



ANNUAL REPORT & ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 2016

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The Morgenster on her way to the Tall Ships Festival in Gloucester in May

Front page photo shows m/v Rusich, one of the longest ships to dock at Sharpness in recent years

We are grateful to Mike Nash, Mike Johnson and Ken Elsey for the use of the photographs in this report

THE TRUSTEES – MARCH 2016



John Beevor
Chairman



John Christie



Barry Leat



Gordon Craig



Carl Merry



Derek Hughes
Vice-Chairman



Anthony Potts



Mike Johnson
Principal
Operational Officer



Garry Strickland

CHAIRMAN'S REPORT

I have pleasure in introducing the Gloucester Harbour Trustees' annual report and accounts for the financial year 2015-2016.

This has proved to be another quiet but successful year for GHT.

The port of Sharpness has had another busy year having maintained a satisfactory level of trade in spite of the problems in the global economy and the prolonged spell of wet weather here this winter. The local port operator, Sharpness Dock Ltd, continues to work hard to maintain existing customers and attract new business to the port. We benefit from this buoyant trade by enhanced pilotage and conservancy dues which means that our finances are currently in a healthy state. We have taken a conservative view of the economy over the next twelve months in preparing our budget forecast for the coming year, but feel able to keep our harbour dues unchanged for the time being.

The data from our recent hydrographic survey of the Harbour area has been incorporated in the new charts issued by the Hydrographic Office in December 2015. We are pleased to contribute to the continuing safety of navigation by providing up-to-date information.

We look forward to a further period of stability to allow us to concentrate on our main task of ensuring the safety of all navigation in the Gloucester Harbour.



John Beevor
Chairman of GHT



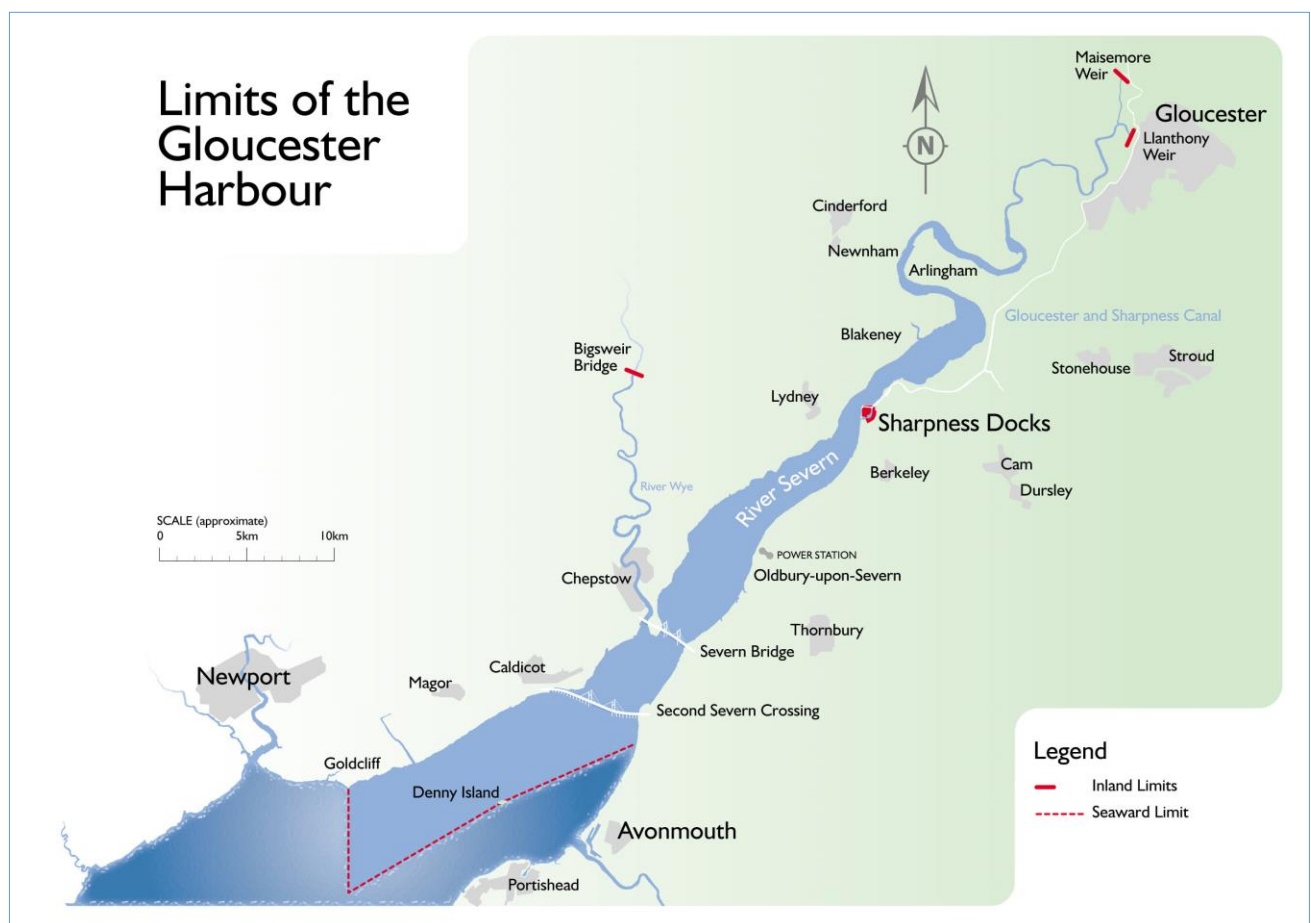
The Wilson Hook leaving Sharpness

The Gloucester Harbour Trustees present their annual report and audited financial statements for the year ended 31 March 2016

INTRODUCTION

GHT is the statutory harbour authority for the Gloucester Harbour. It is also a competent harbour authority and is classed as a trust port. Its main duties and responsibilities are to provide a pilotage service, provide and maintain navigation aids and generally ensure the safety of navigation within the Gloucester Harbour. Its powers are derived from general legislation and local Acts and Orders.

The Gloucester Harbour covers a large area of the Severn from seawards of the Second Severn Crossing to the weirs at Llanthony and Maisemore near Gloucester. It also includes the River Wye downstream of Bigsweir Bridge.



Pilotage is compulsory for all vessels whose length overall is 30 metres or above and this service is provided by self-employed pilots licensed by GHT. There are between 350 and 400 commercial vessel movements in and out of Sharpness Dock each year. A sand dredger also operates in the Gloucester Harbour on a regular basis; leisure craft make up the remainder of the traffic. The docks and the dry dock at Sharpness are operated by private sector companies and GHT does not own or operate any docks, quays, marinas or loading/unloading facilities.

In this report we have taken note of the guidelines outlined by the Department for Transport in 'Modernising Trust Ports 2' and have incorporated as much information on target setting, benchmarking and identifying a stakeholder benefit as is reasonable given the size and scope of GHT's operations.

AIMS AND OBJECTIVES

Our primary responsibility and overriding concern is the safety of navigation within the Gloucester Harbour and to this end provide a pilotage service and aids to navigation.

We aim to run a safe, efficient, cost-effective and sustainable operation for the benefit of all harbour users and the wider community. In doing so, we have regard to the standards prescribed for trust ports and the requirements of the Port Marine Safety Code and endeavour to fulfil our statutory responsibilities whilst meeting the changing needs of all Harbour users.

