



Trinity House



Report and Accounts
for the year ended 31 March 2015



Front cover photo: Portland Bill Lighthouse

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photo: Longships Lighthouse

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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 (retired 28 February 2015)
Captain N Palmer* OBE	Deputy Chairman & Non Executive
J S Wedge** CIPFA	Director of Finance & Support Services
E D Johnson***	Non Executive
P Matthews***	Non Executive
D Ring***	Non Executive
J D Price**	Secretary

* - Member of the Corporation of Trinity House

** - Associate Member of the Corporation of Trinity House

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

Officers and Advisors

Principal Office	Corporation of Trinity House Trinity House Tower Hill London EC3N 4DH
Auditors of the General Lighthouse Fund	Comptroller & Auditor General National Audit Office 157 -197 Buckingham Palace Road Victoria London SW1W 9SP
Bankers	Lloyds 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

Executive Chairman's Review

The 2014/2015 year has seen Trinity House (TH) 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 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 one of the busiest waterways in the world with over 500 vessels transiting the area daily (2014), 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.

The requirements for physical AtoN to ensure the mariner has an appropriate level of spatial awareness have never been more important. The complex array of Trinity House AtoN are 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 and management of all aids to navigation in accordance with international standards, recommendations and guidelines;
- To introduce e-Navigation AtoN components and services in the UK and Ireland;
- To work with users, partners and stakeholders nationally and internationally, to promote the safety of marine navigation based on harmonised international standards, recommendations and guidelines;
- To embrace relevant technologies as they evolve; and
- To improve reliability, efficiency and cost effectiveness of the GLAs service while ensuring the safety of navigation.

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 2014/2015, with the highlights being as follows:

- Continuing to maintain the availability of our AtoN above the international standards;
- Recertification of ISO 9001:2008 and ISO 14001:2004 quality and environmental standards;
- The Safety Management System (SMS) has been reviewed and aligned to OHSAS 18001, and a certificate of conformance was issued in March 2015;
- Completing engineering projects at Bardsey, Nab Tower, Crow Rock and Woolpack Beacons;
- Continuing to push forward the tri GLAs' Differential Global Positioning System (DGPS) project with all stations now operational;
- Generating income of over £2.5million 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 £287k;
- Meeting all financial targets, including containing running costs below target; and
- The transfer of all Trinity House staff and pensioners into the Principal Civil Service Pension Scheme (PCSPS) with effect from 1 April 2014.


Trinity House has continued to exceed cost reduction targets, set in accordance with a 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 increases in productivity achieved by a continuous improvement review programme. At Trinity House 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. Their collection has remained stable despite the poor economic climate, further, the Shipping Minister has announced a cut in light dues with effect from 1 April 2015, from 40p to 39p per NRT.

Trinity House continued to make a substantial contribution to the Joint Strategic Board (JSB) of the GLAs which focused on three key areas during the year: the implications of the decision by the Office for National Statistics (ONS) to reclassify light dues as a tax; consideration of the efficiency regime to replace the current RPI-x arrangements and the GLA Fleet Review. Trinity House Board Members and staff provided support and expert advice on these matters throughout the year.

During the year Trinity House celebrated its 500th anniversary, a significant milestone. During its long history Trinity House has endeavoured to provide an excellent service to mariners. During this past year Trinity House has continued working effectively in partnership with key stakeholders. 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, and the long history of dedicated service to the marine industry.



Captain Ian McNaught
Executive Chairman of the Lighthouse Board

Strategic Report

Nature, Objectives and Strategy of the Business

Statutory Background

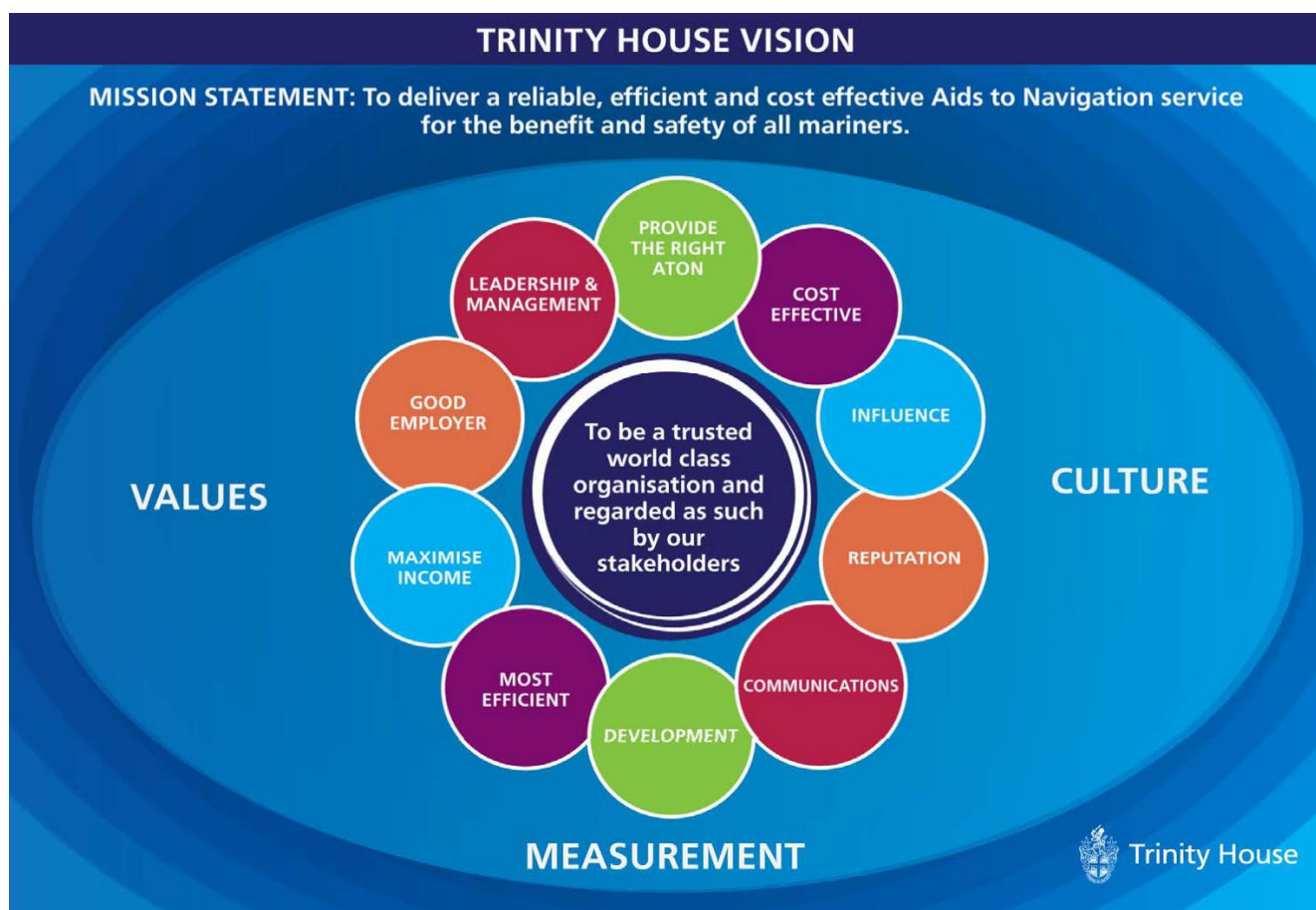
Under section 193 of the Merchant Shipping Act 1995 the Corporation of Trinity House is appointed as the GLA for England and Wales, the Channel Islands and the adjacent seas and islands, and under Section 195 is vested with the responsibility for the superintendence and management of all lighthouses, 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 Department for Transport (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 2066 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 5 year Strategy identifies in broad terms what we aim to achieve and how we're going to achieve it, 2014/2015 was the first year of this 5 year strategy. 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 was produced in 2014, specifically designed to help embed these values deeper into our culture.

What it means to be a trusted, world class organisation

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, International Association of Marine Aids to Navigation and Lighthouse Authorities (IALA), 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 |

At the end of each year the strategy is reviewed to ensure it remains current and in line with developments during the year. As a result, the review at the end of 2014/2015 determined that Priority Four and Priority Five would change to Internal Communications and Staff Engagement, and Cultural Change respectively to reflect issues identified as part of the staff engagement survey. These title changes are reflected in the 2015/2016 Priorities and Operational Plan.

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 1 to 2 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 6 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 new Planning Centre is up and running and effectively coordinating all operational plans. The role of the Planning function is now clearly defined in terms of role and responsibilities, with the Planning team having ownership of ensuring our plans are delivered as cost effectively as possible;
- Ships' plans have been developed in consultation with our Captains to ensure the information available to the ships is as detailed as possible in terms of priorities;
- The Tri-GLA Helicopter Services Contract was let to PDG Helicopters in September 2014 – this will potentially save the GLAs £7m over the period of the contract when compared with operating individual contracts. This is a clear example of the value of the benefits of appropriately targeted inter-GLA co-operation;
- Plans are now in place regarding the practicalities of the management of the tri GLA helicopter contract, with operational activity organised and prioritised between the three lighthouse services for the next 5 years;
- Performance data has been developed for all areas of the service, providing managers and Directors with key information and progress reports against performance targets;
- The Very Small Aperture Terminal (Vsat) Systems on THV Patricia and THV Galatea were upgraded to include WiFi access for visitors and ships' personnel;
- Trinity House responded to significant collision damage to East Goodwin and Foxtrot 3 Lightvessels by use of the Emergency Deployment Vessel (EDV), without interruption to the AtoN provision, or disruption to either the Major Floating Aid (MFA) Dry Dock and Repair programme, or the deployment of a second EDV at Longstone lighthouse to cover for re-engineering works;
- By virtue of timely recruitment, the detrimental effects of high staff turnover in the Support Vessel Services (SVS), driven by a general shortage of qualified personnel in the maritime industry, were mitigated and at no time were the ships unavailable for work due to insufficient manpower;
- The programme to renew the charging regime and battery fit on all Lightvessels was completed in September 2014;
- The Health and Safety Management System was previously accredited by the RoSPA Quality Safety Audit system, at which TH held the highest level of certification for many years. To assure continuous improvement and to promote commercial viability, the Safety Management System (SMS) has been reviewed and aligned to OHSAS 18001. The ABS Quality Evaluations has conducted all audit stages and a certificate of conformance was issued in March 2015;
- The Operational Health and Safety performance remains good with a low level of work related lost time reportable incidents under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) and the Marine Accident Investigation Branch (MAIB) for the 2014/2015 period;
- Trinity House retained ISM and ISPS Certification for the ships, and full certification to the Maritime Labour Convention;
- The Availability of our Aids to Navigation continued to exceed the internationally recognised IALA guidelines; this is a result of good design, installation and maintenance of the mix of Aids to Navigation in the estate;
- Bardsey Lighthouse modernisation has been completed and is now powered entirely by renewable energy. This major light in the North of St George's 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 has been completed. 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;
- Two beacons (Crow Rock and Woolpack) on the Isles of Scilly have been renewed. These were designed by our team in Harwich and built in the Swansea Buoy Yard with installation carried out by the Field Operations teams. By conducting these works in house considerable savings were made compared to costs sought for a commercial delivery;
- The value for money savings target was met achieving £287k or 119% of the target of £240k;
- The IT Department have continued to exceed Service Level Agreement targets in respect of service delivery and network/system availability;
- Work has commenced on replacing the old engineering maintenance software with an enterprise solution giving advanced reporting and management information as well as enhanced planning data;

