplier Relationship Management as the way we treat suppliers affects our reputation with the outside world, dependent of course upon size and influence of the supplier;
- Trinity House continues to gain respect from all key stakeholders as an expert authority on risk mitigation for Offshore Renewable Energy Developments. For Offshore Renewable Energy Installations (OREI), Trinity House are registered as 'interested parties' for Major National Infrastructure projects covered by the Planning Act 2008, monitoring the examination of OREI major projects; providing written evidence of issues identified by TH and responding to 'specific questions' from the Planning Inspectorate for project related AtoN and safety of navigation issues. Subsequent to the granting of a Draft Consent Order (DCO) developers must then obtain a marine licence from the Marine Management Organisation (MMO). Trinity House provides guidance on IALA recommendations for standards of Aids to Navigation to the MMO and developers, monitoring individual OREI projects through the construction and operational phases;
- Trinity House are also key members of the Nautical Offshore Renewable Energy Liaison group (NOREL). This committee is chaired by DfT with the purpose of ensuring that commercial and recreational shipping successfully co exist with the offshore renewable energy industries and that the needs of both are taken into account in Government policies on shipping and offshore renewable energy. The group focuses on generic issues affecting the whole industry rather than individual wind farms or geographical issues;
- The Sea Festival, held in Harwich in July 2013 and involving staff from across the service working together as an effective team, was a great success. Such initiatives raise the profile of Trinity House and help educate our stakeholders;
- Trinity House has broadened the channels it uses to communicate with its stakeholders, firmly establishing its presence on Facebook, Twitter, YouTube and LinkedIn. These media have allowed Trinity House to promote the many different aspects of the organisation and enabled it to reach a wider audience;
- Trinity House has recently reviewed the format of its magazine Flash ensuring it remains effective in terms of communication with its stakeholders;
- Trinity House retained for the third successive time the RoSPA Level 5 Diamond Award, the highest level achievable, for its Health and Safety Management

System;

- The volume of repeat business on the commercial side is testament to the quality of the Trinity House end product. Whilst contracts are won on a competitive basis we are finding that a number of customers are coming to us directly in the knowledge that the quality of work actually means the job gets carried out to the customer's specification and first time, thus saving money based on through life costs;
- Trinity House continues to engage with IALA with the writing of new guidelines and supporting the training of developing nations to raise standards of Aids to Navigation management and maintenance worldwide. IALA also requested two members of the IT management team to conduct a short review of IALA IT services producing a report to recommend improvements;
- The marine community is consulted formally each year at the Trinity House Users Consultative Committee (THUCC) and the tri GLA Joint User Consultative Group (JUCG). These are 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 Chairmen, 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 Operations. 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.

### Priority Three - New Business

- The Marine Navigation (No.2) Bill was enacted in April 2013 and a Commencement Order in June 2013 brought into force the GLA measures in the Act. Importantly, it contains a provision broadening the scope of commercial work, which Trinity House may undertake, subject to such work not prejudicing our core statutory function. It includes powers to enable Trinity House to undertake consultancy and buy in assets to exploit reserve capacity in other assets, thereby enabling the organisation to seek new business opportunities;
- 2013/2014 has been another successful year for Trinity House in respect of the generation of new business on the commercial side. Notable has been the successful Tri-GLA bid for the Meteorological Office Ocean Data Acquisition Buoys (ODAS). This success, against stiff competition, has resulted in a contract for five years with three one year options for extension with potential income over five years of £2 million gross for the three GLAs. This demonstrates the quality of service which we collectively offer;
- Trinity House's work with several developers of Offshore Wind Farms offering buoy hire and ship services for lifts from turbines has made a significant contribution to the income achieved in 2013/2014. So also has our regular business of maintaining navigational buoys on behalf of third parties, augmented by income from Patricia Voyages. In all a sum in excess of £2m gross was earned making an important contribution to the GLF and offsetting the costs to the Light Dues Payer;
- THV Galatea successfully completed a Siemens contract for the removal of generators from the London Array wind farm. The combination of the reach and height of the Buoy Working Crane, the vessel's Dynamic Positioning system and manoeuvrability linked to a relatively shallow draft and large deck area made THV Galatea ideal for this work;
- The Buoy Yards have continued to deliver refurbished buoys for commercial contracts.

### Priority Four - Being the best employer we can be

- We invest heavily in our people through a comprehensive training and development strategy and management and leadership courses. Many of these are run in-house to ensure our training function is as efficient as possible, whilst encouraging the development of internal professional relations and networking opportunities amongst our managers. A comprehensive internally-run training programme has now been fully established that focuses on a number of behavioural competencies. Feedback from these courses is excellent and managers have reported improvements in performance as a result of courses attended;
- Personal Development Plan (PDP) development of our staff to obtain Chartered Institute of Purchasing and Supply (CIPS) qualifications has added to the view of TH as a supportive employer;
- Our succession planning programme has also proved successful this year, with the promotion of several members of staff into important roles, having supported their ambitions through personalised development programmes. Those who work hard and can demonstrate their capabilities are often rewarded with the opportunity to develop their careers, whilst at the same time our systems and procedures to tackle poor performance continue to be utilised if and when

appropriate to ensure our workforce continues to perform to the highest standards;

- Our aim to encourage diversity has also demonstrated some success, with the appointment of several women into managerial positions in a traditionally male dominated workforce;
- Support was provided to the DfT to ensure that a provision allowing payments to third party pension funds was enacted in the Public Service Pensions Bill and subsequently brought into force by Commencement Order. This change will enable Trinity House staff, deferred pensioners and pensioners to move to the Principal Civil Service Pension Scheme (PCSPS), thereby providing enhanced pension security in the longer term;
- Maritime Labour Convention (MLC) compliance was achieved for all three vessels;
- Green Passport compliance or Statement of Compliance for the Inventory of Hazardous Materials (IHM) was achieved for both THV Galatea & THV Alert. This is a further demonstration of the organisations commitment to its Environmental goals.

### Priority Five - Working better/smarter with what we've got

- Light Vessel (LV) Maintenance procedures have been developed to integrate the maintenance of LVs across the departments involved. This aims to reduce the number of visits and make those visits made, more productive by better supporting the ship's personnel carrying out this remote task;
- Close liaison between Marine and Field Operations when carrying out LV Battery upgrades, to make best use of their work force availability and minimise need for contract tow vessel moves;
- Continuous development of the Planned Maintenance System DANAOS;
- Improved Framework Agreements for ship maintenance contracts have led to improved quality of overhaul work with a reduced cost;
- The value-for-money objective has achieved savings of £572K across the service. This is the fourth year running that significant savings have been made;
- Metrics have been introduced and embedded for various elements of procurement, stock control, waste and vehicle management which have improved awareness of areas for efficiency improvement opportunities;
- The development of resource planning within Procurement and forward planning with other departments, plus the routine review meetings on projects in progress, have all meant significant improvements in smarter working and changing working practices;
- More diverse ways of developing our staff have also been introduced this year, with several managers being trained to act as mentors and coaches to their colleagues. This method of development has proved successful, with some managers/Sea Vessel Service (SVS) Officers being paired with external mentors from industry in order to provide them with a fresh perspective. In addition, the number of apprenticeships we undertake continues to grow with a substantial number leading to the permanent, full time appointments across the service when vacancies have arisen;
- A review was undertaken of the structure of the Secretariat in light of the forthcoming retirement of a

member of the Senior Management Team to ensure it was fit for purpose for the future and some minor restructuring was made to this end;

- Trinity House has continued to deliver its statutory and strategic objectives to the highest international standards despite a reducing headcount and budget based on the RPI-x factor. All Aid to Navigation Availability targets have been met and all other strategic Key Performance Indicators (KPIs) coupled with stakeholder feedback demonstrate that TH continues to deliver;
- Intrinsic assessment of Geographic Information System (GIS) information including AIS traffic analysis is providing for better informed and appropriate reaction to wrecks and new dangers;
- Lighthouse maintenance regimes have been reviewed and optimised with a focus on Critical Control points in order to reduce unnecessary work and to maintain reliability and longevity;
- The normal three year PC hardware replacement has been stretched to five years in order to sweat IT assets.

### Priority Six - Improving Working Practices

- Continuous development of Standard Operating Procedures (SOP's) across the Fleet;
- Electronic Chart Display and Information Systems Standard Operating Procedures (ECDIS SOP) have been produced;
- Increased participation of ship's personnel during the THV Patricia Dry Dock & Repair (DD&R) and THV Alert DD&R;
- An increased use of frameworks from central government, or through our own arising from better planning and collaboration with other GLA's, have improved business performance and also enhanced our reputation with DfT;
- New working practices and systems have been initiated with the Marine Department to support LV maintenance;
- Critical Materials Planning (CriMP) has initiated AtoN defect analysis reports so that trends can be identified and the impact on vessels attending and rectifying failures be assessed;
- The reputation of Procurement has been enhanced and working practices improved through targeted road shows with other departments;
- Team working is an important factor for success for Trinity House, as various areas of the business pull together to ensure we deliver our core service. Team working runs throughout our delivery, but notable project work during 2013/2014 that demonstrates our success includes: The installation of the new Planning Centre that involved a number of key individuals from various departments to deliver the end product; the Sea Festival, mentioned earlier, is another good example of collaboration across the service; as is the delivery of a number of high profile commercial contracts during 2013/2014;
- The Code of Conduct and Best Practice for Board Members was revised and updated in line with the latest Cabinet Office guidance;
- A review was undertaken of HM Treasury's Audit and Risk Assurance Committee Handbook and adjustments made to the Trinity House Audit and Risk Assurance Committee to ensure it continues to operate in line with best practice;
- An escalation/de-escalation process and a system of quantitative scoring were introduced for the suite

of organisational and Directorate/Departmental risk registers thereby enhancing the system of internal control;

- Better planning and a more targeted approach to maintenance has resulted in reduced helicopter flying hours;
- The new Planning Centre working environment has been completed and paves the way for a more efficient planning of resources, which when optimised will reduce even further the operational running costs of delivering the Aton.

## Research & RadioNavigation (R&RNAV)

Over the last 12 months, the GLA R&RNAV department has continued to innovate and drive the businesses of all the GLAs forward. It has derived several new light sources which have been employed in approximately 12 lighthouses over the British Isles. These devices have meant that the GLA operational costs have reduced through the reduction in power required and the cost of maintenance. R&RNAV continues to lead the World in many aspects of Radio Navigation and is seen as such by our international and domestic partners. Because of this R&RNAV has been able to start to exploit its intellectual property and has increased this small revenue stream over the last 24 months.

R&RNAV represents the GLAs at many international fora, including standards setting globally in such bodies as the International Telecommunications Union, the International Electrotechnical Commission, the Radio Technical Commission for Maritime Services and the International Association of Marine Aids to Navigation and Lighthouse Authorities, as well as providing input to, and working with, the International Maritime Organisation. R&RNAV's reputation and, therefore, those of the GLA is enhanced and maintained through this wider contact.

The European funded Interreg IVb project Accessibility for Shipping, Efficiency Advantages, and Sustainability (ACCSEAS) has been moving from the requirements capture stage to the design stage, and has been concentrating on developing the e-Navigation solutions identified in that earlier stage. The project has published the Baseline and Priorities Report and has been engaging with stakeholders about developments in the project. The Second ACCSEAS Conference was opened by HRH The Princess Royal in March 2014, and this proved to be a valuable event to collect further information from interested parties from all around the world. The project is currently planning the demonstrations of the solutions towards the second half of 2014.

## Key Performance Indicators (KPI's)

The three GLAs continue to evaluate their performance against the agreed schedule of inter-GLA KPI's which was published in 2012/2013.

Within Trinity House, performance indicators are used at a number of levels to advise and influence management. The KPI software is now embedded within the monthly reporting process and provides graphical evidence for Directors and Senior Management of performance against given targets.

The core business of Trinity House is reflected in its Mission Statement: "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 Mission by the use of different indicators, which together show both the effectiveness and the economic cost of the service provided. The Board continues to refine its KPIs so that they remain consistently reflective of the delivery of the statutory requirements placed on Trinity House and of our own 'Priorities' to improve the way we do our business, driving down costs whilst maintaining the quality of service to the mariner and other stakeholders.

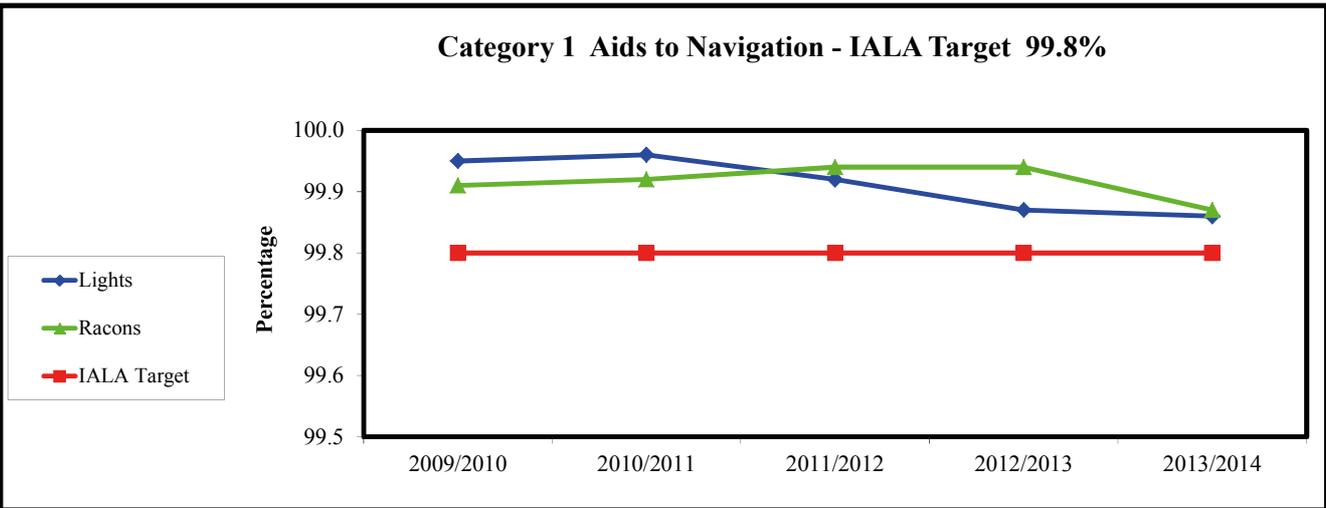
## Aids to Navigation (AtoN) Availability

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 opposite, 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.