We also aim to maximise the quality and value for money of GHT's services and maintain the conservancy dues and pilotage charges at a competitive level, whilst remaining financially viable. We aim to break-even each year and any surplus is reinvested for the benefit of the Harbour. In addition, we maintain a small contingency fund which has built up over the years through prudent management and is kept in reserve to deal with any unforeseen emergency.

We continue to modernise the navigation aids whenever the opportunity arises, especially where this reduces the costs of on-going maintenance and improves performance and reliability and/or has environmental benefits.

THE TRUSTEES

We are responsible for the overall strategy and performance of GHT and manage it in an open and transparent way and in accordance with the guidance issued by the Department for Transport.

Trustees are appointed for terms of three years under the Gloucester Harbour Revision (Constitution) Order 2002. Part of the Board retires each year and applications are invited in successive years from those with an interest or expertise in a variety of areas including maritime, community, environmental or maritime commercial matters. GHT's Principal Operational Officer is also a Trustee ex officio.

Trustees are appointed as individuals with the appropriate skills and knowledge to support GHT's work and are not representatives of any organisation or interest. Apart from the Chairman, they receive no remuneration other than occasional expenses incurred in carrying out their duties and functions. The current Board is made up of the following Trustees:

John Beevor	Retired lawyer
John Christie	Retired pollution control engineer; now marketing utility services and working as a business adviser in schools; experienced local sailor
Gordon Craig	Retired management consultant; Stroud District Councillor; experienced sailor
Derek Hughes	Experienced shipping broker and agent / ship manager
Mike Johnson	GHT's Harbour Master / Marine Officer – ex officio
Barry Leat	Retired metallurgist; member of Royal Yachting Association; experienced dinghy sailor and yachtsman
Carl Merry	Master Mariner and former shipmaster; currently authorised as a First Class Pilot within the Gloucester Harbour area.
Anthony Potts	Retired accountant with wide local authority and legal experience; experienced boater
Garry Strickland	General Manager of Sharpness Dock Ltd, the port operator at Sharpness

TRUSTEES' ATTENDANCE RECORD

Trustee	Possible Attendances	Actual Attendances
John Beevor	6	6
John Christie	6	6
Gordon Craig	6	5
Derek Hughes	6	3
Mike Johnson	6	6
Barry Leat	6	6
Carl Merry	6	5
Anthony Potts	6	6
Garry Strickland	6	6

OFFICERS

The day to day running of the Authority is carried out by a small team based at Sharpness who report to the formal meetings of the Trustees which are held every two months. The full-time Marine Officer acts as GHT's Harbour Master and is responsible for maintaining the pilot watch radar system and supervising the maintenance of the other navigation aids including lights, buoys, beacons and daymarks. He is also responsible for environmental management issues. Financial and administrative support is provided by two experienced part-time members of staff.

Harbour Master/Marine Officer - Mike Johnson MNI

A former merchant marine officer with an engineering / technical background and considerable experience of ocean-going yachts as Yachtmaster. He has recently been awarded the new Harbour Master Certificate.

Finance Officer – Susan Hill

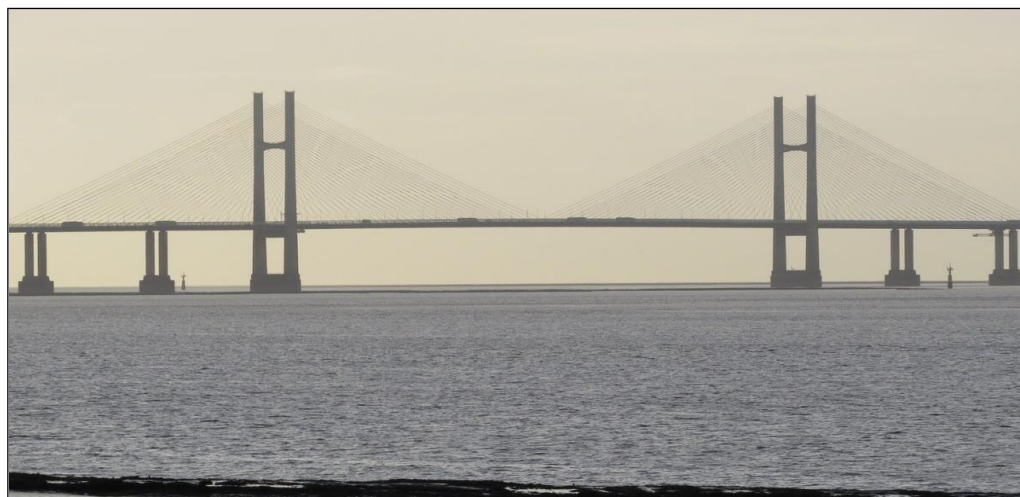
An experienced AAT who works for a number of local clients and joined GHT in January 2015.

Administrative Officer - Rosemary Elsey

A graduate with many years' experience working for GHT; provides administrative support to the Trustees and acts as Clerk.

PROFESSIONAL ADVISERS

In addition to our own in-house expertise, we obtain professional advice when appropriate in order to ensure that our decisions are best advised and that the activities of the Harbour Authority meet all the required standards.



The Second Severn Crossing and two of the Shoots Beacons

SAFETY

PORT MARINE SAFETY CODE

Safety is of paramount importance to us and, as Duty Holder, we operate in compliance with the Port Marine Safety Code (PMSC). We, therefore, adopt practices and put in place controls to ensure that, wherever possible, the Harbour is operated safely and efficiently so as to safeguard the Harbour, its users and stakeholders and that these measures protect the environment of the Harbour. We are committed to undertaking these duties and responsibilities in a safe and efficient manner.

All procedures and policies are subject to an external independent audit each year to ensure that compliance with the PMSC is maintained. The results of this review are reported to the Board by GHT's Designated Person. Any comments and updates are incorporated into GHT's Safety Management Plan (SMP), the latest edition of which is published on GHT's website. The SMP is reviewed frequently and appropriate risk assessments undertaken when new operations are proposed. Control measures are then put in place to reduce any perceived risk to a level as low as reasonably practicable and recorded in the SMP. As an example of this process, the passenger vessel 'Balmoral' has returned to service in the Severn with a new operator and there have been extensive discussions with all the interested parties, including GHT and GPP, to ensure that procedures remain safe and robust and, in particular, passage planning has been refined to take account of operational changes.

As Duty Holder, we are required by the Maritime and Coastguard Agency to formally certify our continuing compliance with the standards required by the Port Marine Safety Code at three yearly intervals. Our triennial Statement of Compliance was signed at our meeting on 16 January 2015.

A detailed performance review of compliance with the PMSC is attached as Appendix A (pp 18-19).

TRAINING

GHT has a duty under the Port Marine Safety Code to ensure that its staff and contractors are properly qualified for the roles they fulfil and provides additional training as appropriate.

OTHER SAFETY MATTERS

GHT's Harbour Master continues to act as duty harbour master at Sharpness on behalf of the Canal & River Trust. Under this arrangement, he advises CRT on navigational issues at Sharpness and has regular meetings with CRT staff. This dual role allows for better communication between the two organisations and ensures that safety issues are dealt with more effectively.

Leisure boaters can find much useful information on our website and, in particular, two documents entitled: 'Safety Guidance for Small Craft and Other Users of the Harbour' and 'Guidance Notes for Small Boat Passage of the River Severn'. These give useful information on passage planning and safe navigation in the potentially hazardous waters of the Harbour. We continue to liaise with national and local organisations in order to ensure that the information published to help boaters navigating in the Harbour area is correct.