Priority Two - Reputation Development

- TH continues to maintain on-going dialogue at organisational level with stakeholder's: MCA / UKHO / MMO / NRW / SOSREP;
- OHSAS 18001 certification is the internationally recognised Health and Safety standard for Safety Management Systems (SMS's) and achieving this indicates Trinity Houses professionalism in the maritime sector;
- Trinity House as a member of the Port Skills and Safety Group has an active role in the development of national Health and Safety Executive (HSE) guidance documents for the port and maritime industry, as well as the development and implementation of national skill levels and examination criteria for pilots and harbour masters;
- Trinity House has conducted for the first time a survey of its external stakeholders' perceptions of Trinity House and the work that it does to evaluate progress against its vision. The results were generally very positive and have informed Trinity House's 2015-2020 Public Relations and Corporate Communications Strategy and contacts programme with its stakeholders;
- Trinity House delivers its commercial target in the main from the large volume of repeat business from commercial customers who have experienced at first hand the quality and through life cost effectiveness of the Trinity House product. Recommendations from current customers bring new customers to Trinity House, enhancing our reputation within the commercial world;
- Trinity House is active in its contribution to IALA with representation on its Council and on all working committees delivering new guidelines and supporting the training of developing nations to raise standards of Aids to Navigation management and maintenance. Trinity House also has representation on the IALA Policy Advisory Panel which guides the delivery of the Strategy as set by the Council;

Priority Three - New Business

- 2014/2015 has seen limited Vessel Reserve Capacity throughout the year with a number of contracts turned down from September onwards;
- The Commercial target has been achieved in the main from long term customer contracts maintaining navigational buoys, including the Met Office contract and a number of lucrative buoy hire contracts;
- In the limited vessel time available, THV Galatea has completed one short charter generator lift project early in 2014 bringing in income of £150k; THV Alert undertook a short survey contract generating £140k of income;
- Income has been augmented by the most successful Patricia Voyages to date with 96% occupancy generating £320k of income;
- In all a sum in excess of £2.5m gross was earned making an important contribution to the General Lighthouse Fund and offsetting the costs to the light dues payer;
- The Buoy Yards have continued to deliver clean buoys for commercial contracts.

Priority Four - Being the best employer we can be

- Wireless networking facilities on board the TH vessels have been improved in order to assist staff in maintaining a better work/life balance during their time on board the vessels;
- Introduction of an online incident, hazard and near miss reporting system for employees. Employees can submit hazard and safety shortfalls with the option to do this anonymously;
- A staff survey engagement exercise was conducted this year to provide us with essential information regarding staff satisfaction, motivation and engagement levels. As a result of this exercise, we have now developed various actions designed to improve working life at Trinity House;
- We continue to invest in our people and strive to develop them in terms of their technical and behavioural skills. Management and leadership programmes have been run this year for our middle managers, senior managers and our Directors; ensuring that we continue to challenge ourselves and develop as a management team;
- A Support Vessel Services (SVS) Retention plan has been developed and is being implemented, designed to improve our labour turnover levels on the vessels. A range of initiatives and changes to terms and conditions have been put in place; the feedback so far has been positive;
- Trinity House is proactive in managing Health and Safety delivering a sound performance in this area for the protection of our staff and the environment. Safety Committees are active in their consideration of new initiatives and the review of performance with a cohesive approach between staff and management;
- This year saw the 500 year celebration of the Corporation of Trinity House. This enabled a range of extracurricular events organised by the Corporation to engage with staff to celebrate their heritage and service to the mariner over 5 centuries. The outcome was a success with excellent staff engagement across the service;
- A programme of staff benefits, improving the overall employment package for SVS personnel is currently being implemented;
- The transfer of all Trinity House staff and pensioners into the PCSPS with effect from 1 April 2014.

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

- A tender was issued in order to upgrade and improve the Intra-site data communications. This will improve data transfer speeds and reduce annual running costs by approximately £30k;
- 2014/2015 saw the implementation of the integration of the Quality (ISO 9001), Environmental (ISO 14001) and Occupational Health and Safety Management (OHSAS 18001) Systems and to combine internal audits and inspections where possible. This work will continue into next year;
- Trinity House tendered the GLAs' marine and liability insurance contract resulting in savings in insurance premia in the first year of over £40k;
- The recent investment in replacement batteries and high technology solar charging systems for the Light Vessels has been beneficial with no requirement for short notice support of these Major Floating Aids during the winter months;
- An improvement circle, taking a cross-departmental approach has been established to address the issues arising from the high levels of attrition experienced in the Type 1 Modular Buoy Fleet;
- A review of daughter craft has been carried out; this will lead to a rationalisation of the motor boat and searider fleet, reducing the maintenance commitment;
- A significant training programme for SVS personnel in the maintenance and failure intervention on Type 1 buoys has been implemented.

Priority Six - Improving Working Practices

- Work has continued to transfer Harbour Authorities to the web-based Local AtoN reporting software platform, providing an easier to use and more reliable solution;
- Although not domestic legislation until 2016, TH has introduced new safe working procedures in line with the European Physical Agents Directive on exposure to Electromagnetic Field non-ionising radiation;
- Trinity House has reviewed its risk appetite across the range of its activities to better inform the approach to risk in its decision-making processes;
- A review of operational departments has resulted in some changes to their structure and internal processes. These have led to efficiency gains in Major Project Delivery, Engineering Design and Technical support;
- The introduction of Improvement Circles to tap into the knowledge and enthusiasm of staff have been undertaken and has delivered better ways of working in areas across the business. A range of staff have been involved and some good ideas have been implemented which have improved our delivery whilst also engaging the staff, improving cross departmental working and staff empowerment;
- Trinity House have implemented the e-sourcing Tender Vault ensuring we meet the new Public Contracts Regulations 2015 requirement to make all procurement documents available online;
- The Electronic Charting Display and Information Systems on THV Alert has been upgraded with a view to trialling and eventually introducing a paper free navigation system.

Research & RadioNavigation (R&RNAV)

Research and Development is an inter GLA function performed by the Research and Radio Navigation (R&RNAV) department based at Trinity House.

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 developed several new light sources which have been employed in approximately 24 lighthouses over the British Isles and in several others around the globe. These devices have meant that the GLA operational costs have reduced through the reduction in power required and the cost of maintenance, as well as reduced capital investment on batteries and PV panels. R&RNAV continues to lead the world in many aspects of Radionavigation 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 modest revenue stream over the last 36 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 on multi-systems receivers. 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 completed and has moved forward debate and progress of real-world e-Navigation services. These were successfully demonstrated in the southern North Sea during the period.

Staff and Communications

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 and 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.

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, was 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 (FRM) guidance requires Trinity House to disclose the number of persons of each sex who are employees of the entity as at 31 March 2015.

	Men	Woman
Directors	7	1
Senior Managers	9	2
Employees	223	71
Total	239	74

Based on average headcount

Licences, Patents and Trademarks

Trinity House did not hold any registered patents or trademarks in 2014/2015. The Service did not exploit any of its intellectual property rights, including copyright, commercially during the year other than continuing 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 and other 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 gained accreditation to the internationally recognised Environmental Standard ISO 14001 in 2000 and achieved re-certification in 2003, 2006, 2009, 2012 and 2015. Trinity House produces an annual 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 lighthouses and all major floating aids to renewable energy sources;
- Investment in more efficient solar charging;
- Investment in new paint spraying equipment delivering significant reductions in paint waste, paint purchased and Volatile Organic Compounds (VOC) emissions;
- Permanent removal of liquid mercury from lighthouses upon re-engineering; and
- Obtaining 'Green Passports' approved by Lloyds Register for its vessels THVs GALATEA and ALERT.

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 finance 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 risk appetite;
- 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.

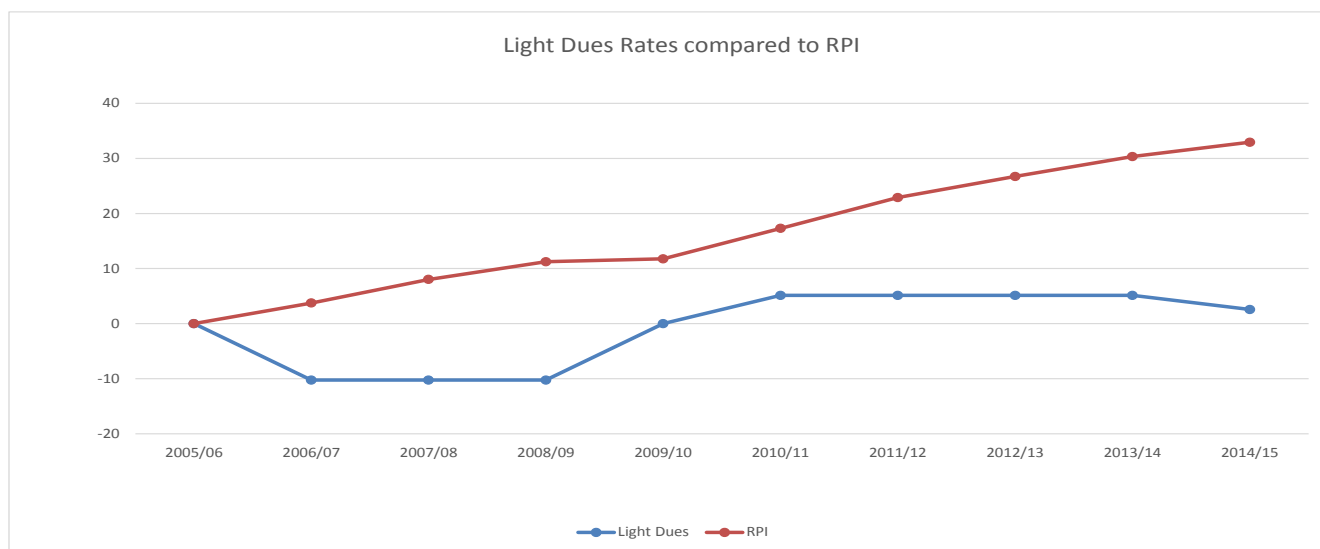
Directors Report

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.

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 remained unchanged throughout 2013/2014. The Minister announced a reduction of 1p to 40p per NRT with effect from 1 April 2014, and a further reduction of 1p to 39p per NRT with effect from 1 April 2015, all caps remain the same.



Operating Results

The operating results for the year, set out in the Statement of Comprehensive Net Income (SoCNI) show a surplus of £181,363k for 2014/2015 (£8,245k 2013/2014). Operating income for the year was within expectations with the largest element relating to GLF drawdowns to match expenditure. Operating expenditure is within normal levels. Exceptional items of £181,156k relate to the transfer of all Trinity House staff and pensioners into the Principal Civil Service Pension Scheme (PCSPS) with effect from 1 April 2014.

