



TRINITY HOUSE
REPORT AND ACCOUNTS
FOR THE YEAR ENDED
31 MARCH 2016



Trinity House

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Directors of the Lighthouse Board

Captain I McNaught*	Executive Chairman
Captain R H Barker*	Director of Navigational Requirements
Commodore R W Dorey*	Director of Operations (Appointed 26 November 2015)
J S Wedge ** CIPFA	Director of Finance & Support Services (Retired 31 March 2016)
A Damen** RA	Director of Business Services (Appointed 17 May 2016)
Captain N Palmer*OBE	Deputy Chairman and Non Executive
E D Johnson***	Non Executive
Professor P Matthews***OBE	Non Executive
D Ring***	Non Executive

Secretary to the Board

J D Price

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

Officers and Advisors

Principal Office

Corporation of Trinity House
Trinity House
Tower Hill
London
EC3N 4DH

Auditors of the General
Lighthouse Fund

Comptroller & Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Bankers

Lloyds Bank PLC
PO Box 72
Bailey Drive
Gillingham Business Park
Kent
ME8 0LS

Solicitors

Norton Rose
3 More London Riverside,
London
SE1 2AQ

Executive Chairman's Review

The 2015/16 year has seen Trinity House (TH) continue to provide an excellent service to the mariner, with our aids to navigation availability exceeding all international standards and delivery of our services within the pre-set budget.

Trinity House's mission is to deliver a reliable, efficient and cost effective aids to navigation (AtoN) service for the benefit and safety of all mariners.

Our AtoN continue to provide safety for all mariners in an increasingly complex offshore environment, where the ever growing number of offshore windfarms, contribute to the dangers offshore.

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

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

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

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

Trinity House remains committed to this tri-GLA marine AtoN strategy and this is our primary focus. Within this GLA strategic tapestry Trinity House has continued to achieve its objectives in 2015/16, with the highlights being as follows:

- Continuing to maintain the availability of our AtoNs above the international standards;
- Retention of ISM Code, ISPS Code and MLC certification in respect of our vessels;
- Retention of ISO 9001:2008 Quality, ISO 14001:2004 Environmental and OHSAS 18001:2007 Occupational Health and Safety Standards Certification;
- Completing engineering projects at Longstone, Hurst Point and Les Hanois lighthouses, and the Mixon and Chwislen Beacons, to enable a further 15-20 year use;
- Continuing to push forward the tri GLAs' Differential Global Positioning System (DGPS) project with all stations now operational;
- Generating income of over £2.3million from commercial



- activities;
- Maintaining high standards of corporate governance and strong financial controls as evidenced by reports from our auditors;
 - The successful launch of the tri-GLA helicopter contract at the end of 2015;
 - The completion of phase 1 of the Fleet Review and the planning for the subsequent phases during 2017/18.

Trinity House has continued to exceed cost reduction targets, set in accordance with a RPI-X% formula and a new RPI-X% regime has been agreed now for a further 5 years with our stakeholders. The main contributors to the outstanding financial performance have been the generation of higher than target commercial income, exceeding the value for money target, reductions in 'front line' running costs and increases in productivity achieved by a continuous improvement review programme.

Trinity House's strong financial performance has contributed to maintaining light dues significantly below inflation. Light dues remain 34% lower in real terms than they were 10 years ago. Their collection has remained stable despite the continuation of the poor economic climate; furthermore, the Shipping Minister has announced another cut in light dues with effect from April 2016, from 39p to 38p per NRT.

Trinity House's contribution to the Joint Strategic Board (JSB) of the GLAs focused on three key areas during the year: the Review of the tri-GLA Fleet ('Fleet Review'), the efficiency regime to replace the RPI -X% targets from 1 April 2016 and GNSS vulnerability.

Trinity House continued to work effectively in partnership with key stakeholders. This is of great credit to all of our staff who have worked so diligently at Trinity House to ensure we continue to provide a high class service to the mariner and so maintain our world-wide reputation for excellence. We are well placed to take the organisation forward and build on the outstanding work of the last twelve months and the long history of dedicated service to the marine sector.

Ian McNaught

Captain Ian McNaught
Executive Chairman of the Lighthouse Board

Performance Report

Statement of Performance and Activities

Overview

Aims, Objectives and Regulation

Our mission 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 12 of this report.

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 and also discharges responsibilities of the Department for Transport (DfT) at Sombrero Lighthouse (Anguilla).
- residual pension liabilities in respect of former employees of the Imperial Lighthouse Service in the West Indies, Sri Lanka and the Falkland Islands.

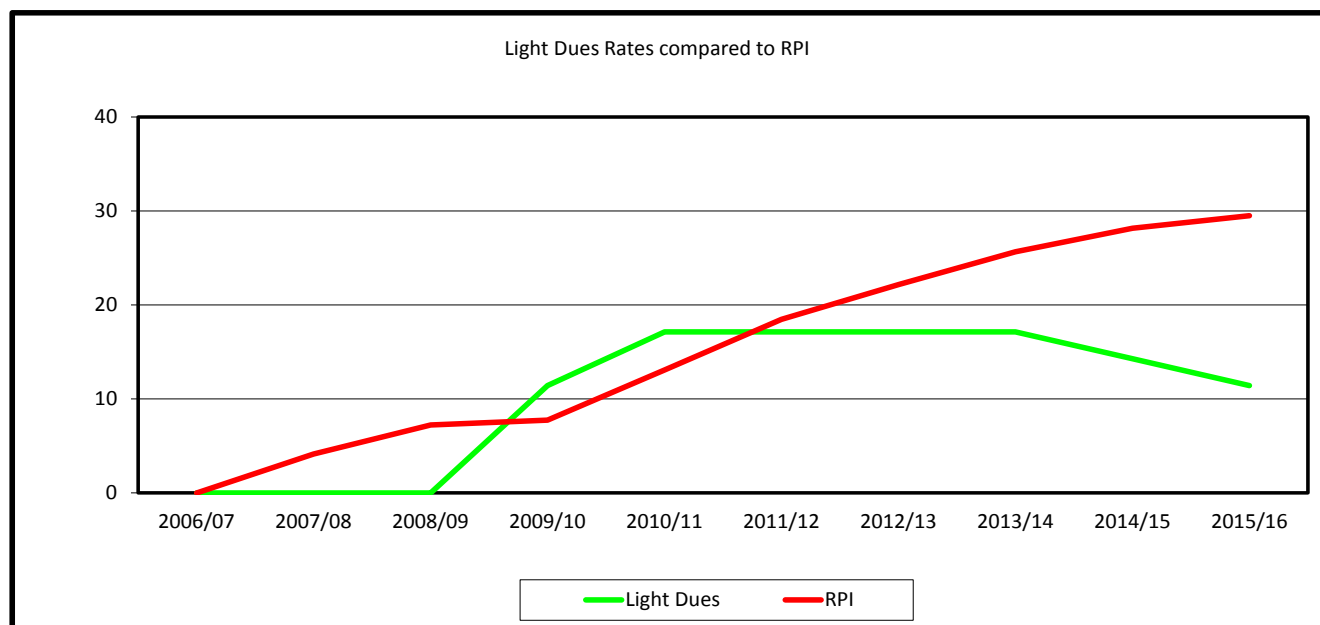
These accounts are prepared by Trinity House in respect of its function as the GLA for England and Wales in accordance with a directive made by the DfT under the powers of the Secretary of State. The accounts are subsequently consolidated to form part of the General Lighthouse Fund (GLF) Accounts.

Source of Finance

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

Light Dues

Trinity House, the other GLAs and the Department for Transport have worked together to minimise costs and the real terms levels of light dues. The level of light dues per tonne has fallen from its historic peak of 43p in 1993 to 39p today and is some 34% lower in real terms than they were 10 years ago. A further reduction in light dues has been made for 2016/17 reducing the rate from 39p to 38p.



Operating Results

The operating results for the year, set out in the Statement of Comprehensive Net Income, show a deficit of £2,525k for 2015/16 (surplus £181,386k 2014/15). Operating income and expenditure for the year was within management expectations and DfT sanction. The 2014/15 surplus is mainly influenced by the pension transfer.

Including Other Comprehensive Income, the Statement of Comprehensive Net Income (SoCNI) reports a net deficit for the year of £8,217k, this takes account of unrealised gains and losses on Property Plant and Equipment which have been adjusted in line with market indices. The valuation of the tenders was significantly lower for 2015/16 due to the downturn of the global shipping market. A net deficit of £5,784k was transferred to the General Reserve (net surplus £177,517k 2014/15).

Losses reported in the SoCNI decrease the net worth of Trinity House as shown on the Statement of Financial Position (SoFP) to £118,395k, (£126,612k 2014/15) Most of the Trinity House assets are held at Fair Value and re-assessed annually and the pension liability was removed in 2014/15, covered by a loan now held within the General Lighthouse Fund, resulting in a significant strengthening of Trinity House's financial position.

The Net Cashflow from all activities (page 37) shows a deficit of £987k. The cash drawdown was below budget for the reasons provided in the Financial Performance commentary (page 8), and accruals for 2015/16 do not draw cash until 2016/2017. Funds not drawn down remain in the GLF. Funds are only drawn down 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. 2016/17 sanction obtained approval on 12 January 2016, therefore management believe adequate funds are available to meet future obligations.

Accounting Policies

The Accounting Policies are reviewed each year in accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. This review is carried out at the tri-GLA Accounts Format Working Group each year and at internal meetings, chaired by the Director of Business Services. There have been no changes to the Accounting Policies since last year.

Financial Performance

For 2015/16 Trinity House's performance against the cash sanction set by DfT can be summarised as follows:

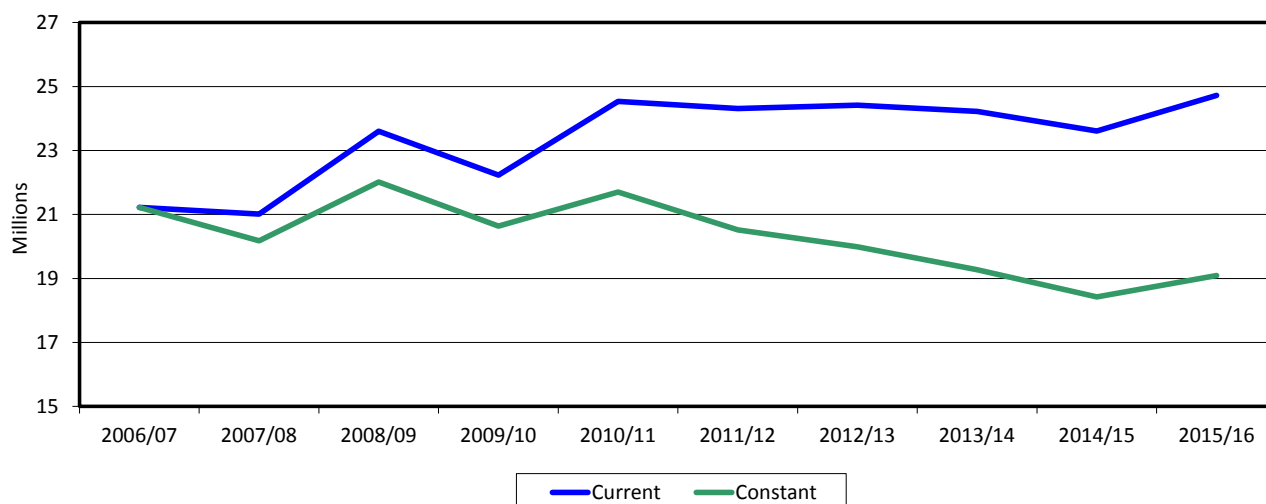
	Actual Expenditure	Sanction	Variance
	£000's	£000's	£000's
Running costs	24,592	25,566	(974)
Expenditure on behalf of all GLAs	2,522	3,061	(539)
Other costs	4,239	4,692	(453)
Capital expenditure	3,199	3,925	(726)
Other costs (on behalf of DfT)	333	405	(72)
Sombrero (on behalf of DfT)	3	23	(20)
Total	34,888	37,672	(2,784)

Running Costs in Current and Constant Prices

Set out below 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 £21,219k in 2006/07 to £19,061k in 2015/16 a reduction of 10%.