PILOTAGE

The Pilotage Directions are reviewed regularly and updated as necessary to reflect the changing nature of the ships coming to Sharpness – which are gradually becoming larger with deeper drafts - and ensure that the measures in place remain appropriate to ensure their safe passage. The latest edition is available on GHT's website together with a list of the current dues and charges.

The pilotage service is provided by the self-employed pilots, authorised by GHT as the competent harbour authority, who make up the Gloucester Pilots Partnership LLP (GPP).

GPP organises pilotage on a day-to-day basis on behalf of GHT in consultation with the Harbour Master. It also provides relief harbour master services when GHT's Harbour Master is unavailable.

Traffic levels are carefully monitored to ensure that the appropriate number of pilots are authorised to manage these safely. There are currently four pilots, who now all have First Class licences, as our most recent recruit became fully qualified at the end of March.

However, as some of our most experienced pilots move towards retirement, we are aware of the need for succession planning. In the Gloucester District, it takes about four years for a pilot to become fully qualified and the search for suitable candidates with the right experience to become an authorised pilot has begun. Ideally, it is hoped to make an appointment by the end of 2016 / early 2017 with a view to the completion of the initial training of the successful recruit by the summer of 2017.

Pilot Exemption Certificates have been issued to the two masters of a dredger working in the Gloucester Harbour and these are reviewed annually. A new PEC has also recently been issued to an experienced local boat operator to enable him to bring his vessel to a berth further up the river on a regular basis.



'Laida' and 'Eems Dart' manoeuvring off Sharpness

TRADE

Sharpness is a major national importer of cement and a significant regional importer of animal feed and fertiliser for the agricultural industry which is distributed throughout Gloucestershire and beyond. In addition, it provides a regional facility for the import and export of grain and has facilities for receiving and exporting scrap metal from the region. The port is thus a key asset to the economy of the local and wider community and supports a considerable number of jobs, both directly and indirectly. The port operator, Sharpness Dock Ltd, works hard in conjunction with its major clients to ensure that Sharpness continues to thrive.

To put this into context, Dragon Alfa Cement Ltd, based in Sharpness and a wholly owned subsidiary of the Cementos Portland Valderrivas group of companies, imported more cement into Sharpness than any other port in the country in the calendar year 2015. Fertiliser is imported by Bunn Fertiliser Ltd, a subsidiary of Koch Fertilizer LLC and one of the UK's longest established and largest fertiliser producers. It services the Midlands and South West through its Sharpness terminal.

Our role in supporting Sharpness and the wider Harbour area is to enable the safe passage of the vessels sailing to and from the port through the provision of the pilotage service and aids to navigation. In the last twelve months, there has been a total of 311 piloted commercial ship movements (excluding dredger activity) through the Harbour carrying cargoes of cement, fertiliser, scrap metal, minerals and animal feed. In addition, about 500 leisure vessels transit the Gloucester Harbour via Sharpness Docks each year.

AIDS TO NAVIGATION

Each year Trinity House inspects the local aids to navigation and conducts an audit of availability together with a check on compliance. Everything was found to be in good order on both occasions this year and we were pleased that the availability of all the aids was well within the targets set by Trinity House. The small number of minor outages during the year were quickly rectified.



Aton Availability By Category

Overall Report Total								
IALA Category	No Of Aids	Total Hours	No Of Failures	OOS Hours	MTTR	MTBF	Availability	Target Availability
1	2	52,608	0	0:00	0:00	0:00	100.00 %	99.80 %
2	42	1,104,768	2	68:20	34:10	552349:50	99.99 %	99.00 %
3	56	1,473,024	3	2686:38	895:33	490112:27	99.82 %	97.00 %
Not Specified	0	0	0	0:00	0:00	0:00	0.00 %	0.00 %
Total	100							

Criteria:

Date Range from [03/03/2013 00:00:00 to 03/03/2016 00:00:00]
 Third party Organisations are not included.
 Organisations [Gloucester Harbour Trustees].

The Pilot Watch Radar system continues to work well.

GHT has a standard programme of routine maintenance to ensure that all aids are kept working properly. This is supplemented by a rolling programme of planned improvements which is regularly reviewed to ensure that the aids are effective, efficient and conform to current health and safety standards.

The Harbour Master preparing to carry out routine work at Charston Light





One of the beacons held in place by the new struts

Narlwood

One major project undertaken this year was work on the Narlwood Beacons. These are the responsibility of Magnox as they are situated in the tidal reservoir at Oldbury, but they had been giving cause for concern for some time.

The underwater chains holding the towers in place tended to slacken off over time which allowed them to sway and fail to act adequately as navigations marks for shipping. Maintenance of the chains was difficult and dangerous with nil visibility underwater.

We proposed installing struts fixed to concrete blocks which would hold each tower in place and be easier to maintain when necessary. Magnox agreed to fund this work which was undertaken over several weeks during the summer.

THE ENVIRONMENT

The Severn Estuary and River Wye are protected by extensive national, European and international legislation which place environmental duties on public and private bodies. In particular, this requires GHT to have regard to the environmental impact of any proposed works or activities in the Harbour. However, whilst we recognise the importance of preserving and enhancing the natural habitat and its flora and fauna as part of our environmental responsibilities as a public body, we are conscious that GHT is primarily a navigation authority and we must, therefore, manage and maintain the delicate balance between conservation and the statutory right of navigation within the Gloucester Harbour for vessels of all types.

We maintain close links with the bodies responsible for the management of the River Wye (Marine) Special Area of Conservation (SAC), and the Severn Estuary SAC and continue to consult Natural England, Natural Resources Wales and the Environment Agency on matters of mutual interest in relation to the Severn Estuary and the River Wye and provide advice on navigational matters when appropriate.

TIDAL LAGOONS

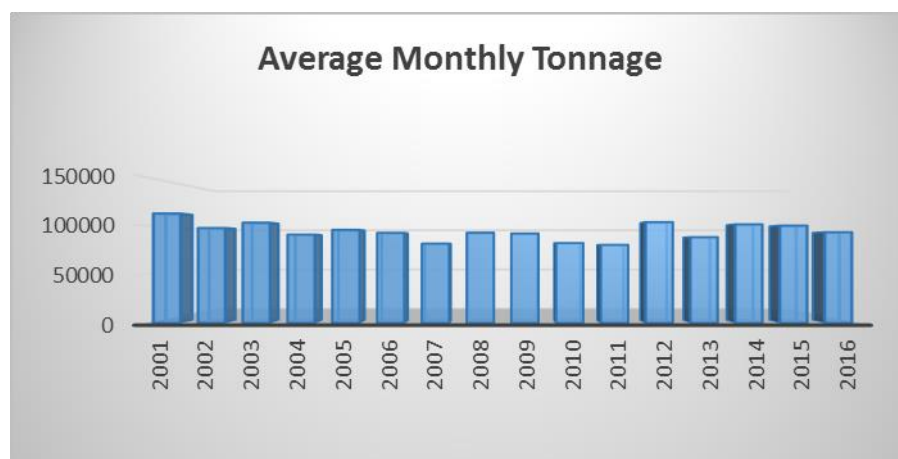
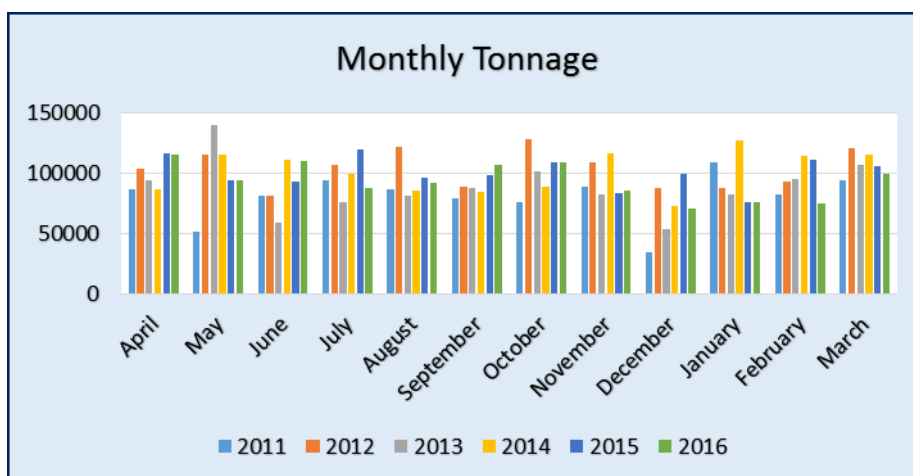
We understand that Tidal Lagoon Power (TLP) is continuing with its in-depth studies on the proposed schemes for Cardiff Bay and Newport, though no details of the proposals are yet available. However, we have made the data from our hydrographic survey available to TLP to help with the modelling exercises current being undertaken.