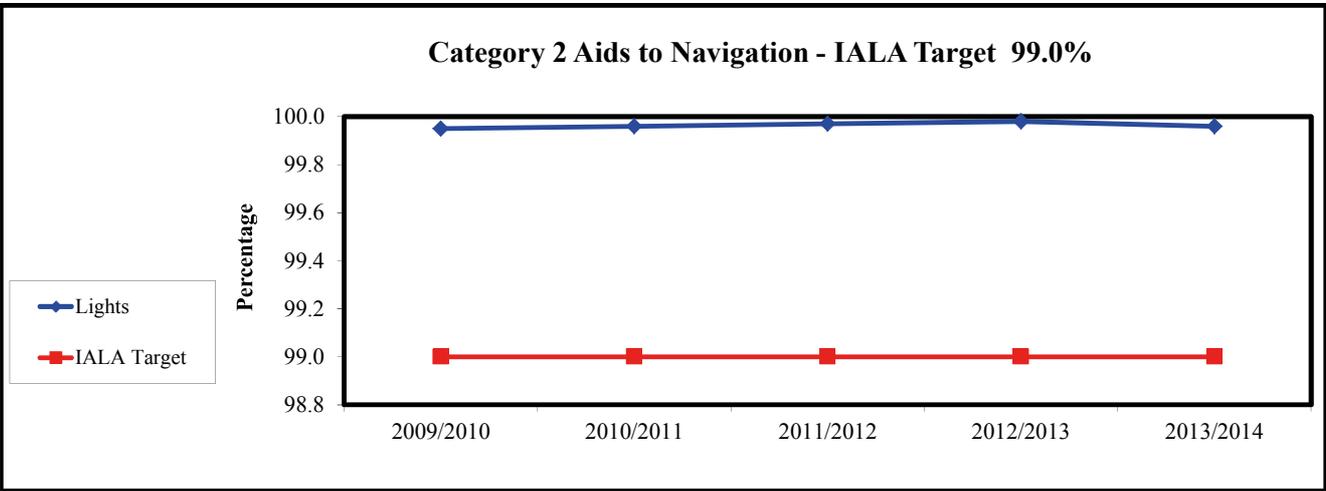
# Aids to Navigation Availability - Three year rolling averages for financial years

AtoN Type	Category	IALA Min	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014
Lights	1	99.80	99.95	99.96	99.92	99.87	99.86
Racons	1	99.80	99.91	99.92	99.94	99.94	99.87
Lights	2	99.00	99.95	99.96	99.97	99.98	99.96
Fog Signals	3	97.00	99.86	99.86	99.86	99.78	99.70
Lights	3	97.00	99.78	99.81	99.85	99.86	99.80

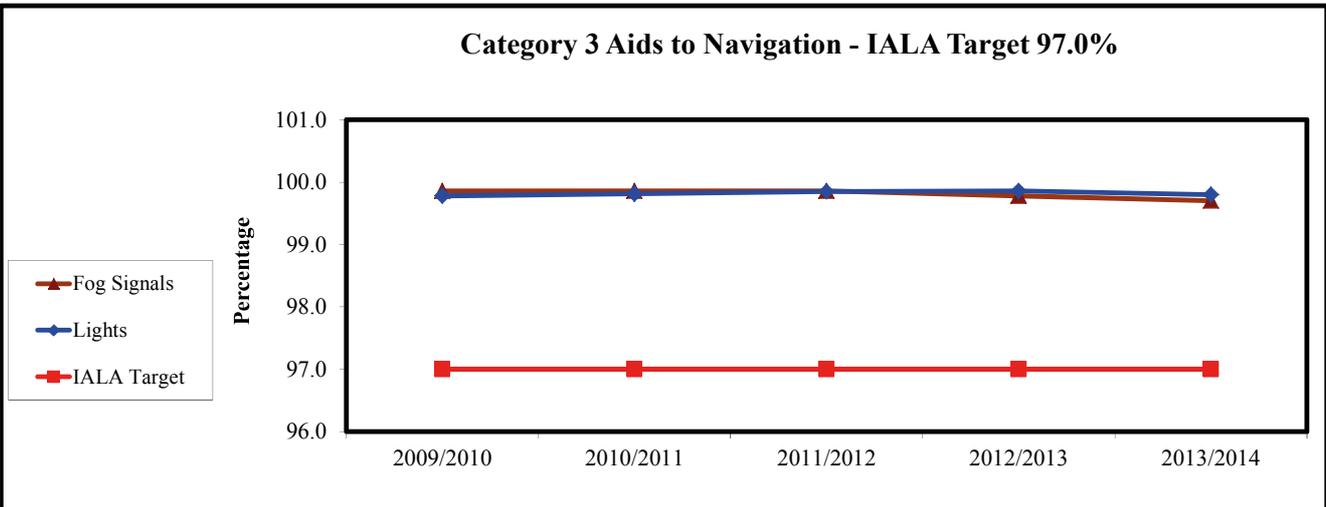
**Category 1 Aids to Navigation - IALA Target 99.8%**



**Category 2 Aids to Navigation - IALA Target 99.0%**



**Category 3 Aids to Navigation - IALA Target 97.0%**

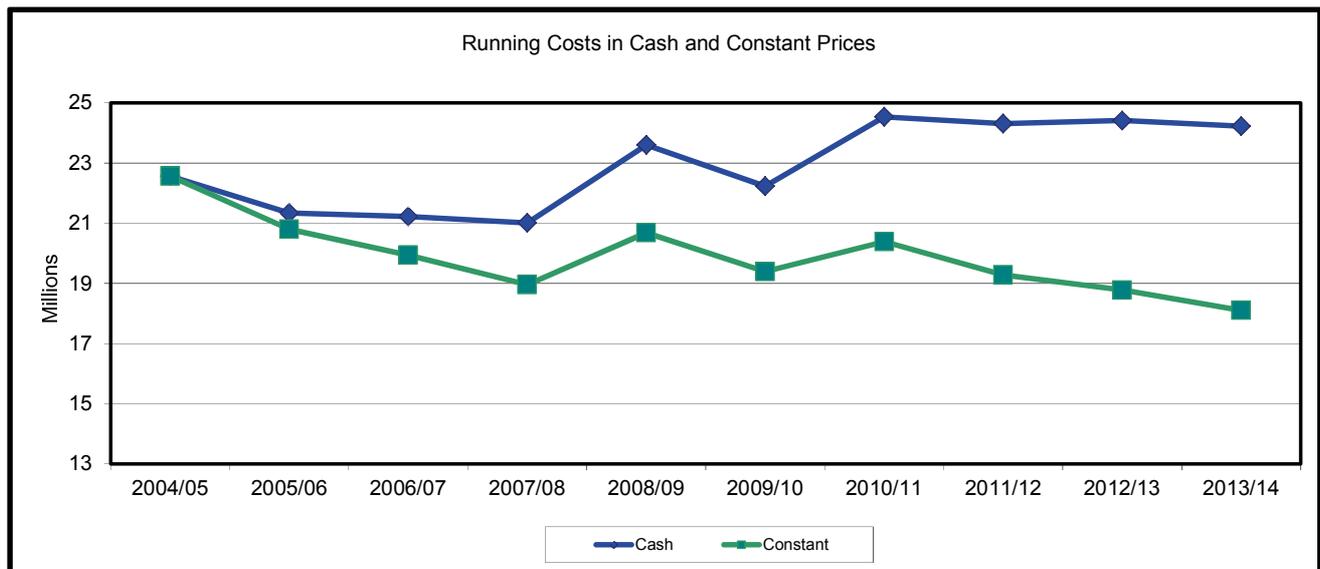


## Running Costs

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 £22,568k in 2004/2005 to £18,103k in 2013/2014 a reduction of 20%.

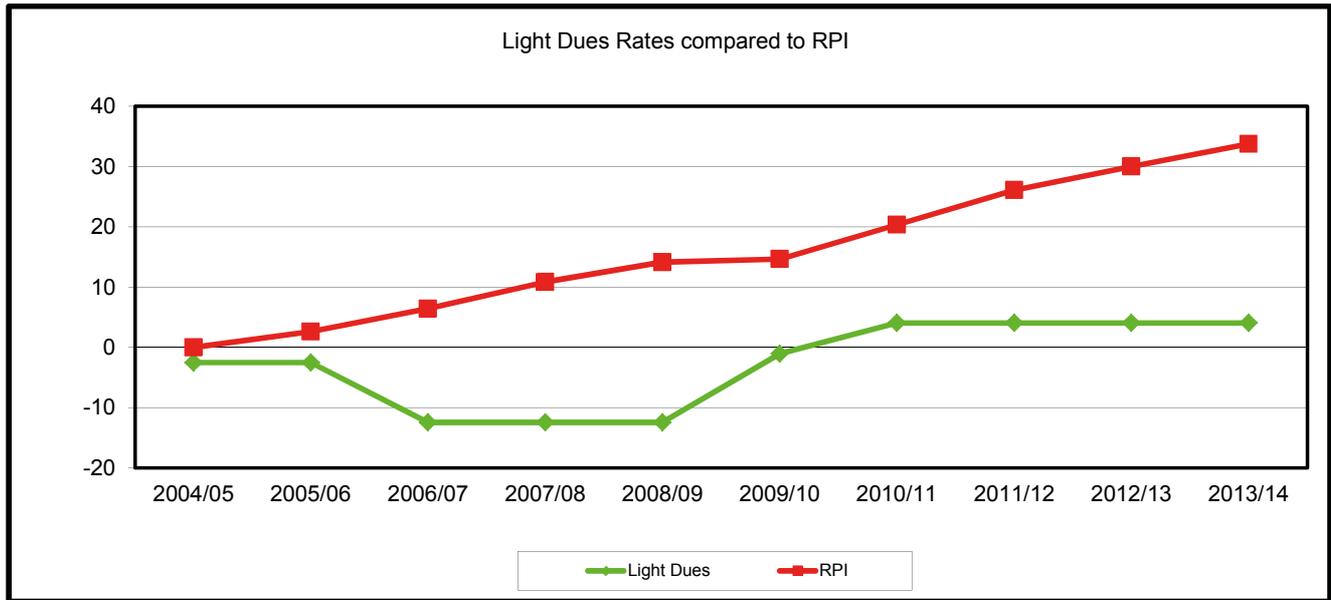
### Operating Costs in Cash and Constant Prices

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
Running Costs	£000's									
Cash	22,568	21,341	21,219	21,014	23,604	22,232	24,538	24,309	24,415	24,221
Variance %		-5.4%	-0.6%	-1.0%	12.3%	-5.8%	10.4%	-0.9%	0.4%	-0.8%
Constant Prices	22,568	20,799	19,937	18,959	20,681	19,389	20,389	19,279	18,778	18,108
Variance %	-	-7.8%	-4.1%	-4.9%	9.1%	-6.2%	5.2%	-5.4%	-2.6%	-3.6%
Average RPI	188.2	193.1	200.3	208.6	214.8	215.8	226.5	237.3	244.7	251.7



## 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 2013/2014. The Minister has announced a reduction of 1p to 40p per NRT with effect from 1 April 2014, all caps remain the same.



## Resources

### Staff

Our most important resource is our people. Trinity House has a comprehensive Staff Training Plan that aims to develop employees and encourage them to continuously improve their skills and knowledge. Employees 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 careful strategic analysis and organisation-wide development initiatives introduced as a result. For example, Trinity House has invested in management development in particular over the last three years, which has led to a good number of highly successful internal promotions.

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. Among its remit, this department carries out work developing systems, 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 fora 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. In the Republic of Ireland light dues are collected by the Revenue Commissioners.

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

	2013/2014	2012/2013
Operations	206	206
Finance and Support Services	48	48
Navigation	8	8
Secretariat	17	17
<b>Total Trinity House</b>	<b>279</b>	<b>279</b>
Inter GLA Research and Radio Navigation	10	11
Light Dues	6	6
DfT	1	-
<b>Total</b>	<b>296</b>	<b>296</b>

### Sickness Absence

Sickness absence during the last two years was:

	2013/2014	2012/2013
Total number of days lost due to sickness	2,987	2,141
Average number of days lost per employee	9.9	6.91

Sickness absence has increased since last year due to a number of long term, serious ill health cases. Short term, unrelated sickness absence is not an issue at Trinity House; however a number of employees have had operations and/or long term health conditions during the course of 2013/2014. The nature of these long term problems varies.

### 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".

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

Trinity House is committed to employee involvement and communicates with them using a variety of methods. Team meetings are established across the service, providing the most frequent and direct link between Senior Managers and their teams in their entirety. Two way communication is encouraged during these meetings and staff are encouraged to contribute to departmental plans. The Executive Chairman and the Directors make face to face presentations to staff on important matters and on a regular basis to ensure staff are kept up to date on recent developments and future plans. A staff survey, designed around staff discussion groups, will be implemented during 2014/2015 to ensure staff feedback is obtained and improvement initiatives are identified as a result.