Including Other Comprehensive Income the SoCNI reports a net gain for the year of £186,003k, this takes account of unrealised gains on PPE which have been increased in line with market indexes. Without exceptional items the gain would have been £4,847k. A net surplus of £177,517k was transferred to the General Reserve (net deficit £2,192k 2013/2014).

Gains reported in the SoCNI increase the net worth of Trinity House as shown on the Statement of Financial Position (SoFP) to £126,612k. This is the first time for many years the Trinity House net worth has been a positive figure as liabilities relating to the Trinity House Lighthouse Service Pension Scheme (THLSPS) have historically exceeded assets. Most of the Trinity House assets are held at Fair Value and re-assessed annually and the pension liability has been removed, covered by a loan now held within the GLF.

The Net Cashflow from all activities shows a gain of £783k. The cash drawdown was below budget for the reasons provided in the Financial Performance commentary below, and accruals for 2014/2015 do not draw cash until 2015/2016. 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.

Going Concern

These accounts have been prepared on a going concern basis, as Trinity House are satisfied that its activities are sustainable for the foreseeable future. The Statement of Financial Position at 31 March 2015 shows net assets of £126,612k. Advances for 2015/2016, 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 2015/2016 budget in a letter dated 20 January 2015.

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.

Financial Performance

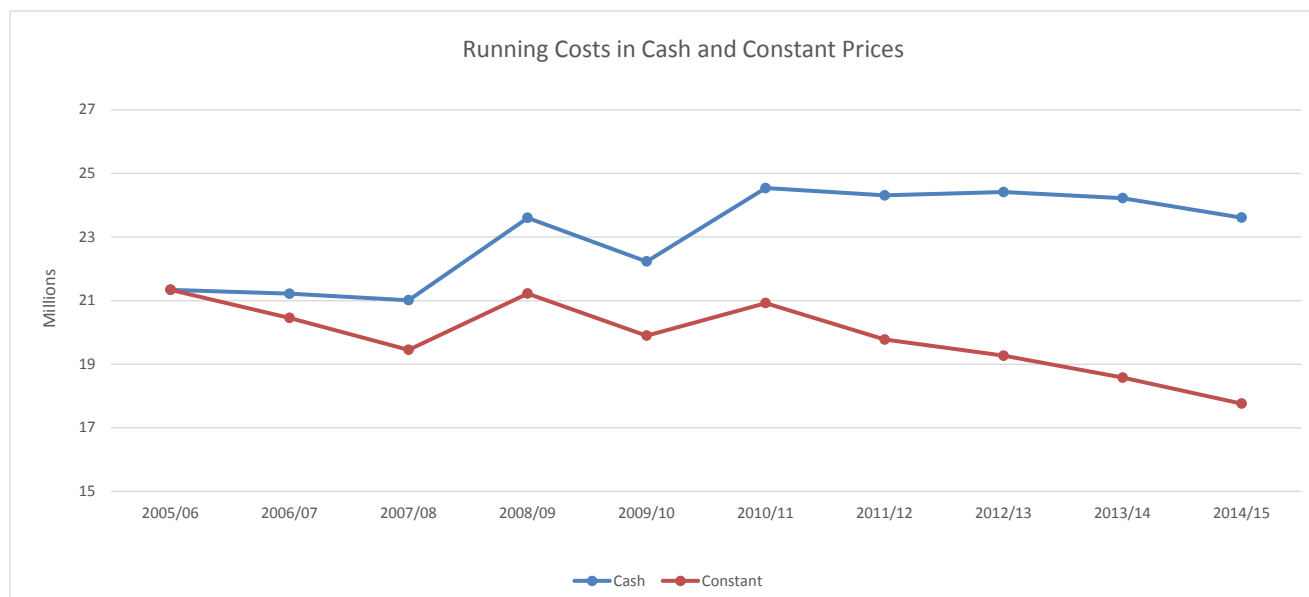
For 2014/2015 Trinity House's performance against the cash limits set by DfT can be summarised as follows:

	Actual Expenditure	Cash Limits	Variance
	£000's	£000's	£000's
Running costs	23,608	24,617	(1,009)
Expenditure on behalf of all GLAs	3,200	2,833	367
Other cost i.e. pensions and ship lease	3,945	4,783	(838)
Capital expenditure	3,196	4,348	(1,152)
Other costs (on behalf of DfT)	243	235	8
Sombrero (on behalf of DfT)	3	26	(23)
Total	34,195	36,842	(2,647)

Operating Costs in Cash and Constant Prices

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 £21,341k in 2005/2006 to £17,699k in 2014/2015 a reduction of 17%.

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Running Costs	21,341	21,219	21,014	23,604	22,232	24,538	24,309	24,415	24,221	23,608
Variance %		-0.6%	-1.0%	12.3%	-5.8%	10.4%	-0.9%	0.4%	-0.8%	-2.5%
Running Costs (Constant Prices)	21,341	20,455	19,454	21,222	19,897	20,923	19,779	19,269	18,580	17,762
Variance %		-4.1%	-4.9%	9.1%	-6.2%	5.2%	-5.5%	-2.6%	-3.6%	-4.4%
Average RPI	193.1	200.3	208.6	214.8	215.8	226.5	237.3	244.7	251.7	256.7



Actuals v Budget Analysis

Overall, there is a budget underspend of £2,647k (7.2%). Running costs are under spent by £1,092k (4.4%) which is mainly attributable to:

- Pay was underspent by 5.3% due to vacancies and posts funded at the top of the competency framework; and
- Non pay was underspent by 3.7% 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.

Main Financial Events

The main financial events during the year were:

- Achieved cost saving targets with running cost expenditure under budget by £1,009k;
- Maintained a clean year end audit examination from NAO;
- Achieved a substantial assurance rating from Government Internal Audit Agency (GIAA) internal audit; and
- The transfer of all Trinity House staff and pensioners into the PCSPS pension scheme with effect from 1 April 2014.

Expenditure on Tangible and Intangible Non-Current Assets

During the year to 31 March 2015 expenditure on non-current assets was:

	2014/2015	2013/2014
	£000's	£000's
Work in progress	1,853	2,503
Land	-	-
Buildings	-	104
Tenders and craft	28	372
Lightvessels	-	185
Buoys and beacons	333	190
Plant and machinery	656	397
Computer equipment	136	301
Intangible Software	190	45
Total	3,196	4,097

The Accounts Direction that came into force on 27 February 2013 provides that the non-current assets shall be valued in line with the FReM. Trinity House obtained independent valuations for the majority of its assets as at 31 March 2013. The carrying values were reviewed at 31 March 2014 and again as at 31 March 2015 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.

Staff

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

	2014/2015	2013/2014
Operations	199	206
Finance and Support Services	44	48
Navigation	9	8
Secretariat	17	17
Total Trinity House	269	279
Inter GLA Research and Radio		
Navigation	12	10
Light dues	6	6
DfT	1	1
Total	288	296

Sickness Absence

Sickness absence during the last two years was:

	2014/2015	2013/2014
Total number of days lost due to sickness	2,257	2,987
Average number of days lost per employee	7.3	9.9

Sickness absence has decreased over the last year due to a deduction in the number of long term serious ill health cases. The appointment of a new occupational health provider is believed to have played a part in this reduction.

Key Performance Indicators (KPIs)

The three GLAs continue to evaluate their performance against the agreed schedule of inter-GLA KPIs 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.

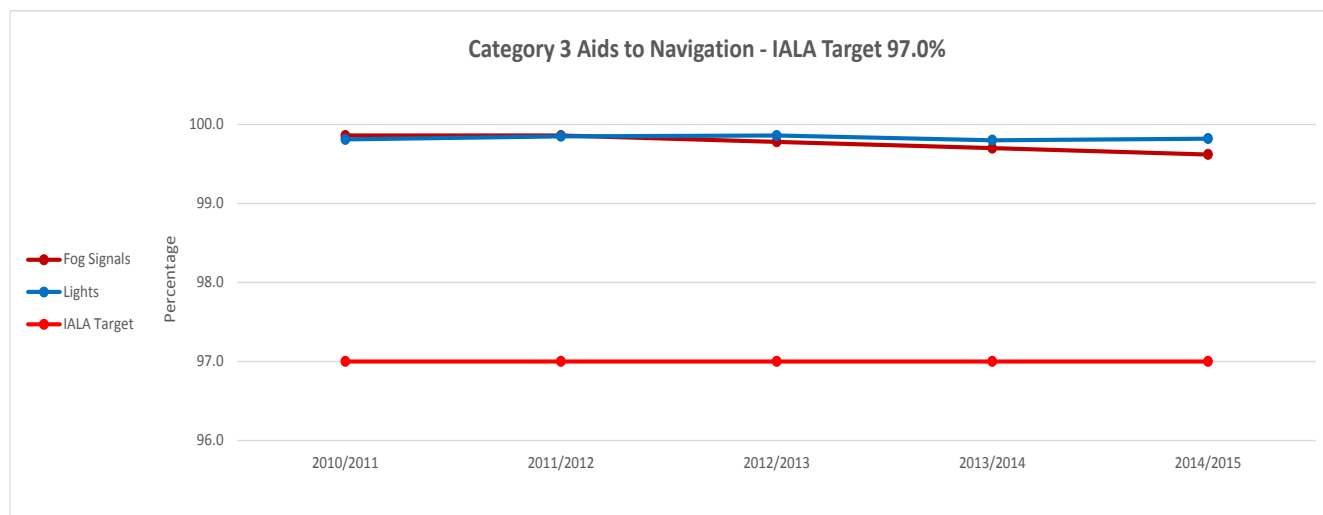
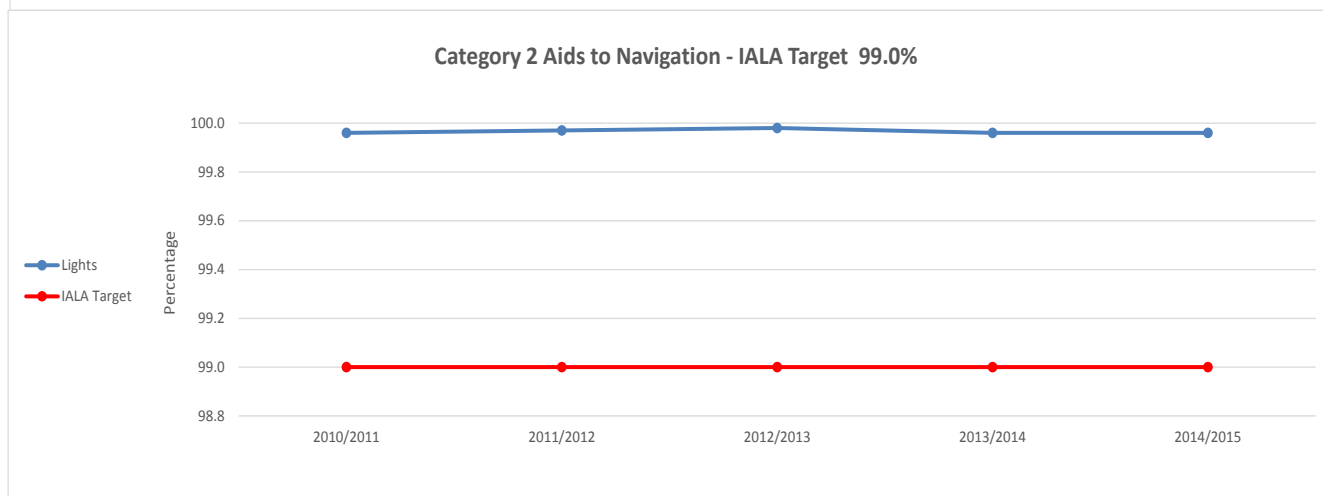
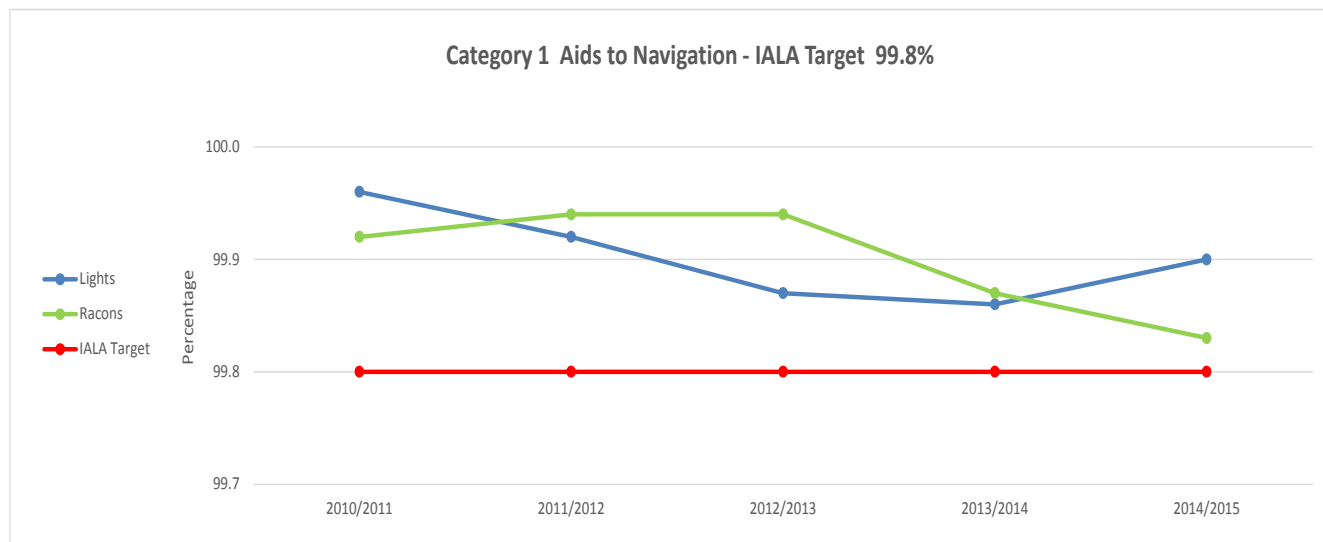
The core business of Trinity House is reflected in its Mission Statement: "To deliver a reliable, efficient and cost effective AtoN service for the benefit and safety of all mariners". The Board measures its performance against this Mission by the use of different indicators, which together show both 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 overleaf reproduced in accordance with those standards, show three year rolling averages under the various categories of aids and against the minimum availability required for each category. It can be seen that in all three categories our service has exceeded those minima in all years covered by the review. We consider this to be a major achievement and indeed a significant contribution towards the ongoing safety of all mariners.