FINANCE

GHT is a conservancy body and does not own any land or own/operate any docks or quays, so we are not in a position to generate income from cargo handling, leisure boat use, or other commercial activities. Most of our income is derived from the charges levied on ships sailing to or from the port of Sharpness. Our financial stability is, therefore, dependent on the level of traffic using the port, which is operated by a private sector company. In recent years, the total annual piloted tonnage of the ships using Sharpness has been in the region of 900,000 to 1,200,000 dwt.

Trade averaged over 100,000 dwt in the last financial year and we took the view that trade would continue to be buoyant in the current year. However, we erred on the side of caution when making our forecast for 2015/16 and calculated that trade would need to achieve a monthly average of at least 90,000 piloted dwt in order to achieve a break-even outcome as a result of gradually increasing costs. We considered that this was a sensible target and therefore agreed to maintain our harbour dues at the same level for a third successive year.

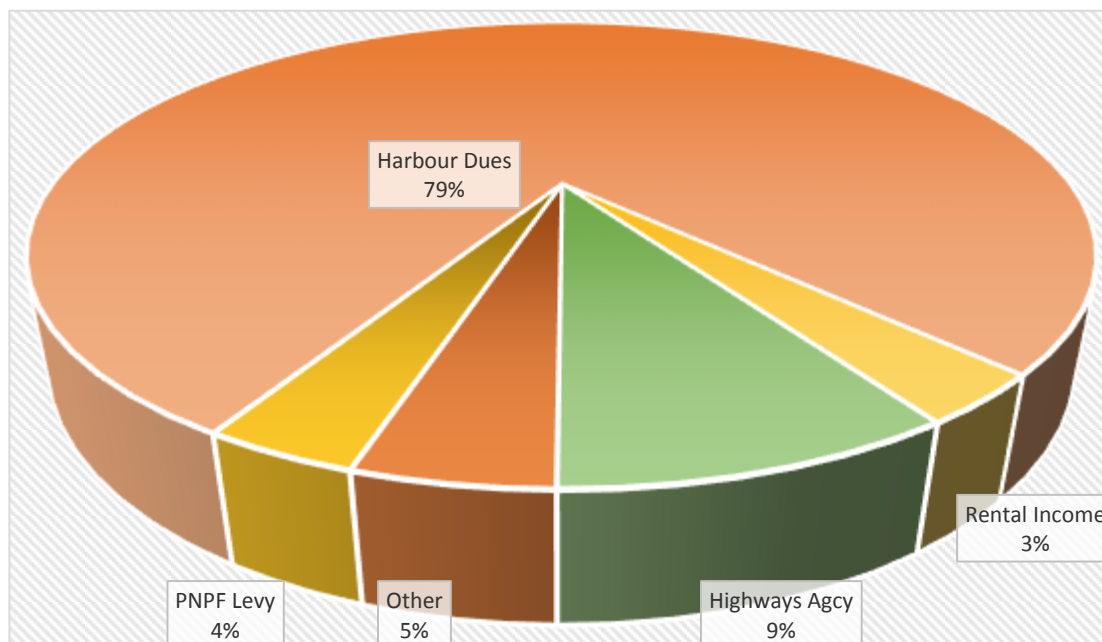
In the event, although trade remained consistently high in the first half of the financial year, there was a slow-down in the second half, which meant that the monthly average of piloted dwt for the year fell to 93,207 dwt, compared with just over 100,000 dwt the previous year. The main reason for this drop in trade has been the lack of movement in the scrap metal business, perhaps triggered by the sudden slowdown in China's economy and the knock-on effect on global trade generally, coupled with the wet winter weather which depressed the fertiliser trade. This unexpected change in fortune demonstrates clearly the extent to which GHT is vulnerable to external factors outside its control.



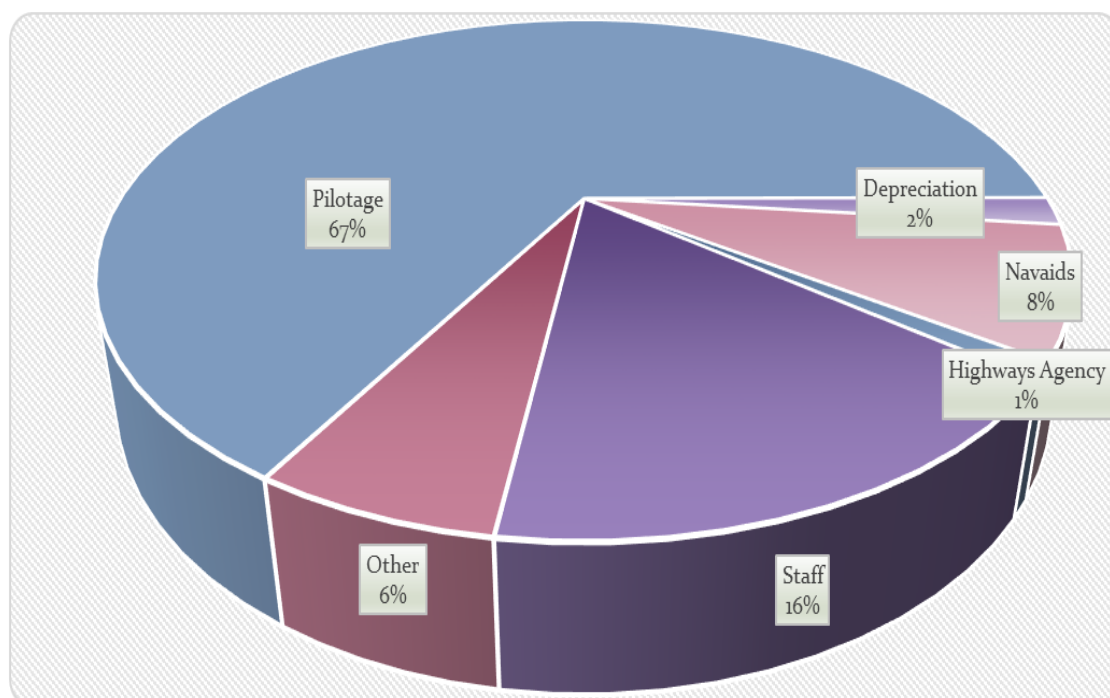
However, in spite of the fluctuations in trade and the decision to invest in the new hydrographic survey, our finances have remained healthy, with the result that there was a small operating surplus overall of just under £13,000 before depreciation, taxation and investments are taken into account.