### Diversity Information

The Government financial reporting manual (Frem) guidance requires Trinity House to disclose the number of persons of each sex who were employees of the entity as at 31 March 2014.

	Men	Woman
Directors	7	1
Senior Managers	9	2
Employees	218	70

Based on average headcount

## 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 appendix 3. However, if the Loran System in Europe can be upgraded to eLoran and can 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 in future years.

## Licences, Patents and Trademarks

Trinity House did not hold any registered patents or trademarks in 2013/2014. The Service did not exploit any of its intellectual property rights, including copyright, commercially during the year other than granting a licence to a third party to use its intellectual property in a LED light source. 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, 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 improving the environment are:

- The conversion of major lighthouses and all major floating aids to renewable energy sources;
- Investment in more efficient solar charging systems to gain more power per square metre; and
- Investment in new paint spraying equipment delivering significant reductions in paint waste, paint purchased and Volatile Organic Compounds (VOC) 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 statutory safety of navigation remit, its unique ring-fenced funding regime and the limited resources therefore available to financial loss. Its overall risk management strategy, which aims to ensure effective internal control, is to:

- Identify and define significant risks which could affect the achievement of key organisational aims and objectives;
- Assign ownership of those risks;
- Assess and evaluate the significance of the risks in terms of probability and impact, before and after mitigation using recognised standards;
- Respond to those risks and uncertainties through risk management controls, seeking to contain them to acceptable levels having regard to the risk appetite of the organisation;
- Review and report to the Board and Audit & Risk Assurance Committee regularly on those risks;
- 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.

The Governance Statement (page 26) emphasises the importance that Trinity House attaches to risk management and the regular review of risks.

# 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 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, set out in the Statement of Comprehensive Net Income show a surplus of £8,245k for 2013/2014 (£636k 2012/2013). A net deficit of £2,192k was transferred to the General Reserve (£9,949k 2012/2013).

For 2013/2014 Trinity House's performance against the cash limits set by DfT can be summarised as follows:

	Actual Expenditure	Cash Limits	Variance
	£000's	£000's	£000's
Running costs	24,221	24,425	(204)
Expenditure on behalf of all GLAs	2,929	3,413	(484)
Other cost i.e. pensions and ship lease	8,909	10,710	(1,801)
Capital expenditure	4,097	5,407	(1,310)
Wreck removal	-	-	-
Other costs (on behalf of DfT)	273	260	13
Sombrero (on behalf of DfT)	3	29	(26)
<b>Total</b>	<b>40,432</b>	<b>44,244</b>	<b>(3,812)</b>

## Actuals v Budget Analysis

Overall, there is a budget underspend of £3.8m (8.6%). Running costs are under spent by £204k (0.8%) which is mainly attributable to:

- Pay was underspent by 1.8% due to vacancies and posts being funded for at the top of the competency framework; and
- Non pay was in line with budget due to the tight control Trinity House has maintained on all expenditure in order to meet the RPI-x target. We have also 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, and accruals

for 2013/2014 do not draw cash until 2014/2015. 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 the 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 £204k.
- Maintained a clean year end audit report from NAO;
- Achieved a substantial assurance rating from DfT internal audit;
- Agreement of a new Framework document with DfT in July 2013; and
- Considerable work on Pensions in respect of effecting the transfer of all Trinity House staff and pensioners into the PCSPS with effect from 1st April 2014.

## Expenditure on Tangible and Intangible Non-Current Assets

During the year to 31 March 2014 expenditure on non-current assets was:

	2013/2014	2012/2013
	£000's	£000's
Work in progress	2,503	2,757
Land	-	-
Buildings	104	-
Tenders and craft	373	1,296
Lightvessels	185	-
Buoys and beacons	190	391
Plant and machinery	397	671
Computer equipment	301	165
Intangible software	45	93
<b>Total</b>	<b>4,098</b>	<b>5,373</b>

The Accounts Direction that came into force on 27 February 2013 provides that the non-current assets shall be valued in line with the Government Financial Reporting Manual (FReM). Trinity House obtained independent valuations for the majority of its assets as at 31st March 2013, and as at 31st March 2014 has reviewed the carrying values using a combination of appropriate index or independent valuations in accordance with our asset policy. Certain sites are deemed obsolete for operational use, and are, therefore, surplus to requirements. Further details can be found at notes 8, 10 and 11.

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

## Going Concern

The Statement of Financial Position at 31 March 2014 shows net liabilities of £59.4m. 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. With effect from 1 April 2014 the pension liabilities transferred to the PCSPS.

Advances for 2013/2014, 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 2014/2015 budget in a letter dated 21 February 2014. 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 IAS 8 – 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. There have been no changes to the Accounting Policies since last year, with the exception of some very minor amendments to the Asset Policy.

## 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 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; and
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 sixteen days.

## Pension Liability

There is a substantial deficit on the Trinity House pension scheme and this is reflected in the accounts. The total liability, amounts to £181m as at 31 March 2014. As noted in the accounts of the General Lighthouse Fund (GLF), Department for Transport (DfT) will seek to ensure that annual revenue into the GLF will be sufficient to meet pension liabilities as they fall due. The liability is also covered by a letter of comfort from the DfT.

During the year, Trinity House, together with the other GLA's and the DfT have sought to address the pension issue on a long term basis. With effect from 1 April 2014, the Trinity House Lighthouse Service Pension Scheme (THLSPS) has transferred into the PCSPS. This has been funded in part from the GLF and part via a Government advance which will be paid back from the GLF over the next 10 years. Future

pension liabilities will be limited to the employee & employer percentage contributions as determined by Treasury.

## Events after the Year End

The liability of the THLSPS was transferred to PCSPS on 1 April 2014.

## Audit

The accounting records of 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.



Executive Chairman Captain Ian McNaught

# Directors Report

## Lighthouse Board

The Lighthouse Board is the highest decision making body in Trinity House as a General Lighthouse Authority. Its role and relationship with other management groups is set out in the Governance Statement (see page 28). Members of the Lighthouse Board are:

Captain I McNaught is the Executive Chairman and Accounting Officer.

Captain N Palmer is the Deputy Chairman and Non-Executive Director appointed by the Corporation of Trinity House.

Commodore J Scorer is Director of Operations.

Captain R Barker is Director of Navigational Requirements.

Mr J Wedge is Director of Finance and Support Services

Mrs ED Johnson is a Non-Executive Director nominated by the Secretary of State for Transport.

Professor P Matthews is a Non-Executive Director nominated by the Secretary of State for Transport.

Mr D Ring is a Non-Executive Director nominated by the Secretary of State for Transport.

## Conflicts of Interest

The register of interests is maintained by the Secretary to the Board. Details of how executive and non-executive board members' conflicts of interests are handled are set out in more detail on page 32. No conflicts of interest were identified during 2013-14 that required management intervention.

## Pension Liability

There is a substantial deficit on the Trinity House Lighthouse Service Pension Scheme (THLSPS) and this is reflected in the accounts. The total liability, amounts to £181m as at 31 March 2014. As noted in the accounts of the General Lighthouse Fund (GLF), Department for Transport (DfT) will seek to ensure that annual revenue into the GLF will be sufficient to meet pension liabilities as they fall due. The liability is also covered by a letter of comfort from the DfT. During 2013-14 significant work has been completed to allow transfer of the pension scheme to Principal Civil Service Pension Scheme (PCSPS) in 2014-15, this transfer took place on 1 April 2014. Treatment of the THLSPS, including transfer to the PCSPS can be found on page 57

## Audit

The accounting records of 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. The audit fee for the whole GLF for 2013-14 was £135,000 (2012-13 £154,000).

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.

## Events after the Year End

These are covered in Note 27 to the accounts.

## Sickness Absence

Sickness absence data can be found on page 18.

## Research and Development

Research and Development is an inter GLA function performed by the Research and Radio Navigation (RRNAV) department based at Trinity House. The work of the RRNAV is discussed on page 18.

## Personal data related incidents

During 2013-2014 Trinity House continued to comply with the Cabinet Office guidance on information risk management to the extent that it is relevant and with its own Policy on Information Risk. Information Risk is covered in more detail on page 33.



Captain Ian McNaught  
Executive chairman



## 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 appropriate 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, gain qualifications, and progress internally, which facilitates succession planning. 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 and behavioural and technical competencies. Bonus allocation is determined by individual performance and organisational level success against the year's corporate strategic objectives.

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

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

### Single total figure of remuneration (Audited)

Officials	Salary (£000's)		Bonus payments (£000's)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £000)[1]		Total (£000's)	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
I McNaught	115-120	110-115	15-20	20-25	900	800	51,000	49,000	185-190	185-190
R Barker	80-85	75-80	10-15	10-15	1,000	900	23,000	30,000	120-125	120-125
JS Scorer	90-95	90-95	15-20	15-20	1,600	1,500	27,000	32,000	135-140	140-145
JS Wedge	90-95	90-95	15-20	15-20	1,000	1,000	12,000	19,000	120-125	125-130
FC Bourne *	0	5-10	-	-	-	100	-	-	-	5-10
MJ Gladwyn **	5-10	15-20	-	-	400	-	-	-	5-10	15-20
ED Johnson	15-20	15-20	-	-	600	900	-	-	15-20	15-20
P Matthews ***	15-20	10-15	-	-	500	400	-	-	15-20	15-20
N Palmer****	20-25	15-20	-	-	1,000	1,600	-	-	20-25	20-25
D Ring *****	5-10	-	-	-	-	-	-	-	5-10	-

[1] The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

\* Retired 19 July 2012. Full year equivalent salary £15k-£20k.

\*\* Retired 31 August 2013. Full year equivalent salary £15k-£20k.

\*\*\* Appointed 20 July 2012. Full year equivalent salary £15k-£20k.

\*\*\*\* Term commenced 1 February 2012. Full year equivalent salary £20k-£25k. N Palmer receives remuneration as a Non Executive Director and an Examiner.

\*\*\*\*\* Appointed 1 December 2013. Full year equivalent salary £15k-£20k.

## 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, gym membership, private outpatient medical care, taxable travel and subsistence and reimbursement of subscriptions to professional bodies.

## Performance Related Pay

Performance Related Pay (PRP) is awarded in recognition of the attainment of set objectives as part of the appraisal process. PRP relates to the performance in the year in which payments are made to the individual.

## Pay Multiples (Audited)

	2013/2014	2012/2013
Band of highest paid directors total remuneration (£000's)	135-140	135-140
Median total remuneration	£31,479	£30,574
Ratio	4.4	4.5

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 2013/2014 was £135-£140k (full time equivalent) (2012/2013 £135-£140k). This was 4.4 times (2012/2013 4.5) the median remuneration of the workforce, which was £31,479 (2011/2012, £30,574).

In 2013/2014, no (2012/2013, Nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £13,915 to £110,492 (2012/2013 £12,736 to £111,938).

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 three years, the term may be extended once where appropriate.

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

## Pension Benefits (Audited)

All Executive Board Members of Trinity House (including the Executive Chairman) are ordinary members of the Trinity House Lighthouse Service pension scheme. They are entitled to compensation for permanent loss of office under the terms of the Trinity House Lighthouse Service compensation scheme which operates by analogy to the Civil Service compensation scheme. From 1 April 2014 all Trinity House Lighthouse Service Pensions Scheme members will transfer directly into the Principal Civil Service Pensions Scheme.

Executive Board Member's contracts are permanent, subject to satisfactory performance, and require a twelve month written notice period.

	Real increase in pension	Real increase in lump sum	Accrued pension	Accrued lump sum	Cash equivalent transfer value at 31 March 2013	Cash equivalent transfer value at 31 March 2014	Real increase in cash equivalent transfer value	Employer contribution to partnership pension account
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
I McNaught	2.5-5	-	5-10	-	64	115	36	-
J Wedge	0-2.5	0-2.5	30-35	95-100	582	632	10	-
S J Scorer	0-2.5	-	10-15	-	206	254	27	-
R Barker	0-2.5	-	10-15	-	205	246	20	-

## 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 property 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.

# Governance Statement

## Introduction

HM Treasury introduced a new Code of Good Practice for Corporate Governance in Central Government Departments in July 2011.

The Board confirms that throughout the accounting period Trinity House has applied the principles contained in the Code. This includes:

- A full analysis of the significant business risks to produce and continually update the Corporate Risk Schedule and the Organisational Risk Schedule beneath it;
- Identification on the Risk Schedules of the means by which the business risks are controlled and who is accountable for each significant risk;
- Internal Audit basing their programme of audit work on the Risk Schedules and the supporting Directorate / Departmental Risk Registers.

An internal audit of Corporate Governance and Risk Management arrangements within Trinity House carried out in November 2013 by the Department for Transport Audit and Risk Assurance Team validated that Trinity House is compliant with, to the extent that it is appropriate, the revised guidance on corporate governance and risk management issues by HM Treasury. The audit resulted in no recommendations for improvement.

The Trinity House Head of Internal Audit in his Annual Report for 2013-14 was of the opinion that 'there are no significant weaknesses or matters that fall within the scope of issues that should be reported in the Governance Statement'.

Trinity House acknowledges one departure from the Code is that the Trinity House Executive Chairman combines the role of Chairman and Chief Executive. The Board considers that this provides the most efficient and effective use of resources without compromising the basic principles of good governance. Although the guidance advocates the separation of these two roles there are further counterbalances provided inter alia by the trustee actions of the Secretary of State for Transport, as exercised by the Navigation Safety Branch of Department for Transport and through the Secretary of State's nominees on the Lighthouse Board.

## Trinity House Lighthouse Board and its Committees

The Corporation established a constitution and terms of reference for a Lighthouse Board on 4 June 1984. This has since been reviewed and updated with the latest amendment on 14 January 2014.