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

AtoN Type	Category	IALA Min	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015
Lights	1	99.80	99.96	99.92	99.87	99.86	99.90
Racons	1	99.80	99.92	99.94	99.94	99.87	99.83
Lights	2	99.00	99.96	99.97	99.98	99.96	99.96
Fog Signals	3	97.00	99.86	99.86	99.78	99.70	99.62
Lights	3	97.00	99.81	99.85	99.86	99.80	99.82



Public Interest

Staff Relations

There were no instances of industrial action during the year.

Finance Leasing Arrangements

There is exposure on the finance leases for the ships to a change in the main rate of corporation tax. During the setting up of the ships finance leases Trinity House evaluated the option of eliminating this exposure, however, it was found that the financial risks were not significant.

Payment of Creditors Policy

Trinity House will at all times seek to adopt best practice in respect to the settlement of creditor payments. All payments will be made in accordance with the Public Contract Regulations 2015 (Chapter 9, Section 113-2a). 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 the organisation's generic standard terms and conditions of trade (available via the Trinity House website), unless alternative bespoke contractual arrangements have been made.

The average credit taken from Trade Payables during the year was eighteen days.

Personal data related incidents

During 2014/2015 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 31.

Membership of the Board

The Trinity House Board and Governance structure is described in the Governance Statement (page 26). In addition representatives from Trinity House Board sit on a Joint Strategic Board (JSB), consisting of representatives from all three General Lighthouse Authorities. The JSB is set up to foster tri-GLA cooperation and coordination, to maximise efficiencies and realise savings.

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 31. No conflicts of interest were identified during 2014/2015 that required management intervention.

Pension Liability

As at 31 March 2014 there was a substantial deficit of £181m on the Trinity House pension scheme. Trinity House, together with the other GLA's and the DfT have sought to address the pension issue on a long term basis and with effect from 1 April 2014, the Trinity House Lighthouse Service Pension Scheme (THLSPS) was transferred into the PCSPS scheme. This transfer was approved by the Secretary of State for Transport, the Cabinet Office and HM Treasury and was funded in full from the GLF using available reserve and a loan from the DfT which will be paid back from the GLF over the next 10 years. All associated pension liabilities have been removed from these accounts as responsibility for pensions is now a matter for the Cabinet Office.

Future pension liabilities will be limited to the employee and employer percentage contributions as determined by Treasury. Further information on pensions can be found within note 21.

Events after the Year End

These are covered in Note 27 to the accounts.

Audit

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

So far as the Executive Chairman acting in the role of the Accounting Officer is aware, there is no relevant audit information of which

Trinity House auditors are unaware. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of the relevant audit information and to establish that the Trinity House auditors are aware of that information.

Ian McNaught

Executive Chairman Captain Ian McNaught



Photo: Needles Lighthouse, Image used with kind permission of Beeston Media

Remuneration Report

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

Officials	Salary (£000's) payments (£000's)		Bonus		Benefits in kind (to nearest £100)		Pension benefits (to nearest £000)[1]		Total (£000's)	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
I McNaught	115-120	115-120	20-25	15-20	1,000	900	51,000	51,000	190-195	185-190
R Barker	85-90	80-85	15-20	10-15	1,100	1,000	34,000	23,000	135-140	120-125
S J Scorer	90-95	90-95	15-20	15-20	2,000	1,600	43,000	27,000	155-160	135-140
J S Wedge	90-95	90-95	15-20	15-20	1,100	1,000	23,000	12,000	135-140	120-125
M J Gladwyn *	-	5-10	-	-	-	400	-	-	-	5-10
E D Johnson	15-20	15-20	-	-	500	600	-	-	15-20	15-20
P Matthews	15-20	15-20	-	-	800	500	-	-	15-20	15-20
N Palmer**	20-25	20-25	-	-	800	1,000	-	-	20-25	20-25
D Ring	15-20	5-10	-	-	700	-	-	-	15-20	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 31 August 2013. Full year equivalent salary £15k-£20k.

** N Palmer receives remuneration as a Non Executive Director and an Examiner.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by Trinity House and treated by HM Revenue and Customs as a taxable emolument. Included as benefits in kind above are relocation expenses, 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

	2014/2015	2013/2014
Band of highest paid directors total remuneration (£000's)	140-145	135-140
Median total remuneration	£31,469	£31,479
Ratio	4.5	4.4

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 2014/2015 was £140k-£145k (full time equivalent) (2013/2014 £135k-£140k). This was 4.5 times (2013/2014 4.4) the median remuneration of the workforce, which was £31,469 (2013/2014, £31,479).

In 2014/2015, no (2013/2014, Nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £10,384 to £112,017 (2013/2014 £13,915 to £110,492).

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

Service Contracts

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

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

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

Pension Benefits

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

	Real increase in pension	Real increase in lump sum	Accrued pension	Accrued lump sum	Cash equivalent transfer value at 31 March 2014	Cash equivalent transfer value at 31 March 2015	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	-	10-15	-	115	169	36	-
J S Wedge	0-2.5	2.5-5	30-35	100-105	635	690	20	-
S J Scorer	2.5-5	-	15-20	-	244	293	42	-
R Barker	0-2.5	-	15-20	-	256	307	31	-

Cash Equivalent Transfer Values

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

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

Real increase in CETV

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

Note 21 contains further information on pensions for all staff.



Photo: Harwich Buoy Yard

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.

The Trinity House Head of Internal Audit in his Annual Report for 2014/15 was of the opinion that 'there are no significant weaknesses that fall within the scope of issues that should be reported in the Governance Statement. The audit work performed during the year consistently resulted in substantial opinions with no high priority findings. Whilst there are areas where minor improvements can be made, the controls are designed and operating effectively to manage the risks facing Trinity House.'

Furthermore, a Triennial Review of Trinity House was completed in June 2014. It concluded that the organisation should continue in its current form and that on governance it followed best practice guidance, having regard to its size and statutory role.

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. There is a balance of Executive and Non-Executive Directors on the Board, a Non-Executive Deputy Chairman and a Board Committee structure with only one of its six Committees chaired by the Executive Chairman. There is also a Framework Document with the Department for Transport (see below). Together they ensure an appropriate balance of power is maintained.

Trinity House Lighthouse Board and its Committees Lighthouse Board

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 seven occasions during 2014/2015, together with a further meeting to consider future strategy. 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 Corporate Plan for 2015-2020 and Annual Report and Accounts for 2013/2014;
- Review and approval of nine organisational Policies;
- Monitoring of Performance (KPIs);
- Review of the organisation's risk appetite and the nature and extent of the corporate and organisational risks faced by the organisation in the implementation of its Strategy;
- Considering items to be discussed at the Joint Strategic Board; advising accordingly; and receiving feedback on meetings of the Chief Executives' Committee and Joint Strategic Board;
- Approval and monitoring of the Action Plan in respect of the small number of recommendations arising from the Triennial Review;
- Receipt of regular reports from Executive Directors on inter alia Aids to Navigation requirements and performance; operational matters; health and safety; expenditure against budget; income from light dues against previous trends and other business performance matters;
- Endorsing the move to Certification against OHSAS 18001 Occupational Health and Safety Management Systems Requirements.