The tables below illustrate the make-up of our income and expenditure.

Income – Total £577k

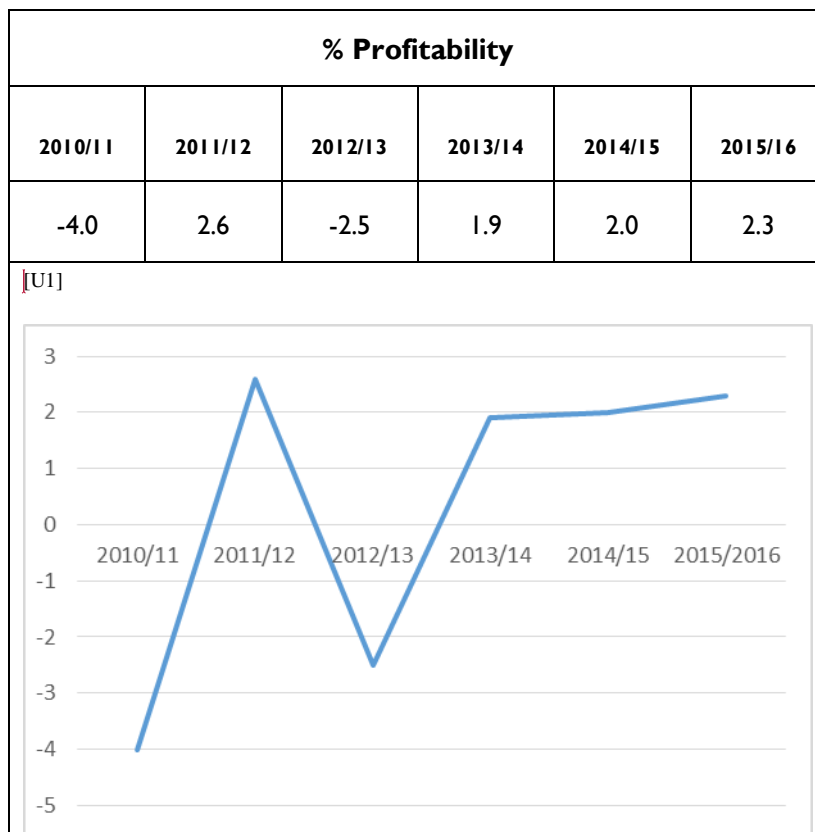


Expenditure – Total £564k



Most of the key performance indicators identified by the DfT for benchmarking are difficult to apply to GHT as it is solely a conservancy body responsible for pilotage and navigation and has no conventional port infrastructure to operate and maintain. We have, therefore, chosen to measure our performance using profitability, defined as deficit / surplus before interest and taxation divided by turnover, as our benchmark.

Using this formula, profitability for the year ended 31 March 2016 was 2.3%. The table below shows how this compares with the previous five years. This demonstrates clearly the steady rate of trade in the last three years after the unpredictable fluctuations experienced in previous years.



We continue to maintain a reserve fund to be used for major modernisation projects and to deal with operational emergencies.

PILOTS' NATIONAL PENSION FUND (PNPF)

GHT continues to make an affordable contribution to the deficit in the PNPF. This is funded by an additional 2p per dwt on our harbour dues, with any shortfall made up from reserve funds. The total contributed during 2015/16 was £30,000.

STAKEHOLDER BENEFIT

The Department for Transport's guidance to trust ports, which, unlike public companies, have no shareholders, recommends that they identify their stakeholders and offer a 'benefit' as if they were shareholders.

We see the users of the Harbour as our stakeholders and believe that their interests are best served by continued investment in the improvement of the aids to navigation and other measures to ensure safety in the Harbour area.

HYDROGRAPHIC SURVEY

As part of our responsibility to our stakeholders, we commissioned a new hydrographic survey of the navigable channel and immediately adjacent areas last year and this was undertaken during May. The more sophisticated techniques developed since the last survey in 2000 have improved the quality of the information gathered. The data was passed to the UK Hydrographic Office and included in the latest editions of Admiralty Charts 1166 and 1176 published on 3 December 2015.

STAKEHOLDER ENGAGEMENT

GHT is a purely conservancy body with no responsibility for port facilities, so we have fewer opportunities for involving our stakeholders than more conventional harbour authorities. On the whole, local people find it hard to identify with the management of a body of water rather than a port area they can visit, though we are aware of a number of keen ship spotters who like to track vessel movements in our area. We aim to make as much information as possible about our activities available on our website and are happy to deal with queries and concerns. Interest in the Advisory Body has waned in recent years with sparsely attended meetings, but it continues to provide a forum for organisations and individuals with an interest in our work to exchange views and question us on any matters of concern.

We host a buffet lunch each May to which we invite our stakeholders, representing commercial, environmental, leisure and community interests, to join us informally and discuss issues of mutual interest and concern. We also circulate a report twice a year to keep interested parties informed about our activities and these are available on our website.

In addition, we have a small number of major stakeholders – for example our core customers, suppliers and relevant statutory bodies – with whom we have a more intimate relationship and meet on a regular basis.



The 'Eva Maria Müller' about to enter Sharpness



The 'Helen Anna' and 'Monika Müller' preparing to leave



The Severn Bridge crossing the Harbour area

HARBOUR NEWS



Red Bull held its second 'Outrow the Bore' event in August. This was again a very well-organised race in which eight teams of university/Olympic standard rowers from Britain and abroad were filmed attempting to outrow the Bore over a 7km mile route between Longney and Stonebench. None of the teams was able to outrow the bore this year, but Oxford Brookes held out longest and won the race for the second year running.

An extreme fund-raising event by local swimmer, Kevin Brady, attracted a lot of local media attention. He set out to swim the length of the Severn from its source on Plynlimon in mid Wales to Severn Beach near the Second Severn Crossing, a 220 mile challenge which took him a month to complete. GHT's Harbour Master was able to give him and his support team some safety advice on tackling the final tidal section of journey.



Euphoria on reaching the end of the journey at Severn Beach

Ahead of the release of the new Star Wars film, Stormtroopers were seen riding the Bore, while SARA gave a properly equipped Darth Vader a lift up-river under the Severn Bridge.