The Lighthouse Board is accountable to the Corporation and is responsible for effective control of the functions of Trinity House as a General Lighthouse Authority.

The Board met formally on 8 occasions during 2013-2014 including a session to discuss future strategy with the Senior Management Team. Having regard to its main responsibility of providing a reliable and efficient aids to navigation service for the benefit and safety of all mariners, the coverage of its work included:

- Review and approval of the Strategy for 2014-2019;
- Review and approval of the Corporate Plan for the period 2014-2019 and the Annual Report and Accounts;
- Review and approval of eight organisational Policies;
- Monitoring of Performance (KPIs);
- Review of strategic approach to risk including risk appetite and the Risk Schedules;
- Receipt of regular reports from the General Lighthouse Authorities' Joint Strategic Board, Executive Directors and Committees.

These activities were in line with the matters reserved to the Board in its Terms of Reference.

The Board works to a Code of Conduct and Best Practice. This Code was updated in July 2013 to reflect the latest Cabinet Office Code of Conduct and the new Framework Document for the General Lighthouse Authorities.

The Board completed a self-assessment of performance for 2012-2013 at the September 2013 Lighthouse Board meeting. The report on the performance of the Board concluded that 2012-2013 was a challenging but particularly successful year for the Board in terms of performance as evidenced by the organisation's level of achievement against its corporate objectives. Actions arising from the self-assessment included arrangements for the Board to meet more frequently at the Harwich Depot to increase visibility to the workforce.

The Board is generally satisfied with the quality of data it receives but noted during its self-assessment that there is a need to ensure the information provided to the Board is concise and appropriate for consideration at Board level. It was acknowledged that the development of KPIs presented in a dashboard style has improved the Board's ability to monitor trends in operational performance.

The Lighthouse Board comprises a balance of:

- 4 Voting Executive Members (Three Elder Brethren and the Director of Finance & Support Services)
- 4 Voting Non Executive Members including one Elder Brother



\*Mr D Ring appointed on 1 December 2013 following the retirement of Mr M J Gladwyn on 31 August 2013

## Committees

The Board delegates certain of its responsibilities to committees. This provides for greater independence with regard to audit, appointments and remuneration. All Committees, other than the Executive Committee, are chaired by a Board Member, other than the Executive Chairman.

Board Committee	Remit	Highlights
Executive Chair: Captain I McNaught	Operational and strategic management of the organisation.	<ul style="list-style-type: none"> <li>• Agreement to the approach to the Triennial Review;</li> <li>• Review of TH policies;</li> <li>• Approval of various Project Briefs and Mandates;</li> <li>• Review of draft IT Strategy 2014-2017;</li> <li>• Review of draft TH Strategy 2014-2019; and</li> <li>• Ongoing scrutiny of risk registers to contribute to effective internal control.</li> </ul>
Audit & Risk Assurance Chair: Mrs E D Johnson	Review of organisational controls, risk, governance, finances and systems.	<ul style="list-style-type: none"> <li>• Scrutiny of the Annual Report &amp; Accounts;</li> <li>• Review of Risk Registers</li> <li>• Review of Fraud &amp; Bribery Response Plan</li> <li>• Review of internal audit reports and findings including the Head of Internal Audit's annual report and opinion</li> <li>• Assessment of Trinity House's compliance with the HM Treasury Audit and Risk Assurance Committee Handbook; and</li> <li>• Introduction of a more co-ordinated approach to the audit function through a single audit plan managed in-house to ensure a more complete assurance framework.</li> </ul>
Directors' Remuneration Chair: Professor P Matthews	Assessment of Executive Directors' performance, remuneration, bonuses and corporate performance.	<ul style="list-style-type: none"> <li>• Assessment of director and corporate performance.</li> </ul>

Executive Remuneration Chair: Mr J S Wedge	Assessment of staff remuneration, manpower requirements and organisational structure.	<ul style="list-style-type: none"> <li>• Consideration of the pay remit;</li> <li>• Review of Engineering;</li> <li>• Review of manpower planning; and</li> <li>• Review of buy out of the SVS overtime arrangements.</li> </ul>
Examiners Chair: Captain R H Barker	All requirements for the service's provision of Aids to Navigation.	<ul style="list-style-type: none"> <li>• Approval of the final draft of the Tri GLA Risk Response Criteria;</li> <li>• Consideration of marking requirements for the significant new wreck in TorBay in close proximity to the DW anchorage;</li> <li>• Assessment of 2015 AtoN review areas for future requirements; and</li> <li>• Consideration of the general requirements for risk mitigation measures for offshore windfarms.</li> </ul>
Nominations Chair: Professor P Matthews	Proposing Executive appointments to the Lighthouse Board.	There were no Executive appointments in 2013/2014.

Attendance at Board and Committee meetings during 2013-2014 was as follows:

Members Non-Executive (NE)	LHB	Executive Committee	Audit & Risk Assurance Committee	Directors' Remuneration Committee	Executive Remuneration Committee	Examiners
Captain I McNaught iv	8(of 8)	9(of 9)	3(of 4)	*	3(of 3)	5(of 5)
Captain N Palmer (NE) i	6(of 8)	*	2(of 2)	1(of 1)	*	5(of 5)
Commodore S J Scorer	8(of 8)	8(of 9)	*	*	3(of 3)	5(of 5)
Captain R H Barker	7(of 8)	9(of 9)	*	*	3(of 3)	5(of 5)
Mr J S Wedge iv	8(of 8)	9(of 9)	4(of 4)	*	3(of 3)	*
Mrs E D Johnson (NE)	8(of 8)	*	4(of 4)	*	*	*
Professor P Matthews (NE)	7(of 8)	*	4(of 4)	1(of 1)	*	*
Mr D Ring (NE) ii	2(of 2)	*	2(of 2)	1(of 1)	*	*
Mr M J Gladwyn (NE) iii	2(of 2)	*	*	0(of 0)	*	*

Note: Figures in table denote meetings attended (meetings available for individual to attend)

\*Not members of the Committee

i Member of the Audit & Risk Assurance Committee up to and including 19 September 2013

ii Appointed on 1 December 2013

iii Retired at end of August 2013

iv Captain I McNaught and Mr J S Wedge are not members but are invited to attend the Audit & Risk Assurance Committee

## Risk Management

Acting in the role of Accounting Officer, the Executive Chairman has the overall responsibility for maintaining a sound system of internal control that supports the achievement of Trinity House's policies, aims and objectives, whilst safeguarding the General Lighthouse Authority's 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 Department for Transport has agreed with Trinity House are contained within the Framework Document for the General Lighthouse Authorities dated 30 July 2013. This Framework Document incorporates a Management Statement and a Financial Memorandum.

There is regular contact between Board members and the Department for Transport officials, including their attendance at meetings and the Department for Transport officials are consulted as required in key decisions. The internal audit on Corporate Governance and Risk Management raised no findings in respect of the communication between the Board and the Department for Transport.

## Internal Control

The system of internal control is designed to manage risk to an optimum level rather than to eliminate all risk of failure to achieve Trinity House's policies, aims and objectives; as such, compliance can only provide reasonable and not absolute assurance of effectiveness.

The system of control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Trinity House's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system of internal control has been in place in Trinity House for the year ended 31 March 2014 and up to the date of the approval of the Annual Report and Accounts.

## Risk Categories

During 2013-2014 the Board's Corporate and Organisational Risk Schedules have been regularly updated and enhanced with the implementation of quantitative risk scores across all risk registers.

The Trinity House Organisational Risk Register divides the significant risks into four main categories:

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

Any emerging risk issue, post mitigation, that would otherwise warrant increasing the probability assessment to high or very high on the Organisational Risk Schedule and

which has a post mitigation impact assessment of medium or above is escalated to the Corporate Risk Schedule for separate analysis and evaluation.

The Corporate Risk Schedule cross-references the risks identified to existing organisation controls and policies.

## Risk Culture

The culture is one of close management and control of risks. Detailed policies and processes are in place for key activities. All processes have an assigned owner and are published on the company's intranet.

During 2013-2014 the Board, using the Treasury's five point classification scale of risk appetite, re-affirmed its view that the risk appetite was generally 'averse' other than for commercial activity where it was considered to be 'cautious'.

The Executive Directors are responsible for managing risks within their commands.

Processes, tools and techniques employed for embedding risk management into the organisation include:

- Introduction of a documented Risk Management Policy;
- Internal audit planning workshop attended by Board Members and Senior Managers to identify key risk areas in order to inform priorities for internal audit;
- Production and maintenance of Registers for the significant risks arising from each of the business functions and key operational deliverables and which are subject to regular review by senior management and staff;
- Publication of all Risk Registers onto the company's intranet;
- In-house expertise provided by the Legal & Risk Department to advise on risk management issues;
- Building risk management into job descriptions;
- Inclusion of risk registers on team meeting' agendas;
- Workshops with staff to reinforce awareness of risk management.

Trinity House leads the General Lighthouse Authorities' Triennial Risk Management Review, the most recent of which was completed in December 2012. This contains the risk management policy and strategy for the General Lighthouse Authorities. Its recommendations were approved by the Board in early 2013. The review includes the analysis of all main risks facing the General Lighthouse Authorities supported by third party assurance from a firm of independent risk consultants and draws on best practice guidance from the UK Risk Management Standard, prepared by the Institute of Risk Management, Association of Insurance and Risk Managers and the National Forum for Risk Management in the Public Sector. The third party assurance concluded that the General Lighthouse Authorities, as individual and separate corporate entities, had established and embedded robust and well considered processes for risk management and loss control throughout all organisational levels.

## Risk Monitoring

Directorate / Departmental risk registers were formally reviewed by the responsible Director and Senior Manager at six monthly intervals, although amendments were made in the intervening time in the light of changes in the risk profile. The Audit and Risk Assurance Committee agreed in March 2014 that formal reviews should be carried out quarterly in line with the review periods for the Corporate and Organisational Risk Schedules.

Risks are reviewed, 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 is evaluated and whether there is a change in the probability and impact categories is determined. Application of any additional controls to reduce the residual risk further is also considered.

The Executive and Audit & Risk Assurance Committees and the Board formally review the Corporate Risk Schedule quarterly.

Management of risk is an ongoing aspect of work within Trinity House. It is embedded into working practices through key policies and procedures such as:

- Utilisation of a robust project management methodology based on PRINCE2;
- Project risk registers for key service projects;
- Asset risk registers for each asset which inform asset management plans;
- Information Risk Policy and associated security procedures;
- Sound environmental planning process for managing environmental aspects and impacts;
- Safe Codes of Practice and Safe Work Instructions contained within the Company's Health and Safety Manual to ensure safe operations.

The internal audit of Corporate Governance and Risk Management arrangements within Trinity House carried out in November 2013 by PwC on behalf of the Department for Transport Audit and Risk Assurance Team noted 'there is a robust process for the effective and timely identification and management of risks.'

## Stakeholders and Risk

External stakeholders are involved in managing risks through the Joint User Consultative Groups, navigation user consultation procedures, meetings with industry representatives and the Lights Finance Committee. These forums provide stakeholders with the opportunity to comment on the Corporate Plan, budget and aids to navigation 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 2014 were the risks and uncertainties introduced as a result of:

- The reclassification by the Office for National Statistics (ONS) of Trinity House as a Central Government

Body and designation to Department for Transport for accounting purposes;

- The greater focus by the Commissioners of Irish Lights on commercial work;
- The Cabinet Office Triennial Review.

## Key Strategic Risk Issues

In 2013-2014 the key strategic risk issues of concern represented on the Corporate Risk Schedule included:

- Implications for Trinity House of the Commissioners of Irish Lights Strategy '2015 & Beyond';
- Cabinet Office Triennial Review of Trinity House and the Northern Lighthouse Board;
- The move by the Commissioners of Irish Lights to self-funding in the Republic of Ireland and the possible outcome of the Scottish Independence Referendum and associated devolution issues;
- Pension Liability and the implementation of the move of pension scheme members to the Principal Civil Service Pension Scheme (PCSPS);
- The reclassification by the Office for National Statistics (ONS) of Light Dues as a tax. The reclassification by ONS of Trinity House as a Central Government Body and designation to Department for Transport; and
- Failure to make financial reporting returns.

The Trinity House Audit and Risk Assurance Committee are provided at each meeting with a report from the Board Secretary summarising any significant changes to the Corporate Risk Schedule.

## Identification and Mitigation of Conflicts of Interest

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 available for public inspection. Access can be obtained by contacting the Board Secretary at Trinity House, Tower Hill, London.

There were no conflicts of interest identified during 2013-2014 that required management intervention.

There is a clear documented procedure to ensure that all managers and staff enter a record on the Hospitality Register of any gifts, rewards or entertainment received or offered from clients.

The Audit and Risk Assurance Committee reviewed the Register of Members' Interests and the Hospitality Register in September 2013. For good practice, the Audit and Risk Assurance Committee will review the Registers on an annual basis.

A Fraud and Bribery Risk Register was introduced during 2013-2014.

## Information Risk

During 2013-2014 Trinity House continued to comply with the Cabinet Office guidance on information risk management to the extent that it is relevant and with its

own Policy on Information Risk.

Trinity House maintains an Information Asset Register with each asset assigned an Information Asset Owner (IAO) from the Senior Management Team. Each IAO provides a written judgement of the security and use of their assets annually to support the audit process. The Senior Information Risk Officer (SIRO) concluded from the 2013-2014 review of information security risks by the individual IAOs that all information assets containing sensitive data are listed on the information asset register and are managed by an assigned IAO. The IAOs are aware of what data is under their responsibility and have a good overview of how this information is stored, accessed and processed.

Each IAO is required to undertake periodic information risk awareness training as provided by Civil Service Learning. This learning is undertaken by way of an on-line course which covers information assurance.