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Running Costs	21,219	21,014	23,604	22,232	24,538	24,309	24,415	24,221	23,608	24,592
Variance % YoY		-1.0%	12.3%	-5.8%	10.4%	-0.9%	0.4%	-0.8%	-2.5%	4.6%
Running Costs (Constant Prices)	21,219	20,180	22,014	20,640	21,704	20,517	19,989	19,274	18,425	19,061
Variance % YoY		-4.9%	9.1%	-6.2%	5.2%	-5.5%	-2.6%	-3.6%	-4.4%	3.5%
Average RPI	200.3	208.6	214.8	215.8	226.5	237.3	244.7	251.7	256.7	259.4

Running Costs in Current and Constant Prices



Actuals v Sanction Analysis

Overall there is a sanction underspend of £2,784k (7.4%). Running Costs are underspent by £974k (3.8%), this is mainly attributable to staff costs which are underspent as a result of vacancies from a high staff turnover. Expenditure on behalf of all GLAs is under spent by £539k as a result of the Eloran project being re-evaluated and forecasted expenditure not taking place during 2015/16. Other Costs were underspent by £453k, mainly as a result of pensions not being due for vacancies in the manpower remit. Capital was under spent by £726k due to savings made on several projects plus risk budgets 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 £880k;
- Maintained a satisfactory year end audit report from NAO;
- Generated £360k of value for money savings;
- Achieved a substantial assurance rating from DfT internal audit; and
- Exceeded our running costs target under the RPI-X model.

Expenditure on Tangible and Intangible Non-Current Assets

During the year to 31 March 2016 expenditure on non-current assets was:

	2015/16	2014/15
	£000's	£000's
Work in progress	1,181	1,853
Buildings	39	-
Tenders and craft	88	28
Lightvessels	254	-
Buoys and beacons	80	333
Plant and machinery	780	656
Information technology	645	136
Intangible Software	132	190
Total	3,199	3,196

Major capital spend during the year took place on the following projects; Longstone, Hurst Point, Harwich data Centre restructure, DGPS and Racon replacements.

The Accounts Direction that came into force on 27 February 2013 states that the non-current assets shall be valued in line with the Government financial reporting manual (FReM). Trinity House obtained independent valuations for the majority of its assets as at 31 March 2013. The carrying values are now reviewed annually using a combination of appropriate index or independent valuations in accordance with our asset policy. Further details can be found at notes 8 and 10 (page 48 and page 52).

Trinity House London 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 which was published in 2012/13.

Within Trinity House, 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 AtoN service for the benefit and safety of all mariners". The Board measures its performance against this Mission by the use of different indicators, which together show both the effectiveness and the economic cost of the service provided. The Board continues to refine its KPIs so that they remain consistently reflective of the 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.

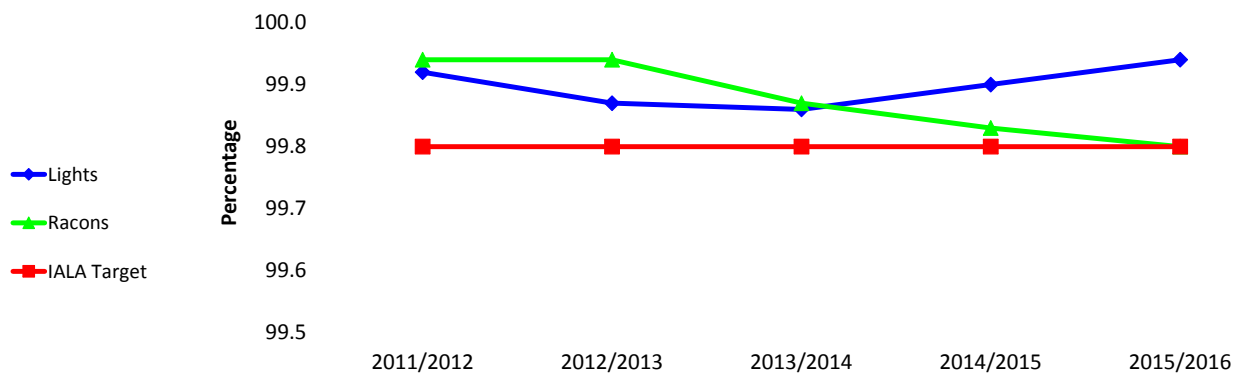
Aids to Navigation (AtoN) Availability.

Availability of AtoN 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 on page 10 are produced in accordance with those standards, and show three year rolling averages under the various categories of AtoN 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.

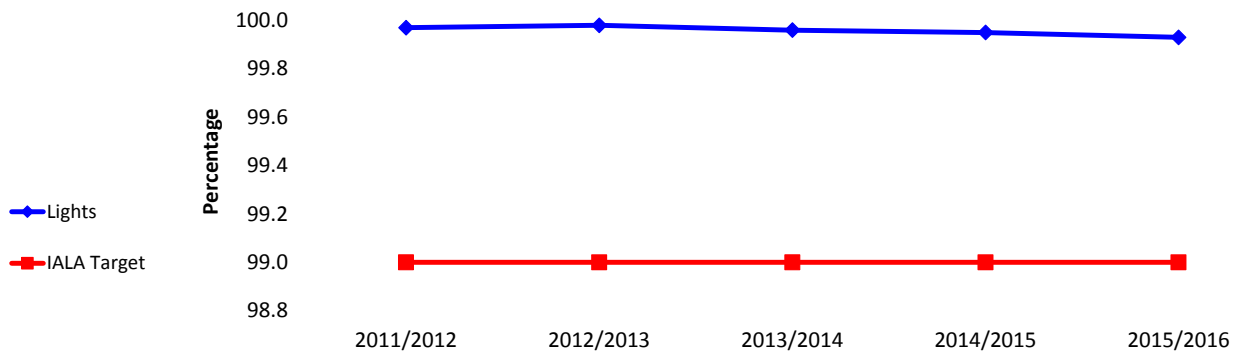
Aids to Navigation Availability - Three year rolling averages for financial years

AtoN Type	Category	IALA Min %	2011/12 %	2012/13 %	2013/14 %	2014/15 %	2015/16 %
Lights	1	99.80	99.92	99.87	99.86	99.90	99.94
Racones	1	99.80	99.94	99.94	99.87	99.83	99.80
Lights	2	99.00	99.97	99.98	99.96	99.95	99.93
Hazard warning signals	3	97.00	99.86	99.77	99.70	99.62	99.71
AIS	3	97.00	100.00	100.00	99.59	99.15	99.39
Lights	3	97.00	99.85	99.86	99.81	99.82	99.76

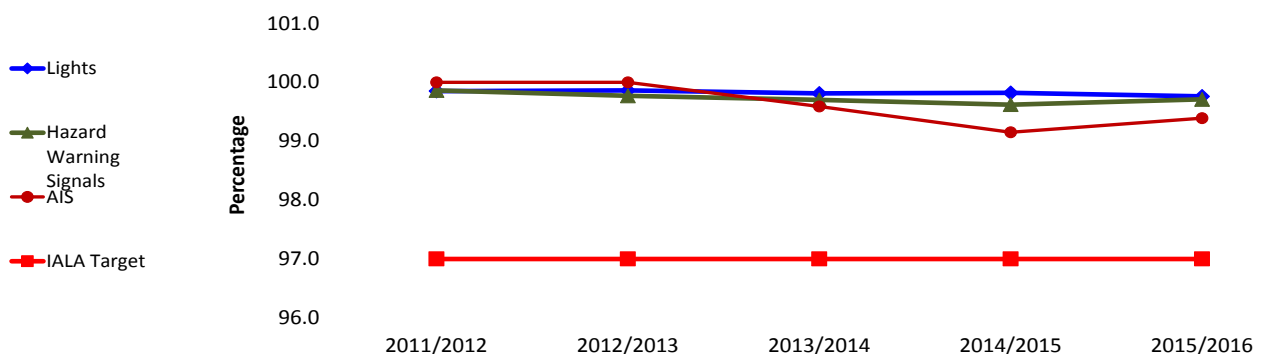
Category 1 Aids to Navigation - IALA Target 99.8%



Category 2 Aids to Navigation - IALA Target 99.0%



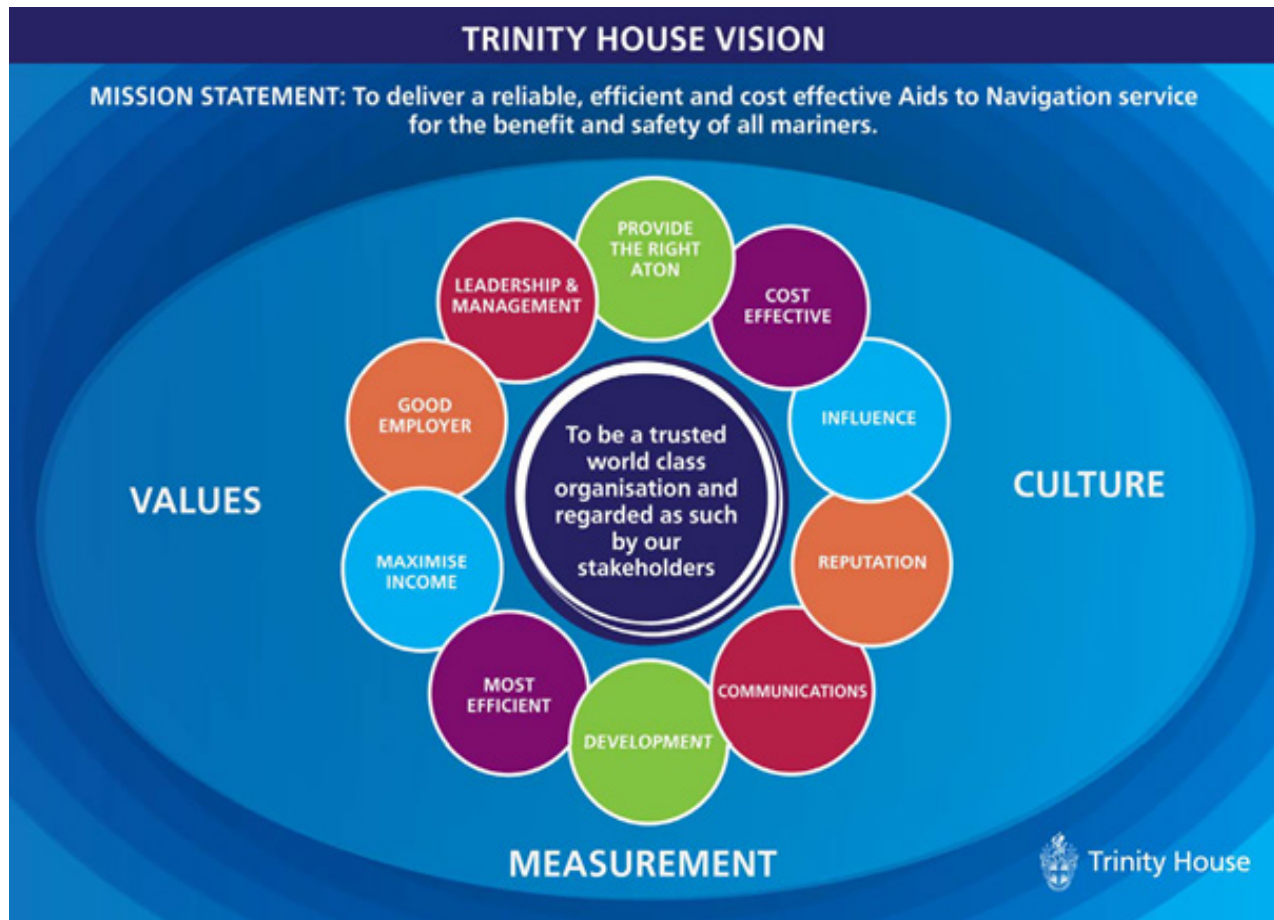
Category 3 Aids to Navigation - IALA Target 97.0%





Performance Analysis

Trinity House's Strategy



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

Mission Statement

Trinity House's mission is:

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

Vision

Our vision is:

*To be a trusted, world class organisation and regarded as such by our stakeholders.
Our Strategy elaborates on what our key priorities are in order to achieve this vision.*

Values

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

- Trust- We trust each other and are trusted by others.
- Flexibility- We look at what 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. A development plan was produced in 2014, specifically designed to help embed these values deeper into our culture.

