



TRINITY HOUSE

Report and Accounts

FOR THE YEAR ENDED 31 MARCH 2019



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Directors of the Lighthouse Board

Captain I McNaught CVO MNM ¹	Executive Chairman
Captain R H Barker MNM FNI ¹	Director of Navigational Requirements
Commodore R W Dorey RFA ¹	Director of Operations
A Damen RA ²	Director of Business Services
Captain N Palmer OBE MNM ¹	Deputy Chairman and Non Executive
Professor P Matthews CBE OBE ^{3 4}	Non Executive
D Ring ³	Non Executive
M Amos ³	Non Executive
V Owen OBE ^{3 5}	Non Executive

Secretary to the Board

T Arculus

¹Member of the Corporation of Trinity House

²Associate Member of the Corporation of Trinity House

³Nominee of the Secretary of State for Transport (DfT) and Associate Member of the Corporation of Trinity House

⁴Retired 19 July 2018

⁵Appointed 14 September 2018

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 0LS

Solicitors

Norton Rose
3 More London Riverside
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SE1 2AQ

Executive Chairman's Review

Once again, I can say with absolute confidence that Trinity House - whether working at sea or onshore - has delivered an Aids to Navigation service that is reliable, efficient and cost-effective and that we have worked as one for the benefit and safety of all mariners in our waters. We exceeded all recognised international Aids to Navigation availability standards, operated well within our sanctioned budgets and delivered all of our key in-year objectives.

The ongoing need for efficiencies - properly balanced against the need for innovation and resilience means that our work as a General Lighthouse Authority demands a high familiarity with development and application of new technology. During the year, we have modernised Start Point and Beachy Head Lighthouses, and made good progress with further developing our in-house designed Type II Buoy superstructure providing a safer and more capable future proof solution. These projects, delivered in a cost effective way using a mix of skilled staff and contractor support, are testament to how well new and proven technologies can be integrated seamlessly into our wider service and estate. The Beachy Head performance enhancements coupled with an enhanced performance buoy, located offshore at an existing location are key enablers to the decommissioning of Royal Sovereign lighthouse, with a target date of 2020-22.

Whilst our Aids to Navigation continue to provide for the appropriate marking to allow all vessels to enter Ports, Harbours, and transit through our waters in safety there is an ongoing need to assess and revise requirements. The exploitation of Renewable Energy resources and in particular the Offshore Windfarms is very significant to the safety of navigation and we are working with other regulators and other marine stakeholders to ensure that all proposals are fully assessed. It is essential that final site boundaries and turbine layouts are considered to ensure that necessary Aids to Navigation to control and mitigate any risk presented are specified in final Development Consent Orders.

It is unfortunate but marine incidents involving all types of craft continue to occur. On 20 March 2018 an 82m, general cargo vessel, the Britannica Hav, collided with a fishing vessel mid channel some 33nm south of Selsey Bill. THV Galatea was immediately tasked to attend



the scene because the upturned hull presented a significant danger to surface navigation. The wreck was eventually towed to Le Havre by the French ETV, Abeille Liberte, and THV Galatea was on site for two days marking drifting pontoons before recovery, as arranged by the owners. We have also attended and surveyed several fishing vessel wrecks during the year; although some could have presented a danger the surveyed depths allowed us to assess that marking was not required. It is essential that Trinity House performs its statutory duty of locating and marking, where required, any new or existing dangers to navigation and I am content that we have reacted as required throughout the year.

During 2018-19 Trinity House launched a Vessel Replacement Project to commission the design and build of a vessel to replace THV Patricia, delivered in 1982 and reaching the end of its operational life. The Shipping Minister announced her support for the project in July 2019, following a comprehensive Fleet Review that concluded that the three General Lighthouse Authorities of the UK and Ireland (Trinity House, Northern Lighthouse Board and Irish Lights) require seven vessels to deliver their critical aids to navigation service.

A contract notice was issued to the shipbuilding industry to open the procurement process during September 2019; following this the Shipping Minister attended and endorsed the Vessel Replacement Project at a project launch event at Trinity House during London International Shipping Week.

The Vessel Replacement Project will ensure that value for money is central to the design and will also be looking for new, tested and robust technologies in the vessel design that will offer higher resilient performance and reduce our environmental impact.

Finally, I am pleased to report that we continue to achieve positive assurances on our risk management, control and governance frameworks.

Ian McNaught
26 September 2019

Captain Ian McNaught
Executive Chairman of the Lighthouse Board

Performance Report

Overview

Aims, Objectives and Regulation

Under the Merchant Shipping Act 1995, as amended, the Corporation of Trinity House is appointed as the General Lighthouse Authority (GLA) for England and Wales, the Channel Islands and waters to the outer limit of the Exclusive Economic Zone, with the responsibility for the superintendence and management of all lighthouses, buoys and beacons within its area, which can be outside territorial waters in certain circumstances. Trinity House has various powers and responsibilities in connection with:

- the provision, maintenance, alteration, inspection and control of lighthouses, buoys and beacons;
- within its area the marking and removal of wrecks where such area does not lie within or near an approach to a harbour or conservancy authority;
- commercial activities;
- Europa Point Lighthouse in Gibraltar;
- residual pension liabilities in respect of former employees of the Imperial Lighthouse Service in the West Indies, Sri Lanka and the Falkland Islands.

Trinity House is a multi-skilled organisation providing a highly technical and specialised professional service. The primary aim of Trinity House per our mission statement is:

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

Our mission and objectives are further explained in the Trinity House Strategy appended on page 13 of this report.

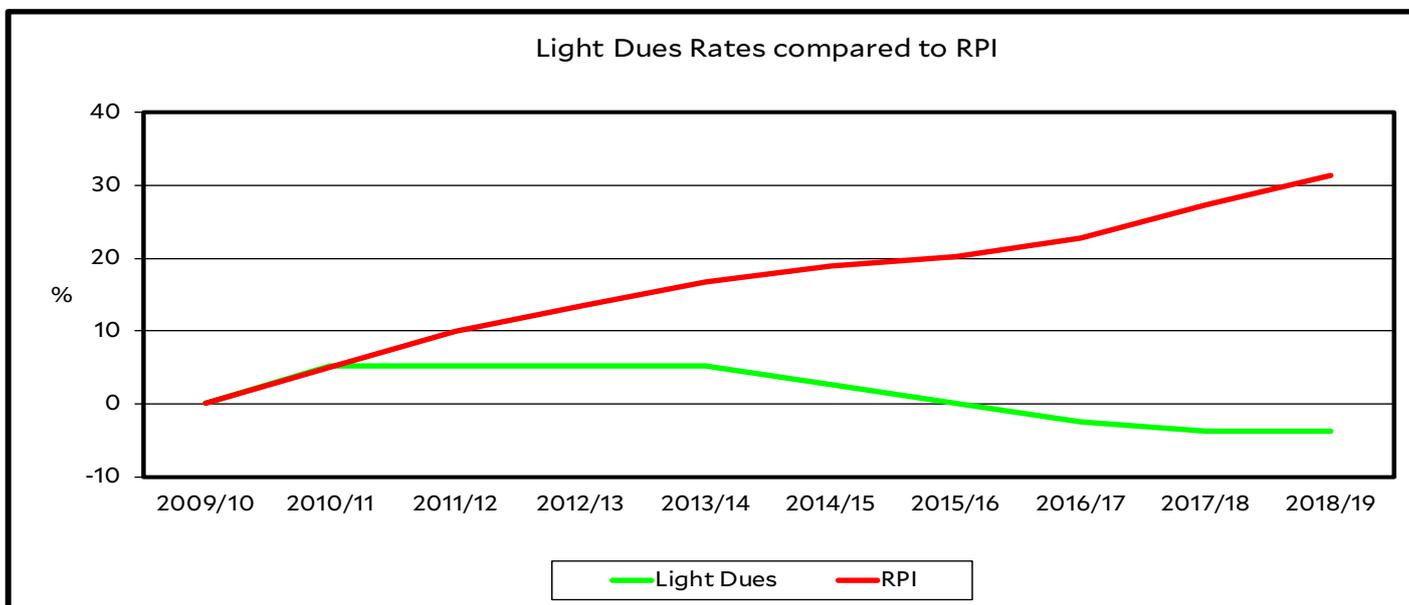
These accounts are prepared by Trinity House in respect of its function as a GLA in accordance with a directive made by the DfT under the powers of the Secretary of State. The accounts are subsequently consolidated to form part of the General Lighthouse Fund (GLF) Accounts.

Performance and Progress

Trinity House is financed by advances made by the DfT from the GLF, whose principal income is from Light Dues levied on ships using ports in the United Kingdom, the Isle of Man and the Republic of Ireland. These advances, based on the annual cash requirements of Trinity House, finance both 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 such disposal proceeds are transferred to the GLF.

Light Dues

Trinity House, the other GLAs and the DfT have worked together to minimise costs and the real terms level of Light Dues. The level of Light Dues per tonne has fallen from its historic peak of 43p in 1993 to 37.5p today and is some 35.1% lower in real terms than they were 10 years ago. The Secretary of State for Transport confirmed on 4 February 2019 that the rate will remain at 37.5p throughout 2019-20.



Going Concern

These accounts have been prepared on a going concern basis, as Trinity House is satisfied that its activities are sustainable for the foreseeable future. The Statement of Financial Position at 31 March 2019 shows net assets of £117,324k. Advances for 2019-20, 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 and DfT has officially sanctioned the 2019-20 budget in a letter received on 17 December 2018.

Performance Analysis

Financial Performance

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 Business Services. There have been no changes to the Accounting Policies since last year.

The financial results for the year, set out in the Statement of Comprehensive Net Income, show a surplus of £906k for 2018-19 (surplus £2,018k 2017-18). Operating income and expenditure for the year was within management expectations and DfT approved sanction, and the underspend on budget, while continuing delivering our statutory role, benefitted the GLF by reducing upwards pressure on Light Dues levels.

Including Other Comprehensive Income, the Statement of Comprehensive Net Income

(SoCNI) reports a net deficit for the year of £900k (deficit £3,508k 2017-18); this takes account of unrealised gains and losses on Property, Plant and Equipment which have been adjusted in line with market indices. The valuations of the tenders were down on the March 2018 figures due to the continued difficult market conditions and general wear and tear of the vessels. Further to these reductions, the value of the operational Lighthouse Estate has also fallen, resulting in further falls in the value of our non-current assets. A net deficit of £1,469k was transferred to the General Reserve (net deficit £1,798k 2017-18).

Losses reported in the SoCNI decreased the net worth of Trinity House, as shown on the Statement of Financial Position (SoFP), to £117,324k, (£118,224k 2017-18). Most of the Trinity House assets are held at Fair Value and re-assessed annually showing significant strength in Trinity House's financial position.

The Net Cashflow from all activities (page 45) shows a deficit of £4k. The cash drawdown was below budget for the reasons provided in the Actual v Sanction Analysis commentary below, and accruals for 2018-19 do not draw cash until 2019-20. Funds are only drawn down from the GLF based on the profile of cash required for the following period, thus liquidity is all handled within the GLF and not within the Trinity House accounts. The 2019-20 sanction obtained approval in December 2018, therefore Management believes adequate funds are available to meet future obligations.

The performance of Trinity House against the annual budget limit set by the Secretary of State for Transport can be seen below:

	Actual Expenditure	Cash Limits	Variance
	£000s	£000s	£000s
Running Costs	24,280	25,611	(1,331)
Employer Pension Costs	2,198	2,421	(223)
Net Income	(1,805)	(1,261)	(544)
Capital Expenditure	4,205	5,296	(1,091)
Capital Expenditure on Behalf of all GLAs	57	55	2
Other Trinity House Costs	1,912	2,108	(196)
Exceptional Expenditure	262	825	(563)
Expenditure on Behalf of all GLAs	1,827	2,242	(415)
Expenditure on Behalf of DfT	208	196	12
Total	33,144	37,493	(4,349)

Running Costs in Current and Constant Prices

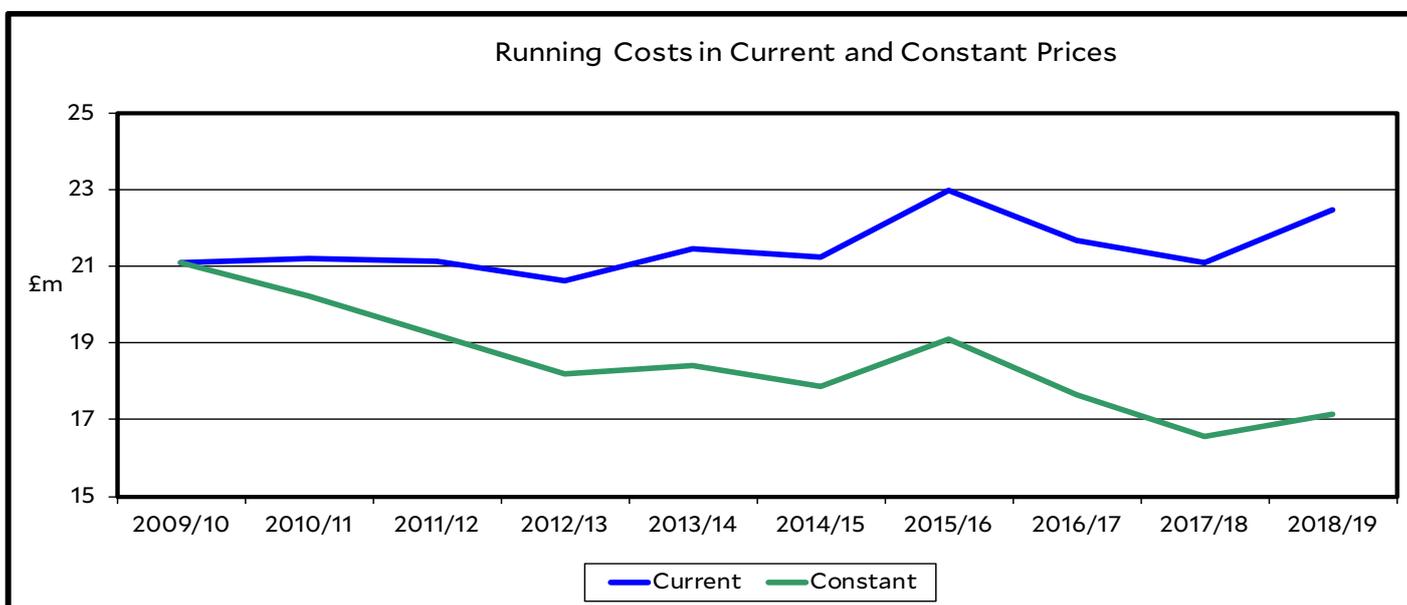
Set out on the next page is an analysis of our running costs over the last 10 years, showing the trend of costs, both in current terms and on the basis of constant prices, having taken account of inflation. Running costs have fallen in constant price terms from £21,099k in 2009-10 to £17,128k in 2018-19; a reduction of 18.8%.