There are clear instructions on the use of Computers, Email and Internet which all members of staff are required to annually sign up to. These instructions are reviewed and updated annually by the IT Manager.

During 2013-2014 no data-related incidents were reported to the SIRO.

## 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 internal auditors, external auditors, directors and senior managers within Trinity House who have responsibility for the development and maintenance of the internal control and governance framework. I have been advised on the effectiveness of the systems of internal control and governance by the Board and the Audit & Risk Assurance Committee. Plans to address any weaknesses and ensure continuous improvement of systems are 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 & Risk Assurance Committee minutes and reports covering areas such as risk management. The Board also formally reviews its own effectiveness and that of the Audit & Risk Assurance 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 & Risk Assurance Committee which operates in line with the HM Treasury Audit and Risk Assurance Committee Handbook. The Chairman of the Audit & Risk Assurance Committee reports to the Board after each Audit & Risk Assurance Committee meeting;
- Internal Audit by the Department for Transport Audit and Risk Assurance team 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;

- Internal Audit by the Trinity House in-house team of internal auditors whose key findings are reported to the Executive Committee and Audit & Risk Assurance Committee;
- External Audit who independently audit Trinity House accounts and summarise their findings in the management letter;
- Third Party Certification Audits whose key findings are reported to the Lighthouse Board;
- The monthly analysis of the management accounts and work plans by the Executive Directors and Senior Managers;
- The Management Assurance Statement which is completed in accordance with the Department for Transport Group's requirements. The Statement is subject to review by the Executive Committee and to scrutiny by the Audit & Risk Assurance Committee; and
- Annual review of the Trinity House Management System by the Executive Directors and Senior Management Team to ensure the continued adequacy, effectiveness and suitability of the system.

## Ministerial Directions

During 2013-2014 Trinity House received no ministerial directions.

## Head of Internal Audit Opinion

On the basis of the evidence obtained during 2013/2014, 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.

Nick Haigney  
Group Head of Internal Audit  
Department for Transport

## Executive Chairman Opinion

There have been no significant internal control or governance problems in the year ended 31 March 2014. Therefore I can report that corporate governance and risk management within Trinity House remains robust and effective and comply 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 Ian McNaught  
Executive Chairman

# Statement of Comprehensive Net Income for the year ended 31 March 2014

	Note	2013/2014 £000's	2012/2013 £000's
<b>Income:</b>			
Advances from the GLF		38,600	36,900
Other income	3a	2,520	2,558
Income on behalf of all GLAs	3b	182	7
Grant income		200	200
		41,502	39,665
<b>Expenditure:</b>			
Staff costs	4	11,296	11,925
Depreciation	8	5,942	3,915
Amortisation	9	284	153
(Reversal of loss on revaluation)/ loss on revaluation		(19)	8,210
Pension current cost	21	2,663	2,247
Pension past service cost	21	166	36
Other expenditure	5	12,925	12,543
		33,257	39,029
<b>Net income</b>		<b>8,245</b>	<b>636</b>
Interest payable/receivable	6	7,232	7,829
Revaluation of investment properties	10	-	15
<b>Net income after interest</b>		<b>1,013</b>	<b>(7,208)</b>
<b>Net expenditure on behalf of DfT</b>			
Sombrero	5b	3	3
Other costs	5b	273	240
<b>Total</b>		<b>276</b>	<b>243</b>
<b>Net expenditure on behalf of all GLAs</b>			
Staff costs	5c	863	834
Other costs	5c	2,066	1,664
<b>Total</b>		<b>2,929</b>	<b>2,498</b>
<b>Deficit for the year</b>		<b>(2,192)</b>	<b>(9,949)</b>

## Statement of Other Comprehensive Income

	2013/2014 £000's	2012/2013 £000's
Net gain on revaluation of Property , Plant and Equipment	487	95,738
Actuarial Restatements	(10,955)	(12,980)
<b>Total</b>	<b>(10,468)</b>	<b>82,758</b>

# Statement of Financial Position as at 31 March 2014

	Note	2013/2014 £000's	2012/2013 £000's
<b>Non-current asset</b>			
Property, plant & equipment	8	133,319	135,090
Intangible assets	9	527	708
Investment assets	10	-	285
Trade and other receivables	13	-	-
<b>Total non-current assets</b>		<b>133,846</b>	<b>136,083</b>
<b>Current assets</b>			
Assets classified as held for sale	11	27	27
Inventories	12	2,729	2,451
Trade and other receivables	13	1,493	1,817
Cash and cash equivalents	14	566	205
<b>Total current assets</b>		<b>4,815</b>	<b>4,500</b>
<b>Total Assets</b>		<b>138,661</b>	<b>140,583</b>
<b>Current Liabilities</b>			
Trade and other payables	16	5,160	6,097
Provisions: current element	17	44	396
<b>Total current liabilities</b>		<b>5,204</b>	<b>6,493</b>
<b>Non current assets plus/less net current assets/liabilities</b>		<b>133,457</b>	<b>134,090</b>
<b>Non-current liabilities</b>			
Provisions	17	464	490
Pension liabilities	21	180,743	167,258
Other payables	16	11,641	13,073
Financial liabilities		-	-
<b>Total non-current liabilities</b>		<b>192,848</b>	<b>180,821</b>
<b>Assets less liabilities</b>		<b>(59,391)</b>	<b>(46,731)</b>
<b>Reserves</b>			
General reserve		(152,339)	(142,889)
Revaluation reserve		92,948	96,158
<b>Total</b>		<b>(59,391)</b>	<b>(46,731)</b>

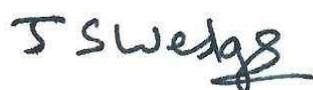
The financial statements on pages 39 to 66 and related notes were approved by the Lighthouse Board on 17 July 2014 and signed on its behalf by:

Captain Ian McNaught



Executive Chairman

J Wedge



Director of Finance

# Statement of Cashflows

## for the year ended 31 March 2014

	Note	2013/2014 £000's	2012/2013 £000's
<b>Cashflows from operating activities</b>			
Net deficit after interest		(2,192)	(9,949)
Pension benefits outflow	21	(7,058)	(7,028)
Pension scheme operating cost	21	2,820	2,245
Depreciation	8	5,942	3,915
Amortisation	9	284	153
Impairments	7	280	530
Loss on revaluation of land and buildings	8	(19)	8,210
Revaluation of investments	10	-	15
Loss on disposal property, plant and equipment	5a	7	390
Loss/(profit) on disposal of intangibles	5a	-	-
Loss/(profit) on disposal of investment assets	5a	-	-
Profit on disposal of assets held for sale	5a	-	(89)
Decrease/(increase) in trade and other receivables	13	324	(297)
(Increase) in Inventories	12	(278)	(134)
(Decrease)/increase in trade payables	16	(1,018)	1,269
Use of provisions	17	(378)	19
<b>Net cash outflow from operating activities</b>		<b>(1,286)</b>	<b>(751)</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	8	(3,971)	(5,174)
Purchase of intangible assets	9	(45)	(93)
Proceeds of disposal of property plant and equipment		41	24
Proceeds of disposal of intangibles		-	-
Proceeds of disposal of investment assets		285	-
Proceeds of disposal of assets held for sale		-	91
Repayments from other bodies		-	-
<b>Net cash outflow from investing activities</b>		<b>(3,689)</b>	<b>(5,152)</b>
<b>Cash flows from financing activities</b>			
Pension financing cost	21	6,768	7,247
Capital element of payments in respect of finance leases		(1,432)	(1,279)
<b>Net cash flow from financing activities</b>		<b>5,336</b>	<b>5,968</b>
<b>Net cash flow all activities</b>		<b>361</b>	<b>65</b>
Net increase in cash and cash equivalents in the period		361	65
Cash and cash equivalents at the beginning of the period		205	140
Cash and cash equivalents at the end of the period		566	205

# Statement of Changes in Equity for the year ended 31 March 2014

	General Reserve £000's	Revaluation Reserve £000's	Total Reserves £000's
Changes in equity for 2012-2013			
Net gain/(loss) on revaluation of property, plant and equipment	-	95,738	95,738
Release of reserves to statement of comprehensive net income (pensions)	(12,980)	-	(12,980)
Release of reserves to statement of comprehensive net income (other)	23	(23)	-
Retained deficit	(9,949)	-	(9,949)
<b>Total recognised income and expense for 2012/2013</b>	<b>(22,906)</b>	<b>95,715</b>	<b>72,809</b>
<b>Balance at 31 March 2013</b>	<b>(142,889)</b>	<b>96,158</b>	<b>(46,731)</b>
Changes in equity for 2013-2014			
Net gain/(loss) on revaluation of property, plant and equipment	-	487	487
Release of reserves to statement of comprehensive net income (pensions)	(10,955)	-	(10,955)
Release of reserves to statement of comprehensive net income (other)	3,697	(3,697)	-
Retained deficit	(2,192)	-	(2,192)
<b>Total recognised income and expense for 2013/2014</b>	<b>(9,450)</b>	<b>(3,210)</b>	<b>(12,660)</b>
<b>Balance at 31 March 2014</b>	<b>(152,339)</b>	<b>92,948</b>	<b>(59,391)</b>

## General reserve:

The General reserve represents the accumulated deficit of the organisation. This reflects the inclusion of pension liabilities of £180,743k 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.

# Notes to the Accounts for the year 31 March 2014

## 1 Statement of Accounting Policies

### a) Accounting convention

These accounts have been prepared in accordance with the 2013/2014 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 27 February 2013.

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

### b) Going concern

The statement of Financial Position at 31 March 2014 discloses net liabilities of £59,391,000. 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. On 1 April 2014, the pension liability was transferred to the Principal Civil Service Pension Scheme, and as a result will no longer be reflected in the Statement of Financial Position.

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 IAS19R 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

Following the re-classification of the GLAs as Central Government Bodies and the subsequent issuing of a new Accounts Direction in February 2013, Property plant and equipment are carried in the Statement of Financial Position at fair value in accordance with IAS 16 and the current FReM.

Asset Class	Valuation Method	Valued by
Non Specialised Land & Buildings	Fair Value, using Existing Use Valuation principles	RICS Valuation Statement (UKVS) 1.1 Professional valuation every 5 years. Value plus indices in intervening years.
Specialised Property	Fair Value using Depreciated Replacement Cost principles	RICS Valuation Statement (UKVS) 1.1 (valued at DRC if specialised and defines as such under the RICS Red Book). Professional valuation every 5 years. Value plus indices in intervening years.
Non Operational Property*	Market Value	Specified as Obsolete, Assets Held for Sale or Investment Assets. Professional Valuation annually.
Tenders, Ancillary Craft & Lightvessels	Fair Value	Professional Valuation Annually
Buoys	Fair Value	Internally using market value of recent purchases, then on an annual basis using market value of recent purchases, or recognised indices as appropriate.
Beacons	Fair Value using Depreciated Replacement Cost principles	RICS Valuation Statement (UKVS) 1.1 (valued at DRC if specialised and defines as such under the RICS Red Book). Professional valuation every 5 years. Value plus indices in intervening years.
Plant & Machinery - Low Value or short life	Depreciated Historic Cost	No Additional Valuation required
Plant & Machinery – Not included above.	Fair Value	Professional valuation as at 31/03/13 used as base cost. Base Cost plus indices annually thereafter.
Plant & Machinery - at lighthouses	Fair Value using Depreciated Replacement Cost principles	RICS Valuation Statement (UKVS) 1.1 (valued at DRC if specialised and defines as such under the RICS Red Book). Professional valuation every 5 years. Value plus indices in intervening years.

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

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

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

Balances transferred to the revaluation reserve are held in a pool for that class of asset.

On disposal, of an individual asset within that pool, the amount to be released from the revaluation reserve will be prorated based on the number of items in the pool or some other equitable basis where the value of items within a pool differs significantly.

Category	Depreciation Live
Land and Buildings	
Land	Not Depreciated
Lighthouses (building structure)	25-100 years
Other buildings	50 years
Tenders and Ancillary Craft	
Tenders	
Tenders dry dock and repair:	25 years
THV Patricia & RIV Alert	2.5 years (30 months)
THV Galatea	5 years
Workboats	25 years
Lightvessels	
Lightvessel (hulls)	50 years
Lightvessel (hull conversions)	15 years
Lightvessel (dry dock and repair)	10 years
Buoys and Beacons	
Steel buoys	50 years
Plastic buoys	10 years
Beacons	25-100 years
Buoy Superstructures	5-15 years
Plant and Machinery	
Lighthouses and lightvessels	15-25 years
Automation equipment	15-25 years
Racons and radio beacons	15 years
Depots and workshops	10 years
Office equipment	Up to 10 years
AIS equipment	7 years
DGPS equipment	10 years
Vehicles	5-15 years
Computers – major systems	5 years
Computers – other	3 years
Assets leased under a Finance Lease	25 years being the expected useful life. (The primary lease period is less than this but a secondary period sufficient to cover the balance is available).

## f) 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 Net Expenditure Account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding at the beginning of the year. The capital element of the future lease payments is stated separately under 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 2014 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 2013/2014 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.

### m) Investment properties

As of 31 March 2013 Trinity House held 2 non-operational properties that were available to let until such time as they are disposed of. It was considered that these properties fell 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 were not retained to fulfil the Board's statutory responsibilities.

During the course of 2013-2014 these two properties were disposed of, and as a result are no longer reflected in the Statement of Financial Position.