What it means to be a trusted, world class organisation

Trinity House defines “World Class” as follows:

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

Our Stakeholders

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

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

Trinity House’s Priorities

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

- Priority One- Operational Delivery - Continuous Improvement
- Priority Two- Reputation Development
- Priority Three- New Business
- Priority Four- Internal Communications and Staff Engagement
- Priority Five- Cultural Change
- Priority Six- Improving Working Practices

At the end of each year the strategy is reviewed to ensure it remains current and in line with developments during the year.

Implementation and Delivery

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

Collaborative working

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

Monitoring Progress, Measuring Success

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

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

Current Developments and Performance

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

Priority One - Operational Delivery – Continuous Improvement Operations

- The availability of our Aids to Navigation continues to exceed the internationally recognised IALA guidelines; this is a result of good design, installation and maintenance of the various Aids to Navigation in the estate;
- Longstone Lighthouse has been modernised with solar power. This will assure the reliability of this important Aid to Navigation off Northumberland and significantly improve environmental performance by reducing its

annual CO₂ foot print. Hurst Point Lighthouse had its power management system replaced as the old system was obsolete and proving unreliable. A solar panel array has been installed to support the diesel float charge system in place there;

- Two beacons, Mixon, off Selsey Bill, and Chwislen, North Wales, have been rebuilt to give them a new lease of life;
- Light Float 3 has been modernised with new a optic, gimbal, batteries and charging system;
- The seven DGPS stations that form part of the Tri GLA system have all been replaced with new transmitters and receiving equipment whilst retaining the antenna and site infrastructure;

Operations and planning

- The centrally co-ordinated approach to planning has continued to develop, with annual operational planning meetings introduced and further integration of ship and shore based plans being achieved, resulting in a better utilisation of vessels and buoy shifting list delivered on time.
- The maintenance programme has been a challenge to deliver, but productivity levels have been high and the majority of our maintenance work has been completed successfully;

Health and safety

- The Health and Safety Management System is now certified by The American Bureau of Shipping to the internationally recognised OHSAS 18001, with the objective for continuous improvement and to promote commercial viability;
- Operational Health and Safety performance remains stable, albeit with a slight increase in incidents on board the ships during 2015/16. Considering the high risk activities, the number of work related lost time RIDDOR/ MAIB reportable incidents for the period remains low;

Navigation

- The 2015 – 2020 GLA AtoN Review has been issued;
- Representatives from Navigation have engaged with developers of Offshore Renewable schemes on Safety of Navigation issues including lighting and marking. Trinity House has engaged with the Planning Inspectorate for nationally significant infrastructure projects (NSIPs), for large scale developments such as power generating stations (including wind farms);
- Through the Examiners Committee – given consideration on the marking requirements for new and existing wrecks, including use of AIS for quantitative and qualitative assessments;
- Trinity House retained ISM and ISPS Certification for the ships, and full certification to the Maritime Labour Convention.

Business and management services

- The Value for Money target was met achieving £360k against a target of £300k;
- Trinity House has contained its running costs within the five year RPI-x (Retail Price Index less x, where x = 3) target achieving an x factor of 5.70% against a target of 3. This means that Trinity House running costs are less in real terms today than they were five years ago. 2015/16 is the final year of the five year RPI-x target. A new five year RPI-x target has been set for 2016/17-2021/22 with x being 2%.
- The main IT data centre has been re-designed to improve resilience and provide a data centre fit for the next ten years. The improvements also delivered a reduction in power requirements and associated reduction in carbon footprint.

Priority Two - Reputation Development

- The Corporation launched a new website, which reflects latest website technologies as well as the changes that have seen Trinity House as an organisation evolve over the last decade;
- Trinity House remains active in its contribution to IALA with representation on its Council, working committees and the Policy Advisory Panel which guides the delivery of the Strategy as set by the Council. IALA's planned move to Intergovernmental status is an important move which is supported by Trinity House. It is led by a Change of Status Group with advice from its Legal Advisory Panel chaired by the Trinity House representative on the Panel. Trinity House gains a detailed perspective of AtoN provision worldwide by participating in IALA which enables this to be translated into an effective AtoN service for national and international shipping on the home coast. Trinity House has influence in the implementation of International Standards and recommendations which ensure that we remain compliant and ready for any legislative changes;
- Trinity House is a member of the Port Skills and Safety Group with an active role in the development of national industry and HSE guidance, as well as the development and implementation of national skill levels and examination criteria for pilots and harbour masters;
- Trinity House is also represented on the ICHCA International Safety Panel, which is a recognised NGO by the ILO and the IMO and produces research and international convention publications on their behalf;
- Trinity House continues to maintain on-going dialogue at organisational level with stakeholder's: MCA / UKHO / MMO / NRW / SOSREP / RYA / DECC (Energy Development Department – Aberdeen);

Priority Three - New Business

- The Future 500 Project has been implemented with both a Steering Group and Working Group formed to take forward a number of new business development ideas captured from staff and stakeholder engagement;
- Despite a limited Trinity House Vessel reserve capacity throughout 2015/16, the commercial target has been achieved, in the main from long term customer contracts for buoy hire and successful partnerships with buoy suppliers utilising Trinity House Vessels for buoy deployments;
- Income has been augmented by another successful year of *Patricia Voyages* with 86% occupancy generating £300k income;
- The Portland Bill Visitor Centre opened in April 2015 has also contributed significantly to income, exceeding expectations with income to December 2015 of £109k;
- Overall income of £2.3m was earned making an important contribution to the General Lighthouse Fund and offsetting the costs to the Light Dues Payer;
- The professionalism of Trinity House personnel and the quality of service provided continues to impress customers who visit Trinity House or embark on our vessels as either client representatives for commercial contracts or paying passengers.

Priority Four – Internal Communications and Staff Engagement

- Various Road Shows and staff briefings have taken place throughout the year to cover a range of important subjects, including Procurement and Supplies, Employment Law, and Health and Safety good practice;
- The Environmental Working Group continues to be active in assuring a responsible approach to the protection of the environment as we conduct our business. To this end a series of road shows were delivered to all staff to inform and engage with them about the work, successes and plans in this area;
- Maintaining regular Health and Safety Committees and an online incident, hazard and near miss reporting system for employees. Employees can submit hazard and safety shortfalls with the option to do this anonymously. A campaign was introduced this year to encourage further near miss reporting which has proven successful in identifying potential safety performance downgrades;

Priority Five – Cultural Change

- Staff are regularly consulted and involved in the development of our Strategy, with a line of 2-way communication; aimed at encouraging new ideas from staff so that we can continuously improve our ways of working;
- Various teams of staff have been drawn together from across the service to encourage development and improvement in key topics; ensuring that areas for improvement are addressed and people work together to come up with viable solutions. Such topics include Type 1 buoy and Future 500;
- A review of our approach to risk management has been undertaken to ensure emerging threats or opportunities for our organisation are identified in good time and the impact on the organisation is identified, analysed and monitored;
- With a number of external personnel being recruited into senior SVS positions, the age profile of the marine related senior management teams has been significantly lowered and has also introduced new ideas as to how our operations can be undertaken.

Priority Six – Improving Working Practices

- A Procurement Survey was carried out during the year to identify improvements in processes and ways of working and an action plan was developed from this to address any issues raised;
- Following consultation with staff, changes in the way work is carried out on remote Lighthouses has led to spending longer time on station but with fewer visits per year. This is proving effective with less time spent in mobilising and de mobilising for works and with fewer helicopter hours;
- The use of specialist contractors to deliver some project works has enabled Trinity House to benchmark its performance with the commercial world. This has been a valuable exercise with a clear way forward with Trinity House concentrating on the specialist AtoN work and the use of commercial firms for the less critical components of a project;
- Our focus on improving our use of performance data to drive our decision making and management priorities has ensured that our longer term planning is based on evidence and continuous improvement;
- Our internal audit systems and processes have been reviewed and simplified as to ensure outputs of audit are meaningful and useful in driving business improvement;
- Through consultation and training sessions with Project Engineers, Field Operations and Commercial, the management of facilities maintenance and construction work has been overhauled and redesigned in line with new construction legislation, promoting project efficiency and improved vetting of contractor competency;

Research & RadioNavigation (R&RNAV)

Over the last 12 months, the GLA R&RNAV directorate has continued to innovate and drive the businesses of all the GLA forward. It has developed several new light sources which have been employed in approximately 22 lighthouses (34 light sources) over the British Isles and in dozens of others around the globe. These devices have meant that there has been a decline in the GLA operational costs through the reduction in power required and the cost and frequency of maintenance, as well as reduced capital investment on batteries, PV panels and supporting equipment. R&RNAV research has also led to manufacturers producing much longer range LED lights; our research showed for the first time that vertical beam divergence could be narrowed, allowing longer ranges for the same input power.

R&RNAV continues to lead the World in many aspects of RadioNavigation and is seen as such by our international and domestic partners. Due to this, R&RNAV has been able to start to exploit its intellectual property and has increased this modest revenue stream over the last 12 months.

The R&RNAV led eLoran initial operational capability came to an end when transmissions were ceased in France and Norway at the end of 2015: this meant that the transmissions from Anthorn (the GLA station in Cumbria) could no longer be used for maritime positioning. A drawdown of the project and infrastructure commenced in late 2015. R&RNAV will continue to seek sources of resilient positioning to support the introduction of the IMO's e-Navigation concept; however, it is expected that none will be available on an operational basis for the next 10-15 years.

R&RNAV has led and supported user community understanding and potential uptake of the European Geostationary Navigational 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. R&RNAV has been at the forefront of EGNOS maritime user consultation in Europe.

R&RNAV represents the GLA at many international fora, including setting standards globally in such bodies as 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 multi-systems receivers. R&RNAV staff are frequently asked to chair committees and sessions at professional and academic institutions. The reputation of R&RNAV and therefore of the GLA is enhanced and maintained through this wider contact.

Licences, Patents and Trademarks

Trinity House did not hold any registered patents or trademarks in 2015/16. The Service did not exploit any of its intellectual property rights, including copyright, commercially during the year other than continuing a licence to a third party to use its intellectual property in a LED light source. Trinity House grants licences to a number of third parties to open some of its lighthouses to the public, from which it derives an income based on a percentage of revenue from ticket and other sales. Such arrangements are in place at Alderney, Flamborough Head, Lizard, Longstone, Nash Point, Portland Bill, St Catherines, South Stack, Southwold and Start Point lighthouses.

Environment

Trinity House is totally committed to the protection of a sustainable environment and is fully attuned to the Government's initiatives for a more proactive approach to this matter. Trinity House is continually reviewing all environmental issues affecting the coastline in which Trinity House operates. Trinity House has high consideration of the potential use of renewable energy sources, such as solar power, and continues to research other sources, such as wave, wind and tidal flow. As part of the commitment to this important issue, environmental objectives are included in operational plans. Trinity House gained accreditation to the internationally recognised Environmental Standard ISO 14001 in 2000 and achieved re-certification during 2015. Trinity House produces an annual environmental plan containing key environmental targets and objectives, including targets aimed at minimising our carbon footprint.