	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
	£000s									
Running Costs Inc. Pensions	21,099	21,221	21,140	20,637	21,475	23,127	25,085	23,756	23,287	24,687
Pensions						1,884	2,118	2,089	2,189	2,198
Running costs ¹	21,099	21,221	21,140	20,637	21,475	21,243	22,967	21,667	21,098	22,489
Variance %		0.6%	-0.4%	-2.4%	4.1%	-1.1%	8.1%	-5.7%	-2.6%	6.6%
Running costs (constant prices)	21,099	20,218	19,218	18,199	18,407	17,858	19,101	17,642	16,559	17,128
Variance %		-4.2%	-4.9%	-5.3%	1.1%	-3.0%	7.0%	-7.6%	-6.1%	3.4%
Average RPI	215.8	226.5	237.3	244.7	251.7	256.7	259.4	265.0	274.9	283.3

¹Under the current RPI-X regime, pensions are included in running costs, where previously up to 2013-14 these were excluded. Therefore, to ensure comparability, running costs are presented excluding pension costs below. When 2014-15 is the first year in the table above, running costs will be restated.

Actuals v Sanction Analysis

Overall, there is an under spend of £4,349k (11.6%) on the sanctioned budget of £37,493k. Running costs are under spent by £1,331k, with the under spend being split between staff costs, due to a mixture of staff turnover and gapped posts, and other costs, due to some delayed maintenance resulting from weather and contractors unavailability and various small under spends across a large number of departments, some resulting from Value For Money savings. Capital Expenditure is under spent by £1,091k, due to savings made on Marine projects, delays to some IT projects and risk on capital projects not materialising.



Main Financial Events

The main financial events during the year were:

- Achieved cost saving targets with running cost expenditure under sanction by £1,554k;
- Maintained a satisfactory year end audit report from NAO;
- Generated £354k of value for money savings;
- Achieved a substantial assurance rating from Head of Internal Audit; and

- Exceeded our running costs target under the RPI-X model, and forecast to deliver within the RPI-X regime agreement for the period up to 2020-21.

Expenditure on Tangible and Intangible Non-Current Assets

During the year to 31 March 2019, expenditure on non-current assets was:

	2018-19 £000s	2017-18 £000s
Work in progress	1,568	1,389
Buildings	357	-
Tenders	877	1,046
Lightvessels	430	19
Buoys and beacons	71	319
Plant and machinery	637	470
Computer equipment	220	432
Intangible software	102	221
Intangible licences	-	15
Total	4,262	3,911

Major capital spend during the year took place on the following projects; Start Point Lighthouse, the DD&R and Modernisation of Lightvessel 10, the DD&R of THV Alert and the purchase of property at Portland Bill Lighthouse.

The Accounts Direction that came into force on 25 September 2019 states that non-current assets shall be valued in line with the Government Financial Reporting Manual (FReM). Trinity House obtained independent valuations for the majority of its assets as at 31 March 2013, with a further full independent valuation carried out as at 31 March 2018. The carrying values will continue to be reviewed annually using a combination of appropriate indices or independent valuations in accordance with our asset policy. Further details can be found under note 8 (page 61).

The Trinity House London building is owned by the Corporation of Trinity House; it is not an asset of the GLF.

Key Performance Indicators (KPI's)

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

Within Trinity House, key performance indicators are used at a number of levels to advise management and influence behaviour. 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 Aids to Navigation service for the benefit and safety

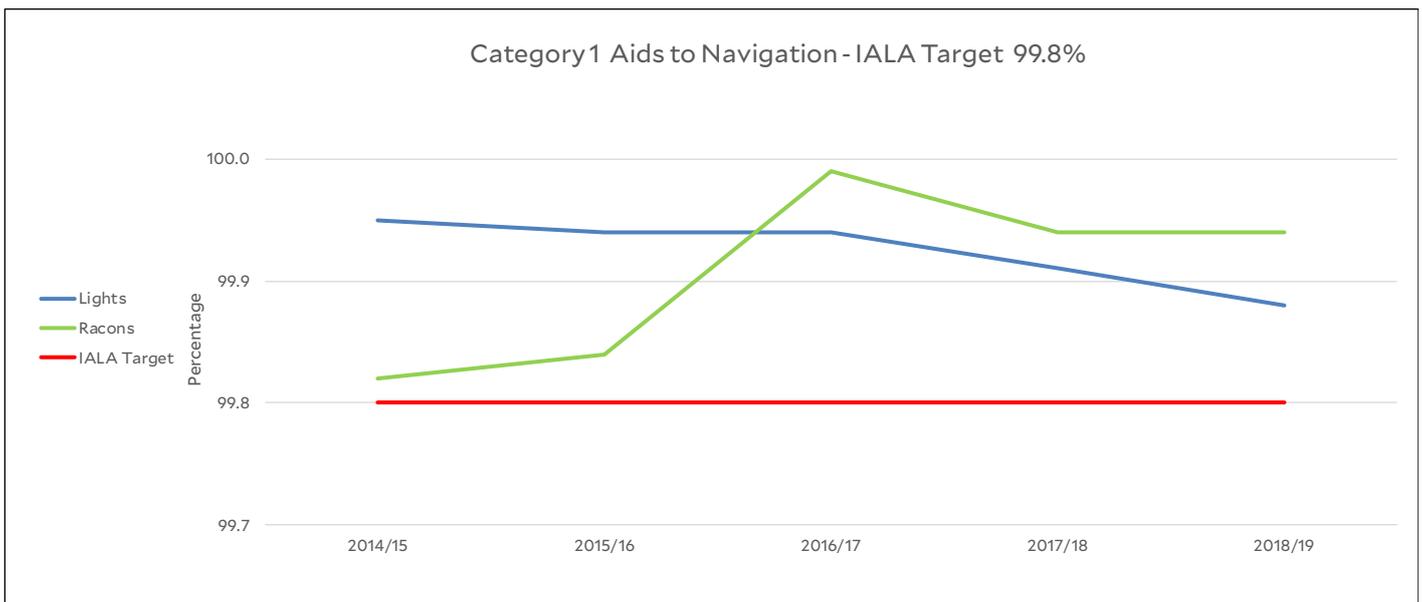
of all mariners”. The Board measures its performance against this Mission by the use of different indicators, which together show both the effectiveness and the economic cost of the service provided. The Board continues to refine its KPIs so that they remain consistently reflective of the statutory requirements placed on Trinity House and of our own ‘Priorities’ to improve the way in which business is conducted with the aim of decreasing costs, whilst maintaining the quality of service to the mariner and other stakeholders.

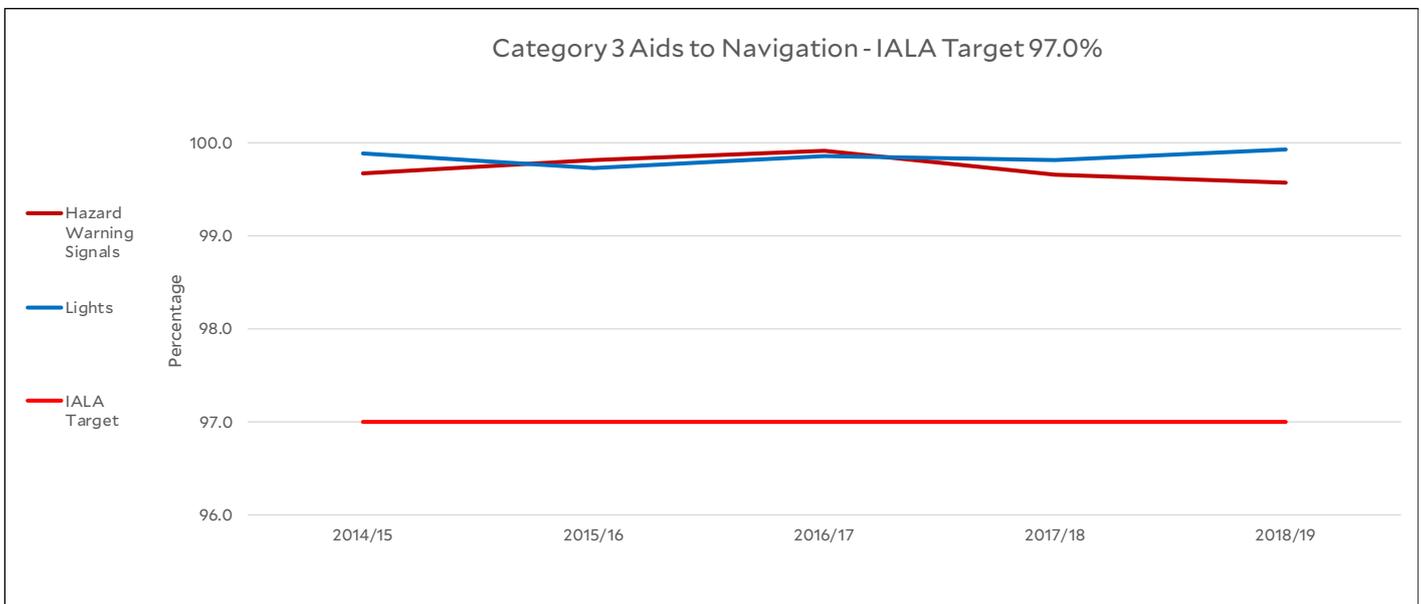
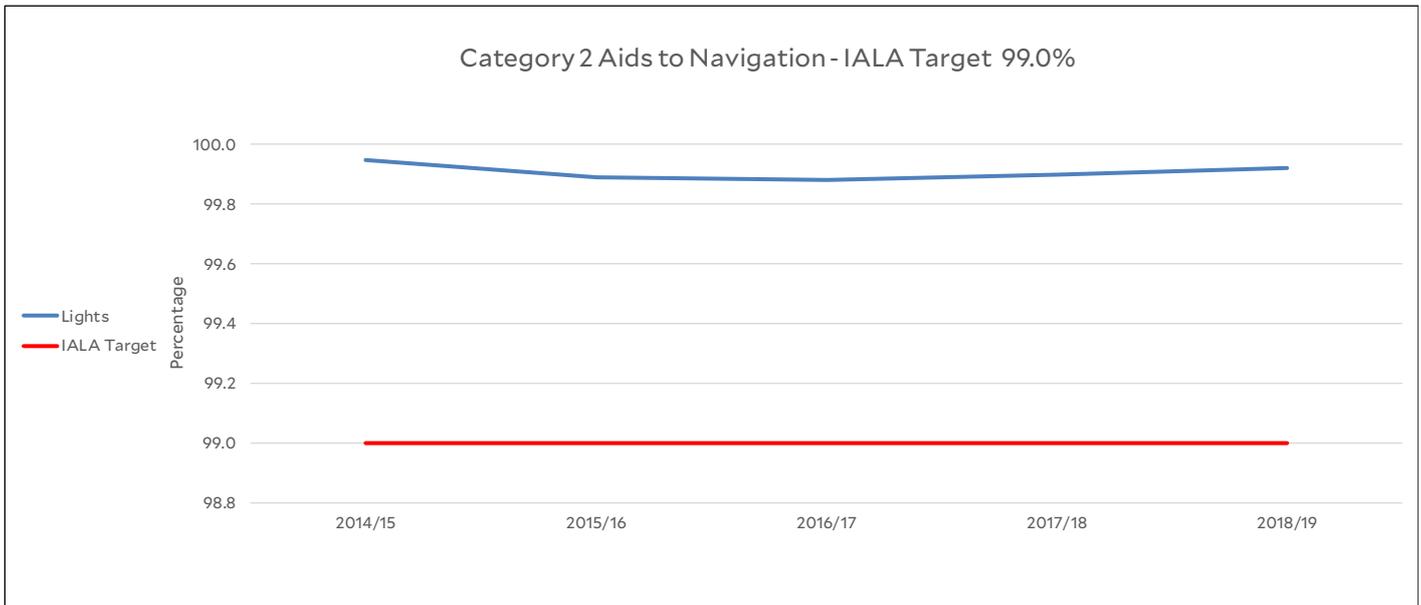
Aids to Navigation (AtoN) Availability

Availability of Aids to Navigation is the prime factor in any measurement to demonstrate compliance with our statutory responsibilities. The standards which we measure against are those recommended as the minima by IALA. The figures shown below are produced in accordance with those standards, and show three year rolling averages under the various categories of Aids to Navigation 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	2014-15	2015-16	2016-17	2017-18	2018-19
		%	%	%	%	%	%
Lights	1	99.80	99.95	99.94	99.94	99.91	99.88
Racons	1	99.80	99.82	99.84	99.99	99.94	99.94
Lights	2	99.00	99.95	99.89	99.88	99.90	99.92
Hazard Warning Signals	3	97.00	99.67	99.82	99.91	99.66	99.57
Lights	3	97.00	99.88	99.73	99.86	99.82	99.93