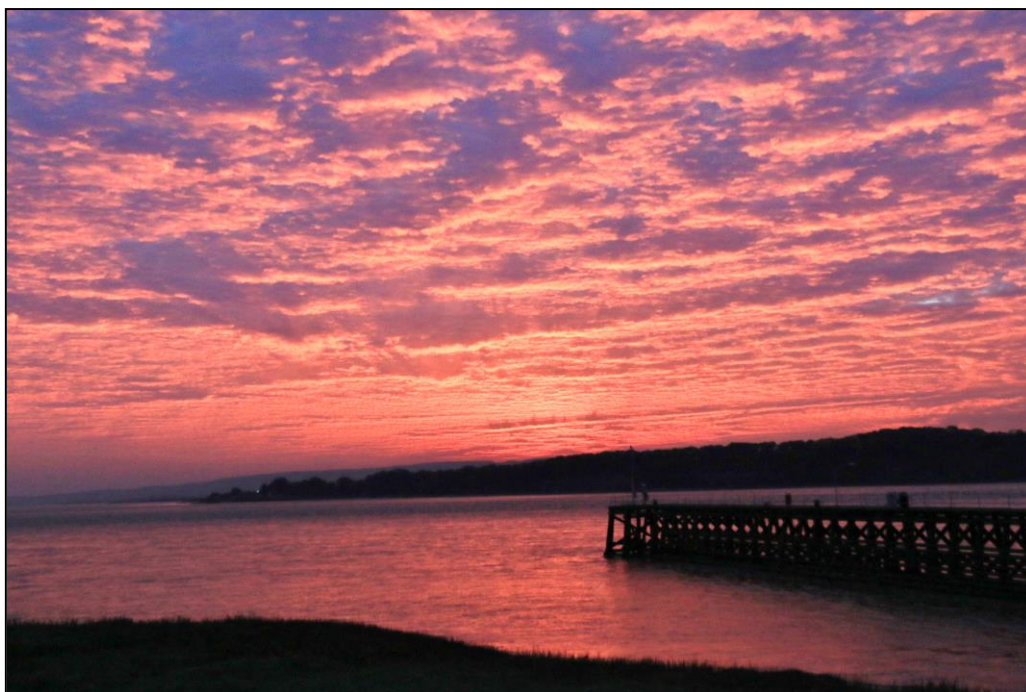


PERFORMANCE SUMMARY

Pilot Service Availability	The availability of pilots is carefully monitored and potential difficulties are discussed by the pilots with the port operator and GHT. There were no occasions when an off-duty pilot was not available to deal with an additional shipping movement when several ships wished to move on the same tide.
Navigational Aids Availability	Continued to be well within the GLA requirements.
Time Loss Accidents	There were no time loss accidents or reportable incidents during the year.
Incidents	There were no shipping incidents in the Gloucester Harbour area.
Environment	There were no reported incidents of pollution in the harbour area.
Finance	Profitability was 2.3 %.

THE YEAR AHEAD

We have taken the view that the predicted level of shipping in 2016/17 will remain positive. The tail-end of the financial year saw an increase in the number of ships with the better weather and the outlook is promising for the next few months. Consequently, we have agreed to maintain our harbour dues at the same rate for the fourth consecutive year. This rate of 37p per dwt, plus the additional 2p per dwt to fund the contribution to the PNPF, will be kept under careful review during the coming year to ensure that GHT remains financially viable.



Sunset over the piers at Sharpness

APPENDIX A
GLOUCESTER HARBOUR TRUSTEES
PORT MARINE SAFETY CODE
ANNUAL PERFORMANCE REVIEW 2015

Marine Safety

The Gloucester Harbour Trustees aim to undertake and regulate marine operations in order to safeguard the harbour, its users, the public and the environment and comply with the requirements of the Port Marine Safety Code (PMSC).

GHT aims to adopt best practice and incorporates the requirements of the PMSC within its Safety Management System. It has undertaken a formal marine risk assessment and the methods adopted to control risk take into account relevant legislation, minimum standards and human factors. These policies and procedures are reviewed on an on-going basis and amended when appropriate.

PMSC Audit - Statement of Compliance

- The annual independent audit undertaken by C F Spencer Ltd on behalf of GHT's Designated Person confirmed GHT's continuing compliance with the PMSC.
- The triennial Statement of Compliance was signed by the Chairman on behalf of the Trustees as Duty Holder on 16 January 2015 and submitted to the Maritime and Coastguard Agency.

The following performance review summarises the main activities of GHT's marine operations.

Marine Reports

- There were no shipping incidents in the Gloucester Harbour area during the year.
- Notices to Mariners are issued to interested parties when required. They are emailed direct to an established list of relevant organisations and displayed on GHT's website.
- GHT continues to engage as appropriate with organisations which have an interest in marine issues, such as yacht clubs, environmental bodies and local councils.

Vessel Movements

- During 2015 there were 555 commercial vessel movements through the harbour area, 324 of which were general cargo vessels visiting the port of Sharpness, with the remainder (231) being generated by aggregate dredging activity within the harbour area. The table below shows the number of cargo vessel movements (excluding local aggregate dredging) over last ten years and demonstrates a steady level of activity which has not required significant changes to the Trustees' safety management plans. A gradual increase in the average size of vessels visiting Sharpness over the same period has been noted.

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
328	397	391	380	377	293	387	344	357	370

- The main cargoes carried were cement, fertiliser, animal feed, grain, minerals, and scrap metal.
- A sand dredger operates in the Harbour area.

- Leisure craft based at several small sailing clubs operate regularly within the harbour. In addition, approximately 500 leisure craft movements each year are undertaken by vessels transiting the harbour via Sharpness Dock.

Pilotage

- Pilotage is compulsory for all vessels over 30m loa.
- The pilotage service is provided by the self-employed pilots, authorised by GHT as the competent harbour authority, who make up the Gloucester Pilots Partnership LLP (GPP). GPP organises pilotage on a day-to-day basis on behalf of GHT in consultation with the Harbour Master.
- There are currently four first class pilots. Consideration is being given to succession planning to cover the anticipated retirement of the older pilots.
- A suitably qualified pilot has been available to deal with all booked commercial movements during the year. There were two occasions in 2015 when an off-duty pilot had to be called out to take a ship when several movements were booked for the same tide. There was one occasion when an off-duty pilot was put on standby but subsequently was not required.
- Boarding and landing services are provided by the pilot boat operated by the Bristol Port Company.
- Pilotage services are also available to recreational vessel owners if requested.
- PECs have been issued to the two masters of a sand dredger operating in the harbour and these are reviewed annually. 231 acts of pilotage under a PEC were undertaken during 2015.
- The Harbour Master, the Pilots, CRT staff and the port operator regularly discuss navigational issues.

Conservancy / Aids to Navigation

- A pilot watch radar system with three stations in the estuary and a base station in Sharpness was installed for the protection of navigation following the construction of the Second Severn Crossing. This continues to work well.
- The base station records each vessel's track which can provide useful information in the event of an incident.
- The maintenance of the Aids to Navigation is undertaken under contract. This includes a routine maintenance programme as well as responding to emergency call-outs.
- The availability of the Aids to Navigation (lights, buoys, beacons, daymarks, fog signals), including 'third party AtoNs, for the last year has been as follows:

Category	No. of A to Ns	Availability	GLA Requirement
1	2	100%	99.80%
2	42	99.98%	99.00%
3	56	99.52%	97.00%

Pollution

- There have been no reports of incidents of pollution in the harbour area during the year.
- The Harbour Master attended an exercise undertaken by Canal & River Trust staff on their Oil Spill Contingency Plan (OSCP) which covers Sharpness Dock.
- GHT continues to contact organisations listed in its OSCP at regular intervals to ensure that details remain up to date.

TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Statute requires the Trustees to prepare financial statements for each financial year. Under the Harbours Act 1964, the Trustees are required to prepare the financial statements in accordance with the provisions of the Companies Act 2006. The financial statements are prepared in accordance United Kingdom Generally Accepted Accounting Practice (UK GAAP) and to give a true and fair view of the state of affairs of the company and of the profit or loss of the authority for that period. In preparing those financial statements, the Trustees are required to:

- 1) select suitable accounting policies and then apply them consistently
- 2) make judgements and estimates that are reasonable and prudent
- 3) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 4) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the trust and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF DISCLOSURE TO AUDITORS

In the case of each of the persons who are trustees at the time when the Trustees' report is approved:

- a) so far as the trustee is aware, there is no relevant audit information (information needed by the authority's auditors in connection with preparing their report) of which the auditors are unaware; and
- b) he has taken all the steps that he ought to have taken as a trustee in order to make himself aware of any relevant audit information and to establish that the Trustees' auditors are aware of that information.

This report was approved by the Trustees on 15 July 2016 and signed on their behalf by the Chairman.

John P Beevor

REPORT OF THE AUDITORS TO THE TRUSTEES OF THE GLOUCESTER HARBOUR TRUSTEES FOR THE YEAR ENDED 31 MARCH 2016

We have audited the financial statements of Gloucester Harbour Trustees for the year ended 31 March 2016 on pages 21 to 32. The financial reporting framework that has been applied to their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the trust's trustees, as a body, in accordance with the requirements of the appropriate elements of Statutory Harbour Undertakings Regulations 1983, Companies Act 2006, Section 42 of Harbours Act 1964 as amended by the Transport Act 1981 and as amended by the Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988. Our audit work has been undertaken so that we might state to the trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trust and the trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditors

As explained more fully in the Trustees' Responsibility Statement set out on page 18, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with the applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the trust's affairs as at 31 March 2015 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice
- have been prepared in accordance with the requirements of the appropriate elements of Statutory Harbour Undertakings Regulations 1983, Companies Act 2006, Section 42 of Harbours Act 1964 as amended by the Transport Act 1981 and as amended by the Statutory Harbour Undertakings (Pilotage Accounts) Regulations 1988

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Mr S J Humphries (Senior Statutory Auditor)
For and on behalf of Griffiths Marshall

Chartered Accountants
Statutory Auditor

Beaumont House
172 Southgate Street
Gloucester
GL1 2EZ

GLOUCESTER HARBOUR TRUSTEES

Income and expenditure account for the year ended 31 March 2016

	Notes	2016	2015
		£	£
Income	2	577,680	608,512
Expenditure	3	564,718	574,302
Operating surplus before depreciation, interest and taxation		12,962	34,210
Provision for depreciation	8	(10,710)	(16,008)
Profit on disposal of fixed assets		-	-
Surplus/(deficit) before interest and taxation		2,252	18,202
Income from investments	11	10,676	9,470
Profit on disposal of Investments	11	11,241	2,207
Net Surplus/deficit before taxation	4	24,169	29,879
UK corporation tax	5	(4,767)	7,149
Deferred taxation	6	799	1,837
Net Surplus/deficit for the year	12	20,201	24,567
		=====	=====

GLOUCESTER HARBOUR TRUSTEES

Balance Sheet as at 31 March 2016

	Notes	2016	2015
		£	£
Fixed assets			
Tangible assets	8	69,700	80,410
		<hr/>	<hr/>
		69,700	80,410
		<hr/>	<hr/>
Current assets			
Debtors: due within one year	9	75,446	66,285
Bank balances		143,304	143,549
Cash		0	200
Other Investments	11	391,725	373,143
		<hr/>	<hr/>
		610,475	583,177
Current liabilities			
Creditors: amounts falling due within one year	10	78,480	81,205
Cash			
		<hr/>	<hr/>
Net current assets		531,995	501,972
		<hr/>	<hr/>
Total assets less current liabilities		610,475	582,382
Long Term Liabilities			
Creditors: amounts falling due after more than one year	10	16,457	16,547
		<hr/>	<hr/>
Total Assets less Total Liabilities		585,238	565,835
Provisions for liabilities and charges	6	216	(583)
		<hr/>	<hr/>
Net assets		585,454	565,252
		=====	=====
Capital and reserves			
Income and expenditure reserve	12	585,454	565,252
		=====	=====

Signed on behalf of the Trustees

J Beevor (Chairman)

S Hill (Finance Officer)

Dated: 15 July 2016

GLOUCESTER HARBOUR TRUSTEES

Notes to the accounts for the year ended 31 March 2016

I Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of Accounting

The financial statements have been prepared on the historical cost basis of accounting.

Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost less depreciation.

Depreciation is calculated on a straight line basis so that tangible fixed assets are written off over their estimated useful lives on a straight line basis at the following rates:

Motor vehicles	20%
Office equipment and furniture	20%
Trade and marine equipment	20%
Building	4%

Turnover

Turnover, which excludes value added tax, represents predominately the value of harbour dues and conservancy fees due for the year.

Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

Other Investments

Investments are valued at historical cost less any provision made for permanent diminution in value.

Pensions

The authority operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the income and expenditure account in the year in which they are payable. GHT also pays affordable contributions towards the Pilot's National Pension Fund and these contributions are charged to the Income and Expenditure account on an accruals basis.

GLOUCESTER HARBOUR TRUSTEES

Notes to the accounts for the year ended 31 March 2016

2 Income

	2016	2015
	£	£
Harbour Dues (Pilotage & Conservancy)*	450,712	482,120
PNPF Levy	19,978	21,881
Pilotage Exemption Certificate income	970	970
Conservancy Dues income	9,536	6,029
Highways Agency – contribution to ship protection measures	55,265	54,633
Highways Agency – non-routine upgrades	0	1,877
Magnox Sites - contribution to repairs, maintenance and lighting	18,092	9,812
Bank interest received	512	464
Licensing fees received	0	194
Navigation House rental & service charges income	17,079	20,114
Other income	5,536	10,418
Total Income	577,680	608,512
	=====	=====

* Includes charge for use of pilot boat

GLOUCESTER HARBOUR TRUSTEES

Notes to the accounts for the year ended 31 March 2016

3 Expenditure

	2016	2015
	£	£
Conservancy and Administration		
Navigational aids: renewals, repairs and maintenance	12,613	8,674
Beacon and radar costs on behalf of Highways Agency	5,213	6,098
Highways Agency – non-routine work	0	1,877
Lighting supplies	96	2,041
Workshop accommodation costs	7,092	7,120
Vehicle costs	1,132	1,277
Boat costs	759	1,869
Lights maintenance contract	6,600	9,000
Navigation House costs	16,254	14,112
Office Costs	6,338	15,432
Salary Costs	92,711	94,882
Trustee and staff expenses	11,704	11,275
Audit fee	3,250	3,250
Subscriptions and licences	379	1,039
River surveys	4,176	3,940
Bathymetric Survey	15,875	0
Professional advice and expenses	950	0
Oil spill measures	0	0
Investment administration charges	3,337	3,013
	<hr/>	<hr/>
	188,479	184,899
	=====	=====
	2016	2015
	£	£
Pilotage		
Pilots' contract	301,475	314,034
Boarding and landing fee	33,371	35,440
Pilots' lodge facilities	9,207	9,040
Training	0	0
Other pilotage costs	2,186	889
PNPF	30,000	30,000
	<hr/>	<hr/>
	376,239	389,403
	=====	=====
Total Expenditure	564,718	574,302
	=====	=====