Examples of Trinity House's commitment to improving the environment are:

- The conversion of lighthouses and all major floating aids to renewable energy sources;
- Investment in more efficient solar charging;
- Investment in new paint spraying equipment delivering significant reductions in paint waste, paint purchased and VOC (Volatile Organic Compounds) emissions;
- Permanent removal of liquid mercury from lighthouses upon re-engineering; and
- Obtaining 'Green Passports' approved by Lloyds Register for its vessels THVs *Galatea* and *Alert*; and
- A series of roadshows to raise environmental awareness amongst all its staff.

Trinity House has also received approval from Government to its climate change adaptation plan, which was updated during 2015/16.

Ian McNaught

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 19). 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 cooperation and coordination, to maximise efficiencies and realise savings.

Conflicts of Interest

The register of interests is maintained by the Secretary to the Board. Further details of how executive and non-executive board members' conflicts of interests are handled are on page 26. No conflicts of interest were identified during 2015/16 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 £20,400 respectively per annum.

Payment of Creditors Policy

Trinity House will at all times seek to adopt best practise in respect to the settlement of creditor payments. All payments will be made in accordance with the Public Contract Regulations 2015 (Chapter 9, Section 113-2a). Payment of all creditors' accounts are arranged by the date stipulated within the contract or other agreed terms of credit. Exceptions to this are as follows:

1. Payment within a shorter timescale where a discount may be available; and
2. Where there is a genuine dispute in respect of the invoice concerned. In all cases the suppliers are immediately informed of the details of the query and that the payment will be withheld pending resolution.

Suppliers are informed of our policy via the organisation's generic standard terms and conditions of trade (available via the Trinity House website), unless alternative bespoke contractual arrangements have been made. The average credit taken from Trade Payables during the year was eighteen days.

Personal Data Related Incidents

During 2015/16 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 26.

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;
- Review and report to the Executive and Audit & Risk Assurance Committees and the Board regularly on those risks;
- Embed risk management as an intrinsic part of its organisational processes by adopting a structured, hierarchical approach to risk management at all levels within the organisation.

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

Going Concern

These accounts have been prepared on a going concern basis, as Trinity House are satisfied that its activities are sustainable for the foreseeable future. The Statement of Financial Position at 31 March 2016 shows net assets of £118,395k. Advances for 2016/17, 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 have officially sanctioned the 2016/17 budget in a letter dated 12 January 2016.

Losses

There were no losses during the year (2014/15 £Nil) .

Statement of Accounting Officer's Responsibilities

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

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

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

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

Governance Statement

Introduction

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

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

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

The Trinity House Head of Internal Audit in his Annual Report for 2015/16 was of the opinion that "there are no significant weaknesses that fall within the scope of issues that should be reported in the Governance Statement. The audit work performed during the year consistently resulted in substantial opinions with no high priority findings. Whilst there are areas where minor improvements can be made, the controls are designed and operating

effectively to manage the risks facing Trinity House’.

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

Trinity House acknowledges one departure from the Code is that the Trinity House Executive Chairman combines the role of Chairman and Chief Executive. The Board considers that this provides the most efficient and effective use of resources without compromising the basic principles of good governance. There is a balance of Executive and Non-Executive Directors on the Board, a Non-Executive Deputy Chairman and a Board Committee structure with only one of its six Committees chaired by the Executive Chairman. There is also a Framework Document with the Department for Transport (see below); together they ensure an appropriate balance of power is maintained.

Trinity House Lighthouse Board and its Committees

Lighthouse Board

The Corporation established a constitution and terms of reference for a Lighthouse Board on 4 June 1984. This has since been reviewed and updated with the latest amendment on 26 November 2015.

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 2015/16, which included one extraordinary meeting. Having regard to its main responsibility of providing a reliable and efficient aids to navigation service for the benefit and safety of all mariners, the coverage of its work included:

- Review and approval of the Corporate Plan for 2016-21 and Annual Report and Accounts for 2014/15;
- 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;
- 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;
- Monitoring implementation of the recommendations arising from the Government’s Triennial Review of Trinity House and Northern Lighthouse Board (NLB);
- Providing advice and guidance to the Executive in respect of the Fleet Review;
- Consideration and agreement of the new RPI-x regime for the next five year period (2016-21);
- Review and approval of thirteen organisational Policies;
- Monitoring of Performance (KPIs);
- Consideration of potential future initiatives for Trinity House;
- Reviews of the nature and extent of the corporate and organisational risks faced by the organisation in the implementation of its Strategy.

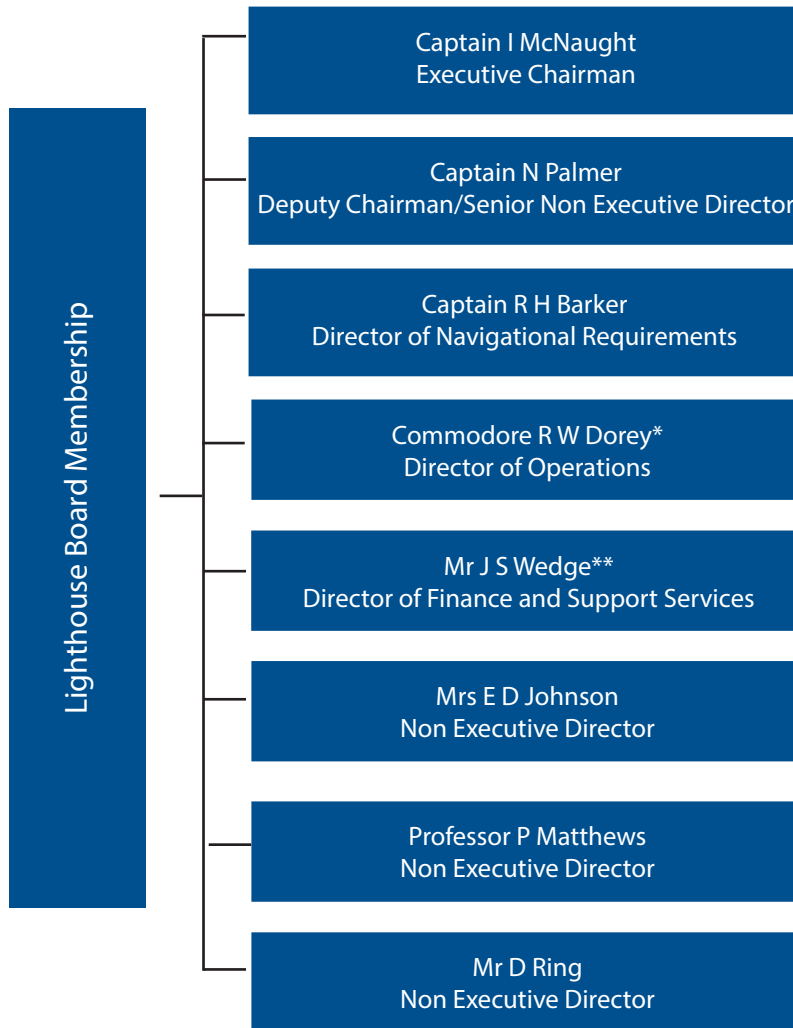
These activities were in line with the matters reserved to the Board in its Terms of Reference.

The Board works to a Code of Conduct and Best Practice. This Code was updated in July 2013 to reflect the latest Cabinet Office Code of Conduct and the new Framework Document for the General Lighthouse Authorities. The Board completes each year a self-assessment of performance and implements recommendations to improve its effectiveness.

The Board completed a self-assessment of performance for 2014/15 at the September 2015 Lighthouse Board meeting. Actions arising from the self-assessment included more time to be reserved for discussion of future strategy and horizon scanning for new and emerging risks linked to the risk management and internal audit processes.

The Lighthouse Board comprises a balance of:

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



* Commodore R W Dorey appointed on 26 November 2015

** Mr J S Wedge retired on 31 March 2016

Committees

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

Board Committee	Remit	Highlights
Executive Chair: Captain I McNaught	Operational management of the organisation and strategic direction	<ul style="list-style-type: none"> • Full involvement in the Fleet Review; • Promoting inter-GLA co-operation such as the new tri-GLA helicopter contract, survival suits framework and the new tri-GLA solar panels framework; • Overview and scrutiny of the Corporate Plan 2016-21; • Monitoring progress against the Operational Action Plan arising from the 2015-20 Strategy; • Review of TH policies; • Approval of various new and revised policies, project briefs and mandates; • Ongoing scrutiny of KPIs and other key finance and operational matters and risk registers to contribute to effective internal control.
Audit & Risk Assurance Chair: Mrs E D Johnson	Review of organisational controls, risk, governance, finances and systems.	<ul style="list-style-type: none"> • Scrutiny of the Annual Report & Accounts; • Review of Risk Registers; • Implementation of a fully integrated internal audit plan incorporating both Trinity House resourced internal audits and Government Internal Audit Agency resourced internal audits; • Review of progress against the internal audit plan; • Review of internal audit reports and findings including the Head of Internal Audit's annual report and opinion; • Review of the Register of Members' Interests and Hospitality Register; • Consideration of other risk management issues e.g. any cases of fraud or bribery.
Directors' Remuneration Chair: Professor P Matthews	Assessment of Executive Directors' performance, remuneration, bonuses and corporate performance.	<ul style="list-style-type: none"> • Assessment of Executive Director and Corporate performance.
Executive Remuneration Chair: Mr J S Wedge	Assessment of staff remuneration, manpower requirements and organisational structure.	<ul style="list-style-type: none"> • Consideration of the pay remit business case, approach and progress reports; • Structure changes and post revisions; • Review of manpower planning; and • Support Vessel Service retention plan.

Examiners Chair: Captain R H Barker	All requirements for the service's provision of Aids to Navigation.	<ul style="list-style-type: none"> • Assessment of issues surrounding use of ECDIS and other technologies and the effect on Aid to Navigation Requirements; • Mouse channel in the Thames – new buoyage requirements; • Consideration of the general requirements for risk mitigation measures for offshore wind farms; • Consideration for the on-going requirement for Fog signals / hazard warning; • Revised marking of the Middle Cross Sand shoal and additional buoy requirements; • Future requirements for Royal Sovereign Lighthouse; • Future requirements for Crow Point Lighthouse.
Nominations Chair: Professor P Matthews	Proposing Executive appointments to the Lighthouse Board.	<ul style="list-style-type: none"> • Interviews conducted for the appointment of a new Director of Operations; • Consideration of arrangements for the recruitment of the new Director of Business Services; • Interviews conducted for the appointment of a new Director of Business Services.

Attendance by Lighthouse Service members at Board and Committee meetings during 2015/16 was as follows:

Members Non – Executive (NE)	LHB	Executive Committee	Audit & Risk Assurance Committee	Directors' Remuneration Committee	Executive Remuneration Committee	Examiners	Nominations Committee
Captain I McNaught i	7(of 7)	11(of 11)	3(of 3)	*	3(of 3)	5(of 7)	3(of 3)
Captain N Palmer (NE)	6(of 7)	*	*	1(of 1)	*	7(of 7)	3(of 3)
Commodore R W Dorey ii	2(of 2)	5(of 5)	*	*	1(of 1)	5(of 6)	*
Captain R H Barker	7(of 7)	10(of 11)	*	*	3(of 3)	7(of 7)	*
Mr J S Wedge iii	7(of 7)	10(of 11)	3(of 3)	*	3(of 3)	*	*
Mrs E D Johnson (NE)	7(of 7)	*	3(of 3)	*	*	*	1(of 1)
Professor P Matthews (NE)	7(of 7)	*	2(of 3)	1(of 1)	*	*	2(of 2)
Mr D Ring (NE)	7(of 7)	*	3(of 3)	1(of 1)	*	*	3(of 3)

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

*Not members of the Committee

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

ii Appointed on 27 October 2015 as Director of Operations. Sworn in as an Elder Brother and Member of the Lighthouse Board at the Court meeting held on 26 November 2015

iii Retired at end of March 2016

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, former Principal Accounting Officer of the Department for Transport.

The details of the operating arrangements the Department for Transport has agreed with Trinity House are contained within the Framework Document for the General Lighthouse Authorities dated 30 July 2013. This Framework Document incorporates a Management Statement and a Financial Memorandum.