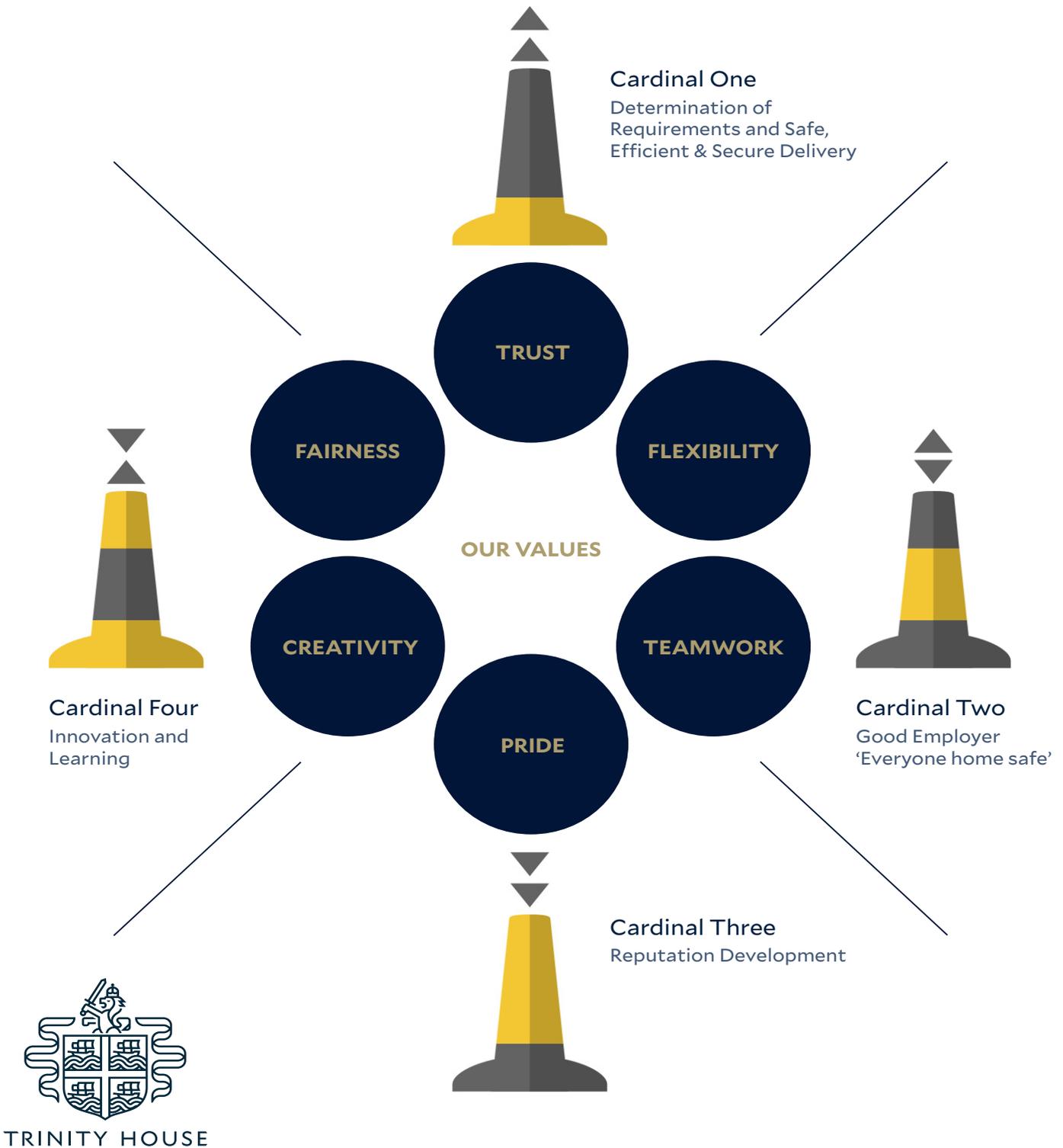
Trinity House's Strategy

Our Mission

To deliver a reliable, efficient and cost effective aids to navigation service for the benefit and safety of all mariners

Our Vision

To be a trusted world-class aids to navigation authority and regarded as such by our stakeholders



Trinity House will strive to provide an uninterrupted, efficient, maritime safety service 24/7, 365 days a year by means of combining an emergency response capability for wrecks and new dangers with a careful blend of reliable fixed and floating strategic navigation assets around the coasts of England, Wales and the Channel Islands coastline. Trinity House has a statutory responsibility for the superintendence and management of aids to navigation covering a complex region of shallow and ever changing waters. Its waters are the access routes into the main ports of the United Kingdom while, at the same time, also include the major shipping lanes to and from the major northern Europe ports.

As per the Maritime Growth Study: keeping the UK competitive in a global market the shipping industry is a major enabler to the UK economy and 95% of UK International trade is moved by sea. With Brexit on the horizon and the ongoing need to further diversify and enhance the United Kingdom trade position, safeguarding shipping and the environment in which it operates is now more important than ever.

During 2017-18 Trinity House reviewed its strategy taking into account the level of inward and outward freight through English and Welsh major ports, which represents 85% of total UK inward and outward freight in tonnes Trinity House developed a comprehensive strategy to sustain and meet current demand as a safety function now and in the future. This new strategy builds on tradition, heritage and embracing innovation, includes Trinity House's mission, vision, values and priorities.

The new strategy shown diagrammatically on the previous page illustrates and summarises the key strategic priorities of Trinity House:

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 is 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.

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, 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. Four key Cardinals have been identified that will enable us to continue to improve and be the best we can be.

Cardinal One – Determination of Requirements and Safe, Efficient & Secure Delivery

Supported by:

Cardinal Two – Good employer

Cardinal Three – Reputation Development

Cardinal Four – Innovation and Learning

Implementation and Delivery

In order to progress and achieve our goals in terms of these Cardinals, an operational plan was developed that identified actions for 2018-19. 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. Our corporate and individual objectives reflect these objectives and actions.

Current Developments and Performance

Detailed below are a few of the key achievements during the year against each of the key Cardinals:

Cardinal One - Determination of Requirements and Safe, Efficient and Secure Delivery

- Delivered excellent AtoN service availability with Category 1 Lights at 99.88%, and Category 1 Racons at 99.94%;
- The Buoy Service List was 98.02% completed in 2018-19;
- Successful conclusion of the GLA Fleet Review and permission from DfT to begin the vessel replacement project and to dispose of THV Patricia;
- Determination of AtoN requirements and Safe, Efficient and Secure Delivery using the established risk based Examiners Committee assessment process;
- Retained certification against ISO9001 (Quality Management); ISO 14001 (Environmental Management) and OHSAS 18001 (Occupational Health and Safety) standards and undertook preparations to transition to ISO 45001 (Occupational Health and Safety) in 2019-2020.

- Designed, implemented and embedded new Data Protection processes following introduction of GDPR legislation;
- Numerous capital projects executed efficiently and on budget, such as the modernisation of THV Galatea and THV Alert Dynamic Positioning equipment and upgrading surveying equipment;
- Start Point Lighthouse modernised using standard simplified equipment, Cressar Beacon replaced, Lightvessel 10 modernised, Beachy Head range increased and provision for Virtual AIS enabled around critical traffic areas;
- 100% cabin occupancy rate (for the first time) on THV Patricia Voyages in 2018-19;
- In excess of £2.8m gross income was earned, making an important contribution to the General Lighthouse Fund and offsetting the cost to the Light Dues Payer;

Cardinal Two – Good Employer

- Programme of asbestos surveys for the estate delivered to update the knowledge of hazardous materials;
- Chaired IALA committees to enhance maritime safety worldwide;
- Embedding the Fair Safety Culture which was introduced in 2017-18;
- Pledging to cease producing avoidable plastic waste by 2020 and working to honour that pledge.

Cardinal Three – Reputation Development

- Participation in IALA including chairing several committees and participation in the IALA Conference 2018 and the Third Pre-Diplomatic Conference in March 2019;
- Participation at Seaworks 2018, with THV Alert; event opened by UK Maritime Minister Nusrat Ghani;
- Participation in Department for Transport Marine Safety Week;
- Participation at East of England Energy Group – Southern North Sea Exhibition
- Commenced new contracts servicing AtoN with SW Water, ABP South Wales & Galloper Windfarm Ltd;
- Worked with ABP Southampton to deliver a weather station at Nab Tower Lighthouse to enhance pilot safety;
- Working with Welsh Government around the development of the Welsh Maritime Plan to fully include Trinity House functions.

Cardinal Four – Innovation and Learning

- Further developed our in-house designed Type II Buoy superstructure, test at sea and providing a safer and more capable future proof solution with more power generation capacity;
- Delivered 3rd party AtoN monitoring for decommissioned oil platforms;
- Gained Accredited Training Organisation status from IALA to enable Trinity House to deliver internationally recognised AtoN management training;
- CS 2 Type 1 Lighted buoy established; first 10 mile light range from buoy platform;
- Worked with MCA SAR personnel when considering future AIS requirements for emergency use in OWF;
- Providing Harwich Depot tours for local schools, and education packs, enhancing knowledge of Trinity House and the importance and opportunities in the Maritime industry amongst younger members of the community.

GLA Research & Development (GRAD)

Over the past 12 months, the GRAD Directorate has continued to research, develop, innovate, and subsequently help to drive the business of all the GLAs forward. It has continued to refine several of its LED light sources, with great enhancements being made with respect to efficiency and power consumption. These have been employed in scores of lighthouses all over the British Isles and in dozens of others around the globe. Quality assurance of GLA lights continues to be secured through measurements in both GRAD's laboratories and through "in field" measurements.

GRAD has consolidated its research to find other sources of resilient positioning to support the introduction of the IMO's e-Navigation concept; however, it is expected that none of the options which are most achievable (such as Absolute Radar positioning and R-Mode) will be available on an operational basis for the next 10-15 years. However, Radar absolute positioning looks like the best external-to-ship option. Other developments involving GRAD look at quantum technologies and the use of algorithms to provide position integrity within receivers.

GRAD is leading the world on the development of the VHF Data Exchange System (VDES). VDES is the next generation AIS, but with vastly increased data-communication bandwidth to support the ever increasing needs of the maritime user and also supporting shore-side infrastructure to deliver e-Navigation services. GRAD has developed a signal structure for VDES in conjunction with other service providers. GRAD has further enhanced this by the development of cyber-security and authentication features which are currently lacking in AIS.

GRAD has led and supported the maritime user community understanding and potential uptake of the European Geostationary Navigation Overlay Service (EGNOS) for maritime use. This is a Space Based GPS Augmentation System originally built for aviation use, but latterly the operators have developed potential services for maritime use. GRAD has continued to be at the forefront of EGNOS maritime user consultation in Europe and has looked at ways in which this system can improve maritime services within Europe and potentially globally.

For reputational development, innovation and learning, GRAD represents the GLAs at many international forums, including setting standards globally in such bodies inter alia the International Telecommunications Union, the International Electro-technical 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 many topical items of interest and standardisation.

Environment

Trinity House is committed to the protection of the environment and the prevention of pollution. Trinity House is continually reviewing all environmental issues affecting the environment in which it operates. Trinity House aspires to maximise the use of renewable energy sources, such as solar power, and continues to research other sources, such as wave, wind and tidal flow. Trinity House has maintained accreditation to the internationally recognised Environmental Standard ISO 14001 since 2000, and successfully transitioned to the new ISO 14001: 2015 Standard in 2017-2018. Trinity House produces and delivers an

annual corporate environmental plan containing key environmental targets and objectives, including targets aimed at ceasing the production of avoidable plastic waste.

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 and LED lighting;
- Investment in new paint spraying equipment, delivering significant reductions in paint waste, paint purchased and VOC (Volatile Organic Compounds) emissions;
- Permanent removal of liquid mercury from lighthouses upon re-engineering where practically possible;
- Obtaining 'Green Passports' approved by Lloyds Register for its vessels THVs Galatea and Alert;
- Enhancing its arrangements for energy management;
- Pledging in 2018-2019 to stop producing avoidable plastic waste by 2020 and forming a Plastics Working Group to deliver this objective; and
- Commencing the introduction of ultra-low emission vehicles in the Trinity House vehicle fleet.

Ian McNaught
26 September 2019

Captain Ian McNaught
Executive Chairman of the Lighthouse Board

Accountability Report

Directors Report

Membership of the Board

The Trinity House Board and Governance structure is described in the Governance Statement (page 21). In addition, representatives from the 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 co-operation and co-ordination, and to maximise efficiencies and realise savings.

Conflicts of Interest

The register of interests is maintained by the Secretary to the Board, and is published on our website. Further details of how executive and non-executive board members handle potential or actual conflicts of interests are addressed on page 32. Note that no conflicts of interest were identified during 2018-19 that required Management intervention.

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 creation 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. A 1% upward/downward change in Corporation Tax would result in a charge or benefit of £4,900 respectively per annum.

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 Contracts 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 nine days (2017-18 eight days).

Personal Data Related Incidents

During 2018-19, Trinity House continued to comply with the Cabinet Office guidance on

information risk management to the extent that is relevant and with its own Policy on Information Risk. Information Risk is covered in more detail on page 32.

Events After The Year End

These are covered in note 25 to the accounts.

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;
- Consider potential opportunities arising;
- Review and report to the Executive and Audit and Risk Assurance Committees and the Board regularly on those risks and opportunities;
- 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 emphasises the importance that Trinity House attaches to risk management and the regular review of risks.

Losses

There were no losses incurred during the year. Further details can be found in note 24.

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, directed Trinity House to prepare for each financial year a statement of accounts in the form consistent with 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 the Accounting Officer of Trinity House. The responsibilities of the Accounting Officer include responsibility for the propriety and regularity of the funds allocated to Trinity House in its capacity as a General Lighthouse Authority, including keeping proper records and safeguarding the assets of Trinity House, in its capacity as a General Lighthouse Authority. These responsibilities are set out in the Framework Agreement between the Department for Transport and the General Lighthouse Authorities.

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. The Accounting Officer also confirms that the annual report and accounts as a whole is fair and balanced and that he takes responsibility for the annual report and accounts, and the judgements required for determining that it is fair and balanced.

Governance Statement

Introduction

HM Treasury published a revised Code of Good Practice for Corporate Governance in Central Government Departments in April 2017.

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 2018-19 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'.

Trinity House acknowledges one current departure from the Code in that the Trinity House Executive Chairman combines the role of Chairman and Chief Executive. The Board has considered that this has provided 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. The continued effectiveness of this combined role has been comprehensively reviewed in 2018-19 and is in the process of being changed to comply with the Code.