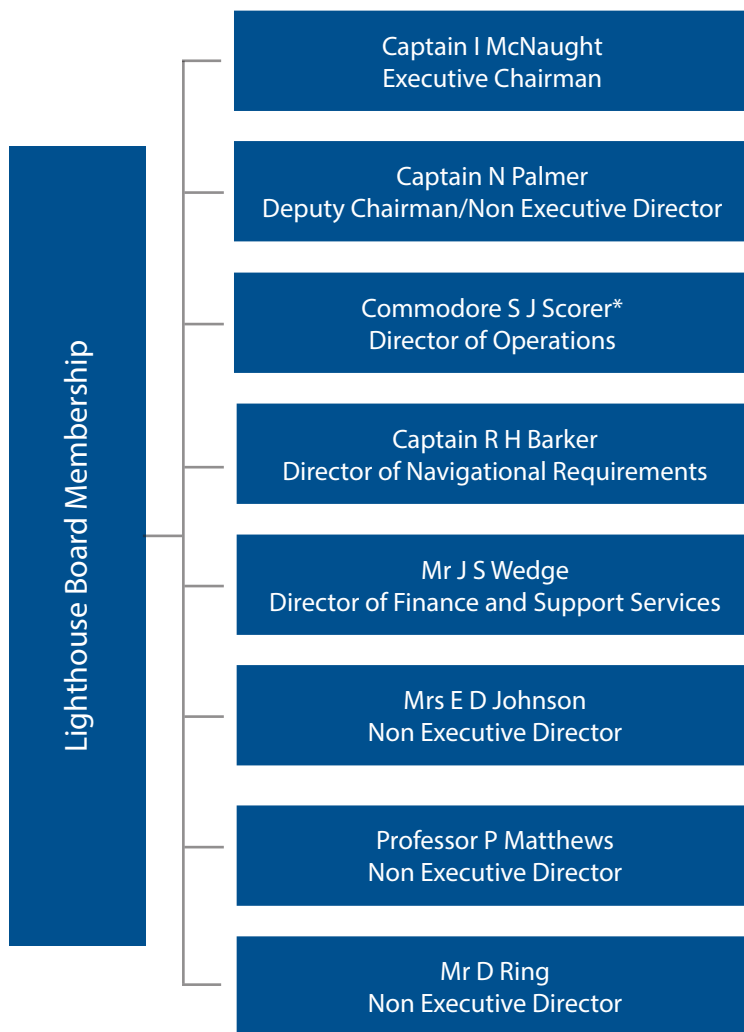
These activities were in line with the matters reserved to the Board in its Terms of Reference.

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 completes each year a self-assessment of performance and implements recommendations to improve its effectiveness.

The Lighthouse Board comprises a balance of:

- Four Voting Executive Members (three Elder Brethren and the Director of Finance & Support Services)
- Four Voting Non Executive Members (one Elder Brother and three nominated by the Secretary of State for the Department for Transport).



*Commodore S J Scorer retired on 28 February 2015

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	Strategic direction and operational management of the organisation.	<ul style="list-style-type: none"> • Agreement to the approach to the Fleet Review; • Promoting inter-GLA co-operation such as the new helicopter contract; • Overview and scrutiny of the Corporate Plan 2015-20; • Monitoring progress against the Operational Action Plan arising from the 2014-19 Strategy; • Review of TH policies; • Approval of various new and revised policies, project briefs and mandates; • Ongoing scrutiny of key finance and operational matters and risk registers to contribute to effective internal control.

<p>Audit & Risk Assurance</p> <p>Chair: Mrs E D Johnson</p>	<p>Review of organisational controls, risk, governance, finances and systems.</p>	<ul style="list-style-type: none"> • Scrutiny of the Annual Report & Accounts; • Review of Risk Registers; • Implementation of a fully integrated internal audit plan incorporating both Trinity House resourced internal audits and Government Internal Audit Agency resourced internal audits; • Review of progress against the internal audit plan; • Review of internal audit reports and findings including the Head of Internal Audit's annual report and opinion; • Review of the Register of Members' Interests and Hospitality Register; • Consideration of other risk management issues e.g. any cases of fraud or bribery.
<p>Directors' Remuneration</p> <p>Chair: Professor P Matthews</p>	<p>Assessment of Executive Directors' performance, remuneration, bonuses and corporate performance.</p>	<ul style="list-style-type: none"> • Assessment of executive director and corporate performance.
<p>Executive Remuneration</p> <p>Chair: Mr J S Wedge</p>	<p>Assessment of staff remuneration, manpower requirements and organisational structure.</p>	<ul style="list-style-type: none"> • Consideration of the pay remit; • Review of Senior Management Team performance and structure; • Review of manpower planning; and • Support Vessel Service retention plan.
<p>Examiners</p> <p>Chair: Captain R H Barker</p>	<p>All requirements for the service's provision of Aids to Navigation.</p>	<ul style="list-style-type: none"> • Consideration of the general requirements for risk mitigation measures for offshore wind farms; • Assessment and delivery of the 2015 Aids to Navigation review; • Assessment and provision of two additional Aids to Navigation at the Varne Bank; • Assessment for risk to safety of Navigation of 14 new wrecks; • User consultation on the Aids to Navigation requirements at Liverpool Bar; • Consideration for the on-going requirement for Fog signals / hazard warning; • Post London Array Offshore Wind Farm construction – re-established Aids to Navigation through Foulger's Gat.
<p>Nominations</p> <p>Chair: Professor P Matthews</p>	<p>Proposing Executive appointments to the Lighthouse Board.</p>	<ul style="list-style-type: none"> • Consideration of the requirements for the post of Director of Operations.

Attendance at Board and Committee meetings during 2014/2015 was as follows:

Members Non – Executive (NE)	LHB	Executive Committee	Audit & Risk Assurance Committee	Directors' Remuneration Committee	Executive Remuneration Committee	Examiners	Nominations Committee
Captain I McNaught (i)	7(of 7)	11(of 11)	4(of 4)	*	4(of 4)	5(of 7)	1(of 1)
Captain N Palmer (NE)	6(of 7)	*	*	1(of 1)	*	7(of 7)	1(of 1)
Commodore S J Scorer(ii)	6(of 6)	10(of 10)	*	*	4(of 4)	5(of 6)	*
Captain R H Barker	7(of 7)	11(of 11)	*	*	4(of 4)	7(of 7)	*
Mr J S Wedge (i)	7(of 7)	9(of 11)	4(of 4)	*	4(of 4)	*	*
Mrs E D Johnson (NE)	7(of 7)	*	4(of 4)	*	*	*	*
Professor P Matthews (NE)	6(of 7)	*	4(of 4)	1(of 1)	*	*	1(of 1)
Mr D Ring (NE)	7(of 7)	*	3(of 4)	1(of 1)	*	*	1(of 1)

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

*Not members of the Committee

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

ii Retired at end of February 2015

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.

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 2015 and up to the date of the approval of the Annual Report and Accounts.

Risk Categories

During 2014/2015 the Board's Corporate and Organisational Risk Schedules have been regularly updated. The Trinity House Organisational Risk Schedule 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 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 2014/2015 the Board, using the Treasury's five point classification scale of risk appetite, reviewed and approved the organisation's risk appetite. Having regard to the 2014-2019 Strategy, the view was that the risk appetite should remain averse or minimalist in terms of regulatory compliance and reputation and no more than cautious in terms of financial / value for money matters with a move to a more open approach as regards operational and policy delivery in respect inter alia of commercial and other new areas of work.

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

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

- A documented Risk Management Policy;
- Internal audit planning workshops 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;
- Training for internal auditors on risk management including risk appetite.

Trinity House leads the General Lighthouse Authorities' Triennial Risk Management Review, the last review was completed in December 2012; the next review will take place in the summer of 2015. 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 in December 2012 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 quarterly intervals during 2014/2015, although amendments are made in the intervening time in the light of changes in the risk profile.

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.

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.

A survey of external stakeholders including Port and Harbour Authorities, mariners, Commercial Customers and Central Government and Parliament was conducted during 2014/2015. This survey determined that Trinity House lives up to the expectations of its external stakeholders with performance across a range of measures in particular quality, reliability and efficiency and Trinity House heritage.

Staff Engagement focus group discussions were carried out with staff representatives, Senior Managers and the Executive Board of Directors during 2014/2015. There was a lot of encouraging and positive feedback. Opportunities for improvement included increased involvement of staff in future planning and decision making and improved collaboration.

Changes to Risk Profile

The key changes to the risk profile of Trinity House during the year ended 31 March 2015 were the risks and uncertainties introduced as a result of:

- Support Vessel Service recruitment and retention difficulties;
- Service delivery issues with MyCSP following the transfer of Trinity House pensions into the Principal Civil Service Pension Scheme;
- The devolution issues arising from the Scottish Independence Referendum;
- Civil Aviation Authority Requirements arising from Cap 1145 in respect of Trinity House offshore helicopter operations;
- Global Navigation Satellite System (GNSS) vulnerability and the potential loss of international support for the development of e-Loran.
- The Fleet Review

Key Strategic Risk Issues

In 2014/2015 the key strategic risk issues of concern represented on the Corporate Risk Schedule included:

- Support Vessel Service Recruitment and Retention;
- Implications for Trinity House of Commissioners of Irish Lights Strategy '2015 & Beyond reflecting move to Irish self-funding';
- Result of the Scottish Independence Referendum and associated devolution issues and implications for Trinity House;
- Service delivery issues with MyCSP following the transfer of Trinity House pensions into the Principal Civil Service Pension Scheme;
- The reclassification by ONS of light dues as a tax.
- The designation of Trinity House as a Central Government Body and designation to Department for Transport means it may make it more difficult to make financial reporting returns;
- Global Navigation Satellite System (GNSS) vulnerability;
- Civil Aviation Authority Requirements arising from Cap 1145 in respect of Trinity House offshore helicopter operations;
- Risk of adverse cost reduction formula being imposed on General Lighthouse Authorities (RPI-X) following expiry of the current agreed formula at the end of March 2016;
- Adverse outcome of the Fleet Review.

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 2014/2015 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 2014. For good practice, the Audit and Risk Assurance Committee review the Registers on an annual basis.

There exists a Fraud and Bribery Risk Register.

Information Risk

During 2014/2015 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 2014/2015 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 fraud and information risk awareness training as provided by the Civil Service Learning. This learning is undertaken by way of an on-line course which covers fraud and 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 2014/2015 only one data-related incident was reported to the SIRO. This related to the loss in transit of an encrypted hard drive which only contained non-sensitive data.

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, third party 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 met seven times this 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 quarterly 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 Government Internal Audit Agency team (previously Department for Transport Audit and Risk Assurance) 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 quarterly 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 2014/2015 Trinity House received no ministerial directions.

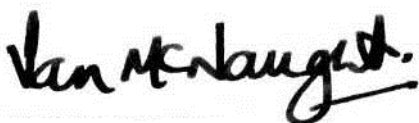
Head of Internal Audit Opinion

On the basis of the evidence obtained during 2014/15, 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 control processes

There are no significant weaknesses that in my opinion fall within the scope of issues that should be reported in the Governance Statement. The audit work performed during the year consistently resulted in substantial opinions with no high priority findings. Whilst there are areas where minor improvements can be made, the controls are designed and operating effectively to manage the risks facing Trinity House.

Executive Chairman Opinion

There have been no significant internal control or governance problems in the year ended 31 March 2015. Therefore I can report that corporate governance and risk management within Trinity House remains robust and effective and complies with the best practice principles set out in HM Treasury's July 2011 Code of Good Practice for Corporate Governance in Central Government Departments as far as is appropriate.