There is regular contact between Board members and the Department for Transport officials, including their attendance at meetings and the Department for Transport officials are consulted as required in key decisions.

Internal Control

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

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

The system of internal control has been in place in Trinity House for the year ended 31 March 2016 and up to the date of the approval of the Annual Report and Accounts.

Risk Categories

During 2015/16 the Board's Corporate and Organisational Risk Schedules have been regularly updated. The Trinity House Organisational Risk Schedule divides the significant risks into four main categories:

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

Any emerging risk issue, post mitigation, that would otherwise warrant increasing the probability assessment to high or very high on the Organisational Risk Schedule and which has a post mitigation impact assessment of medium or above is escalated to the Corporate Risk Schedule for separate analysis and evaluation.

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

Risk Culture

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

During 2014/15 the Board, using the Treasury's five point classification scale of risk appetite, reviewed and approved the organisation's risk appetite. Having regard to the 2014-19 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. There will be a further review of risk appetite in 2016/17.

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

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

- A documented Risk Management Policy;
- Internal audit planning workshops attended by Board Members and Senior Managers to identify key risk areas in order to inform priorities for internal audit;
- Production and maintenance of Registers for the significant risks arising from each of the business functions and key operational deliverables and which are subject to regular review by senior management and staff;
- Publication of all Risk Registers onto the company's intranet;
- In-house expertise provided by the Legal & Risk Department to advise on risk management issues;

- Building risk management into job descriptions;
- Inclusion of risk registers on team meeting agendas;
- Workshops with staff to reinforce awareness of risk management;
- Training for internal auditors on risk management including risk appetite.

Trinity House leads the General Lighthouse Authorities' Triennial Risk Management Review, with the last review completed in October 2015. The review includes the analysis of all main risks facing the General Lighthouse Authorities, supported by third party assurance from a firm of independent risk consultants and draws on best practice guidance from the UK Risk Management Standard, prepared by the Institute of Risk Management, Association of Insurance and Risk Managers and the National Forum for Risk Management in the Public Sector. The third party assurance in October 2015 reported that the GLAs continued to be risk aware organisations who had implemented structured risk management systems which had evolved to respond to internal needs and developments in relevant standards or recommended good practice. They also commented favourably on Trinity House's arrangements for addressing new and emerging threats concluding that Trinity House was in their view, well prepared to handle current risk exposures and any such risks that might appear in medium term. They concluded that the individual GLA (and directorate) risk registers that we have seen appear to be completed to a high standard, with generally clear definition of risks, identification of current controls, additional planned controls etc. This is indicative of an effective risk management approach, not just at strategic level, but extending down into the operational level.

Risk Monitoring

Directorate / Departmental risk registers were formally reviewed by the responsible Director and Senior Manager at quarterly intervals during 2015/16, although amendments are made in the intervening time in the light of changes in the risk profile.

Risks are reviewed, the probability of the risk event occurring and the impact that the occurrence would have both before and after controls have been put in place is evaluated and whether there is a change in the probability and impact categories is determined. Application of any additional controls to reduce the residual risk further is also considered.

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

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

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

Stakeholders and Risk

External stakeholders are involved in managing risks through the Joint User Consultative Groups, navigation user consultation procedures, meetings with industry representatives and the Lights Finance Committee. These forums provide stakeholders with the opportunity to comment on the Corporate Plan, budget and aids to navigation that Trinity House provides. Stakeholders comment on the full range of risks including Strategic, Financial, Operational and Hazard Risks.

A survey of external stakeholders including Port and Harbour Authorities, Mariners, Commercial Customers and Central Government and Parliament was conducted during 2014/15. This survey determined that Trinity House lives up to the expectations of its external stakeholders with performance across a range of measures in particular quality, reliability and efficiency and Trinity House heritage. The results of this survey informed the Trinity House Public Relations and Corporate Communications Strategy 2015-20.

Staff Engagement focus group discussions were carried out with staff representatives, Senior Managers and the Executive Board of Directors during 2014/15. Encouraging and positive feedback was received. Opportunities for improvement included increased involvement of staff in future planning, decision making and improved collaboration.

A similar exercise with external and internal stakeholders will be conducted every three years.

A workshop was held in December 2015 with Lighthouse Board members and senior managers to identify key risks in order to populate the three year internal audit strategy and plan for 2016–19.

Changes to Risk Profile

The key changes to the risk profile of Trinity House during the year ended 31 March 2016 were the risks and uncertainties introduced as a result of:

- The potential for the Fleet Review process to result in Trinity House having insufficient ship resources;
- 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 (outwith the Fleet Review process);
- Global Navigation Satellite System (GNSS) vulnerability in terms of its use as an aid to navigation and the loss of support by the French and Norwegian Governments for the development of e-Loran as a marine Aid to Navigation;
- Clarity in terms of the efficiency regime to replace the current RPI-X regime from 2016/17.

Key Strategic Risk Issues

In 2015/16 the key strategic risk issues of concern represented on the Corporate Risk Schedule included:

- Adverse outcome of the Fleet Review;
- Support Vessel Service Recruitment and Retention;
- Insufficient ship resources to discharge Trinity House's statutory duties;
- Implications for Trinity House of Irish Lights Strategy '2015 & Beyond' reflecting move to Irish self-funding from 2015/16;
- Result of the Scottish Independence Referendum and associated devolution issues and implications for Trinity House;
- Global Navigation Satellite System (GNSS) vulnerability;
- Operational and service delivery issues with MyCSP following the transfer of Trinity House pensions into the Principal Civil Service Pension Scheme.

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

Identification and Mitigation of Conflicts of Interest

A Register of Interests that includes details of company directorships or other significant interests held by Board members and senior managers is maintained. The Register is advertised on the Trinity House website (www.trinityhouse.co.uk/legal-notice) and is available for public inspection. Access can be obtained by contacting the Board Secretary at Trinity House, Tower Hill, London.

There were no conflicts of interest identified during 2015/16 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 2015. For good practice, the Audit & Risk Assurance Committee review the Registers on an annual basis.

A Fraud and Bribery Risk Register exists for use; there were no reported incidences of fraud or bribery during 2015/16.

Information Risk

During 2015/16 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.

Trinity House maintains an Information Asset Register for all assets identified as containing personal or sensitive information with each asset assigned an Information Asset Owner (IAO) from the Senior Management Team. Each IAO provides an annual written judgement of the security and the extent of use of their assets under their control in order to support the audit process. The Senior Information Risk Officer (SIRO) concluded from the 2015/16 review of information security risks by the individual IAOs that all information assets containing sensitive data are listed on the information asset register and are managed by an assigned IAO. The IAOs are aware of

what data is under their responsibility and have a good overview of how this information is stored, accessed and processed.

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

There are clear instructions on the use of Computers, Email and Internet which all members of staff are required to annually review and sign up to. These instructions are reviewed and updated annually by the IT Manager. 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 2015/16.

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 met seven times this year to decide policy, provide strategic direction and review progress. The Board receives Audit & Risk Assurance Committee minutes and reports covering areas such as risk management. The Board also formally reviews its own effectiveness and that of the Audit & Risk Assurance Committee on an annual basis;
- An Executive Directors' meeting each month which leads to the implementation of plans and reviews progress and performance. Risk management is formally reviewed by Directors and Senior Managers on a quarterly basis but in practice is considered as part of the control of all key projects and activities;
- The Audit & Risk Assurance Committee which operates in line with the HM Treasury Audit & 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 adequacy, effectiveness and suitability of the system.

Ministerial Directions

During 2015/16 Trinity House received no ministerial directions.

Head of Internal Audit Opinion

On the basis of the evidence obtained during 2015/16, I am able to provide an overall 'Substantial' assurance rating on the adequacy and effectiveness of Trinity House's arrangements for corporate governance, risk management and control processes

There are no significant weaknesses that in my opinion fall within the scope of issues that should be reported in the Governance Statement.

Executive Chairman Opinion

There have been no significant internal control or governance problems in the year ended 31 March 2016. Therefore I can report that corporate governance and risk management within Trinity House remains robust and effective and comply with the best practice principles set out in HM Treasury's July 2011 Code of Good Practice for Corporate Governance in Central Government Departments as far as is appropriate.

Ian McNaught

Captain Ian McNaught
Executive Chairman of the Lighthouse Board



Remuneration and Staff Report

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

Competency frameworks have been developed for all Support Vessel Service, administrative positions and the lower level technical posts. These frameworks allow employees to develop their skills, gain qualifications, and progress internally, which improves productivity and performance, boosts motivation and facilitates succession planning. Trinity House market tests all positions against local and national pay markets as appropriate and undertakes an equal pay audit throughout the service every two years to ensure our pay rates remain fair and competitive.

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

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

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

Officials	Salary payments (£000's)		Bonus** (£000's)		Benefits in kind (to nearest £100)		Pension benefits (to nearest £000) [1]		Total (£000's)	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
I McNaught	120-125	115-120	45-50	20-25	1,400	1,000	55,000	51,000	225-230	190-195
J S Wedge	115-120	90-95	35-40	15-20	1,700	1,100	86,000	23,000	240-245	135-140
R Barker	100-105	85-90	35-40	10-15	1,300	1,100	32,000	34,000	170-175	135-140
R W Dorey*	35-40	-	20-25	-	5,000	-	19,000	-	85-90	-
S J Scorer***	-	90-95	-	15-20	-	2,000	-	43,000	-	155-160
E D Johnson	15-20	15-20	-	-	500	500	-	-	15-20	15-20
P Matthews	15-20	15-20	-	-	100	800	-	-	15-20	15-20
N Palmer	20-25	20-25	-	-	1,700	800	-	-	20-25	20-25
D Ring	15-20	15-20	-	-	500	700	-	-	15-20	15-20

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

* Commenced 27.10.15, full year equivalent £85k-£90k

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

*** Retired 28 February 2015

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

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by Trinity House and treated by HM Revenue and Customs as a taxable emolument. Included as benefits in kind above are relocation expenses, gym membership, private outpatient medical care, taxable travel and subsistence and reimbursement of subscriptions to professional bodies.

Performance Related Pay

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

During 2015/16 the terms of the PRP have been downward adjusted for all eligible staff in return for a one off payment.

Pay Multiples

	2015/16	2014/15
Band of highest paid directors total remuneration (£000's)	170-175	140-145
Median total remuneration	£32,050	£31,469
Ratio	5.3	4.5

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

The banded remuneration of the highest-paid director in Trinity House in the financial year 2015/16 was £170-£175k (full time equivalent) (2014/15 £140-£145k). This was 5.3 times (2014/15 4.5) the median remuneration of the workforce, which was £32,050 (2014/15, £31,469).

In 2015/16, no (2014/15, Nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £14,843 to £141,319 (2014/15 £10,384 to £112,017).

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

Service Contracts

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

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

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

Pension Benefits

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

	Real increase in pension	Real increase in lump sum	Accrued pension	Accrued lump sum	Cash equivalent transfer value at 31 March 2015	Cash equivalent transfer value at 31 March 2016	Real increase in cash equivalent transfer value	Employer contribution to partnership pension account
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
I McNaught	2.5-5	-	10-15	-	169	237	40	-
J S Wedge	2.5-5	10-15	35-40	110-115	690	830	85	-
S J Scorer	0-2.5	-	15-20	-	293	315	24	-
R Barker	0-2.5	-	15-20	-	307	369	32	-
R W Dorey	0-2.5	2.5-5	35-40	115-120	704	744	15	-

Cash Equivalent Transfer Values

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

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

Real increase in CETV

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

Note 20 (page 56) contains further information on pensions for all staff.

Staff Report: Other

Staff Costs

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

	2015/16	2014/15
	£000's	£000's
Total Staff Costs	£14,102	£13,330

Details of staff costs can be found at note 4 on page 45.