Trinity House Lighthouse Board and its Committees

Lighthouse Board

The Corporation established articles of constitution and terms of reference for a Lighthouse Board on 4 June 1984. This has since been reviewed and updated with the latest amendment in February 2019.

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 2018-19, which included a session on 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 Trinity House Strategy and implementation of associated action plan;
- Review and approval of the Corporate Plan for 2019-24 and Annual Report and Accounts for 2017-18;
- Considering matters of health and safety;
- Receipt of regular reports from Executive Directors on inter alia requirements and performance; operational matters; expenditure against budget; income from Light Dues against previous trends and other business performance matters including KPIs;
- 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;
- Providing advice and guidance to the Executive Committee in respect of the Fleet Review and the next steps following the conclusion of the Fleet Review;
- Monitoring of implementation of RPI-X regime;
- Review changes and approval of organisational Policies;
- Consideration of potential future initiatives for Trinity House; and
- Reviews of the nature and extent of the corporate and organisational risks faced by the organisation in the implementation of its Strategy.

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

The Board works to a Code of Conduct and Best Practice. This Code was updated in October 2018 to reflect the latest Cabinet Office Code of Conduct. The Code of Conduct and Best Practice also refers to the Framework Document for the General Lighthouse Authorities.

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

At a special meeting in September 2018, the Board was asked to individually consider its performance and effectiveness against the Board Evaluation questionnaire 'Unlocking your board's full potential' published by the National Audit Office. The results were collated and the findings presented to the Board at its November 2018 meeting. The Board considered its Articles of Constitution and Terms of Reference and concluded that it met them and discharged its statutory role effectively having regard inter alia to its performance against IALA and other recommendations. In terms of the questionnaire, the Board partially disagreed on six areas in 2018:

- A senior independent director role exists to strengthen the position of the non-executives;
- The Board devotes quality time to reviewing the implementation of the strategy;
- Relations with the sponsor department are productive and supported by regular and open communication;
- Where delivery is devolved to partner organisations, the Board receives regular assurances over delivery, the operational effectiveness of partners' governance arrangements and the regularity of expenditure made on its behalf;
- The Board draws up action plans following its performance evaluations. The actions include behavioural and qualitative aspects, where appropriate;
- The Board regularly reviews progress against its performance and appraisal action plan.

The Board had undertaken the same exercise in 2017 and had identified five areas where some Board members partially disagreed. Of the five areas, three of these remained of concern to the Board in 2018. These areas were:

- Relations with the sponsor department are productive and supported by regular and open communication;
- The Board draws up action plans following its performance evaluations. The actions include behavioural and qualitative aspects, where appropriate;
- The Board regularly reviews progress against its performance and appraisal action plan.

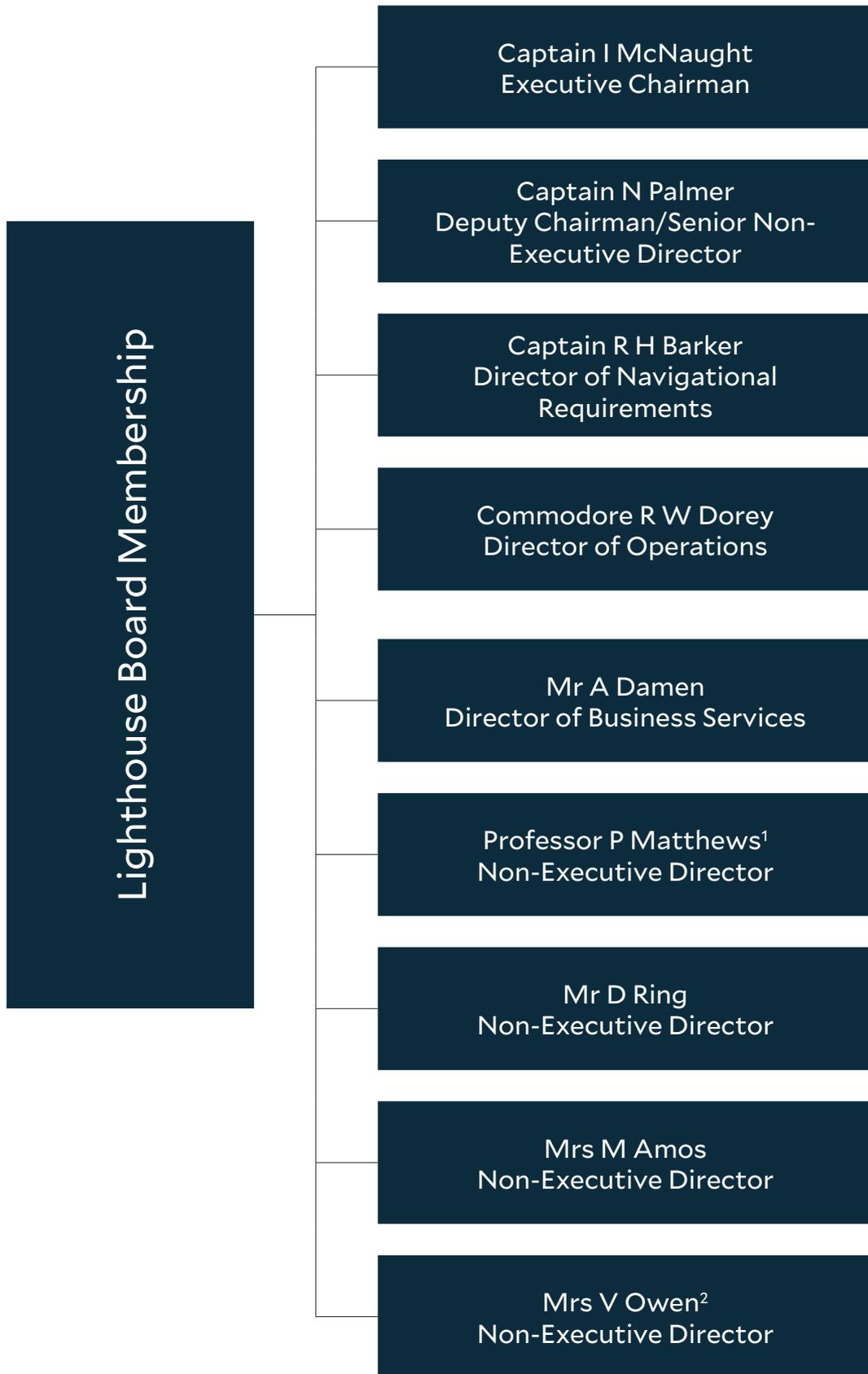
During early 2019-20, attention is being given to making improvements to the areas where the Board partially disagreed and these will all be addressed and resolved.

Information Provided to the Board

The Board is generally satisfied with the quality of data it receives. Information is provided in plenty of time ahead of the meetings. In response to a former self-assessment, there is now effort to ensure the information provided to the Board is concise and appropriate for consideration at Board level. It has been acknowledged in self-assessments that the board receives regular, insightful reports on the organisation's risk management and internal control systems that provide assurance over their operational effectiveness.

The Lighthouse Board comprises a balance of:

- 4 Voting Executive Members (Three Elder Brethren and the Director of Business Services)
- 4 Voting Non Executive Members (one Elder Brother and 3 nominated by the Secretary of State for Transport).



¹Professor P Matthews retired from the Lighthouse Board on 19 July 2018.

²Mrs V Owen appointed as Secretary of State’s nominated Non-Executive Director of the Lighthouse Board on 14 September 2018.

Committees

The Board delegates certain of its responsibilities to committees. This provides for greater independence with regard to audit, making improvements to the areas where the Board partially disagreed and these will all be addressed and resolved.

Board Committee	Remit	Highlights
Executive Chair: Captain I McNaught	Operational management of the organisation.	<ul style="list-style-type: none"> • Ongoing scrutiny of Headline Performance Objectives, KPIs, key finance, operational and planning matters to contribute to effective internal control; • Monitoring progress against the Operational Action Plan arising from the 2017-22 Strategy; • Review of Trinity House policies and monitoring the robustness of Trinity House's Management System; • Approval of various new and revised Project Initiation Documents, project briefs and mandates; • Scrutiny of matters arising at Joint Strategic Board and the furtherance of inter-GLA Cooperation; • Reviewing and monitoring of Corporate, Organisational and Departmental risk issues including in addition those relating to the Tender Replacement Programme, Royal Sovereign Lighthouse decommissioning, resourcing, Data Protection and Brexit; • Developing initiatives in respect of Trinity House's high level engagement at IALA and Trinity House's contribution to Maritime UK; • Monitoring of developments in respect of Trinity House's response to wrecks, hazards and new dangers together with the navigational safety and legal aspects of offshore wind farm developments; and • Monitoring and development of commercial work initiatives and collaborative working arrangements with third parties.

<p>Audit and Risk Assurance</p> <p>Chair: Mrs M Amos</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; • 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, bribery or whistleblowing; • Review of its work and effectiveness in accordance with the recommendations of the HM Treasury's Audit & Risk Assurance Committee Handbook; and • Review of Cyber Security controls within Trinity House.
<p>Directors' Remuneration</p> <p>Chair: Mrs V Owen</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; and • Review of performance related pay scheme.
<p>Executive Remuneration</p> <p>Chair: Mr A Damen</p>	<p>Assessment of staff remuneration, manpower requirements and organisational structure.</p>	<ul style="list-style-type: none"> • Consideration of the pay remit business case, approach and progress reports; • Review of performance related pay scheme; • Structure changes and post revisions; • Review of manpower planning; • Succession planning; and • Organisational development e.g. specific project in relation to Lighthouse Technicians demographic.

<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"> Continued navigation requirement around Royal Sovereign, Beachy Head and CS2 Buoy; Commenced 5 Yearly Aids to Navigation review of Trinity House areas; Discontinuance of East Channel Light Buoy; Changing SWIGG Buoy to East Cardinal Mark and repositioning; Meeting held with stakeholders at Bristol regarding the buoyage in the approaches to Bristol and the Severn; Hazard Warning Signal review of requirements; Consultation and review of the Skerries Buoy. Leading to lantern being fitted; Range requirement for Bishop Rock, Trevose, Flamborough Head, and St Catherine's lighthouses; Review of aids to navigation around current Offshore; Renewable Energy fields; and Visit to ECDIS Ltd for update on electronic chart navigation issues.
<p>Nominations</p> <p>Chair: Mrs V Owen</p>	<p>Proposing Executive appointments to the Lighthouse Board.</p>	<ul style="list-style-type: none"> There were no Executive appointments during 2018-19; Appointment of one Non- Executive Director following the retirement of another Non-Executive Director

Attendance by Lighthouse Service members at Board and Committee meetings during 2018-19 was as follows:

Members	LHB	Executive Committee	Audit and Risk Assurance Committee	Directors' Remuneration Committee	Executive Remuneration Committee	Examiners	Nominations Committee
Captain I McNaught ²	7 (of 7)	11 (of 11)	4 (of 4)	*	3 (of 3)	8 (of 8)	0 (of 0)
Captain N Palmer ¹	5 (of 7)	*	*	3 (of 3)	*	6 (of 8)	0 (of 0)
Commodore R Dorey	7 (of 7)	11 (of 11)	*	*	3 (of 3)	7 (of 8)	*
Captain R H Barker	7 (of 7)	11 (of 11)	*	*	3 (of 3)	8 (of 8)	*
Mr A Damen ²	7 (of 7)	11 (of 11)	4 (of 4)	*	3 (of 3)	*	*
Professor P Matthews ¹	1 (of 1)	*	1 (of 1)	1 (of 1)	*	*	0 (of 0)
Mr D Ring ¹	7 (of 7)	*	4 (of 4)	3 (of 3)	*	*	0 (of 0)
Mrs M Amos ¹	7 (of 7)	*	4 (of 4)	*	*	*	0 (of 0)
Mrs V Owen ¹	5 (of 5)	*	2 (of 3)	2 (of 2)	*	*	0 (of 0)

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

*Not members of the Committee

¹NE - Non Executive

²Captain I McNaught and Mr A Damen are not members but are invited to attend the Audit and Risk Assurance Committee

Risk Management

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

The details of the operating arrangements the Department for Transport has agreed with Trinity House are contained within the Framework Document for the General Lighthouse Authorities dated 29 June 2017. 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 2019 and up to the date of the approval of the Annual Report and Accounts.

Risk Categories

During 2018-19 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.

In 2014-15 the Board, using the Treasury's five point classification scale, reviewed and approved the organisation's risk appetite. Having regard to the Trinity House 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. This is the approach adopted during 2018-19. However, the risk classification is periodically monitored and it is acknowledged that an adverse or minimalist approach in some areas could result in missed opportunities. In this respect, some changes to the risk appetite were made against some of the risks on the Corporate Risk Register following a review in March 2018.

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

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; and
- Training for internal auditors on risk management including risk appetite.

Trinity House leads the General Lighthouse Authorities' Triennial Risk Management and Insurance Review, the last review was undertaken in September 2018. The review includes the analysis of all main risks facing the General Lighthouse Authorities supported by third party external validation from a firm of independent risk consultants, Marsh. In the intervening years, the General Lighthouse Authorities conduct their Annual Risk Management and Insurance Scrutiny in order to review progress of the actions arising from the previous Triennial Risk Review and to consider developments on insurance and

risk matters.

Risk Monitoring

Directorate / Departmental risk registers were formally reviewed by the responsible Director and Senior Manager at quarterly intervals during 2018-19, 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 ongoing 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; and
- 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.

Trinity House has a Public Relations and Corporate Communications Strategy 2015-20, which was reviewed and updated in July 2016. The aim of which is to identify Trinity House's priorities for communication with its external stakeholders having regard to the Trinity House Strategy. It is a tool by which Trinity House seeks to strengthen relationships with its stakeholders so that they work with and support Trinity House in the delivery of its mission and the pursuance of its vision. In so doing it will help Trinity House minimise the risk that it fails to achieve its objectives and goals. A refreshed Public Relations and Corporate Communications Strategy was published in summer 2019 to cover the period 2019-28 in alignment with the Trinity House Strategy.