GLOUCESTER HARBOUR TRUSTEES

Notes to the accounts for the year ended 31 March 2016

	2016	2015
4 Surplus/Deficit before Taxation	24,169	29,864
Deficit before taxation is stated after charging/(crediting)		
Depreciation charge for the year:-		
Tangible owned fixed assets	10,710	16,008
Adjustment on disposal of investments	11,241	2,207
Auditor's remuneration	3,250	3,250
5 Taxation	2016	2015
Domestic current year tax:-		
UK Corporation Tax at 20% (2015: 20%)	4,767	7,149
Adjustment for prior year		-
	<hr/>	<hr/>
	4,767	7,149
Current tax charge	=====	=====
Factors affecting the tax charge for the year:-		
Profit on ordinary activities before tax	24,169	29,879
	=====	=====
Deficit on ordinary activities before tax multiplied by standard rate of tax - 20% (2015 20%)	4,834	5,976
	<hr/>	<hr/>
Effect of :-		
Depreciation	2,142	3,202
Capital allowances	(82)	(100)
Other tax adjustments	(2,127)	(1,929)
	<hr/>	<hr/>
	(67)	1,173
	<hr/>	<hr/>
Current tax charge	4,767	7,149
	=====	=====

GLOUCESTER HARBOUR TRUSTEES

Notes to the accounts for the year ended 31 March 2016

6 Deferred Taxation

The deferred taxation asset/(liability) can be analysed as follows:-

	2016	2015
	£	£
Accelerated Capital Allowances	216	(583)
	-----	-----
Deferred taxation liability	216	(583)
	=====	=====
		£
Balance at 1 April 2014	(583)	(2,420)
Movement in the year	799	1,837
	-----	-----
Balance at 31 March 2015	216	(583)
	=====	=====
7 Employees	2016	2015
The average weekly number of persons employed during the year was	2	2
	==	==
Staff costs (for the above persons):-		
Wages and salaries	76,594	78,497
Pension contributions	10,905	10,920
Social security costs	5,212	5,465

GLOUCESTER HARBOUR TRUSTEES

Notes to the accounts for the year ended 31 March 2016

8 Fixed Assets

	Motor Vehicles	Office Equipment	Furniture	Marine Equipment	Property	Total
	£	£	£	£	£	£
Cost						
At 1 April 2015	20,060	37,651	5,800	55,141	157,646	276,298
Additions						
Disposals						
	_____	_____	_____	_____	_____	_____
At 31 March 2016	20,060	37,651	5,800	55,141	157,646	276,298
	_____	_____	_____	_____	_____	_____
Depreciation						
At 1 April 2015	16,048	36,475	5,800	55,141	82,424	195,888
Charge for year	4,012	392	-	-	6,306	10,710
Disposals						
	_____	_____	_____	_____	_____	_____
At 31 March 2016	20,060	36,867	5,800	55,141	88,730	206,598
	_____	_____	_____	_____	_____	_____
Net book value						
At 31 March 2016	0	784	0	0	68,916	69,700
	=====	=====	=====	=====	=====	=====
At 31 March 2015	4,012	1,176	0	0	75,222	80,410
	=====	=====	=====	=====	=====	=====

GLOUCESTER HARBOUR TRUSTEES

Notes to the accounts for the year ended 31 March 2016

9 Debtors	2016	2015
	£	£
Amounts falling due within one year		
Pilotage fees	41,757	44,386
Highways Agency	19,511	17,819
Magnox Sites	2,478	2,478
Canal & River Trust	-1,203	1,251
Other debtors	12,903	351
	<hr/>	<hr/>
	75,446	66,285
	=====	=====
 10 Creditors	 2016	 2015
	£	£
Short Term : Amounts falling due within one year:-		
Other creditors	45,877	46,274
Corporation Tax	4,769	7,146
Highways Agency	20,000	20,000
H M Revenue and Customs (VAT & PAYE)	5,984	5,932
Deferred income credit	1,850	1,850
	<hr/>	<hr/>
	78,480	81,202
	=====	=====
 Long Term: Amounts falling due in more than one year:-		
Deferred income credit - Magnox *	16,457	16,547
- British Waterways (CRT) **		-
	<hr/>	<hr/>
	16,457	16,547
	=====	=====

The deferred income credits represent:

- * the amount remaining from BNFL Magnox Electric's one-off payment in 2005 to buy out its obligation for the maintenance of the Haywards Rock & Bull Rock Beacons
- ** a contribution from British Waterways (CRT) towards the tide gauge which is credited to income at the same rate as the asset is depreciated

GLOUCESTER HARBOUR TRUSTEES

Notes to the accounts for the year ended 31 March 2016

II Other Investments

	2016	2015
	£	£
Listed Investments	390,654	370,475
Cash	1,071	3,179
	<hr/>	<hr/>
	391,725	373,654
	=====	=====
The market value of other investments as at the balance sheet date:-		
Listed investments	491,295	487,907
Cash	1,071	3,179
	<hr/>	<hr/>
	492,366	491,086
	=====	=====
Acquisitions	28,144	47,355
Disposals	(7,455)	(41,226)
Movement in cash balance	(2,109)	2,440
	<hr/>	<hr/>
	18,580	8,569
	=====	=====
Income Received:-		
Dividends	8,415	7,237
Interest (net of tax)	2,261	2,233
Disposals adjustment	11,241	2,207
Administration charges	(3,337)	(3,013)
	<hr/>	<hr/>
	18,580	8,664
	=====	=====

GLOUCESTER HARBOUR TRUSTEES

Notes to the accounts for the year ended 31 March 2016

12 Income and Expenditure Reserve

	£
Balance at 1 April 2015	565,252
Deficit for year	20,201
	<hr/>
Balance at 31 March 2016	585,454
	=====

13 Financial commitments

At 31 March 2016 the trust had annual commitments under a non-cancellable operating lease as follows:

	2016	Land	2015
	£		£
Expiry date:			
Within one year	-		-
Between two and five years	-		-
In over five years	1,560		1,560
	<hr/>		<hr/>
	1,560		1,560
	=====		=====

14 Pension Costs

There are no pension costs outstanding at the balance sheet date.

Defined contribution	2016	2015
	£	£
Contributions payable by the authority for the year	10,905	10,920

The authority pays 15% of the employees' annual salary into the pension scheme.

GLOUCESTER HARBOUR TRUSTEES

Notes to the accounts for the year ended 31 March 2016

15 Contingent Liabilities

The Pilots National Pension Fund (PNPF) is a defined benefit scheme, membership of which is at the discretion of individual pilots. The scheme has a significant deficit. During the year ended 31 March 2010, the Trustee of the PNPF sought guidance from the Courts on the extent of its powers to address the deficit. The eventual ruling allowed the Trustee to change the rules of the PNPF as it saw fit. The Trustee of the PNPF is now seeking to recover a proportion of the shortfall from harbour authorities whose self-employed pilots are members of the scheme, as well as from harbour authorities who are employers of pilots.

The full actuarial valuation of the PNPF at 31 March 2010 reported a deficit of £186.7m. The Trustees of the PNPF attributed a deficit share of 0.9667% (£1.8m) to GHT.

GHT has never employed pilots under contracts of employment and the self-employed pilots of Gloucester Pilots Partnership are, and have always been, responsible for making their own pension contributions. GHT has therefore strenuously resisted any suggestion that it has a liability for the PNPF's deficit but has offered to contribute a fixed sum towards it. A contribution of £30,000 has been made during the year ended 31 March 2016.

16 Related Party Transactions

£7,316 (2014/15 - £7,200) was paid to J Beevor for his duties as Chairman of the Trustees

Michael Johnson, a trustee, is also an employee of the trust.