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

	2015/16	2015/16	2015/16	2014/15
	Total	Permanent Staff	Others	Total
Directly employed	296.2	296.2	-	298.7
Other	1.3	-	1.3	5.4
Staff engaged on capital projects	6.5	6.5	-	5.0
Total	304.0	302.7	1.3	309.1

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 band	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
< £10,000	-	-	1	-	1	-
£10,000 - £25,000	-	-	1	-	1	-
£25,000 - £50,000	-	-	-	-	-	-
£50,000 - £100,000	-	-	3	-	3	-
£100,000 - £150,000	-	-	-	-	-	-
£150,000 - £200,000	-	-	-	-	-	-
£200,000 - £350,000	-	-	-	-	-	-
Total number of exit Packages	-	-	5	-	5	-
Total resource cost (£'s)	-	-	264,955	-	264,955	-

Diversity Information

The Government Financial Reporting Manual (FRoM) guidance requires Trinity House to disclose the number of persons of each sex who are employees of the entity as at 31 March 2016.

	Men	Women
Directors	7	1
Senior Managers	8	2
Employees	226	67

Based on average headcount.

Sickness Absence

Sickness absence during the last two years was:

	2015/16	2014/15
Total number of days lost due to sickness	2,256	2,257
Average number of days lost per employee	7.6	7.3

Sickness absence has remained consistent over the last year. TH continues to work closely with an occupational health provider, to seek reductions in the level of staff sickness.

Staff Relations

There were no instances of industrial action during the year.

Off-payroll engagements

Trinity House has not entered into any off-payroll engagements during 2015/16.

Expenditure on consultancy

The amount spent on consultancy was £nil (2014/15 £nil).

Staff Policies

Our most important resource is our people. Trinity House has a comprehensive HR Strategy which focuses on how we can get the best out of managers and staff, and a Training Plan that aims to develop employees and encourage them to continuously improve their skills and knowledge. Employees are encouraged to develop through the performance review system, whereby personal development plans are produced on an annual basis for every member of staff. In addition, skills gaps are identified through careful strategic analysis and organisation-wide development initiatives introduced as a result. For example, Trinity House has invested in leadership development in particular over the last two years, which has led to increased competence and confidence amongst our managers.

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

Research and Development is undertaken on behalf of the three GLAs by the Research and Radio Navigation department based at Trinity House. Among its remit, this department carries out work developing systems, assessing and tracking advances in technology and market testing new products which have the possibility of providing more efficient and cost effective methods of providing Lighthouse Service requirements. It also participates in international fora such as IALA.

Trinity House is responsible for the collection of Light Dues on behalf of the three GLAs. This is achieved using an internet-based collection system, developed by Trinity House. Light dues collectors in each port, who are all members of the Institute of Chartered Shipbrokers, use the system to collect light dues from ships entering UK ports. In the Republic of Ireland light dues are collected by the Revenue Commissioners.

Equal Opportunities

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

It is recognised by Trinity House that ensuring equal opportunities for disabled people may involve adjustments needing to be made to the working environment. Adjustments will be made wherever reasonably practical. The nature of the duties at lighthouses 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 plan has been developed to ensure key messages are communicated to staff in a timely manner.

The management team also introduced 'improvement circles' in 2015, which brings different staff together from across the organisation on a regular basis to work on improvement initiatives and take ownership of any issues they would like to see addressed. This has been a successful initiative to date with several subject areas covered and action plans put together by staff.

Parliamentary accountability disclosures and audit report

Losses and special payments

There are no losses or special payments that are required to be disclosed per HM Treasury Guidance.

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

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

Ian McNaught

Captain Ian McNaught
Executive Chairman of the Lighthouse Board

Statement of Comprehensive Net Income for the year ended 31 March 2016

	Note	2015/16 £000's	2014/15 £000's
Income:			
Advances from the GLF		30,500	31,400
Other income	3.a	2,292	2,625
Income on behalf of all GLA's	3.b	159	250
Grant income		100	180
		33,051	34,455
Expenditure:			
Staff costs	4	14,102	13,330
Depreciation	8	6,844	6,646
Amortisation	9	127	271
Loss on revaluation		771	144
Other expenditure	5	13,779	13,857
		35,623	34,248
Exceptional items:			
Income from transfer of pension liabilities		-	153,301
Gain on settlement of pension liabilities		-	27,855
Net (expenditure)/income		(2,572)	181,363
Net interest payable	6	354	400
Trinity House Net (expenditure)/income after interest		(2,926)	180,963
Net expenditure on behalf of DfT			
Sombrero	5b	3	3
Other costs	5b	333	243
Total		336	246
Net expenditure on behalf of all GLA's			
Staff costs	5c	1,007	1,077
Other costs	5c	1,515	2,123
Total		2,522	3,200
(Deficit)/surplus for the year		(5,784)	177,517
Other Comprehensive Income			
Net (loss)/gain on revaluation of Property , Plant and Equipment		(2,433)	8,486
Total Comprehensive Income		(8,217)	186,003

Statement of Financial Position as at 31 March 2016

	Note	2015/16 £000's	2014/15 £000's
Non-current asset			
Property, plant & equipment	8	128,230	136,560
Intangible assets	9	495	446
Total non-current assets		128,725	137,006
Current assets			
Assets classified as held for sale	10	74	27
Inventories	11	2,402	2,628
Trade and other receivables	12	1,335	1,394
Cash and cash equivalents	13	362	1,349
Total current assets		4,173	5,398
Total Assets		132,898	142,404
Current Liabilities			
Trade and other payables	15	5,834	5,464
Provisions: current element	16	-	149
Total Current Liabilities		5,834	5,613
Non current assets plus/less net current assets/ liabilities		127,064	136,791
Non-current liabilities			
Other payables	15	8,669	10,179
Total non-current liabilities		8,669	10,179
Assets less liabilities		118,395	126,612
Reserves			
General reserve		27,261	28,904
Revaluation reserve		91,134	97,708
Total		118,395	126,612

The financial statements on pages 35 to 60 and related notes were approved by the Lighthouse Board on 14 July 2016 and signed on its behalf by:

Captain Ian McNaught
Executive Chairman.....*Ian McNaught*.....

A Damen
Director of Business Services.....*A Damen*.....

Statement of Cashflows for the year ended 31 March 2016

	Note	2015/16 £000's	2014/15 £000's
Cashflows from operating activities			
Net (deficit)/surplus after interest		(5,784)	177,517
Pension transfer funding	20	-	(181,156)
Depreciation	8	6,844	6,646
Amortisation	9	127	271
Impairments	7	879	1,835
Loss on revaluation of land and buildings	8	771	(257)
Loss/(profit) on disposal property, plant and equipment	5a	317	5
Loss/(profit) on disposal of assets held for sale	5a	(786)	-
Decrease in trade and other receivables	12	59	99
Decrease in Inventories	11	226	101
Increase in trade payables	15	370	258
Use of provisions	16	(149)	54
Net cash outflow from operating activities		2,874	5,373
Cash flow from investing activities			
Purchase of property, plant and equipment	8	(3,067)	(3,006)
Purchase of intangible assets	9	(132)	(190)
Proceeds of disposal of property plant and equipment		35	22
Proceeds of disposal of assets held for sale (Net)		813	-
Net cash outflow from investing activities		(2,351)	(3,174)
Cash flows from financing activities			
Capital element of payments in respect of finance leases		(1,510)	(1,416)
Net cash flow from financing activities		(1,510)	(1,416)
Net cash flow all activities		(987)	783
Net (decrease)/increase in cash and cash equivalents in the period		(987)	783
Cash and cash equivalents at the beginning of the period		1,349	566
Cash and cash equivalents at the end of the period		362	1,349

Statement of Changes in Equity

	General Reserve £000's	Revaluation Reserve £000's	Capital Grant Reserve £000's	Total Reserves £000's
Changes in equity for 2014/15				
Net gain on revaluation of property, plant and equipment	-	8,486	-	8,486
Release of reserves to statement of comprehensive net income (other)	3,726	(3,726)	-	-
Retained surplus	177,517	-	-	177,517
Total recognised income and expense for 2014/15	181,243	4,760	-	186,003
Balance at 31 March 2015	28,904	97,708	-	126,612
Changes in equity for 2015/16				
Net (loss) on revaluation of property, plant and equipment	-	(2,433)	-	(2,433)
Release of reserves to statement of comprehensive net income (other)	4,141	(4,141)	-	-
Retained (deficit)	(5,784)	-	-	(5,784)
Total recognised income and expense for 2015/16	(1,643)	(6,574)	-	(8,217)
Balance at 31 March 2016	27,261	91,134	-	118,395

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 de-recognised any gain held in respect of that asset is transferred directly to the General reserve.

Notes to the Accounts for the year 31 March 2016

1 Statement of Accounting Policies

a) Accounting convention

These accounts have been prepared in accordance with the 2015/16 government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FRoM permits a choice of accounting policy, the accounting policy which has been judged to be the most appropriate to the particular circumstances of the GLA for the purposes of giving a true and fair view has been selected. The particular policies adopted by Trinity House are described below. They have been applied consistently in dealing with items considered material in relation to the accounts.

In addition, these accounts have been prepared in accordance with the Accounts Direction issued by the Secretary of State for Transport on 27 February 2013.

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

b) Going concern

The statement of Financial Position at 31 March 2016 discloses net assets of £118,395,000.

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

c) Pension benefits

As discussed elsewhere in this document, the pension liabilities of Trinity House have been transferred to the Principal Civil Service Pension Scheme during 2014/15.

d) Intangible assets and amortisation

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

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

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

e) Non-current assets and depreciation

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

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

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

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

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

Reserve in respect of that class of asset.

Balances transferred to the Revaluation Reserve are held in a pool for that class of asset.

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

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 <i>Patricia</i> & RIV <i>Alert</i>	2.5 years (30 months)
THV <i>Galatea</i>	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
Racones and radio beacons	15 years
Depots and workshops	10 years
Office equipment	Up to 10 years
AIS equipment	7 years
DGPS equipment	10 years
Vehicles	5-15 years
Computers – major systems	5 years
Computers – other	3 years
Assets leased under a Finance Lease	25 years being the expected useful life. (The primary lease period is less than this but a secondary period sufficient to cover the balance is available).

f) Inventories

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

g) Research and development

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

h) Leasing commitments

Assets obtained under finance leases are capitalised in the Statement of Financial Position and depreciated as if owned. The interest element of the rental obligation is charged to the Net Expenditure Account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding at the beginning of the year. The capital element of the future lease payments is stated separately under Payables, both within one year and over one year.

Expenditure incurred in respect of operating leases is charged to the Statement of Comprehensive Net Income as incurred.

Rentals received under operating leases are credited to income.

i) Foreign currency

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

Any monetary assets or liabilities existing as at 31 March 2016 are translated at the rate ruling at the Statement of Financial Position date.

j) Taxation

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

k) Transactions on behalf of other General Lighthouse Authorities

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

l) Government grants

Trinity House follows the guidance in the government Financial Reporting Manual 2015/16 issued by Treasury for the treatment of Government Grants. The FReM restricts the reporting options within IAS 20 Accounting for Government Grants and Disclosure of Government Assistance by restricting the option to defer grant income relating to an asset. Government Grants are therefore recognised in full in the Statement of Comprehensive Net Income in the year in which they are received.

m) Investment properties

As of 31 March 2016 Trinity House have 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 instruments

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

Financial assets

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

Financial liabilities

Financial liabilities are recognised initially at fair value and are subsequently measured at amortised cost. Financial liabilities are de-recognised when extinguished.

Embedded derivatives

Some hybrid contracts contain both a derivative and a non-derivative component. In such cases, the derivative component is termed an embedded derivative. Where the economic characteristics and risks of the embedded derivatives are not closely related to those of the host contract, and the host contract itself is not carried at fair value through profit or loss, the embedded derivative is split out and reported at fair value with gains and losses being recognised in the Statement of Comprehensive Net Income. Trinity House has carried out a review of its contracts and has determined that, as at 31 March 2016, no contracts contained embedded derivatives.