Trinity House pro-actively seeks feedback internally and externally by means of surveys approximately every three years. The latest formal stakeholder surveys were conducted during 2018-19. The results of the external stakeholder survey will be considered for the

2019-28 Public Relations and Corporate Communications Strategy.

Improvement circles, where cross departmental teams are brought together as and when appropriate to work on and resolve day to day issues or to improve working practices, are used productively and effectively.

Changes to Risk Profile

The key changes to the risk profile of Trinity House during the year ended 31 March 2019 were the risks, uncertainties and opportunities introduced as a result of:

- As a result of the Fleet Review process, the new vessel procurement process to and dispose of THV Patricia and to procure a new vessel, while at the same time continuing to operate a 30+ year old vessel, poses a risk to Trinity House in its ability to continue to deliver its core duties;
- The threat of cyber-attack and Trinity House's ability to not only prevent such incidents but also to be able to recover from such an incident if one were to occur;
- The potential for Trinity House to have insufficient ship resources impacting on the delivery of Trinity House's statutory duties and the performance of extraneous services (out with the new vessel procurement process);
- Global Navigation Satellite System (GNSS) vulnerability in terms of its use as an aid to navigation;
- The outcome of Brexit negotiations and the potential impact on Trinity House operations;
- Failing to adequately resource Trinity House due to recruitment and retention issues, and the demographic of the current workforce; and
- The project to decommission and remove Royal Sovereign Lighthouse, which, by its nature and the anticipated cost, poses a new risk to Trinity House.

Key Strategic Risk Issues

In 2018-19 the key strategic risk issues of concern represented on the Corporate Risk Schedule included:

- Insufficient ship resources to discharge Trinity House's statutory duties;
- Cyber security;
- Uncertainties arising from Brexit negotiations including a no deal scenario and its potential repercussions including possible calls for Scottish independence;
- New vessel procurement;
- Global Navigation Satellite System (GNSS) vulnerability;
- Failure to adequately resource Trinity House due to recruitment and retention issues;
- The demographic of the workforce and how 1/3 of all staff could choose to take retirement within the next 10 years; and
- The decommissioning of Royal Sovereign Lighthouse which, because of its scale and uniqueness, poses significant risks.

The Trinity House Audit & Risk Assurance Committee is 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

Trinity House maintains a Register of Interests to record the personal or business interests of Directors and Senior Managers of Trinity House that may conflict with their responsibilities as members of either the Trinity House Lighthouse Board or Senior Management Team. The Register is advertised on the Trinity House website (www.trinityhouse.co.uk/legal-notice) and is available for public inspection. Access can also be obtained by contacting the Board Secretary at Trinity House, Tower Hill, London.

There were no conflicts of interest identified during 2018-19 that required management intervention.

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

The Audit & Risk Assurance Committee reviewed the Register of Members' Interests and the Hospitality Register in September 2018. For good practice, the Audit & Risk Assurance Committee review the Registers on an annual basis.

There exists a Fraud and Bribery Risk Register. There were no incidences of fraud or bribery reported during 2018-19.

Information Risk

During 2018-19 Trinity House continued to apply a proportionate response to the Cabinet Office guidance on information risk management to the extent that it is relevant operating this alongside its own Policy on Information Risk and Risk Management framework.

Trinity House maintains a Master Data Schedule for all assets identified as containing personally identifiable information and special category data. Each asset is assigned an Information Asset Owner (IAO) from the Senior Management Team. Each IAO provides a periodic judgement of the security and the extent of use of the assets under their control in order to support the audit process. A Senior Information Risk Officer (SIRO) is in place and reports on Information Security via the Audit & Risk Assurance Committee accordingly. 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 review and sign up to. These instructions are reviewed and updated annually by the Head of IT. All security incidents reported to the IT Service Desk are categorised accordingly and dealt with and reviewed via an agreed process. A Breach Management plan also exists to counter any serious security incidents. There were no data related incidents reported to the SIRO during 2018-19.

Changes have been made to Data Protection policies and procedures in order to ensure compliance with the Data Protection Act 2018 and the General Data Protection Regulation (GDPR). Procedures exist for handling data subject access requests and an on-going programme of works is in place to enhance compliance with applicable legislation.

Work has also continued to bolster provision for Cyber Security increasing the multi-layered security approach with the addition of a machine learning enterprise immune security system and a launch of Cyber Security Principles which included a staff awareness campaign. A 'Security and Compliance' dashboard has been developed which is reported to the Audit & Risk Assurance Committee periodically.

Management Assurance Statement

The Management Assurance Statement for 2018-19 was completed in accordance with the Department for Transport Group's requirements.

Where possible a more principles based approach has been used for the last three years to tailor some answers to better reflect the particular practices and controls in place within Trinity House and to acknowledge its statutory obligations.

The majority of areas scored substantial with the exception of people performance, knowledge and information management and information security. These all scored moderate. For people performance, the previously agreed target in place for manager's Personal Development Plans being for management and behavioural training was not met. However, it has subsequently been agreed by the Remuneration Committee that this target was not realistic and it has therefore been removed for future years. Knowledge and information management remains at moderate due to some staff being reliant on locally maintained records for example email holdings and on local drives and information security because of the ongoing programme of works in place to enhance compliance with data protection legislation. Organisational records and information are stored within the Trinity House document management system and / or approved databases.

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;
- The Executive Committee which meets eleven times a year and 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 & 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 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 and to the Executive Committee;
 - 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 suitability, adequacy, effectiveness of the system and its alignment with the strategic direction of the organisation.

Ministerial Directions

During 2018-19 Trinity House received no ministerial directions.

Head of Internal Audit Opinion

“On the basis of the evidence obtained during 2018-19, I am able to provide an overall ‘Substantial’ assurance rating on the adequacy and effectiveness of TH’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.”

Executive Chairman Opinion

There have been no significant internal control or governance problems in the year ended 31 March 2019. 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 April 2017 Code of Good Practice for Corporate Governance in Central Government Departments as far as is appropriate.

*Ian McNaught
26 September 2019*

Captain Ian McNaught
Executive Chairman of the Lighthouse Board

Remuneration and Staff Report

Within the requirements of governmental pay policy, Trinity House operates a remuneration strategy based on spot rate salaries informed by job evaluation and market testing. The 2018-19 Staff Survey reiterated staff concerns about the effects of 10 years of below inflation pay rises and market competitiveness, limited career opportunities and flexible working arrangements.

These concerns, combined with an ageing workforce, of which one third has the option to retire within 10 years, has led to the commencement in 2018-19 of a review of the required future workforce capabilities, career support and training requirements which will continue during 2019-20.

Trinity House operates a performance related pay (PRP) and bonus 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. PRP, individual and team bonus allocation is determined by individual performance and organisational level success against the year's corporate strategic objectives.

Director's rates of pay are determined using the same methodology as that applied to staff. The remuneration of the Directors and their pension entitlements are shown below:

Officials	Salary payments (£000s)		Performance Related Pay (£000s)		Benefits in Kind (to nearest £100)		Pension Benefits (to nearest £1,000) ¹		Total (£000s)	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
I McNaught	120-125	120-125	10-15	5-10	1,500	1,500	52,000	50,000	185-190	180-185
A Damen	85-90	85-90	5-10	5-10	800	800	37,000	36,000	130-135	130-135
R Barker	90-95	90-95	5-10	5-10	1,400	1,300	22,000	16,000	120-125	110-115
R W Dorey	85-90	85-90	5-10	5-10	1,100	1,100	(19,000)	56,000	75-80	150-155
E D Johnson ²	-	0-5	-	-	-	100	-	-	-	0-5
P Matthews ³	5-10	15-20	-	-	600	1,100	-	-	5-10	15-20
N Palmer	20-25	20-25	-	-	600	-	-	-	20-25	20-25
D Ring	15-20	15-20	-	-	900	1,000	-	-	15-20	15-20
M Amos ⁴	15-20	15-20	-	-	3,300	3,100	-	-	20-25	15-20
V Owen ⁵	10-15	-	-	-	700	-	-	-	10-15	-

¹The 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.

²Retired 30 April 2017

³Retired 19 July 2018

⁴Commenced 16 May 2017

⁵Commenced 14 September 2018

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 and taxable travel and subsistence.

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 relevant financial year.

Pay Multiples

	2018-19	2017-18
Band of highest paid directors total remuneration (£000s)	135-140	135-140
Median total remuneration	£32,851	£32,366
Ratio	4.2	4.2

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 2018-19 was £135k-£140k (full time equivalent) (2017-18 £135k-£140k). This was 4.2 times (2017-18 4.2) the median remuneration of the workforce, which was £32,851 (2017-18, £32,366).

In 2018-19, no (2017-18, Nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £15,483 to £100k-£105k (2017-18 £15,445 to £100k-£105k).

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

Service Contracts

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

Non-Executive Director	Contract Start	Expiry Date
N Palmer (Contract renewed in 2018 for a further year and extended again in 2018 until the new Non-Executive Chairman has been appointed)	1 February 2012	26 November 2019
P Matthews (Contract renewed in 2015 for a further 3 years)	20 July 2012	19 July 2018
D Ring (Contract renewed in 2016 for a further 3 years, and extended again in 2019 for a further year)	1 December 2013	30 November 2020
M Amos	16 May 2017	15 May 2020
V Owen	14 September 2018	13 September 2021

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 either the PCSPS or the Public Service (Civil Service and Others) Pension Regulations 2014 (CSO). They are entitled to compensation for permanent loss of office under the terms of the Civil Service Compensation Scheme (CSCS).

	Real increase in pensions	Real increase in lump sum	Accrued pension	Accrued lump sum	Cash equivalent transfer value at 31 March 2018	Cash equivalent transfer value at 31 March 2019	Real increase in cash equivalent transfer value	Employer contribution to partnership pension account
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
I McNaught	2.5-5.0	-	25-30	-	373	462	47	-
A Damen	0.0-2.5	-	5-10	-	39	69	17	-
R Barker	0.0-2.5	-	20-25	-	364	412	21	-
R W Dorey	-	-	40-45	130-135	881	958	(18)	-

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 into the PCSPS or CSO. 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 20 (page 70) contains further information on pensions for all staff.

Staff Report: Other

Staff Costs

Staff costs during the year net of Research and Development, Light Dues and staff costs capitalised during the period were as follows:

	2018-19	2017-18
	£000s	£000s
Total Staff Costs	14,298	13,611

Details of staff costs can be found at note 4 on page 58.

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

	2018-19	2018-19	2018-19	2017-18
	Total	Permanent Staff	Others	Total
Directly employed	292.6	292.6	-	284.4
Other	9.2	-	9.2	8.4
Staff engaged on capital projects	2.5	2.5	-	6.5
Total	304.3	295.1	9.2	299.3

Reporting of Civil Service and other compensation scheme - exit packages

Exit package cost band	No of compulsory redundancies		No of other departures agreed		Total number of exit packages by cost bands	
	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18
< £10,000	-	-	-	-	-	-
£10,000 - £25,000	-	-	-	-	-	-
£25,000 - £50,000	-	-	-	-	-	-
£50,000 - £100,000	-	-	-	1	-	1
Total number of exit packages	-	-	-	1	-	1
Total resource cost (£s)	-	-	-	88,613	-	88,613

Diversity Information

The Government Financial Reporting Manual (FRoM) guidance requires Trinity House to disclose the number of persons of each gender who are employees of the entity as at 31 March 2019.

	Male	Female
Executive Directors	4	0
Non-Executive Directors	2	2
Senior Managers	8	1
Employees	222	72

Sickness Absence

Sickness absence during the last two years was:

	2018-19	2017-18
Total number of days lost due to sickness	2,934	3,098
Average number of days lost per employee	9.9	10.5

Staff Relations

Trinity House is obliged to comply with the Civil Service Pay Guidance published by the Government the maximum allowed increase to the pay bill of 1.5% was paid to all staff.

Although no instances of industrial action took place during the year Unite the Union balloted 34 members on strike action and with 20 voting for the motion received a mandate to take industrial action in support of a demand for a 'minimum pay increase equal to RPI'.

In pursuit of this demand Unite the Union gave notifications of cessation of work for 9 hours on the 7 February and 24 hours on the 13 March 2019. However for various reasons Unite cancelled both of these actions.

Both parties have engaged with ACAS and discussions are on-going.

Off-Payroll Engagements

Trinity House has not entered into any off-payroll engagements during 2018-19 (2017-18 £nil).

Expenditure on Consultancy

The amount spent on consultancy was £nil (2017-18 £nil).

Staff Policies

Trinity House has a comprehensive set of Human Resources Policies and Procedures focused on how we can get the best out of managers and staff. These policies are supported by a Training Plan that aims to develop employees and encourage them to continuously improve their skills and knowledge, leading to the maintenance and development of Trinity House's capability to deliver its aims and objectives both now and in the future.

Every individual's performance and achievements are assessed in relation to objectives and behavioural and technical competencies. 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. This process has been praised for its effectiveness by an external reviewer.

In addition, skills gaps are identified through careful strategic analysis by Departmental Managers and organisation-wide development initiatives introduced as a result. For example, Trinity House invested in leadership development in recent years, which has led to increased competence and confidence amongst our managers regarding people

management matters.

The structure of the organisation is based around three main directorates: Operations, Business Services and Navigational Requirements. There is also a Secretariat, providing legal and risk services, health and safety services and supporting the Executive Chairman.

Trinity House is responsible for two inter-GLA Functions: GLA Research and Development (GRAD), and Light Dues collection.

Research and Development is undertaken on behalf of the three GLAs by the GLA Research and Development 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 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 for the majority 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.

Responsibility for out-of-hours Aids to Navigation monitoring is also managed centrally by Trinity House. During the initial stage of the Fleet Review, Trinity House took on the lead of co-ordinated planning, with a GLA Planning Co-ordinator carrying out this role on behalf of all three GLAs. Subsequently, this has become a permanent arrangement.

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 that, in common with other predominantly engineering and seafaring organisations, Trinity House faces a challenge to achieve a more balanced gender distribution across the service. We are confident that recruitment decisions are based on the best candidate for the role. However, the reality is that with relatively few females entering the courses leading to engineering and seafaring roles, the potential candidates are more likely to be male for some years to come. Where possible, Trinity House seeks to use its engagement with the community, particularly schools and youth groups, to promote these areas to young people in the hope of inspiring more to undertake careers in engineering and/or at sea.