Captain Ian McNaught
Executive Chairman

Statement of Comprehensive Net Income for the year ended 31 March 2015


	Note	2014/2015 £000's	2013/2014 £000's
Income:			
Advances from the GLF		31,400	38,600
Other income	3a	2,625	2,520
Income on behalf of all GLAs	3b	250	182
Grant income		180	200
		34,455	41,502
Expenditure:			
Staff costs	4	13,323	11,296
Depreciation	8	6,646	5,942
Amortisation	9	271	284
(Reversal of loss on revaluation)/ loss on revaluation		144	(19)
Pension current cost	21	13	2,663
Pension past service cost	21	-	166
Other expenditure	5	13,851	12,925
		34,248	33,257
Exceptional items:			
Income from transfer of pension liabilities	21	153,301	-
Gain on settlement of pension liabilities	21	27,855	-
Net income		181,363	8,245
Interest payable/receivable	6	400	7,232
Revaluation of investment properties	10	-	-
Net income after interest		180,963	1,013
Net expenditure on behalf of DfT			
Sombrero	5b	3	3
Other costs	5b	243	273
Total		246	276
Net expenditure on behalf of all GLAs			
Staff costs	5c	1,077	863
Other costs	5c	2,123	2,066
Total		3,200	2,929
Surplus/(deficit) for the year		177,517	(2,192)
Other comprehensive income			
Net gain on revaluation of property, plant and equipment		8,486	487
Actuarial restatements		-	(10,955)
Total other comprehensive income		186,003	(12,660)

Statement of Financial Position as at 31 March 2015

	Note	2014/2015 £000's	2013/2014 £000's
Non-current asset			
Property, plant & equipment	8	136,560	133,319
Intangible assets	9	446	527
Investment assets	10	-	-
Trade and other receivables	13	-	-
Total non-current assets		137,006	133,846
Current assets			
Assets classified as held for sale	11	27	27
Inventories	12	2,628	2,729
Trade and other receivables	13	1,394	1,493
Other current assets		-	-
Financial assets		-	-
Cash and cash equivalents	14	1,349	566
Total current assets		5,398	4,815
Total assets		142,404	138,661
Current liabilities			
Trade and other payables	16	5,464	5,160
Other liabilities		-	-
Provisions: current element	17	149	44
Total Current Liabilities		5,613	5,204
Non current assets plus/less net current assets/liabilities		136,791	133,457
Non-current liabilities			
Provisions	17	-	464
Pension liabilities	21	-	180,743
Other payables	16	10,179	11,641
Financial liabilities		-	-
Total non-current liabilities		10,179	192,848
Assets less liabilities		126,612	(59,391)
Reserves			
General reserve		28,904	(152,339)
Revaluation reserve		97,708	92,948
Total		126,612	(59,391)

The financial statements on pages 33 to 62 and related notes were approved by the Lighthouse Board on 15 July 2015 and signed on its behalf by:

Captain Ian McNaught



Executive Chairman

J S Wedge



Director of Finance and Support Services

Statement of Cashflows

for the year ended 31 March 2015

	Note	2014/2015 £000's	2013/2014 £000's
Cashflows from operating activities			
Net surplus/(deficit) after interest		177,517	(2,192)
Pension benefits outflow	21	-	(7,058)
Pension scheme operating cost	21	-	2,820
Pension transfer funding	21	(181,156)	-
Depreciation	8	6,646	5,942
Amortisation	9	271	284
Impairments	7	1,835	280
Loss on revaluation of land and buildings	8	(257)	(19)
Loss/(profit) on disposal property, plant and equipment	5a	5	7
(Increase)/decrease in trade and other receivables	13	99	324
(Increase)/decrease in Inventories	12	101	(278)
(Decrease)/increase in trade payables	16	258	(1,018)
Use of provisions	17	54	(378)
Net cash outflow from operating activities		5,373	(1,286)
Cash flow from investing activities			
Purchase of property, plant and equipment	8	(3,006)	(3,970)
Purchase of intangible assets	9	(190)	(45)
Proceeds of disposal of property plant and equipment		22	41
Proceeds of disposal of investment assets		-	285
Net cash outflow from investing activities		(3,174)	(3,689)
Cash flows from financing activities			
Pension financing cost	21	-	6,768
Capital element of payments in respect of finance leases		(1,416)	(1,432)
Net cash flow from financing activities		(1,416)	5,336
Net cash flow all activities		783	361
Net increase in cash and cash equivalents in the period		783	361
Cash and cash equivalents at the beginning of the period		566	205
Cash and cash equivalents at the end of the period		1,349	566

Statement of Changes in Equity for the year ended 31 March 2015

	General Reserve £000's	Revaluation Reserve £000's	Total Reserves £000's
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)
Total recognised income and expense for 2013/2014	(9,450)	(3,210)	(12,660)
Balance at 31 March 2014	(152,339)	92,948	(59,391)

Changes in equity for 2014/2015

Net gain/(loss) on revaluation of property, plant and equipment	-	8,486	8,486
Release of reserves to statement of comprehensive net income (pensions)		-	-
Release of reserves to statement of comprehensive net income (other)	3,726	(3,726)	-
Retained surplus	177,517	-	177,517
Retrospective change due to accounting policy	-		-
Total recognised income and expense for 2014/2015	181,243	4,761	186,004
Balance at 31 March 2015	28,904	97,708	126,612

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.

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 ended 31 March 2015

1 Statement of Accounting Policies

a) Accounting convention

These accounts have been prepared in accordance with the 2014/2015 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 2015 discloses net assets of £126,612,000.

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

c) Pension benefits

As discussed elsewhere in this document, the pension liabilities of Trinity House have been transferred to the Principal Civil Service Pension Scheme.

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 capitalised 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 2015 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 2014/2015 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.

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 2015, 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) New Standards and Interpretations Adopted Early

The GLF has chosen not to adopt early any new standards or interpretations.

q) New Standards and Interpretations not yet adopted

The standards listed below are not yet effective for the year ended 31 March 2015 and have not been applied in preparing these financial statements but will be adopted in subsequent periods:

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

IFRS 13 provides guidance on establishing fair values of assets and liabilities and sets out disclosure requirements, where other standards require the fair value to be used or disclosed. HM Treasury have issued an exposure draft, to take effect from 1 April 2015. The exposure draft identifies types of asset which are rarely traded, such as specialised assets that are retained for the delivery of public services, and suggests valuation methods that may be appropriate for assets of this nature, including depreciated replacement cost. The GLF has material asset categories currently valued using depreciated replacement cost however it is not thought that IFRS 13 will have a material effect on these.

IFRS 15, Revenue from Contracts with Customers, is expected to come into effect from 1 January 2017, though it has not yet received EU endorsement. It requires the recognition of revenue as the performance obligations under the contracts are satisfied. Its implementation is expected to have no material impact.

The International Accounting Standards Board (IASB) has issued an exposure draft of a replacement to the existing leasing standard, which is expected to eliminate off-balance sheet leasing arrangements, and require recognition of a single right-of-use asset, measured at the present value of lease payments, with a matching liability. The pattern for recognition of the expenditure will depend on the type of leases: for most leases of property, the lessee will recognise expenditure on a straight-line basis; for most leases of other types of asset, the lessee's expenditure will reduce over the term of the lease. The GLF has a number of small operating leases (see note 22) which may become on-balance sheet. The implementation date for this change has not been set by the IASB.

Other changes due to come into effect after 2014–2015 are considered to have no impact.

r) Income

In accordance with the Merchant Shipping Act Trinity House are permitted to sell surplus capacity. Income from these activities is recognised 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.

s) Estimates

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

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

	2014/2015	2013/2014
	£000's	£000's
Buoy rental	748	671
Property rental	232	238
Tender hire	1,061	1,075
Sundry receipts	584	536
Total	2,625	2,520

3b Income on behalf of all GLAs

	2014/2015	2013/2014
	£000's	£000's
Contributions towards Radio Navigation projects	250	182
Total	250	182

4 Staff numbers and related costs

Staff costs comprise:

	2014/2015	2014/2015	2014/2015	2013/2014
	Total	Permanently employed staff	Others	Total
	£000's	£000's	£000's	£000's
Wages and salaries	11,475	11,352	123	11,235
Social security costs	961	961	-	955
Other pension costs	12,436	12,313	123	12,190
Redundancy costs	2,044	2,044	-	-
Sub total	59	59	-	45
Total net costs	14,539	14,416	123	12,235

Included in the above are:

Research and Development salaries	825	825	-	656
light dues salaries	252	252	-	206
Staff costs capitalised in fixed assets	139	139	-	77
Staff costs shown under expenditure of Trinity House	13,323	13,200	123	11,296

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

	2014/2015	2014/2015	2014/2015	2013/2014
	Total	Permanent Staff	Others	Total
Directly employed	298.7	298.7	0.0	293.6
Other	5.4	0.0	5.4	6.8
Staff engaged on capital projects	5.0	5.0	0.0	2.7
Total	309.1	303.7	5.4	303.1

Exit package cost band	Number of Compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2014/2015	2013/2014	2014/2015	2013/2014	2014/2015	2013/2014
< £10,000	-	-	-	-	-	-
£10,000 - £25,000	-	-	-	1	-	1
£25,000 - £50,000	-	-	-	2	-	2
£50,000 - £100,000	-	-	-	3	-	3
£100,000- £150,000	-	-	-	-	-	-
£150,000 - £200,000	-	-	-	-	-	-
£200,000 - £350,000	-	-	-	-	-	-
Total number of exit Packages	-	-	-	6	-	6
Total resource cost (£'s)	-	-	-	347,208	-	347,208

5a Other expenditure

	Note	2014/2015 £000's	2013/2014 £000's
Running costs		11,104	11,389
Rentals under operating leases		1,307	1,231
Interest charges	6	400	7,232
PFI service charges		-	-
Research and Development expenditure		-	-
Non-cash items		-	-
Depreciation	8	6,646	5,942
Amortisation	9	271	284
Impairments	7	1,449	280
Loss/(profit) on revaluation of assets		144	(19)
(Loss)/profit on disposal of asset		-	-
(Profit)/loss on disposal of property, plant and equipment		(9)	25
Provisions provided for in year	15	-	-
Unwinding of discount on provisions	15	-	-
Total		21,312	26,364

5b Net expenditure on behalf of DfT

	2014/2015 £000's	2013/2014 £000's
Use of DfT resources:		
Staff and accomodation	72	84
Audit*	74	154
Professional services	97	35
Sombrero	3	3
Total	246	276

*£18k of 2013/2014 relates to a late invoice for 2012/2013 audit work

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

5c Net expenditure on behalf of all General Lighthouse Authorities

	2014/2015	2013/2014
	£000's	£000's
VAT refund re: GLF investment	-	(41)
Light dues collection costs	721	727
Imperial Lighthouse Service pensions	34	55
Research and Development	1,446	1,251
Special sanction R&D including eLoran	999	937
Wreck removal	-	-
Total	3,200	2,929

Salary Costs included in the above:

Research and Development	825	657
Light dues	252	206
Total	1,077	863

6 Interest payable/receivable

	2014/2015	2013/2014
	£000's	£000's
Loan interest receivable	-	-
Deposit interest receivable	(2)	(2)
Pension interest payable	-	6,768
Interest payable on lease of THV Alert	63	72
Interest payable on lease of THV Galatea	339	394
Total	400	7,232

7 Impairments

During the year a project to partially demolish and re-engineer the Nab Tower has been completed. 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. Also Bardsey Lighthouse modernisation has been completed and is now powered entirely by renewable energy. This major light in the North of St George's Channel has a design life of at least 20 years and will deliver a significant reduction in running costs over this time.