Determining fair value

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

p) New standards and interpretations adopted early

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

q) New standards and interpretations not yet adopted

The standards listed below are not yet effective for the year ended 31 March 2016 and have not been applied in preparing these financial statements but will be adopted in subsequent periods:

IFRS 9 Financial Instruments, which will replace IAS 39. IFRS 9 is expected to improve and simplify the reporting of financial instruments. Application of this standard is required for reporting periods beginning on or after January 2018. Initial application of IFRS 9 is expected to have a limited impact. This is because classification of financial assets and liabilities may change, however existing measurement approaches will remain unchanged.

IFRS 15, Revenue from Contracts with Customers, will become effective for periods beginning 1 January 2018. It requires the recognition of revenue as the performance obligations under the contracts are satisfied. Its implementation is expected to have no material impact.

IFRS 16 Leases. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after 1 January 2019, with earlier

adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied (subject to EU endorsement)

Other changes due to come into effect after 2016/2017 are considered to have no impact.

r) Income

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

s) Estimates

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

2 Analysis of net expenditure by segment

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

3.a Income

	2015/16 £000's	2014/15 £000's
Buoy rental	611	748
Property rental	340	232
Tender hire	744	1,061
Sundry receipts	597	584
Total	2,292	2,625

3.b Income on behalf of all GLAs

	2015/16 £000's	2014/15 £000's
Contributions towards Radio Navigation projects	159	250
Total	159	250

4 Staff numbers and related costs

Staff costs comprise:

	2015/16 Total	2015/16 Permanently employed staff	2015/16 Others	2014/15 Total
	£000's	£000's	£000's	£000's
Wages and salaries	11,898	11,728	170	11,475
Social security costs	992	992	-	961
	12,890	12,720	170	12,436
Employers PCSPC contributions	2,279	2,279	-	2,044
Other pension contributions	7	7	-	7
Redundancy costs	116	116	-	59
Sub total	15,292	15,122	170	14,546
Total net costs	15,292	15,122	170	14,546

Included in the above are:

Research and Development salaries	736	736	-	825
Light Dues salaries	271	271	-	252
Staff costs capitalised in fixed assets	183	183	-	139
Staff costs shown under expenditure of Trinity House	14,102	13,932	170	13,330

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

	2015/16 Total	2015/16 Permanent Staff	2015/16 Others	2014/15 Total
Directly employed	296.2	296.2	-	298.7
Other	1.3	-	1.3	5.4
Staff engaged on capital projects	6.5	6.5	-	5.0
Total	304.0	302.7	1.3	309.1

5.a Other expenditure

	Note	2015/16 £000's	2014/15 £000's
Running costs		12,352	11,110
Rentals under operating leases		1,017	1,307
Non-cash items			
Impairments	7	879	1,449
Profit on disposal of property, plant and equipment	8	(469)	(9)
		13,779	13,857
Interest charges	6	354	400
Non-cash items			
Depreciation	8	6,844	6,646
Amortisation	9	127	271
Loss on revaluation of assets	8	771	144
Provisions provided for in year	14	-	-
Unwinding of discount on provisions	14	-	-
Total		21,875	21,318

5.b Net expenditure on behalf of DfT

	2015/16 £000's	2014/15 £000's
Staff and accomodation	78	72
Audit*	78	74
Professional services	177	97
Sombrero	3	3
Total	336	246

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

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

	2015/16 £000's	2014/15 £000's
Light Dues collection costs	700	721
Imperial Lighthouse Service pensions	37	34
Research and Development	1,235	1,446
Special sanction R&D including eLoran	550	999
Total	2,522	3,200

Salary Costs included in the above:

Research and Development	736	825
Light Dues	271	252
Total	1,007	1,077

6 Interest payable/receivable

	2015/16 £000's	2014/15 £000's
Deposit interest receivable	(1)	(2)
Interest payable on lease of THV <i>Alert</i>	53	63
Interest payable on lease of THV <i>Galatea</i>	302	339
Total	354	400

7 Impairments

During the year a number of capital projects were completed including projects to re-engineer the Longstone Lighthouse off the coast of Northumberland, the beacons at Chwislen Rock and Mixon, as well as an upgrade project on Lightfloat 3, which usually forms the central mark of the Sunk Traffic Separation Scheme. In addition Dry Dock and Repairs (DDR) were carried out on the THV *Patricia* and a number of workboats. Upgrade work to the Differential Global Positioning System (DGPS) network were also completed.

As of the 31 March 2016 the costs of these projects have exceeded the Depreciated Replacement Cost valuation by £276,888 (DGPS), £75,304 (Longstone Lighthouse), £333,605 (DDR), £127,714 (Lightfloat) £47,361 (Beacons) and £18,297 (Other projects) making a total of £879,169 and in line with the requirements of the FReM these have been treated as impairments and transferred to the Statement of Comprehensive Net Income.

8 Property, plant and equipment

	Land	Buildings	L'Vessels	Tenders & Craft	Buoys & Beacons	Information Technology	Plant & Machinery	Payments on Account & Assets under Construction	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation									
At 1 April 2015	6,275	74,442	9,810	24,660	5,291	1,135	14,607	971	137,191
Additions	-	39	254	89	80	645	779	1,181	3,067
Donations	-	-	-	-	-	-	-	-	-
Disposals	-	-	(290)	(5)	(3)	(196)	(77)	-	(571)
Impairments	-	(46)	(150)	(341)	(49)	-	(487)	-	(1,073)
Reclassifications	(25)	(50)	-	-	-	-	-	-	(75)
Revaluations	585	(267)	(308)	(7,592)	(458)	(141)	(1,443)	-	(9,624)
Transfers	-	18	174	502	99	-	469	(1,307)	(45)
At 31 March 2016	6,835	74,136	9,490	17,313	4,960	1,443	13,848	845	128,870
Depreciation									
At 1 April 2015	-	-	-	-	-	392	239	-	631
Charged in year	-	1,920	685	1,930	517	243	1,549	-	6,844
Disposals	-	-	(21)	(2)	(1)	(127)	(69)	-	(220)
Impairments	-	(20)	(22)	(7)	(2)	-	(143)	-	(194)
Reclassifications	-	(1)	-	-	-	-	-	-	(1)
Revaluations	-	(1,899)	(642)	(1,919)	(514)	(141)	(1,305)	-	(6,420)
Transfers	-	-	-	-	-	-	-	-	-
At 31 March 2016	-	-	-	2	-	367	271	-	640
Net book value at 31 March 2015	6,275	74,442	9,810	24,660	5,291	743	14,368	971	136,560
Net book value at 31 March 2016	6,835	74,136	9,490	17,311	4,960	1,076	13,577	845	128,230
Asset financing:									
Owned	6,835	74,136	9,490	561	4,960	1,076	13,577	845	111,480
Finance leased	-	-	-	16,750	-	-	-	-	16,750
On-balance sheet PFI contracts	-	-	-	-	-	-	-	-	-
Net book value at 31 March 2016	6,835	74,136	9,490	17,311	4,960	1,076	13,577	845	128,230

8 Property, plant and equipment - prior year

	Land	Buildings	L'Vessels	Tenders & Craft	Buoys & Beacons	Informa- tion Te- chnology	Plant & Machinery	Payments on Account & Assets under Construction	Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Cost or valuation									
At 1 April 2014	5,915	69,127	9,830	26,214	5,398	1,163	13,532	2,768	133,947
Additions	-	-	-	28	333	136	656	1,853	3,006
Donations	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(4)	(11)	(188)	-	(203)
Impairments	-	(1,621)	-	(23)	-	-	(207)	-	(1,851)
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations	360	4,025	(242)	(1,559)	(491)	(153)	352	-	2,292
Transfers	-	2,911	222	-	55	-	462	(3,650)	-
At 31 March 2015	6,275	74,442	9,810	24,660	5,291	1,135	14,607	971	137,191
Depreciation									
At 1 April 2014	-	-	-	-	-	317	311	-	628
Charged in year	-	1,686	687	2,045	632	239	1,357	-	6,646
Disposals	-	-	-	-	(1)	(11)	(164)	-	(176)
Impairments	-	(6)	-	-	-	-	(10)	-	(16)
Reclassifications	-	-	-	-	-	-	-	-	-
Revaluations	-	(1,680)	(687)	(2,045)	(631)	(153)	(1,255)	-	(6,451)
Transfers	-	-	-	-	-	-	-	-	-
At 31 March 2015	-	-	-	-	-	392	239	-	631
Net book value at 31 March 2014	5,915	69,127	9,830	26,214	5,398	846	13,221	2,768	133,319
Net book value at 31 March 2015	6,275	74,442	9,810	24,660	5,291	743	14,368	971	136,560
Asset financing:									
Owned	6,275	74,442	9,810	910	5,291	743	14,368	971	112,810
Finance leased	-	-	-	23,750	-	-	-	-	23,750
On-balance sheet PFI contracts	-	-	-	-	-	-	-	-	-
Net book value at 31 March 2015	6,275	74,442	9,810	24,660	5,291	743	14,368	971	136,560

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

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

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

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

Ships have undergone a full valuation as at 31 March 2016, this has been carried out by Braemar Seascope Valuations Limited.

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

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

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

Sale of Fixed Assets

During the year fixed asset disposals were made in respect of Hartland Point lighthouse, the cottages at St. Ann's lighthouse as well as the handover of a Light float to Peel Ports Limited as part of the transfer of responsibility of a local aid to navigation. In total a gain on disposal of £469,118 was made.

Summary of the 2015/16 revaluation is set out below:

	£000's
Loss on Property, Plant & Equipment (via SOCFI)	(771)
Gains on Property, Plant & Equipment (via OCI)	3,901
Losses on Property, Plant & Equipment (via OCI)	(6,334)
	(3,204)
Revaluation movements 2015/16	£000's
Revaluation movement cost (PPE note)	(9,624)
Revaluation movement cost Accumulated Depreciation (PPE note)	6,420
	(3,204)

9 Intangible assets

	Intangible software £000's	Intangible Licences £000's	Total £000's
Cost or valuation			
At 1 April 2015	2,237	150	2,387
Additions	132	-	132
Disposals	-	-	-
Transfers	44	-	44
At 31 March 2016	2,413	150	2,563
Amortisation			
At 1 April 2015	1,874	67	1,941
Charged in year	119	8	127
Disposals	-	-	-
At 31 March 2016	1,993	75	2,068
Net book value at 31 March 2015	363	83	446
Net book value at 31 March 2016	420	75	495

9 Intangible assets - prior year

	Intangible software £000's	Intangible Licences £000's	Total £000's
Cost or valuation			
At 1 April 2014	2,047	150	2,197
Additions	190	-	190
Disposals	-	-	-
Impairments	-	-	-
Transfers	-	-	-
At 31 March 2015	2,237	150	2,387
Amortisation			
At 1 April 2014	1,611	59	1,670
Charged in year	263	8	271
Disposals	-	-	0
At 31 March 2015	1,874	67	1,941
Net book value at 31 March 2014	436	91	527
Net book value at 31 March 2015	363	83	446

10 Assets classified as held for sale

	2015/16 £000's	2014/15 £000's
As at 1 April 2015	27	27
Additions	-	-
Disposals	(27)	-
Transfers	75	-
Depreciation	-	-
Transfers (Depreciation)	(1)	-
Impairments		
As at 31 March 2016	74	27

In the 2014/15 annual report and accounts the following assets were classified as held for sale:

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

During the year both properties were disposed of, see note 8.

In addition during 2015/16 it was agreed that the cottage at Bardsey Lighthouse should be reclassified as assets held for sale and valued at the lower of carrying value and fair value less costs to sell.

11 Inventories

	2015/16 £000's	2014/15 £000's
Consumable stores	2,274	2,514
Fuel Oil	128	114
Total	2,402	2,628

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

12 Trade receivables and other current assets

	2015/16 £000's	2014/15 £000's
Amounts falling due within one year:		
Trade receivables	289	318
Other receivables	128	278
Inter GLA debtors	3	21
Prepayments and accrued income	614	490
VAT recoverable	301	287
Total	1,335	1,394

13 Cash and cash equivalents

	2015/16 £000's	2014/15 £000's
Balance at 1 April	1,349	566
Net change in cash and cash equivalent balances	(987)	783
Balance at 31 March	362	1,349
The following balances at 31 March were held at:		
Commercial banks and cash in hand	362	1,349
Short term investments	-	-
Balance at 31 March	362	1,349

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.