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 and at sea 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 contribute their ideas 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 communications policy has been developed to ensure key messages are communicated to staff in a timely manner.

Parliamentary Accountability Disclosures and Audit Report

Losses and Special Payments

There have been no losses or special payments during 2018-19.

Regularity of Expenditure

Trinity House has complied with the regularity of expenditure requirements as set out in HM Treasury guidance.

Audit Report

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

So far as the Executive Chairman acting in the role of the Accounting Officer is aware, there is no relevant audit information of which Trinity House auditors are unaware. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of the relevant audit information and to establish that the Trinity House auditors are aware of that information. The Accounting Officer also confirms that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

Ian McNaught
26 September 2019

Captain Ian McNaught
Executive Chairman of the Lighthouse Board

Statement of Comprehensive Net Expenditure for the year ended 31 March 2019

	Note	2018-19 £000s	2017-18 £000s
Income			
Advances from the GLF		33,700	33,200
Other income	3a	2,730	2,465
Income on behalf of all GLAs	3b	62	38
Grant income		4	23
		36,496	35,726
Expenditure			
Staff costs	4	14,298	13,611
Depreciation	8	6,451	6,620
Amortisation	9	288	214
Loss on revaluation		38	896
Other expenditure	5	14,515	12,367
		35,590	33,708
Net income/(expenditure)		906	2,018
Net interest payable	6	175	218
Net income/(expenditure) after interest		731	1,800
Net expenditure on behalf of DfT			
Sombrero	5b	1	3
Other costs	5b	207	184
		208	187
Net expenditure on behalf of all GLAs			
Staff costs	5c	1,010	1,003
Other costs ¹	5c	982	2,408
		1,992	3,411
Deficit for the year		(1,469)	(1,798)
Other comprehensive income			
Net gain/(loss) on revaluation of property, plant and equipment		569	(1,710)
Total Comprehensive Income		(900)	(3,508)

Notes on page 47 to 76 form part of these accounts.

¹Includes the costs associated with MV Ella

Statement of Financial Position as at 31 March 2019

	Note	2018-19 £000s	2017-18 £000s
Non-current assets			
Property, plant & equipment	8	120,577	123,735
Intangible assets	9	984	959
		121,561	124,694
Current assets			
Assets classified as held for sale	10	15	-
Inventories	11	3,056	3,046
Trade and other receivables	12	2,060	2,099
Cash and cash equivalents	13	272	276
		5,403	5,421
Total assets		126,964	130,115
Current liabilities			
Trade and other payables	15	5,835	6,426
Provisions: current element	16	-	-
		5,835	6,426
Non current assets plus/less net current assets/ liabilities		121,129	123,689
Non-current liabilities			
Other payables	15	3,805	5,465
		3,805	5,465
Assets less liabilities		117,324	118,224
Reserves			
General reserve		32,780	30,715
Revaluation reserve		84,544	87,509
Total reserves		117,324	118,224

The financial statements on pages 43 to 46 and related notes were approved by the Lighthouse Board on 26 September 2019 and signed on its behalf by:

Captain Ian McNaught
Executive Chairman

Statement of Cashflows for the year ended 31 March 2019

	Note	2018-19 £000s	2017-18 £000s
Cashflows from operating activities			
Net deficit after interest		(1,469)	(1,798)
Depreciation	8	6,451	6,620
Amortisation	9	288	214
Impairments	7	1,125	58
Loss on revaluation of land and buildings	8	38	896
(Gain)/Loss on disposal of property, plant and equipment	5a	(13)	(19)
Increase in trade and other receivables	12	39	(487)
Increase in inventories	11	(10)	(470)
Increase/(Decrease) in trade payables	15	(591)	671
Use of provisions	16	-	(68)
Net cash outflow from operating activities		5,858	5,617
Cash flow from investing activities			
Purchase of property, plant and equipment	8	(4,160)	(3,675)
Purchase of intangible assets	9	(102)	(236)
Proceeds of disposal of property, plant and equipment		60	21
Net cash outflow from investing activities		(4,202)	(3,890)
Cash flows from financing activities			
Capital element of payments in respect of finance leases		(1,660)	(1,617)
Net cash flow from financing activities		(1,660)	(1,617)
Net cash flow from all activities		(4)	110
Net decrease in cash and cash equivalents in the period		(4)	110
Cash and cash equivalents at the beginning of the period		276	166
Cash and cash equivalents at the end of the period		272	276

Statement of Changes in Equity for the year ended 31 March 2019

	General Reserve	Revaluation Reserve	Total Reserves
	£000s	£000s	£000s
Changes in equity for 2017-18			
Net loss on revaluation of property, plant and equipment	-	(1,710)	(1,710)
Release of reserves to statement of comprehensive net income	3,600	(3,600)	-
Retained deficit	(1,798)	-	(1,798)
Total recognised income and expense for 2017-18	1,802	(5,310)	(3,508)
Balance at 31 March 2018	30,715	87,509	118,224
Changes in equity for 2018-19			
Net gain on revaluation of property, plant and equipment	-	569	569
Release of reserves to statement of comprehensive net income	3,534	(3,534)	-
Retained deficit	(1,469)	-	(1,469)
Total recognised income and expense for 2018-19	2,065	(2,965)	(900)
Balance at 31 March 2019	32,780	84,544	117,324

General reserve:

The general reserve represents the accumulated surplus of the organisation.

Revaluation reserve:

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

Notes to the Accounts for the year 31 March 2019

1 Statement of Accounting Policies

a) Accounting Convention

These accounts have been prepared in accordance with the 2018-19 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 25 September 2019.

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

b) Going Concern

The statement of Financial Position at 31 March 2019 discloses net assets of £117,324,000.

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

c) Pension Benefits

Past and present employees of Trinity House are generally covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which is described in the Remuneration Report. The PCSPS is an unfunded multi-employer defined benefit scheme. The scheme is treated as a defined contribution arrangement as it is not possible to identify the deficit for the relevant employers.

Trinity House recognises the contributions payable to the PCSPS. The PCSPS pays pension benefits and accounts for the liability.

During 2014-15, the pension liabilities of the Trinity House Pension Scheme were transferred to the PCSPS and the corresponding liability relating to this transfer recognised in the accounts of the General Lighthouse Fund.

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 three to five 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**

Capitalisation

Non-Current assets are recognised where the economic life of the item of property, plant and equipment exceeds one year, the cost of the item can be reliably measured, and the original cost is greater than £5,000.

Assets are recognised initially at cost, which comprises purchase price, any costs of bringing assets to the location and condition necessary for them to be capable of operating in the intended manner, and initial estimates of the costs of dismantling and removing the assets where an obligation to dismantle or remove the assets arises from their acquisition or usage.

Subsequent costs of day-to-day servicing are expensed as incurred. Where regular major inspections of assets are required for their continuing operation, the costs of such inspections are capitalised and the carrying value of the previous inspection is derecognised, for example Dry Dock and Repair (DD&R) of ships.

Expenditure on renewal of structures is capitalised when the planned maintenance spend enhances or replaces the service potential of the structure. All routine maintenance expenditure is charged to the Statement of Comprehensive Net Income.

Internal staff costs that can be attributed directly to the construction of an asset, including renewals of structures that are capitalised, are capitalised.

Operating software, without which related hardware cannot operate, is capitalised, with the value of the related hardware, as property, plant and equipment. Application software, which is not an integral part of the related hardware, is capitalised separately as an intangible non-current asset.

Any gains or losses on the eventual disposal of property, plant and equipment are recognised in the Statement of Comprehensive Net Income when the asset is derecognised. Gains are not classed as revenue.

Valuation

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

Asset Class	Valuation Method	Valued By
Non Specialised Land and Buildings.	Fair Value, using Existing Use Valuation principles.	RICS Valuation Statement (UKVS) 1.1 Professional valuation every five years. Value plus indices in Intervening years.
Specialised Property	Fair Value using Depreciated Replacement Cost principles	RICS Valuation Statement (UKVS) 1.1 Professional valuation every five years. Value plus indices in Intervening years.
Non Operational Property ¹	Market Value	Specified as Obsolete, Assets Held for Sale or Investment Assets. Professional Valuation annually.
Tenders, Ancillary Craft and 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	RICS Valuation Statement (UKVS) 1.1 Professional valuation every five 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	RICS Valuation Statement (UKVS) 4.1&4.3 Professional valuation as 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 five years. Value plus indices in intervening years.
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¹Non Operational in this context relates to property that is not required for Trinity House to carry out its statutory function.

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

Depreciation is calculated on an annual basis and commences in the financial year after original purchase and continued up to the end of the financial year in which the sale or disposal takes place. Assets in the course of construction are not depreciated.

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

CATEGORIES	DEPRECIATION LIVES
Land and Buildings	
Land	Not Depreciated
Lighthouses (building structure)	25-100 years
Other buildings	50 years
Tenders and Ancillary Craft	
Tenders	25 years
Tenders dry dock and repair:	
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 GRAD 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.

A new standard for leases, IFRS 16, will be adopted in 2019-20. Further analysis and explanation of the effects of this new standard can be found under the sections relating to New Standards and Interpretations Not Yet Adopted, and IFRS 16 Impact Assessment.

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 2019 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

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

m) Investment Properties

IAS 40 requires that properties are classified as investment properties, where they are held for the purpose of capital appreciation, or to earn rentals, or both. Investment properties are valued at fair value with changes recognised in net operating expenditure for the period in which they arise.

As of 31 March 2019, Trinity House had no properties that the Board considered to be classified as investment properties.

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 Assets and Liabilities

Financial instruments are contractual arrangements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets are typically cash or rights to receive cash or equity instruments in another entity. Financial liabilities are typically obligations to transfer cash. A contractual right to exchange financial assets or liabilities with other entities will also be a financial asset or liability, depending on whether the conditions are potentially favourable or adverse to the reporting entity.

Financial Assets

The GLF classifies its financial assets as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and which are not classified as available-for sale. Such assets are initially recognised at fair value. Where material, they are subsequently measured at amortised cost using the effective interest method.

Financial Liabilities

Financial liabilities are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest rate. Where the effective interest rate is not materially different from the actual interest rate, the actual interest rate is used instead. Financial liabilities are derecognised when extinguished.

Embedded Derivatives

Some hybrid contracts contain both a derivative and a non-derivative component. In such cases, the derivative component is termed an embedded derivative. Where the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract, and the host contract itself is not carried at fair value through profit or loss, the embedded derivative is split out and reported at fair value with gains and losses being recognised in the Income and Expenditure Account. A review of all GLA contracts has determined that, as at 31 March 2019, no contracts contained embedded derivatives.

Determining Fair Value

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

p) New Standards and Interpretations

IFRS 9 (Financial Instruments) and IFRS 15 (Revenue Recognition) have been adopted for the first time in these financial statements. These statements have been adopted by the cumulative catch-up method, which is described in more detail in Notes 3 and 14.

As such, the comparatives for 2017-18 reflect the requirements of IAS39 in respect of financial instruments and IAS18 in respect of revenue recognition. Therefore, the primary statements and notes for the prior year reflect the categories specified in those IASs.

q) New Standards and Interpretations Adopted Early

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

r) New Standards and Interpretations Not Yet Adopted

The standards listed below are not yet effective for the year ended 31 March 2019 and have not been applied in preparing these financial statements. IFRS 16 will affect future financial statements from 1 April 2019; the other standards listed will affect the financial statements, if, after further consultation, they are adopted by the FReM;

IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less, or the underlying asset has a low value. The standard applies to public services from 1 April 2020 and has been adopted by the 2020-21 FReM. However, the Department for Transport will adopt IFRS 16 one year early on 1 April 2019. Accordingly, and with HM Treasury consent, IFRS 16 will also be adopted by Trinity House from 1 April 2019.

The estimated impact of IFRS 16 is disclosed below.

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

Other changes due to come into effect after 2018-19 are considered to have no material impact.

s) Income

In accordance with the Merchant Shipping Act 1995, Trinity House is permitted to sell reserve capacity. Income from these activities is recognised in accordance with IFRS15. Income received in advance of provision of services in respect of contracts is deferred to match the related expenditure.

t) Estimates

Trinity House may be liable as described in note 20 for any shortfall in the MNOFP pension fund. Trinity House takes advice from qualified actuaries in determining the extent of any shortfall and whether it may be required to make further contributions.

Aside from this, key estimates in Trinity House's accounts related to asset valuations. A number of qualified surveyors are engaged to provide professional valuations of different elements of the asset base as disclosed in note 8.

Specific estimation uncertainty arises in respect of the valuation of the lighthouse estate,

the Depreciated Replacement Cost of which constitutes the largest element of the buildings category in note 8. Key assumptions are made in the following areas.

- For each lighthouse, Trinity House selects a modern equivalent asset (MEA) based on the navigation requirement at the asset's location. This selection is based on a decision tree common to each of the GLAs which draws on key considerations for construction strategy such as whether a structure is onshore or offshore; and the degree of challenge posed by wave patterns at the location. The analysis of available construction techniques draws on the professional expertise of suitable expert GLA staff and the options emerging from recent case studies into possible rebuild or refurbishment work following market engagement. The design of this decision tree is a matter of professional judgement since more prudent engineering assumptions will tend towards the selection of more expensive MEAs, risking overvaluation, while more aggressive engineering assumptions will tend towards less expensive ones, risking undervaluation through optimism bias. Trinity House has followed the principal of neutrality in any judgements arising and considered the results of the decision tree based on a number of actual locations.
- Costing rates are determined for the gross replacement cost of each MEA, establishing a standard valuation to apply to each lighthouse in that category rather than costing each lighthouse individually. This portfolio approach is permitted by the FReM and RICS 'Red Book'. These are determined based on the most recent available data from case studies, with a consideration of indexation. Adjustment factors are applied based on location and physical characteristics of the site, to reflect the varying difficulty and cost of construction, e.g. for remote islands.
- As required by the FReM, a discount is made to the gross replacement cost to reflect Trinity House's assessment of the proportion of each lighthouse's useful life which has been expended. Condition point estimates which drive the measurement of this discount are based on the available data in respect of asset condition (including age), combined with professional judgement which considers the type of construction for the asset in use.

u) IFRS 16 Impact Assessment

From 1 April 2019, Trinity House will adopt IFRS 16. IFRS 16 gives a narrower definition of a lease than IAS 17 and IFRIC 4, by requiring that assets and liabilities will be recognised initially at the discounted value of the minimum lease payments, and that the assets are to be described as "right of use" assets. Existing finance leases will continue to be classified as leases. All existing operating leases will fall within the scope of IFRS 16 under the "grandfathering" rules mandated in the FReM for the initial transition to IFRS 16. Therefore, implementation of IFRS 16 will increase the value of non-current assets and the value of lease liabilities.