In addition the THV Alert was equipped with an Electronic Chart Display and Information System (ECDIS).

However as of the 31 March 2015 the costs of these projects have exceeded the Depreciated Replacement Cost valuation by £1,210,803, (Nab Tower) and £23,136 (ECDIS) and in line with the requirements of the FReM these have been treated as impairments and transferred to the Statement of Comprehensive Net Income.

The Bardsey modernisation project was impaired by £600,626k however due to previous revaluation gains, the impairment charge to the Statement of Comprehensive Net Income was £215,623k.

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 2014	5,915	69,127	9,830	26,214	5,398	1,163	13,532	2,768	133,947
Additions	-	-	-	28	333	136	656	1,853	3,006
Donations	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(4)	(11)	(188)	-	(203)
Impairments	-	(1,621)	-	(23)	-	-	(207)	-	(1,851)
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations	360	4,025	(242)	(1,559)	(491)	(153)	352	-	2,292
Transfers	-	2,911	222	-	55	-	462	(3,650)	-
At 31 March 2015	6,275	74,442	9,810	24,660	5,291	1,135	14,607	971	137,191
Depreciation									
At 1 April 2014	-	-	-	-	-	317	311	-	628
Charged in year	-	1,686	687	2,045	632	239	1,357	-	6,646
Disposals	-	-	-	-	(1)	(11)	(164)	-	(176)
Impairments	-	(6)	-	-	-	-	(10)	-	(16)
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations	-	(1,680)	(687)	(2,045)	(631)	(153)	(1,255)	-	(6,451)
Transfers	-	-	-	-	-	-	-	-	-
At 31 March 2015	-	-	-	-	-	392	239	-	631
Net book value at 31 March									
2014	5,915	69,127	9,830	26,214	5,398	846	13,221	2,768	133,319
2015	6,275	74,442	9,810	24,660	5,291	743	14,368	971	136,560
Asset financing:									
Owned	6,275	74,442	9,810	910	5,291	743	14,368	971	112,810
Finance leased	-	-	-	23,750	-	-	-	-	23,750
On-balance sheet PFI contracts	-	-	-	-	-	-	-	-	-
Net book value at 31 March 2015	6,275	74,442	9,810	24,660	5,291	743	14,368	971	136,560

8 Property, plant and equipment- prior year

	Land	Buildings	L'vessels	Tenders & Craft	Buoys & Beacons	Information Technology	Plant & Machinery	Payments on Account & Assets under Construction	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation									
At 1 April 2013	5,640	74,133	9,848	25,626	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)
At 31 March 2014	5,915	69,127	9,830	26,214	5,398	1,163	13,532	2,768	133,947
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	-	-	-	-	-	-	-	-	-
At 31 March 2014	0	0	0	0	0	317	311	0	628
Net book value at 31 March 2013	5,640	74,133	9,848	25,625	5,908	749	10,745	2,442	135,090
Net book value at 31 March 2014	5,915	69,127	9,830	26,214	5,398	846	13,221	2,768	133,319
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	-	-	-	-	-	-	-	-	-
Net book value at 31 March 2014	5,915	69,127	9,830	26,214	5,398	846	13,221	2,768	133,319

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 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 2015, 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

There were no significant disposals of assets during the year, all 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 2014	2,047	150	2,197
Additions	190	-	190
Donations	-	-	-
Disposals	-	-	-
Impairments	-	-	-
Reclassifications	-	-	-
Revaluation	-	-	-
Transfers	-	-	-
At 31 March 2015	2,237	150	2,387
Amortisation			
At 1 April 2014	1,611	59	1,670
Charged in year	263	8	271
Disposals	-	-	-
Impairments	-	-	-
Reclassifications	-	-	-
Revaluation	-	-	-
At 31 March 2015	1,874	67	1,941
Net book value at 31 March 2014	436	91	527
Net book value at 31 March 2015	363	83	446

9 Intangible assets-prior year

	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
At 31 March 2014	2,047	150	2,197
Amortisation			
At 1 April 2013	1,335	51	1,386
Charged in year	276	8	284
Disposals	-	-	-
Impairments	-	-	-
Reclassifications	-	-	-
Revaluation	-	-	-
At 31 March 2014	1,611	59	1,670
Net book value at 31 March 2013	609	99	708
Net book value at 31 March 2014	436	91	527

10 Investment assets

	2014/2015 £000's	2013/2014 £000's
Old Harwich Offices		
At 1 April 2014	-	285
Additions	-	-
Disposals	-	(285)
Transfers	-	-
Depreciation	-	-
Revaluations	-	-
As at 31 March 2015	-	-

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 2013/2014 year these properties were sold, giving rise to a loss on disposal of £15,000.

Trinity House currently does not own any properties that are classified as Investment Assets.

11 Assets classified as held for sale

	2014/2015	2013/2014
	£000's	£000's
As at April 2014	27	27
Additions	-	-
Disposals	-	-
Transfers	-	-
Depreciation	-	-
Transfers (Depreciation)	-	-
Impairments	-	-
As at 31 March 2015	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 2015/2016 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 2013/2014, however during the year the Board reclassified this Lighthouse as operational and as such is now reflected under Note 8 Property Plant and Equipment.

12 Inventories

	2014/2015	2013/2014
	£000's	£000's
Consumable stores	2,514	2,459
Fuel Oil	114	270
Total	2,628	2,729

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

13 Trade receivables and other current assets

	2014/2015 £000's	2013/2014 £000's
Amounts falling due within one year:		
Trade receivables	318	308
Other receivables	278	291
Inter GLA debtors	21	130
Prepayments and accrued income	490	513
VAT recoverable	287	251
Total	1,394	1,493

	2014/2015 £000's	2013/2014 £000's
Amounts included above that fall within the Whole of Government Accounting boundary are:		
Central Government	313	381
Local Authorities	-	18
NHS Trusts	-	-
Public Corporations	-	-
Bodies external to Government	1,081	1,094
Total	1,394	1,493

14 Cash and cash equivalents

	2014/2015 £000's	2013/2014 £000's
Balance at 1 April	566	205
Net change in cash and cash equivalent balances	783	361
Balance at 31 March 2014	1,349	566
The following balances at 31 March were held at:		
Commercial banks and cash in hand	1,349	566
Short term investments	-	-
Balance at 31 March 2015	1,349	566

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 2015

	Book Value	Fair Value
	£000's	£000's
Financial Assets		
Cash at bank and in Hand	1,349	1,349
Financial Liabilities		
Finance Lease Obligations (MFT Galatea/RIV Alert)	11,642	11,642

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

	2014/2015 £000's	2013/2014 £000's
Amounts falling due within one year:		
Other taxation and social security	293	396
Trade payables	1,111	1,020
Other payables	309	91
Inter GLA payables	-	-
Accruals and deferred income	2,289	2,237
Current part of finance leases	1,462	1,416
Total	5,464	5,160

Amounts included above that fall within the Whole of Government Accounting boundary are:	2014/2015 £000's	2013/2014 £000's
Central Government	515	389
Local Authorities	-	-
NHS Trusts	-	-
Public Corporations	-	-
Bodies external to Government	4,949	4,771
Total	5,464	5,160

	2014/2015 £000's	2013/2014 £000's
Amounts falling due after more than one year:		
Other payables, accruals and deferred income	-	-
Finance leases	10,179	11,641
Imputed finance lease element of on-balance sheet PFI contracts	-	-
NLF loans	-	-
Total	10,179	11,641

17 Provisions for liabilities and charges

	Annual Compensation Payments	Redundancies	Orfordness	Total
	£000's	£000's	£000's	£000's
	(i)	(ii)	(iii)	
Balance at 1 April 2014	413	90	5	508
Provided in the year	-	59	-	59
Provisions not required written back	(413)	-	-	(413)
Provisions utilised in the year	-	-	(5)	(5)
Balance at 31 March 2015	-	149	-	149

Analysis of expected timing of discounted flows:

	Annual Compensation Payments	Redundancies	Orfordness	Total
	£000's	£000's	£000's	£000's
In one year or less, or on demand	-	149	-	149
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Balance at 31 March 2015	-	149	-	149

The Board has provided for:

- i. Annual Compensation Payments (ACP) - the actuarially calculated estimate for the future liabilities for ACPs that are compensation payments until Age 60 and receipt of normal pension benefits, responsibility for this has now been taken over by PCSPS
- 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;

18 Capital commitments

	2014/2015 £000's	2013/2014 £000's
Contracted capital commitments at 31 March 2015 not otherwise included in these financial statements:		
Property, plant and equipment	489	761
Intangible assets	209	-

19 Commitments under leases

19.1 Operating leases

	2014/2015 £000's	2013/2014 £000's
Obligations under operating leases comprise:		
Land		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	100	99
Buildings		
Not later than one year	-	16
Later than one year and not later than five years	-	-
Later than five years	1	1
Other:		
Not later than one year	444	216
Later than one year and not later than five years	1,214	653
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.

	2014/2015 £000's	2013/2014 £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	1,830
Later than one year and not later than five years	7,318	7,318
Later than five years	4,018	5,847
Less interest element	(1,525)	(1,938)
Total	11,641	13,057

20 Other financial commitments

Trinity House has entered into no non-cancellable contracts (which are not leases or PFI contracts), during the year (2013/2014 Nil).

21 Pension commitments

All commitments relating to the Trinity House Lighthouse Service pension scheme were transferred to the PCSPS on 1 April 2014. This transfer was approved by the Secretary of State for Transport, the Cabinet Office and HM Treasury. All associated pension liabilities have been removed from these accounts as responsibility for pensions is now a matter for the Cabinet Office.

There was no change in pension benefit and member transfer was made without members' consent. From 1 April 2014 Trinity House became liable for paying an employer's contribution in respect of staff that transferred.

As at 31 March 2014 the Pension Schemes remained within the GLF and were accounted for in accordance with IAS 19 (revised) in the 2013/2014 financial statements. The transfer value applicable on 1 April 2014 was subject to bulk valuation by the Government Actuary Department (GAD). £355m was paid to the Cabinet Office from the General Lighthouse Fund in April 2014 based on an estimated transfer value. The final figure of £353.3m was agreed by the Cabinet Office on 01 June 2015 resulting in a £1.5m refund to the GLF.

The PCSPS uses different actuarial assumptions from IAS 19(r) used in these accounts for 2013/2014. This has resulted in a significant difference between the pension liabilities opening balance and the agreed transfer value. As the transfer value is lower than the carrying value there has been a large gain on settlement disclosed on the Statement of Comprehensive Net Income. Due to the size and one off nature of this transaction it has been shown as an exceptional item in accordance with IAS 1.