### 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 2014, 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.

### 3a Income

	2013/2014	2012/2013
	£000's	£000's
Buoy rental	671	589
Property rental	238	250
Tender hire	1,075	1,238
Sundry receipts	536	481
<b>Total</b>	<b>2,520</b>	<b>2,558</b>

### 3b Income on behalf of all GLAs

	2013/2014	2012/2013
	£000's	£000's
Contributions towards Radio Navigation projects	182	7
<b>Total</b>	<b>182</b>	<b>7</b>

## 4 Staff numbers and related costs

Staff costs comprise:

	2013/2014 Total £000's	2013/2014 Permanently employed staff £000's	2013/2014 Others £000's	2012/2013 Total £000's
Wages and salaries	11,235	11,088	147	11,522
Social security costs	955	955	-	993
	12,190	12,043	147	12,515
Other pension costs	-	-	-	-
Redundancy costs	45	45	-	438
Sub total	12,235	12,088	147	12,953
Less recoveries in respect of outward secondments	0			-
Total net costs	12,235	12,088	147	12,953

Included in the above are:

Research and Development salaries	656	656	-	628
Light Dues salaries	206	206	-	206
Staff costs capitalised in fixed assets	77	77	-	194
Staff costs shown under expenditure of Trinity House	11,296	11,149	147	11,925

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

	2013/2014 Total	2013/2014 Permanent Staff	2013/2014 Others	2012/2013 Total
Directly employed	293.6	293.6	0.0	298.5
Other	6.8	0.0	6.8	3.3
Staff engaged on capital projects	2.7	2.7	0.0	6.9
Total	303.1	296.3	6.8	308.7

Reporting of Civil Service and other compensation schemes - exit packages

Exit package cost band	Number of Compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013
< £10,000	-	1	-	2	-	3
£10,000 - £25,000	-	-	1	2	1	2
£25,000 - £50,000	-	-	2	1	2	1
£50,000 - £100,000	-	-	3	2	3	2
£100,000 - £150,000	-	-	-	-	-	-
£150,000 - £200,000	-	-	-	-	-	-
£200,000 - £350,000	-	-	-	-	-	-
Total number of exit Packages	-	1	6	7	6	8
Total resource cost (£'s)	-	7,926	347,208	213,402	347,208	221,328

## 5a Other expenditure

	Note	2013/2014 £000's	2012/2013 £000's
Running costs		11,389	10,070
Rentals under operating leases		1,231	1,141
Interest charges	6	7,232	7,831
PFI service charges		-	-
Research and Development expenditure		-	-
Non-cash items		-	-
Depreciation	8	5,942	3,915
Amortisation	9	284	153
Impairments	7	280	530
( Profit)/loss on revaluation of assets		(19)	8,210
(Loss)/Profit on disposal of asset		-	301
Loss on disposal of property, plant and equipment		25	501
Provisions provided for in year	15	-	-
Unwinding of discount on provisions	15	-	-
<b>Total</b>		<b>26,364</b>	<b>32,652</b>

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

## 5b Net expenditure on behalf of DfT

	2013/2014 £000's	2012/2013 £000's
Use of DfT resources:		
Staff and accommodation	84	89
Audit*	154	135
Professional services	35	16
Sombrero	3	3
<b>Total</b>	<b>276</b>	<b>243</b>

\* £18k of this relates to a late invoice for 2012/2013 audit work.

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

	2013/2014 £000's	2012/2013 £000's
VAT refund re: GLF investment	(41)	(54)
Light Dues collection costs	727	698
Imperial Lighthouse Service pensions	55	41
Research and Development	1,251	1,260
Special sanction R&D including eLoran	937	500
Wreck removal	-	53
<b>Total</b>	<b>2,929</b>	<b>2,498</b>

Salary Costs included in the above:

Research and Development	657	628
Light Dues	206	206
<b>Total</b>	<b>863</b>	<b>834</b>

## 6 Interest payable/receivable

	2013/2014	2012/2013
	£000's	£000's
Loan interest receivable	-	-
Deposit interest receivable	(2)	(2)
Pension interest payable	6,768	7,247
Interest payable on lease of THV Alert	72	96
Interest payable on lease of THV Galatea	394	488
Total	7,232	7,829

## 7 Impairments

Trinity House are currently undertaking a project to re-engineer the Lighthouse at Bardsey Island in North Wales. Due to a change in equipment supplied by the manufacturer, a redesign of part of the project had to be undertaken and as a result equipment to the value of £3,477 became obsolete and had to be impaired.

During the year, THV Alert, THV Patricia and workboats 408 and 432 underwent a Dry Dock and Repair. The costs of which were capitalised, in accordance with the Trinity House Accounting policies. On revaluation at 31 March 2014 the carrying amount of the vessels and workboats exceeded the new valuation and as a result an impairment has been made of £16,392, £237,178, £ 5,558 and £17,767 respectively.

## 8 Property, plant and equipment

	Land £000's	Buildings £000's	Lightvessels £000's	Tenders & Craft £000's	Buoys & Beacons £000's	Information Technology £000's	Plant & Machinery £000's	Payments on Account & Assets under Construction £000's	Total £000's
Cost or valuation									
At 1 April 2013	5,640	74,133	9,848	25,6265	5,908	1,106	11,650	2,442	136,352
Additions	-	104	185	373	190	301	397	2,503	4,052
Donations	-	-	-	-	-	-	-	-	-
Disposals	(25)	(4)	-	-	-	(118)	(726)	-	(873)
Impairments	-	-	-	(429)	-	-	-	(3)	(432)
Reclassifications	88	(88)	-	-	-	-	-	-	-
Revaluations	212	(5,018)	(205)	481	(701)	(125)	261	-	(5,095)
Transfers	-	-	2	164	1	(1)	1,950	(2,174)	(58)
<b>At 31 March 2014</b>	<b>5,915</b>	<b>69,127</b>	<b>9,830</b>	<b>26,214</b>	<b>5,398</b>	<b>1,163</b>	<b>13,532</b>	<b>2,768</b>	<b>133,947</b>
Depreciation									
At 1 April 2013	-	-	-	-	-	357	905	-	1,262
Charged in year	-	1,728	638	1,667	676	185	1,048	-	5,942
Disposals	-	(3)	-	-	-	(101)	(721)	-	(825)
Impairments	-	-	-	(153)	-	-	-	-	(153)
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations	-	(1,725)	(638)	(1,514)	(676)	(124)	(921)	-	(5,598)
Transfers	-	-	-	-	-	-	-	-	-
<b>At 31 March 2014</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>317</b>	<b>311</b>	<b>0</b>	<b>628</b>
Net book value at 31 March									
2013	5,640	74,133	9,848	25,625	5,908	749	10,745	2,442	135,090
<b>2014</b>	<b>5,915</b>	<b>69,127</b>	<b>9,830</b>	<b>26,214</b>	<b>5,398</b>	<b>846</b>	<b>13,221</b>	<b>2,768</b>	<b>133,319</b>
Asset financing:									
Owned									
	5,915	69,127	9,830	1,064	5,398	846	13,221	2,768	108,169
Finance leased									
	-	-	-	25,150	-	-	-	-	25,150
On-balance sheet PFI contracts									
	-	-	-	-	-	-	-	-	-
<b>Net book value at 31 March 2014</b>	<b>5,915</b>	<b>69,127</b>	<b>9,830</b>	<b>26,214</b>	<b>5,398</b>	<b>846</b>	<b>13,221</b>	<b>2,768</b>	<b>133,319</b>

## 8 Property, plant and equipment- prior year

	Land	Buildings	L'vessels	Tenders & Craft	Buoys & Beacons	Information Technology	Plant & Machinery	Payments on accounts & assets under construction	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
<b>Cost or valuation</b>									
At 1 April 2012	1,026	19,277	4,409	36,259	7,052	1,977	32,018	2,069	104,087
Additions	-	-	-	1,296	391	290	546	2,757	5,280
Donations	-	-	-	-	-	-	-	-	-
Disposals	-	(29)	(192)	(569)	(1,101)	(148)	(10,307)	-	(12,346)
Impairments	-	(182)	-	-	-	-	(341)	-	(523)
Reclassifications	(166)	(204)	3,436	852	-	66	(4,239)	-	(255)
Revaluations	4,780	54,806	1,967	(12,213)	(434)	(1,091)	(7,575)	-	40,240
Transfers	-	465	228	-	-	12	1,548	(2,384)	(131)
<b>At 31 March 2013</b>	<b>5,640</b>	<b>74,133</b>	<b>9,848</b>	<b>25,625</b>	<b>5,908</b>	<b>1,106</b>	<b>11,650</b>	<b>2,442</b>	<b>136,352</b>
<b>Depreciation</b>									
At 1 April 2012	77	5,216	3,537	17,998	3,236	1,698	25,024	-	56,786
Charged in year	11	523	163	1,086	660	180	1,292	-	3,915
Disposals	-	(4)	(192)	(569)	(829)	(148)	(10,190)	-	(11,932)
Impairments	-	(47)	-	-	-	-	54	-	7
Reclassifications	(88)	(142)	1,985	203	-	(94)	(2,089)	-	(225)
Revaluations	-	(5,546)	(5,493)	(18,718)	(3,067)	(1,279)	(13,186)	-	(47,289)
Transfers	-	-	-	-	-	-	-	-	-
<b>At 31 March 2013</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>357</b>	<b>905</b>	<b>0</b>	<b>1,262</b>
Net book value at 31 March 2012	949	14,061	872	18,261	3,816	279	6,994	2,069	47,301
<b>Net book value at 31 March 2013</b>	<b>5,640</b>	<b>74,133</b>	<b>9,848</b>	<b>25,625</b>	<b>5,908</b>	<b>749</b>	<b>10,745</b>	<b>2,442</b>	<b>135,090</b>
<b>Asset financing:</b>									
Owned	5,640	74,133	9,848	1,375	5,908	749	10,745	2,442	110,840
Finance leased	-	-	-	24,250	-	-	-	-	24,250
On-balance sheet PFI contracts	-	-	-	-	-	-	-	-	-
<b>Net book value at 31 March 2013</b>	<b>5,640</b>	<b>74,133</b>	<b>9,848</b>	<b>25,625</b>	<b>5,908</b>	<b>749</b>	<b>10,745</b>	<b>2,442</b>	<b>135,090</b>

Following the reclassification of Trinity House as a Central Government Body, The Department for Transport issued a new Accounts Direction in February 2013, requiring that Property Plant and Equipment is valued at Fair Value as per IAS16 and the Government Financial Reporting Manual (FRm). As a result Trinity House has carried out an extensive exercise to obtain valuations for all items of Property Plant and Equipment on the basis outlined in note 1 (e) as of 31 March 2013. Subsequently as at 31 March 2014 Property Plant and Equipment have been revalued using indices where applicable in the Property Plant and Equipment Policy. Appropriate indices were obtained from the following.

Asset	Valuer	Organisation
Land, Buildings & Beacons in England & Wales	Mr Richard Bryan MRICS	DVS Property Specialists*
Plant and Machinery & Lightvessels	Mr Andrew Lloyd MRICS	DVS Property Specialists*

\*DVS Property Specialists are the commercial arm of the Valuation Office Agency.

These valuations have been undertaken for capital accounting purposes in accordance with International Financial Reporting Standards (IFRS) as interpreted and applied by current HM Treasury guidance to the United Kingdom public sector. The valuations accord with the requirements of the Royal Institution of Chartered Surveyors (RICS) – Professional Standards 8th Edition (known as the Red Book) insofar as these are consistent with IFRS and Treasury guidance.

Ships have undergone a full valuation as at 31 March 2014, this has been carried out by Braemar Seascope Valuations Limited.

Navigation Buoys were valued internally by Trinity House staff based on evidence of recent purchases, and taking into account the age of the Asset.

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 asset disposed of in the year was the Lighthouse at Orfordness in Suffolk. With the exception of the Investment Properties referred to in note 10, all other disposals relate to items of Plant and Machinery and Information technology that are no longer required for operational purposes.

## 9 Intangible assets

	Intangible software £000's	Intangible Licences £000's	Total £000's
Cost or valuation			
At 1 April 2013	1,944	150	2,094
Additions	45	-	45
Donations	-	-	-
Disposals	-	-	-
Impairments	-	-	-
Reclassifications	-	-	-
Revaluation	-	-	-
Transfers*	58	-	58
<b>At 31 March 2014</b>	<b>2,047</b>	<b>150</b>	<b>2,197</b>
Amortisation			
At 1 April 2013	1,335	51	1,386
Charged in year	276	8	284
Disposals	-	-	-
Impairments	-	-	-
Reclassifications	-	-	-
Revaluation	-	-	-
<b>At 31 March 2014</b>	<b>1,611</b>	<b>59</b>	<b>1,670</b>
Net book value at 31 March 2013	609	99	708
<b>Net book value at 31 March 2014</b>	<b>436</b>	<b>91</b>	<b>527</b>

## 9 Intangible assets-prior year

	Intangible software £000's	Intangible Licences £000's	Total £000's
Cost or valuation			
At 1 April 2012	1,718	150	1,868
Additions	93	-	93
Donations	-	-	-
Disposals	-	-	-
Impairments	-	-	-
Reclassifications	2	-	2
Revaluation	-	-	-
Transfers*	131	-	131
At 31 March 2013	1,944	150	2,094
Amortisation			
At 1 April 2012	1,190	43	1,233
Charged in year	145	8	153
Disposals	-	-	-
Impairments	-	-	-
Reclassifications	-	-	-
Revaluation	-	-	-
At 31 March 2013	1,335	51	1,386
Net book value at 31 March 2012	528	107	635
Net book value at 31 March 2013	609	99	708

## 10 Investment assets

	2013/2014 £000's	2012/2013 £000's
Old Harwich Offices		
At 1 April 2013	285	300
Additions	-	-
Disposals	(285)	-
Transfers*	-	-
Depreciation	-	-
Revaluations	-	(15)
As at 31 March 2014	-	285

As at 31 March 2013, Assets included as Investment Assets were the houses at 35/36 West Street and 7 Church Street Harwich. These were valued at Fair Value in accordance with International Accounting Standard (IAS) 40 with gains or losses arising from changes in Fair Value recognised in the Statement of Comprehensive Net Income. The valuations were carried out by the Valuation Office Agency.