After initial recognition, right of use assets will be amortised on a straight-line basis and interest will be recognised on the liabilities. The cost model will be applied to assets for leases other than those leases that have a peppercorn rental, which will be measured on a depreciated replacement cost basis. As a result, the timing of the recognition of the total costs of leasing will change, as interest costs will be higher at the start of a lease.

The FReM 2019-20 mandates that IFRS 16 will be implemented using the cumulative catch-up method; as a result, comparatives will not be restated and the measurement of the

asset and liability balances recognised with effect from 1 April 2019. HM Treasury will also issue a central internal rate of borrowing for entities to apply when they cannot obtain the rate implicit in the lease contract.

For the material arrangements within the scope of IFRS 16, the impact of implementation is currently considered to be as follows:-

		£000s
General Fund		32,780
Revaluation Reserve		84,544
Total Equity at 31 March 2019		117,324
 Operating Lease Commitments at 31 March 2019		
Land	2,916	
Buildings	6	
Other	1,932	
Total	4,854	
Right-of-use assets as at 1 April 2019		18,146
Leasing obligations as at 1 April 2019		10,210
Revised General Fund		34,303
Revised Revaluation Reserve		83,022
Revised Total Equity at 31 March 2019		117,325

2 Analysis of Net Expenditure by Segment

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

3 Income

a) Income - Trinity House

	2018-19 £000s	2017-18 £000s
Buoy rental	877	898
Property rental	332	337
Tender hire	680	702
Sundry receipts	841	528
Total	2,730	2,465

b) Income on Behalf of All GLAs

	2018-19 £000s	2017-18 £000s
Contributions towards Radio Navigation projects	3	6
Tri-GLA tender hire	59	32
Total	62	38

As mentioned in Note 1 (p), IFRS 15 (Revenue Recognition) has been adopted in these accounts for the first time. IFRS 15 covers the recognition of revenues from contracts with customers. The new standard has had no material impact on these financial statements.

4 Staff Numbers and Related Costs

Staff costs comprise:

	2018-19 Permanently employed staff £000s	2018-19 Others £000s	2018-19 Total £000s	2017-18 Total £000s
Wages and salaries	11,517	265	11,782	11,281
Social security costs	1,265	-	1,265	1,212
	12,782	265	13,047	12,493
Employers PCSPC contributions	2,360	-	2,360	2,355
Other pension contributions	4	-	4	6
Redundancy costs	-	-	-	3
Sub Total	15,146	265	15,411	14,857
Less: recoveries in respect of outward secondments	-	-	-	-
Total Net Costs	15,146	265	15,411	14,857

Included in the previous table are:

	2018-19 Permanently employed staff £000s	2018-19 Others £000s	2018-19 Total £000s	2017-18 Total £000s
Research and development salaries	732	-	732	734
Light Dues salaries	278	-	278	269
Staff costs capitalised in fixed assets	103	-	103	243
Staff costs shown under expenditure of Trinity House	14,033	265	14,298	13,611

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

	2018-19 Permanently employed staff	2018-19 Others	2018-19 Total	2017-18 Total
Directly employed	292.6	-	292.6	284.4
Other	-	9.2	9.2	8.4
Staff engaged on capital projects	2.5	-	2.5	6.5
Total	295.1	9.2	304.3	299.3

5 Expenditure

a) Other Expenditure

	Note	2018-19 £000s	2017-18 £000s
Running costs ²		11,782	11,025
Rentals under operating leases ²		1,621	1,303
Non-cash items			
Impairments	7	1,125	58
Profit on disposal of property, plant and equipment	8	(13)	(19)
		14,515	12,367
Interest charges	6	176	218
Non-cash items			
Depreciation	8	6,451	6,620
Amortisation	9	288	214
Loss on revaluation of assets	8	38	896
Total		21,468	20,315

²In the 2017-18 Report and Accounts, the Tri-GLA Helicopter lease was included as an operating lease solely within the accounts of NLB. In preparation for IFRS 16, this lease has now been split between the three GLAs in proportion to their historic use of the helicopter. Therefore, Trinity House's 2017-18 running costs and rentals under operating leases have been restated, although the net effect remains zero. The figures for 2017-18 as stated last year were £11,638k and £690k respectively.

b) Net Expenditure on Behalf of DfT

	2018-19 £000s	2017-18 £000s
Staff and accommodation	87	79
Audit ³	90	75
Professional services	30	30
Sombrero	1	3
Total	208	187

³The audit fee above is the entire audit fee for the GLF, and is paid for on behalf of the GLF. During the year, the GLF did not purchase any non-audit services from its auditors. The element of the 2018-19 GLF fee that relates to the C&AG's review of Trinity House's transactions and balances contributing to this audit opinion is £20k (2017-18 £17k).

c) Net Expenditure On Behalf Of All General Lighthouse Authorities

	2018-19 £000s	2017-18 £000s
Light Dues collection costs	712	711
Imperial Lighthouse Service pensions	38	37
Research and Development	1,178	1,054
Special sanction R&D including eLoran	-	1
Wreck removal	64	1,608
Total	1,992	3,411

Salary costs included in the above:

	2018-19 £000s	2017-18 £000s
Research and Development	732	734
Light Dues	278	269
Total	1,010	1,003

6 Interest Payable/Receivable

	2018-19 £000s	2017-18 £000s
Deposit interest receivable	(1)	-
Interest payable on lease of THV Alert	21	29
Interest payable on lease of THV Galatea	155	189
Total	175	218

7 Impairments

During the year, impairments totalled £1,125k. Works on Lightvessel 10 and THV Alert exceeded the fair value of the assets by £232k and £318k respectively, whilst modernisations of the lighthouses at Start Point and Sark exceeded the Depreciated Replacement Cost valuation by £383k and £192k respectively. In accordance with the requirements of the FRM, these have been treated as impairments and transferred to the Statement of Comprehensive Net Income.

8 Property, Plant and Equipment

Current Year

	Land	Buildings	L'vessels	Tenders & Craft	Buoys & Beacons	IT	Plant & M'nery	POA ⁴ & AUC ⁵	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or valuation									
At 1 April 2018	6,042	72,321	9,340	14,595	5,243	1,515	14,219	1,161	124,436
Additions	-	357	430	877	71	220	637	1,568	4,160
Disposals	-	-	-	-	-	(76)	(199)	-	(275)
Impairments	-	-	(311)	(367)	-	-	(575)	-	(1,253)
Reclassifications	-	-	-	-	-	-	(22)	-	(22)
Revaluations	26	(1,844)	(355)	(1,954)	(219)	(260)	(1,059)	-	(5,665)
Transfers	-	-	256	300	73	23	1,141	(2,004)	(211)
At 31 March 2019	6,068	70,834	9,360	13,451	5,168	1,422	14,142	725	121,170
Depreciation									
At 1 April 2018	-	-	-	-	-	367	334	-	701
Charged in year	-	2,385	658	1,547	182	274	1,405	-	6,451
Disposals	-	-	-	-	-	(69)	(159)	-	(228)
Impairments	-	-	(79)	(49)	-	-	-	-	(128)
Reclassifications	-	-	-	-	-	-	(14)	-	(14)
Revaluations	-	(2,385)	(579)	(1,498)	(182)	(261)	(1,284)	-	(6,189)
At 31 March 2019	-	-	-	-	-	311	282	-	593
Net book value at 31 March 2018	6,042	72,321	9,340	14,595	5,243	1,148	13,885	1,161	123,735
Net book value at 31 March 2019	6,068	70,834	9,360	13,451	5,168	1,111	13,860	725	120,577
Asset financing:									
Owned	6,068	70,834	9,360	401	5,168	1,111	13,860	725	107,527
Finance leased	-	-	-	13,050	-	-	-	-	13,050
Net book value at 31 March 2019	6,068	70,834	9,360	13,451	5,168	1,111	13,860	725	120,577

⁴Payments on accounts

⁵Assets under construction

Prior Year

	Land	Buildings	L'vessels	Tenders & Craft	Buoys & Beacons	IT	Plant & M'nery	POA ⁶ & AUC ⁷	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Cost or valuation									
At 1 April 2017	6,835	77,113	9,570	14,690	4,754	1,472	14,812	796	130,042
Additions	-	-	19	1,046	319	432	470	1,389	3,675
Disposals	-	-	-	-	-	(100)	(84)	-	(184)
Impairments	-	-	-	-	-	-	(58)	-	(58)
Revaluations	(793)	(4,792)	(953)	(1,141)	133	(289)	(1,204)	-	(9,039)
Transfers	-	-	704	-	37	-	283	(1,024)	-
At 31 March 2018	6,042	72,321	9,340	14,595	5,243	1,515	14,219	1,161	124,436
Depreciation									
At 1 April 2017	-	-	-	-	25	369	302	-	696
Charged in year	-	2,170	681	1,443	304	344	1,678	-	6,620
Disposals	-	-	-	-	-	(99)	(83)	-	(182)
Revaluations	-	(2,170)	(681)	(1,443)	(329)	(247)	(1,563)	-	(6,433)
At 31 March 2018	-	-	-	-	-	367	334	-	701
Net book value at 31 March 2017	6,835	77,113	9,570	14,690	4,729	1,103	14,510	796	129,346
Net book value at 31 March 2018	6,042	72,321	9,340	14,595	5,243	1,148	13,885	1,161	123,735
Asset financing:									
Owned	6,042	72,321	9,340	445	5,243	1,148	13,885	1,161	109,585
Finance leased	-	-	-	14,150	-	-	-	-	14,150
Net book value at 31 March 2018	6,042	72,321	9,340	14,595	5,243	1,148	13,885	1,161	123,735

⁶Payments on accounts

⁷Assets under construction

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 (FReM). 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 were revalued using indices where applicable in the Property, Plant and Equipment Policy. A full revaluation exercise was undertaken as at 31 March 2019 by:

Asset	Valuer	Organisation
Land, Buildings & Beacons in England & Wales	Mr Richard Bryan MRICS & Mr Stephen Jones MRICS	DVS Property Specialists ⁸
Plant and Machinery & Lightvessels	Mr Andrew Lloyd MRICS	DVS Property Specialists ⁸
Tenders	Mr Charles Cundall	Braemar ACM Valuations Limited

⁸DVS 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 2019; this has been carried out by Braemar ACM 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.

Revaluations

A summary of the 2018-19 revaluation is set out below:

	£000s
Loss on property, plant and equipment (via SOCNI)	(38)
Gains on property, plant and equipment (via OCI)	2,662
Losses on property, plant and equipment (via OCI)	(2,093)
	531
Revaluation movements 2018-19	£000s
Revaluation movements cost (PPE note)	(5,672)
Revaluation movement accumulated depreciation (PPE note)	6,203
	531

Lighthouse Cottages included in Land and Buildings, leased to Trinitas Services Ltd

Trinity House retains a portfolio of lighthouse cottages which are leased to Trinitas Services Ltd as a commercial arrangement. These cottages constitute part of a navigational daymark or are otherwise necessary to retain other operational requirements and are valued at historic cost less depreciation in line with other assets.

Sale of Fixed Assets

During the year, fixed asset disposals were made in respect to pool vehicles, vans and a single piece of IT Equipment. In total, a gain on disposal of £13,336 was made.

9 Intangible Assets

Current Year

	Intangible software £000s	Intangible licences £000s	Total £000s
Cost or valuation			
At 1 April 2018	2,544	165	2,709
Additions	102	-	102
Disposals	-	-	-
Transfers	211	-	211
At 31 March 2019	2,857	165	3,022
Amortisation			
At 1 April 2018	1,659	91	1,750
Charged in year	281	7	288
Disposals	-	-	-
At 31 March 2019	1,940	98	2,038
Net book value at 31 March 2018	885	74	959
Net book value at 31 March 2019	917	67	984

Prior Year

	Intangible software £000s	Intangible licences £000s	Total £000s
Cost or valuation			
At 1 April 2017	2,369	150	2,519
Additions	221	15	236
Disposals	(46)	-	(46)
At 31 March 2018	2,544	165	2,709
Amortisation			
At 1 April 2017	1,499	83	1,582
Charged in year	206	8	214
Disposals	(46)	-	(46)
At 31 March 2018	1,659	91	1,750
Net book value at 31 March 2017	870	67	937
Net book value at 31 March 2018	885	74	959

10 Assets Classified as Held for Sale

	2018-19 £000s	2017-18 £000s
As at 1 April	-	-
Reclassifications	22	-
Revaluations	(7)	-
Depreciation	-	-
Reclassifications (Depreciation)	(14)	-
Revaluations (Depreciation)	14	-
As at 31 March	15	-

At 31 March 2019, Trinity House had a van and a lorry as assets held for sale. The sale of these two vehicles for £14,600 was completed during 2019-20.

11 Inventories

	2018-19 £000s	2017-18 £000s
Consumable stores	2,838	2,856
Fuel oil	218	190
Total	3,056	3,046

Inventories are valued using the First-In First-Out (FIFO) method.

12 Trade Receivables and Other Current Assets

	2018-19 £000s	2017-18 £000s
Amounts falling due within one year:		
Trade receivables	505	394
Other receivables	70	110
Inter GLA debtors	1	1
Prepayments and accrued income	1,070	1,211
VAT recoverable	414	383
Total	2,060	2,099

13 Cash and Cash Equivalents

	2018-19 £000s	2017-18 £000s
Balance at 1 April	276	166
Net change in cash and cash equivalent balances	(4)	110
Balance at 31 March	272	276
The following balances at 31 March were held at:		
Commercial banks and cash in hand	272	276
Short term investments	-	-
Balance at 31 March	272	276

14 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. Due to 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.