Trinity House ACP liabilities were also transferred to the PCSPS on 1 April 2014 for an agreed value of £413k.

PCSPS

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

Employer contributions are payable to the PCSPS at one of four rates in the range 16.7% to 24.3% (2013/2014: 16.7% to 24.3%) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2014/2015 to be paid when the member retires and not the benefits paid during this period to existing pensioners. During 2014/2015 Trinity House paid employer contributions to the PCSPS of £2,044,018.

The following has been provided in accordance with the International Accounting Standard IAS 19R - Employee Benefits

Current Year

	Assets	Liabilities	Net
	£'000	£'000	£'000
Fair Value of plan assets			
Present value of funded liabilities	-	-	-
Present value of unfunded liabilities	-	180,743	(180,743)
Opening Position at 1 April 2014	-	180,743	(180,743)
Service Cost			
Current service cost	-	-	-
Past service costs (including curtailments)	-	-	-
Effect of settlements	-	(27,855)	27,855
Total Service Cost	-	(27,855)	27,855
Net Interest	-	-	-
Net Interest on plan assets	-	-	-
Interest on Defined Benefit Obligation	-	-	-
Impact of Asset ceiling on Net Interest	-	-	-
Total Net Interest	-	-	-
Total Defined Benefit Obligation recognised in SCNE	-	(27,855)	27,855
Cashflows	-	-	-
Plan Participants Contributions	-	-	-
Employer Contributions	-	-	-
Transfers In (excl. Club Transfers)	-	-	-
Transfers Out (excl. Club Transfers)	-	(152,888)	152,888
Club Transfers In	-	-	-
Club Transfers Out	-	-	-
Unfunded Benefits Paid	-	-	-
Expected Closing Position	-	-	-
Remeasurement	-	-	-
Change in Demographic Assumptions	-	-	-
Change in Financial Assumptions	-	-	-
Other Experience	-	-	-
Return in Assets Excluding Amounts Included in Net Interest	-	-	-
Net Interest	-	-	-
Changes in Asset Ceiling	-	-	-
Total Remeasurement recognised in Other Comprehensive Expenditure	-	-	-
Exchange Differences	-	-	-
Effect of Business Combinations and Disposals	-	-	-
Fair Value of Plan Assets	-	-	-
Fair Value of Funded Liabilities	-	-	-
Fair Value of Unfunded Liabilities	-	-	-
Closing Position as at 31 March 2015	-	-	-

Prior Year

	Assets	Liabilities	Net
	£'000	£'000	£'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	MNOPF £000's	PPA £000's	CEP £000's	Total £000's
Statement of Comprehensive Net Expenditure					
Pension cost – current cost	5	-	7	1	13
Pension cost – past service	-	-	-	-	-
Total Pension Costs	5	-	7	1	13

Experience gains and losses

	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Experience Gains and Losses on Scheme Liability amount	2,255	1,693	16,262	2,030
	1.25%	1.01%	10.7%	1.5%
Total remeasurement	-10950	-12980	-15054	6,896
	-6.06%	8.55%	9.9%	5.1%

Merchant Navy Officers Pension Fund

The Board is a Participating Employer of the Merchant Navy Officers Pension Fund (MNOPF) which is a defined benefit scheme providing benefits based on final pensionable salary. The MNOPF 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 MNOPF is currently employed by Trinity House Lighthouse Service and as a result no contributions have been made to the scheme in 2014/15, 2013/14 or 2012/13.

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

2014/15	2013/14
Nil	£30,000

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, results of which will not be known until after these accounts are published.

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;

2014/15	2013/14
£7,250	£5,138

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.

Contributions Equivalent Premium

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.

22 Government Grants

The treatment of Government Grants was changed in 2011/2012 due to changes in guidance in the government Financial Reporting Manual (FRM) 2011/2012 issued by Treasury. The FRM 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 2011/2012 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, 2013/2014 and 2014/2015. 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 1 October 2010. A contract variation effective from 30 September 2010 determines that phase one could run until the expiry date of the contract but that the contract can be terminated earlier or as otherwise agreed between the parties. Should the GLA's choose to terminate the contract a termination cost will be liable of between £693,208 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 4 years at least when it will be inspected again.

In the event of Royal Sovereign being unstable in the future, the Lighthouse may need to be demolished at a cost of between £4m - £6m and the cost of a replacement AtoN which is estimated to be around £0.644m.

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.

Employers Liability

Trinity House has recently received correspondence from our employers' liability insurers in the 1990s regarding a potential industrial deafness claim from a former employee based at Swansea Depot. The individual was employed by Trinity House from 1986 through to 1993/1994. At this stage no letter of claim has been received but Solicitors acting for the individual have requested a copy of the individual's Occupational Health / Personnel Records. Prior to 20 February 1988, Trinity House was self-insured for Employers' Liability risks under a Certificate of Exemption from the then Board of Trade. Therefore, should a claim materialise (and liability / causation be established), there may be a short period between 1986 to 20 February 1988 for which Trinity House is responsible in damages and costs as part of any settlement agreed.

The majority of any potential settlement would be met by Trinity Houses' employers liability insurers and it is anticipated that the self-insured element would not exceed £5K. Any claim will be subject to investigation by Trinity House and it's insurers.

24 Related-party transactions

General Lighthouse Fund

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

The Authorities are regarded to be related parties. During the year there have been various material transactions between the Fund and the Authorities. The Board has received advances of £31,400,000 (2013/2014 £38,600,000) from the General Lighthouse Fund and incurred expenditure of £3,200,000 (2013/2014 £2,929,000) on behalf of all three Authorities.

At the 31 March 2015 the balances outstanding with the GLAs were as follows:

GLA	Balance due to TH		Balance due to GLA	
	2014/2015	2013/2014	2014/2015	2013/2014
	£000's	£000's	£000's	£000's
Commissioners of Irish Lights (CIL)	2	4	-	-
Northern Lighthouse Board (NLB)	19	126	-	-

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 37 lighthouse cottages at 14 locations to be leased to Trinitas for 25 years. Trinitas has refurbished the cottages and has a contract with Rural Retreats to let them as holiday cottages. At present 26 cottages are let under this agreement.

During 2006/2007 Trinity House refurbished a further seven 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 six 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.

E D Johnson, Non-Executive Director, is appointed to the Board of TSL as nominee of the Corporate Board responsible for Trinity House Charities. Commodore S J Scorer, Director, retired on 28 February 2015 as a member of the Board of TSL and was replaced by S Millyard on 24 March 2015, both were 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 2014/2015 Trinity House paid £289,635 to The Corporation of Trinity House in respect of service charges incurred in using office space and facilities at Trinity House, London (£284,494 in 2013/2014).

Conversely, the Corporation of Trinity House reimburses Trinity House for the provision of services during the year. The Corporation paid £63,405 to Trinity House in respect of these services during the year (£64,330 in 2013/2014).

25 Inter-GLA transactions

Ships agreement

During the year the Commissioners of Northern Lighthouses (NLB) provided the services of NLV Pole Star to Trinity House for 9.5 days under the terms of the Inter GLA Ship Agreement dated 17 November 2010. Trinity House provided the services of THV Galatea to NLB for 9.25 day, under the same agreement. In addition Trinity House provided the services of THV Patricia to the Commissioners of Irish Lights (CIL) for 2.5 days, while CIL provided the services of ILV Granuaile for 7 days 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 £106,026 (2013/2014 - £16,124) and notional expenditure of £147,485 (2013/2014 - £6,030).

26 Losses

There were no losses during the year (2013/2014 £14,385) .

27 Post balance sheet events

There has been no post balance sheet events.

28 Net Operating Expenditure (excluding GLF funding)

The expenditure headings disclosed on the SoCNI have been chosen to add clarity to these accounts, however, central government bodies usually report expenditure under the following headings:

	2014/2015 £'000s	2013/2014 £'000s
Administration Costs		
Staff Costs	1,540	1,235
Other Administrative costs	1,814	1,676
Income	-	-
Programme Costs		
Staff Costs	11,783	10,061
Other Programme costs	19,111	20,285
Income	(2,625)	(2,520)
Net Operating cost	31,623	30,737

APPENDIX 1

Five Year Summary

	2015	2014	2013	2012	(Restated) 2011
	£'000	£'000	£'000	£'000	£'000
Income					
Advances from the General Lighthouse Fund	31,400	38,600	36,900	34,900	36,200
Other income	2,625	2,520	2,558	2,386	2,070
Income on behalf of all GLA's	250	182	7	(13)	529
Grant Income	180	200	200	200	140
Total	34,455	41,502	39,665	37,473	38,939
Expenditure					
Staff costs	13,323	11,296	11,925	11,459	12,383
Depreciation	6,646	5,942	3,915	3,968	4,037
Amortisation	271	284	152	112	171
Loss on revaluation	144	(19)	8,210	-	-
Pension cost	13	2,829	2,283	2,221	(10,554)
Other expenditure (including profit/loss on sale of fixed assets)	13,851	12,925	12,543	11,994	12,081
Total	34,248	33,257	39,029	29,754	18,118
Exceptional items:	181,156	-	-	-	-
Net Income	181,363	8,245	636	7,719	20,821
Interest payable/receivable	400	7,232	7,829	8,084	7,373
Revaluation of investment properties	-	-	15	38	18
Net income after revaluation of investments and interest	180,963	1,013	(7,208)	(403)	13,430
Net expenditure on behalf of DfT	246	276	243	262	320
Net expenditure on behalf of all General Lighthouse Authorities	3,200	2,929	2,498	2,215	2,596
Net income after interest	177,517	(2,192)	(9,949)	(2,880)	10,514
Property plant and Equipment	136,560	133,319	135,090	47,031	49,074
Intangible assets	446	527	708	635	430
Investment assets	-	-	285	300	587
Trade and other receivables becoming due after more than one year	-	-	-	-	-
Non current assets plus / less net current assets /liabilities	136,791	133,457	134,090	47,015	48,604
Assets less liabilities	126,612	(59,391)	(46,731)	(119,540)	(101,606)
Purchase of property plant & equipment	3,006	4,052	5,280	2,511	2,868
Average No. of employees	309	303	309	319	326
(Including Part Time)	13	13	13	16	16

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

APPENDIX 2

Further information

	2014/2015	2013/2014
Number of non-current assets:		
Lighthouses***	64	64
Lightvessels	12	12
Lightfloats	2	2
Buoys **	734	712
Beacons	18	18
Tenders	3	3
Ancillary Craft	9	9
Lighthouse abroad*	1	1
Total	843	821
Number of Non-current assets deployed:		
Lighthouses***	66	66
Lightvessels	8	8
Lightfloats	2	2
Buoys **	536	533
Beacons	18	18
Tenders	3	3
Ancillary Craft	9	9
Lighthouses abroad*	1	1
Total	643	640

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

*** The difference between lighthouses owned and lighthouses deployed arises due to both Farne Island and Skokholm being lighthouse stations, however Trinity House no longer own the lighthouse tower.