During the year these properties were sold, giving rise to a loss on disposal of £15,000.

## 11 Assets classified as held for sale

	2013/2014	2012/2013
	£000's	£000's
As at April 2013	27	2
Additions	-	-
Disposals	-	(2)
Transfers*	-	252
Depreciation	-	-
Transfers ( Depreciation) *	-	(225)
Impairments	-	-
As at 31 March 2014	27	27

Assets held for sale are:

- a) Hartland Point Lighthouse valued at £26,790 being the lower of Carrying Value and Fair Value less Cost of Sale; and
- b) St. Ann's Cottages valued at £nil being the lower of Carrying Value and Fair Value less Costs of Sale.

These properties are all expected to be disposed of within 2014/2015 and are considered to fall within the IFRS 5 definition of an asset held for sale.

Beachy Head Lighthouse was classified as an asset held for sale in 2012/2013, however during the year 2013/2014 the Board reclassified this Lighthouse as operational and as such is now reflected under Note 8 Property Plant and Equipment.

## 12 Inventories

	2013/2014	2012/2013
	£000's	£000's
Consumable stores	2,459	2,132
Fuel Oil	270	319
Total	2,729	2,451

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

## 13 Trade receivables and other current assets

	2013/2014	2012/2013
	£000's	£000's
Amounts falling due within one year:		
Trade receivables	308	507
Other receivables	291	338
Inter GLA debtors	130	149
Prepayments and accrued income	513	525
VAT recoverable	251	298
<b>Total</b>	<b>1,493</b>	<b>1,817</b>

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

	2013/2014	2012/2013
	£000's	£000's
Central Government	381	448
Local Authorities	18	16
NHS Trusts	-	-
Public Corporations	-	123
Bodies external to Government	1,094	1,230
<b>Total</b>	<b>1,493</b>	<b>1,817</b>

## 14 Cash and cash equivalents

	2013/2014	2012/2013
	£000's	£000's
Balance at 1 April	205	140
Net change in cash and cash equivalent balances	361	65
Balance at 31 March 2014	566	205
The following balances at 31 March were held at:		
Commercial banks and cash in hand	566	205
Short term investments	-	-
<b>Balance at 31 March 2014</b>	<b>566</b>	<b>205</b>

## 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 2014

	Book Value	Fair Value
	£000's	£000's
Financial Assets		
Cash at bank and in Hand	566	566
Financial Liabilities		
Finance Lease Obligations (MFT Galatea/RIV Alert)	13,508	13,508

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

	2013/2014 £000's	2012/2013 £000's
Amounts falling due within one year		
Other taxation and social security	396	375
Trade payables	1,020	826
Other payables	91	109
Inter GLA payables	-	140
Accruals and deferred Income	2,237	3,309
Current part of finance leases	1,416	1,338
<b>Total</b>	<b>5,160</b>	<b>6,097</b>

Amounts included above that fall within the Whole of Government Accounting boundary are:	2013/2014 £000's	2012/2013 £000's
Central Government	389	541
Local Authorities	-	-
NHS Trusts	-	-
Public Corporations	-	-
Bodies external to Government	4,771	5,556
<b>Total</b>	<b>5,160</b>	<b>6,097</b>

	2013/2014 £000's	2012/2013 £000's
Amounts falling due after more than one year:		
Other payables, accruals and deferred Income	-	-
Finance leases	11,641	13,073
Imputed finance lease element of on-balance sheet PFI contracts	-	-
NLF loans	-	-
<b>Total</b>	<b>11,641</b>	<b>13,073</b>

## 17 Provisions for liabilities and charges

	Annual Compensation Payments	Redundancies	Orfordness	Litigation	MNOFF	Total
	£000's	£000's	£000's	£000's	£000's	£000's
	(i)	(ii)	(iii)	(iv)	(v)	
Balance at 1 April 2013	447	354	50	5	30	886
Provided in the year	28	-	-	-	-	223
Provisions not required written back	-	(180)	(29)	-	-	(208)
Provisions utilised in the year	(62)	(84)	(16)	(5)	(30)	(393)
Balance at 31 March 2014	413	90	5	-	-	508

Analysis of expected timing of discounted flows:

	Annual Compensation Payments	Redundancies	Orfordness	Litigation	MNOFF	Total
	£000's	£000's	£000's	£000's	£000's	£000's
In one year or less, or on demand	39	-	5	-	-	44
Later than one year and not later than five years	374	90	-	-	-	464
Later than five years	-	-	-	-	-	-
Balance at 31 March 2014	413	90	5	-	-	508

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 entire provision will be utilised during 2015/2016;
- iii. Cost of removal of optic and mercury from Orfordness lighthouse, which was a requirement of the sale of this asset;
- iv. Potential litigation in respect of asbestos claim, as advised by solicitors. The claim was settled during 2013-14.
- v. Additional contributions to the Merchant Navy Officers Pension Fund - provision for actuarially calculated estimate of additional contribution due to help meet the deficit in the Fund. This was settled during 2013-14 and no further claim is anticipated until the next Actuarial valuation in 2015.

## 18 Capital commitments

	2013/2014 £000's	2012/2013 £000's
Contracted capital commitments at 31 March 2014 not otherwise included in these financial statements:		
Property, plant and equipment	761	1,962
Intangible assets	-	-

## 19 Commitments under leases

### 19.1 Operating leases

	2013/2014 £000's	2012/2013 £000's
Obligations under operating leases comprise:		
Land		
Not later than one year	-	1
Later than one year and not later than five years	-	5
Later than five years	99	89
Buildings		
Not later than one year	16	10
Later than one year and not later than five years	-	-
Later than five years	1	2
Other:		
Not later than one year	216	204
Later than one year and not later than five years	653	631
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.

	2013/2014 £000's	2012/2013 £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	1,830	1,873
Later than one year and not later than five years	7,318	7,491
Later than five years	5,847	7,860
Less interest element	14,995	17,224
Less interest element	(1,938)	(2,813)
Total	13,057	14,411

## 20 Other financial commitments

Trinity House has entered into no non-cancellable contracts (which are not leases or PFI contracts), during the year (2012/2013 Nil).

## 21 Pension commitments

Trinity House incurs expenditure with three post-employment benefit schemes for staff:

Trinity House Pension Scheme (THLSPS) – an unfunded, defined benefit pension scheme that operates four sections and applies the same rules, benefits and increases as the Principal Civil Service Pension Scheme. The pension liability is accounted for under International Accounting Standard 19 (revised). This scheme has been closed to future accrual on 31 March 2014 and membership and pension liability has been transferred to the Principal Civil Service Pension Scheme.

Merchant Navy Officers Pension Fund (MNOFF) – Trinity House is a Participating Employer in the Merchant Navy Officers Pension Fund, a funded multi-employer scheme. Trinity House has no current employees who are members of the MNOFF; however as a Participating Employer (arising from past employees) it is liable to make contributions towards the MNOFF deficit, which is revalued on a triennial basis. The next Actuarial Valuation is scheduled for 31 March 2015.

Partnership Pension Accounts (PPA) – a stakeholder pension with employer's contribution operated by several insurance companies. Employer contributions are charged to the Statement of Comprehensive Net Expenditure when they are paid.

The following table shows the membership details as at 31st March 2014.

	Trinity House Lighthouse Service Pension Scheme			MNOFF	Partnership	
	Classic	Premium	Classic Plus	Nuvos	Pension	
Actives	94	91	6	99	n/a	2
Deferreds	351	53	10	19	n/a	n/a
Pensioners	1,114	29	2	1	n/a	n/a

Occasionally we are required to pay a Contributions Equivalent Premium (CEP) to HMRC when an employee leaves and:

- has less than two years pensionable service
- is not entitled to any benefits from a contracted-out salary related scheme
- has rights in the state scheme which can be restored by payment of a CEP

This is treated as a pension cost.

### Trinity House Lighthouse Service Pension Scheme

The Trinity House Lighthouse Service Pension Scheme (THLS) is 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 (PCSPS) 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.

Under Section 214 of the Merchant Shipping Act 1995 the Secretary of State has approved the closure of the THLSPS and the transfer of the membership and the accrued superannuation liability to the PCSPS. Pension accrual to the THLSPS ceased on 31 March 2014 and accrual to the PCSPS started on 1 April 2014.

As there is no change in pension benefit to members the transfer could be made without members' consent although the Board had a responsibility to clearly explain to members what changes are being made. As part of the process the Board was required to obtain a certificate from an actuary who had to examine the details of the transfer and the effect on members. That certificate could only be issued if the actuary is assured from his/her examination that there is no material effect on members' benefits. The transfer could not have proceeded without that certificate.

The bulk transfer payment to be paid to PCSPS is the responsibility of the General Lighthouse Fund and no liability is retained by Trinity House. From 1 April 2014 Trinity House will become liable for paying an employer's contribution in respect of staff who are members of PCSPS.

The 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. The Scheme is therefore operated on a non-contributory basis with the exception of contributions made to provide Widows' and Widowers' pensions and in a number of cases voluntary contributions made by employees for the purchase of added years of service.

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

1. Payments to pensioners/widows/widowers/children for the financial year under review;
2. Lump sums paid to new pensioners and preserved lump sums coming into effect during the year;
3. Annual compensation payments paid to those members who are made redundant in advance of minimum retirement age (60);
4. Accrued benefits due to employees who leave and who opt to have such benefits transferred to another pension scheme;
5. Injury benefits;
6. Refunds of widows'/widowers' pension contributions at leaving and/or age 60/65;

Reduced by:

7. Contributions made by employees during the year in respect of widows/widowers and added years;
8. Accrued benefits transferred from other pension schemes in respect of new employees.

	Assets £'000	Liabilities £'000	Net £'000
Fair Value of plan assets			
Present value of funded liabilities	-	-	-
Present value of unfunded liabilities	-	167,258	(167,258)
Opening Position at 1 April 2013	-	167,258	(167,258)
Service Cost			
Current service cost	-	2,530	(2,530)
Losses/Gains on Curtailments	-	124	(124)
Past service costs	-	166	(166)
Total Service Cost	-	2,820	(2,820)
Net Interest	-	-	-
Net Interest on plan assets	-	-	-
Interest on Defined Benefit Obligation	-	6,768	(6,768)
Impact of Asset ceiling on Net Interest	-	-	-
Total Net Interest	-	6,768	(6,768)
Total Defined Benefit Obligation recognised in SCNE	-	9,588	(9,588)
Cashflows			
Plan Participants Contributions	-	627	(627)
Employer Contributions	-	-	-
Transfers In (excl. Club Transfers)	-	118	(118)
Transfers Out (excl. Club Transfers)	-	(91)	91
Club Transfers In	-	68	(68)
Club Transfers Out	-	-	-
Unfunded Benefits Paid	-	(7,780)	7,780
Total Cashflows	-	(7,058)	7,058
Expected Closing Position	-	169,788	(169,788)
Remeasurement			
Change in Demographic Assumptions	-	-	-
Change in Financial Assumptions	-	13,210	(13,210)
Other Experience	-	(2,255)	2,255
Return in Assets Excluding Amounts Included in Net Interest	-	-	-
Net Interest	-	-	-
Changes in Asset Ceiling	-	-	-
Total Remeasurement recognised in Other Comprehensive Expenditure	-	10,955	(10,955)
Exchange Differences	-	-	-
Effect of Business Combinations and Disposals	-	-	-
Fair Value of Plan Assets	-	-	-
Fair Value of Funded Liabilities	-	-	-
Fair Value of Unfunded Liabilities	-	180,743	(180,743)
Closing Position at at 31 March 2014	-	180,743	(180,743)

## Reconciliation of Service Cost to Statement of Comprehensive Net Expenditure

	THLSPS £000's	MNOFP £000's	PPA £000's	CEP £000's	Total £000's
Statement of Comprehensive Net Expenditure					
Pension cost – current cost	2,654	-	5	4	2,663
Pension cost – past service	166	-	-	-	166
<b>Total Pension Costs</b>	<b>2,820</b>	<b>-</b>	<b>5</b>	<b>4</b>	<b>2,829</b>

## Information about the Defined Benefit Obligation

	Unfunded liability at 31 March 2014		Duration Years	Unfunded liability at 31 March 2013	
	£'000	%		£'000	%
Active members	41,574	23	24.4	37,468	22.40%
Deferred pensioners	31,459	17.4	21.6	28,775	17.20%
Pensioners	107,710	59.6	11.4	101,015	60.40%

## Risks

Trinity House is subject to a number of risks in the operation of the Scheme. The major risks are:

**Price inflation** – the defined benefit obligation is linked to price inflation. An increase in the rate of inflation will increase liabilities and vice versa.

**Life expectancy** – the majority of the defined benefit obligations are to provide benefits for the life of the member. An increase in life expectancy will increase liabilities and vice versa.

**Real Discount Rate** – the real discount rate used to value the defined benefit obligation is set annually by HM Treasury and are based on market conditions at 30 November immediately preceding the end of the financial year. It takes account of discount rates and price inflation to calculate a real discount rate. An increase in the real discount rate will reduce the pension liability and vice versa.

**Funding** – The principal revenue of the General Lighthouse Fund is light dues the rates for which are fixed by the Secretary of State by orders under Section 205 of the Merchant Shipping Act 1995 (which are subject to negative resolution of Parliament). Subject to Parliamentary approval of such orders, the Secretary of State will seek to ensure that annual revenues are maintained at a sufficient level to meet the schemes liabilities as they fall due. The Department has provided a letter of comfort to the General Lighthouse Authorities that states that in the unlikely event that the General Lighthouse Fund has insufficient funds to meet these liabilities as they fall due then the Department would request funds from Parliament to meet the shortfall.