As mentioned in Note 1 (p), IFRS 9 (Financial Instruments) has been adopted in these accounts for the first time. IFRS 9 addresses classification, measurement and impairment of financial assets. The new standard has had no material impact on these financial statements.

Liquidity Risk

Trinity House 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.

Trinity House 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

Trinity House has a limited number of currency transactions and is not therefore exposed to any significant risk in terms of currency fluctuations.

Fair Values

There is no difference between the book values and fair values of Trinity House's financial assets and liabilities as at 31 March 2019.

15 Trade Payables and Other Current Liabilities

	2018-19 £000s	2017-18 £000s
Amounts falling due within one year:		
Other taxation and social security	387	334
Trade payables	664	515
Other payables	356	321
Accruals and deferred income	2,767	3,639
Current part of finance leases	1,661	1,617
Total	5,835	6,426
	2018-19 £000s	2017-18 £000s
Amounts falling due after more than one year:		
Finance leases	3,805	5,465
Total	3,805	5,465

16 Provisions for Liabilities and Charges

	Total £000s
Balance at 1 April 2018	-
Provisions utilised in the year	-
Balance at 31 March 2019	-

17 Capital Commitments

	2018-19 £000s	2017-18 £000s
Contracted capital commitments at 31 March not otherwise included in these financial statements:		
Property, plant and equipment	157	117
Intangible assets	70	17
Total	227	134

18 Commitments Under Leases

a) Operating Leases

	2018-19 £000s	2017-18 £000s
Obligations under operating leases comprise:		
Land		
Not later than one year	161	147
Later than one year and not later than five years	562	472
Later than five years	2,193	1,975
Buildings		
Not later than one year	2	2
Later than one year and not later than five years	3	4
Later than five years	1	2
Other		
Not later than one year ⁹	707	663
Later than one year and not later than five years ⁹	1,225	1,663
Later than five years	-	-

⁹In the 2017-18 Report and Accounts, the Tri-GLA Helicopter lease was included as an operating lease solely within the accounts of NLB. In preparation for IFRS 16, this lease has now been split between the three GLAs in proportion to their historic use of the helicopter. Therefore, Trinity House's 2017-18 obligations under other operating leases for not later than one year, and later than one year and not later than five years, have been restated. The figures for 2017-18 as stated last year were £227k and nil respectively.

b) Finance Leases

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

	2018-19 £000s	2017-18 £000s
Obligations under finance leases comprise:		
Other		
Not later than one year	1,805	1,802
Later than one year and not later than five years	3,962	5,758
Later than five years	-	-
	5,767	7,560
Less: interest element	(300)	(478)
	5,467	7,082

Finance leases details relate to THV Galatea and THV Alert.

19 Other Financial Commitments

Trinity House has not entered into any no non-cancellable contracts (which are not leases or PFI contracts), during the year (2017-18 Nil).

20 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 were made without members' consent. From 1 April 2014, Trinity House became liable for paying an employer's contribution in respect of staff that transferred.

Details of contributions to the PCSPS and the new Public Service (Civil Service and Others) Pension Regulation 2014 are included in the Remuneration and Staff Report section.

Merchant Navy Officers Pension Fund

The Board is a Participating Employer of the Merchant Navy Officers Pension Fund (MNOF), which is a defined benefit scheme providing benefits based on final pensionable salary. The MNOF 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 MNOF is currently employed by Trinity House and as a result no contributions have been made to the scheme in 2018-19, 2017-18, 2016-17, 2015-16 or 2014-15.

The rules of the MNOF 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.

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 most recent valuation was completed as at 31 March 2015, no funding call was made to participating employers.

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:

2018-19	2017-18
£3,839	£6,229

were paid to one of a panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% 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 have been 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; and
- has rights in the state scheme which can be restored by payment of a CEP.

Although contracting out ceased in April 2016, as part of the transfer of the pension scheme to the Civil Service we have been data cleansing our contracted out entitlements. This has not resulted in any CEP payments having to be made during the financial year (2017-18 £1,580).

21 Contingent Liabilities Disclosed Under IAS 37

Trinity House has the following contingent liabilities:

Merchant Navy Officers' Pension Fund (MNOFP)

A new actuarial valuation was carried out as at 31 March 2015 which reported that the funding position of the MNOFP had improved sufficiently, and that a new funding call from contributing employers would not be required in respect of the 2015 valuation. Any funding 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.

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 infeasible.

During 2011, the lighthouse was solarised and the aids to navigation are no longer dependant on the mains electricity supply mitigating any loss of mains supply.

The costs 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 geological 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. A GRAD study in 2011 concluded that a relocation to neighbouring land already owned by Trinity House 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

Trinity House Royal Sovereign Lighthouse, commissioned in 1971 using post tension concrete construction was built in two sections on the beach at Newhaven and designed for a 50 year life. The lighthouse is sited upon the Royal Sovereign Shoal, which has been marked since 1875.

As part of its routine periodic survey and modernisation/maintenance regime, and more recently detailed surveys in advance of the planned modernisation project in 2019-20, the surveys reveal advancing structural concrete delamination up to 60mm in more than 40% of the 300+ square metre concrete main structure soffits. Structural surveys identify that this has reduced the structural strength in key locations by more than 50%, which requires

further assessment and weight removal of water tanks, heavy plant and other equipment to ensure the structure remains safe for up to a three year period. Safety will be reviewed on an ongoing basis.

While a substantial re-engineering and repair programme in the range of £6m-£7m could extend the life of Royal Sovereign Lighthouse, it is prudent to consider the estimated remaining life of the main concrete pillar of up to 20-25 years, the full cost of future annual maintenance and survey (£0.1m-£0.2m per annum), combined with the periodic modernisation costs of approximately £1m in the coming years versus the cost of a full decommissioning with the cost of providing an alternative AtoN provision. The alternative AtoN provision, as assessed by the Trinity House Examiners Committee, would consist of extending the light range of a nearby lighthouse and upgrading the buoy provision in this area using well established technology that has proven to be a reliable and cost effective solution.

The decommissioning costs quoted (£8m-£11m) are based on a written estimate from a major marine contractor, but these are now five years old and increased in line with inflation. Taking all of the above into account, Trinity House has set up a Project Group to investigate the available options and future for this lighthouse including full decommissioning under the relevant regulations.

The estimated decommissioning costs are reflected in our 2019-24 Corporate Plan.

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 two 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.

Orfordness

Orfordness Lighthouse was sold to a private buyer in 2013 after decommissioning. As part of the sale agreement, should any costs be incurred, by mutual agreement with the new buyer, in the required demolition of the structure within 10 years then Trinity House would be liable for any costs over £50,000. After 2023 this liability lapses. The sea is taking its toll on the coastline and the structure is more vulnerable now than it was in 2013. If Trinity House was required to demolish the structure then an estimated cost of £100,000 should be allowed for.

Hurst Point

Hurst Point Lighthouse is located close to the beach and is very low lying at one metre above sea level, making it vulnerable to sea level rise and large waves. The station is powered by a hybrid solar and diesel generator system that requires regular deliveries of diesel fuel with the generators located below ground level. The structure and foundations are not designed to be wave washed and should the sea encroach onto the structure, it would need to be abandoned and an alternative light built. This is an important light guiding shipping into the Western Solent entrance. The shoreline is currently stable with no signs

of erosion though sea level is predicted to rise over the coming decades. Estimated costs to replace are uncertain, though a figure of £3m would allow for an alternative site to be established.

Crow Point

The sand dunes around Crow Point have suffered some erosion recently and the point is now an island at high tide. If the erosion continues the sea may make the point untenable and the structure unsafe. In this event the Examiners have agreed to replace the light with a floating aid. An allowance of c. £0.3m should be allocated to cover this.

Employers Liability

Prior to 20 February 1988, Trinity House was self insured for Employers' Liability risks under a Certificate of Exemption from the Board of Trade. Therefore, should a claim materialise (and liability/causation be established) for an alleged industrial injury prior to 20 February 1988 there may be a period for which Trinity House would be responsible for damages and costs as part of an agreed settlement. The majority of any potential settlement would be met by Trinity House's 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 its insurers.

Harwich Seawall

Trinity House is working with the Environment Agency to determine the extent of future repair works to the Harwich Seawall. The Seawall currently has ongoing degradation and may need repair works in the future.

Contractual Obligations

In the normal course of business, there may be occasions where Trinity House finds itself having to complete contractual obligations arising from disputes.

Brexit

On 29 March 2017, the UK Government submitted its notification to leave the EU in accordance with Article 50 of the Treaty of the Functioning of the European Union. The triggering of Article 50 starts a two year negotiation process between the UK and the EU. On 11 April 2019, the government confirmed agreement with the EU on an extension until 31 October 2019 at the latest, with the option to leave earlier as soon as a deal has been ratified.

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

The UK remains a full member of the EU with all the rights and obligations arising from membership. There are no significant impacts on the financial statements in the short term from making the formal notification.

22 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 £33,700,000 (2017-18 £33,200,000) from the General Lighthouse Fund and incurred expenditure of £1,992,000 (2017-18 £3,411,000) on behalf of all three Authorities.

At the 31 March 2019, the balances outstanding with the GLAs were as follows:

	Balance due to TH		Balance due to GLA	
	2018-19 £000s	2017-18 £000s	2018-19 £000s	2017-18 £000s
Commissioners of Irish Lights (CIL)	-	-	-	-
Northern Lighthouse Board (NLB)	4	-	114	52

Neither the Secretary of State for Transport, any key officials with responsibilities for the Fund, or any of Trinity Lighthouse 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 13 locations to be leased to Trinitas for 25 years. Trinitas has refurbished the cottages and has a contract with Rural Retreats to let them as holiday cottages. At present 32 cottages are let under this agreement.

The freehold interest in the properties remains with 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.

M Amos, Non-Executive Director of the Lighthouse Board, is appointed to the Board of TSL as Chair. Commodore R Dorey is appointed to the Board of TSL as a nominee of the Corporate Board responsible for Trinity House charities. Commander G Hockley, A Groom and M Glaister are appointed to the Board of TSL as nominees of the Corporate Board responsible for Trinity House Charities, none of whom are members of the 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 2018-19 Trinity House paid £300,294 to The Corporation of Trinity House in respect of service charges incurred in using office space and facilities at Trinity House, London (£291,604 in 2017-18).

Conversely, the Corporation of Trinity House reimburses Trinity House for the provision of services during the year. The Corporation paid £71,336 to Trinity House in respect of these services during the year (£71,606 in 2017-18).

23 Inter-GLA Transactions

Ships Agreement

During the year, Trinity House provided the services of MV Mair to Commissioners of Irish Lights for 0.93 days under the terms of the Inter GLA Ship Agreement dated 17 November 2010. The Commissioners of Northern Lighthouse Board (NLB) provided the services of NLV Pole Star to Trinity House for 27.36 days. There was no transfer of funds between the GLAs in respect of these services but the transactions gave rise to notional income of £9,293 (2017-18 - nil) and notional expenditure of £274,296 (2017-18 - £97,137).

24 Losses

No losses have been reported for the 2018-19 financial year (2017-18 - nil).

25 Events After the Reporting Date

There have been no post balance sheet events.

APPENDIX 1

Five Year Summary

	2018-19	2017-18	2016-17	2015-16	2014-15
	£000s	£000s	£000s	£000s	£000s
Income					
Advances from the General Lighthouse Fund	33,700	33,200	31,500	30,500	31,400
Other income	2,730	2,465	2,302	2,292	2,625
Income on behalf of all GLAs	62	38	419	159	250
Grant income	4	23	-	100	180
Total	36,496	35,726	34,221	33,051	34,455
Expenditure					
Staff costs	14,298	13,611	13,751	14,102	13,323
Depreciation	6,451	6,620	6,211	6,844	6,646
Amortisation	288	214	129	127	271
Loss on revaluation	38	896	509	771	144
Pension cost	-	-	-	-	13
Other expenditure	14,515	12,367	12,713	13,779	13,851
Total	35,590	33,708	33,313	35,623	34,248
Exceptional items:	-	-	-	-	181,156
Net income	906	2,018	908	(2,572)	181,363
Interest payable/receivable	175	218	264	354	400
Net income after revaluation and interest	731	1,800	644	(2,926)	180,963
Net expenditure on behalf of DfT	208	187	191	336	246
Net expenditure on behalf of all GLAs	1,992	3,411	2,476	2,522	3,200
Net income after interest	(1,469)	(1,798)	(2,023)	(5,784)	177,517
Property, plant and equipment	120,577	123,735	129,346	128,230	136,560
Intangible assets	984	959	937	495	446
Assets less current liabilities	121,139	123,689	128,814	127,064	136,791
Assets less liabilities	117,324	118,224	121,732	118,395	126,612
Capital investment and purchases of property, plant and equipment	4,160	3,675	3,566	3,067	3,006
Average number of employees	304	299	304	304	309
Part-time included above	17	17	16	13	13

APPENDIX 2

Further Information

	2018-19		2017-18	
	Deployed	Owned	Deployed	Owned
Number of non-current assets:				
Lighthouses ³	66	64	66	64
Lightvessels	8	12	8	12
Lightfloats	1	1	1	1
Buoys ²	518	747	544	770
Beacons	18	18	18	18
Tenders	3	3	3	3
Ancillary Craft	5	5	5	5
Lighthouse abroad ¹	1	1	1	1
Totals	620	851	646	874

¹Trinity House owns and has full responsibility for Europa Point (Gibraltar).

²The number of Buoys deployed will always be less than owned due to the diversity of buoy range, buoys undergoing repairs and refurbishments, others being held on tenders awaiting deployment and emergency wreck marking buoys held at various depots and forward storage areas.

³The difference between lighthouses owned and lighthouses deployed arises due to both Farne Island and Skokholm being lighthouse stations, however, Trinity House no longer owns the lighthouse tower.