Liquidity Risk

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

Interest Rate Risk

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

- THV *Patricia* has expired its primary term and is now on a fixed peppercorn rent;
- The interest rate for the finance lease for the THV *Alert* was fixed on 9 August 2006 and therefore exposes no risk; and
- The interest rate for the finance lease for the THV *Galatea* was fixed on 24 December 2008 and therefore exposes no risk.

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

Currency Risks

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

Fair Values

There is no difference between the book values and fair values of the Authority's financial assets and liabilities as at 31 March 2016.

15 Trade payables and other current liabilities

	2015/16 £000's	2014/15 £000's
Amounts falling due within one year		
Other taxation and social security	299	293
Trade payables	1,074	1,111
Other payables	327	309
Accruals and deferred Income	2,624	2,289
Current part of finance leases	1,510	1,462
Total	5,834	5,464
	2015/16 £000's	2014/15 £000's
Amounts falling due after more than one year:		
Other payables, accruals and deferred Income	-	-
Finance leases	8,669	10,179
Imputed finance lease element of on-balance sheet PFI contracts	-	-
NLF loans	-	-
Total	8,669	10,179

16 Provisions for liabilities and charges

	Redundancies £000's	Total £000's
Balance at 1 April 2015	149	149
Provided in the year	-	-
Provisions not required written back	-	-
Provisions utilised in the year	(149)	(149)
Unwinding of discount	-	-
Balance at 31 March 2016	-	-

During the year the redundancy provision brought forward was fully utilised. No further redundancies are currently anticipated.

17 Capital commitments

	2015/16 £000's	2014/15 £000's
Contracted capital commitments at 31 March 2016 not otherwise included in these financial statements:		
Property, plant and equipment	193	489
Intangible assets	-	209

18 Commitments under leases**18.1 Operating leases**

	2015/16 £000's	2014/15 £000's
Obligations under operating leases comprise:		
Land		
Not later than one year	160	134
Later than one year and not later than five years	59	52
Later than five years	2,203	2,297
Buildings		
Not later than one year	1	1
Later than one year and not later than five years	3	3
Later than five years	3	3
Other:		
Not later than one year	498	444
Later than one year and not later than five years	219	1,214
Later than five years	-	-

18.2 Finance leases

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

	2015/16 £000's	2014/15 £000's
Obligations under finance leases comprise:		
Buildings		
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	-	-
	-	-
Less interest element	-	-
	-	-
Other		
Not later than one year	1,830	1,830
Later than one year and not later than five years	7,318	7,318
Later than five years	2,188	4,018
	11,336	13,166
Less interest element	(1,158)	(1,525)
	10,178	11,641

Finance leases details relate to THV 'Galatea' and THV 'Alert'.

19 Other financial commitments

Trinity House has not entered into non-cancellable contracts (which are not leases or PFI contracts), during the year (2014/15 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.

From 1 April 2014, Trinity House became liable for paying an employer's contribution in respect of staff that transferred.

PCSPS

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme operated by Cabinet Office. Individual employers share of underlying liabilities is not separately identified. A full actuarial valuation was carried out as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk). The next full actuarial valuation took place as at 31 March 2016.

Employer contributions are payable to the PCSPS at one of four rates in the range 20.0% to 24.5% (2014/15: 16.7% to 24.3%) of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions

every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2014/15 to be paid when the member retires and not the benefits paid during this period to existing pensioners. During 2015/16 Trinity House paid employer contributions to the PCSPS of £2,279,146.

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 Lighthouse Service and as a result no contributions have been made to the scheme in 2015/16, 2014/15 or 2013/14.

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.

2015/16	2014/15
£Nil	£Nil

Requests for additional contributions would normally only arise after the triennial valuation of the scheme and then only if the scheme was in a deficit considered significant enough to require additional contributions as part of recovery plan. The 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;

2015/16	2014/15
£6,967	£7,250

were paid to one of a panel of two appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay.

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

Contributions Equivalent Premium

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

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

No payments were made during the year.

21 Government Grants

The treatment of Government Grants altered in 2011/12 due to changes in guidance in the government Financial Reporting Manual (FRM) 2011/2012 issued by Treasury. The FRM restricts the reporting options within IAS 20 Accounting for Government Grants and Disclosure of Government Assistance by restricting the option to defer grant income relating to an asset. Government Grants held in the Government Grant Reserve were released in full to the Statement of Comprehensive Net Income in 2011/12 with the comparative year figures restated accordingly.

22 Contingent liabilities disclosed under IAS 37

Trinity House has the following contingent liabilities:

Merchant Navy Officers' Pension Fund (MNOFF)

A new actuarial valuation was carried out as at 31 March 2015 which reported that the funding position of the MNOFF 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.

eLoran Babcock (formerly VT) Contract

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

The contract covers a period from 31 May 2007 to 1 October 2022. The GLA's had reserved the right to terminate the contract, at their sole discretion at the end of the first phase, on or about 1 October 2010. A contract variation effective from 30 September 2010 determines that phase one could run until the expiry date of the contract but that the contract can be terminated earlier or as otherwise agreed between the parties. Should the GLA's choose to terminate the contract a termination cost will be liable of between £498,792 and £22,525 depending on when the termination were to take place.

Due to the closure of the Eloran transmitter in France, Eloran can no longer be utilised for Maritime Navigation purposes, the GLAs are currently in negotiations with other Government Agencies regarding use of the Anthorn transmitter for non-maritime purposes or other opportunities.

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

Lighthouse Estate

As a result of regular surveys, the Directors of Trinity House recognise that there is a raised degree of risk at a number of stations that may demand a currently unquantified level of future investment as a result of coastal erosion, subsidence and unstable grounds/rock formation. These stations are predominantly Beachy Head, St Catherine's, Flamborough Head, Royal Sovereign and Wormleighton, Orfordness, Hurst Point, Crow Rock and Needles. The total full replacement and/or removal cost range between £13m and £17m, however, due to the uncertain nature of these events, no provision has been made in the accounts.

Employers Liability

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

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

23 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 £30,500,000 (2014/15 £31,400,000) from the General Lighthouse Fund and incurred expenditure of £2,520,000 (2014/15 £2,929,000) on behalf of all three Authorities.

At the 31 March 2016 the balances outstanding with the GLAs were as follows:

GLA	Balance due to TH		Balance due to GLA	
	2015/16 £000's	2014/15 £000's	2015/16 £000's	2014/15 £000's
Commissioners of Irish Lights (CIL)	2	2	-	-
Northern Lighthouse Board (NLB)	1	19	-	-

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

Trinitas Services Ltd

Trinity House has entered into an agreement to lease lighthouse cottages to Trinitas Services Limited, a wholly owned subsidiary of the Corporation. The agreement provides for some 37 lighthouse cottages at 14 locations to be leased to Trinitas for 25 years. Trinitas has refurbished the cottages and has a contract with Rural Retreats to let them as holiday cottages. At present 26 cottages are let under this agreement.

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.

E D Johnson, Non-Executive Director, is appointed to the Board of TSL as nominee of the Corporate Board responsible for Trinity House Charities. Commodore R Dorey was appointed to the Board of TSL on 17 November 2015, as a nominee of the Corporate Board responsible for Trinity House charities, both are member of the Lighthouse Board. Commander G Hockley, A Groom and M Glaister are appointed to the Board of TSL as nominees of the Corporate Board responsible for Trinity House Charities, none of whom are members of the Trinity House Lighthouse Board.

Corporation of Trinity House

The Corporation of Trinity House owns Trinity House Tower Hill and provides rent free accommodation for the use of Trinity House. Trinity House reimburses the Corporation for service charges in proportion to the floor area occupied. During 2014/15 Trinity House paid £288,805 to The Corporation of Trinity House in respect of service charges incurred in using office space and facilities at Trinity House, London (£289,635 in 2014/15).

Conversely, the Corporation of Trinity House reimburses Trinity House for the provision of services during the year. The Corporation paid £59,280 to Trinity House in respect of these services during the year (£63,405 in 2014/15).

24 Inter-GLA Transactions

Ships Agreement

During the year, the Commissioners of Northern Lighthouses (NLB) provided the services of NLV Pole Star to Trinity House for 13 days under the terms of the Inter GLA Ship Agreement dated 17 November 2010. Trinity House provided the services of THV *Galatea* & THV *Patricia* to NLB for 14.4 days, under the same agreement. In addition Trinity House provided the services of THV *Patricia* to the Commissioners of Irish Lights (CIL) for 5.4

days, while CIL provided the services of ILV Granuaile for 8.2 days during the year. There was no transfer of funds between the GLAs in respect of these services but the transactions gave rise to notional income of £179,977 (2014/15 - £106,026) and notional expenditure of £193,660 (2014/15 - £147,485).

25 Post balance sheet events

On 23 June, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. It will be for the Government, under the new Prime Minister to begin negotiations to exit the EU. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation and funding in future once the UK has left the EU. This is therefore a non-adjusting event for which no estimate of its financial effect on the reporting entity can be made.

APPENDIX 1

Five Year Summary

	2016	2015	2014	2013	2012
	£'000	£'000	£'000	£'000	£'000
Income					
Advances from the General Lighthouse Fund	30,500	31,400	38,600	36,900	34,900
Other income	2,292	2,625	2,520	2,558	2,386
Income on behalf of all GLA's	159	250	182	7	(13)
Grant Income	100	180	200	200	200
Total	33,051	34,455	41,502	39,665	37,473
Expenditure					
Staff costs	14,102	13,323	11,296	11,925	11,459
Depreciation	6,844	6,646	5,942	3,915	3,968
Amortisation	127	271	284	152	112
Loss on revaluation	771	144	(19)	8,210	-
Pension cost	-	13	2,829	2,283	2,221
Other expenditure (including profit/loss on sale of Fixed Assets)	13,779	13,851	12,925	12,543	11,994
Total	35,623	34,248	33,257	39,028	29,754
Exceptional items:	-	181,156	-	-	-
Net Income	(2,572)	181,363	8,245	637	7,719
Interest payable/receivable	354	400	7,232	7,829	8,084
Revaluation of investment properties	-	-	-	15	38
Net Income after Revaluation of investments and interest	(2,926)	180,963	1,013	(7,207)	(403)
Net Expenditure on behalf of DfT	336	246	276	243	262
Net Expenditure on behalf of all General Lighthouse Authorities	2,522	3,200	2,929	2,498	2,215
Net Income after interest	(5,784)	177,517	(2,192)	(9,948)	(2,880)
Property Plant and Equipment	128,230	136,560	133,319	135,090	47,031
Intangible Assets	495	446	527	708	635
Investment Assets	-	-	-	285	300
Non Current Assets plus / less Net Current Aseets / Liabilities	127,064	136,791	133,457	134,090	47,015
Assets less Liabilities	118,395	126,612	(59,391)	(46,731)	(119,540)
Purchase of Property Plant & Equipment	3,067	3,006	4,052	5,280	2,511
Average No. of Employees	304	309	303	309	319
(Including Part Time)	13	13	13	13	16

APPENDIX 2

Further Information

	2015/16	2014/15
Number of non-current assets:		
Lighthouses***	64	64
Lightvessels	12	12
Lightfloats	1	2
Buoys **	749	734
Beacons	18	18
Tenders	3	3
Ancillary Craft	9	9
Lighthouse abroad	1	1
Total	857	843
Number of Non-current assets deployed:		
Lighthouses***	66	66
Lightvessels	8	8
Lightfloats	1	2
Buoys **	538	536
Beacons	18	18
Tenders	3	3
Ancillary Craft	9	9
Lighthouses abroad*	1	1
Total	644	643

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

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

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