## Assumptions

The significant actuarial assumptions are as follows:

	31 March 2014	31 March 2013
Nominal discount rate	4.35%	4.10%
Discount rate net of CPI	1.80%	2.35%
Consumers Price Index (CPI) inflation	2.50%	1.70%
Salary Increase Rate	4.50%	3.70%
Rate of increase to pensions in payment	2.50%	1.70%
Rate of increase to pensions in deferment	2.50%	1.70%

The salary increase rate is assumed to be 1.50% pa for 2014/15, 1.50% pa for 2015/16 and 2.5%pa for 2016/17 reverting to the long term assumptions thereafter.

Life expectancy is based on the Self-administered Pension Schemes (SAPS) tables with a medium cohort and minimum improvement of 1% pa from 2007 applied. Based on these assumptions average future life expectancy are summarise below:

	Male	Female
Current pensioners *	26.0 years	28.4 years
Prospective pensioners **	29.4 years	31.8 years

\* Current Pensioners are assumed to be 62 at 31 March 2014

\*\*Prospective Pensioners are assumed to retired at age 60 in 2025

Mortality loadings were applied to the SAPS tables based on membership class.

## Sensitivity of assumptions

The sensitivities of the Defined Benefit Obligation is changes in assumptions is set out below.

	Change in assumption by	Effect on pension liability if change in assumption:	
		Increases	Decreases
		£'000	£'000
Real discount rate	0.50%	167,622	195,039
Real salary growth	0.50%	182,857	178,703
Inflation	0.50%	192,918	169,267
Life expectancy	2 years	187,061	174,169

	Change in assumption by	Effect on pension liability if change in assumption:	
		Increases	Decreases
Real discount rate	0.50%	-7%	7%
Real salary growth	0.50%	1%	-1%
Inflation	0.50%	7%	-6%
Life expectancy	2 years	3%	-4%

Remeasurement of the scheme's liability over the last five years is shown in the following table.

	31 March 2014 £000's	31 March 2013 £000's	31 March 2012 £000's	31 March 2011 £000's	31 March 2010 £000's
Scheme Liability	180,743	167,258	151,814	134,138	151,627
Experience gains and losses on scheme liability amount	2,255	1,693	16,262	2,030	(24,917)
Percentage of the present value of scheme liabilities	1.25%	1.01%	10.70%	1.5%	0.0%
Total amount recognised in the Statement of changes in reserves	(10,955)	(12,980)	(15,054)	6,896	(21,215)
Percentage of the present value of scheme liabilities	6.06%	8.55%	9.90%	5.1%	14.0%

The Department for Transport reports the contingent liability for the General Lighthouse Authorities' pensions in its Departmental Resource Accounts. In 2012/13 a liability of £410,000,000 was reported. The note states: "The Department has guaranteed benefits payable from this unfunded pay-as-you-go scheme, in the event that the Authorities' current operational revenues and investment returns prove insufficient. The value given is the most recent deficit on the scheme and thus reflects the Department's exposure if the Authorities receive no further operational revenues or investment returns, an outcome which is thought unlikely to materialise".

## Merchant Navy Officers Pension Fund

The Board is a Participating Employer of the Merchant Navy Officers Pension Fund (MNOFF) which is a defined benefit scheme providing benefits based on final pensionable salary. The MNOFF is a funded multi-employer scheme but Trinity House is unable to identify its share of the underlying assets and liabilities. The assets of the scheme are held separately from the General Lighthouse Fund, being held in separate funds managed by trustees of the scheme. No member of the MNOFF is currently employed by Trinity House Lighthouse Service and as a result no contributions have been made to the scheme in 2013/14 or 2012/13.

The rules of the MNOFF state that Participating Employers may be called to make lump sum payments to make up deficits. The rules state that an employer will not be regarded as ceasing to be a Participating Employer as a result of ceasing to employ Active Members or other eligible employees.

2013/14	2012/13
£30,000	Nil

Requests for additional contributions would normally only arise after the triennial valuation of the scheme and then only if the scheme was in a deficit considered significant enough to require additional contributions as part of recovery plan. The next valuation will be completed as at 31 March 2015.

## Partnership Pension Accounts

Employees joining after 1 October 2002 can opt to open a Partnership Pension Account, a stakeholder pension with an employer contribution.

Employer contributions of

2013/14	2012/13
£5,138	£3,411

were paid to one of a panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

There were no contributions due to the partnership pension providers at the Statement of Financial Position. There were no contributions that had been prepaid at that date.

## 22 Government Grants

The treatment of Government Grants was 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 held in the Government Grant Reserve were released in full to the Statement of Comprehensive Net Income in 2011/12 with the comparative year figures restated accordingly.

## 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 Club (Europe) Limited which is a member of the International Group of Protection and Indemnity Clubs.

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

The mutual method of insuring these risks includes a re-insurance programme and the pooling arrangements of the International Group. However, in common with all members of International Group Clubs, the 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 2011/2012 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 2012/2013 and 2013/2014. As a result the Board has made no provision in the Accounts.

### Merchant Navy Officers' Pension Fund (MNOFF)

A new actuarial valuation was carried out as at 31 March 2012 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 June 2013 in respect of the 31 March 2012 valuation. Any further liability will be restricted to the additional deficit contributions sought in June 2013 due to the deficit reported as at 31 March 2012 that cannot be recovered from other employers (e.g. liquidated companies, etc), who are unable to pay their share in June 2013 and needs to be recovered from those remaining. 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 1st 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 chose to terminate the contract a termination cost will be liable of between £791,950 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.

#### 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 between £2m - £3m 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 £1.5m to £2.5m 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 four 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 is estimated to be around £644k.

## 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 £0.5m to £1m.

## St. Just Airfield

Trinity House currently occupy a Forward Operating Base, on land leased from the Isles of Scilly Steamship Co. Ltd. at St. Just Airport in Cornwall. The current lease expired on 23 March 2014, however the airfield is still in use by Trinity House and the Board expect negotiations to extend the current lease to reach agreement imminently, with no indication that rights currently enjoyed will be withdrawn. The terms of the lease require Trinity House to restore the site to its original condition if requested by the Landlord, the cost of which is estimated to be around £56k. The Board believe it is inappropriate to make a provision for these costs, but declare it 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).

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 £38,600,000 (2012/2013 £36,900,000) from the General Lighthouse Fund and incurred expenditure of £2,929,000 (2012/2013 £2,498,000) on behalf of all three Authorities.

At the 31 March 2014 the balances outstanding with the GLAs were as follows:

GLA	Balance due to TH		Balance due to GLA	
	2013/2014	2012/2013	2013/2014	2012/2013
	£000's	£000's	£000's	£000's
Commissioners of Irish Lights (CIL)	4	56	-	-
Northern Lighthouse Board (NLB)	126	93	-	140

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.

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, Non-Executive Director, are appointed to the Board of TSL as nominees of the Corporate Board responsible for Trinity House Charities. Viscount Cobham, A Groom 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.

## 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 2013/2014 Trinity House paid £284,494 to The Corporation of Trinity House in respect of service charges incurred in using office space and facilities at Trinity House, London (£276,006 in 2012/2013).

Conversely, the Corporation of Trinity House reimburses Trinity House for the provision of services during the year. The Corporation paid £64,330 to Trinity House in respect of these services during the year (£63,465 in 2012/2013).

## 25 Inter-GLA transactions

### Ships agreement

The Commissioners of Northern Lighthouses (NLB) provided the services of NLV Pharos to Trinity House for 1.5 days under the terms of the Inter GLA Ship Agreement dated 17 November 2010. Trinity House provided the services of THV Patricia to The Commissioners of Irish Lights (CIL) for 2 days in July 2013. CIL 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 £16,124 (2012/2013 - Nil) and notional expenditure of £6,030 (2012/2013 - £154,947).

## 26 Losses

Obsolete inventory amounting to £14,385 (2012/2013 £17,243) was written off during the year. In addition a Trinity House vessel suffered a cash theft amounting to £1,068.

## 27 Post balance sheet events

Transfer of the Trinity House Pension Scheme to the Principal Civil Service Pension Scheme (PCSPS), took place on 1 April 2014. This transaction removed the pension liability of £181m from the Trinity House balance sheet which is valued in accordance with IAS 19 (R). The value of pension liabilities for transfer purposes is determined by the Government Actuary Department (GAD). £355m was paid to the Cabinet Office on 1 April 2014 by the GLF on behalf of all three GLAs based on an estimate of the GAD transfer value. The final valuation will be agreed by GAD in autumn 2014 when a balancing payment/refund will be due.

The £355m transfer was funded from the GLF cash balances (£155m) along with a loan from the Department for Transport of £200m.

This event occurred on 1 April 2014 and is therefore a 'non adjusting event after the reporting period' in accordance with IAS 10. In future accounting periods £200m will be disclosed as a loan liability of the GLF, measured initially at Fair Value and thereafter at Amortised Cost in accordance with IAS 39.

The Trinity House Annual Compensation Payments (ACPs) provision of £413k was also transferred to the PCSPS on 1 April 2014.

## APPENDIX 1

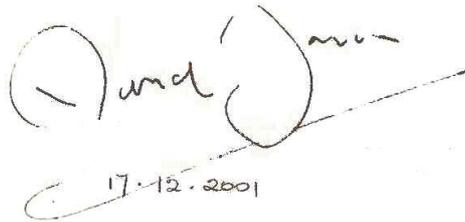
### THE DEPARTMENT FOR TRANSPORT, LOCAL GOVERNMENT AND THE REGIONS

#### 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 pension's liability of the General Lighthouse Fund (GLF) is reported to Parliament annually as a contingent liability of the Department for Transport, Local Government and the Regions (DTLR). This is a form of early warning 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 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 Pension 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

## APPENDIX 2

# Five Year Summary

	2014	2013	2012	(Restated) 2011	(Restated) 2010
	£'000	£'000	£'000	£'000	£'000
<b>Income</b>					
Advances from the General Lighthouse Fund	38,600	36,900	34,900	36,200	36,050
Other income	2,520	2,558	2,386	2,070	1,723
Income on behalf of all GLA's	182	7	(13)	529	326
Grant Income	200	200	200	140	415
<b>Total</b>	<b>41,502</b>	<b>39,665</b>	<b>37,473</b>	<b>38,939</b>	<b>38,514</b>
<b>Expenditure</b>					
Staff costs	11,296	11,925	11,459	12,383	11,001
Depreciation	5,942	3,915	3,968	4,037	3,902
Amortisation	284	152	112	171	348
Loss on revaluation	(19)	8,210	-	-	195
Pension cost	2,829	2,283	2,221	(10,554)	1,960
Other expenditure (including profit/loss on sale of fixed assets)	12,925	12,543	11,994	12,081	11,762
<b>Total</b>	<b>33,257</b>	<b>39,029</b>	<b>29,754</b>	<b>18,118</b>	<b>29,168</b>
<b>Net Income</b>	<b>8,245</b>	<b>636</b>	<b>7,719</b>	<b>20,821</b>	<b>9,346</b>
Interest payable/receivable	7,232	7,829	8,084	7,373	8,398
Revaluation of investment properties	-	15	38	18	-
<b>Net income after revaluation of investments and interest</b>	<b>1,013</b>	<b>(7,208)</b>	<b>(403)</b>	<b>13,430</b>	<b>948</b>
Net expenditure on behalf of DfT	276	243	262	320	334
Net expenditure on behalf of all General Lighthouse Authorities	2,929	2,498	2,215	2,596	2,605
<b>Net income after interest</b>	<b>(2,192)</b>	<b>(9,949)</b>	<b>(2,880)</b>	<b>10,514</b>	<b>(1,991)</b>
Property plant and Equipment	133,319	135,090	47,031	49,074	51,696
Intangible assets	527	708	635	430	339
Investment assets	-	285	300	587	-
Trade and other receivables becoming due after more than one year	-	-	-	-	100
<b>Non current assets plus / less net current assets / liabilities</b>	<b>133,457</b>	<b>134,090</b>	<b>47,015</b>	<b>48,604</b>	<b>49,798</b>
<b>Assets less liabilities</b>	<b>(59,391)</b>	<b>(46,731)</b>	<b>(119,540)</b>	<b>(101,606)</b>	<b>(118,936)</b>
Purchase of property plant & equipment	4,052	5,280	2,511	2,868	3,878
Average No. of employees	303	309	319	326	319
(Including Part Time)	13	13	16	16	11

Figures for 2009/10 have been restated to remove the cost of capital which is not applicable for 2010/11 onwards.

Figures for 2009/10 to 2010/11 have been restated to take account of the change to treatment of Government Grants.

## APPENDIX 3

### Further information

	2013/2014	2012/2013
Number of non-current assets:		
Lighthouses***	64	65
Lightvessels	12	12
Lightfloats	2	2
Buoys **	712	699
Beacons	18	18
Tenders	3	3
Ancillary Craft	9	9
Lighthouse abroad*	1	1
<b>Total</b>	<b>822</b>	<b>809</b>
Number of Non-current assets deployed:		
Lighthouses***	65	66
Lightvessels	8	8
Lightfloats	2	2
Buoys **	533	528
Beacons	18	18
Tenders	3	3
Ancillary Craft	9	9
Lighthouses abroad*	1	1
<b>Total</b>	<b>639</b>	<b>635</b>

\*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 refurbishment, thers being held on tenders awaiting deployment and emergency wreck marking buoys held at various depots and forward storage areas.

\*\*\* The difference between lighthouse owned and lighthouses deployed arises due to Instow Front and Rear Lighthouse treated as one lighthouse on the asset register and two lighthouses on operation and planning system.